



HERITAGE VIEW

**Building our future
heritage**

JHC Annual Report 2018

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Cover page: Heritage View, above: wrought iron detail on security door at 53 Main Street

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**Our rich and varied cultural heritage
has a profound power to
help build our nation
- Nelson Mandela**

Background: marble detail on the stairwell at the Landrost Hotel

KEY PERFORMANCE FIGURES

	2018	2017	2016	2015	2014
FINANCIAL PERFORMANCE					
Total assets	R1.752 billion	R1.612 billion	R1.543 billion	R1.356 billion	R1.102 billion
Total investment properties	R1.493 billion	R1.368 billion	R1.312 billion	R1.148 billion	Rm 967.0
Total revenue	Rm 261.0	Rm 240.5	Rm 226.3	Rm 204.5	Rm 179.0
Total expenditure	Rm 162.5	Rm 151.7	Rm 146.5	Rm 123.6	Rm 113.6
Operating profit after tax ¹	Rm 83.9	Rm 67.0	Rm 55.2	Rm 49.7m	Rm 49.2m
Yield on buildings	20%	25%	22%	20%	18%
Cost: Income ratio	44%	43%	46%	45%	46%
Debtors (% of total rent billing)	-0.153%	-0.004%	-0.02%	-0.045%	-0.011%
Vacancies (average for the year)	2.46%	2.23%	3.18%	3.8%	3.13%
SOCIAL PERFORMANCE					
Total social housing units delivered ²	164	10	-	-	351
Total social housing units provided ³	4 467	4 303	4 293*	4 320	4 320
Total tenants accommodated	>12 500	> 12 000	> 12 000	> 12 000	> 12 000
Playrooms/playgroups established at Providing access for children	25 buildings All buildings	24 buildings All buildings	22 buildings All buildings	23 buildings All buildings	24 buildings All buildings
Refurbished playrooms ⁴	1	7			
Outdoor play facilities at buildings	21	16	8	8	6
Refurbished outdoor play facilities ⁴	3	2	4		
Junior soccer development	All buildings				
Youth clubs at buildings	-	-	-	-	4
Neighbourhood development	6 precincts	6 precincts	4 precincts	5 precincts	3 precincts
Community development programmes and events	562	367	184	190	219
Corporate social investment (Makhulong A Matala)	Rm 5.8	Rm 5.4	Rm 5.1	Rm 4.7	Rm 4.4
Employment equity	93%	93%	94%	91%	91%
Staff wellness events	4	3	1	1	2
Staff training	Rm 0.49	Rm 1.3	Rm 0.6	Rm 0.4	Rm 0.3
Staff bursaries	Rm 0.47	Rm 0.2	Rm 0.2	Rm 0.2	Rm 0.2
ENVIRONMENTAL PERFORMANCE					
Total buildings ⁵	35	34	34	34	34
- Total new build	10	9	9	9	9
- Total refurbished/recycled	26	26	26	25	25
Waste recycling at buildings	8	7	3	3	3
Food gardens at buildings	12	10	8	6	6
Prepaid electricity meters installed	13 buildings	8 buildings	5 buildings	5 buildings	5 buildings
Electricity recoveries	79%	98%	98%	114%	98%
Water recoveries	66%	73%	94%	86%	79%

¹ Operating profit after tax excludes fair value adjustments and deferred tax

² New units delivered

³ Income generating units under management

⁴ Refurbished playrooms and outdoor facilities added

⁵ Income generating buildings

* Sylvadale refurbishment resulted in unit typology changes

CHAIRPERSON'S REPORT

The South African economy spluttered along during the 2017/2018 financial year, held back by a GDP growth rate that fell by 2,2% in the first quarter. What drove the GDP into negative growth was the manufacturing industry that shrunk by 6,4%, the mining and quarrying sector that decreased by 9,9%, and agriculture, forestry and fishing that plunged by 24,2%.

Closer to home there was decreased economic activity in the trade, catering and accommodation sectors.

Despite a disappointing first quarter performance, the domestic economy did show signs of picking up, which led to a boost in consumer confidence in the opening months of 2018.

The RMB5/BER Business Confidence Index increased an incredible 11 index points, moving from 34 to 45 in the first quarter of 2018. The FNB6/BER Consumer Confidence Index also pushed to an all-time high, driven by the economy's reaction to President Jacob Zuma stepping down that caused the markets to respond positively.

Further economic growth is expected in the coming months, fuelled by household expenditure which is likely to off-set the turbulence caused by the VAT and petrol price increases and slow employment growth.

Despite the economic gloom, JHC performed admirably this year. We were able to turn around our poor vacancy rates bringing them down from 5,16% in October to 1,01% by the end of May. In our efforts to improve our services to our tenants, we continued to work towards our five year tenant focused strategy.

Innovations such as our CCTV project and electronic visitor management system will help in making our precincts even safer for all our tenants.

The highlight of this year had to be the opening of Heritage View. Our latest development might showcase a modern residential development, but this building has a strong link to the past of this mighty city.

It overlooks the site of the old Johannesburg railway station, where people from the rest of the country, Africa and the world once arrived to work in this vibrant city.

From the get go, the take up of units at Heritage View was phenomenal. By October there were only 12 out of 164 units vacant. There is currently a waiting list for tenants wanting to move in. However, it is not just the likes of JHC that are pushing to improve the CBD, there is some good news coming from the inner city.

In August, Johannesburg mayor, Herman Mashaba told investors and financiers that the city would be releasing 71 inner city properties to the private sector, to be used as business spaces, student accommodation and low cost housing units. This was in addition to the 13 buildings that have already been offered to the private sector. The mayor said that the city planned to release 50 to 100 buildings annually for development. His administration has identified about 500 buildings that are either hijacked or abandoned. This will do much in uplifting inner Johannesburg.

The next couple of months could bring some interesting developments, however, thanks to JHC's team, we are strong and in a good position to take any challenge head on.

Patrick Lephunya



Patrick Lephunya - Chairperson



JHC Board of Directors
From left: Elize Stroebel, Jill Strelitz, Prosper Mpofo, Benjamin Nokaneng

JHC Board of Directors - From left: Robert Giurich, Nonkqubela Maliza, Len Kline, Sam Mokorosi
(Absent: Patrick Lephunya, Paballo Makosholo, Mzomhle Nyenjana, Imraan Suleman)

CEO'S REPORT



Elize Stroebel - CEO

The 2017/2018 year saw JHC face some serious economic challenges.

The GDP fell in the first quarter and worrying for us was the slow pick up in employment. Figures released by the Quarter Labour Force Survey of Statistics South Africa showed that for the year to the first quarter of 2018, employment numbers only increased by 165000. Interestingly, statistics for this period showed that unemployment declined from 27,7 % to 26,7%. But statistics can be deceiving for it is believed the decline was caused by an increased number of discouraged workers having opted out of the labour force, and had stopped looking for work. These high unemployment rates could have had a negative effect on JHC's vacancy and revenue targets. But despite the economic gloom, the JHC team shone this year, with us meeting most of our set targets, as this report will show.

This was the second year of our five-year tenant focus strategy, which identified four principles that the company needed to work towards. For each principle, yearly targets were set. These principles included:

Getting the basics right

The goal here was to provide additional safe and secure parking for JHC tenants. This financial year saw the completion of 414 parking bays at Carr gardens, Tribunal and Umndeni. A warehouse opposite Elangeni Gardens was acquired making 69 parking bays available.

JHC identified a number of buildings for lift replacement. New lifts were installed at three buildings and the installation at another three buildings is on track and expected to be finished by November 2018. Extensive lift maintenance work was also done through the course of the year.

Systems to drive efficiencies

In our efforts to drive efficiencies, we achieved a net surplus after tax of R76 million, which exceeded the target of R55 million.

Appropriate customer segment solutions

The only serious blip in our performance this year was our failure to reach the vacancy target of 2,38%. However, the team was able to bring the vacancy rate down from 5,16% in October to 1,01% by the end of May. The average vacancies for the year were 2,46%.

Heritage View was our big project for 2017/2018. Getting Heritage View occupant ready, had its challenges. JHC had to approach the courts twice to get Joburg City Power to connect electricity to the development. This meant that we had to rent a generator on site to complete work on the units. This delayed the opening of the building, but besides this set back we had full occupancy a month after the official opening.

In keeping with our new value slogan "Straight up no fuss," this year saw the continued introduction of a number of innovations to make our properties more client user friendly. Digital screens were introduced to seven of our buildings, and so far are proving to be a great way to communicate with our tenants.

Our work to compile a detailed customer segmentation based profile per building is continuing. Also during the first half of the financial year, we were able to implement and test our customer service measurement tools.

Doing more with the same resources

JHC was able to achieve a Cost to Income Ratio of 44%, which came in a percentage point better than the annual target. This year saw our continued investigation into various smart technology offerings, to see if they could make our operations more cost effective.

The CCTV project has entered its second phase, which will see the establishment of a centralised hub. Once fully operational this will allow improved security for our clients. We are also piloting an electronic visitor management system, which will provide better access control to our properties.

Another smart technology we hope will provide cost savings is pre-paid meters. Currently we are investigating and evaluating the different pre-paid meters on the market to see which will provide the best service for our business. Pre-paid installations continued through-out the year, and were completed at Lake Success, San Martin, Dorchester and Rondebosch. The installation at Smitshof is scheduled to be finished by mid-2018. In total another five installations at Landrost, Stanhope, New Hampstead, BonGaelic and Towerhill remain and these will be completed once our investigation into a suitable pre-paid meter has been concluded.

This year also saw the continuation of our ongoing strategic asset preservation programme, with the start of the renovation of Cresthill Mansions and Douglas Village.

The trial of our Integrated Property Management system continues and so far it is showing that it has the promise of streamlining our business processes.

Our neighbourhood development programme is also moving along and improving cleanliness and safety around our various buildings.

The way forward

Over the last two financial years, JHC has made great strides in closing the delivery gap. Now as part of the five-year

strategic plan, the goal will be to develop initiatives that will provide additional services to our customers. Through this we hope we will be able to ultimately differentiate ourselves from our competitors by making us a purpose led value brand.

The third year of the strategic plan is to focus on developing and identifying alternative revenue streams. During this last financial year, research was done to look at opportunities for alternative revenue sources. These findings were reviewed and modelled and were presented to JHC's board in mid-2018. The findings are to be operationally tested during the next financial year, with the idea of it being fully implemented in 2019/2020.

In keeping with the Strategic Plan, one of the innovations that JHC is investigating is setting up a number of customer hubs, which will be located around the various portfolios. The purpose of this is to make it easier for tenants and future customers to do business with JHC. Existing staff members are to be trained and placed in identified customer care hubs.

It has been a good year for JHC despite the negative economic outlook. These achievements would not have been possible without the dedicated efforts of the JHC team and management. My sincere thanks also to the JHC board for their guidance and support.

Elize Stroebel
CEO



Crystals from the original chandelier at Landrost Hotel

HERITAGE VIEW

From the Heritage View building you can look north towards Braamfontein and see the old Johannesburg railway station - one of the oldest structures in the city. A stone's throw to the east is the more recent Nelson Mandela Bridge, and to the south is the Market Theatre and the location of that once famous jazz club, Kippies.

This building stands in an iconic corner of Johannesburg steeped in history, and so it is no wonder that the name Johannesburg Housing Company (JHC) chose for their latest development is a nod to the rich heritage of Newtown. Heritage View, was built in Newtown, to take advantage of the growing demand for residential accommodation in the area. Tenants are looking to live here because it has become one of the most hip and fashionable locations in the inner city.

Heritage View officially opened in October 2017, and for JHC, this marked a significant milestone as this was the company's first residential development in the inner city since 2005, when the Brickfields complex was completed.

The property offers 164 apartments in total, including bachelor flats, and both one and two bedroom units. For the first time JHC included ten student flats in the mix of accommodation.

Heritage View could only be built to four storeys, ironically because of the historical importance of the area. Restrictive legislation prevented the building from going higher. And while the building might only be four storeys high, the tenants are still greeted to some panoramic views of Joburg.

JHC ensured that Heritage View was built and finished to the highest standards of quality. Tall aluminium windows

were installed so as to allow a lot of natural light into the units. All the bedrooms have built-in wardrobes and the kitchens have been fitted with granite tops complete with a two-plate stove.

The building also comes with energy saving LED lights and heat pumps that reduce the amount of electricity needed to heat the hot water supply. The idea is that these features will deliver cost saving returns for tenants over a period of time.

