

# 2018/19

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# ANNUAL REPORT



**GPF**  
**GAUTENG**  
**PARTNERSHIP**  
**FUND**

Catalyst for delivering sustainable human settlements



**GPF**  
GAUTENG  
PARTNERSHIP  
FUND

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Catalyst for delivering sustainable human settlements



# GPF

## GAUTENG PARTNERSHIP FUND

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Catalyst for delivering sustainable human settlements



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# **PART A**

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## GENERAL INFORMATION



**DEVLAND GARDENS**

# 1. GENERAL INFORMATION

<b>Country of incorporation and domicile</b>	South Africa
<b>Nature of business and principal activities</b>	Funder of rental accomodation and the implementing agent of Mega projects for Gauteng Department of Human Settlements
<b>Registered office</b>	82 Grayston Drive Sandton Johannesburg 2196
<b>Postal address</b>	PO Box 652247 Benmore 2010
<b>Executive authority</b>	Gauteng Department of Human Settlements
<b>Website address</b>	<a href="http://www.gpf.org.za">www.gpf.org.za</a>
<b>Bankers</b>	ABSA Bank Limited 15 Troye Street Johannesburg 2001
<b>Auditors</b>	Auditor-General South Africa Registered Auditors 39 Scott Street Bramley Johannesburg 2190
<b>Company registration number</b>	IT2422/02
<b>Attorneys</b>	Cliffe Dekker Hofmeyr Incorporated Hogan Lovells Incorporated Gildenhuis Malatji Incorporated Poswa Incorporated
<b>Contact details</b>	011 685 6600/info@gpf.org.za

## 2. LIST OF ABBREVIATIONS /ACRONYMS

AFS	Annual Financial Statement
AGSA	Auditor-General South Africa
APP	Annual Performance Plan
B-BBEE	Broad-Based Black Economic Empowerment
BNG	Breaking New Ground
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIO	Chief Investment Officer
CoGTA	Cooperative Governance and Traditional Affairs
CSI	Corporate Social Investment
EEPF	Entrepreneur Empowerment Property Fund
FICA	Financial Intelligence Centre Act
GDHS	Gauteng Department of Human Settlements
GDP	Gross Domestic Product
GPF	Gauteng Partnership Trust T/A Gauteng Partnership Fund with registration number IT2422/02 registered as a Schedule 3C public entity under the PFMA
ICT	Information and Communication Technology
M&E	Monitoring and Evaluation
MEC	Member of Executive Council for Human Settlements, Urban Planning and Cooperative Governance and Traditional Affairs
MTEF	Medium-term Expenditure Framework
NDP	National Development Plan
PFMA	Public Finance Management Act, Act No. 1 of 1999 as amended
PPP	Public-Private Partnerships
RHF	Rental Housing Fund
Stats SA	Statistics South Africa
SCM	Supply Chain Management
SHF	Social Housing Fund
SHI	Social Housing Institutions
SMME	Small, Medium and Micro Enterprises
TR	Treasury Regulations
PIC	Public Investment Corporation
Futuregrowth	Futuregrowth Asset Management
NHBRC	National Housing and Building Regulatory Council

## DEVLAND GARDENS

“ The GPF will continue to seek novel, innovative ways to fund and support our mega human settlements programme and we would like to thank the former HOD, the Acting HOD, the former Acting CEO, the current CEO, the Board and all staff members of the GPF for their contribution in this regard.

- Lebogang Maile MPL



### 3. FOREWORD BY THE MEC

#### Lebogang Maile MPL

The South African economy grew at a snail's pace in 2018, with low levels of private sector and investor confidence, a highly strained and constrained fiscus as well as low domestic demand providing a serious challenge to President Cyril Ramaphosa's much acclaimed "New Dawn". Government has tried to respond to these challenges with pro-active steps to kickstart the economy such as the Presidential stimulus package, the investment drive announced by the President with a highly successful investment conference being hosted during the latter part of the year and a job summit being convened in order to try and get all economic stakeholders on board in terms of the direction we want to take the country in our pursuit of equitable and inclusive growth.

This is the terrain that the Gauteng Partnership Fund (GPF) has found itself operating in, as it pursued its expanded mandate of assisting with the implementation and execution of our mega human settlements programme, which is designed to transform the spatial development framework of Gauteng City Region (GCR) and bring an end to spatial inequality.

Within this admittedly very challenging economic environment, the GPF has continued with its sterling work to contribute towards the spatial reconfiguration of GCR, exceeding its target for rental housing units and serviced stands over the period under review, making a positive impact in terms of urban renewal of GCR. There is a need to upscale for greater impact going forward.

The 6794 serviced stands that were delivered and successful delivery of projects such as Elijah Barayi, Afri-Village and Montrose have not only delivered quality, liveable human settlements but also contributed to job creation and economic empowerment, with 30% of all projects being ring-fenced specifically for the benefit of local communities. Despite the progress we have made in delivering on our mega human settlements programme, there is still a need for improvement on the timeous completion of housing units in order to deal with the massive housing backlog that we are still confronted with as a province.

The GPF also made significant strides in developing a co-funding model to bring in partners for our developments, whether from development finance institutions such as the PIC as well as private sector investors. This is an area that will require greater emphasis going forward as we upscale and accelerate our delivery of mega human settlements projects.

In line with its new mandate, the GPF underwent a successful review of its organisational structure in order to better position it to fulfil its stated objectives. The process towards turning the GPF into a state-owned entity, in line with its new mandate has gotten underway, but has experienced serious bottlenecks that we will be looking to address as we seek to position it properly so it can effectively execute its core responsibilities as an entity of the provincial government.

Through its Entrepreneur Empowerment Property Fund programme, aimed at incubating historically disadvantaged individuals in the lucrative but highly untransformed rental property market space, the GPF has to date benefitted more than 40 wholly black-owned firms, though much progress wasn't made on this front in the year under review, something which we will address going forward. The GPF continues to play a crucial role in creating social housing solutions and addressing student accommodation challenges

The audit outcomes of the GPF are a reflection of the Gauteng Provincial Government's total commitment to clean, efficient, accountable governance as we pursued an agenda of radical transformation, modernisation and re-industrialisation in the 5th administration.

The GPF will continue to seek novel, innovative ways to fund and support our mega human settlements programme and we would like to thank the former HOD, the Acting HOD, the former Acting CEO, the current CEO, the Board and all staff members of the GPF for their contribution in this regard.



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**Honourable Lebogang Maile MPL**

Gauteng MEC for Human Settlements, Urban Planning,  
Cooperative Governance and Traditional Affairs



**EERSTERUS - PROPERTY BEST**



“ Overall, the GPF maintained its good performance against its mandated objectives and I am happy to announce that we have once again received an unqualified audit outcome in the 2018/2019 financial year.

- Lindiwe Mthimunye



## 4. REPORT OF THE CHAIRPERSON 2018/19 FINANCIAL YEAR

Lindiwe Mthimunye

### DEAR VALUED STAKEHOLDERS,

I am pleased to present the Annual Report (AR) of the Gauteng Partnership Fund (GPF) for the year that ended 31 March 2019. As the Chairperson of the GPF Board since November 2016, I have witnessed how the mandate and business of the GPF expanded and matured over the years, and I am honoured for the opportunity to lead this dynamic and service-oriented organisation.

#### Housing supply and access to land and property markets

Housing affordability in urban areas remains South Africa's critical challenge due to; low household incomes, low household savings rate, high unemployment rates and limited access to private finance. This affordability challenge is exacerbated by the scarcity of affordable, well located land for development of human settlements.

Government's response to addressing the affordability challenge and the housing backlog in South Africa has been focused on providing housing to low income households with government as the delivery agent. According to the Statistics South Africa's 2017 General Household Survey, over 2.8 million households have received state housing subsidies since the dawn of democracy. However, the backlog is massive – estimated at between 2.3 million and 3.7 million housing units. Government's annual housing delivery remains insufficient to meet the demand, with the Gauteng province bearing the brunt of this as South Africa's most urbanised province with 97% of its population residing in urban areas. As part of the effort to significantly boost delivery government initiated various programmes and initiatives including rationalising institutional capacities in the housing sector, coordinating and integrating public sector investment and intervention.

## **Our extended mandate and corporate form**

The establishment of GPF was to intervene in and respond to the demand side of housing provision by providing financing solutions to developers to deliver social housing and affordable rental accommodation in the Gauteng City Region. In 2016, the Gauteng government resolved to expand the mandate of the GPF beyond providing finance for affordable rental accommodation to include the implementing agent of Mega Human Settlements (Mega Projects). Mega Projects are large scale catalytic human settlements projects that are not only able to deliver an increased number of housing units but address the Apartheid spatial form.

Based on this decision, the GPF embarked on a repositioning journey not only to expand its role and responsibilities but also to build up its capacity for programme planning and implementation. Part of this process entailed reviewing the legal and corporate structure of the organisation. As a result, it was decided that the most appropriate route to follow, would be to establish the GPF as a fully-fledged state-owned company (SOC), in line with the relevant provincial legislation. This will in turn enable the GPF to further leverage other funding sources to accelerate the delivery of Mega Projects and strengthen the balance sheet, whilst supporting its long-term sustainability.

## **People management and change management process**

Furthermore, the GPF designed and adopted a new organisational structure that is aligned to its mandate and focused on strengthening the entity's delivery capacity. The new organogram will be capacitated gradually over a period of time depending on budget availability and the organisational capacity demands.

To ensure an effective transition, management embarked on a comprehensive change management process to not only determine capacity requirements but to ensure that the staff members were ready and engaged in the new organisational mandate.

## **Service delivery and performance**

Despite the economic challenges faced by the country and the province last year, resulting in limited availability of capital funding in the market for social housing and rental accommodation, GPF continued to leverage both private and public sectors to continue with the funding of its social housing and rental accommodation business.

The implementation of the Mega Projects has progressed relatively well. The Elijah Barayi, Montrose and Afri-Village Mega Projects contributed to the delivery of a total of 6794 additional serviced stands, against a target of 4894. The installation of services for the other three Mega Projects, namely: John Dube, Daggafontein and KwaZenzele are also progressing well. The construction of houses is, however progressing relatively slowly, with only 420 units that are 95% completed, against 2850 planned houses. These unfortunate delays were occasioned by various reasons including delays in the registration of the projects with the relevant authorities, community protests and funding challenges of appointed contractors. We are certain that these will be mitigated better as we continue with implementation in the ensuing years.

We have good reason to be proud of the implementation of the Mega Projects. The implementation of these projects has made a significant socio-economic impact on the local communities, as the construction strategies stipulate that a minimum of 30% of the projects must be undertaken by local communities. To date, these three projects have created approximately 2050 employment opportunities and engaged 287 local sub-contractors and 31 small businesses respectively.

It is important to note that the financial resources required for the acceleration of implementation of Mega Projects and the associated bulk infrastructure services are prohibitively high and government alone does not have sufficient resources. Therefore, the GPF is called upon to continuously engage with private partners to design finance products that will crowd-in private sector funding for the development of Mega Projects.

## **Conclusion**

Overall, the GPF maintained its good performance against its mandated objectives and I am happy to announce that we have once again received an unqualified audit outcome in the 2018/2019 financial year. The entity has adequate resources in place to continue its operations in the foreseeable future. In line with our performance culture and focus on innovation, we are committed to continue working with the GDHS to improve our operations. Most importantly, we will continue to expand our programmes and services, in line with our mandate as the implementing agent of Mega Human Settlement Projects in Gauteng.

In November 2018 the GPF appointed its new CEO, Mr Simphiwe Dzengwa following an acting period by Mr Moloantoa Geoffrey Makhubo who made a significant contribution to the repositioning of the entity.

The period under review also saw the establishment of the sixth administration of the democratic dispensation in South Africa and we thus welcome Honourable Lebohang Maile as the new Gauteng MEC of Cooperative Governance, Human Settlements and Traditional Affairs. We look forward to continued collaboration with the Honourable MEC and the executive management of the GDHS. We thank our previous MEC, Honourable Dikgang Uhuru Moiloa, for his support and guidance.

I thank the Board of Trustees, management and staff for their unwavering dedication to serving with excellence.

To all our stakeholders, thank you for your continued support.



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**Lindiwe Mthimunya**

Board Chairperson

## AFRIVILLAGE - ELANDSVLEI



“ To date, the three Mega Human Settlement Projects that have already commenced, at Montrose, Elijah Barayi and Afri-Village, has created 2 050 jobs, 88% of which are filled by labourers from the local communities. Plus a total of 287 local sub-contractors and 31 small businesses are already benefitting from these projects.

- Simphiwe Dzengwa



## 5. CHIEF EXECUTIVE OFFICER'S OVERVIEW

### Simphiwe Dzengwa

In the 2018/2019 financial year, the GPF progressed well with the execution of its expanded mandate to implement the Mega Human Settlements and its other Projects. The execution of our planned programs and projects is going to be greatly enhanced by our mooted conversion into a 3D SOC as this will give us greater scope to crowd-in and leverage private sector funding.

The PFMA Schedule 3D listing will be an important driver of the GPF's expanded mandate, as it will enable the organisation to leverage other funding sources to accelerate delivery of the Mega Human Settlements Projects, whilst strengthening the balance sheet and supporting its long-term sustainability.

In the year under review, the GPF spent R81.2 million of its operational budget of R96 million. The 16% variance is mainly attributed to the timing factors of our projects execution. Systems and measures are in place to ensure improvement of our project cycles and the robustness of our delivery scheduling.

We accomplished the preferential procurement spend target of 75%. The GPF is in the process of implementing business process systems) with enhanced functions that will enable us to conduct even more targeted searches for suppliers such

as 'Women Owned Enterprises, Township- based Suppliers, People Living with Disabilities,' etcetera. Over the financial period, we also ensured competitive bidding processes for all our projects.

As at 31 March 2019, the GPF committed 92% of its available cash to projects. In terms of liquidity, the GPF's commitments were covered by 1.09 times. The cost to income ratio increased from 94% to 171% in comparison to the previous year, due to the timing of expenses.

The GPF loan book remained healthy and continues to perform well across all funding products, as becomes evident from our bad debts provision, which is at approximately 2.54% of our loan book. We continue to execute proactive risk mitigation procedures with every loan and investment and follow a hands-on approach to the management of potential project performance risk. For example, when we noticed an increase in repayment arrears due to economic pressures experienced by tenants, we initiated the establishment of a landlords committee to regularly monitor and address these challenges. We continue to review our processes, to ensure that we meet our clients' turnaround expectations and future business sustainability requirements.

The lack of co-funding partners remains a major challenge that affects our business model and over the past few years, we have dedicated resources to address this risk in the long-term. In 2016, we concluded funding partnerships with the PIC and Futuregrowth. 82% of the PIC facility of R350 million was committed, while 77% of the Futuregrowth facility of R250 million is committed. Capital raising remains a priority, which is in line with our expanded mandate to strengthen our delivery capability and ensure that the GPF and Gauteng Province meet its strategic objectives and performance targets.

Leveraging state capital is a fundamental principle of the GPF business model and our target is 70:30 (external funding). In 2018/2019, we raised a total of R270 million from the public and private sectors, in comparison to R118 million in the previous reporting period. The GPF also exceeded its 2018/2019 targets for rental housing units, as we managed to complete 704 units versus a target of 700. In addition, the GPF concluded a protocol with the GDHS, for the implementation of identified Mega Projects. We exceeded the target for serviced stands, as we managed to complete 6794 serviced stands versus our target of 4894. The target for completed housing units was however not achieved, due to factors such as delays in the enrolment of projects with the NHBRC.

Notwithstanding the delays in the completion of houses, the implementation of Mega Human Settlement Projects made a significant socio-economic impact within the communities involved. The subsidy and turnkey agreements between the GDHS and the Mega Human Settlement Project developers dictate that a minimum of 30% of these projects must be undertaken by the local communities. To date, approximately 2 050 job opportunities have been created, through the three home construction projects that have already commenced (Montrose, Elijah Barayi and Affri-Village). Of the 2 050 labourers employed, 88% or 1 791 were sourced from the local communities and overall, a total of 287 local sub-contractors and 31 small businesses benefitted from the three projects. As illustrated in Fig 1 below, since its inception in 2003, the GPF has performed well and exceeded its targets for the majority of the years, despite numerous financial and delivery environment challenges at times.

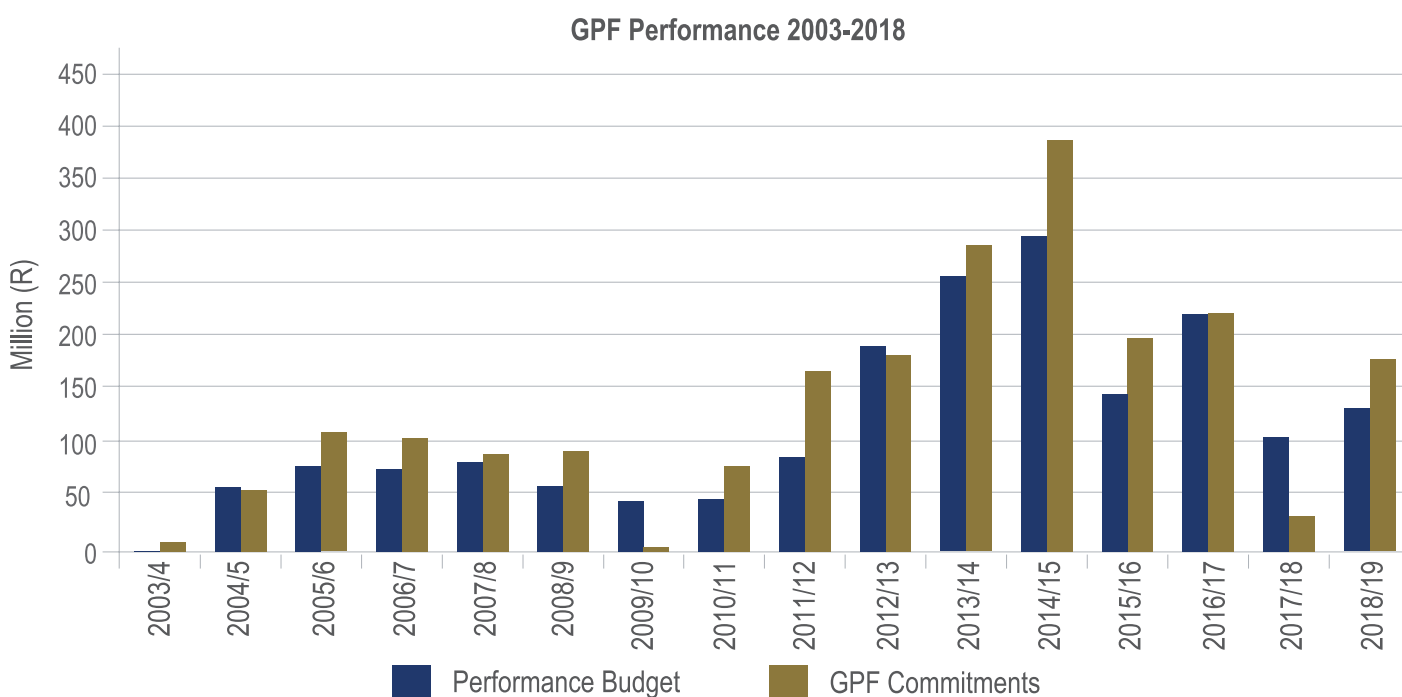


Fig. 1 GPF budget versus commitments

The GPF will continue to execute its mandate to realise the province's vision for the Mega Human Settlement Projects through mobilizing public and private sector funding, utilizing capital investments as an implementing agent and overseeing development in an integrated manner. To make sure that the GPF fulfils this mandate, whilst remaining sustainable in the long-term, we realigned our business focus, outlined key short-term milestones and developed a dedicated long-term strategy.

We recognize that delivering Mega Human Settlements is substantially more complex than the usual social and affordable rental housing projects. We are however of the belief that through collective planning and alignment of resources from the public and private sectors, this vision can be transformed into a reality. The role of the GPF is to facilitate, provide effective oversight and implement projects while creating an environment for the private sector to participate.

In conclusion, I would like to express my sincere gratitude to the former Honourable Member of the Executive Council (MEC), Mr. Dikgang Moiloa, for his leadership and support. I would also like to welcome the new Honourable MEC, Mr. Lebogang Maile, on board, and extend our confidence in working under his stewardship.

I would also like to sincerely thank the former Head of Department (HOD), Ms. Matilda Gasela, my predecessor Mr. Geoff Makhubo, the Acting HOD Mr. Daniel Molokomme, the Chairperson of the Board, Ms. Lindiwe Mthimunya and all the Board members for their steadfast leadership and guidance throughout the year.

In addition, I would like to issue a heartfelt 'Thank You' to our executive management team and every staff member of the GPF for their hard work and unwavering dedication to the achievement of our mandate.



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**Simphiwe Dzengwa**

Chief Executive Officer

## 6. ANNEXURE A: STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed in the Annual Report is consistent with the Annual Financial Statements audited by the AGSA.

The Annual Report is complete, accurate and is free from any omissions.

The Annual Report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.

The Annual Financial Statements (Part E) have been prepared in accordance with the South African Generally Recognised Accounting Practice (GRAP) standards applicable to the public entity.

The Board is responsible for the preparation of the Annual Financial Statements and for the judgements made in this information.

The Board is responsible for establishing, and implementing a system of internal control has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the Annual Financial Statements.

The external auditors are engaged to express an independent opinion on the Annual Financial Statements.

In our opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information, the governance information and the financial affairs of the entity for the financial year ended 31 March 2019.

Yours faithfully



**Simphiwe Dzengwa**  
Chief Executive Officer



**Lindiwe Mthimunye**  
Board Chairperson

## 7. VISION

To be a partner of choice in catalysing the funding and development of integrated and sustainable human settlements in Gauteng.

### 7.1 Mission

GPF exists to facilitate the development of integrated, sustainable human settlements for the people of Gauteng by:

- Raising and managing the capital required for the successful implementation of identified sustainable human settlements;
- Serving as a turnkey property developer on strategic public land and providing management services; and
- Enhancing the lives of people in communities while also providing investors and partners with sound returns.

### 7.2 Our Values

Value	What the value means for GPF in practice
Teamwork	<ul style="list-style-type: none"><li>• We have a culture of excellence in the execution of our common goal.</li><li>• We work in unison and view our work as a collective effort.</li></ul>
Innovation	<ul style="list-style-type: none"><li>• We strive towards the continual development of our product and services offering.</li></ul>
Integrity	<ul style="list-style-type: none"><li>• We execute our work in a transparent, accountable and ethical manner.</li></ul>
Proactive	<ul style="list-style-type: none"><li>• We take a proactive approach to identify and address needs and gaps across the entire human settlement delivery value chain.</li></ul>
People/Ubuntu	<ul style="list-style-type: none"><li>• We recognise the humanity of others and endeavour to establish respectful human relations with the people of Gauteng as part of our commitment to fulfilling our mandate.</li><li>• We embrace and value our staff's devotion as core to our business.</li></ul>
Environment sustainability	<ul style="list-style-type: none"><li>• We aim to minimise adverse environmental impacts across all of our projects.</li></ul>

### 7.3 Auditors Report: Predetermined Objectives

The AGSA current by performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the Report to Management, with material findings being reported under the Predetermined Objectives heading in the report on other Legal and Regulatory Requirements section of the Auditor's Report. Refer to page 82 of the Auditor's report.

#### Situational Analysis

Gauteng still sitting on a fairly high housing market demand, despite the rise in interest rates and inflationary pressures for the consumer, especially within the affordable housing sector. Affordable rental accommodation for the segment between R3500 and R7000 have generally experienced low average vacancies in the last couple of years. Therefore, the demand remains high. The unavailability of capital funding in the market for social housing and rental accommodation has further increased the demand.

The Gauteng Department of Human Settlements has refocused its approach in delivering sustainable human settlements to building new cities, referred to as "Mega Projects". The GPF is instrumental in the implementation of Gauteng's Mega Projects. These projects are expected to lead to the transformation of human settlements and spatial planning in Gauteng. Despite the negative economic outlook, Gauteng remains relatively attractive for investment.

The pressures of "Fees Must Fall" movement and the Government's free tertiary education policy has pushed the need for student accommodation to historical highs, especially in places with institutions of higher. The demand for the GPF's product offering has increased with the increased market demands.

For the year under review, GPF operations were somewhat affected by:

- Funding constraints
- Unavailability of capital to fund Social Housing Projects
- Unavailability of senior funding for the rental housing projects
- Higher equity contribution requirement for projects
- Social community unrest which resulted in delays in some projects
- Delays caused by local SMME contractors
- Delays in the enrolment of projects with NHBRC

As a result of the above-mentioned factors, performance targets across all programmes were amended in the Mid -Year review.

#### Organisation environment

In assessing is consolidated environment analysis that informs the strategic direction of the GPF. The contextual factors have been summarized into the below analysis, which in turn has informed the critical issues requiring targeted interventions by the Shareholder, the Board and GPF Management, to support the revised mandate and shift the role of the organisation.

**Recapitalisation of the GPF:** The GPF budgeted R1, 378 billion and only received R1, 038 billion from GDHS for Mega Projects.

**Lack of senior funding commitment:** Although GPF secured senior funding from PIC and Futuregrowth to a total of R600 million that seemed to be not enough as there are still a great need to secure relatively cheaper additional funding.

**Construction delays:** This included delays both in obtaining municipal approval to commence with construction and in NHBC processes due to the backlogs resulting in delays of project registration.

#### **Key policy developments and legislative changes**

The GPF is not aware of any significant policy or legislative changes that affected its operations.

#### **Recapitalisation and income generation**

The GPF's revised mandate and corporate form requires that it grow its income and capital base in order to:

- implement the GDHS's strategic priority of upscaling mega projects and extending urban renewal; and
- secure sustainability for the organisation.

#### **Revised strategic outcome-oriented goals of the gpf**

The strategic outcome-oriented goals of the GPF have been revised to reflect the expected outcomes of the core functional areas arising from its revised mandate, as well as from its corporate support and governance functions.

The four (4) revised outcome-oriented goals are to:

1. raise the capital required for identified mega projects and strategic urban renewal programmes, invest it and manage the investment effectively;
2. develop identified mega projects efficiently and speedily;
3. develop, maintain, manage and/or dispose of identified strategic urban renewal properties and turnkey mega property assets to generate additional revenue for the GPF and the capital required for identified mega projects; and
4. ensure that the GPF is financially sustainable and managed and governed effectively and efficiently.

Sustainability will be achieved through three (3) main components, as illustrated in the diagram below.



## 8. LEGISLATIVE AND OTHER MANDATES

The mandate of the GPF as an entity of the GDHS derives from Chapter 2, Section 26 of The Constitution of the Republic of South Africa (Act No. 108 of 1996), which states:

- 1) *“Everyone has the right to have access to adequate housing;*
- 2) *The State must take reasonable legislative and other measures, within its available resources, to achieve the progressive realisation of this right; and*
- 3) *No one can be evicted from their home, or have their home demolished, without an order of court made after considering all relevant circumstances. No legislation may permit arbitrary evictions.”*

Framed from the Constitution, there is a myriad of other national and provincial legislation, policies and strategies pertaining to the housing sector under which GDHS and therefore GPF operates. Among others, the most notable of these national and provincial legislation, policies and strategies are highlighted below.

### 8.1 Legislative Mandates

Legislative Framework	Relevance to and Implications for the GPF
<b>The Public Finance Management Act (No.1 of 1999)</b>	<p>The PFMA requires the GPF to adhere to good financial management and accountability in order to maximise service delivery through the effective and efficient use of resources.</p> <p>As a PFMA Schedule 3C entity, the GPF already complies with the Act. Its proposed listing as a Schedule 3D entity in terms of the same Act will ensure that it will continue to comply with the provisions of the Act in implementing its revised mandate.</p> <p>Inter alia, the Act requires the GPF to:</p> <ol style="list-style-type: none"> <li>1. be a juristic person that nevertheless remains under the control of its sole shareholder, the GDHS;</li> <li>2. provide products and services based on ordinary business principles; and</li> <li>3. become financially self-sustaining.</li> </ol>
<b>The Companies Act (No.71 of 2008,)</b>	<p>The Companies Act regulates the incorporation, registration, organisation and management of companies, including state-owned companies (SOCs).</p> <p>It encourages transparency and fiscal and fiduciary diligence on the part of company directors.</p> <p>Registering the GPF as an SOC in terms of the Companies Act will ensure that the organisation is subject to the same operating and governance rules that its potential funding partners comply with.</p>
<b>Housing Act (No.107 of 1997)</b>	<p>The Housing Act compels all three spheres of government to give priority to the needs of the poor in respect of housing development.</p> <p>Section 4 of the Act outlines the National Housing Code. The Code defines the policy principles, guidelines, norms and standards that apply to government's various housing assistance programmes. It was introduced in 1994 and is regularly amended.</p>
<b>Spatial Planning and Land Use Management Act (No.16 of 2013)</b>	<p>SPLUMA provides a framework for spatial planning, land use and land management, and provides for inclusive, development-focused, equitable and efficient spatial planning at all levels of government.</p> <p>It also sets out the requirements for the development of national, provincial and local spatial development frameworks to ensure the integration of services, infrastructure and economic development.</p>
<b>Infrastructure Development Act (No.23 of 2014)</b>	<p>The Act provides for the facilitation and coordination of public infrastructure development across all three levels of government, which is vital to South Africa's socio-economic development.</p>
<b>Intergovernmental Relations Framework Act (No.13 of 2005)</b>	<p>Specific to the relationship between the GDHS and the GPF, Section 35(2)(a) of the IRFA specifies that an implementation protocol must apply whenever the implementation of a policy, the exercise of statutory power, the performance of a statutory function or the provision of a service has been identified as a national priority.</p> <p>Section 35(2)(b) of the Act specifies that an implementation protocol must be considered when it will materially assist national government or a provincial government in complying with its constitutional obligations to support the local sphere of government or to build capacity in that sphere.</p> <p>The GDHS and the GPF have therefore entered into an implementation protocol to ensure, through collaboration with each other, that operations are effective and efficient, and that housing services are consistently and continuously rendered to communities in Gauteng.</p>
<b>Social Housing Act (No.16 of 2008)</b>	<p>The Social Housing Act promotes the establishment of a sustainable social housing environment through the administration of social housing projects. The Act also allows for the Social Housing Regulatory Authority to grant official accreditation to social housing institutions.</p>
<b>Rental Housing Act (No.50 of 1999)</b>	<p>This Act defines government's responsibility for rental housing property and creates mechanisms to promote the provision of rental housing and the proper functioning of the rental housing market.</p> <p>It also provides the mechanisms to facilitate sound relations between tenants and landlords, lays down general requirements for leases, and provides principles for conflict resolution in the rental housing sector.</p>
<b>Housing Development Agency Act (No.23 of 2008)</b>	<p>This Act establishes the Housing Development Agency (HDA) as the agency responsible for identifying, acquiring and developing suitable land for the creation of sustainable human settlements.</p> <p>The HDA plays a key role in implementing national catalytic projects, many of which overlap with mega projects in Gauteng. Realising the need for mutual cooperation and a shared vision, the GPF liaises with the HDA whenever necessary to ensure the efficient and effective implementation of its mega projects.</p>

Legislative Framework	Relevance to and Implications for the GPF
Other sector-specific legislation of direct relevance to the GPF	<ol style="list-style-type: none"> <li>1. <b>Home Loan and Mortgage Disclosure Act (No.63 of 2000)</b>, which regulates and monitors bank lending practices.</li> <li>2. <b>National Building Regulations and Building Standards Act (No.103 of 1977)</b>, which provides for the promotion of uniformity in the law relating to the erection of buildings in the areas under the jurisdiction of local authorities and prescribes building standards.</li> <li>3. <b>Housing Consumers Protection Measures Act (No.95 of 1998)</b>, which provides for the establishment of the National Home Builders Registration Council (NHBRC) and stipulates that home builders will agree to be bound by the rules and regulations laid down by NHBRC and to build to the minimum quality standards set out in the NHBRC's standards and guidelines.</li> <li>4. <b>Gauteng Land Administration Act (No.11 of 1996)</b>, which provides for the acquisition and disposal of land owned by the Gauteng Provincial Government.</li> <li>5. <b>Financial Intelligence Centre Act (No.38 of 2001)</b>, which aims to combat money laundering activities in South Africa. It imposes the obligation on the GPF to identify and verify clients and report suspicious transactions to the authority.</li> <li>6. <b>Financial Advisory and Intermediary Services Act (No.37 of 2002)</b>, which regulates the activities of all financial service providers who give advice or provide intermediary services to clients relating to certain financial products. The Act requires that such providers be licensed and that professional conduct be controlled through a code of conduct and specific enforcement measures.</li> </ol>
Planned new legislation that will affect the business of the GPF	<ol style="list-style-type: none"> <li>1. <b>Human Settlements Act.</b> The consultation process related to the Draft White Paper on Human Settlements is currently in progress. The objective of the White Paper and the proposed Human Settlements Act is to consolidate human settlement developments that have taken place since 1994, as well as to deliver a conscious response to the strategic shift expressed in the National Development Plan (NDP).</li> <li>2. The promulgation of the Human Settlements Act will repeal the Housing Act (No.107 of 1997), as well as the White Paper entitled <i>Housing: A New Housing Policy and Strategy for South Africa (1994)</i>.</li> <li>3. <b>Inclusionary Housing Bill.</b> This Bill allows for affordable housing to become an integral part of commercially-driven private developments aimed at higher-income groups and is designed to ensure racial and class integration in GCR settlements.</li> <li>4. The Bill is currently undergoing a GDHS cost-benefit analysis to determine the cost of implementing inclusionary housing and its benefits in Gauteng. It is targeted for promulgation in 2017/18.</li> <li>5. Amendment to the <b>Gauteng Housing Act (No.6 of 1998)</b>. If passed, this amendment will incorporate the many new legislative and policy changes that have taken place at national and provincial level since the promulgation of the Act in 1998.</li> <li>6. The amendment will redefine the <b>Housing Advisory Committee (HAC)</b> in order to take into account the new Programme Management Office (PMO) Steering Committee.</li> </ol>

Not listed above, but equally important and contained in the legal register of GPF, are the various governance-related regulations that inform the compliance regime of the organisation.

## 8.2 Policy Mandates

The following key national and provincial policies and strategies inform the work and focus of GPF:

Policy/Strategy	Relevance to and Implications for the GPF
National Development Plan (2012)	<p><b>Chapter 8: Sustainable Human Settlements and Improved Quality of Household Life:</b></p> <p>In responding to the goals set out in the Reconstruction and Development Programme (RDP) on “breaking down apartheid geography through land reform, more compact cities, decent public transport and development of industries and services that use local resources and/or meet local needs”, the NDP proposes the following strategies for the transformation of human settlements:</p> <ol style="list-style-type: none"> <li>1. There should be a shift in the role of government from being a direct housing provider to being a facilitator and enabler for the provision of housing through the acquisition of well-located land.</li> <li>2. The limited housing subsidy available should be dedicated to supporting community and/or individual initiatives, as well as the development of well-located sustainable communities within inner cities and around transport hubs, corridors and economic nodes.</li> <li>3. Private funding should be directed towards the development of public goods through investment in public transport and other connective infrastructure, economic and social infrastructure, and public spaces geared towards improving the quality of life in poor communities;</li> <li>4. Housing development should be encouraged as part of a mix of activities and land usage types.</li> </ol> <p>The strategic shift advocated by the NDP through the transformation of human settlements, the restructuring of apartheid built form and the achievement of spatial integration is planned to take place between 2016 and 2021, in line with the NDP’s vision that:</p> <p>“By 2050 visible outcomes from effectively coordinated spatial planning systems will have transformed human settlements in South Africa into equitable and efficient spaces, with citizens living in close proximity to work (and) with access to social facilities and essential infrastructure.”</p>
Gauteng Ten-Pillar Transformation, Modernisation and Reindustrialisation Programme	<p><b>The TMR programme is based on the following themes:</b></p> <p><b>Transformation</b>, encompassing:</p> <ul style="list-style-type: none"> <li>• radical economic transformation;</li> <li>• decisive spatial transformation;</li> <li>• accelerated social transformation; and</li> <li>• the transformation of state and governance.</li> </ul> <p><b>Modernisation</b>, encompassing:</p> <ul style="list-style-type: none"> <li>• modernisation of the public service;</li> <li>• modernisation of the economy;</li> <li>• modernisation of human settlements and urban development; and</li> <li>• modernisation of public transport infrastructure.</li> </ul> <p><b>Reindustrialisation</b>, encompassing:</p> <ul style="list-style-type: none"> <li>• the reindustrialisation of the province of Gauteng; and</li> <li>• taking the lead in Africa’s new industrial revolution.</li> </ul> <p>Specifically, the revised mandate of the GPF is aimed at fulfilling the following three of the ten TMR pillars:</p> <p><b>Pillar 2: Decisive spatial transformation</b> The GPF’s aim is to achieve this by taking radical steps to transform the spatial configuration and landscape of the province of Gauteng. This will be done through public transport infrastructure development and the creation of new, integrated and sustainable human settlements and post-apartheid cities that are more connected, liveable, smart and green.</p> <p><b>Pillar 3: Accelerated social transformation</b> The GPF aims to achieve improved quality of life for HDIs through the provision of decent shelter that is close to transport, work and other amenities, as well as through the upliftment and/or eradication of informal settlements and hostels and the eradication of urban poverty.</p> <p><b>Pillar 7: Modernisation of human settlements and urban development</b> The GPF aims to develop integrated human settlements in line with the Gauteng Spatial Development Framework and to ensure a radical shift towards housing provision in economic and mixed-use nodes that demonstrably make use of an improved mix of typologies.</p>

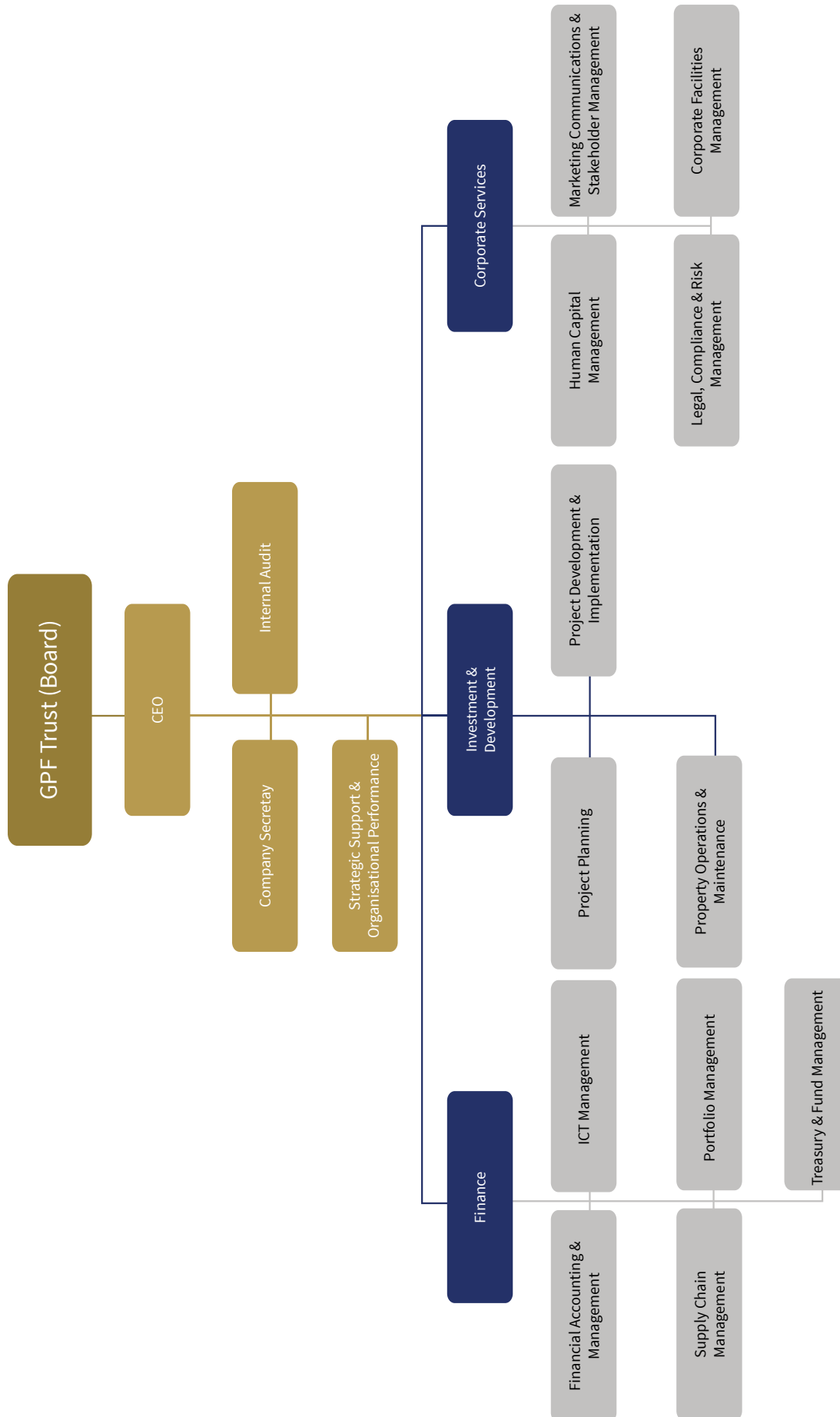
Policy/Strategy	Relevance to and Implications for the GPF
<b>TMR corridor developments across the GCR</b>	<p>The TMR envisions decisive spatial transformation through investment and development in the five development corridors within the GCR1:</p> <p><b>Central Development Corridor:</b> This is anchored around the City of Joburg, being the hub of the financial, services, ICT and pharmaceutical industries. Human settlements will be provided through:</p> <ol style="list-style-type: none"> <li>1. The mega projects of Masingita City, Rietfontein, Waterfall City, Modderfontein City and Steyn City; and</li> <li>2. Approximately 140 000 housing units planned in Lion Park, Diepsloot East, Fleurhof, Cosmo City, Malibongwe Ridge and Goud Rand.</li> </ol> <p><b>Eastern Development Corridor:</b> This is anchored around the economy of the Ekurhuleni Metro, which is the hub for the manufacturing, logistics and transport industries. Human settlements will be provided through:</p> <ol style="list-style-type: none"> <li>1. The more than 100 000 housing units planned for construction in areas such as Chief Albert Luthuli, John Dube Extension 2, Tsakane Extension 22, Germiston South, Leeuwpoot, Rietfontein and Clayville Extension 45.</li> </ol> <p><b>Northern Development Corridor:</b> This is anchored around the Tshwane Metro, being the nation's administrative capital and the hub of both the automotive sector and the research, development, innovation and knowledge-based economy. Integrated and sustainable human settlements will enhance spatial integration through:</p> <ol style="list-style-type: none"> <li>1. The West Capital development project;</li> <li>2. African Gateway in the heart of Centurion;</li> <li>3. The more than 160 000 houses planned in Hammanskraal, Winterveldt, Sterkwater, Lady Selbourne, Soutpan Phase 1 to 7, Lotus Garden, Fort West, Capital Park, Vermeulen, Olievenhoutbosch, Nellmapius, Zithobeni, Kirkney and Danville.</li> </ol> <p><b>Western Development Corridor:</b> This encompasses the economy of the current West Rand district and planned new industries, economic nodes and cities. Humans settlements supporting the reconstruction of apartheid built form will be provided through:</p> <ol style="list-style-type: none"> <li>1. The more than 160 000 housing units planned in Syferfontein, Chief Mogale, Kagiso Extension 13, Leratong, Westonaria Borwa, Thusang, Waagterskop, Kokosi Extension 6 and 7, Droogeheuvel, Mhlakeng Extension 11, Khutsong South Extension 1, 2 and 3 and Varkenslaagte.</li> </ol> <p><b>Southern Development Corridor:</b> This encompasses the Sedibeng district and planned new industries and economic nodes, as well as the new cities of:</p> <ol style="list-style-type: none"> <li>1. Vaal River City (the hydropolis), which is aimed at unlocking the potential of the waterfront developments in the Emfuleni and Midvaal areas;</li> <li>2. The Gauteng Highlands development, a mixed-use development; and</li> <li>3. The more than 120 000 houses planned for construction in Sedibeng, Boiketlong, Golden Highway, Evaton, Vereeniging, Savanah City, Ratanda and the R59 Corridor.</li> </ol> <p>The construction of mega human settlements and new post-apartheid cities, which is being undertaken throughout Gauteng by both public and private sector institutions and developers, represents the strategic effort being made by GPG to deliver high-density human settlements that are integrated into economic nodes and mixed-use activity corridors. It is this that informs the GPF's new mandate.</p>
<b>GDHS Revised Strategic Plan</b>	<p>The GPF is directly connected to the policy environment through the strategic framework and plans of GDHS. These have been revised in the 2017/18 financial year to better reflect the focus of the TMR and the move away from legacy projects to mega human settlement projects and the development of post-apartheid cities.</p> <p><b>The GDHS's mandate is to:</b></p> <ul style="list-style-type: none"> <li>• establish integrated and sustainable human settlements, prioritised for delivery through mega projects and post-apartheid cities within the five development corridors across the GCR; and</li> <li>• adopt various delivery methods to achieve this mandate, using the government subsidy programme to leverage further community investment in creating a liveable environment.</li> </ul> <p><b>The GDHS's vision is to:</b></p> <ul style="list-style-type: none"> <li>• deliver integrated, sustainable human settlements within a smart Gauteng City Region</li> <li>• The GDHS's mission is to:</li> <li>• facilitate the delivery of sustainable integrated human settlements, new towns and smart cities in partnership with relevant role-players from all sectors of society.</li> </ul> <p>This will be done through:</p> <ul style="list-style-type: none"> <li>• the development of suitably located and affordable housing and decent human settlements;</li> <li>• the creation of new post-apartheid towns;</li> <li>• the transformation of current cities and towns in Gauteng by moving towards greater efficiency, inclusion and sustainability; and</li> <li>• the creation of cohesive, sustainable and caring communities with improved access to work and social amenities, including sports and recreation facilities.</li> </ul> <p><b>The four strategic goals of the GDHS are:</b></p> <ul style="list-style-type: none"> <li>• good governance and the strategic management of the GDHS;</li> <li>• the development of legislative frameworks, policies and plans that facilitate spatial transformation in the delivery of human settlements;</li> <li>• the creation of well-located, sustainable and integrated human settlements that provide security of tenure;</li> <li>• the maintenance, devolution and transfer of the GDHS's immovable assets.</li> </ul> <p><b>The GDHS's strategic priorities are:</b></p> <ul style="list-style-type: none"> <li>• the phasing out of legacy projects;</li> <li>• the development of mega projects providing mixed-income housing typologies with social amenities;</li> <li>• beneficiary administration and the issuing of title deeds;</li> <li>• the resuscitation of urban renewal; and</li> <li>• the upgrading of informal settlements.</li> </ul>

Policy/Strategy	Relevance to and Implications for the GPF
<b>Breaking New Ground Strategy (2004)</b>	<p>The BNG strategy builds on the housing policy outlined in the 1994 White Paper on Housing. Its aim is to ensure that settlements are sustainable and habitable, in line with the original goal of delivering affordable housing.</p> <p><b>The priorities of the strategy are to:</b></p> <ul style="list-style-type: none"> <li>• accelerate the delivery of housing within the context of sustainable human settlements;</li> <li>• ensure that housing delivery is a catalyst for job creation and economic growth;</li> <li>• provide quality housing and turn homes into assets; and</li> <li>• promote social cohesion and improve quality of life.</li> </ul>
<b>National Spatial Development Plan</b>	<p>The NSDP is a mechanism of government designed to reconfigure apartheid spatial relations and implement spatial priorities in ways that meet the goal of providing basic services to all and to alleviate poverty and inequality. The NSDP recognises the burden unequal and inefficient spatial arrangements place on communities, especially the poor who, for example, have to bear significant transport costs to commute long distances to and from work.</p> <p><b>The four principles of the NSDP are to:</b></p> <ul style="list-style-type: none"> <li>• promote rapid economic growth that is sustained and inclusive and is intended to alleviate poverty;</li> <li>• focus fixed investment in localities of economic growth or economic potential;</li> <li>• address poverty through various projects and programmes and to provide basic services in areas where there is low economic potential;</li> <li>• channel future settlement and economic development opportunities into activity corridors and nodes that are adjacent to or link with main centres.</li> </ul>
<b>Gauteng Spatial Perspective (2030) and Gauteng Spatial Development Framework (2030)</b>	<p>The GSP 2030 is a shared spatial development vision for Gauteng and is consistent with the ten pillars of the TMR. It is intended to align the Gauteng Spatial Development Framework with the national development context through such legislative and planning frameworks as the NDP, SPLUMA and the Integrated Urban Development Framework (IUDF). The GSP 2030 is a legislative requirement of SPLUMA and provides guidelines for provincial spatial development plans, programmes and projects.</p> <p><b>The vision of GSP 2030 is to create:</b></p> <p>“A smart and spatially integrated City Region with high mobility, where everyone enjoys equal access to quality basic services and resides in sustainable human settlements that are strategically located close to economic opportunities, and which offer a range of habitation options that enable choices to ensure quality living experience.”</p> <p><b>Aligned to the TMR, the five (5) goals of GSP 2030 are:</b></p> <p><b>Goal 1:</b> To facilitate a spatial structure conducive to shared economic growth.</p> <p><b>Goal 2:</b> To achieve decisive spatial transformation of the Gauteng City Region by establishing an urban edge and by creating spatially targeted strategic nodes and corridors.</p> <p><b>Goal 3:</b> To ensure sustainable resource use and development through sustainability initiatives focused on alternative and green technologies.</p> <p><b>Goal 4:</b> To realise a modernised and effective public transportation system.</p> <p><b>Goal 5:</b> To pursue an agreed spatial vision using coordinated planning processes and tools.</p> <p>It is the responsibility of structures across all government spheres, especially those involved in public infrastructure delivery and economic development, to ensure that the vision of GSP 2030 is achieved, and that the goals and priorities translate into sector-specific strategic plans, programmes and APPs.</p>
<b>Strategy and policy frameworks in various sectors</b>	<ul style="list-style-type: none"> <li>• National Housing Policy and Subsidy Programmes (2010)</li> <li>• National Youth Policy (2015 – 2020)</li> <li>• National Informal Business Upliftment Strategy (2014)</li> <li>• Gauteng Informal Business Upliftment Strategy (2015)</li> <li>• Gauteng Spatial Development Perspective (2011)</li> <li>• GCR Governance and Planning Cluster Roadmap (2015)</li> <li>• Draft GCR Economic Plan (2016), Gauteng's response to the National Nine-Point Economic Plan and a key enabler of the TMR</li> <li>• GCR Social Transformation Strategy (2015)</li> <li>• Gauteng Province Green Agenda Initiative</li> </ul>

## (Footnotes)

1 *Gauteng State of the Province Address by Premier David Makhura, 23 February 2015*

## 9. ORGANISATIONAL STRUCTURE





## PART B

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## PERFORMANCE REPORT



**MONTROSE - MEGA CITY**

# 1. INTRODUCTION

The South African economy went into recession during the first half of the year under review and rebounded in the third and fourth quarters of the year. This resulted in a real annual growth rate of 0.8 percent, underpinned by growth in numerous sectors such as: Finance; real estate and business services; general government services, trade, catering and accommodation, manufacturing, transport, storage and communication.

According to the latest available data from Stats SA, Gauteng Province contributed 34.3 percent to the country's economic growth in 2017, making it the nation's biggest provincial economy. Gauteng's leading role in our economy however comes as no surprise, considering the substantial representation of the finance, government, manufacturing and construction sectors in the province.

Not only does Gauteng contribute the largest component of our country's GDP but it also houses the largest share of our population with approximately 14,7 million people living in the province. According to Stats SA's 2018 Mid-year Population Estimates report, the population in Gauteng is furthermore growing at approximately 2.5 percent per annum. This growth can, amongst others, primarily be attributed to in-migrants who generally migrate to Gauteng in search of employment opportunities and access to better facilities and amenities.

It is estimated that for the period from 2016 to 2021, Gauteng and Western Cape will respectively experience an inflow of approximately, 1 048 440 and 311 004 migrants (reference Stats SA 2018 Mid-year Review). This poses a major challenge for government to meet the growing demand for general services, as well as a demand for housing in Gauteng, which currently exceeds the supply by far.

In line with the sluggish economic growth for the year under review, data from Stats SA indicates that the construction industry experienced its worst year in two decades, with production declining by 1.2 percent.

On a positive note, inflation remained under control, following a peak in the first half of the year. Interest rates were hiked by 25 basis points during the twelve months up until the end of March 2019. This increase was however not significant enough to have a negative effect on the property market.

Residential property prices in Gauteng showed gradual recovery, following a relatively slow growth experienced in recent years. FNB's Estate Agent Survey indicates that the Gauteng residential market remains relatively stable.

Private sector-financed building activity for new houses remained limited during the first eleven months of 2018. The category of higher-density housing i.e. flats and townhouses however remained a major focus for residential building activity. This is consistent with observed changing trends in lifestyle preferences, housing affordability and building costs. The number of building plans approved for new houses increased by 4,8 percent from January to November 2018. The said growth in building plans approved was driven by the segment for flats and townhouses. This trend is highly likely to continue, as the GPF received applications for funding of sectional title developments to the value of R1,2 billion in total funding requirement, which represents an increase of 21%, from the R954 million received in the previous financial year.

Gauteng's Mega Projects that are currently under construction, is a response to the growing need for a live, work, play lifestyle. Once completed, these projects will provide for inclusive human settlements that enable both low- and high-income earners to live in and access the same social and economic amenities.

These projects are purposefully implemented in a manner that is designed to broaden the base of black- and female-owned enterprises, as well as SMMEs within the infrastructure development sector. The projects will also contribute to the rapid land release programme, which involves the Gauteng Province's commitment to make 100 000 serviced stands available to beneficiaries who qualify and are willing to build for themselves.

It must however be noted that due to significant scale of these projects, several challenges arise along the way, which includes, but are not limited to: Inadequate bulk infrastructure, limited government funds, developer capital constraints and community unrest. In response to some of the challenges experienced by developers of the Mega Projects, the GPF is in a process of establishing a bridging finance facility that is aimed at alleviating developers' cash flows constraints.

## 2. PERFORMANCE OVERVIEW

### 2.1 URBAN RENEWAL PROJECTS

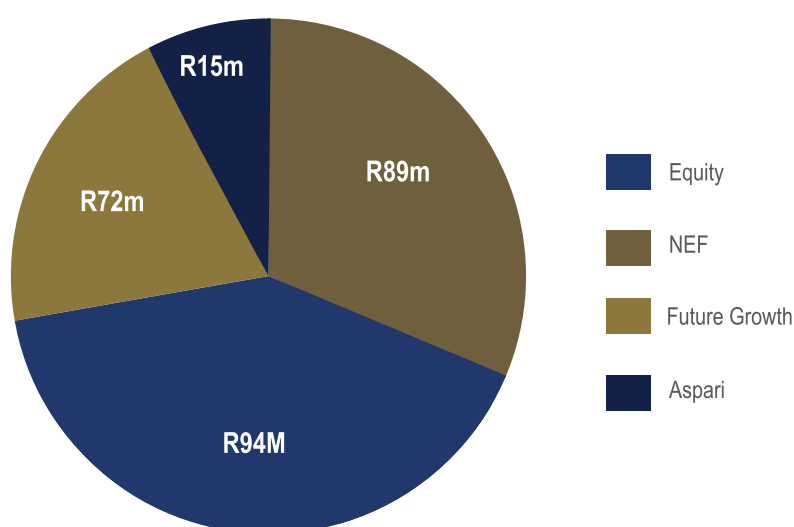
**Table A: Summary of performance of urban renewal programmes**

Measure	Actual (2018/19 FY)	Annual target (2018/2019)	Comments
Applications recorded	R1,2b	-	Applications received were across all the GPF programmes.
Projects' expressions of interest (EOIs)	R168,5m	-	The projects' EOIs were limited to the overall exposure limits of the GPF.
Rental Housing Fund (RHF) and Entrepreneur Empowerment Property Fund (EPPF) Programme	R124,1m	R104m	A renewed appetite by other senior funding institutions, among others, contributed to the demand for GPF funding for rental housing.
Student Accommodation Fund (SAF) Programme	R53,2m	R35m	The increased deal flow was mainly driven by demand for student accommodation which far exceeds the supply.
Number of urban renewal units completed	704	700	

The rising demand for sectional title developments was evident in the applications received for affordable rental and student accommodation projects which amounted to R1,2 billion in total funding requirements. Targets for the urban renewal portfolio were exceeded and this performance was mainly driven by:

- A renewed appetite by other financial institutions to co-fund projects with the GPF. From the R177 million committed towards rental projects, the GPF managed to leverage R270 million from private and public sector funding, 35% of which originates from the private sector;

**Graph A: Leveraged funding**



- A high demand for student accommodation. The review on the provision of student housing at South African universities by the Department of Higher Education and Training (DHET) estimated the demand for student accommodation to be around 216 000 beds in Gauteng; and
- Affordability factors such as the inability to access credit or obtain mortgage loans from the banks which makes rental accommodation a more viable option. According to data published by the South African Reserve Bank (SARB) in its March 2019 Quarterly Bulletin, growth in mortgage advances on residential and agricultural properties increased marginally from 3,1 percent in February 2018 to 4,1 percent in January 2019. The marginal increase was attributed to the low growth in households' income and weak employment prospects, as well as uncertainty regarding the mooted government proposed land expropriation policy.