The bachelor and one bedroomed flats have showers with glass shower doors, while the two bedroomed units have the addition of a bath. All the units come with DSTV connections and each floor has its own drying yard laundry.

There is lots of parking available while state of the art biometric access control with entrance security provides a safe home environment. Another unique feature was that the building was designed with an indoor playroom and soccer pitch.

Heritage View's location means that the tenants not only have easy access to the city, but are also close to the M1 highway. Within a short distance is the recently opened Newtown Junction shopping mall, the Market Theatre, Museum Africa and Mary Fitzgerald Square.

JHC's new building was a hit from the start. Heritage View was fully occupied in a month, which is a new record for JHC. The demand is so great, that there is now a waiting list. Future tenants are being housed in surrounding buildings, waiting for their chance to move into what has become one of the most desirable residential blocks in Newtown.



BHC Board of Directors
From left: Elize Stroebel, Len Kline (Chairperson), Paul Jackson



Adding to JHC's legacy, Heritage View - one year later



Adding to JHC's legacy, Heritage View - one year later



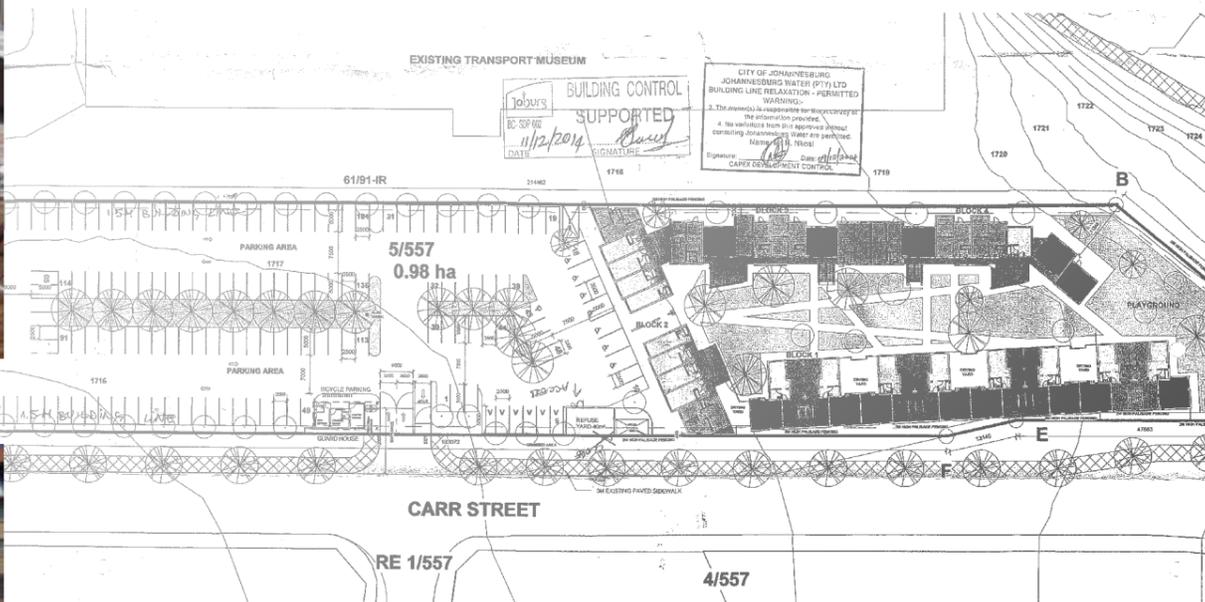
HERITAGE VIEW - from the ground up



CITY PARKS	JOHANNESBURG WATER	JOHANNESBURG ROAD AGENCY	CIRCULATION
TRANSPORTATION	ENVIRONMENTAL PLANNING	PIKITUP	

UNIT TYPE	TYPE 1T	TYPE 1	TYPE 2	TYPE 1d
	BACHELOR	1 BED UNIT	2 BED UNIT	1 BED DUP
UNIT SIZE (Exclu. BALCONY)	27sqm	34sqm	47sqm	45sqm
UNIT QUANTITY	38	62	58	16
TOTAL SQUARE METRES Exclu. BALCONY	1028sqm	1768sqm	2726sqm	720sqm
BALCONY	0.5sqm	0.5sqm	3sqm	0.5sqm
FLOOR	G/ 1ST/ 2ND/ 3RD/ 4TH	G/ 1ST/ 2ND/ 3RD/ 4TH	G/ 1ST/ 2ND/ 3RD/ 4TH	4TH/ LOFT
PARKING				

REQUIRED AREA	sqm
VOLUME OF REFUSE GENERATED	0.14
MIN. AREA REQUIRED	8.8
It takes 1m ³ of floor area to store	
CURRENT REFUSE	





Boyce Maritz - Property Manager

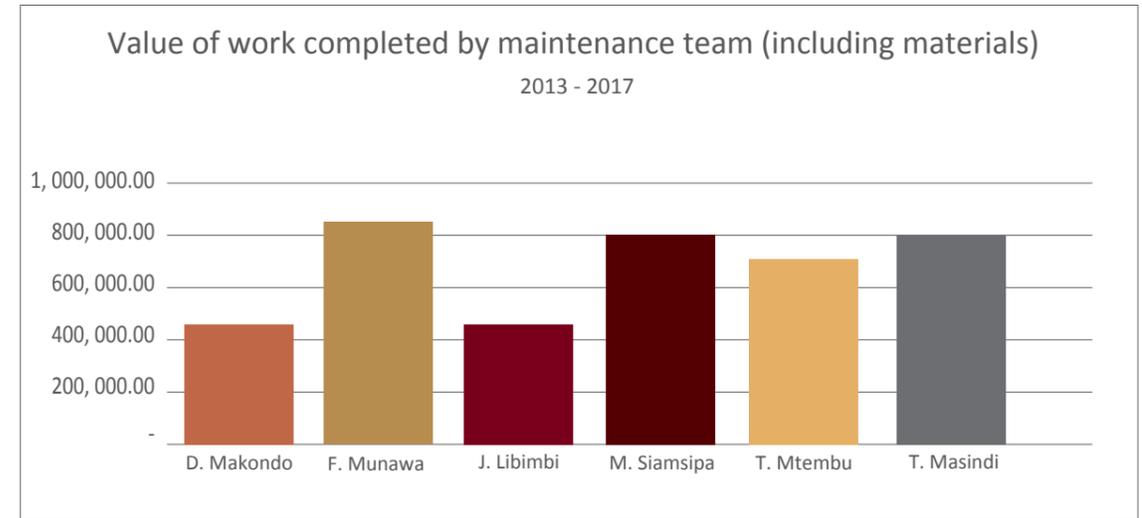
The property management team is responsible for providing a clean, well-maintained and safe environment for all JHC tenants.

Highlights for the Year

- * The Maintenance work team grows.
- * Temporary parking for Elangeni Gardens tenants.
- * Electronic visitor management system at Ukhamba Mansions.
- * The second phase of the CCTV project.
- * Water tanks to solve the high rise water pressure problem.
- * Lift replacements.
- * Cresthill Mansions and Douglas Village refurbishment project.

Maintenance work team

This year saw a couple of new members join the Maintenance team. They included: Fredy Munawa, a plumber, Miyanda Siamsipa, a carpenter and Decide Makondo, who joined as a maintenance technician. Another addition was Simone Maphanda, the team's new Quality Control Officer. His job is to oversee the Maintenance work team, making sure of quality control, managing costs, and ensuring that deadlines are met. The Maintenance team also acquired a plumbing intern. Mpho Mogano is currently completing his practical and internship, courtesy of a bursary provided by Makhulong A Matala, which is made available to all JHC tenants. The recruitment process is part of the expansion of the in-house Maintenance work team, as the company looks to rely less on outsourced contractors in order to reduce costs, achieve a better standard of quality and improve the customer's experience.



Original letter boxes at San Martin



Maintenance work team

From left: Simone Maphanda - Quality Control Officer, Miyanda Siamsipa - Carpenter, Fredy Munawa - Plumber



Maintenance Technicians

From left: Themba Mtembu, Decide Makondo, Tsumbedzo Masindi (Absent: Jabulani Libimbi)

The conversion of a warehouse into temporary parking

JHC acquired a warehouse, which, has been converted into temporary parking for the tenants of Elangeni Gardens. This is to alleviate the parking problem at the property, while work progresses on the construction of a parkade inside Elangeni Gardens.

Electronic visitor management system

Earlier in August, the property management team began piloting an electronic visitor management system at Ukhamba Mansions in Berea. Previously visitors to the property had to sign in by writing their details in a logbook, at reception. The new system is touch screen and requires the visitor to be photographed when they sign in. The host then receives an SMS informing them that there is a visitor at reception. Besides its obvious security benefits, the property management team believes that the system will allow them to track visitor trends and anomalies. It will also enable them to monitor contractors, who will be required to sign in using the same system.

CCTV project

The second phase of the CCTV project is under way. This will see the testing of a centralised hub which when fully operational will oversee all CCTV cameras at JHC properties. A pilot will be launched at three buildings and if all goes well, roll out to the other premises could begin in the next financial year. The testing phase will also include evaluating facial recognition software. The aim is to reduce the compliment of security guards at certain buildings. The programme will utilise a reaction unit that will be deployed to where an incident is occurring.

Water tanks

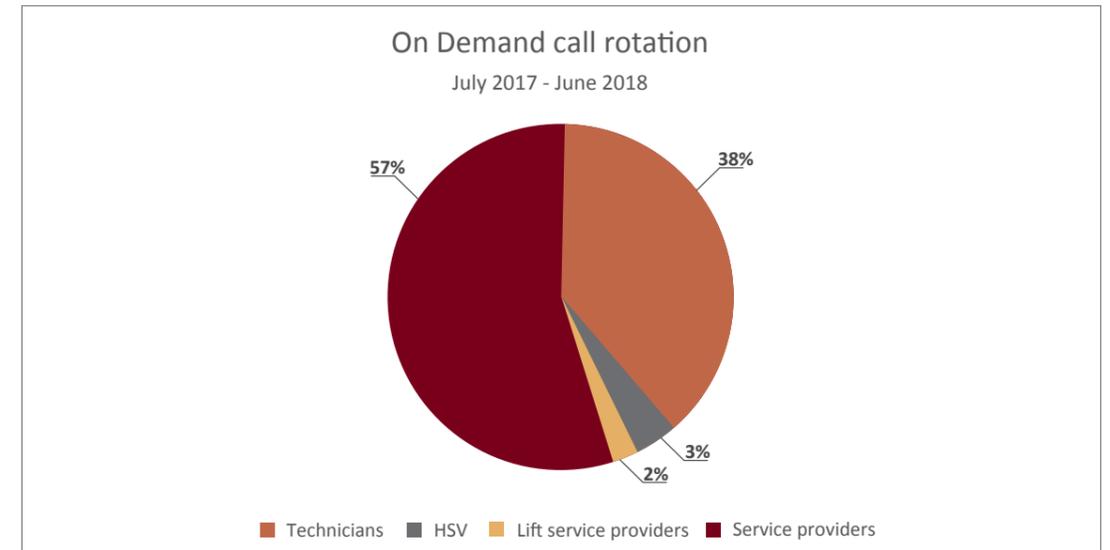
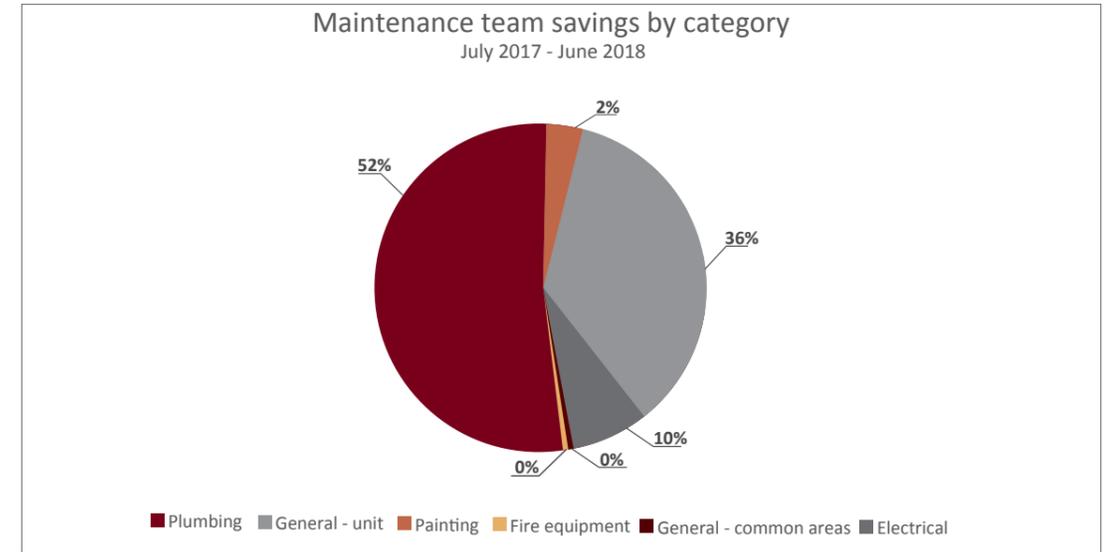
The roll out of water tanks continued this year as a solution to the dwindling water pressure problem. Over the last year Joburg Water has continued to reduce water pressure to the city and this has caused supply problems to our high-rise properties. These tanks push water to the top floor and have the added advantage of providing storage capacity that comes in useful during water cuts.

Lift replacements

JHC's planned lift replacement programme experienced challenges due to lengthy procurement and manufacturing processes. This means that the completion of the project could straddle two financial years. However, lift installations are under way at San Martin, Roseneath and Dorchester with a scheduled completion date of October 2018. Orders have been placed for new lifts for Landrost and Cresthill, and work has begun in removing existing lifts and preparing the shafts in anticipation of delivery. Work is to commence during October 2018. The last building to receive replacement lifts will be New Hampstead. The specification and tender process is currently underway.

Cresthill Mansions and Douglas Village refurbishment preparation

JHC, with the assistance of the City of Joburg and respective ward councillors, were able to successfully vacate Cresthill Mansions and Douglas Village. This was done so that both buildings could undergo a complete plumbing and electrical overhaul. This project forms part of JHC's strategic asset preservation programme, which will see several other renovations done in the future. The aim is to make JHC's buildings more energy and water efficient, while giving them a modern look and feel.



From left: Debbie Johnson - Maintenance Officer, Thandi Binda - Maintenance Clerk



Maintenance Administrators
From left: Faith Shabalala, Anwar Anwaruddin, Arnold Peters

**If we stand tall it is because we
stand on the shoulders of many ancestors
– African Proverb**

GREENFIELDS PORTFOLIO



GREENFIELDS
WHERE YOU WANT TO BE



Greenfields Portfolio Housing Supervisors

Top row, from left: Nkanyiso Gwala, Patrick Mabogo, Emmanuel Kubeka

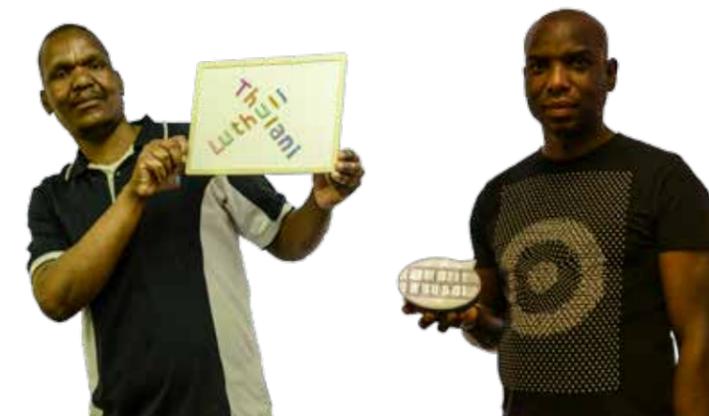
Bottom row, from left: Nkhensane Chauke, Zweli Gasa, Benson Mabasa, Vincent Mbatha

Absent: Pitsi Nkosi - Portfolio Officer and Peter Moloto

KOPANO PORTFOLIO



MPUMALANGA PORTFOLIO



Kopano Portfolio Housing Supervisors
 Top row, from left: Bongani Makhoba - Portfolio Officer, Nokulunga Ndlovu, Timothy Nekokwane
 Middle row, from left: Obrey Makamu, Simon Mbulawa, Johannes Makananise
 Bottom row, from left: Bhekinkosi Mpe, Elliot Mabunda, Annah Matima

Mpumalanga Portfolio Housing Supervisors
 Top row, from left: Jas Matela, Cyril Midaka, Sifiso Ginindza - Portfolio Officer
 Middle row, from left: Promise Gcwabaza, William Mamiala, Edward Mokwinda
 Bottom row, from left: Thulani Luthuli, Elvis Baloyi (Absent: Tshepo Noko)



**Your future depends on
what you do today
- Mahatma Gandhi**

Background: detail on stairwell at Landrost

REVENUE REPORT

The Revenue department is the new kid on the block, having only come into existence four years ago. The department was formed to optimise rent collecting and encourage more tenants to take up occupancy in the various JHC properties. Another role of the Revenue department is to find alternative income streams.

Highlights for the Year

- *An advertising specialist was hired to manage JHC's outdoor billboard contracts.
- *JHC achieved their best month on month occupancy rates for the second half of a financial year since 2011.
- *Self service kiosks continue to be rolled out.
- *Occupancy at Heritage View was a resounding success.
- *Digital screens have been introduced to improve communication between head office and our tenants.

Revenue advertising strategy

As part of the department's alternative revenue strategy, an advertising specialist was hired to manage existing outdoor billboard contracts. The specialist's job entails completing and managing council applications for advertising building wraps and sky signs. Another aspect of the job is managing JHC's advertising side of the business. This resulted in some notable successes and included approval from the City of Johannesburg for an advertisement wall at New Hampstead. In addition, lease negotiations were completed for an advertising wall at Smitshof and an application was successfully submitted for a sky sign at Towerhill in Hillbrow.

Self-service kiosks

The roll out of self-service kiosks continued this year, much to the delight of our tenants. These kiosks have made it convenient for our clients to pay their rent at times when it is suitable for them. The kiosks have helped in reducing costs and we now have a total of ten installed.

Occupancy rates

The state of the South African economy made the first half of the financial year extremely challenging. However, JHC was able to respond quickly and successfully with the introduction of a series of measures that mitigated the deteriorating economic conditions. An aggressive marketing strategy which promoted deposit payment plans and zero deposit campaigns were introduced at a number of buildings for a limited period. A decision was also made to slow down the aggressive overcrowding which contributed to reducing the high tenant turnover in some of the buildings. Over the next six months, occupancy rates improved remarkably. Between November and December the vacancy rate improved from 4.72% to 2.74%. This downward trend continued for the remainder of the financial year from January to May 2018.



Karabelo Pooe - Revenue Manager

In fact, JHC achieved their best month on month occupancy rates for the second half of a financial year since 2011. However, even with this stellar performance, it was not enough for the company to finish the year in the green for Vacancies and Revenue. JHC achieved an overall vacancy rate of 2.46% against a budgeted 2.38%, missing the target for the year by 0,08%.

Heritage View

JHC's latest development has proven to be a resounding success. Heritage View which officially opened in October last year, was fully occupied in a record 31 days. By October, Heritage View was already 85% occupied. With the successful launch of Heritage View, JHC took the opportunity to explore other revenue stream initiatives. A studio unit was repurposed as a laundry room. Research has shown that on average, laundry facilities can provide 40% additional income as opposed to an occupied bachelor unit. There are other non-financial benefits as well, including providing an improved living experience for the tenant.

Ten studio units in Heritage View were fitted with basic furniture and rented out at a premium as furnished accommodation. The pilot has proven successful, with full occupancy on a fixed term lease. This has allowed management to learn and develop new business processes that involve furnished accommodation, fixed term leases and provided insight into the student housing market. The furnished units offered as student accommodation were all taken up by February. There is now a waiting list for Heritage View, with some of the tenants being housed in adjacent buildings, as they wait for units to become available.



From left: Jerrilee Jegels - Property Assistant Administrator, Nothando Mthembu - Property Administrator, Kholi Mogotsi - Property Assistant Administrator



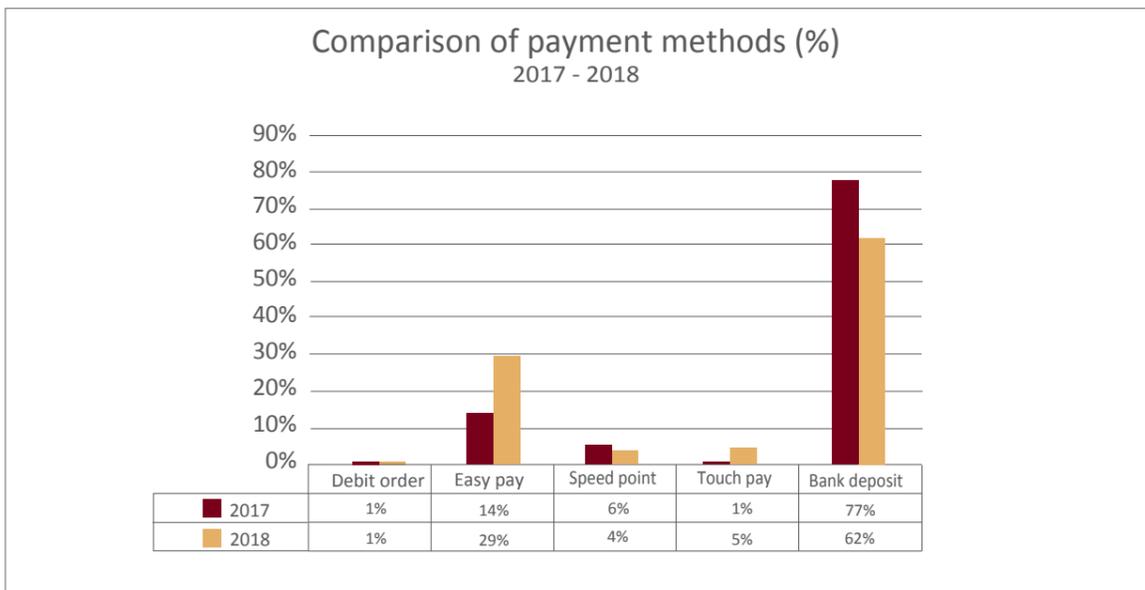
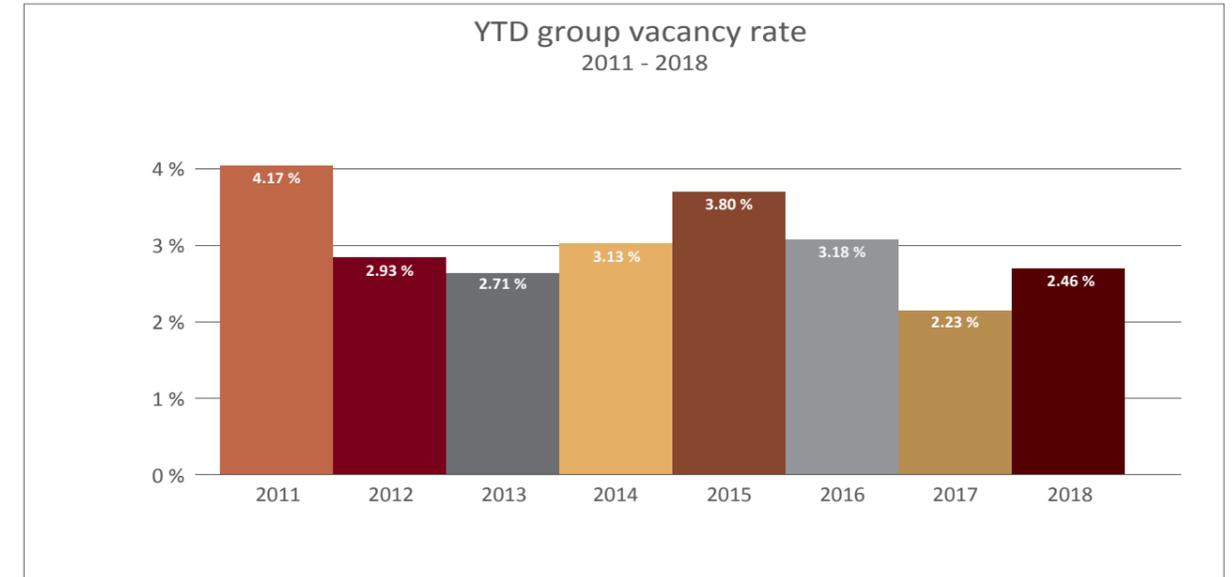
From left: Samuel Madzivani - Roving Housing Supervisor, Sabelo Makhaye - Property Management Specialist, Jacob Bezula - Roving Housing Supervisor

New Developments

Two property acquisitions were finalised during the financial year. The first was for a warehouse opposite Elangeni Gardens, which was acquired as a temporary parking site for the residents of Elangeni Gardens. The second property acquisition was for two properties in Newtown, which is to be the site of a new development called Brickfields South. JHC is still awaiting the outcome of a bid on a piece of land on Gwigwi Mrwebi street that is owned by the city.