**Table B: Commitment value inclusive of capitalised interest**

Product	Target	Actual	Percentage of commitments
RHF and EPPF Programme	R104 000 000	R124 157 596	70%
SAF Programme	R35 000 000	R53 220 183	30%
<b>Total commitments</b>	<b>R139 000 000</b>	<b>R177 377 779</b>	<b>100%</b>

### 2.1.1 Entrepreneur Empowerment Property Fund Programme

The EEPF is an incubator type of programme designed to promote participation in the affordable rental property market by companies owned by historically disadvantaged individuals (HDIs). The programme is limited to prospective participants who are invited through an annual public tender process.

To date, the GPF has committed a total of R535 494 021,00 to the EEPF, attracting a total of R616 806 297,00 into the affordable housing market from a combination of sources which includes: Other development finance institutions, private sector funders and mandatory equity contributions by participants in the EEPF programme.

The total sum of R535 494 021 in committed funds were utilised as follows:

- R340 662 498,00 (63 percent) funded 30 completed projects;

- R115 817 780 (22 percent) funded 13 projects that are still under construction; and;
- R79 013 733,00 (15 percent) funded seven projects which are still in the preconstruction stage.

To date, more than 40 wholly black-owned companies have benefited from the programme. The programme also contributed to the creation of approximately 1 500 temporary and permanent jobs in both the skilled- and unskilled segments. In addition, the programme ensured that black companies were afforded more opportunities for core positions in projects in the fields of construction, architecture, quantity survey and project management.

There was no new intake for the period under review. An allocation of R47,9 million was however approved for EEPF projects for participants from the previous intakes in the previous financial year. Of the total approved amount, R45 million was allocated to new projects, and the balance was utilised for restructuring projects during the year, where there are no new units.

**Table C: List of approved funding for projects**

Name of company	Project name	No. of units	GPF funding commitment, inclusive of capitalised interest
Bravo Enterprise and Projects (Pty) Ltd	Erf 321 Kempton Park	-	R716 561
Hectofield (Pty) Ltd	Erf 644 Pretoria North	-	R709 550
Korema Property Group (Pty) Ltd	Erf 436 & 437 Bellevue East	-	R339 100
Stormstrong (Pty) Ltd	Erf 299 Windsor, Randburg	-	R228 043
Noscofel (Pty) Ltd	Erf 4/2773 and 5/2773 Kempton Park	108	R15 337 300
Muma Investment (Pty) Ltd	The Village Hub	210	R29 866 345
Simelani Business Solutions (Pty) Ltd	Erf 2682 and Portion 3 of Erf 2682	-	R328 506
Bixowize (Pty) Ltd	Erf 278 Primrose	-	R 357 415
<b>Total</b>		<b>318</b>	<b>R47 882 820</b>

### 2.1.2 Rental Housing Fund Programme

The RHF enhances the debt to equity ratio for companies in projects for the leveraging of commercial funding. The total funding approved under the RHF amounted to R76 million, of which around R75 million was allocated to the development of new projects and the balance was utilised for restructuring projects where there are no new units.

**Table D: List of approved funding for projects**

Name of company	Project name	No. of units	GPF funding commitment, inclusive of capitalised interest
Tebu Capital (Pty) Ltd	Erf 755 Roodeport	24	R3 578 167
Yin Construction and Development (Pty) Ltd	Ext 2 Cloverdene	168	R15 192 823
Barra Dunes Chalet 31 (Pty) Ltd	Sandy Lane	144	R16 283 266.53
Hoewe 15 Doreg Landbouhoewes (Pty) Ltd	Karen Park	-	R188 672
Golden City (Pty) Ltd	Erf 533 & 534 Germiston	-	R44 473
Property Best (Pty) Ltd	Erf 3834 Eersterust Extension 6	-	R250 000
Sheran Investments (Pty) Ltd	Erf 73 Klippoorthe	-	R100 000
Bridge City Housing consortium (Pty) Ltd	Portion 196 of Erf 7305 Chiawelo Ext 2	-	R120 000
Evening Shade Properties 56 (Pty) Ltd	Erf 636 & 637 Daggafontein Ext 8	177	R14 413 092
Haolin Construction (Pty) Ltd	Erf 1545 & 1546 Cloverdene	168	R26 104 283
<b>Total</b>		<b>681</b>	<b>R76 274 776</b>

### 2.1.3 The Student Accommodation Fund

The SAF enhances the debt to equity ratio for companies in projects to provide affordable and good quality of living to the students. Except for one project (to be delivered by Nonkwelo Investments (Pty) Ltd) which was previously approved under the RHF, the total amount of approved funding was utilised for the development of new projects.

**Table E: List of approved funding for projects**

Name of company	Project name	No of beds	GPF funding commitment, inclusive of capitalised interest
Sagewood Cribs Properties (Pty) Ltd	Protea Glen Ext 1	90	R5 500 000
Khozi Projects (Pty) Ltd	Remaining Extent of Erf 141 Hurst Hill	55	R5 500 000
Property Developers and Construction (Pty) Ltd	Erf 1999, 57 Bok Street	320	R15 113 717
Tshelliane Holding Construction (Pty) Ltd	Erf 1163 Winchester Hill Extension 3	224	R15 201 779
Michaelson Investments (Pty) Ltd	ERF 658 Troyeville	36	R3 004 687
Azorilex (Pty) Ltd	Erf 8570 to 8574, 8577 to 8584, 8586 to 8591 and 8593 to 8597 Mabopane Block S	115	R8 900 000
<b>Total</b>		<b>842</b>	<b>R53 220 275</b>

### 2.1.4 Completed urban renewal projects

The number of completed units totalled to 704 and were distributed between the RHF and EEPF programmes.

**Table F: List of completed projects**

Name of institution	Project name	Location	No of units	Comments
Sam Lubbe Investments CC	Erf 1654 Germiston	Ekurhuleni	42	Occupation Certificates
Property Kalcha (Pty) Ltd	Portion 1 & 2 Of Erf 1871 Albertville, Randburg	City of Johannesburg	15	Occupation Certificates
Ikamvelihle Enterprise Trading (Pty) Ltd	Erf 953-956 Berea	City of Johannesburg	38	Occupation Certificates
Hoewe 15 Doreg Landbouhoewes (Pty) Ltd	Erf 1499 & 1460 Karen Park	Ekurhuleni	144	Occupation Certificates
Redformationz Holding (Pty) Ltd	Birchwood	Ekurhuleni	80	Occupation Certificates
Golden City Properties (Pty) Ltd	Erf 533 & 534 Germiston	Ekurhuleni	19	Occupation Certificates
Masisizane Group (Pty) Ltd	Erf 2909 Jeppestown	City of Johannesburg	32	Practical Completion Certificates
Ordicode (Pty) Ltd	Erven 2242, 2243, 2248 And 2249 Johannesburg	City of Johannesburg	106	Occupation Certificates
Property Best Investment (Pty) Ltd	Robin Villan Residential Development	City of Tshwane	124	96 Occupation Certificates 28 Practical Completion Certificates
Zwide and Dewa Investment (Pty) Ltd	Erven 424 & 425 Rhodesfield	City of Johannesburg	60	Practical Completion Certificates
Sharen Investments (Pty) Ltd	Erf 73 Klippoortje	Ekurhuleni	44	Practical Completion Certificates
<b>Total</b>			<b>704</b>	

### 2.1.5 Projects under construction

As at 31 March 2019, there were 14 projects under construction with an expected yield of 1728 units.

**Table G: Projects under construction**

Name of institution	Project name	Location	Product	No of units
FV Trading Enterprise (Pty) Ltd	Portion 1 of Erf 193 Duncanville	Vereeniging	EEPF	22
Bravo Enterprise and Projects (Pty) Ltd	Erf 231 Kempton Park	Ekurhuleni	EEPF	36
Stormstrong (Pty) Ltd	Erf 299 Windsor West	City of Johannesburg	EEPF	22
Hectorfield (Pty)Ltd	Erf 644 Pretoria North	Tshwane	EEPF	34
Cicima Property Management (Pty) Ltd	Erf 1686 Benoni	Ekurhuleni	EEPF	66
Simelane Business Solution (Pty) Ltd	Erf 2682 Kempton Park	Ekurhuleni	EEPF	50
Bixowize (Pty) Ltd	Erf 278 Primrose Hill	Ekurhuleni	EEPF	30
Korema Property Group (Pty) Ltd	Erven 436 & 437 Bellevue East	City of Johannesburg	EEPF	18
Property Best Investment (Pty) Ltd	Erf 3834 Eersterus Ext 6	Tshwane	Rental	36
Eable Properties (Pty) Ltd	Erf 8186 Olievenhoutbosch	City of Tshwane	Rental	100
Bridge City (Pty)Ltd	Chiawelo	City of Johannesburg	Rental	132
Fanaye Business Enterprises (Pty)Ltd	Erf 102 Erasmus, Bronkhorstspuit	City of Tshwane	Rental	36
Devland Gardens (Pty) Ltd	Erven 8341 & 8342 Devland Ext 36	City Johannesburg	Social Housing	870
Watershed Properties (Pty)Ltd	Monash Student Accommodation	City of Johannesburg	Student Acc	276
<b>Total</b>				<b>1728</b>

### 2.1.6 Urban Renewable Programme challenges

Despite the increase in the number of applications received for funding during the period under review, the GPF experienced some challenges which included the following:

Challenges	Proposed solution
Limited funding available for projects	The GPF dedicated resources to seek alternative off balance sheet funding structures to assist in the delivery of urban renewal programme projects.
Higher equity contribution requirements for projects	The GPF is continually seeking ways to reduce the equity requirements on projects by adopting structured finance models to assist projects' cash flow in the first five years of operations.
Delays in completion of projects	The GPF improved its assessment of project readiness to ensure all necessary town planning approvals are in place prior to consideration of funding.

## 2.2 MEGA PROJECTS PERFORMANCE OVERVIEW

The GPF concluded an implementation protocol with the Gauteng Department of Human Settlement (GDHS) which stipulates that the GPF will implement identified Mega Projects on behalf of the GDHS.

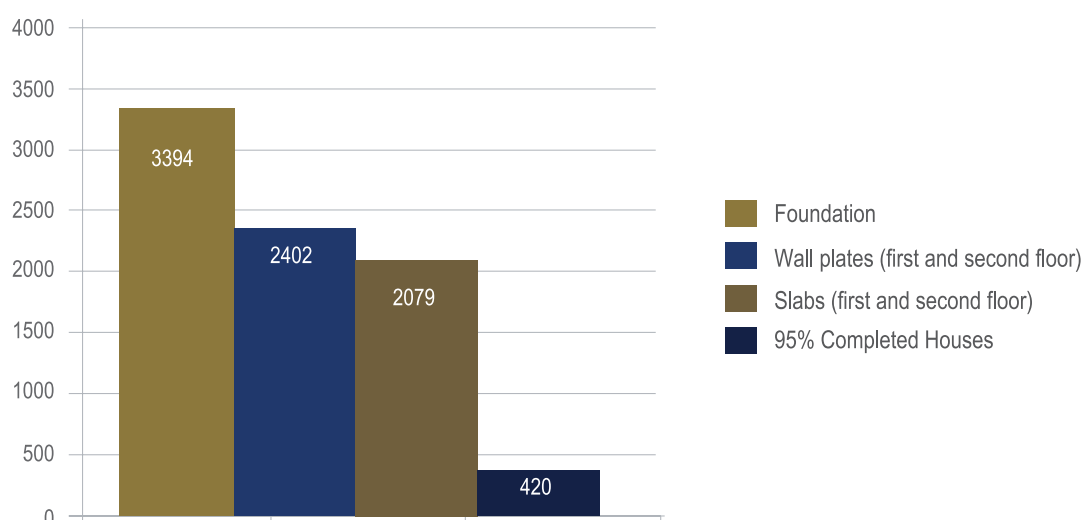
**Table H: Mega Projects performance summary**

Measure	Actual (2018/2019 FY)	Annual target (2018/2019 FY)	Comments
Number of projects managed and overseen by the GPF	6	6	There were six projects in implementation stage, of which three are in the West Rand (Elijah Barayi, Montrose and Afri-Village), two are in Ekurhuleni (John Dube and Daggafontein) and one is in Lesedi Local Municipality (Kwazenzele).
Number of houses built	420	2850	This target was not met, amongst other due to delays in enrolment of projects with the NHBRC. While there is a notable variance between the planned and delivered units, there was significant progress in the construction of houses as depicted by Graph B below.
Number of serviced stands completed	6794	4894	This target was exceeded.
Rand value of GDHS subsidies disbursed for houses	R456m	R557m	This target was not met, amongst other due to delays in enrolment of projects with the NHBRC.
Rand value of GDHS subsidies disbursed for serviced stands	R378m	R220m	This target was exceeded.

The implementation of Mega Projects progressed relatively well, despite the numerous challenges experienced. The GPF serviced 6794 stands against a target of 4894. Elijah Barayi, Montrose and Afri-Village contributed to the delivery of additional serviced stands. The three projects commenced with the installation of services during the 2017/2018 financial year and have since gained momentum. The overachievement in the number of serviced stands completed includes the 1100 serviced stands within the Montrose project that were incomplete at the time of reporting for the previous financial year. The installation of services for the other three projects (John Dube, Daggafontein and KwaZenzele) is in progress.

The construction of houses is progressing relatively slow, and from the 2850 planned houses, 420 units are 95% completed. While there is a notable variance between the planned and delivered units, there was significant progress in the construction of houses, as depicted in Graph B below.

**Graph B: Mega Projects milestone performance summary**



The progress indicated above is further detailed below per project.

**Table I**

Project name	Foundations	Wall plates	Slabs	95% Completed
Afri-Village	1000	980	648	420
Elijah Barayi	1500	1202	1299	
Montrose	894	221	132	
<b>Total</b>	<b>3394</b>	<b>2402</b>	<b>2079</b>	<b>420</b>

The relatively slow progress in the completion of houses can predominantly be attributed to:

- Delays in the enrolment of projects with the NHBRC;
- Community unrest and labour disputes, mainly as a result of disruptions by unregistered business forums;
- Non-payment of labourers by the sub-contractors; and
- Delays in production by local sub-contractors as a result of cash flow constraints.

Notwithstanding the delays in the completion of houses, the implementation of Mega Projects had a significant socio-economic impact on the communities within they are established. The subsidy and turnkey agreements between the GDHS and the Mega Projects developers dictate that a minimum of 30% of these projects must be undertaken by the local communities. The intention of government is to create jobs and stimulate the local economies. The local economic development departments within the respective municipalities are responsible for oversight and to assist the developers with access to and procurement of local community services. To date, approximately 2 050 job opportunities have been created directly by the three projects that have commenced with the construction of houses. Of the 2 050 labourers employed, 88% or 1 791 were sourced from the local communities and overall, a total of 287 local sub-contractors and 31 small businesses benefitted from these projects.

**Table J: Mega Projects implementation challenges experienced**

Challenges	GPF proposed solution
<b>Cash flow</b> - Lack of adequate cash flow for the developers to fast-track the development of Mega Projects	The GPF is in the process of raising bridging finance for Mega Projects and establishing a bridging finance facility to assist developers with their cash flow constraints.
<b>Infrastructure planning</b> - Lack of coordinated planning with Eskom which may result in houses being completed without electricity (95% complete)	The GDHS, GPF and municipalities should proactively engage with Eskom at a strategic level, regarding the electricity capacity requirements for planned developments.
<b>Infrastructure planning</b> - Lack of coordinated planning with the municipalities (unavailability of funding for bulk infrastructure, including links, sewer, water and stormwater), as well as overall bulk funding for the projects.	The GPF planned to facilitate bulk infrastructure funding to the value of R500 millions for Mega Projects. This was not achieved as it was dependent on the establishment of a new SPV, as well as obtaining of all regulatory approvals for the identified municipalities to participate in the envisaged transaction. The GDHS, GPF and the HDA are engaging with municipalities at a strategic level, regarding funding for bulk infrastructure.
<b>Integration</b> - Developers are mainly focusing on Breaking New Ground (BNG) units and there seems to be no integration upfront, which may result in the integrated approach towards Mega Cities not being realised.	The GPF will facilitate interaction with other stakeholders such as the Social Housing Regulatory Authority and other financial institutions to obtain development pre-approvals for end user-finance.
<b>Collateral</b> - There is no cession in place by the GDHS with the developers on privately owned land, therefore there is no security in place against value created by the GDHS on privately owned land.	There must be a land availability agreement or a cession of development rights between the GDHS and the developers on a portion of land where subsidised houses are going to be built. The GPF is currently implementing measures to mitigate this risk.
<b>Performance guarantees</b> - Contractors may walk off site after receiving payment for their first milestone (site establishment) as there is no performance guarantees in place for Mega Projects.	There is a requirement for performance guarantees to be in place for Mega Projects, which should form part of the subsidy agreement.
<b>Arrangements regarding use of government-owned land</b> - There is no documented framework which details how government should be compensated by developers building on government-owned land	There is a requirement for a pre-approved approach to the land compensation by the private developers.
<b>Property management</b> - There is no plan in place to manage sectional title ownership of the BNG walk-up types.	The GPF will engage with existing walk-up BNG projects to prepare a proposal on the establishment of body corporates within these projects.

# GAUTENG PARTNERSHIP FUND ANNUAL PERFORMANCE REVIEW 2018/2019

GPF STRATEGIC GOAL	GPF STRATEGIC OBJECTIVE	2017 OUTCOME/ MEASURABLE OBJECTIVE	PERFORMANCE MEASURE/ INDICATOR	MEANS OF VERIFICATION	REPORTED ON BY WHICH UNIT	REVISED TARGETS MID-TERM 2018/2019	Q1 01.APRIL 2018 - 30 JUNE 2018 ACTUAL PERFORMANCE	Q2 01.JULY 2018 - 30 SEPTEMBER 2018 ACTUAL PERFORMANCE	Q3 01.OCTOBER 2018 - 30 DECEMBER 2018 ACTUAL PERFORMANCE	Q4 1.JANUARY 2019 - 31 MARCH 2019 ACTUAL PERFORMANCE	ACTUAL ANNUAL PERFORMANCE	REASONS FOR VARIANCES
1. Capital raising and fund management	1.1 Rand value of capital raised/ facilitated for implementation of urban renewal and Mega Projects	Source and Structure capital required	Rand value of capital raised each financial year, for identified Mega Projects and strategic urban renewal (bad buildings) projects	Letter of commitment/term sheet/draft loan agreement	Capital Raising	R0	--	--	--	The target was revised to zero at the mid-year review. It was predicated on the establishment of the Gauteng Mega Projects Fund as a vehicle for capital raising, to circumvent the current legal challenges.	--	The target was revised to zero at the mid-year review. It was predicated on the establishment of the Gauteng Mega Projects Fund as a vehicle for capital raising, to circumvent the current legal challenges.
	1.2 Rand value of funding facilitated for bulk infrastructure development		Rand value of funding facilitated for bulk infrastructure development	Letter of commitment/term sheet/draft loan agreement	Capital Raising	R500m	--	--	--	The target was not met due to factors outside of the GPF's control. This included the lack of establishment of a new special purpose vehicle (SPV), as well as obtaining all the relevant regulatory approvals by the identified municipalities who are envisaged to participate in the transaction.	0	The target was not met due to factors outside of the GPF's control. This included the lack of establishment of a new special purpose vehicle (SPV), as well as obtaining all the relevant regulatory approvals by the identified municipalities who are envisaged to participate in the transaction.

GPF STRATEGIC GOAL	GPF STRATEGIC OBJECTIVE	2017 OUTCOME/ MEASURABLE OBJECTIVE	PERFORMANCE MEASURE/ INDICATOR	MEANS OF VERIFICATION	REPORTED ON BY WHICH UNIT	REVISED TARGETS MID-TERM 2018/2019	Q1 01 APRIL 2018 - 30 JUNE 2018 ACTUAL PERFORMANCE	Q2 01 JULY 2018 - 30 SEPTEMBER 2018 ACTUAL PERFORMANCE	Q3 01 OCTOBER 2018 - 30 DECEMBER 2018 ACTUAL PERFORMANCE	Q4 1 JANUARY 2019 - 31 MARCH 2019 ACTUAL PERFORMANCE	ACTUAL ANNUAL PERFORMANCE	REASONS FOR VARIANCES
	1.3 Rand value of bridging funding facilitated for Mega Projects developers		Rand value of bridging funding facilitated for Mega Projects developers	Letter of commitment/term sheet/draft loan agreement	Capital Raising	0	--	--	--	0	0	A bridging finance concept paper was developed and is awaiting final approval by the Board.  New indicator: The indicator was added at the mid-year review to ensure that all strategic initiatives are aligned and reported on.
	1.4 Rand value of loans approved (urban renewal and Mega Projects)	Capital committed/loan approved (urban renewal and Mega Projects) in respect of (IRO) rental housing	Rand value of loans approved, each financial year, for urban renewal and Mega Projects IRO rental housing	Board minutes	Projects	R104m	R20 908 721 Bravo Enterprise and Projects (Pty) Ltd - R 716 561 Hectofield (Pty) Ltd - R 709 550 Korema Property Group (Pty) Ltd - R 339 100 Stormstrong (Pty) Ltd - R 228 043 Noscoel (Pty) Ltd - R 15 337 300 Tebu Capital (Pty) Ltd - R 3 578 167	R61 904 085 Muma Investment (Pty) Ltd - R 29 866 345 Simelani Business Solutions (Pty) Ltd - R 328 506 Yin Construction - R 15 192 823 Barra Dunes Chalet 31 (Pty) Ltd - R 16 283 266 Hoewe 15 Doreg Landbouhoeves (Pty) Ltd - R 188 672 Golden City (Pty) Ltd - R 44 473	R707 415 Bixowize - R357 415 Sheran Investments (Pty) Ltd - R100 000 Property Best (Pty) Ltd - R250 000	R40 637 375 Bridge City Housing Consortium (Pty) Ltd - R120 000.00 Evening Shade Properties 56 (Pty) Ltd - R14 413 092.00 Newco (SPV to be formed) - R26 104 283.00	R124 157 596	The target was exceeded. Amongst others, t he renewed appetite by other senior funding institutions contributed to the demand for GPF funding towards rental housing.
		Capital committed/loan approved (urban renewal and Mega Projects) IRO student accommodation	Rand value of loans approved, each financial year, for urban renewal and Mega Projects IRO student accommodation	Board minutes	Projects	R35m	R5 500 000 Sagewood - R 5 500 000	R5 500 000 Khozi Projects (Pty) Ltd - R 5 500 000	R33 320 183PDC - R15 113 717 Tshellane Holdings Construction (Pty) Ltd - R15 201 779 Michaelson Investments (Pty) Ltd - R3 004 687	R 8 500 000.00 Azorilex (Pty) Ltd - R 8 900 000.00	R53 220 183	This target was exceeded. The increased deal flow was mainly driven by a demand for student accommodation which far exceeds the supply.

GPF STRATEGIC GOAL	GPF STRATEGIC OBJECTIVE	2017 OUTCOME/ MEASURABLE OBJECTIVE	PERFORMANCE MEASURE/ INDICATOR	MEANS OF VERIFICATION	REPORTED ON BY WHICH UNIT	REVISED TARGETS MID-TERM 2018/2019	Q1 01 APRIL 2018 - 30 JUNE 2018 ACTUAL PERFORMANCE	Q2 01 JULY 2018 - 30 SEPTEMBER 2018 ACTUAL PERFORMANCE	Q3 01 OCTOBER 2018 - 30 DECEMBER 2018 ACTUAL PERFORMANCE	Q4 1 JANUARY 2019 - 31 MARCH 2019 ACTUAL PERFORMANCE	ACTUAL ANNUAL PERFORMANCE	REASONS FOR VARIANCES
		Capital committed/loan approved (urban renewal and Mega Projects) IRO social housing	Rand value of loans approved, each financial year, for urban renewal and Mega Projects IRO social housing	Board minutes	Projects	R0	--	--	--	-	0	The target was reduced to R0 as there is no funding for social housing. The initial target of R70m was based on the approval of the Agence Française Development (Agency Development Agency) transaction.
	1.5 Fund management: Rand value of co-funding facilities managed each financial year	Fund management: Rand value of co-funding facilities managed	Fund management: Rand value of co-funding facilities managed each financial year	Board minutes: Approval letters from funding partners	Capital Raising	R700m	--	--	--	--	0	The target was not met due to failure to secure funding from third parties.

GPF STRATEGIC GOAL	GPF STRATEGIC OBJECTIVE	2017 OUTCOME/ MEASURABLE OBJECTIVE	PERFORMANCE MEASURE/ INDICATOR	MEANS OF VERIFICATION	REPORTED ON BY WHICH UNIT	REVISED TARGETS MID-TERM 2018/2019	Q1 01 APRIL 2018 - 30 JUNE 2018 ACTUAL PERFORMANCE	Q2 01 JULY 2018 - 30 SEPTEMBER 2018 ACTUAL PERFORMANCE	Q3 01 OCTOBER 2018 - 30 DECEMBER 2018 ACTUAL PERFORMANCE	Q4 1 JANUARY 2019 - 31 MARCH 2019 ACTUAL PERFORMANCE	ACTUAL ANNUAL PERFORMANCE	REASONS FOR VARIANCES
2. Mega Projects implementation	2.1. Provide project management services to developers implementing identified number of Mega Projects, each financial year.	Project management services	Number of Megaurban renewal Projects implemented, each financial year, through GPF turnkey development services	Reports and minutesApproval letters from funding partners	Projects	0	--	--	--	--	0	This target was removed at the mid-year review.
			Number of Mega Projects managed and overseen by the GPF each financial year	Reports and minutesApproval letters from funding partners	Projects	6	--	--	--	6	6	This target was met.
			Number of jobs created, each financial year through the provision of GPF turnkey developments services	Reports, minutes of meetings, communication, paper trail with stakeholders	Projects	0	--	--	--	--	--	
			Number of housing units built, each financial year, across housing programmes of Mega Projects	Completion certificates, quality inspection reports	Projects	2850	--	--	--	420	420	This target was not met, due to the following: (a) There were delays in enrolling the projects with the NHBC; and (b) There was community unrest and labour disputes as a result of unregistered business forums and non-payment of labourers by the sub-contractors.

GPF STRATEGIC GOAL	GPF STRATEGIC OBJECTIVE	2017 OUTCOME/ MEASURABLE OBJECTIVE	PERFORMANCE MEASURE/ INDICATOR	MEANS OF VERIFICATION	REPORTED ON BY WHICH UNIT	REVISED TARGETS MID-TERM 2018/2019	Q1 01 APRIL 2018 - 30 JUNE 2018 ACTUAL PERFORMANCE	Q2 01 JULY 2018 - 30 SEPTEMBER 2018 ACTUAL PERFORMANCE	Q3 01 OCTOBER 2018 - 30 DECEMBER 2018 ACTUAL PERFORMANCE	Q4 1 JANUARY 2019 - 31 MARCH 2019 ACTUAL PERFORMANCE	ACTUAL ANNUAL PERFORMANCE	REASONS FOR VARIANCES
			Number of serviced stands completed, each financial year, across housing programmes of Mega Projects	Reports, minutes of meetings, communication, paper trail with stakeholders	Projects	4894	--	--	--	6794 • Elijah Barayi delivered 2100 serviced stands Afrivillage delivered 1594 serviced stands Montrose delivered 3100 serviced stands	6794	This target was exceeded. Three projects (Elijah Barayi, Montrose and Afrivillage) commenced with the installation of services during the 2017/2018 financial year and have since gained momentum, which resulted in over-delivery of the serviced stands.
			Rand value of GDHS subsidies disbursed, each financial year, for top structure across all Mega Projects	Reports, minutes of meetings, communication, paper trail with stakeholders	Projects	R557m	--	--	--	R456 075 366 • R222 144 970 disbursed to Elijah Barayi- R72 290 337 disbursed to Montrose- R161 640 059 disbursed to Afrivillage	R456 075 366	This target was not met, due to the following: (a) There were delays in enrolling the projects with the NHBC; and (b) There was community unrest and labour disputes as a result of unregistered business forums and non-payment of labourers by the sub-contractors.
			Rand value of budgeted GDHS subsidies disbursed, each financial year, for serviced sites across all Mega Projects	Reports, minutes of meetings, communication, paper trail with stakeholders	Projects	R220m	--	--	--	R378 168 192.37 • R73 300 090 disbursed to Afrivillage R129 544 492.91 disbursed to Elijah Barayi- R7 277 379.52 disbursed to Kwazenzele R121 904 021 disbursed to Montrose; • R20 611 762.58 disbursed to John Dube- R22 133 831.80 disbursed to Daggafontein R3 396 614.56 disbursed to Tswaing	R378 168 192.37	This target was exceeded. Three projects (Elijah Barayi, Montrose and Afrivillage) commenced with the installation of services during the 2017/2018 financial year and have since gained momentum, which resulted in over-delivery of the serviced stands.

GPF STRATEGIC GOAL	GPF STRATEGIC OBJECTIVE	2017 OUTCOME/ MEASURABLE OBJECTIVE	PERFORMANCE MEASURE/ INDICATOR	MEANS OF VERIFICATION	REPORTED ON BY WHICH UNIT	REVISED TARGETS MID-TERM 2018/2019	Q1 01 APRIL 2018 - 30 JUNE 2018 ACTUAL PERFORMANCE	Q2 01 JULY 2018 - 30 SEPTEMBER 2018 ACTUAL PERFORMANCE	Q3 01 OCTOBER 2018 - 30 DECEMBER 2018 ACTUAL PERFORMANCE	Q4 1 JANUARY 2019 - 31 MARCH 2019 ACTUAL PERFORMANCE	ACTUAL ANNUAL PERFORMANCE	REASONS FOR VARIANCES
3. Property management and maintenance	3.1. Develop the number of identified strategic urban renewal properties (bad buildings) to provide student, rental and social housing, each financial year	Property Management and maintenance	Number of units completed on strategic urban renewal properties (bad buildings) developed to provide student, rental and social housing	Reports, minutes of meetings, communication, paper trail with stakeholders	Projects	700	45 Sam Lubbe Investments CC - 30 units Property Kalcha (Pty) Ltd - 15 units	110 Ikamvalihle Trading Enterprise (Pty) Ltd - 38 units Hoewe 15 Doreg Landbouhoeves (Pty) Ltd - 72 units	171 Redformationz Holdings (Pty) Ltd - 80 units Hoewe 15 Doreg Landbouhoeves (Pty) Ltd - 72 units Golden City Properties (Pty) Ltd - 19 units	378 Sam Lubbe Investments CC - 12 units Masizane Group (Pty) Ltd - 32 units Ordicode (Pty) Ltd - 106 units Property Best Investment (Pty) Ltd - 124 units Zwide and Dewa Investment (Pty) Ltd - 60 units Sheran Investment (Pty) Ltd - 44 units	704	The target was exceeded by four units.
4. Administration	4.1. Strategic management and good governance, each financial year	Strategic management and good governance	Number of clean audits attained	Clean audit report	CEO's Office	4	--	--	--	0		This target will be reported on after the audit report by the Auditor-General of South Africa (AGSA) has been completed.
			Percentage achievement of requests by Board and sub-committees	Board resolutions and resolutions register	CEO's Office	100%	--	--	--	100%	100%	This target was met.
	4.2. Human capital and payroll management, each financial year	Effective human capital and payroll management	Percentage of vacancies filled, each financial year, for approved posts as per the revised organisational structure	Annual human resource (HR) report	HR	90%	--	--	--	100%	100%	This target was met.
			Percentage of trained staff with improved performance assessment outcomes, per annum	Annual HR report	HR	100%	--	--	--	100%	100%	This target was met.
			Percentage of performance agreements signed per total number of staff, per annum	Performance agreements	HR	100%	--	--	--	97.56% 40 out of 41 employees signed their performance contracts	97.56% 40 out of 41 employees signed their performance contracts	Only one employee did not sign an individual performance contract, because she was on maternity leave.

GPF STRATEGIC GOAL	GPF STRATEGIC OBJECTIVE	2017 OUTCOME/ MEASURABLE OBJECTIVE	PERFORMANCE MEASURE/ INDICATOR	MEANS OF VERIFICATION	REPORTED ON BY WHICH UNIT	REVISED TARGETS MID-TERM 2018/2019	Q1 01 APRIL 2018 - 30 JUNE 2018 ACTUAL PERFORMANCE	Q2 01 JULY 2018 - 30 SEPTEMBER 2018 ACTUAL PERFORMANCE	Q3 01 OCTOBER 2018 - 30 DECEMBER 2018 ACTUAL PERFORMANCE	Q4 1 JANUARY 2019 - 31 MARCH 2019 ACTUAL PERFORMANCE	ACTUAL ANNUAL PERFORMANCE	REASONS FOR VARIANCES
			Percentage of employee wellbeing programmes per HR plan, implemented per annum	Quarterly reports	HR	100%	100%	100%	100%	100% Two out of two employee wellness events were organised	100%	This target was met.
			Percentage of employment equity targets achieved IRO 'Women in Senior Management Positions'	Annual HR report	HR	45%	--	--	--	65%	65%	This target was exceeded.
			Percentage of employment equity targets achieved IRO total number of 'Persons with Disabilities'	Annual HR report	HR	2%	--	--	--	0	0	This target was not met as no job applications were received from this targeted group. Another contributing factor, was the suspension of further recruitment due to restructuring.
	4.3. Sound financial accounting, supply chain, portfolio, ICT) and Facilities management services, each financial year	ound financial management Provide sound legal, compliance and risk management services Improvement in GPF performance rating Ensure effective training Maintain staff satisfaction	Percentage variance between total budget and actual expenditure for the year to date	Management accounts/reports	Chief Financial Officer (CFO)/ Finance	Less than 5%	--	--	--	24%	24%	This target was not met as the activities initially budgeted for could not take place due to: (a) Changes in timelines for changes on the corporate form; (b) Consulting fees; and (c) Salaries.
			Percentage of the total financial and non-financial findings per the AGSA's report resolved, per annum	Auditor General Report	CFO/Finance	100%	--	--	--	75%	75%	This target was not met because:(a) The policy on arrears was not approved; and (b) Performance is set to be submitted with the annual financial statements (AFS) on 31/05/2019.

GPF STRATEGIC GOAL	GPF STRATEGIC OBJECTIVE	2017 OUTCOME/ MEASURABLE OBJECTIVE	PERFORMANCE MEASURE/ INDICATOR	MEANS OF VERIFICATION	REPORTED ON BY WHICH UNIT	REVISED TARGETS MID-TERM 2018/2019	Q1 01 APRIL 2018 - 30 JUNE 2018 ACTUAL PERFORMANCE	Q2 01 JULY 2018 - 30 SEPTEMBER 2018 ACTUAL PERFORMANCE	Q3 01 OCTOBER 2018 - 30 DECEMBER 2018 ACTUAL PERFORMANCE	Q4 1 JANUARY 2019 - 31 MARCH 2019 ACTUAL PERFORMANCE	ACTUAL ANNUAL PERFORMANCE	REASONS FOR VARIANCES
			Percentage of total fully compliant invoices received and paid within 30 days, per annum	Management accounts/finance reports	CFO/Finance	100%	100%	100%	100%	100%	100%	This target was met.
			Rand value of cash interest on income received, per annum	Management accounts/finance Reports	CFO/Finance	R75m	--	--	--	R69 794 103	R69 794 103	This target was not met due to renegotiated loan terms, arrears and provisions.
			Rand value of non-interest income, per annum	Management accounts/finance reports	CFO/finance	R1.3m	--	--	--	R55 910 122	R55 910 122	This target was exceeded due to the project management fee of R55m received from the GDHS for the first time in February 2019.
			Percentage of procurement spend targeting preferential procurement	Management accounts/finance Reports	CFO/Supply Chain Management (SCM)	75%	--	--	--	71.65%	75%	This target was met.
			Percentage of ICT systems uptime availability, each financial year	Finance/ICT reports	CFO/ICT	97%	99.31%	99.90%	99.2%	89%	97%	This target was met.
			Number of critical (Priority 1) reported IT incidents in accordance with the ICT Operations Management Policy	Finance/ICT reports	CFO/ICT	4	--	--	--	2	2	This target was exceeded.
			Percentage of IT systems developed in accordance with the ICT masterplan (IT strategy and IT APP), per annum	Finance/ICT reports	CFO/ICT	100%	--	--	--	0	0	No systems were developed due to SAP implementation.
			Percentage ratio of initiatives implemented against the planned initiatives as per the facilities plan, per annum	Finance/ICT reports	CFO/Facilities	100%	100%	87.5%	70%	42%	74.88%	This target not met due to the office reconfiguration that was not finalised.
			Percentage bad debts written off (as percentage of loan book), per annum	Portfolio management/finance reports	CFO/Portfolio Management	<5%	0%	0%	0%	0%	0%	This target was met.

GPF STRATEGIC GOAL	GPF STRATEGIC OBJECTIVE	2017 OUTCOME/ MEASURABLE OBJECTIVE	PERFORMANCE MEASURE/ INDICATOR	MEANS OF VERIFICATION	REPORTED ON BY WHICH UNIT	REVISED TARGETS MID-TERM 2018/2019	Q1 01 APRIL 2018 - 30 JUNE 2018 ACTUAL PERFORMANCE	Q2 01 JULY 2018 - 30 SEPTEMBER 2018 ACTUAL PERFORMANCE	Q3 01 OCTOBER 2018 - 30 DECEMBER 2018 ACTUAL PERFORMANCE	Q4 1 JANUARY 2019 - 31 MARCH 2019 ACTUAL PERFORMANCE	ACTUAL ANNUAL PERFORMANCE	REASONS FOR VARIANCES
			Percentage of installment monies actually received (collection rate) by the 22 <sup>nd</sup> of the following month (as a percentage of loan book), per annum	Portfolio management/ finance reports	CFO/Portfolio Management	>90%	62.76%	74.03%	54%	50.48%	50.48%	This target was not met, due to the following reasons: (a) A manual collection system is used, which causes delays in payments by clients; (b) The transaction is still in the process of foreclosure; and (c) Initial high vacancies.
			Percentage of non-performing loans (as percentage of loan book), per annum	Portfolio management/ finance reports	CFO/Portfolio Management	<5%	3.66%	4.05%	5.85%	1.07%	1.07%	This target was met.
			Percentage of arrears on loans (as percentage of loan book), per annum	Portfolio management/ finance reports	CFO/Portfolio Management	<2%	0.28%	0.15%	0.38%	0.51%	0.51%	This target was met.
			Reimbursement of liquidity facilities not later than one calendar month after quarter, per annum	Portfolio management/ finance reports	CFO/Portfolio Management	One month after end of quarter	Drawdown for PIC submitted No drawdown for FG	15 October 2018	0%	As the Futuregrowth reimbursement amounted to less than R5 million, there was no reimbursement	0	This target was not met as the reimbursement request to the PIC has not been issued yet, due to the PIC's internal processes.
	4.4 Provide sound legal, compliance and risk management, each financial year		Percentage of requested legal documents and opinions reviewed and/or drafted each year, to completion	Central matter index and securities report AGSA report	Legal	80%	88%	100%	94%	90%	93%	This target was exceeded.
			Percentage of total number of litigated matters managed to finalisation each year	Central matter index and securities report AGSA report	Legal, Compliance and Risk Management	60%	--	--	--	13%	13%	This target was not met, as litigation is in the hands of the courts and is subject to the court schedule. A litigation matter is on average concluded within a minimum of two years, depending on whether it is opposed or not. Of the eight cases filed for litigation at the beginning of the financial year, only one was finalised.

GPF STRATEGIC GOAL	GPF STRATEGIC OBJECTIVE	2017 OUTCOME/ MEASURABLE OBJECTIVE	PERFORMANCE MEASURE/ INDICATOR	MEANS OF VERIFICATION	REPORTED ON BY WHICH UNIT	REVISED TARGETS MID-TERM 2018/2019	Q1 01 APRIL 2018 - 30 JUNE 2018 ACTUAL PERFORMANCE	Q2 01 JULY 2018 - 30 SEPTEMBER 2018 ACTUAL PERFORMANCE	Q3 01 OCTOBER 2018 - 30 DECEMBER 2018 ACTUAL PERFORMANCE	Q4 1 JANUARY 2019 - 31 MARCH 2019 ACTUAL PERFORMANCE	ACTUAL ANNUAL PERFORMANCE	REASONS FOR VARIANCES
			Percentage of legally binding loan agreements signed each year, in respect of instructions received	Central matter index and securities report AGSA report	Legal, Compliance and Risk Management	80%	0	65%	72%	80%	55%	This target was not met. There were no projects approved in the first quarter. Therefore, no instructions to draft agreements were received.
			Percentage of identified low and insignificant risks addressed per annum	Fraud and risk management report and enterprise risk register	Legal, Compliance and Risk Management	100%	--	--	--	100%	100%	This target met.
			Percentage of identified moderate risks addressed per annum	Fraud and risk management report and enterprise risk register	Legal, Compliance and Risk Management	100%	--	--	--	100%	100%	This target met.
			Percentage of identified significant and major risks managed and reduced each year, for the purpose of achieving organisational objectives	Fraud and risk management report and enterprise risk register	Legal, Compliance and Risk Management	51%	--	--	--	100%	100%	This target met.
			Percentage of registered mortgage bonds in place as sufficient security for loans IPO signed loan agreements, per annum	Central matter index and securities report AGSA report	Legal, Compliance and Risk Management	100%	0%	12%	33%	0%	25%	This target was not met. Seven mortgage bonds were registered in the year, however, five of these pertained to loan agreements concluded in the previous year.

GPF STRATEGIC GOAL	GPF STRATEGIC OBJECTIVE	2017 OUTCOME/ MEASURABLE OBJECTIVE	PERFORMANCE MEASURE/ INDICATOR	MEANS OF VERIFICATION	REPORTED ON BY WHICH UNIT	REVISED TARGETS MID-TERM 2018/2019	Q1 01 APRIL 2018 - 30 JUNE 2018 ACTUAL PERFORMANCE	Q2 01 JULY 2018 - 30 SEPTEMBER 2018 ACTUAL PERFORMANCE	Q3 01 OCTOBER 2018 - 30 DECEMBER 2018 ACTUAL PERFORMANCE	Q4 1 JANUARY 2019 - 31 MARCH 2019 ACTUAL PERFORMANCE	ACTUAL ANNUAL PERFORMANCE	REASONS FOR VARIANCES
	4.5. Provide effective and timely communication, public relations and marketing services, each financial year	Effective and timely communication	Number of stakeholder engagements with investors, per annum	Marketing reports/ minutes of meetings	Marketing and Communications	2	1	0	0	0	1	This target not met, as engagements with investors were placed on hold, due to organisational restructuring.
			Number of stakeholder engagements with Mega Project developers, per annum	Marketing reports/ minutes of meetings	Marketing and Communications	4	--	2	1	0	3	This target was not met as the last joint event with the Gauteng Human Settlements have been cancelled
			Number of public awareness initiatives on GPF's brand, programmes and services, per annum	Marketing reports/ minutes of meetings	Marketing and Communications	25	--	--	6	15	21	This target was not met, as marketing activities had to be reduced due to organisational restructuring.
			Percentage of requested marketing material designed and produced per annum	Marketing reports/ minutes of meetings	Marketing and Communications	100%	--	100%	--	100%	100%	This target met



**EERSTERUS- PROPERTY BEST**



# **PART C**

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## GOVERNANCE



**BRAAMFONTEIN- ORDICODE**

# 1 Governance Report

## 1.1 The Accounting Authority / Board of Trustees

The Board of Trustees is the Accounting Authority of the GPF. The GPF has a unitary board, which comprises both Executive and Non-executive Trustees. The Board subscribes to the values of good corporate governance and recognises the requirement to conduct the business of the GPF with integrity and in accordance with generally accepted corporate governance practices enunciated in the King IV Report on Corporate Governance in South Africa. The role of the Chairperson and the CEO are separate with clear responsibilities delineated between them. Non-executive Trustees maintain an independent stance to matters under consideration and add to the Board's depth of experience and expertise. The Board or any of the Trustees may, under appropriate circumstances and the expense of the GPF, obtain the advice of independent professionals to assist them to exercise their fiduciary responsibilities. To enhance good corporate governance and ensure that the entity is governed ethically and in accordance with parameters of accepted corporate practices, the Board opted to appoint a Company Secretary. The Board and the individual Trustees have unlimited access to the Company Secretary, who acts as an advisor to the Board and the Trustees on matters of corporate governance, compliance, rules and procedures, statutory requirements and best corporate practices.

The GPF is committed to:

- The highest standards of integrity and behaviour in all its dealings with its stakeholders and society at large;
- Executing business through fair commercial and competitive practices;
- Eliminating discrimination and enabling employees to realise their potential through continuous training and development of their skills; and
- Being responsible towards environmental and social issues.

The Board is accountable to the Executive Authority in terms of the strategic plan concluded in accordance with the provisions of the Public Finance Management Act (PFMA). The Board provides monthly, quarterly and annual reports on its performance and service delivery to the Executive Authority as prescribed in the strategic plan, the PFMA and the Treasury Regulations. Currently, the Board consists of eleven (11) Non-executive Trustees and one (1) Executive Trustee, namely the CEO. The Board entrenched sound governance within the GPF.

The Board forms the core of the GPF's governance system and is responsible for:

- Providing effective, transparent, accountable and proper oversight on the affairs of the GPF;
- Providing clear strategic direction to the entity;
- Ensuring that appropriate management structures are in place to ensure effective day-to-day operation of the organisation;
- Reviewing and determining appropriate financial objectives for the GPF, including significant capital allocations and expenditure;
- Ensuring that the GPF's size, diversity and skills are sufficient to achieve its strategic objectives;
- Promoting a culture of ethical behaviour;
- Entrenching sound corporate governance through an integrated governance structure; and
- Compliance with all relevant laws, regulations and codes of good practice.

**Table 1: Composition of the GPF board**

Board member	Designation	Race	Gender	Date appointed	Date resigned
Lindiwe Mthimune	Chairperson (Non-Executive)	African	Female	17 October 2016	N/A
Clifford Motsepe	Deputy Chairperson (Non-Executive)	African	Male	17 October 2016	N/A
Simphiwe Dzegwa	CEO (from 1 December 2018)	African	Male	01 December 2018	N/A
Busisiwe Nzo	Non-Executive	African	Female	17 October 2016	N/A
Enoch Kubeka	Non-Executive	African	Male	17 October 2016	N/A
Geoffrey Makhubo	Acting CEO (from 1 April 2018 to 31 December 2018)	African	Male	01 June 2017	N/A
Maseapo Kganedi	Non-Executive	African	Female	01 February 2018	N/A
Nangamso Maponya	Non-Executive	African	Female	01 February 2018	N/A
Moepa Mphahlele	Non-Executive	African	Male	17 October 2016	N/A
Rachel Kalidass	Non-Executive	Indian	Female	17 October 2016	N/A
Timothy Sukazi	Non-Executive	African	Male	17 October 2016	N/A
Zimbini Hill	Non-Executive	African	Female	01 February 2018	N/A

The Trustees have a range of different skills and experience that they bring to bear for the benefit of the GPF. These include accounting, finance, banking, business management, human resources and labour relations, housing, governance, and legal and compliance. This ensures an appropriate balance which brings a sense of perspective and adds value and insight for strategic decision making.

**Table 2: Board skills complement and committee membership**

Board member	Qualifications	Expertise	Board Committee Membership
<b>Lindiwe Mthimunya</b>	CA (SA) MCom Postgraduate Diploma in Tax Law Postgraduate Diploma in Accounting BCom	Leadership Finance Accounting Strategy Business management Governance Housing finance	<ul style="list-style-type: none"> <li>Funding Committee</li> <li>Investment Committee</li> </ul>
<b>Clifford Motsepe</b>	Advocate of the High Court LLB BProc	Legal Business management Leadership Strategy Governance Compliance	<ul style="list-style-type: none"> <li>Investment Committee (Chairperson)</li> <li>Human Resources and Remuneration Committee</li> <li>Policy Review Committee (ad hoc)</li> </ul>
<b>Simphiwe Dzegwa</b>	CEO (from 1 December 2018) MBA Certificate in Development Finance Masters in Public Administration (MPA) Honours in Political Science BA in Political Science	Leadership Finance Accounting Strategy Business management Governance	<ul style="list-style-type: none"> <li>Human Resources and Remuneration Committee</li> <li>Investment Committee</li> <li>Funding Committee</li> <li>Policy Review Committee (ad hoc)</li> </ul>
<b>Busisiwe Nzo</b>	PrQS BSc (QS) Hons Property Development Programme BSc	Property development Construction Leadership Strategy Business management	<ul style="list-style-type: none"> <li>Human Resources and Remuneration Committee</li> <li>Investment Committee</li> </ul>
<b>Enoch Kubeka</b>	BCompt (Hons) BCom	Housing finance Finance Compliance Governance Leadership	N/A
<b>Geoffrey Makhubo</b>	Postgraduate Diploma in Management Advanced Management Diploma BCom	Business management Leadership Strategy Housing finance Finance Compliance Governance	<ul style="list-style-type: none"> <li>Funding Committee</li> <li>Investment Committee</li> <li>Human Resources and Remuneration Committee</li> <li>Policy Review Committee (ad hoc)</li> </ul>
<b>Maseapo Kganedi</b>	LLM LLB Diploma in Legislative Drafting Certificate in Pension Law Certificate in Corporate Governance BProc	Legal Leadership Strategy Governance Compliance	<ul style="list-style-type: none"> <li>Human Resources and Remuneration Committee</li> </ul>
<b>Nangamso Maponya</b>	Master in Finance and Investments MSc in Finance and Investments Chartered Banker MBA (Bangor University) General Management Programme (Harvard Business School)	Finance Investments Accounting Leadership Strategy Governance Compliance	<ul style="list-style-type: none"> <li>Audit and Risk Committee</li> <li>Fundraising Committee</li> <li>Policy Review Committee (ad hoc)</li> </ul>
<b>Moepa Mphahlele</b>	Masters in Financial Economics	Microfinance Business management Leadership Strategy Governance Compliance	<ul style="list-style-type: none"> <li>Human Resources and Remuneration Committee</li> <li>Investment Committee</li> </ul>
<b>Rachel Kalidass</b>	CA (SA) BCompt CTA BCom (Hons) BCom	Finance Accounting Audit Leadership Strategy Governance Compliance	<ul style="list-style-type: none"> <li>Human Resource and Remuneration Committee (Chairperson)</li> <li>Audit and Risk Committee</li> <li>Policy Review Committee (Chairperson) (ad hoc)</li> </ul>
<b>Timothy Sukazi</b>	LLM LLB Certificate in Practical Legal Training BProc	Legal Business management Leadership Strategy Governance Compliance	<ul style="list-style-type: none"> <li>Fundraising Committee (Chairperson)</li> <li>Audit and Risk Committee</li> <li>Policy Review Committee (ad hoc)</li> </ul>
<b>Zimbini Hill</b>	MBA Postgraduate Diploma in Accounting BCom	Marketing Accounting Business management Leadership Strategy Governance	<ul style="list-style-type: none"> <li>Audit and Risk Committee</li> </ul>

During the year under review the Board was presided over by a Non-executive Chairperson, Ms. Lindiwe Mthimunye. The Chairperson encouraged proper deliberation of all matters requiring the Board's attention and guided the Board in an effective, transparent and accountable manner.

The Board meets regularly, retains full and effective control of the GPF and monitors the implementation of the GPF's strategic programmes by the executive management through a structured approach to reporting and accountability. It sets the strategic direction of the GPF, exercises coherent oversight and monitors overall performance of the entity. All the GPF's Board Committees are chaired by independent Non-executive Directors.

In terms of its Charter, the Board meets no less than four times a year to consider matters specifically reserved for its attention. During the period under review, the Board established four (4) standing sub-committees and one (1) ad hoc committee. The term of office of a Non-executive Member of the Board is three (3) years and the Executive Authority reserves the option to increase the number of years that a Member may serve.

The effectiveness and performance of all Board Members is assessed annually. The Board reviews are undertaken by the Institute of Directors which is an independent service provider. The Chairperson of the Board reviews the performance of the CEO, and the CEO reviews the performance of executive management, on an annual basis.

## 1.2 Board committees

### 1.2.1 Audit and Risk Committee

Nangamso Maponya (Chairperson)  
Rachel Kalidass  
Timothy Sukazi  
Zimbini Hill  
Geoffrey Makhubo

The Audit and Risk Committee consists of five (5) Non-executive Trustees and meets no less than four (4) times a year. Members of this committee possess expertise in finance, accounting, and auditing and risk management. It has the specific responsibility of ensuring that all activities of the GPF are subject to independent and objective review and audit, and of monitoring the GPF's relationship with its auditors, on behalf of the Board and other stakeholders. The Committee has an Audit and Risk Committee Charter with clear terms of reference as guided by the provisions of the PFMA and approved by the Board.

Among others, the Committee has the following responsibilities:

- Monitoring and evaluation of the audit risk and maintenance of internal controls within the GPF;
- Oversight of the external and internal audit processes;
- Application of the combined assurance model to ensure a coordinated approach to all assurance activities;
- Oversight of internal controls and financial reporting;
- Review of risk areas of the GPFs operations, as covered by the scope of internal and external audits;
- Encouragement of continuous improvement of, and fostering adherence to, the GPFs' policies, procedures and practices at all levels;
- Facilitation of open communication between the independent auditor, financial and senior management, the internal audit function and the Board;
- Review of the GPF's internal controls and published financial reports for statutory compliance and against standards of best practice, and recommending appropriate disclosure to the Board;
- Review of reports from management and the internal and external auditors, to provide reasonable assurance that control procedures are in place and being followed;
- Consideration of the appointment of both the internal and external auditor, the audit fee and any questions of resignation or dismissal of auditors; and
- Review of the half-yearly and AFS before submission to the Board, focussing particularly on any changes in accounting policies and practices.

During the year under review, the Audit and Risk Committee conducted eight (8) ordinary meetings and one (1) special meeting. In these meetings, the Committee amongst other, considered the following matters:

- Progress on the concerns raised by the AGSA on the entity's financial statements and audit report for the previous financial year;
- The AGSA's audit plan for the end of year audit and the GPF's unaudited AFS for submission to the AGSA for auditing;
- Approval of the internal audit function's three-year risk-based rolling audit plan;
- Internal audit reports in terms of the annual audit plan;

- Draft quarterly reports and the AFS;
- The risk management register and risk management reports; and
- IT Governance Reports.

The external and internal auditors attend the meetings of the Audit and Risk Committee and have direct access to the Chairperson of the Committee and the Chairperson of the Board.

### **1.2.1 Investment Committee**

Clifford Motsepe (Chairperson)  
Lindiwe Mthimunye  
Busisiwe Nzo  
Maepa Mphahlele  
Simphiwe Dzungwa (CEO)

The Investment Committee consists of four (4) Non-executive Trustees and the CEO and meets no less than four (4) times a year. Members of this Committee possess expertise in finance, investment banking, accounting, property economics and risk management. During the period under review this committee met six (6) times to deliberate on matters within its mandate as provided in its Charter. The primary purpose of the Committee is to assess the business and investment risks associated with investments and developments undertaken by the GPF with a view to ensuring that management maintains these at acceptable levels. The Investment Committee furthermore assesses, evaluates and recommends to the Board the approval of transactions, valuations, impairments, exercising options or decisions related to investments in and dis-investments from approved investments above its approval thresholds, as determined by the GPF's Investment Policy.

### **1.2.2 Human Resources and Remuneration Committee**

Rachel Kalidass (Chairperson)  
Clifford Motsepe  
Maepa Mphahlele  
Maseapo Kganedi  
Busisiwe Nzo  
Simphiwe Dzungwa (CEO)

In line with best practices for corporate governance, the Board maintains a Human Resources and Remuneration Committee, comprising five (5) Non-executive Trustees and the CEO. The Committee is chaired by a Non-executive Chairperson. The primary role of the Committee is to assist the Board with determining the GPF's human resource philosophy and strategy including, but not limited to, performance management, employee discipline, labour relations, succession planning, occupational health and safety matters and human resource risks. It ensures that the GPF remunerates all employees fairly and responsibly. The Committee meets no less than four (4) times a year.