Introduction of digital screens

Digital screens have been introduced into seven of our buildings. The primary purpose of these screens is to improve communication between head office and our tenants. Previously communication was by way of a letter placed on a notice board. The digital screens have been implemented so as to reduce costs, by eliminating paper use and through quicker lead times. So far, they have been well received, but it will take a while before their true worth can be evaluated.



From left: Jackie Tyobeka - Front Desk Administrator, Lisa Smith - Leasing Officer



From left: Ayanda Cele - Advertising Specialist, Katlego Moloisane - New Developments Manager (Absent: Mbali Shezi, Rhulani Mathebula)



Leasing Administrators
From left: Penrose Moyana, Jonas Ramatsetse, Thabo Koma, Lebo Mathata

MAKHULONG A MATALA

Makhulong a Matala (Makhulong) is the social arm of JHC, which interacts with its tenants, to build stronger relationships and healthier inner city communities.

Another important role is to support JHC's business strategy, through its dealings with the company's clients. This year Makhulong was involved in a number of activities that embraced JHC's new value of "Love where you live". The premise is that happy tenants stay longer.

Highlights for the Year

- *The neighbourhood development programme continued to improve cleanliness and safety in the vicinity of JHC's various buildings.
- *Two lanes were added to the food garden project.
- *The tenant engagement strategy assisted in the successful rollout of pre-paid meters and continues to be a valuable communication tool.
- *A floor against floor competition solved Smitshof's litter problem.
- *Play facilities set up to provide safe areas for children.
- *The junior soccer development programme provided valuable life skills training for children.
- *The establishment of six women's groups.



Lindi Malinga - General Manager, MAM

Neighbourhood development programme

Makhulong continued to work with various agencies within the inner city, to improve cleanliness and safety within the vicinities of various JHC buildings. These agencies include Johannesburg Metro Police, Pikitup, the SAPS and several private cleaning companies which work together to help landlords protect their investments.

This year the Inner Jozi Safety and Security Forum continued to be a great help, particularly in dealing with security issues pertaining to the areas around many of JHC's properties. Makhulong has extended the neighbourhood development programme to Fordsburg and has begun organising security companies in the area and encouraging them to participate in the Inner Jozi Safety and Security Forum meetings. The aim is that these security companies in the Fordsburg area will be able to better support each other and work with police in order to enforce by-laws.

Another achievement during the last financial year was when Makhulong was awarded a Certificate of Recognition for its work in contributing to community safety.

During the year, JHC with the Newtown City Improvement District, Pikitup and Lepro hosted a campaign to clean up Newtown. It was huge success with more than 40 volunteers taking part.

Food gardens project

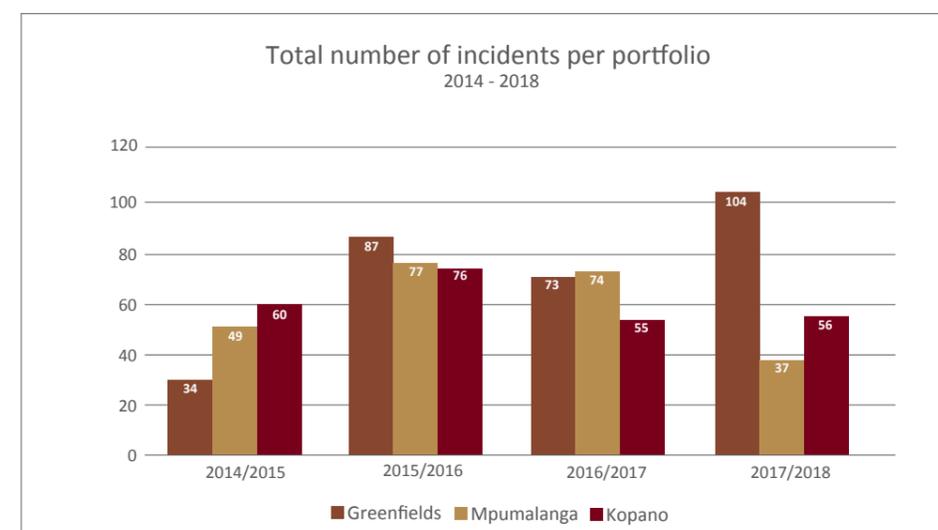
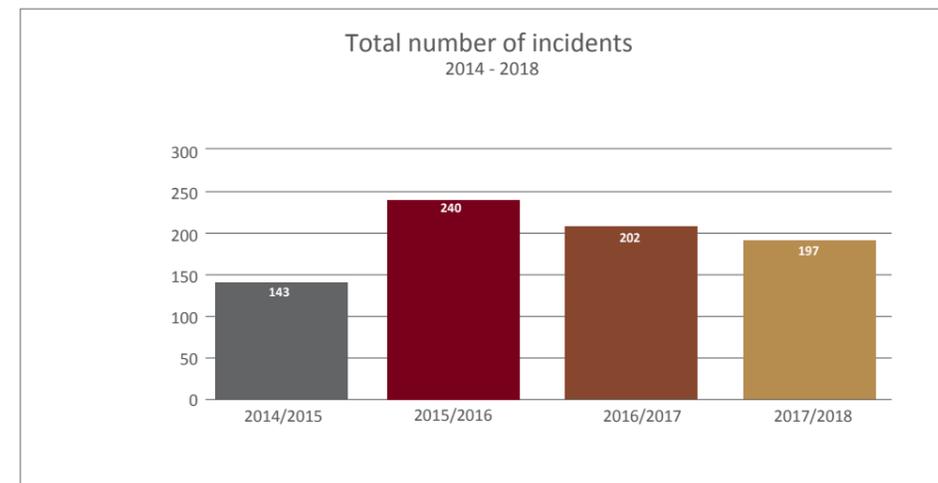
The food garden project grew this year with the addition of two lane gardens. One at Lake Success and another at BonGaelic. The two lanes were converted into gardens in an effort to stop littering at the two sites. This now brings the number of lane gardens to three, since the initiative was launched at Sylvadale in 2016.

Makhulong brought in a food garden service provider, Jozi Food Farmers, who taught the tenants how to maintain their urban gardens. Those tenants who work the gardens can consume some of the produce grown and are allowed to sell off the surplus to fellow residents. The programme is also being used by Makhulong as part of their tenant engagement strategy.

Tenant engagement strategy

This communication tool was successful in helping the roll out of pre-paid meters across several JHC properties. After the installation, Makhulong conducted a survey and sent tenants a questionnaire, to gauge the success of the new meters. The survey questioned tenants on how user friendly the new devices were and if they were having any trouble with loading electricity.

Special Makhulong ambassadors embarked on a door-to-door campaign to train tenants on how to use the new



From left: Sally Makaané - Receptionist, Carlene Petersen - Customer Experience Officer, Phumzile Sibiya - Programme Administrator

pre-paid meters. The project was deemed a great success and two months after the installation there had been no major complaints from any of the tenants. The tenant engagement tool has been used in other projects. These include the JHC Cares programme where teams targeted a number of buildings and visited tenants to inform them of ongoing projects.

Smitshof

Makhulong used the competitive spirit of the residents at Smitshof to sort out an ongoing litter problem. For a long time tenants and cleaners had complained of floors strewn with litter, particularly over weekends. To solve this problem, Makhulong introduced a project in the form of a competition between tenants residing on the different floors. This competition was to see who would maintain the cleanest floor. Initially four of the 12 floors were involved in this competition and an inspection was held at the end of every week. The winning floor would be announced at the end of the month. The competition was later rolled out to the rest of the building and has become so successful that the tenants have taken over the initiative.

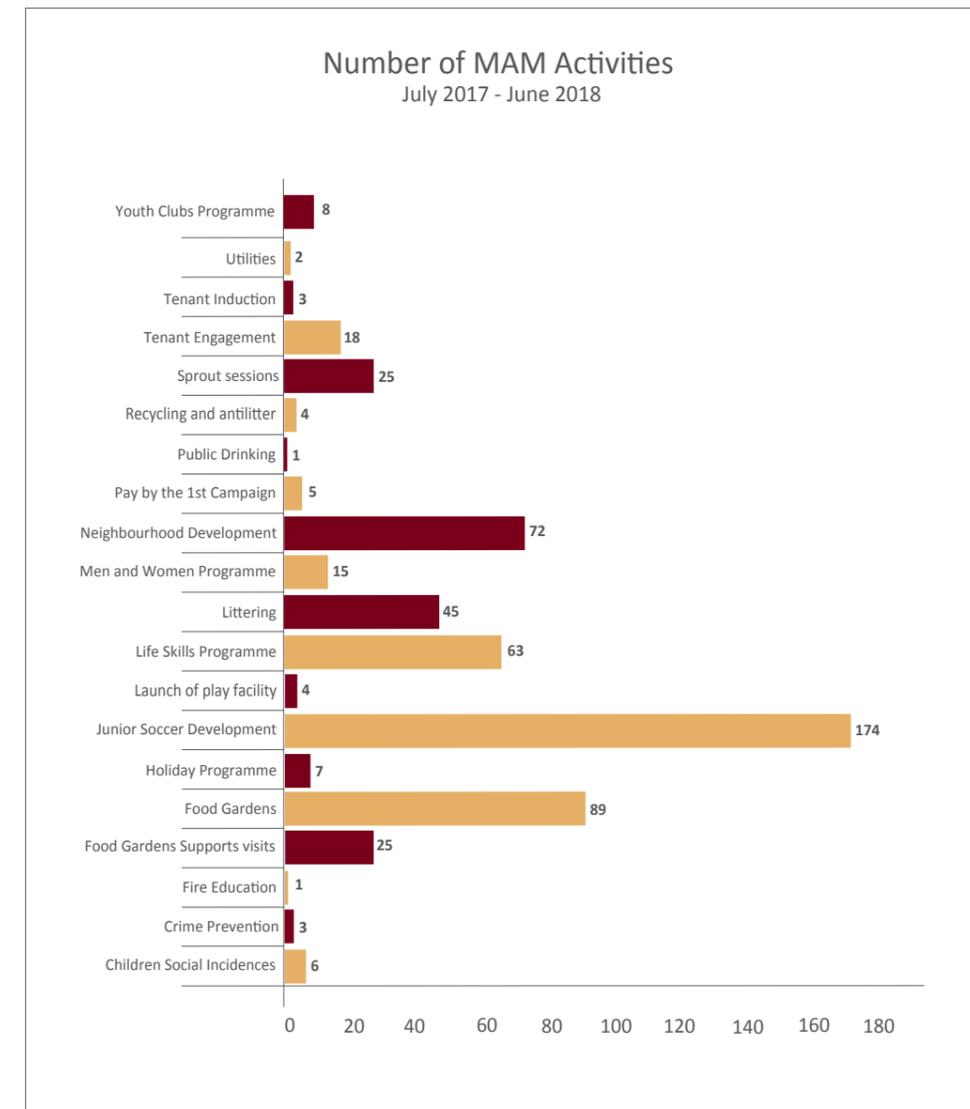
Play facilities

With the help of donor money from Arrowhead, Makhulong was able to extend their safe play facilities in a number of buildings. Outdoor facilities were completed at Legae, Phumulani and Sylvadale. Protected play facilities were established after it was realised that children were playing

in the car parks, at times vandalising vehicles and making noise. At Legae and BonGaelic, two multi-purpose external facilities were established with scooter tracks, two jungle gyms and two chessboards. Despite construction delays caused by wet soil, Makhulong was able to complete the Ukhamba play facility with its designated soccer area. The renovation of four existing play facilities was also completed during the year. All the facilities were handed over to the tenants of the various buildings.