The CEO is excluded from the Committee deliberation when matters relating to his remuneration are discussed.

This Committee met six (6) times during the 2018/2019 financial year. Among others, the Committee considered the following matters:

- The GPF's annual employee salary reviews;
- Organisational review and design;
- Organisational change management; and
- Recruitment and appointment of the CEO.

### **1.2.3 Funding Committee**

Timothy Sukazi (Chairperson)  
Lindiwe Mthimunye  
Nangamso Maponya  
Geoffrey Makhubo  
Simphiwe Dzungwa (CEO)

The Funding Committee consists of four (4) Non-executive Trustees and the CEO and meets no less than four (4) times a year. Members of this Committee possess expertise in finance, investment banking, accounting, property economics and risk management. During the period under review this committee met three (3) times to deliberate on matters within its mandate as provided in its Charter. The primary purpose of the Committee is to consider and oversee the fundraising strategies of the GPF to finance its activities.

### 1.2.4 Policy Review Committee

The Board established an *ad hoc* Committee to review all of the GPF's policies and procedures. The Policy Review Committee (PRC) is constituted of the Chairpersons of the four (4) Board Sub-Committees. The PRC met six (6) times during the period under review to consider the Board and Committee Charters and the various GPF policies and procedures pertaining to finance, supply chain management, governance and information and communications technology. It is envisaged that the work of the committee will be completed by the second quarter of the new financial year and that it will be recommended for dissolution.

## 1.3 Board activities

### 1.3.1 Board meetings

The Board met five (5) times during the year under review to consider matters specifically reserved for its attention.

**Table 3: Total Board meetings conducted from April 2018 – March 2019**

	Ordinary	Special	Total meetings for the year
Board	5	2	7
Audit and Risk Committee	8	1	9
HR and Remuneration Committee	5	1	6
Investment Committee	6	0	6
Funding Committee	3	0	3
Policy Review Committee (ad hoc)	6	0	6

The table below summarises the meeting attendance of the Trustees of the Board, as well as the Committee meetings for the period under review. The Board Charter stipulates that when a Trustee fails to attend more than three (3) consecutive Board or Board Committee meetings, that Trustee must be requested to resign from the Board of the GPF. No Trustee was asked to resign due to non-attendance during the period under review.

**Table 4: Board and Committee meetings and attendance from April 2018 – March 2019**

Name	Board				Audit and Risk				Investment				Funding				HR and Remuneration			
	No of Meetings	Attendance	Apology	Absent	No of Meetings	Attendance	Apology	Absent	No of Meetings	Attendance	Apology	Absent	No of Meetings	Attendance	Apology	Absent	No of Meetings	Attendance	Apology	Absent
L Mthimunya	7	7	0	0	n/a	n/a	n/a	n/a	6	6	0	0	3	2	1	0	n/a	n/a	n/a	n/a
C Motsepe	7	3	4	0	n/a	n/a	n/a	n/a	6	4	2	0	n/a	n/a	n/a	n/a	6	5	1	0
S Dzengwa	3	3	0	0	3	3	0	0	3	2	1	0	1	1	0	0	3	3	0	0
B Nzo	7	6	1	0	n/a	n/a	n/a	n/a	6	5	1	0	n/a	n/a	n/a	n/a	6	5	1	0
E Kubeka	7	3	4	0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
G Makhubo	7	4	3	0	9	8	1	0	5	4	1	0	3	2	1	0	6	5	1	0
M Mphahlele	7	4	3	0	n/a	n/a	n/a	n/a	6	6	0	0	n/a	n/a	n/a	n/a	6	4	2	0
M Kganedi	7	5	2	0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	6	4	0	0
N Maponya	7	7	0	0	9	9	0	0	n/a	n/a	n/a	n/a	3	3	0	0	n/a	n/a	n/a	n/a
R Kalidass	7	6	1	0	9	9	0	0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	6	5	1	0
T Sukazi	7	6	1	0	9	9	0	0	n/a	n/a	n/a	n/a	3	3	0	0	n/a	n/a	n/a	n/a
Z Hill	7	7	0	0	9	6	3	0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

### 1.3.2 Trustees' remuneration

**Table 5: Board of Trustees' remuneration and allowances**

Name	Remuneration	Other allowances	Performance bonus	Total
L Mthimunya	458 043	11 424	n/a	469 467
C Motsepe	177 902	0	n/a	177 902
S Dzengwa (CEO from 1 December 2018)	1 107 057	0	0	1 107 057
B Nzo	219 555	159 854	n/a	379 409
E Kubeka	0	0	n/a	0
G Makhubo (Acting CEO from 1 April 2018 to 31 December 2018)	2 184 188	0	235 323	2 419 511
M Mphahlele	199 882	0	n/a	199 882

Name	Remuneration	Other allowances	Performance bonus	Total
M Kganedi	145 088	4 654	n/a	149 742
N Maponya	457 895	20 703	n/a	478 598
R Kalidass	669 707	0	n/a	669 707
T Sukazi	470 442	0	n/a	470 442
Z Hill	205 484	128 699	n/a	334 183
<b>TOTAL</b>	<b>6 295 243</b>	<b>325 334</b>	<b>235 323</b>	<b>6 855 900</b>

All Non-executive Trustees are paid a stipend calculated at the South African Institute of Chartered Accountants (SAICA) rates in terms of the Board Charter and the Trust Deed. Trustees that are in fulltime employment of government, such as the representative of the Executive Authority, namely Mr E Kubeka, are not entitled to a stipend. The CEO is an Executive Trustee in the fulltime employment of the GPF and is paid a salary and as such does not receive a Board stipend. Trustees are reimbursed by the GPF for all travelling- and related expenses for official GPF business undertaken.

In accordance with the guidelines of the South African Revenue Services (SARS), the GPF deducts no taxes from the Non-executive Trustees' remuneration. Executive trustees are subject to all taxes and deductions that are applicable to fulltime employees of the GPF.

### 1.3.3 Minimising conflict of interest

In accordance with its Conflict of Interest Policy, the GPF maintains a register of Trustees' declarations of interest. The register of declarations is updated annually and as and when each Trustee's declared interest changes.

The GPF ensures that the declaration of interest is on the agenda of every Board and Board Committee meeting to enable the Trustees to declare any interest in relation to every matter that is set for discussion at any particular meeting. No new declarations were made by the Trustees on any matter that was on the agendas of the Board or Board Committee meetings during the year under review.

Further, in terms of the Conflict of Interest Policy and their basic conditions of employment, all GPF employees are required to complete declarations of interest with regards to shareholding in private companies, membership of close corporations, directorships held, partnerships and joint ventures, remunerative employment outside of the GPF and gifts and hospitality. A gift register is maintained by the Legal, Risk and Compliance Unit of the GPF.

All GPF employees made their declarations for the year under review and there were no employees who held outside interests that might pose conflict with the business of the GPF.

## 1.4 Board Charter

The GPF Board adopted a Board Charter. The Charter is aligned with the provisions of the Trust Deed, as amended, the PFMA and any other applicable laws or regulatory provisions. The Charter sets out the roles, functions, obligations, rights, responsibilities and powers of the Board. The Charter determines that the Board must act as the focal point for, and the custodian of, corporate governance by managing its relationship with management, the Executive Authority, the GDHS and other stakeholders of the GPF, in alignment with sound corporate governance principles. It emphasises that the Board must assume ultimate accountability and responsibility for the performance and affairs of the GPF and, in so doing, must effectively represent and promote the legitimate interests of the GPF.

The Charter furthermore stipulates that the Board must:

- At all times, retain full and effective control of the GPF, direct and supervise the business and affairs of the GPF, and ensure that the entity complies with the applicable laws;
- Fulfil its responsibility to the broader stakeholders which include, inter alia, the present and potential beneficiaries of the GPF's services, clients, suppliers, employees and the wider community to achieve continuing prosperity for the GPF;
- Carry full fiduciary responsibility and owe a duty of care and skill to the GPF in terms of the Trust Deed, PFMA, the Trust Property Control Act, Companies Act, common law and the code of ethics;
- Exercise leadership, enterprise, integrity and judgement in directing the GPF's affairs to achieve continuing prosperity within the context of transparency and accountability;
- Oversee, approve, monitor and review the GPF's corporate strategy, major plans of action, key company policies, appropriate systems, annual reports, annual budgets and business plans;
- Establish performance objectives to enable it to measure management's performance and the progress of the GPF in attaining its goals, objectives and targets;

- Develop clear definitions of the levels of appropriate materiality or sensitivity to determine the scope and delegation of its authority and to ensure that it reserves specific powers and authority for itself. All delegated authority must be in writing and must be evaluated on a regular basis;
- Oversee potential conflict of interest of Board members, management, and employees of the GPF;
- Oversee the GPF's values and ethics and ensure that an appropriate corporate code of ethics is in place;
- Approve the AFS of the GPF;
- With the aid of its Audit and Risk Committee, gain assurance that the strategy and business plans of the GPF do not give rise to risks that were not thoroughly identified and assessed by management. The Board must also take overall responsibility for the governance of enterprise risk and for information technology governance and risk management;
- Ensure that management implements and maintains an effective groupwide risk management framework and ensure that key risk areas and key performance indicators of the business are identified and monitored;
- Ensure that, the responsibility for the day-to-day management of the GPF remains vested with executive management, and in particular with the CEO, within the powers, authorities and responsibilities delegated to them by the Board. The Board must provide strategic direction and support to executive management, in the execution of its duties; and
- Ensure that all Trustees have unrestricted access to all company information, records, documents and property. The Company Secretary must assist the Board or any member thereof by providing any information or document that may be required.

## 1.5 Risk management and internal controls

Risk management is an integral part of good governance at the GPF. There is a shared awareness and understanding within the organisation of the nature and extent of the risks it faces; the categories and extent of those risks that are regarded as acceptable and the likelihood and potential impact of the risks materialising. There is regular and ongoing identification, evaluation, management, monitoring and reporting of risks with a view to improve the organisation's ability to manage and reduce the incidence or impact of risks that do materialise on the organisation. An appropriate assessment is made of the costs of operating particular controls relative to the benefit obtained in managing the related risk.

The GPF Board monitors risks through the Audit and Risk Committee. The Committee bears overall accountability for ensuring effective risk management processes in the organisation. It recommends to the Board risk strategies and policies that must be set, implemented and monitored.

The GPF identified its risk areas and developed a risk register to ensure that the identified risks are properly managed. The internal audit function of the GPF is outsourced to an external service provider, A2A Kopano, who also assists the Board and executive management in proper risk management in the organisation.

The GPF ensures effective internal controls. This is undertaken through various business units across the organisation. These business units, where practically possible, maintain strict segregation of duties. These include, among others, the Finance Unit, Supply Chain Management Unit, Legal, Risk and Compliance Unit, Projects Management Unit, and the IT and Human Resources Unit.

## 1.6 Internal audit function

The internal audit function is outsourced to A2A Kopano. Internal audits are conducted based on a risk-based audit plan, as well as an audit programme. This function was established in terms of section 51 of the PFMA.

The GPF's internal audit function is an independent, objective, assurance function designed to add value and improve the operations of the GPF. It ensures a systematic, disciplined approach in the evaluation and improvement of the effectiveness of risk management, controls and governance processes.

The Board, acting through the Audit and Risk Committee, defined the responsibilities of the internal audit function, taking into consideration all relevant legislative, governance and professional requirements. The function's primary responsibility is to assist the Board and the Accounting Officer in the effective discharge of their responsibilities and to provide strategic support to management. It contributes to the establishment of adequate and effective systems of governance, risk management and internal controls by providing recommendations to improve the effectiveness and efficiency of the GPF's operations.

The internal audit function prepared a risk-based annual audit plan for the period under review. The plan was approved by the Audit and Risk Committee. Quarterly progress reports are submitted to the Audit and Risk Committee which details performance against the annual internal audit plan to allow for effective monitoring and timely interventions by the Board and/or management, as and when necessary.

The internal audit function provided a written assessment of the effectiveness of the GPF's systems of internal controls and risk management.

## 1.7 Corporate ethics and organisational integrity

The GPF is committed to:

- The highest standards of integrity and behaviour in all its dealings with its stakeholders and society at large;
- Executing business through fair commercial and competitive practices;
- Eliminating discrimination and enabling employees to realise their potential through training and development of their skills;
- Being responsible towards environmental and social issues; and
- Ensuring that its employees perform their duties conscientiously, honestly and in accordance with the best interests of the GPF to optimise its business objectives.

### 1.7.1 Transparency

A core value and principle of the GPF is full disclosure and transparency, especially in matters of public concern, such as its developments. In support of this, the GPF complies fully with the Promotion of Access to Information Act No. 2 of 2000, as amended. This act requires that the GPF compile a manual to provide information to the public on the procedure that must be followed when requesting information from us, for the purpose of exercising or protecting their rights.

The GPF compiled such a manual, which not only complies with the provisions of the act, but also aims to foster a culture of transparency and accountability in our environment. Essentially, the aim is to ensure that members of the public have effective access to information in our possession which could assist them in the exercise and protection of their rights.

### 1.7.2 Ethical management policies and practices

As already noted above, the GPF is committed to the highest levels of ethical management and good corporate governance. For this reason, the GPF has a code of ethics which is communicated and enforced throughout the organisation. The code is supported by a policy that outlines disciplinary procedures and rules applicable to all staff members, to ensure the highest standards of integrity and professionalism. These policies ensure that the GPF conducts its business in accordance with the principles of fair commercial and competitive business practices. It furthermore promotes the elimination of unfair discrimination and enables employees to realise their potential through continuous training and skills development.

### 1.7.3 Sustainability report

In all its activities, whether it is the provision of loans for construction or actual development of the assets, the GPF is always conscious of our responsibility to the environment and sustainability. All the GPF's developments are required to comply with all legislation and ordinances in respect of environmental impact assessments and we will not commence or encourage any of our customers to commence with construction development activities, unless the requisite approvals are received from the relevant environmental authorities. Going forward, the GPF will consider the adoption of the Green Building guidelines for inclusion during the project conceptualisation stage of the Mega Human Settlement Projects and the other projects that it is funding.

## 1.8 Company Secretary

The GPF appointed a Company Secretary to assist the Board in the implementation of good governance within the organisation. The Company Secretary is responsible for the flow of information between the Board and the Executive Authority and ensures compliance with Board Charters and procedures. In addition to various statutory functions, the Company Secretary provides individual Trustees and the Board as a whole with guidance on their fiduciary duties and powers, as well as advice on compliance and the impact of legislative requirements. The Company Secretary also advises management on the requirements and expectations of the Board and the Trustees while maintaining an independent and arm's length relationship with management.

The primary role of the Company Secretary is, *inter alia*:

- Acts as a custodian of compliance, ethics and good corporate governance;
- Maintenance of Board and Committee Charters;
- Compilation of Board papers;
- Maintenance of Board registers, minutes and resolutions;
- Providing legal and professional support to the Board and individual Trustees; and
- Acting as a point of contact between the Board, Management, Executive Authority and other Stakeholders.

The Company Secretary hereby confirms that the GPF and its Board complied with provisions of the Trust Deed and the applicable statutory provisions of the Trust Property Control Act 53 of 1988, its Charters, the PFMA and Treasury Regulations as applicable to governance of provincial state entities.



**Thanduxolo Mendrew**

Company Secretary

## 1.10 Audit Committee Report

The Audit and Risk Committee has complied with its statutory responsibilities arising from section 51 (1)(a)(ii) of the Public Finance Management Act and Treasury Regulation 27.1.

The committee has adopted appropriate formal terms of reference in a form of an Audit and Risk Committee Charter and has regulated its affairs in compliance with this Charter. It has discharged all its responsibilities as contained therein and has also reviewed the appropriateness of accounting policies and practices. Further, the committee is satisfied that it has assisted the Board and the CEO with the following activities:

- Safeguarding of assets, including operation of adequate systems, control and reporting process together with the preparation of accurate reporting and financial statements in accordance with all applicable accounting standards and regulatory requirements;
- Overseeing the activities and ensuring coordination between, the activities of internal audit and external audit;
- Providing a forum for discussing exposures to financial and enterprise-wide risks; and establishing monitoring of controls designed to manage and minimise risks; and
- Reviewing the GPF's financial and performance information.

### Effectiveness of Internal Controls

Based on the review of internal controls undertaken by the auditors during the period under review and having considered the information, statements and explanations given by management, the Audit and Risk Committee is of the opinion that GPF's systems are effective and formed a sound basis for the preparation of reliable Annual Financial Statements for 2018/19 financial year.

The Committee has however, emphasised that systems can be enhanced to ensure improved internal controls going forward particularly around supply chain management and Information and Communication Technology.

## 1.11 Internal audit function

The GPF has outsourced its internal audit function to an independent service provider, A2A Kopano for a period of 3 years ending in September 2020.

The Committee is responsible for ensuring that the GPF's outsourced internal audit function is independent and has the necessary resources, standing and authority to discharge its duties. . The internal audit's annual audit plan and the 3-year risk based audit plan were reviewed and approved by the Committee for implementation.

### The following internal audit work was completed during the year under review:

TYPE	TOTAL PLANNED AUDITS	TOTAL COMPLETED
Regulatory and Compliance Audit	6	5
Performance Audit	4	4
IT Audit	2	2
Total Planned Audits	16	15
Ad Hoc Audits	2	5

The Committee reviewed all internal audit reports and is satisfied with its activities, including the performance against its annual work programmes, co-ordination with external auditors, reports on significant investigations and the responses of management to specific recommendations.

There has not been major accounting concerns noted or brought to the Committee's attention by internal auditors.

## External auditors

The Committee has engaged the Auditor-General, as the external auditors and invited them to all its meetings. In as far as the requirements of the Auditor-General engagement, the committee is satisfied that it has complied with its legal, regulatory and other responsibilities as well as the audit plan and the budget for external audit for the period under review.

Further, the committee has reviewed the audited annual financial statements and the Auditor-General's management report, with management's responses thereto and discussed these with the Auditor-General and the Board of Trustees. The Committee has also reviewed the accounting policies and practices and considered the appropriateness of such.

### In-Year Management and Monthly/Quarterly Report

The GPF has submitted four quarterly reports to the Executive Authority.

### Evaluation of Financial Statements and Annual Report

The Committee has reviewed the annual financial statements prepared for the year ended 31 March 2019 and satisfied itself that these statements were prepared in accordance with the South African Standards of GRAP issued by the South African Accounting Standards Board and have complied in all material respects with the requirements of the PFMA.

## Auditor's report

The Committee reviewed the GPF's implementation plan for audit issues raised in the prior year and is satisfied that the matters have been adequately resolved.

The Committee concurs and accepts the conclusions of the external auditor on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor-General.



**Nangamso Maponya**

Chairperson of the Audit and Risk Committee  
Gauteng Partnership Fund



## PART D

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# HUMAN RESOURCE MANAGEMENT



**OUR STAFF**

# 1. INTRODUCTION

## • Overview of HR matters at the public entity

During the year under review, the Human Resource Unit focused its attention on a number of issues. Primary to these was the change management process which culminated in the development of the Values Tree that is geared at mobilising staff towards working in a collaborative manner. Other matters that the HR Unit undertook was the recruitment and placement of the Chief Executive Officer, Company Secretary and the Human Resource Manager. The new organisational structure and a migration strategy were approved by the Board.

## • Set HR priorities for the year under review and the impact of these priorities

- Implementation of Change Management initiatives in order to align staff with the organisational plan and priorities
- The finalisation of the new organisational structure with the view to align the organisation with its new mandate.
- The filling of vacant and critical posts including the Chief Executive Officer, the Company Secretary and the Human Resource Manager, in order to stabilise the operations of the organisation.
- The annual review of HR policies in order to align them with best practice and the changing labour environment.

## • Workforce planning framework and key strategies to attract and recruit a skilled and capable workforce

- A Human Resource Plan supporting the new GPF mandate was developed prioritising the filling of key positions
- Job profiles were also reviewed and where necessary, developed to ensure alignment to the new organisational strategic objectives. Jobs were also evaluated and graded to ensure that the compensation levels were competitive and market related.
- The skills audit conducted also assisted in identifying competency gaps within the organisation.

## • Employee performance management framework

During the year under review a Performance Management Framework was developed as part of the policy review process. This has formed the basis within which performance is managed within GPF.

The HR Unit facilitated the implementation of the Performance Management System, whereby performance reviews were conducted by Management. The outputs of the process will determine the levels of bonuses to be awarded to staff.

## • Employee wellness programmes

GPF continued to provide wellness support encouraging staff to a healthy lifestyle, including participation in fitness and cardio programmes. Four multi-disciplinary wellness events were organised during the year under review encompassing health checks, fitness, healthy eating and financial wellness.

## • Policy development

A robust review of the GPF HR policies was undertaken and new policies such as the Acting policy, Management of Life-threatening diseases, Performance Management Framework and Policy were introduced.

## • Highlight achievements

- Placement of the CEO, Company Secretary and HR Manager
- Finalisation of the Organisational Structure
- Development of a Value Tree as a result of the Change Management process
- Conclusion of competency assessments to develop leadership skills in the organisation
- Negotiations with Organised Labour on salary increase negotiations were initiated and concluded for implementation in the 2019/20 financial year.

## • Challenges faced by the public entity

The GPF as a public entity faces the following challenges

- The delay in filling vacancies in the new organisational structure due to the limitation of funds
- Attraction and retention of competent staff within the build industry
- Developing trust between management and employees
- Recruiting and attracting people with disabilities into the organisation

## • Future HR plans/goals

- The development of the labour relations strategy
- Attracting into the industry, competent people living with disabilities
- Finalising the migration of staff into the new organisational structure
- Training of management and staff on performance management
- Training of staff to improve the competencies in meeting organisational priorities and goals
- Introducing recognition awards for performing employees
- Improvement of HR Operating Systems and Tools

## 2. HUMAN RESOURCE OVERSIGHT STATISTICS

### Personnel Cost by programme/ activity/ objective

Programme/activity/objective	Total Expenditure for the entity (R'000)	Personnel Expenditure (R'000)	Personnel exp. as a % of total ex. (R'000)	No. of employees	Average personnel cost per employee (R'000)
Office of the CEO	9,109,365.23	9,109,365.23	19%	5	1,821,873.05
Capital Raising and Special Projects Department	2,00,372.71	2,000,372.71	4%	1	2,000,372.71
Finance Department	7,513,182.48	7,513,182.48	16%	11	683,016.59
Human Resource Department	6,184,110.02	6,184,110.02	13%	5	1,236,822.00
Legal, Compliance and Risk Department	4,667,848.63	4,667,848.63	10%	4	1,166,962.16
Marketing and Communications Department	2,175,831.16	2,175,831.16	5%	2	1,087,915.58
Portfolio Management Department	2,766,326.64	2,766,326.64	6%	2	1,383,163.32
Projects Department	12,476,600.61	12,476,600.61	27%	11	1,134,236.42
<b>TOTAL</b>	<b>46,893,637.48</b>	<b>46,893,637.48</b>	<b>100%</b>	<b>41</b>	<b>10,514,361.83</b>

### Personnel cost by salary band

Level	Personnel Expenditure (R'000)	% of personnel exp. to total personnel cost (R'000)	No. of employees	Average personnel cost per employee (R'000)
Top Management	9,851,376.10	21%	3	3,283,792.03
Senior Management	12,654,722.64	27%	8	1,581,840.33
Professional qualified	12,046,839.61	26%	7	1,720,977.09
Skilled	11,006,730.59	23%	18	611,485.03
Semi-skilled	1,333,968.54	3%	5	266,793.71
Unskilled	0.00	0%	0	0.00
<b>TOTAL</b>	<b>46,893,637.48</b>	<b>100%</b>	<b>41</b>	<b>7,464,888.19</b>

### Performance Rewards

Programme//activity/objective	Performance rewards	Personnel Expenditure (R'000)	% of performance rewards to total personnel cost (R'000)
Top Management	1,362,544.63	9,851,376.10	13.8%
Senior Management	731,957.89	12,654,722.64	5.8%
Professional qualified	1,057,867.92	12,046,839.61	8.8%
Skilled	797,602.59	11,035,829.33	7.2%
Semi-skilled	68,109.04	1,33,968.54	5.1%
Unskilled	0.00	0.00	0.0%
<b>TOTAL</b>	<b>4,018,082.07</b>	<b>46,922,736.22</b>	<b>8.6%</b>

## Training Costs

Programme//activity/objective	Training Expenditure (R'000)	No. of employees trained	Avg training cost per employee
Bursaries	R151,269.50	7	R21,609.92
NQF aligned / Skills programs	R69,381.28	4	R17,345.32
Non-NQF aligned courses/ skills programmes	R281,738.42	13	R21,672.18
Internships	R0.00	0	R0.00
AET	R0.00	0	R0.00

## Employment and vacancies

Programme/activity/objective	2017/2018 No. of Employees	2017/2018 Approved Posts	2018/2019 No. of Employees	2018/2019 Vacancies	% of vacancies
Office of the CEO	3	5	4	1	20.00%
Capital Raising and Special Projects Department	1	1	1	0	0.00%
Finance Department	11	11	11	0	0.00%
Human Resource Department	4	5	5	0	0.00%
Legal, Compliance and Risk Department	4	4	4	0	0.00%
Marketing and Communications Department	2	2	2	0	0.00%
Portfolio Management Department	2	2	2	0	0.00%
Projects Department	11	11	12	0	0.00%
Internship	2	0	0	0	0.00%
<b>TOTAL</b>	<b>40</b>	<b>41</b>	<b>41</b>	<b>1</b>	<b>20.00%</b>

Programme/activity/objective	2017/2018 No. of Employees	2017/2018 Approved Posts	2018/2019 No. of Employees	2018/2019 Vacancies	% of vacancies
Top Management	3	3	3	0	0.00%
Senior Management	3	3	8	0	0.00%
Professional qualified	11	11	7	0	0.00%
Skilled	10	10	18	1	5.55%
Semi-skilled	8	8	5	0	0.00%
Unskilled	1	1	0	0	0.00%
Interns	2	2	0	0	0.00%
Temporary Employees	2	2	0	0	0.00%
<b>TOTAL</b>	<b>40</b>	<b>40</b>	<b>41</b>	<b>1</b>	<b>5.55%</b>

## Employment changes

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	3	1	1	3
Senior Management	3	3	0	8
Professional qualified	11	0	0	7
Skilled	10	2	0	18
Semi-skilled	8	0	0	5
Unskilled	1	0	1	0
Interns	2	0	2	0
Temporary Employees	2	0	2	0
<b>Total</b>	<b>40</b>	<b>6</b>	<b>6</b>	<b>41</b>

## Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Death	0	0.00%
Resignation	1	14.28%
Dismissal	0	0.00%
Retirement	0	0.00%
Ill health	0	0.00%
Expiry of contract	6	85.71%
Other	0	0.00%
<b>Total</b>	<b>7</b>	<b>100.0%</b>

## Labour Relations: Misconduct and disciplinary action

Nature of disciplinary Action	Number
Verbal Warning	1
Written Warning	2
Final Written warning	1
Dismissal	0

## Equity Target and Employment Equity Status

Levels	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1		0		0		0	
Senior Management	3		0		0		0	
Professional qualified	1		2		2		0	
Skilled	8		0		0		0	
Semi-skilled			0		0		0	
Unskilled			0		0		0	
<b>TOTAL</b>	<b>13</b>		<b>2</b>		<b>2</b>		<b>0</b>	

Levels	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1		0		1		0	
Senior Management	5		0		0		0	
Professional qualified	1		0		0		1	
Skilled	7		2		0		2	
Semi-skilled	4		0		0		0	
Unskilled	0		0		0		0	
<b>TOTAL</b>	<b>18</b>		<b>2</b>		<b>1</b>		<b>3</b>	

Levels	Disabled Staff			
	Male		Female	
	Current	Target	Current	Target
Top Management	0		0	
Senior Management	0		0	
Professional qualified	0		0	
Skilled	0		0	
Semi-skilled	0		0	
Unskilled	0		0	
<b>TOTAL</b>	<b>0</b>		<b>0</b>	



# **PART E**

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## FINANCIAL STATEMENTS



**JEPPETOWN - MASISIZANE**

# REPORT OF THE AUDITOR- GENERAL TO GAUTENG PROVINCIAL LEGISLATURE ON THE GAUTENG PARTNERSHIP TRUST TRADING AS THE GAUTENG PARTNERSHIP FUND

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

1. I have audited the annual financial statements of the Gauteng Partnership Fund set out on pages 77 to 165, which comprise statement of financial position as at 31 March 2019, the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Gauteng Partnership Fund as at 31 March 2019, and its financial performance and cash flows for the year then ended in accordance with Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No 1 of 1999) (PFMA) and the Division of Revenue Act (Act No. 1 of 2018) (Dora).

### Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the public entity in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Responsibilities of accounting authority for the financial statements

6. The board of trustees, which constitutes the accounting authority, is responsible for the preparation and fair presentation of the financial statements in accordance with SA Standards of GRAP and the requirements of the PFMA and Dora, and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
7. In preparing the annual financial statements, the accounting authority is responsible for assessing the Gauteng Partnership Fund's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the accounting authority either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

### Auditor-general's responsibilities for the audit of the financial statements

8. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
9. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report

## REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

### Introduction and scope

10. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected strategic goals presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
11. My procedures address the reported performance information, which must be based on the approved performance planning documents of the public entity. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
12. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the public entity for the year ended 31 March 2019:

Programmes	Pages in the annual performance report
Programme 1: Capital Raising and Fund Management	38- 40
Programme 2: Mega Project Implementation	41- 42
Programme 3: Property Management and Maintenance	43

13. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
14. I did not identify any material findings on the usefulness and reliability of the reported performance information for the selected strategic goals:
- Strategic goal 1: Capital Raising and Fund Management
  - Strategic goal 2: Mega Project Implementation
  - Strategic goal 3: Property Management and Maintenance

### Other matters

15. I draw attention to the matters below.

## ACHIEVEMENT OF PLANNED TARGETS

16. Refer to the annual performance report on pages 38 to 48 for information on the achievement of planned targets for the year and explanations provided for the under/over achievement of a significant number of targets.

## REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

### Introduction and scope

17. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the public entity with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

18. I did not identify any material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

## OTHER INFORMATION

19. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected strategic goals presented in the annual performance report that have been specifically reported in this auditor's report.
20. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
21. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected strategic goals presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
22. If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.

## INTERNAL CONTROL DEFICIENCIES

23. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. I did not identify any significant deficiencies in internal control.

*Auditor-General*

**Johannesburg**  
31 July 2019



**AUDITOR - GENERAL**  
**SOUTH AFRICA**

*Auditing to build public confidence*

## ANNEXURE – AUDITOR-GENERAL’S RESPONSIBILITY FOR THE AUDIT

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the statements, and the procedures performed on reported performance information for selected programmes and on the public entity’s compliance with respect to the selected subject matters.

### FINANCIAL STATEMENTS

2. In addition to my responsibility for the audit of the financial statements as described in this auditor’s report, I also:
  - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
  - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity’s internal control
  - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting authority.
  - conclude on the appropriateness of the accounting authority’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Gauteng Partnership Fund’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause a public entity to cease continuing as a going concern
  - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

### COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting authority that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

# Gauteng Partnership Trust

(Registration number IT2422/02)

Trading as Gauteng Partnership Fund

Annual Financial Statements for the year ended March 31, 2019

## Report of the Trustees

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The Trustees submit their report for the year ended March 31, 2019.

### 1. Review of activities

#### Main business and operations

The operating results and state of affairs of the GPF are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

The GPF's revised mandate goes beyond its previous focus of providing financing solutions for social and affordable housing. Based on strategic priorities of the GDHS, the key challenges of implementing Mega Projects and the strengths of the GPF as explained in this Strategic Plan, the mandate of the GPF has been revised to serve as the GDHS capital raising and implementing agent of identified Mega Projects in the Gauteng Province. It is important to emphasise that the capital raising element involves raising the funds required for the overall mixed-use development of a Mega Project, i.e. human settlements as well as social and economic amenities.

The revised Vision of the organisation "GPG's co-funder and enabler of Mega Projects in Gauteng", adopted at a strategy session in October 2017 succinctly encapsulates the revised mandate. This revised mandate will be implemented through the following four (4) core functions:

1. Raise and manage the capital required for successful implementation of identified Mega Projects in the Gauteng Province.
2. Provide project management support for the successful implementation of identified Mega Projects in the Gauteng Province.
3. Manage identified strategic brownfield developments that improve existing settlements, generates the additional revenue required by GPF and contributes to capital raising targets.
4. Serve as a turnkey developer for identified Mega Projects to be developed on strategic public land.

On 24 March 2016, the MEC: Gauteng Human Settlements instructed that the GPF review its corporate form to enable it to efficiently execute its mandate.

The change in mandate includes, among others, the review of the legal structure and corporate form of GPF, with specific intent to dissolve the Gauteng Partnership Trust and establish GPF as either a State-Owned Company (SOC) or a Statutory Entity established through provincial legislation, and seek approval for the listing of the GPF as a PFMA Schedule 3D listed Provincial Government Business Enterprise. The legal, taxation and financial implications and benefits of the corporate form options are currently being investigated and once concluded, the business case will be developed for submission to Treasury. The Trust intends to finalise this in process during the next Medium Term Strategic Framework.

During the year the GPF received from Future Growth Asset Management (Pty) Ltd as project management fees of R487,694 (2018:RNil). (Refer to note 13).

During the year the GPF received a grant of R55,422,428(2018: R49,371,415) from the GDHS. (Refer to note 8).

### 2. Statements of responsibility

The Trustees are required to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the GPF as at the end of the financial period and the results of its operations and cash flows for the year then ended. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the basis of preparation as detailed in Note 1 of the accounting policies note to the annual financial statements and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

# Gauteng Partnership Trust

(Registration number IT2422/02)

Trading as Gauteng Partnership Fund

Annual Financial Statements for the year ended March 31, 2019

## Report of the Trustees

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The Trustees acknowledge that they are ultimately responsible for the system of internal financial control established by the GPF and place considerable importance on maintaining a strong control environment. To enable the Trustees to meet these responsibilities, the Trustees set standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk.

The Trustees are of the opinion, based on information and explanations given by management that the system of internal control provides reasonable, but not absolute, assurance that the financial records may be relied on for the preparation of the annual financial statements. Nothing has come to the attention of the Trustees to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the period under review.

### 3. Subsequent events

Subsequent to year end the Trust received R19,364,824 from Aspari (RF) (Pty) Ltd. (Refer to note 5 & 33).

The Trustees are not aware of any matter or circumstance arising since the end of the financial year-end.

### 4. Going concern

The annual financial statements have been prepared on the going concern basis, since the Trustees have every reason to believe that the GPF will continue in operation for the foreseeable future.

At reporting date, GPF's assets were sufficient to meet the Trustee's right of indemnity out of the GPF's assets for liabilities incurred on behalf of the GPF.

### 5. Property, plant, equipment and intangibles

During the year, the GPF purchased property, plant and equipment and intangibles assets to the value of R1,665,105 (2018: R4,525,348).

### 6. Company Secretary

Although the GPF is not enjoined to appoint a Company Secretary in terms of the Trust Property Control Act, in its endeavour to comply with good corporate governance principles, the Board of Trustees has appointed a Company Secretary to assist them with the implementation of corporate governance in the GPF.

### 7. Auditors

Auditor-General South Africa will continue in office for the next financial period.

### 8. Provision for doubtful debts

During the year the provision for doubtful debts increased to R21,610,865 from R17,692,763 (Refer notes 3).

During the year R5,973,681(2018: R5,728) was written off.

The loan to Echo Canyon Trading (Pty) Ltd - 463 and 465, Hanny Street was written off due to the business rescue practitioner accepting an offer which was lesser than the amount owed to the NHFC and the GPF.

### 9. Contingencies

During the 2018 year, the GPF had a matter in dispute with a service provider that is in litigation. The service provider has a counter-claim in the amount of R8,500,000. The timing for payment (if any) cannot be reliably determined. The matter is on-going. (Refer to note 28).

### 10. Irregular expenditure

During the year the GPF incurred irregular expenditure of R1,699,188 (2018: R1,785,552) due to incorrect contracting with service providers. This expenditure has been condoned by the Board in terms of the PFMA.

# Gauteng Partnership Trust

(Registration number IT2422/02)

Trading as Gauteng Partnership Fund

Annual Financial Statements for the year ended March 31, 2019

## Report of the Trustees

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The annual financial statements set out on page 77 to 165, which have been prepared on the going concern basis, were approved by the Board on 29 July 2019 and were signed on its behalf by:



**Mr S Dzengwa**  
Chief Executive Officer



**Ms L Mthimunye**  
Board Chairperson

# Gauteng Partnership Trust

(Registration number IT2422/02)

Trading as Gauteng Partnership Fund

Annual Financial Statements for the year ended March 31, 2019

## Statement of Financial Position as at March 31, 2019

Figures in Rand	Note(s)	2019	2018
<b>Assets</b>			
Current Assets			
Cash and cash equivalents	2	1,048,328,635	650,474,318
Current portion - loans and receivables from exchange transactions	3	63,679,906	61,891,967
Receivables from exchange transactions	4	34,165,905	34,477,459
Loans and receivables held-for-trade	5	31,853,337	190,251,280
		<b>1,178,027,783</b>	<b>937,095,024</b>
Non-Current Assets			
Loans and receivables from exchange transactions	3	788,736,512	718,938,540
Receivables from exchange transactions	4	3,591,000	3,591,000
Property, plant and equipment	6	4,725,461	5,351,438
Intangible assets	7	131,468	215,626
		<b>797,184,441</b>	<b>728,096,604</b>
<b>Total Assets</b>		<b>1,975,212,224</b>	<b>1,665,191,628</b>
<b>Liabilities</b>			
Current Liabilities			
Finance lease obligation	9	77,566	79,494
Payables from exchange transactions	10	392,307,063	153,892,446
Provisions	11	5,652,405	5,459,255
Operating lease liability	12	-	225,827
		<b>398,037,034</b>	<b>159,657,022</b>
Non-Current Liabilities			
Finance lease obligation	9	34,730	112,296
<b>Total Liabilities</b>		<b>398,071,764</b>	<b>159,769,318</b>
Accumulated surplus		1,577,140,460	1,505,422,310
<b>Total Net Assets</b>		<b>1,975,212,224</b>	<b>1,665,191,628</b>

## Gauteng Partnership Trust

(Registration number IT2422/02)

Trading as Gauteng Partnership Fund

Annual Financial Statements for the year ended March 31, 2019

### Statement of Financial Performance

Figures in Rand	Note(s)	2019	2018
Revenue	13	188,464,926	329,472,159
Other income	15	1,750,362	11,775,292
Operating expenses		(90,278,441)	(96,106,039)
<b>Operating surplus</b>	16	<b>99,936,847</b>	<b>245,141,412</b>
Fair value adjustments	17	(12,170,009)	(18,710,151)
Impairment loss of loans and receivables from exchange transactions	18	(16,033,082)	(4,456,722)
Finance costs	19	(15,606)	(21,402)
<b>Surplus for the year</b>		<b>71,718,150</b>	<b>221,953,137</b>

## Gauteng Partnership Trust

(Registration number IT2422/02)

Trading as Gauteng Partnership Fund

Annual Financial Statements for the year ended March 31, 2019

### Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
<b>Balance at April 1, 2017</b>	<b>1,283,469,173</b>	<b>1,283,469,173</b>
Changes in net assets		
Surplus for the year	221,953,137	221,953,137
Total changes	221,953,137	221,953,137
<b>Balance at April 1, 2018</b>	<b>1,505,422,310</b>	<b>1,505,422,310</b>
Changes in net assets		
Surplus for the year	71,718,150	71,718,150
Total changes	71,718,150	71,718,150
<b>Balance at March 31, 2019</b>	<b>1,577,140,460</b>	<b>1,577,140,460</b>

Note(s)

# Gauteng Partnership Trust

(Registration number IT2422/02)

Trading as Gauteng Partnership Fund

Annual Financial Statements for the year ended March 31, 2019

## Statement of Cash Flows

Figures in Rand	Note(s)	2019	2018
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Cash receipts - from borrowers		279,783,442	118,416,754
Cash receipts - interest from banks		45,282,542	55,713,453
DTI grant received		-	444,685
Government grants received		55,422,428	49,371,415
Receipts from Gauteng Department of Human Settlements and interest earned		1,116,302,175	253,501,528
Management fees		487,694	-
		<b>1,497,278,281</b>	<b>477,447,835</b>
<b>Payments</b>			
Employee costs		(46,394,188)	(41,746,708)
Suppliers		(33,109,996)	(33,987,306)
Finance costs		(15,606)	(21,402)
Payments made on behalf of Gauteng Department of Human Settlements		(854,623,304)	(399,025,861)
Guarantees paid		(27,523,545)	-
Cash paid to borrowers		(136,055,936)	(218,132,257)
		<b>(1,097,722,575)</b>	<b>(692,913,534)</b>
<b>Net cash flows from operating activities</b>	27	<b>399,555,706</b>	<b>(215,465,699)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	6	(1,662,106)	(4,295,871)
Proceeds from sale of property, plant and equipment	6	49,219	36,587
Purchase of other intangible assets	7	(3,000)	(229,477)
<b>Net cash flows from investing activities</b>		<b>(1,615,887)</b>	<b>(4,488,761)</b>
<b>Cash flows from financing activities</b>			
Finance lease payments		(85,502)	(249,572)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>397,854,317</b>	<b>(220,204,032)</b>
Cash and cash equivalents at the beginning of the year		650,474,318	870,678,350
<b>Cash and cash equivalents at the end of the year</b>	2	<b>1,048,328,635</b>	<b>650,474,318</b>

# Gauteng Partnership Trust

(Registration number IT2422/02)

Trading as Gauteng Partnership Fund

Annual Financial Statements for the year ended March 31, 2019

## Statement of Comparison of Budget and Actual Amounts

### Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

### Statement of Financial Performance

#### Expenditure

Personnel	(60,385,152)	13,296,573	<b>(47,088,579)</b>	(46,394,188)	<b>694,391</b>	Refer to note 29
Repairs and maintenance	(8,210,563)	3,459,020	<b>(4,751,543)</b>	(2,044,245)	<b>2,707,298</b>	Refer to note 29
General Expenses	(84,983,400)	44,816,641	<b>(40,166,759)</b>	(31,166,857)	<b>8,999,902</b>	Refer to note 29
<b>Total expenses</b>	<b>(153,579,115)</b>	<b>61,572,234</b>	<b>(92,006,881)</b>	<b>(79,605,290)</b>	<b>12,401,591</b>	

### Statement of Financial Position

#### Assets

#### Non-Current Assets

Property, plant and equipment	21,453,202	(17,125,993)	<b>4,327,209</b>	1,655,106	<b>(2,672,103)</b>	Refer to note 29
<b>Total Assets</b>	<b>21,453,202</b>	<b>(17,125,993)</b>	<b>4,327,209</b>	<b>1,655,106</b>	<b>(2,672,103)</b>	
<b>Accumulated surplus</b>	<b>21,453,202</b>	<b>(17,125,993)</b>	<b>4,327,209</b>	<b>1,655,106</b>	<b>(2,672,103)</b>	

### Cash Flow Statement

#### Cash flows from operating activities

#### Payments

Employee costs	60,385,152	(13,296,573)	<b>47,088,579</b>	46,394,188	<b>(694,391)</b>	Refer to statement of cashflows
Suppliers	93,193,963	(48,275,661)	<b>44,918,302</b>	33,211,102	<b>(11,707,200)</b>	Refer to statement of cashflows
	<b>153,579,115</b>	<b>(61,572,234)</b>	<b>92,006,881</b>	<b>79,605,290</b>	<b>(12,401,591)</b>	

#### Cash flows from investing activities

Purchase of property, plant and equipment	21,453,202	(17,125,993)	<b>4,327,209</b>	1,665,106	<b>(2,662,103)</b>	Refer to statement of cashflows
Net decrease in cash and cash equivalents	175,032,317	(78,698,227)	<b>96,334,090</b>	81,270,396	<b>(15,063,694)</b>	Refer to note 29

# Gauteng Partnership Trust

(Registration number IT2422/02)

Trading as Gauteng Partnership Fund

Annual Financial Statements for the year ended March 31, 2019

## Accounting Policies

### 1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

The following GRAP Standards have been applied where applicable in the annual financial statements:

1) Reference	Topic
GRAP 1	Presentation of Financial Statements (as revised in April 2018)
GRAP 2	Cash Flow Statements (as revised in April 2018)
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors (as revised in April 2018)
GRAP 4	The Effects of Changes in Foreign Exchange Rates (as revised in 2010) (Not applicable to GPF)
GRAP 5	Borrowing Costs (as revised in September 2013) (Not applicable to GPF)
GRAP 6	Consolidated and Separate Financial Statements (as revised in April 2018)
GRAP 7	Investments in Associates (as revised in March 2012) (Not applicable to GPF)
GRAP 8	Interests in Joint Ventures (Not applicable to GPF)
GRAP 9	Revenue from Exchange Transactions (as revised in April 2018)
GRAP 10	Financial Reporting in Hyperinflationary Economies (as revised in 2010) (Not applicable to GPF)
GRAP 11	Construction Contracts (as revised in 2010) (Not applicable to GPF)
GRAP 12	Inventories (as revised in 2010) (Not applicable to GPF)
GRAP 13	Leases (as revised in April 2018)
GRAP 14	Events after the Reporting Date (as revised in April 2018)
GRAP 16	Investment Property (as revised in 2010) (Not applicable to GPF)
GRAP 17	Property, Plant and Equipment (as revised in April 2018)
GRAP 18	Segment reporting (Not applicable to GPF)
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets (as revised in April 2018)
GRAP 20	Related Party Disclosures
GRAP 21	Impairment of Non-cash-generating Assets
GRAP 23	Revenue from Non-exchange Transactions (Taxes and Transfers) (as revised in April 2018)
GRAP 24	Presentation of Budget Information in Financial Statements (as revised in April 2018)
GRAP 25	Employee Benefits (Not applicable to GPF)
GRAP 26	Impairment of Cash-generating Assets (as revised in April 2018)
GRAP 27	Agriculture (Not applicable to GPF)
GRAP 31	Intangible Assets (as revised in April 2018)
GRAP 100	Non-current Assets Held for Sale and Discontinued Operations (as revised in 2010) (Not applicable to GPF)
GRAP 103	Heritage Assets (Not applicable to GPF)
GRAP 104	Financial Instruments (as revised in April 2019)
GRAP 105	Transfers of functions between entities under common control (as revised in April 2018)
GRAP 106	Transfers of functions between entities not under common control (as revised in April 2018)
GRAP 107	Mergers

### 2) Directives issued and applied:

Reference	Topic
Directive 1	Repeal of Existing Transitional Provisions in, and Consequential Amendments to, Standards of GRAP
Directive 2	Transitional Provisions for the Adoption of Standards of GRAP by Public Entities, Municipal Entities and Constitutional Institutions
Directive 3	Amended Transitional Provisions for High Capacity Municipalities
Directive 4	Amended Transitional Provisions for Medium and Low Capacity Municipalities
Directive 5	Determining the GRAP Reporting Framework
Directive 6	Transitional Provisions for Revenue Collected by the South African Revenue Service

# Gauteng Partnership Trust

(Registration number IT2422/02)

Trading as Gauteng Partnership Fund

Annual Financial Statements for the year ended March 31, 2019

## Accounting Policies

	(SARS) (Not applicable to GPF)
Directive 7	The Application of Deemed Cost on the Adoption of Standards of GRAP (Not applicable to GPF)
Directive 8	Transitional Provisions for parliament and Provincial Legislatures (Not applicable to GPF)
Directive 9	Transitional Provisions for parliament and Provincial Legislatures (Not applicable to GPF)
Directive 10	Application of the standard of GRAP by the Public Further and Education Training Colleges (Not applicable to GPF)
Directive 11	Changes in the Measurement Bases following the Initial Adoption of the Standards of GRAP (Not applicable to GPF)
Directive 12	Selection of an appropriate reporting framework by Public Entities (Not applicable to GPF)

3) Interpretations of the Standards of GRAP approved that are applied:

Reference	Topic
IGRAP 1	Applying the Probability Test on Initial Recognition of Exchange Revenue
IGRAP 2	Changes in Existing Decommissioning, Restoration and Similar Liabilities (Not applicable to GPF)
IGRAP 3	Determining whether an Arrangement Contains a Lease
IGRAP 4	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (Not applicable to GPF)
IGRAP 5	Applying the Restatement Approach under the Standard of GRAP on Financial Reporting in Hyperinflationary Economies (Not applicable to GPF)
IGRAP 6	Loyalty Programmes (Not applicable to GPF)
IGRAP 7	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their 11 Interaction (Not applicable to GPF)
IGRAP 8	Agreements for the Construction of Assets from Exchange Transactions (Not applicable to GPF)
IGRAP 9	Distributions of Non-cash Assets to Owners (Not applicable to GPF)
IGRAP 10	Assets Received from Customers (Not applicable to GPF)
IGRAP 11	Consolidation - Special Purpose Entities
IGRAP 12	Jointly Controlled Entities - Non-Monetary Contributions
IGRAP 13	Operating Leases – Incentives (Not applicable to GPF)
IGRAP 14	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
IGRAP 15	Revenue – Barter Transactions Involving Advertising Services (Not applicable to GPF)
IGRAP 16	Intangible Assets - Website Costs

4) Approved guideline of Standards of GRAP that are applied:

Reference	Topic
Guideline 1	Guideline on Accounting for Public Private Partnerships (Not applicable to GPF)

5) Effective IFRS and IFRICs that entities may apply, to the extent that they are applicable:

Reference	Topic
IFRS 4 (AC 141)	Insurance Contracts (Not applicable to GPF)
IFRS 6 (AC 143)	Exploration for and Evaluation of Mineral Resources (Not applicable to GPF)
IAS 12	Income Taxes
IFRIC 12 (AC 445)	Service Concession Arrangements (Not applicable to GPF)
SIC – 25 (AC 425)	Income Taxes-changes in the Tax Status of an Entity or its Shareholders (Not applicable to GPF)
SIC – 29 (AC 429)	Service Concession Arrangements – Disclosures (Not applicable to GPF)
IFRIC 20	Stripping costs in the Production Phase of a Surface Mine(Not applicable to GPF)

6) Standards of GRAP approved, but for which the Minister of Finance has not yet determined an effective date:  
These accounting standards have been considered (where applicable) in the formulation of the accounting policies:

Reference	Topic
GRAP 32	Service Concession Arrangements: Grantor (Not applicable to GPF)
GRAP 108	Statutory Receivables (Not applicable to GPF)
GRAP 109	Accounting by Principal and Agents (No effect since the GPF is accounting in accordance with the standard)
IGRAP 17	Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset (Not applicable to GPF)
IGRAP 18	Recognition and Derecognition of Land
IGRAP 19	Liabilities to Pay Levies

# Gauteng Partnership Trust

(Registration number IT2422/02)

Trading as Gauteng Partnership Fund

Annual Financial Statements for the year ended March 31, 2019

## Accounting Policies

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Guideline

Accounting for Arrangements Undertaken in terms of the National Housing Programme

### 1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

#### Receivables from exchange transactions

The GPF assesses its loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

#### Financial instruments at fair value

The GPF follows the guidance of GRAP 104 to determine when an available-for-sale financial asset is impaired. This determination requires significant judgment. In making this judgment, the GPF evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

#### Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the GPF is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined by using valuation techniques. The GPF uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the end of the reporting period.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the GPF for similar financial instruments.

#### Impairment testing

The recoverable amounts of individual assets have been determined based on the higher of the value-in-use calculations and the fair values less costs to sell. These calculations require the use of estimates and assumptions.

The GPF reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable.

The GPF reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including exposure per location and supply and demand, together with economic factors such as inflation, interest rate changes and the countries growth.

# Gauteng Partnership Trust

(Registration number IT2422/02)

Trading as Gauteng Partnership Fund

Annual Financial Statements for the year ended March 31, 2019

## Accounting Policies

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### 1.1 Significant judgements and sources of estimation uncertainty (continued)

#### Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 3 & 11 - Provisions.

#### Taxation

The Trust was granted tax exemption status by the South African Revenue Services in terms of Section 30 of the Income Tax Act, and receipts and accruals are exempt from income tax in terms of Section 10(1) (CN) of the Income Tax Act. The status quo was applicable for the 2019 year. The Trust is not registered for Value Added Tax (VAT). (Refer to note 22).

#### Effective interest rate

The GPF used the prime interest rate to discount future cash flows. The GPF then used the effective interest rate to write back the discounted cash flows so that the loan term is equal to the amount initially recognised.

#### Useful life of property, plant and equipment

The GPF's management determines the estimated useful lives and related depreciation charges for the property, plant and equipment. This estimate is based on management's experience using the assets. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

#### Useful life of intangible assets

The GPF's management determines the estimated useful lives and related amortisation charges for the intangible assets. This estimate is based on management's experience using the assets. Management will increase the amortisation charge where useful lives are less than previously estimated useful lives.

### 1.2 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the GPF; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. After each quarterly asset count, the Trust assesses property, plant and equipment for impairment. If there are any indications of impairment the Trust estimates the recoverable service amount of the asset. If the asset's carrying value exceeds its recoverable amount, the asset is impaired. In the assessing whether there is any indication that an asset may be impaired, the Trust considers all sources of information. The impairment loss is charged as an expense in the Statement of Financial Performance.

Property, plant and equipment are depreciated on the over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

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### 1.2 Property, plant and equipment (continued)

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	4, 6 and 10 years
Motor vehicles	Straight line	10 years
Office equipment	Straight line	2 to 7 years
Computer equipment	Straight line	2 to 6 years
Leasehold improvements	Straight line	6 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the GPF. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The GPF assesses at each reporting date whether there is any indication that the GPF expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the GPF revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

The GPF separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the annual financial statements (Refer to note 6).

### 1.3 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an GPF and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the GPF intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the GPF or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the GPF; and
- the cost or fair value of the asset can be measured reliably.

The GPF assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

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### 1.3 Intangible assets (continued)

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software	Straight line	2 to 5 years

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of intangible assets is included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

### 1.4 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one GPF and a financial liability or a residual interest of another GPF.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A concessionary loan is a loan granted to or received by an GPF on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an GPF in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Derecognition is the removal of a previously recognised financial asset or financial liability from an GPF's statement of changes in net assets.

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### 1.4 Financial instruments (continued)

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an GPF shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the GPF shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another GPF; or
- a contractual right to:
  - receive cash or another financial asset from another GPF; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the GPF.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the GPF.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions. The obligation will only become due once the pre-specified terms and conditions have been met.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an GPF after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unutilised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an GPF's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an GPF.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the GPF had not acquired, issued or disposed of the financial instrument.

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### 1.4 Financial instruments (continued)

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the GPF designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

### Classification

The GPF has the following types of financial assets and financial liabilities into the following categories:

Class	Category
Loans and receivables from exchange transactions	Financial asset measured at amortised cost
Financial instruments	Financial asset measured at fair value

Classification depends on the purpose for which the financial instruments were obtained/incurred and takes place at the initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value trade through surplus or deficit, which shall not be classified out of the fair value through surplus or deficit category.

### Initial recognition

The GPF recognises a financial asset or a financial liability in its statement of changes in net assets when the GPF becomes a party to the contractual provisions of the instrument.

Loans and receivables are concessionary loans and are measured initially at fair value by comparing the loan discounted rates given to the market related rates. The discount given is accounted for as a social benefit adjustment loss through surplus or deficit.

### Subsequent measurement of financial assets and financial liabilities

Loans and receivables are concessionary loans and are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Receivables from exchange transaction

Receivables from exchange transactions are subsequently measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

Loans and receivables from exchange transactions

Loans and receivables are concessionary loans and are initially recognised at fair value by comparing the loan discounted rates given to market related rates. The discount given is account for as a social benefit adjustment loss through surplus or deficit. Loans and receivables from exchange transactions are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. Subsequently, these are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

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### 1.4 Financial instruments (continued)

#### Loans and receivables held-for-trade

Loans and receivables held-for-trade are instruments incurred principally for the purpose of selling it in the short-term. Loans and receivables held-for-trade are initially and subsequently recognised at cost which approximates fair value. Loans and receivables held-for-trade are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market.

#### Impairment and uncollectibility of financial assets

At each end of the reporting period the GPF assesses all financial assets, other than those at fair value through surplus or deficit, to determine whether there is objective evidence that a financial asset or group of financial assets should be impaired.