Junior soccer development programme

This programme has been ongoing since 2012 and resumed last August after Makhulong re-appointed Odirile Wa Rati. One of the highlights of the year was when the service provider organised for some of the children to try out for several local professional soccer teams. Fifteen children were invited for trials and while none were successful, it was none the less a wonderful experience and a great confidence booster. The programme, which ran every Saturday, saw over 300 children participating and new coaches added to the project. Odirile Wa Rati also partnered with organisations like SANCA and Sonke Gender Justice to educate and help assess the children and provide life skills training. These life skills were based on social problems identified at the buildings where the children live. This development programme has also allowed the children to meet professional players. Makhulong is working towards the formation of a squad which will compete against other outside teams.



Community Development Officer's
From left: Michael Tlala, Lungisani Ntuli, Patricia Msebele



Community Development Coordinators
From left: Donald Makape, Ipeleng Mokgosinyane, Grenda Ngwarai

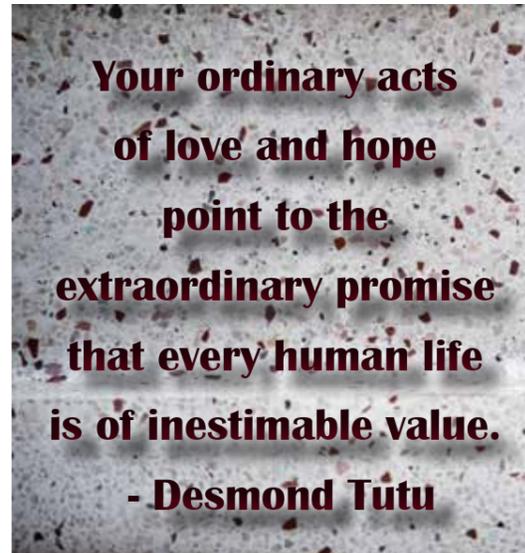
Women's groups

There has been an uptake in the number of tenants forming women's groups. Within just two months, six women's groups were formed. They deal with a range of issues affecting women, from health, to parenting and domestic violence.

At Jeppe Oval a netball match was used as vehicle to build social cohesion amongst women and establish a women's group in that building. There were other events during the year that targeted women. One that coincided with Woman's month saw Makhulong honour JHC's 1702 female leaseholder residents at a special event.

On 29 August 2017, Makhulong, with the support of the housing supervisor at Jeppe Oval, hosted a dinner event for the women, where the theme of the evening was "understanding your child and detecting early signs of destructive behaviour." This was presented by one of the tenants who is a teacher by profession.

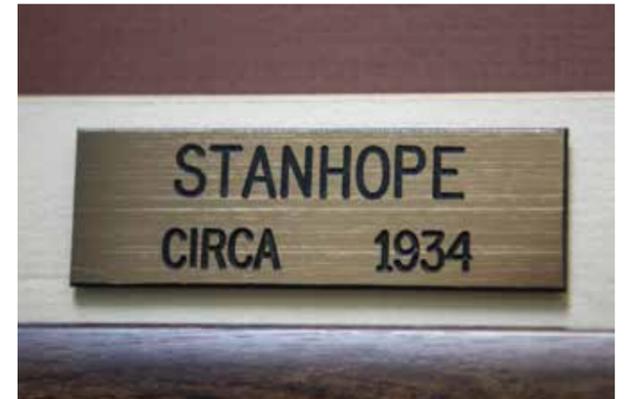
At Landrost, Makhulong invited the Wits Reproductive Health Institute to facilitate a discussion on women's reproductive health, hygiene and healthy eating. Good parenting skills were also discussed. Follow up sessions have been scheduled where health screenings will be done. Makhulong also facilitated the formation of a women's group at Umndeni. With the help of the Johannesburg Institute of Social Services, Makhulong has organised women's discussion sessions, where they examine such topics as parenting, skills, anger management and communicating with children.



Background: marble stairs at Dorchester



Window detail at San Martin and plaque from Stanhope



MAM Board of Directors

From left: Nompumelelo Mabece, Shirley Moulder, Sarah Maphoto-Papi, Lindi Malinga



MAM Board of Directors

From left: Elize Stroebe, Taffy Adler, Sam Mkorosi, Len Kline

COMPLIANCE OFFICE

The Compliance Office is responsible for ensuring that JHC maintains the policies and procedures needed to keep the company operating within a regulatory framework.

It is the Compliance Office's task to oversee the internal audit and risk management functions, while also ensuring that the various departments are operationally compliant with internal policies and procedures, and national legislation.

This year, however, the Compliance and Risk Management, Information and Records Management and Information Technology functions started to work closer together to ensure that system implementations take cognisance of relevant risks, legal requirements, information management best practices and JHC policies whilst working towards JHC's objective of driving efficiency through systems.

Highlights for the year

- * Protection of Personal Information (POPI) Act compliance
- *The company secured a Level 8 B-BBEE rating.
- *The whole management team participated in an intensive risk assessment workshop to take a holistic look at the risks the company could face in future.
- *Explorations into a new integrated property management system commenced.

Protection of Personal Information (POPI) Act compliance

The compliance team began the task this year of making JHC POPI Act compliant.

The purpose of this Act is to ensure that all organisations institute measures that protect the personal information of South African citizens. It soon became apparent to the compliance team that the unique make-up of JHC created a number of challenges. The biggest of these challenges is that personal client information is scattered across multiple sites.

A specialist business consulting company, with a focus on assisting organisations to add strategic value to their data Protection and Privacy programmes, was hired to assist in this project and with their help, the compliance team was able to complete the risk assessment phase of the project and identify risk areas and possible remediation actions within the various departments. The process of implementing these remedial actions to eliminate or minimise the identified risks will continue in the 2018/2019 financial year. The team also identified a number of IT system security enhancements, and a budget has been set aside so they can be implemented in 2018/2019. During May 2018 a number of training sessions commenced so as to familiarise managers and staff with the requirements of the POPI Act.

B-BBEE

JHC for a long time has had a poor B-BBEE rating, the reason for this, is that the company is a non-profit organisation and therefore does not have ownership. To help remedy this, JHC contracted a B-BEE consulting company to review and explore options to improve the company's rating. They presented a workshop and prepared a report to highlight the impact the recently amended Property Sector Codes has on B-BBEE ratings. They also explored a number of options on how JHC could ensure compliance with this new legislation. JHC's B-BBEE verification process was concluded in March 2018. This is an improvement from 2016, when the company was given a non-compliant rating. To assist JHC in managing its B-BBEE compliance and strategy, the company bought and installed the Sage BEE123 system in June 2018. This will help in monitoring and planning JHC's B-BBEE policy going forward. It is important this policy becomes part of JHC's ethos. JHC believes that B-BBEE awareness should be part of the everyday running of the company, from making recruitment decisions, to the selection of service providers and approaches to skills development.

Company secretarial compliance

The New Housing Company (NewHco) informed JHC during 2017/2018 that the company would be de-registering and would resign as one of the members of Johannesburg

Housing Company NPC. Accordingly, JHC's Memorandum of Incorporation was amended by the members and approved by the Companies and Intellectual Property Commission (CIPC). The Kagiso Trust is now the sole member of JHC.

Risk management

JHC's management team participated in an intensive workshop, where they took a fresh and wide ranging look at the risks that could threaten the organisation. The updated register was then submitted to the Audit committee in May 2018, for review and discussion.

Integrated property management system

JHC began in late 2017/2018 with explorations into a new integrated property management system and so far, the results have been good. The system under investigation has been evaluated against existing business processes and it promises significant efficiency, by simplifying processes and eliminating the need to recapture information. The next step in the process will be to introduce the platform to additional staff members, so they can have the opportunity to upload data to a prototype for more intensive evaluation. This will further test the system and assist in identifying any glitches that need to be addressed during implementation. If the review is successful, the system will be presented to the JHC board for approval and implementation could commence by early 2018/2019.



From left: Kgaugelo Mnisi - Records and Information Administrator, Juanita Prinsloo - Compliance Officer
Lukhanyiso Kona - Compliance Specialist

From left: Joan Stow - Executive Secretary, Peter Ochse - IT Officer, Pasana Mbonane - IT Building Administrator

HUMAN RESOURCES

The Human Resources department was involved in a number of initiatives this year that included improving the leadership qualities of staff members and an extensive recruitment drive.

Highlights for the Year

- *Middle management 'Paths of Excellence' training, helped with honing of leadership skills.
- *Development of new values and their implementation in the workplace.
- *Employment Equity aligned recruitment drive.

Middle management Paths of Excellence training

This programme began last July as an initiative to assist in honing better leadership skills amongst the company's middle management team. The training aimed at enabling managers to identify their strengths and weakness and how best to work with them. At this training, middle managers developed their own vision and values:

VISION:

We believe in unity by being influential leaders, having honest conversations, recognising achievements while daring to be different.



Itumeleng Mokonyama - HR Officer

VALUES:

1. Leadership
2. Service
3. Honesty
4. Achievement
5. Different

Last year's programme involved a seven-day workshop, this year the training was done over two days. This year's programme focused more on identifying the strengths within the participants. While the Human Resources team have yet to fully evaluate the success of the 'Paths of Excellence' training, the initial assessment has shown that it has brought staff closer together.

Development and implementation of new values and behaviours

This year saw the launch of JHC's new values. The values, which were crafted together with staff last year, include:

- *Together, we win
- *Straight up, no fuss
- *We have got you - Sikuphetho
- *Here to stay

Besides the introduction of the new values, work was done in getting our staff to implement these values in the work place, through encouraging better customer service.

Recruitment

JHC filled a number of vacancies this financial year (14 permanent, 2 interns, 1 contract). The maintenance department in particular grew, with four technical members added to the team. JHC also recruited a Customer Experience Officer, to interface with our tenants. The JHC recruitment targets are:

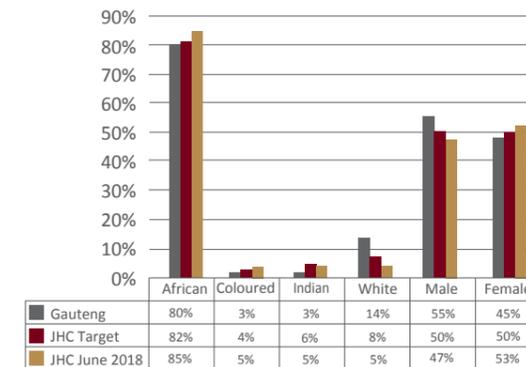
- Blacks 82%
- Coloured 4%
- Indians 6%
- Whites 8%

Training

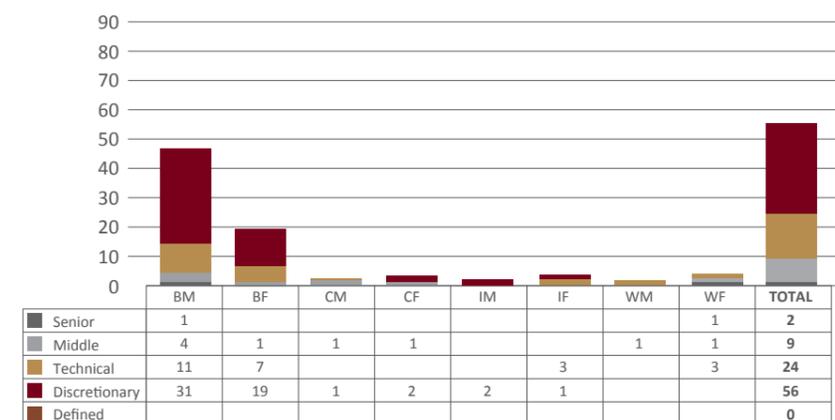
Throughout the year, the HR department offered various skills training and bursaries. Qualifications completed this financial year:

- Prosper Mpofo – MBA
- Grenda Ngwarai – Honours
- Itumeleng Mokonyama – Post Graduate Diploma
- Lefa Ncala – B.Tech Quantity Surveying
- Zweli Gasa – Facilities Management

Employment equity performance against targets



Employment equity profile of staff



Performance awards

JHC recognises excellent performance from staff and management each year through its range of incentive awards. The award winners for 2017 are noted below.

- The UK Staff Exchange Award - Thandi Binda - Maintenance Clerk, Nkanyiso Gwala - Housing Supervisor. This year, JHC implemented a change to the policy, to award an additional two staff within the financial year. The recipients awarded in the second half of the year were, Lefa Ncala - Junior Property Coordinator and Vincent Mbatha - Housing Supervisor.

- Middle Management Award - Lisa Smith - Leasing Officer, Lungisani Ntuli - Community Development Officer.
- The Consistent Performer Award - Bongani Makhoba, Portfolio Officer.
- The CEO's Discretionary Award - Penrose Moyana - Leasing Administrator and Kgaugelo Mnisi - Records and Information Administrator.
- The Portfolio Performers' Awards: Kopano Obrey Makamu - Housing Supervisor, Greenfields: Thulani Luthuli - Housing Supervisor, Mpumalanga: Jonas Ramatsetse - Leasing Administrator.



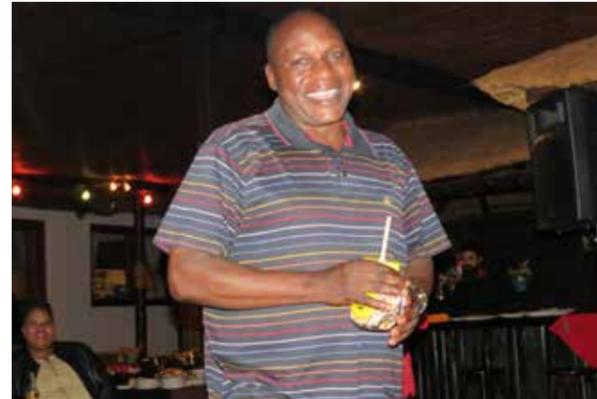
UK Staff Exchange Award: Lefa Ncala, Nkanyiso Gwala and Thandi Binda enjoying the sights of London



JHC staff enjoying themselves at the bosberaad in April 2018



Middle Management Award: Lungisani Ntuli and Lisa Smith enjoying their business course in Dubai



JHC staff enjoying themselves at the bosberaad in April 2018



Grenda Ngwarai at her graduation ceremony in May 2018



Itumeleng Mokonyama graduating during the year



The middle management team at the leadership training session





Prosper Mpofu - CFO

Despite tough economic conditions and a building upgrade programme, JHC was able to meet or exceed most of their targeted financial indicators for the 2017/2018 year.

JHC's total asset value grew to R1.8 billion and is in line with the budget of R1.8 billion.

This was a year that also saw JHC continue with its building upgrade programme, which impacted on the company's revenue.

For 2017/2018, total revenue stood at R261 million, in part because the refurbishment of Douglas Rooms and Cresthill had placed both buildings off-line. However, the company was able to exceed the target financial indicator for Net Income after tax, with a figure of R94 million.

Building expenditure was up by 5% this year to R89 million. However, the opening of Heritage View within the first quarter of the new financial year assisted in improving the company's rental revenue.

A spike in occupancy during the second half of the year meant that rental income was able to creep up from R190 million in 2017 to R207 million in 2018. This is expected to increase by 5% in 2019. The two buildings, Cresthill and Douglas Rooms, currently undergoing major refurbishment, pulled down the expected increase in rental income in the new financial year.

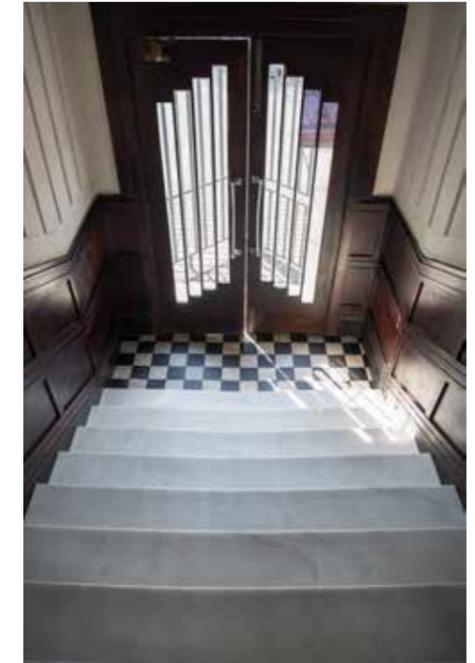
Head office expenses were up 9% as a result of the investment in the IT system and the customer experience department.

While it was expected that the poor state of the economy would result in JHC missing its target on arrears, this was not the case and the company ended with an arrears percentage of 2.20%, against the budget of 2.5%.

What also helped the company this financial year was the interest rate downgrade of 50 basis points, which assisted in reducing the interest rates on the company's debt obligations. The inverse of the drop on the interest rates is that the interest on the money invested by the company on the money market also decreased.

The investment in the building upgrade programme and the addition of Heritage View is expected to pay off and reflect on the balance sheet.

A big challenge for the finance department was the City of Joburg's high revaluations of the properties which caused a huge increase in rates and taxes for the new financial year. However, the City has been of great assistance during the appeals processes.



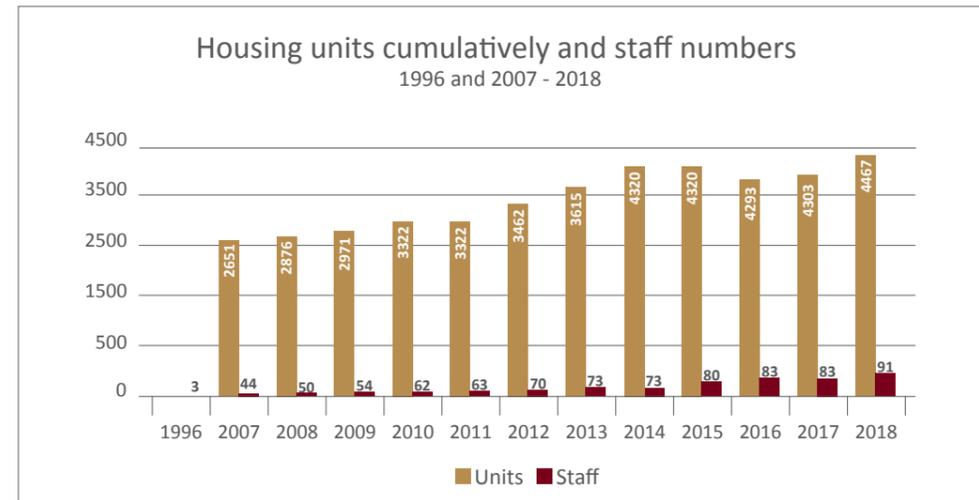
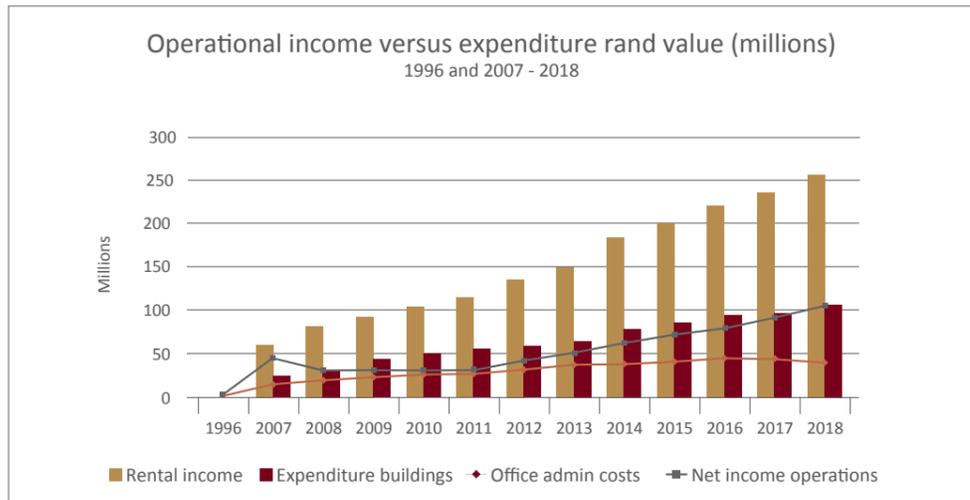
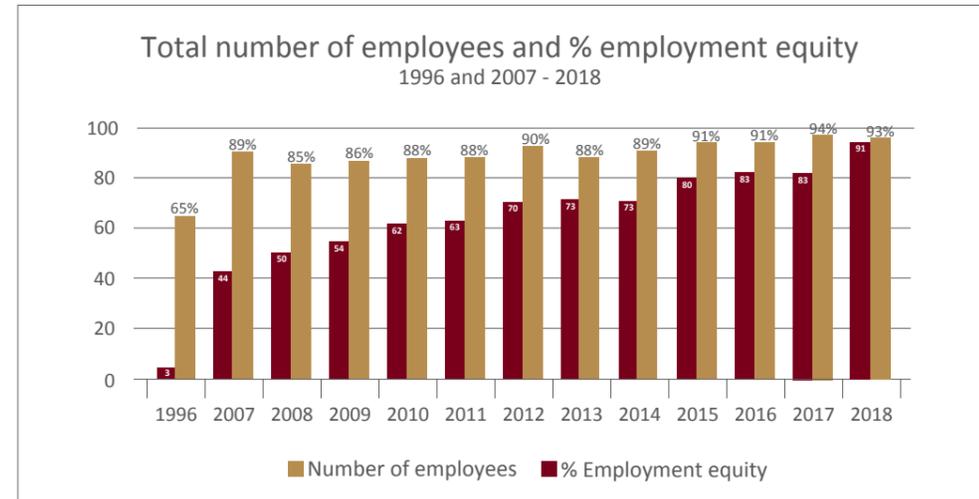
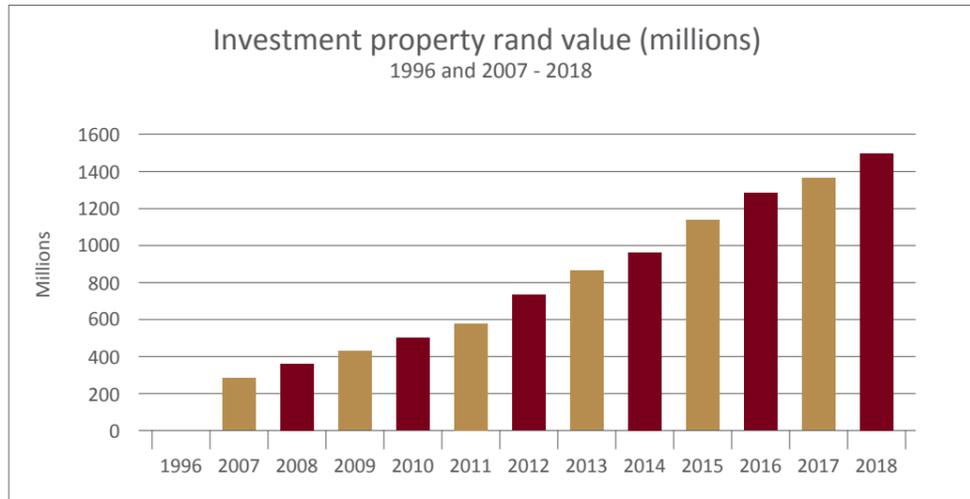
Sylvadale entrance



From left: Nadia September - Creditors Clerk, Shivana Harilal - Creditors Clerk



From left: Thembi Gamede - Bookkeeper, Fathima Goolam Hoosen - Bookkeeper, Fawzia Ballim - Accountant



Debtors Administrators
 From left: Mahlodi Malane, Phumi Jali, Drucelian Munsamy
 (Absent: Shahida Nabi, Tebogo Mhlanga)

Nguquko Nyathi - Management Accountant, Silvia Cele - Utilities Relationship Coordinator,
 Simangele Nzimande - Utilities Administrator, Gauta Mofokeng - Utilities Specialist

JHC AT A GLANCE

Group structure

JHC as a group incorporates:
 Johannesburg Housing Company NPC
 Brickfields Housing Company (Pty) Ltd
 Makhulong A Matala NPC

All subsidiary companies are 100% owned by JHC.

Property assets

JHC's property assets were valued at R1.493 billion (2017: R1.368 billion) by the end of June 2018. JHC owns and manages 4 467 rental accommodation units in 35 buildings. With the addition of Heritage View to its portfolio, JHC now provides homes to more than 12 500 people.

Revenue

Heritage View has contributed to the annual revenue together with the annual rental increases. JHC's revenue for the year in review increased to R261 million (2017: R240.5 million).

On top of arrears

JHC continues to implement strict default management practices taking a firm, fair approach and keeping arrears and bad debt at a minimum. At the end of June 2018 arrears were 2.20% of total rent billings (June 2017: 1.41%) and debtors amounted to -0.153% of rent billings for the year (2017: -0.004%).