For amounts due to the GPF, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

In the case of equity securities classified as financial assets at fair value, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. If any such evidence exists for financial instruments at fair value, the cumulative loss - measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in surplus or deficit - is removed from equity as a reclassification adjustment and recognised in surplus or deficit.

Impairment losses are recognised in surplus or deficit.

At each end of the reporting period the GPF assesses all financial assets to determine whether there is objective evidence that a financial asset or group of financial assets should be impaired. If a loan or receivable is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that loss or event has an impact on the estimated future cash flows of the loan. Evidence of impairment may include indications that the debtor or group of debtors is experiencing significant financial difficulty, default or delinquency interest or principle payments, the probability that they will enter bankruptcy and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrear or economic conditions that correlate with defaults. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the carrying amount and the present value of estimated future cash flows discounted at the original interest rate from financial asset. For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of collateral type and past due status. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed, shall not exceed what the amortised cost would have been had the impairment not been recognised. In determining whether an impairment allowance should be recorded in the statement of financial position, the GPF makes judgments as to whether there is objective evidence that the asset might be impaired. The impaired allowance is measured as the difference between the carrying amount and the present value of the estimated future cash flows discounted at the original effective rate from a financial asset. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of financial performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. Criteria used to determine the objective evidence would include financial analysis and non-compliance with the loan agreement. Objective evidence would include a significant or prolonged decline in the fair value of the loan below its cost.

When a receivable from exchange transactions is un-collectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against income in the statement of financial performance. Gains or losses from the amortisation process are recognised in the surplus or deficit. Receivables from exchange transaction are classified as loans and receivables from exchange transactions. Gains and losses are recognised in the statement of financial performance when the receivables from exchange transaction are derecognised or impaired, as well as through the amortisation process.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

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### 1.4 Financial instruments (continued)

Reversals of impairment losses are recognised in surplus or deficit except for equity investments classified as financial instruments at fair value.

Impairment losses are also not subsequently reversed for financial instruments at fair value which are held at cost because fair value was not determinable.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Assets past due or impaired that have been renegotiated

The GPF bases this renegotiation on the results of project monitoring including financial analysis, non-compliance with the loan agreement and representations from the borrower.

Impairment of financial assets

Receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against interest in surplus or deficit.

Payables from exchange transactions

Gains and losses from the amortisation process are recognised in the statement of financial performance when the trade and other payables are derecognised.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These amounts are initially measured at amortised cost and subsequently recorded at fair value.

Loans and receivables held-for-trade

Loans and receivables are classified as held-for-trade if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Management is committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Loans and receivables held-for-trade are measured at cost which approximates the fair value.

Derecognition

Financial instruments are derecognised when the rights to receive cashflows have been fulfilled or the risk and rewards have been transferred. Any surplus or deficit is recognised through surplus or deficit.

### 1.5 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the GPF assesses the classification of each element separately.

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### 1.5 Leases (continued)

The discount rate used in calculating the present value of the minimum lease payments is the prime lending rate at the inception of the lease.

#### Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of changes in net assets at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of changes in net assets as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the .

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

#### Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

#### Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

### 1.6 Subsequent events

Subsequently subsequent events are measured at the lower of cost and net realisable value.

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

### 1.7 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit orientated entity.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of changes in net assets after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

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### 1.7 Impairment of non-cash-generating assets (continued)

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the GPF; or
- the number of production or similar units expected to be obtained from the asset by the GPF.

### 1.8 Unspent conditional grant

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the GPF has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised.

Deferred income represents the amounts of government grants not yet disbursed. (Refer to note 1.13).

### 1.9 Employee benefits

Employee benefits are all forms of consideration given by an GPF in exchange for service rendered by employees.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting GPF, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting GPF's own creditors (even in liquidation) and cannot be paid to the reporting GPF, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting GPF to reimburse it for employee benefits already paid.

#### Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the GPF during a reporting period, the GPF recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the GPF recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

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### 1.9 Employee benefits (continued)

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The GPF measures the expected cost of accumulating compensated absences as the additional amount that the GPF expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The GPF recognise the expected cost of bonus, incentive and performance related payments when the GPF has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the GPF has no realistic alternative but to make the payments.

### 1.10 Provisions and contingencies

Provisions are recognised when:

- the GPF has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus (deficit).

A constructive obligation to restructure arises only when an GPF:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of an activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 28.

### 1.11 Revenue from exchange transactions

Interest received is an exchange transaction for loan given out. Interest received approximates equal value to the other party in exchange.

Interest received from exchange transactions is recognised, in surplus or deficit, and is subsequently measured using the effective interest rate method.

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### 1.12 Revenue from non-exchange transactions

Government grants

Interest earned from government grants is accumulated and used for the Trusts mandate.

Non-exchange transactions are defined as transactions where the GPF receives value from another GPF without directly giving approximately equal value in exchange.

Revenue from non-exchange transactions is recognised as revenue to the extent that the GPF has complied with any of the criteria, conditions embodied in the agreement. To the extent that the criteria, conditions or obligations have been met, a liability is recognised.

Revenue is measured at the fair value of the consideration received or receivable.

### 1.13 Accounting by principals and agents

#### Identification

An agent is an GPF that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

#### Identifying whether an entity is a principal or an agent

When the GPF is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether an GPF is a principal or an agent requires the GPF to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

The GPF is the implementing agent for mega projects for the Gauteng Provincial Department of Human Settlements. The GPF also administers institutional subsidies on behalf of Gauteng Provincial Department of Human Settlements. As such, funds received for mega projects and institutional subsidies during the financial year is accounted for as a payables from exchange transactions and the corresponding cash deposits received are accounted for as cash and cash equivalents. (Refer note 2 & 10).

#### Recognition

The GDHS, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The GPF, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The GPF recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

### 1.14 Irregular and fruitless and wasteful expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

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## Accounting Policies

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### 1.14 Irregular and fruitless and wasteful expenditure (continued)

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the annual financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the annual financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

### 1.15 Budget information

The GPF is typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by GPF shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 4/1/2018 to 3/31/2019.

The budget for the economic entity includes all the entities approved budgets under its control.

The annual financial statements and the budget are not on the same basis of accounting therefore a reconciliation has been included with the budgeted amounts for the reporting period that have been included in the Statement of comparison of budget and actual amounts.

### 1.16 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the ventures).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

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## Accounting Policies

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### 1.16 Related parties (continued)

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the GPF, including those charged with the governance of the GPF in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the GPF.

The GPF is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the GPF to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the GPF is exempt from the disclosures in accordance with the above, the GPF discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

### 1.17 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The GPF will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The GPF will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

### 1.18 Going concern assumptions

The Trustees have every reason to believe that the GPF has adequate resources in place to continue in operation for the foreseeable future due to it being the implementing agent of Mega Projects for the GDHS. The GPF's total assets are valued at R1,975,212,224. GPF has a liquidity ratio of 1.4 and solvency ratio of 69% based on current funds available and current commitments.

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## Notes to the Annual financial Statements

Figures in Rand	2019	2018
<b>2. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Petty cash	12,457	13,164
Capital account	562,477,081	436,546,542
Call account	1,105,858	921,396
Deposits held on behalf of Gauteng Department of Human Settlements	389,939,808	149,509,920
Current account	94,793,431	63,483,296
	<b>1,048,328,635</b>	<b>650,474,318</b>

The money held in the call account is ceded to Acucap Investment (Pty) Ltd as the GPF's rental deposit.

The GPF holds its Capital Account with the Corporation of Public Deposits at the South African Reserve Bank. This cash will be used to settle current and future commitments as per the GPF's mandate.

R303,304,041 (2018: R254,362,116) of the Capital Account has been committed. (Refer to note 23). The Capital Account is the cash available for future investments and fulfilment of the GPF mandate.

The Current Account comprises of the salaries and operational budget.

The GPF holds deposits on behalf of the Gauteng Department of Human Settlements, R389,939,808 (2018: R149,509,920), that are not available for use by the GPF. (Refer to notes 10 & 24). R429,023 of the bank balance of R389,939,808 is interest due to the GPF.

Cash at banks earn interest at floating rates based on daily bank deposits rates.

The fair value of cash equivalents approximates their carrying value as equivalents are readily convertible to cash.

### Credit quality of cash at bank and short-term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

#### Credit rating

Baa3	1,048,328,635	650,474,318
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### 3. Loans and receivables from exchange transactions

#### Ace Pallets (Pty) Ltd - Portion 26 of Erf 381, Vanderbijlpark, Central West 5, Extension 1

Loan amount	7,420,053	7,559,802
Prior period current-term portion reversed	356,198	-
Interest earned	518,835	659,245
Short-term payments received	(908,000)	(924,000)
Interest amortised using effective interest rate	125,288	481,204
Current-term portion transferred to current assets	(123,882)	(356,198)
	<b>7,388,492</b>	<b>7,420,053</b>

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## 3. Loans and receivables from exchange transactions (continued)

The loan facility to Ace Pallets (Pty) Ltd - Portion 26 of Erf 381, Vanderbijlpark comprises of an interest-bearing loan of R8,101,420. The loan is for 20 years and is repayable in monthly instalments which have commenced. The loan bears interest at a staggered JIBAR plus 50 basis points. The nominal value of the loan is R8,621,092 (2018: R8,439,003). The loan is secured by a mortgage bond over Portion 26 of Erf 381, Vanderbijlpark, Central West 5, Extension 1.

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## 3. Loans and receivables from exchange transactions (continued)

### Aquarella Investments 360 (Pty) Ltd - 85-87 Quartz Street

	2019	2018
Prior years provision for doubtful debts reversed	-	2,600,000
Short-term payments received	-	(2,594,272)
Bad debt written off	-	(5,728)
	-	-

The loan facility to Aquarella Investments 360 (Pty) Ltd - 85-87 Quartz Street comprised of an interest-free loan of R794,000 and interest-bearing loan of R4,332,800. The interest-free facility was for 9 years and was repayable in 5 equal annual instalments which should have commenced in July 2018. The interest-bearing facility was for 20 years and bore interest at a staggered JIBAR rate. The interest-bearing facilities repayment was meant to commence in March 2015. The nominal value of the loan is RNil (2018: R2,600,000). The loan was provided as a doubtful debt due to breach of contract. The GPF auctioned the property and received a settlement of R2,594,272. This amount was received in May 2018. The loan was secured by a mortgage bond over Erf 5176 Hillbrow. The balance of the loan has been provided for as a provision for bad debt. (Refer to note 30).

### Bixowize (Pty) Ltd - Erf 278, Primrose Hill

Loan amount	4,515,174	3,842,352
Advance	157,300	836,366
Interest earned	382,126	347,722
Interest amortised	118,289	(161,363)
Social benefit adjustment	(25,022)	(149,287)
Impairment	(1,005,953)	(200,616)
	<b>4,141,914</b>	<b>4,515,174</b>

The loan to Bixowize (Pty) Ltd - Erf 278, Primrose Hill comprises of an interest-free loan of R1,403,545 and an interest-bearing of R4,574,300. The interest-free facility is for fourteen years and is repayable in monthly instalments commencing in April 2022. The interest-bearing facility is for 20 five years and bears interest at a staggered JIBAR rate and is repayable in monthly instalments commencing in April 2016. The nominal value of the loan is R6,706,426 (2018: R6,434,901). The loan is secured by a mortgage bond over Erf 278 Primrose Hill. The loan was restructured and the moratorium on payments was extended resulting in an impairment. This has resulted in an impairment of the loan. (Refer to note 18).

### BM Molefi Properties 241 (Pty) Ltd - Kgorong Estate

Prior years current-term portion reversed	24,400,000	-
Amount provided for as provision in the prior year	5,547,404	27,721,634
Interest earned	2,889,505	2,225,770
Provision for doubtful debts	(8,436,909)	(5,547,404)
Current-term portion transferred to current assets	(24,400,000)	(24,400,000)
	-	-

The 20 year loan facility of R22,305,600 to BM Molefi Properties 241 (Pty) Ltd - Kgorong Estate bears interest at JIBAR plus 1% basis point (rounded to the nearest whole number) and was repayable in monthly instalments which should have commenced. The nominal value of the loan is R32,836,906 (2018: R30,186,534). The loan is secured by a mortgage bond over Erf 6623 Soweto, Johannesburg. Management has provided for a loss of R7,640,366. (Refer to note 30). The project is in the process of sale. (Refer to note 30).

### Bravo Enterprise and Projects (Pty) Ltd - Erf 231, Kempton Park located on 26 Kempton

Loan amount	2,600,457	2,308,106
Advance	2,708,101	87,041
Interest earned	310,944	145,654
Social benefit adjustment	(364,852)	(13,498)
Interest amortised using the effective interest rate	139,739	77,790
Impairment	(298,332)	(4,636)
	<b>5,096,057</b>	<b>2,600,457</b>

The 20 year loan facility to Bravo Enterprise and Projects (Pty) Ltd - Erf 231, Kempton Park comprises of an interest-free loan of R1,600,000 and an interest-bearing loan of R4,429,500. The 12 year interest-free loan is repayable in monthly instalments commencing in October 2023. The 22 year interest-bearing facility bears interest at JIBAR plus 50 basis points staggered and is repayable in monthly instalments commencing in November 2019. The project is being sold and the non-payments have resulted in impairment. (Refer to note 18). The nominal value of the loan is R6,627,520 (2018: R3,375,780). The loan is secured by a mortgage bond over Erf 231, Kempton Park.

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## 3. Loans and receivables from exchange transactions (continued)

### Bridge City Housing Consortium (Pty) Ltd - Portion 196 of Erf 7305, Chiawelo

#### Extension 2, Soweto

	2019	2018
Loan amount	9,451,169	-
Advance	-	10,434,879
Interest earned	845,487	491,143
Short-term payments received	(128,000)	-
Social benefit adjustment	-	(1,554,332)
Interest amortised using the effective interest rate	161,808	79,479
Impairment	(153,885)	-
Current-term portion transferred to current assets	(118,221)	-
	<b>10,058,358</b>	<b>9,451,169</b>

The 20 year loan facility to Bridge City Housing Consortium (Pty) Ltd - Portion 196 of Erf 7305, Chiawelo Extension 2, Soweto comprises of an interest-bearing loan of R10,434,879. This facility bears interest at a staggered JIBAR plus 50 basis points and the monthly instalment repayments have commenced. The loan needs to be restructured due to delays in construction resulting in an impairment. The nominal value of the loan is R11,641,069 (2018: R10,722,228). The loan is secured by a mortgage bond over Portion 196 of Erf 7305, Chiawelo Extension 2.

### Bruzar Consulting Engineers (Pty) Ltd - Erven 484, 485 & 487 Ferndale

Loan amount	722,352	646,299
Prior years current-term portion reversed	15,218	12,651
Interest earned	86,071	78,620
Current-term portion transferred to current assets	(18,826)	(15,218)
	<b>804,815</b>	<b>722,352</b>

The 20 year loan facility to Bruzar Consulting Engineers (Pty) Ltd - Erven 484, 485, & 487 Ferndale comprises of an interest-bearing loan of R6,032,502. This facility bears interest at prime plus 1% and is repayable in monthly instalments which should have commenced. The nominal value of the loan is R823,641 (2018: R737,569). The loan is secured by a mortgage bond over Erven 484, 485, & 487 Ferndale.

### BUA Africa (Pty) Ltd - Erf 2918, Kempton Park

Loan amount	45,569,980	38,419,876
Prior years current-term portion reversed	650,590	-
Prior years loan and receivables transferred to current assets held-for-trade	52,341,830	48,195,345
Advance	266,082	4,146,485
Interest earned	4,084,177	9,172,561
Short-term payments received	(57,322,650)	(1,317,000)
Social benefit adjustment	(53,790)	(768,425)
Interest amortised using effective interest rate	829,448	713,558
Impairment	(65,419)	-
Loans and receivables held-for-trade	-	(52,341,830)
Current-term portion transferred to current assets	(689,570)	(650,590)
	<b>45,610,678</b>	<b>45,569,980</b>

The 20 year loan facility to BUA Africa (Pty) Ltd - Erf 2918, Kempton Park comprises of a interest-free loan of R2,000,000 and interest-bearing loan of R38,676,400. The 10 year interest-free facility is repayable in monthly instalments which commence in January 2021. The 20 year interest-bearing facility bears interest at a staggered JIBAR plus 50 basis points and is repayable in monthly instalments which have commenced. The nominal value of the loan is R52,131,756 (2018: R140,235,457). The loan is secured by a mortgage bond over Erf 2918, Kempton Park. The loan has been impaired as a result of late payments. (Refer to note 18). The GPF has concluded an agreement with a senior funder to purchase the senior portion of this loan. This portion was transferred to loans and receivables assets held-for-trade. (Refer to note 5).

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## 3. Loans and receivables from exchange transactions (continued)

	2019	2018
<b>Cape Gannet Properties 175 (Pty) Ltd - Erf 42, Kempton Park</b>		
Loan amount	2,764,898	2,828,401
Prior years current-term portion reversed	234,950	-
Advance	-	17,820
Interest earned	181,207	159,024
Short-term payments received	(267,000)	(220,500)
Social benefit adjustment	-	(2,650)
Interest amortised using effective interest rate	136,403	225,440
Impairment	(12,933)	(7,687)
Current-term portion transferred to current assets	(326,943)	(234,950)
	<b>2,710,582</b>	<b>2,764,898</b>

The 20 year loan facility to Cape Gannet Properties 175 (Pty) Ltd - Erf 42, Kempton Park comprises of a interest-free loan of R1,642,075 and interest-bearing loan of R1,991,730. The 9 year interest-free facility is repayable in 5 equal instalments which commence in February 2019. The 20 year interest-bearing facility bears interest at a staggered JIBAR and is repayable monthly payments which have commenced. The was impaired due to late payment. (Refer to note 18). The nominal value of the loan is R3,617,742 (2018: R3,703,533). The loan is secured by a mortgage bond over Erf 42, Kempton Park. The GPF has taken cession of the rental income.

### Castle Crest Properties 80 (Pty) Ltd - Erf 504, Pretoria

Loan amount	2,619,866	2,922,163
Prior years current-term portion reversed	155,038	53,200
Interest earned	227,088	230,902
Short-term payments received	(529,368)	(348,000)
Interest amortised using the effective interest rate	131,665	(83,361)
Impairment	(1,191)	-
Current-term portion transferred to current assets	(88,292)	(155,038)
	<b>2,514,806</b>	<b>2,619,866</b>

The loan facility to Castle Crest Properties 80 (Pty) Ltd - Erf 504, Pretoria comprises of an interest-free loan of R846,000 and interest-bearing loan of R3,375,227. The interest-free facility is for 10 years and is repayable in 5 equal instalments which have commenced. The interest-bearing facility is for 20 years and bears interest at a staggered JIBAR plus 0.5% rate. The interest-bearing facility's repayments have commenced. The was impaired due to late payment. (Refer to note 18). The nominal value of the loan is R3,656,876 (2018: R3,959,156). The loan is secured by a mortgage bond over Erf 504, Arcadia, Pretoria.

### Castle Crest Properties 80 (Pty) Ltd - Erf 233, Kempton Park

Loan amount	8,531,765	8,787,230
Prior years current-term portion reversed	80,989	46,706
Interest earned	663,807	703,943
Short-term payments received	(952,500)	(990,000)
Interest amortised using effective interest rate	201,550	64,875
Impairment	(32,342)	-
Current-term portion transferred to current assets	(211,300)	(80,989)
	<b>8,281,969</b>	<b>8,531,765</b>

The loan facility to Castle Crest Properties 80 (Pty) Ltd - Erf 233, Kempton Park comprises of an interest-free loan of R1,022,700 and an interest-bearing loan of R9,602,800. The interest-free facility is for 10 years and is repayable in monthly instalments which have commenced. The interest-bearing facility is for 20 years and bears interest at a staggered JIBAR plus 50 basis points rate. The loan was restructured and the moratorium on payments was extended resulting in an impairment. (Refer to note 18). The interest-bearing facilities repayments have commenced. The nominal value of the loan is R9,780,569 (2018: R10,069,263). The loan is secured by a mortgage bond over Erf 233, Kempton Park.

### Certum Estate 130 (Pty) Ltd- Erf 564, Bertrams, Johannesburg

Loan amount	7,398,761	7,767,446
Prior years current-term portion reversed	338,196	301,292
Interest earned	630,836	684,305
Short-term payments received	(1,104,991)	(1,151,628)
Interest amortised using effective interest rate	145,506	135,542
Impairment	(1,056)	-
Current-term portion transferred to current assets	(384,281)	(338,196)
	<b>7,022,971</b>	<b>7,398,761</b>

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## 3. Loans and receivables from exchange transactions (continued)

2019

2018

The loan facility to Certum Estate 130 (Pty) Ltd - Erf 564, Bertrams, Johannesburg comprises of a interest-bearing loan of R9,097,665. The interest-bearing facility is for 15 years and bears interest at a staggered JIBAR plus 50 basis points rate and the monthly repayments have commenced. The nominal value of the loan is R8,197,285 (2018: R8,671,439). The loan is secured by a mortgage bond over Erf 564, Bertrams, Johannesburg. The project was impaired due to short-payment. (Refer to note 18).

### Cicima Property Management Solutions (Pty) Ltd - Erf 1686, Benoni

Loan amount	5,869,027	339,560
Advance	10,364,699	6,690,884
Interest earned	824,565	157,802
Social benefit adjustment	(686,461)	(1,399,635)
Interest amortised using effective interest rate	211,759	80,416
Impairment	(218,090)	-
Loan and receivables transferred to current assets held-for-trade	(5,294,078)	-
Current-term portion transferred to current assets	(29,188)	-
	<b>11,042,233</b>	<b>5,869,027</b>

The loan facility to Cicima Property Management Solutions (Pty) Ltd - Erf 1686, Benoni comprises of an interest-free loan of R1,500,000 and interest-bearing loan of R10,611,300. The interest-free facility is for 12 years and is repayable in monthly instalments commencing in December 2022. The interest-bearing facility bears interest at a staggered JIBAR plus 50 basis points rate which has not yet commenced. The loan was restructured and the moratorium on payments was extended resulting in an impairment. (Refer to note 18). The nominal value of the loan is R18,679,935 (2018: R7,490,671). The loan is secured by a mortgage bond over Erf 1686, Benoni.

### Clare Water (Pty) Ltd - Erf 1509, Discovery, Roodepoort

Loan amount	5,715,888	5,014,298
Prior years current-term portion reversed	-	69,245
Advance	-	678,794
Interest earned	434,450	-
Short-term payments received	-	(161,000)
Interest amortised using effective interest rate	197,086	149,852
Impairment	(217,683)	(35,301)
Provision for doubtful debts	(3,102,765)	-
	<b>3,026,976</b>	<b>5,715,888</b>

The facility to Clarewater (Pty) Ltd - Erf 1509, Discovery, Roodepoort comprises of a interest-free loan of R1,529,071 and interest-bearing loan of R3,496,537. The interest-free facility is 14 years and is repayable in 5 equal instalments which should have commenced. The interest-bearing facility is for 24 years and bears interest at a staggered JIBAR rate and is repayable in annual instalments commencing which commence in June 2016. The nominal value of the loan is R7,554,473 (2018: R7,120,026). The loan is secured by a mortgage bond over Erf 1509, Discovery, Roodepoort. The project is in litigation and non-payments have resulted in impairment. (Refer to note 18). The GPF has instituted legal proceedings against the borrower. (Refer to note 30). Management has provided for a loss of R3,102,765. (Refer to note 30).

### Clidet No. 1024 (Pty) Ltd - 44 Wanderers

Loan amount	6,212,601	5,278,222
Advance	-	47,265
Interest earned	425,235	444,931
Social benefit adjustment	-	(7,839)
Interest amortised using effective interest rate	215,166	669,340
Impairment	(323,257)	(219,318)
	<b>6,529,745</b>	<b>6,212,601</b>

The 20 five year loan facilities to Clidet No. 1024 (Pty) Ltd - 44 Wanderers comprise of a interest free loan of R2,000,000, junior loan of R6,657,500 and a senior loan of R11,624,400. The junior loan is for 21 years and the monthly repayments should have commenced. The interest free loan is for 10 years and payment commence in July 2021. The junior loan bears interest at a staggered JIBAR rate and is repayable in monthly instalments commencing in July 2018. The senior loan has not commenced. The nominal value of the loan is R8,336,670 (2018: R7,915,807). The loan is secured by a mortgage bond over Erf 2043, 2044 & 5070, Joubert Park. The project is in litigation and non-payments have resulted in impairment. (Refer to note 18).

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## 3. Loans and receivables from exchange transactions (continued)

### Comu Property Developers (Pty) Ltd - 3103, Glen Marais

	2019	2018
Loan amount	4,908,109	4,908,279
Prior years current-term portion reversed	237,597	194,908
Interest earned	304,294	564,318
Short-term payments received	(910,000)	(671,000)
Interest amortised using effective interest rate	199,649	163,742
Impairment	(63,090)	(14,541)
Current-term portion transferred to current assets	(498,200)	(237,597)
	<b>4,178,359</b>	<b>4,908,109</b>

The loan facility to Comu Property Developers (Pty) Ltd - 3103, Glen Marais comprises of an interest-free loan of R1,711,897 and interest-bearing loan of R4,495,127. The interest-free facility is for 10 years and is repayable in 5 equal instalments commencing in May 2019. The interest-bearing facility bears interest at a staggered JIBAR rate and is repayable in monthly instalments which have commenced. The nominal value of the loan is R5,465,538 (2018: R6,071,242). The loan is secured by a mortgage bond over Erf 3103, Glen Marais Kempton Park. The loan has been impaired due to short-payment. (Refer to note 18).

### Comocap (Pty) Ltd - 88 Relly Street

Loan amount	1,421,937	1,185,089
Prior years provision for doubtful debts reversed	1,421,937	1,185,089
Interest earned	390,606	359,178
Interest amortised using effective interest rate	(115,755)	126,538
Impairment	(18,481)	(12,020)
Provision for doubtful debts	(1,550,122)	(1,421,937)
	<b>1,550,122</b>	<b>1,421,937</b>

The 15 year loan facility of R2,000,000 to Comocap (Pty) Ltd - 88 Relly Street bears interest at staggered JIBAR rate plus 1% and is repayable in monthly instalments which should have commenced. The nominal value of the loan is R3,531,249 (2018: R3,148,479). The loan is secured by a mortgage bond over Erf 1232, Pretoria. The project is in litigation and non-payments have resulted in impairment. (Refer to note 18). The GPF was provided for the loan as a doubtful debt due to breach of contract and the company being in business rescue. Management assess the probability of recovery as 50% therefore half of the loan has been provided for. (Refer to note 30).

### Crimson Clover Trading 11 (Pty) Ltd - Ascot Fashion House

Loan amount	3,437,752	3,523,354
Prior years current-term portion reversed	97,265	197,280
Interest earned	312,252	329,178
Short-term payments received	(486,000)	(432,000)
Interest amortised using effective interest rate	60,912	(82,795)
Current-term portion transferred to current assets	(107,006)	(97,265)
	<b>3,315,175</b>	<b>3,437,752</b>

The 20 year loan facility of R4,564,500 to Crimson Clover Trading 11(Pty) Ltd - Ascot Fashion House bears interest at a staggered JIBAR rate and is repayable in monthly instalments which have commenced. The nominal value of the loan is R3,836,749 (2018: R4,010,497). The loan is secured by a mortgage bond over Erf 947 & 948, Johannesburg.

### Devland Gardens (Pty) Ltd - Erf 8341 & 8342, Johannesburg

Advance	22,855,825	-
Interest earned	604,683	-
Social benefit adjustment	(4,283,622)	-
Interest amortised using the effective interest rate method	64,849	-
	<b>19,241,735</b>	<b>-</b>

The 20 year loan facility of R45,000,000 to Devland Gardens (Pty) Ltd - Erf 8341 & 8342, Johannesburg bears interest at a staggered JIBAR rate and is repayable in monthly instalments which commence in December 2020. The nominal value of the loan is R23,460,508 (2018: RNil). The loan is secured by a mortgage bond over Erf 8341 & 8342, Johannesburg.