Debtors: 2014-2018

(% of total rent billings)

2014	2015	2016	2017	2018
-0.011%	-0.045%	-0.02%	-0.004%	-0.153%

Managing vacancies

Vacancies are managed carefully. Promotions are strategically planned to boost leasing where required and to address identified periods with higher vacancies. At the end of June 2018, the total average vacancies were 2.46%, slightly higher than the target of 2.38% (2017: 2.23%).

Residential vacancies: 2014-2018

(% of total units, average for the year)

2014	2015	2016	2017	2018
3.13%	3.8%	3.18%	2.23%	2.46%
of 4 320 units	of 4 320 units	of 4 293 units	of 4 303 units	of 4 467 units

Building management and maintenance

JHC's Housing Supervisors (HSVs) liaise with tenants, administer rent and manage day-to-day maintenance. They help to ensure that JHC tenants 'Love where you live'.

The Portfolio Officers and HSVs work closely with Makhulong A Matala's Community Development Officers, Coordinators and the Facilitators in the buildings, to ensure that social issues and tenants' concerns are addressed.

JHC contracts external service providers to manage security, cleaning and some maintenance services at its buildings. Most of these companies are black-owned and staffed, and JHC's own growth has enabled these emerging enterprises to grow with it. Payments to cleaning and security service providers for the 2018 financial year totalled R19.3 million (2017: R18.4 million).

Payments for day-to-day building maintenance services totalled R18 million (2017: R16 million). Maintenance costs are monitored and managed by JHC's maintenance call centre. JHC's in-house maintenance technicians together with the new maintenance work team have further assisted in containing maintenance costs within budget limits.

JHC's asset preservation facilitates long-term preventive maintenance and property improvements. These projects are planned and budgeted as part of the five year strategy to ensure all JHC's buildings are kept in good condition. The asset preservation investment for the 2018 financial year amounted to R6 million (2017: R6.3 million).

JHC as a corporate citizen

JHC remains one of the biggest residential clients of the City of Johannesburg.

Rates and utilities costs for the 2018 financial year amounted to R49.9 million (2017: R43.9 million).

Taxation charged for the 2018 financial year totalled R17.7 million (2017: R22.6 million).

Community and neighbourhood development

Makhulong A Matala Community Development Services is the community development subsidiary of JHC. It is a registered non-profit, public benefit organisation. Makhulong works with tenants in JHC buildings across a range of social issues and facilitates various support services and community-building programmes and events.

Makhulong also plays a leading role in building communities and developing social infrastructure in the neighbourhoods around JHC buildings. Together with JHC, Makhulong is an active participant in several Improvement Districts in the inner city. It works collaboratively with neighbourhood property owners and other inner city stakeholders to support the regeneration of the Johannesburg inner city.

Staff training and empowerment

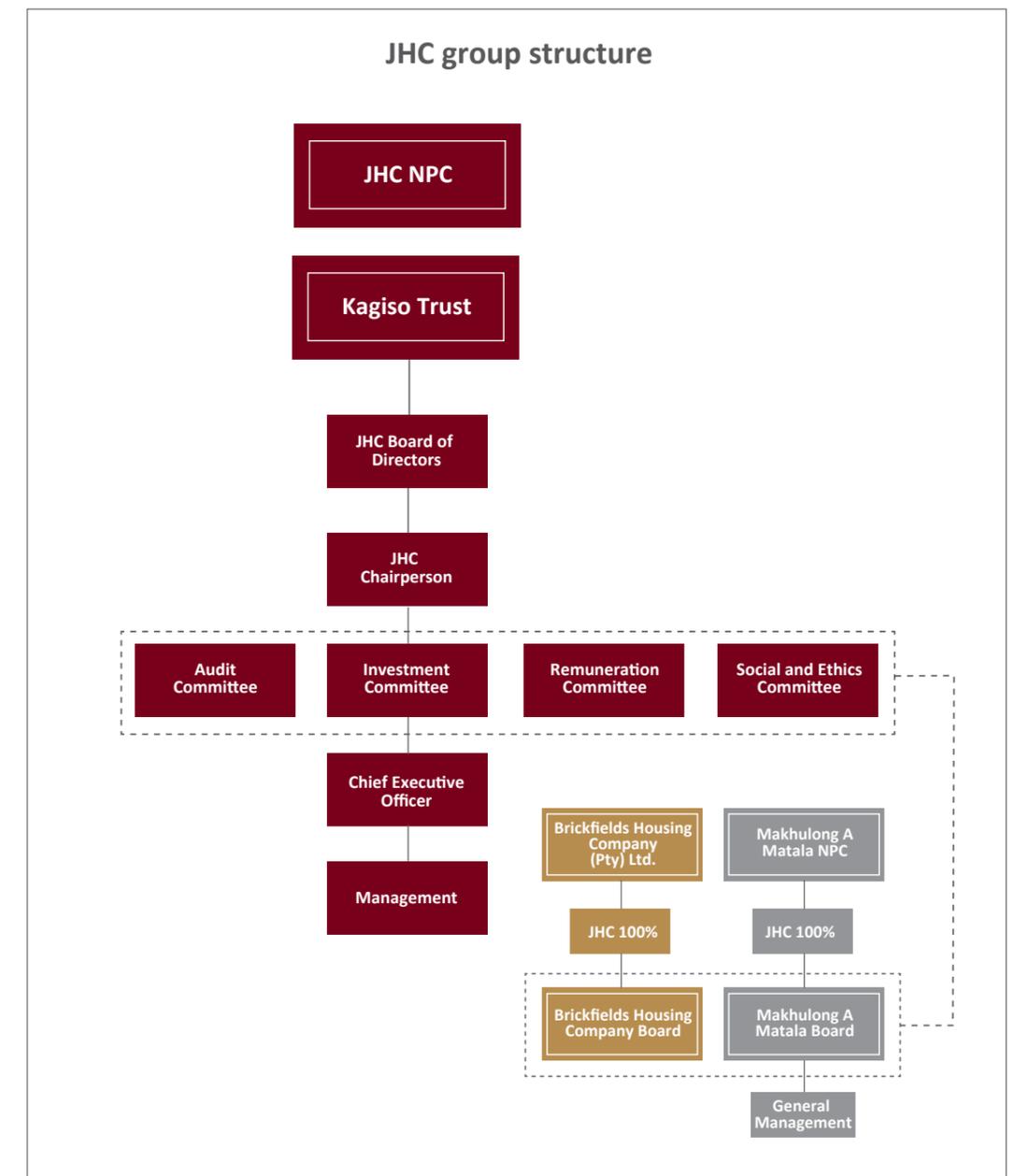
JHC invests in staff training and development through specific skills training programmes, as well as its bursary scheme that offers support for employees pursuing higher education qualifications that are aligned with the company's skills needs.

JHC continues to create a working environment that ensures that lessons learnt through its operations are recognised and carried forward. In addition, international work exchange programmes are ongoing and provide valuable

learning experiences to top performing employees. Staff at all levels of the organisation are encouraged to develop their skills and talents and to progress in their careers within the JHC environment.

Employment equity

JHC's staff numbered 91 people (2017: 83 people) at the end of June 2018. 93% of staff are previously disadvantaged individuals (PDIs) (2017: 94%). 53% are women and 47% men (2017: 45% women and 55% men).



CORPORATE GOVERNANCE

JHC's Corporate Governance Policy and Procedures comply with the Companies Act, 2008, the King Code of Governance Principles, 2016 (King IV) and the Auditing Professions Act, 2005.

Broadly, the policy sets out the roles, responsibilities and powers of the members, the board, individual directors and the executives of JHC.

Group operating principles

Mission

JHC is committed to smart and simple rental housing solutions, a great living experience and value for money for all who choose to live in JHC buildings and neighbourhoods, in an environment that simply works.

Values

We've got you – sikuphethe. Problems sorted. Finish and klaar

Here to stay. Building lasting solutions because we're in it for the long haul

Together, we win. Working hand-in-hand so that everyone benefits

Straight up, no fuss. Real, honest and uncomplicated – nomakanjani (no matter what)

JHC's mission and values apply to JHC and all its subsidiaries.

Group structure

The JHC Group incorporates:

Johannesburg Housing Company
(Non Profit Company)

Brickfields Housing Company (Pty) Ltd

Makhulong a Matala Community Development Services
(Non Profit Company and Public Benefit Organisation)

Johannesburg Housing Company NPC

JHC was established in 1995 by its founding members, Kagiso Trust and NewHco. It is a registered Non Profit Company (NPC). Control of the company and the group is exercised through the board of directors, drawn from and appointed by the members. During the year NewHco was de-registered and subsequently, Kagiso Trust is JHC's sole member. JHC's Memorandum of Incorporation was amended by the members and approved by the Companies and Intellectual Property Commission (CIPC).

JHC Board of Directors

Mr Pat Lephunya (Chairman)
Regional Director, Region D - Greater Soweto

Mr Robert Giuricich (Chairman, Remuneration Committee)
Retired

Mr Len Kline
Managing Director, Len Kline & Associates

Mr Paballo Makosholo (Chairman, Audit Committee)
Chief Operations Officer, Kagiso Capital

Ms Nonkqubela Maliza
Executive Director, Corporate and Government Affairs,
VWSA

Mr Sam Mokorosi (Chairman, Social and Ethics Committee)
CEO, Vunani Corporate Finance
(appointed April 2017)

Mr Prosper Mpofu*
Chief Financial Officer, Johannesburg Housing Company
Company Secretary

Mr Benjamin Nokaneng (Vice Chairman and Chairman,
Investment Committee)
Financial Director, Thebe Property Asset Management

Mr Mzomhle Nyenjana
Chief Financial Officer, Kagiso Trust

Ms Jill Strelitz
Executive Director, NewHco

Ms Elize Stroebel*
Chief Executive Officer, Johannesburg Housing Company

Mr Imraan Suleman
Chief Financial Officer, Arrowhead Properties
*Executive Directors

JHC Board: role and responsibilities

JHC's board comprises 12 directors of whom ten are independent non-executive directors and two are executive directors. The board is presided over by an independent non-executive chairman, Mr Pat Lephunya, who has held the chair since 2006. The board meets at least once a quarter.

The board holds primacy in governance of the JHC Group. It directs JHC's affairs in accordance with the group's goals, objectives and rules and its predominant role is to determine the group's strategic direction and policies.

The board assumes that strategy, risk, performance, management and oversight are inseparable and all facilitate the development and maintenance of a sustainable company. From this basis the Board of Directors must always act in the best interests of the company.

Board meetings 2017/18 – Register of attendance

	Board meeting 4 October 2017	Board meeting 29 November 2017	AGM 29 November 2017	Board meeting 25 April 2018
Mr Pat Lephunya	Y	Y	Y	-
Mr Robert Giuricich	Y	Y	Y	Y
Mr Len Kline	Y	Y	Y	Y
Mr Paballo Makosholo	Y	Y	Y	Y
Ms Nonkqubela Maliza	Y	Y	Y	Y
Mr Sam Mokorosi	Y	Y	Y	Y
Mr Prosper Mpofu	Y	Y	Y	Y
Mr Benjamin Nokaneng	Y	Y	Y	Y
Mr Mzomhle Nyenjana	Y	Y	Y	Y
Ms Jill Strelitz	Y	-	-	Y
Ms Elize Stroebel	Y	Y	Y	Y
Mr Imraan Suleman	Y	-	-	Y

The board is responsible for:

- Determining the group's strategic direction and overseeing its implementation
- Ensuring effective risk management
- Establishing a sound foundation and providing clear leadership for ethical and effective management and oversight
- Encouraging optimum performance
- The board acts as the custodian of corporate governance within the group.

The board is further responsible for establishing a comprehensive and appropriate framework for the delegation of authority that empowers its subcommittees, the CEO and management of JHC to act on its behalf.

Board subcommittees

The board delegates certain functions to appointed subcommittees with specific expertise. Each subcommittee is responsible for JHC and its subsidiaries. Each is chaired by a non-executive director and operates within the mandate and delegated authority received from the board.

Audit committee

Mr Paballo Makosholo (Chair)

Mr Len Kline

Mr Benjamin Nokaneng

Mr Imraan Suleman

Representative of JP Morgan (nominated by JPMorgan) as an observer

By invitation

Ms Elize Stroebel (CEO)

Mr Prosper Mpofu (CFO)

Ms Fawzia Ballim (Accountant and Public Officer)

Ms Juanita Prinsloo (Compliance Officer)

The members of the Audit committee are independent non-executive directors of JHC's board. The JHC's Chief Executive Officer, Chief Financial Officer, Accountant and Compliance Officer attend meetings as invitees and not as members of the committee.

The appointed auditors also attend the meetings as invitees and not as members. The Audit committee has the right of access to all required information and to consult with the internal and external auditors directly. The committee meets at least twice a year and operates within the limits set down in the Memorandum of Incorporation and the Companies Act.

The Audit committee is responsible for ensuring that:

- Adequate accounting records are maintained
- An effective system of internal and risk management controls exists and is implemented
- A risk governance strategy and policy is in place and the risk management process is monitored
- The company is able to meet its present and future needs and obligations
- Reporting by the company is comprehensive and reliable
- The company complies with the principles of good governance

The Audit committee is further responsible for:

- Nominating the auditors for appointment.
- Confirming the independence of the auditor.
- Recommending, appointing and overseeing the external audit process.
- Determining and approving the provision of any non-audit services to be conducted by the auditors.
- Providing comment on the company's financial statements, accounting practices and compliance with relevant legislation and on its internal financial management.
- Approving the annual financial statements and recommending their adoption to the board.

In overseeing risk management within JHC the Audit committee takes responsibility for reviewing risk management progress and effectiveness, for monitoring key risks and ensuring appropriate remedial action when necessary.

Remuneration committee

Mr Robert Giuricich (Chair)
 Ms Nonkqubela Maliza
 Ms Jill Strelitz

All members of the Remuneration committee are independent non-executive directors. The committee meets at least twice a year. Its mandate is limited by the Memorandum of Incorporation. All board directors are entitled to access any of the information, documents and recorded discussions of the Remuneration committee.

The Remuneration committee is responsible for:

- Reviewing and making recommendations to the board on remuneration and service contract issues.
- Ensuring the development and ratification of policies and documentation related to remuneration and conditions of service.
- Approving and authorising executive salary packages and changes, per individual.
- Authorising the annual salary budget.
- Authorising the annual incentive bonus.
- Balancing the mandates of the board and the confidentiality of staff conditions of service.
- Developing and motivating remuneration and conditions of service proposals that demonstrate the nature of the policy and the financial implications for the company to the board for consideration and decisions.

Investment committee

Mr Benjamin Nokaneng (Chair)
 Mr Robert Giuricich
 Mr Len Kline
 Mr Sam Mokorosi
 (appointed April 2017)
 Ms Elize Stroebe (Executive Director)

The Investment committee has five members, including JHC's CEO and four independent non-executive directors. The committee meets ad hoc and its mandate is limited by the Memorandum of Incorporation.

The Investment committee is responsible for:

- Approving new projects or programmes within the defined levels of authority prescribed in the Finance policy
- Approving capital expenditure within the defined levels of authority prescribed in the Finance policy
- Approving investments within the parameters of the Treasury policy approved by the board
- Examining all investment proposals and recommending decisions to the board

Social and Ethics committee

Mr Sam Mokorosi (Chair)
 Ms Nonkqubela Maliza
 Mr Mzomhle Nyenjana

By invitation
 Ms Elize Stroebe (CEO)
 Mr Prosper Mpofo (CFO)
 Ms Lindi Malinga (GM - MAM)

JHC's growth required the establishment of a Social and Ethics committee during the year. The members are independent non-executive directors of JHC's board. The JHC's Chief Executive Officer, Chief Financial Officer and the General Manager, Makhulong a Matala attend meetings as invitees and not as members of the committee.

The committee meets at least once a year and operates within the limits set down in the Companies Act.

The Social and Ethics committee is responsible for:

- Ensuring compliance with the formal mandate approved by the board. The mandate is subject to an annual review by the board.
- Develop an annual work plan including but not limited to oversight and reporting on JHC ethics, corporate citizenship, sustainable development and stakeholder relationships.

Executive committee

JHC management is responsible for the implementation of the group's approved strategy in the daily operations of the business. The executive committee includes:

Ms Elize Stroebe, Chief Executive Officer
 Ms Lindi Malinga, General Manager, Makhulong a Matala
 Mr Boyce Maritz, Property Manager
 Mr Prosper Mpofo, Chief Financial Officer
 Mr Karabelo Pooe, Revenue Manager

Their roles and responsibilities are defined in their role profiles.

Brickfields Housing Company (Pty) Ltd

Brickfields Housing Company (BHC) was set up within the JHC Group in 2002 as a special purpose vehicle to develop the Brickfields housing complex in Newtown – comprising Brickfields, Legae and Phumulani. Heritage View is now also part of the Brickfields portfolio. BHC is a wholly-owned subsidiary of JHC. It operates under its own Board of Directors who are appointed by the board of JHC.

BHC Board of Directors

Mr Len Kline (Chairman)
 Mr Paul Jackson
 Ms Elize Stroebe (Executive Director)

Mr Prosper Mpofo (Company Secretary)

Makhulong A Matala

Community Development Services NPC

Makhulong A Matala is a wholly-owned subsidiary of JHC. It evolved out of JHC's community development department and was established in 2003 to strengthen JHC's focus on social development and sustainability. Makhulong A Matala is a registered Non Profit Company and Public Benefit Organisation. This status enables donors who provide funding to Makhulong to deduct the sum of their donations from their taxable income.

Makhulong operates under its own Board of Directors who are appointed by the board of JHC.

Makhulong A Matala Board of Directors

Ms Shirley Moulder (Chairman)
 Mr Taffy Adler
 Mr Len Kline
 Ms Lindi Malinga (Executive Director)
 Ms Sarah Maphoto-Papi
 Mr Sam Mokorosi
 Ms Nompumelelo Mabece
 (appointed December 2017)
 Mr Xola Stock
 (resigned October 2017)
 Ms Elize Stroebe (Executive Director)

Mr Prosper Mpofo (Company Secretary)



**Johannesburg Housing Company NPC
and its subsidiaries**

(Registration number 1995/013843/08)

Group Financial Statements for the year ended 30 June 2018

Results for the Year

Audit opinion

Johannesburg Housing Company and its subsidiaries' annual financial statements have been audited by the independent auditors, Grant Thornton, Johannesburg. Their unqualified audit report is available for inspection at the company's registered office.

Accounting policies

The annual financial statements have been prepared in accordance with International Financial Reporting Standards.

The accounting policies used in the preparation of the annual financial statements are consistent with those used in the previous financial year.



**Johannesburg Housing Company NPC
and its subsidiaries**

(Registration number 1995/013843/08)

Group Financial Statements for the year ended 30 June 2018

Statement of Financial Position

Figures in Rands	2018	2017
Assets		
Non-current assets		
Investment property	1 492 520 000	1 367 815 000
Property, plant and equipment	7 341 282	6 479 341
Work in progress	1 751 410	76 488 595
	1 501 612 692	1 450 782 936
Current assets		
Current tax receivable	9 856 741	7 329 707
Trade and other receivables	15 791 460	8 413 235
Cash and cash equivalents	224 657 479	145 148 890
	250 305 680	160 891 832
Total assets	1 751 918 372	1 611 674 768
Equity and liabilities		
Equity		
Members' funds	74 419 636	74 419 636
Retained income	1 139 357 664	1 045 152 148
	1 213 777 300	1 119 571 784
Liabilities		
Non-current liabilities		
Financial liabilities	150 554 180	131 726 101
Conditional government grant	7 070 714	9 296 428
Deferred tax	229 854 306	224 579 272
	387 479 200	365 601 801
Current liabilities		
Financial liabilities	48 066 328	16 346 699
Current tax payable	-	-
Trade and other payables	102 303 735	107 445 222
Conditional government grant	291 809	2 709 262
	150 661 872	126 501 183
Total liabilities	538 141 072	492 102 984
Total equity and liabilities	1 751 918 372	1 611 674 768

**Johannesburg Housing Company NPC
and its subsidiaries**

(Registration number 1995/013843/08)

Group Financial Statements for the year ended 30 June 2018

Statement of Comprehensive Income

Figures in Rands	2018	2017
Revenue	260 973 303	240 463 170
Cost of sales	(88 550 734)	(84 527 824)
Gross profit	172 422 569	155 935 346
Other income	3 008 405	442 291
Profit/(loss) on sale of property, plant and equipment	125 115	-
Operating expenses	(73 899 767)	(67 124 067)
Operating profit	101 656 322	89 253 570
Investment revenue	11 741 512	13 258 841
Fair value adjustments	17 731 394	22 561 486
Finance costs	(14 408 301)	(16 543 159)
Profit before taxation	116 720 927	108 530 738
Taxation	(22 515 411)	(29 066 261)
Profit for the year	94 205 516	79 464 477
Other comprehensive income	-	-
Total comprehensive income for the year	94 205 516	79 464 477

**Johannesburg Housing Company NPC
and its subsidiaries**

(Registration number 1995/013843/08)

Group Financial Statements for the year ended 30 June 2018

Statement of Changes In Equity

Figures in Rands	Members' Funds	Retained income	Total equity
Balance at 1 July 2016	74 419 636	965 687 671	1 040 107 307
Total comprehensive income for the year	-	79 464 477	79 464 477
Balance at 1 July 2017	74 419 636	1 045 152 148	1 119 571 784
Total comprehensive income for the year	-	94 205 516	94 205 516
Balance at 30 June 2018	74 419 636	1 139 357 664	1 213 777 300

**Johannesburg Housing Company NPC
and its subsidiaries**

(Registration number 1995/013843/08)

Group Financial Statements for the year ended 30 June 2018

Statement of Cash Flows

Figures in Rands	2018	2017
Cash flows from operating activities		
Cash generated from operations	86 712 723	93 237 665
Interest income	11 741 512	13 258 841
Finance costs	(14 408 301)	(16 543 159)
Tax paid	(19 767 411)	(24 041 983)
Net cash from operating activities	64 278 523	65 911 364
Cash flows from investing activities		
Purchase of property, plant and equipment	(3 425 285)	(4 599 593)
Sale of property, plant and equipment	344 065	-
Additions to investment property	(32 236 422)	(33 753 514)
Additions to work in progress	-	(65 977 199)
Net cash from investing activities	(35 317 642)	(104 330 306)
Cash flows from financing activities		
Proceeds from financial liabilities	60 000 000	-
Repayment of financial liabilities	(9 452 292)	(22 451 729)
Net cash from financing activities	50 547 708	(22 451 729)
Total cash movement for the year	79 508 589	(60 870 671)
Cash at the beginning of the year	145 148 890	206 019 561
Total cash at the end of the year	224 657 479	145 148 890

DIRECTORATE AND ADMINISTRATION

Johannesburg Housing Company NPC

Company registration number: 1995/013843/08
NPO registration number: 026-005-NPO

Brickfields Housing Company (Pty) Ltd

Company registration number: 2002/026972/07

Makhulong A Matala

Community Development Services NPC

Company registration number: 2003/029904/08
NPO registration number: 041-748-NPO
PBO registration number: 930011472

Business address

53 Main Street, Marshalltown, Johannesburg, 2001

Attorneys

Cliffe Dekker Hofmeyr

Cnr Fredman Drive & Protea Place, 1 Protea Place, Sandton, Johannesburg, 2196

Louis Gishen & Associates

Bull & Bear House, 58 Lyme Place, Lyme Park, Sandton, 2196

Mervyn Smith Attorneys

Ground Floor, Law Chambers, 14 Nugget Street, City & Suburban, Johannesburg, 2001

Shepstone & Wylie

Ground Floor, The Lodge, 38 Wierda Road West, Wierda Valley, Sandton, 2132

Bankers

Absa Bank Limited

ABSA Business Centre, Palazzo Towers West, Montecasino Boulevard, Fourways, 2055

Nedbank Limited

100 Main Street, Johannesburg, 2001

The Standard Bank of South Africa

88 Commissioner Street, Johannesburg, 2001

Auditors

For Johannesburg Housing Company and Makhulong A Matala:

Grant Thornton, Johannesburg

Wanderers Office Park, 52 Corlett Drive, Illovo, 2196

For Brickfields Housing Company:

Karolia Jeena

30 Jellicoe Avenue, Rosebank, 2132



**It is not the beauty
of a building you
should look at;
it's the construction
that will stand the
test of time
– David Allan Coe**

LETTERS

DELIVERY FOR 518 53



JHC

YOUR HOME
IN THE CITY

"Love where you live"

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