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## 3. Loans and receivables from exchange transactions (continued)

	2019	2018
<b>DNM Estate (Pty) Ltd - Erf 517 &amp; 518, City and Suburban</b>		
Loan amount	-	4,673,734
Prior years provision for doubtful debts reversed	3,585,602	-
Prior years loan and receivables transferred to current assets held-for-trade	-	10,932,764
Prior years current-term portion reversed	16,200,000	3,115,825
Interest earned	1,836,126	1,753,507
Short-term payments received	(460,000)	(553,087)
Social benefit adjustment	-	(43,513)
Interest amortised using effective interest rate	294,473	149,120
Impairment	(511,444)	(242,748)
Provision for doubtful debts	(4,744,757)	(3,585,602)
Current-term portion transferred to current assets	(16,200,000)	(16,200,000)
	-	-

The loan facility to DNM Estate (Pty) Ltd - Erf 517 & 518, City and Suburban comprises of a interest-free loan of R1,409,500, junior interest-bearing loan of R4,941,500 and senior interest-bearing loan of R9,626,500. The interest-free facility is for 9 years and is repayable in 5 equal instalments which should have commenced. The interest-bearing facilities are for 20 years. The junior interest-bearing loan bears interest at a staggered JIBAR rate and is repayable monthly and has commenced. The senior interest-bearing loan bears interest at prime and is repayable in monthly instalments and has commenced. The nominal value of the loan is R23,037,730 (2018: R21,661,602). The loan is secured by a mortgage bond over Erf 517 & 518, City and Suburban. The project is in litigation and non-payments have resulted in impairment. (Refer to note 18). The GPF has instituted legal proceedings against the borrower. Management has provided for a loss of R4,744,757 (Refer to note 30).

## Eable Properties (Pty) Ltd - Erf 8186, Olievenhoutbosch

Loan amount	1,884,449	-
Advance	9,495,546	2,182,064
Interest earned	668,165	12,911
Social benefit adjustment	(1,254,940)	(312,473)
Interest amortised using effective interest rate	115,308	1,947
Current-term portion transferred to current assets	(125,666)	-
	<b>10,782,862</b>	<b>1,884,449</b>

The 20 year loan facility to Eable Properties (Pty) Ltd - Erf 8186, Olievenhoutbosch comprises of an interest-bearing loan of R11,677,609. The loan bears interest at JIBAR plus 50 basis points and is repayable monthly instalments which should have commenced. The loan is secured by a mortgage bond over Erf 8186, Olievenhoutbosch Johannesburg. The nominal value of the loan is R12,358,686 (2018: R2,194,958).

## Eagle Valley Property 41 (Pty) Ltd Phase 1 - Portion 1 of Erf 1908, Erasmus

Loan amount	6,969,015	6,443,930
Prior years current-term portion reversed	23,749	3,725
Prior years loans and receivables transferred to current assets held-for-trade	4,976,567	5,993,324
Interest earned	507,738	1,067,506
Short-term payments received	(5,885,570)	(1,622,848)
Social benefit adjustment	(2,453)	(71,828)
Interest amortised using effective interest rate	195,686	155,522
Loan and receivables transferred to current assets held-for-trade	-	(4,976,567)
Current-term portion transferred to current assets	(327,228)	(23,749)
	<b>6,457,504</b>	<b>6,969,015</b>

The loan facility to Eagle Valley Property 41 (Pty) Ltd Phase 1- Portion 1 of Erf 1908, Erasmus comprises of an interest-free loan of R1,375,000, junior interest-bearing loan of R4,202,000 and senior interest-bearing loan of R7,829,600. The interest-free facility is for 9 years and is repayable in 5 equal instalments commencing in May 2019. The interest-bearing facilities are for 20 years. The junior loan bears interest at a staggered JIBAR rate and repayments which have commenced. The senior loan bears interest at prime and payments which have commenced. The nominal value of the loan is R7,807,355 (2018: R13,778,786). The loan is secured by a mortgage bond over Erf 517 & 518, City and Suburban. The GPF has concluded an agreement with a senior funder to purchase the senior portion of this loan. This portion was transferred to loans and receivables assets held-for-trade. (Refer to note 5).

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## 3. Loans and receivables from exchange transactions (continued)

### Eagle Valley Property 41 (Pty) Ltd Phase 2 - Portion 1 of Erf 1908, Erasmus

	2019	2018
Loan amount	6,560,287	6,038,416
Prior year's current-term portion transferred to current assets	99,021	62,038
Prior years loan and receivables transferred to current held-for-trade reversed	5,520,463	6,585,477
Interest earned	530,016	1,152,861
Short-term payments received	(6,524,348)	(1,737,151)
Social benefit adjustment	(2,357)	(100,586)
Interest amortised using effective interest rate	139,485	178,716
Loan and receivables transferred to current assets held-for-trade	-	(5,520,463)
Current-term portion transferred to current assets	(98,485)	(99,021)
	<b>6,224,082</b>	<b>6,560,287</b>

The loan facility to Eagle Valley Property 41 (Pty) Ltd Phase 2- Portion 1 of Erf 1908, Erasmus comprises of an interest-free loan of R625,000, junior interest-bearing loan of R5,345,800 and senior interest-bearing loan of R8,306,300. The interest-free facility is for 9 years and is repayable in monthly instalments which commence in April 2020. The interest-bearing facilities are for 20 years. The junior loan bears interest at a staggered JIBAR rate and its repayments have commenced. The senior loan bears interest at prime and repayments have commenced. The nominal value of the loan is R7,521,653 (2018: R13,514,999). The loan is secured by a mortgage bond over Erf 517 & 518, City and Suburban. The GPF has concluded an agreement with a senior funder to purchase the senior portion of this loan. This portion was transferred to loans and receivables assets held-for-trade. (Refer to note 5).

### Echo Canyon Trading (Pty) Ltd - 463 and 465 Hanny Street

Loan amount	-	5,349,415
Prior years current-term portion reversed	-	26,257
Prior years provision for doubtful debts reversed	5,739,835	-
Interest earned	392,578	501,910
Interest amortised using effective interest rate	102,883	106,651
Impairment	(261,615)	(244,398)
Bad debts written off	(5,973,681)	(5,739,835)
	<b>-</b>	<b>-</b>

The 15 year loan facility to Echo Canyon Trading (Pty) Ltd - 463 and 465 Hanny Street comprises of an interest-bearing loan of R5,500,000. The loan bears interest at JIBAR plus 100 basis points and is repayable monthly instalments which should have commenced. The loan is secured by a mortgage bond over Erf 274 and portion 1 of Erf 815, Pretoria Gardens. The nominal value of the loan is RNil (2018: R6,386,916). The project was in litigation and non-payments have resulted in impairment. (Refer to note 18). The loan has subsequently been written off as the senior funder decided to foreclose. (Refer to note 30 & 32).

### EGC Properties (Pty) Ltd - Browning Street

Loan amount	7,492,980	7,047,232
Prior years current-term portion reversed	273,385	138,354
Advance	-	629,431
Interest earned	779,442	734,491
Social benefit adjustment	-	(79,081)
Short-term payments	(1,066,000)	(792,000)
Interest amortised using effective interest rate	123,037	109,340
Impairment	(101,033)	(21,402)
Current-term portion transferred to current assets	(295,613)	(273,385)
	<b>7,206,198</b>	<b>7,492,980</b>

The 15 year loan facility to EGC Properties (Pty) Ltd - Browning Street comprises of an interest-bearing loan of R9,104,207. The loan bears interest at a staggered JIBAR plus 50 basis points rate and is repayable in monthly instalments which have commenced. The loan was impaired as a result of late payment. (Refer to note 18). The loan is secured by a mortgage bond over Erf 103, 104 and 106, Browning Street. The nominal value of the loan is R8,526,974 (2018: R8,813,532).

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## 3. Loans and receivables from exchange transactions (continued)

	2019	2018
<b>EGC Properties (Pty) Ltd - Erf 101 Wolhuter, Jeppestown</b>		
Loan amount	4,776,785	-
Advance	-	4,633,218
Interest earned	509,908	232,902
Social benefit adjustment	-	(90,230)
Interest amortised using effective interest rate method	2,936	895
	<b>5,289,629</b>	<b>4,776,785</b>

The 20 year loan facility to EGC Properties (Pty) Ltd - Erf 101, Wolhuter, Jeppestown comprises of an interest-bearing loan of R4,633,218. The loan is repayable in monthly instalments which commence in October 2019. The loan bears interest at a staggered JIBAR plus 300 basis points. The loan was secured by a mortgage bond over Erf 101 Wolhuter, Jeppestown. The nominal value of the loan is R5,376,028 (2018: R4,866,120).

## Egon House (Pty) Ltd - Erf 1171, City & Suburban, Johannesburg

Loan amount	5,105,572	-
Advance	-	4,755,935
Interest earned	535,000	349,637
	<b>5,640,572</b>	<b>5,105,572</b>

The 15 year loan facility to Egon House (Pty) Ltd - Erf 1171, City & Suburban, Johannesburg comprises of an interest-bearing loan of R4,755,465. The loan is repayable in monthly instalments which commence in August 2019. The loan bears interest at JIBAR plus 300 basis points. The loan was secured by a mortgage bond over Erf 1171, City & Suburban, Johannesburg. The nominal value of the loan is R5,640,572 (2018: R5,105,572).

## Erf 273 Parktown Estate CC - Parktown Place Development

Loan amount	6,242,283	6,460,333
Prior years current-term portion reversed	136,189	117,083
Interest earned	553,662	580,750
Short-term payments received	(888,000)	(834,000)
Interest amortised using effective interest rate	112,571	54,306
Current-term portion transferred to current assets	(165,428)	(136,189)
	<b>5,991,277</b>	<b>6,242,283</b>

The 20 year loan facility of R7,353,384 to Erf 273 Parktown Estate CC - Parktown Place Development bears interest at a staggered JIBAR rate plus 50 basis points and is repayable in monthly instalments which have commenced. The nominal value of the loan is R7,106,676 (2018: R7,441,013). The loan is secured by a mortgage bond over Erf 56 and 57, Parktown Estate, Tshwane.

## Erf 85 Newtown (Pty) Ltd - Erf 269, Richmond

Loan amount	3,094,694	3,084,960
Prior years current-term portion reversed	175,205	22,125
Interest earned	310,306	318,559
Short-term payments received	(264,000)	(198,000)
Interest amortised using effective interest rate	20,518	45,633
Impairment	(56,479)	(3,378)
Current-term portion transferred to current assets	(183,773)	(175,205)
	<b>3,096,471</b>	<b>3,094,694</b>

The 20 year loan facility to Erf 85 Newtown (Pty) Ltd - Erf 269, Richmond comprises of an interest-bearing loan of R3,159,423. The loan bears interest at JIBAR and is repayable monthly instalments which should have commenced. The loan was impaired as a result of late payment. (Refer to note 18). The loan is secured by a mortgage bond over Portion 269 of Erf 269, Richmond, Johannesburg. The nominal value of the loan is R3,532,028 (2018: R3,485,181). The loan was due to late payment. (Refer to note 18).

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## 3. Loans and receivables from exchange transactions (continued)

### Fundzo Trading (Pty) Ltd - Portion 15 of Erf 8489, Protea North

	2019	2018
Loan amount	8,606,403	6,191,470
Prior years current-term portion reversed	134,231	-
Advance	-	2,258,666
Interest earned	636,400	572,699
Social benefit adjustment	-	(355,500)
Interest amortised using effective interest rate	309,284	195,353
Impairment	(448,645)	(122,054)
Current-term portion transferred to current assets	(545,457)	(134,231)
	<b>8,692,216</b>	<b>8,606,403</b>

The loan facility to Fundzo Trading (Pty) Ltd - Portion 15 of Erf 8489, Protea North comprises of an interest-free loan of R1,800,000 and interest-bearing loan of R5,907,200. The interest-free facility is for 9 years and is repayable in 5 equal instalments which should have commenced. The interest-bearing facility is for 20 years and bears interest at a staggered JIBAR rate. The interest-bearing facilities is repayable in monthly instalments which should have commenced. The nominal value of the loan is R11,127,488 (2018: R10,491,088). The loan is secured by a mortgage bond over portion 14 of Erf 8489, Protea Glen, Ext 11. The project is in dispute and non-payments have resulted in impairment. (Refer to note 3). (Refer to note 18).

### FV Trading Enterprises (Pty) Ltd - Erf 193, Duncanville

Loan amount	6,682,529	3,416,872
Advance	1,067,197	3,287,617
Interest earned	770,924	523,017
Short-term payments received	-	(105,863)
Social benefit adjustment	(159,387)	(453,614)
Interest amortised using effective interest rate method	72,879	30,772
Impairment	(583,293)	(16,272)
	<b>7,850,849</b>	<b>6,682,529</b>

The loan facility to FV Trading Enterprises (Pty) Ltd - Erf 193, Duncanville comprises of an interest-free loan of R1,427,200 and interest-bearing loan of R8,572,200. The interest-free facility is for 10 years and has commences in November 2022. The interest-bearing facility is for 23 years and bears interest at a staggered JIBAR rate plus 50 basis points and is repayable in monthly instalments which should have commenced. The interest-bearing facility has not yet commenced. The nominal value of the loan is R9,972,633 (2018: R8,135,437). The loan is secured by a mortgage bond over Erf 193, Duncanville. The loan is being restructured resulting in an impairment of the loan. (Refer to note 18).

### GNI Real Estate - Erf 113, Pretoria North

Loan amount	5,491,314	4,360,272
Prior years loan and receivable transferred to current assets held-for-trade reversed	6,711,315	5,858,488
Advance	37,262	1,453,827
Interest earned	394,775	1,091,425
Short-term payments received	(7,194,487)	(601,000)
Social benefit adjustment	(7,630)	(113,885)
Interest amortised using effective interest rate	186,258	159,263
Impairment	(7,050)	(5,761)
Loan and receivables transferred to current assets held-for-trade	-	(6,711,315)
	<b>5,611,757</b>	<b>5,491,314</b>

The loan facility to GNI Real Estate - Erf 113, Pretoria North comprises of an interest-free loan of R2,000,000 and interest-bearing loan of R3,748,000. The interest-free facility is for 10 years and commences in February 2021. The interest-bearing facility is for 20 years, bears interest at a staggered JIBAR rate plus 50 basis points and is repayable in monthly instalments which have commenced. The nominal value of the loan is R6,970,251 (2018: R13,732,701). The loan is secured by a mortgage bond over Erf 113, Pretoria North. The GPF has concluded an agreement with a senior funder to purchase the senior portion of this loan. This portion was transferred to loans and receivables assets held-for-trade. (Refer to note 7). The loan is in arrears resulting in impairment of the loan. (Refer to note 18).

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## 3. Loans and receivables from exchange transactions (continued)

	2019	2018
<b>Golden City Property (Pty) Ltd - Erf 533 &amp; 534, Germiston</b>		
Loan amount	4,139,677	2,948,310
Prior years current-term portion reversed	80,487	48,977
Advance	78,849	927,135
Interest earned	467,707	421,742
Short-term payments received	(91,000)	(126,000)
Current-term portion transferred to current assets	(100,834)	(80,487)
	<b>4,574,886</b>	<b>4,139,677</b>

The 20 year loan facility of R3,941,555 to Golden City Properties (Pty) Ltd - Erf 533 & 534, Germiston bears interest at a staggered prime plus 50 basis points rate and is repayable in monthly instalments which should have commenced. The nominal value of the loan is R4,675,720 (2018:R4,217,176). The loan is secured by a mortgage bond over Erf 533 & 534, Germiston.

## Goldburg Property Development (Pty) Ltd - Erf 72, Kempton Park

Loan amount	3,563,682	3,416,872
Prior years current-term portion reversed	68,701	-
Interest earned	327,547	338,868
Short-term payments received	(476,500)	(146,000)
Interest amortised using effective interest rate	33,083	27,436
Impairment	-	(4,793)
Current-term portion transferred to current assets	(74,214)	(68,701)
	<b>3,442,299</b>	<b>3,563,682</b>

The 20 year loan facility of R3,741,455 to Goldburg Property Development (Pty) Ltd - Erf 72, Kempton Park bears interest at JIBAR rate plus 100 basis points and is repayable in monthly instalments which have commenced. The nominal value of the loan is R4,044,705 (2018:R4,193,658). The loan was impaired due to late payments in the prior year. (Refer to note 18). The loan is secured by a mortgage bond over Erf 72, Kempton Park.

## Hectofield (Pty) Ltd - Erf 644, Pretoria North

Loan amount	1,533,194	-
Advance	9,039,253	2,657,945
Interest earned	358,009	1,533
Social benefit adjustment	(668,225)	(1,183,724)
Interest amortised using effective interest rate method	143,713	57,440
Loan and receivables transferred to current assets held-for-trade	(5,722,099)	-
	<b>4,683,845</b>	<b>1,533,194</b>

The loan facility to Hectofield (Pty) Ltd - Erf 644, Pretoria North comprises of an interest-free loan of R2,000,000, a interest-bearing loan of R3,971,100 and a senior loan of R8,491,400. The interest-free facility is for 10 years and commences in June 2022. The interest-bearing facility is for 20 years, bears interest at a staggered JIBAR rate and is repayable in monthly instalments which commence in September 2019. The senior loan facility is for 20 years, bears interest at prime and is repayable in monthly instalments which commence in December 2019. The nominal value of the loan is R12,056,740 (2018: R2,669,477). The loan is secured by a mortgage bond over Erf 644, Pretoria North.

## Highlands Urban Living (Pty) Ltd - Highlands Lofts

Loan amount	4,162,145	3,135,610
Prior years current-term portion reversed	401,075	3,135,610
Interest earned	616,199	740,678
Short-term payments received	(455,000)	-
Social benefit adjustment	-	(2,350,756)
Interest amortised using effective interest rate	130,218	(78,991)
Impairment	(625,167)	(18,931)
Current-term portion transferred to current assets	(372,145)	(401,075)
	<b>3,857,325</b>	<b>4,162,145</b>

The 15 year loan facility of R7,015,594 to Highlands Urban Living (Pty) Ltd - Highlands Lofts bears interest at a staggered JIBAR rate plus 200 basis points and the is repayable in monthly instalments that have commenced. The nominal value of the loan is R5,552,701 (2018: R5,391,502). The loan is secured by a mortgage bond over Erf 3 & 4 Highlands, Johannesburg. The loan was impaired due to late payment. (Refer to note 18).

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## 3. Loans and receivables from exchange transactions (continued)

### Hoewe 15 Doreg Landbouhoewes (Pty) Ltd - Portion 484 (a portion of portion 125) of the farm Hartebeeshoek 303, Gauteng

	2019	2018
Loan amount	15,303,365	6,774,247
Prior years current-term portion reversed	85,771	-
Advance	-	8,636,940
Interest earned	1,391,511	1,225,482
Short-term payments received	(492,000)	-
Social benefit adjustment	-	(1,399,893)
Interest amortised using effective interest rate	242,160	152,360
Impairment	(452,307)	-
Current-term portion transferred to current assets	(260,592)	(85,771)
	<b>15,817,908</b>	<b>15,303,365</b>

The 20 year loan facility of R16,608,288 to Hoewe 15 Doreg Landbouhoewes (Pty) Ltd - Portion 484 (a portion of portion 125) of the farm Hartebeeshoek 303, Gauteng bears interest at a staggered JIBAR rate plus 50 basis points and is repayable in monthly instalments which should have commenced. The nominal value of the loan is R18,862,420 (2018: R17,962,916). The loan is secured by a mortgage bond over Portion 484 (a portion of portion 125) of the farm Hartebeeshoek 303, Gauteng. The loan was restricted resulted in an impairment. (Refer to note 18).

### Ifizo (Pty) Ltd - Erf 733, Pretoria North

Loan amount	14,333	13,013
Interest amortised using effective interest rate	1,462	1,320
	<b>15,795</b>	<b>14,333</b>

The loan of R4,634,100 to Ifizo (Pty) Ltd - Erf 733, Pretoria North comprises of an interest-free loan of R1,000,000 and junior interest-bearing loan of R3,634,100. The interest-free facility is for 10 years and is repayable in monthly instalments commencing in January 2021. The junior interest-bearing facility is for 20 years and bears interest at a staggered JIBAR rate. The junior interest bearing facility has not yet commenced. The loan is secured by a mortgage bond over Erf 733, Pretoria North. The nominal value of the loan is R273,827 (2018: R273,827).

### Ikamvelihle Trading Enterprises (Pty) Ltd - Erf 953-956, Berea

Loan amount	5,410,980	5,369,638
Prior years current-term portion transferred to current assets reversed	312,429	-
Interest earned	463,731	367,328
Short-term payments received	(185,626)	-
Interest amortised using effective interest rate method	232,482	220,915
Impairment	(268,888)	(234,472)
Current-term portion transferred to current assets	(410,463)	(312,429)
	<b>5,554,645</b>	<b>5,410,980</b>

283The loan facility to Ikamvelihle Trading Enterprises (Pty) Ltd - Erf 953-956, Berea comprises of an interest-free loan of R1,855,000 and interest-bearing loan of R3,489,757. The interest-free facility is for 9 years and is repayable in 5 equal instalments commencing in July 2019. The interest-bearing facility is for 23 years and bears interest at a staggered JIBAR rate and is repayable in monthly instalments which have commenced. The nominal value of the loan is R7,427,302 (2018: R7,149,196). The loan is secured by a mortgage bond over Erf 953-956, Berea. The loan is being restructured resulting in impairment of the loan. (Refer to note 18). The GPF has taken cession of the rental income.

### Indigo Kulani Properties (Pty) Ltd - Erf 1676, Benoni

Loan amount	7,866,463	8,170,917
Prior years current-term portion reversed	165,955	149,349
Interest earned	665,076	700,034
Short-term payments received	(840,000)	(1,051,848)
Interest amortised using effective interest rate	168,450	59,879
Impairment	(24,834)	4,087
Current-term portion transferred to current assets	(216,524)	(165,955)
	<b>7,784,586</b>	<b>7,866,463</b>

The 20 year loan facility of R6,090,272 to Indigo Kulani Properties (Pty) Ltd - Erf 1676, Benoni bears interest at a staggered JIBAR rate is repayable in monthly instalments which have commenced. The nominal value of the loan is R9,376,021 (2018: R9,550,943). The loan is secured by a mortgage bond over Erf 1676, Benoni. The loan is being restructured resulting in impairment of the loan. (Refer to note 18).

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## 3. Loans and receivables from exchange transactions (continued)

### Johannesburg Housing Company (Pty) Ltd - Hlanganani

	2019	2018
Loan amount	7,218,429	8,513,253
Prior years short-term portion reversed	918,661	877,283
Interest earned	260,184	369,864
Short-term payments earned	(1,893,541)	(1,970,531)
Interest amortised using effective interest rate method	537,326	347,221
Current-term portion transferred to current assets	(980,175)	(918,661)
	<b>6,060,884</b>	<b>7,218,429</b>

The 15-year loan facility of R20,000,000 to Johannesburg Housing Company (Pty) Ltd - Hlanganani bears interest at prime less 7% and the monthly instalments have commenced. The nominal value of the loan is R8,655,658 (2018: R10,256,549). The loan is secured by a mortgage bond over Erf 15604, Cosmo City Extension 6.

### Johannesburg Housing Company (Pty) Ltd - 117 Pritchard Street

Loan amount	6,516,145	7,208,919
Prior years current-term portion reversed	399,603	327,492
Interest earned	617,866	627,527
Short-term payments received	(1,409,371)	(1,404,488)
Interest amortised using effective interest rate	109,213	156,298
Current-term portion transferred to current assets	(423,305)	(399,603)
	<b>5,810,151</b>	<b>6,516,145</b>

The 15-year loan facility of R11,175,110 to Johannesburg Housing Company (Pty) Ltd - 117 Pritchard Street bears interest at a staggered JIBAR plus 50 basis points rate and is repayable in monthly instalments which have commenced. The nominal value of the loan is R6,846,807 (2018: R7,638,313). The loan is secured by a mortgage bond over Erf 4453, City of Johannesburg.

### Johannesburg Housing Company (Pty) Ltd - Crest Hotel

Loan amount	8,056,739	9,334,619
Prior period current-term portion reversed	479,847	415,528
Interest earned	734,643	803,843
Short-term payments received	(1,923,997)	(1,983,086)
Interest amortised using effective interest rate	176,689	(34,318)
Current-term portion to current assets	(494,592)	(479,847)
	<b>7,029,329</b>	<b>8,056,739</b>

The 15 year loan facility of R14,792,032 to Johannesburg Housing Company (Pty) Ltd - Crest Hotel bears interest at a staggered JIBAR rate plus 50 basis points and is repayable in monthly instalments which have commenced. The nominal value of the loan is R8,548,092 (2018: R9,737,446). The loan is secured by a mortgage bond over Erf 212, 214 & 216, City of Johannesburg.

### KDM Properties (Pty) Ltd - Erf 403, Johannesburg

Loan amount	3,541,327	3,762,595
Prior years current-term portion reversed	167,258	150,409
Interest earned	302,725	331,148
Short-term payments received	(564,000)	(611,000)
Interest amortised using effective interest	72,822	75,433
Current-term portion transferred to current assets	(191,859)	(167,258)
	<b>3,328,273</b>	<b>3,541,327</b>

The 15 year loan facility of R4,564,540 to KDM Properties (Pty) Ltd - Erf 403, Johannesburg bears interest at a staggered JIBAR rate plus 50 basis points and is repayable in monthly instalments which commenced. The nominal value of the loan is R3,896,898. (2018: R4,158,173). The loan is secured by a mortgage bond over Erf 403, Johannesburg.

### Kertrade CC - Erf 564 & 566, Springs

Loan amount	7,173,541	6,896,567
Prior years current-term portion reversed	127,195	36,654
Interest earned	943,717	1,016,475
Short-term payments received	(885,360)	(630,840)
Interest amortised	(73,083)	12,153
Impairment	(21,864)	(30,273)
Current-term portion transferred to current assets	(133,861)	(127,195)
	<b>7,130,285</b>	<b>7,173,541</b>

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## 3. Loans and receivables from exchange transactions (continued)

2019

2018

The 20 year loan facility of R7,099,130 to Kertrade CC - Erf 564 & 566, Springs bears interest at a staggered JIBAR rate plus 1% and is repayable in monthly instalments which should have commenced in December 2016. The nominal value of the loan is R8,559,013 (2018: R8,500,656). The loan is secured by a mortgage bond over Erf 564 & 566, Springs. The loan was impaired as a resulting of late payment. (Refer to note 18).

### Kesef Properties (Pty) Ltd - Erf 343, 344, 345, 346, 347, 348, 387, 388 and 389, New Doornfontein, Johannesburg

Loan amount	14,598,408	13,790,078
Prior period current-term portion reversed	567,621	464,234
Interest earned	2,770,339	2,319,239
Short-term payments received	(250,000)	(1,304,213)
Interest amortised using effective interest rate	(334,834)	(21,915)
Current portion transferred to current assets	(718,644)	(567,621)
Impairment	(102,060)	(81,394)
	<b>16,530,830</b>	<b>14,598,408</b>

The 15-year loan of R16,635,173 to Kesef Properties (Pty) Ltd - Erf 343, 344, 345, 346, 347, 348, 387, 388 and 389, New Doornfontein, Johannesburg bears interest at a staggered JIBAR plus 50 basis points per annum and is repayable in monthly instalments which have commenced. The nominal value of the loan is R19,833,521 (2018: R17,313,182). The loan is secured over Erf 343, 344, 345, 346, 347, 348, 387, 388 and 389, New Doornfontein, Johannesburg. The project is in litigation and non-payments have resulted in impairment. (Refer to note 18). The GPF has taken cession of the rental income.

### Khwezi Enhle Investment (Pty) Ltd - Erf 102 Erasmus, Bronkhortspruit

Advance	273,770	-
Interest earned	9,092	-
Social benefit adjustment	(39,838)	-
Interest amortised using effective interest rate method	1,264	-
	<b>244,288</b>	<b>-</b>

The 20 year loan facility of R4,494,442 to Khwezi Enhle Investment (Pty) Ltd - Erf 102 Erasmus, Bronkhortspruit bears interest at a staggered JIBAR plus 50 basis point rate and is repayable in monthly instalments which commence in December 2020. The nominal value of the loan is R282,862 (2018: RNil). The loan is secured by a mortgage bond over Erf 102, Bronkhortspruit.

### Kimovax (Pty) Ltd - Erf 419 and Erf 420 Cresslawn, Kempton Park

Loan amount	1,591,550	1,437,780
Interest earned	58,273	55,875
Interest amortised using effective interest rate	112,927	97,895
Impairment	(28,356)	-
	<b>1,734,394</b>	<b>1,591,550</b>

The loan of R4,634,100 to Kimovax (Pty) Ltd - Erf 419 and Erf 420 Cresslawn, Kempton Park comprises of an interest-free loan of R1,544,800 and junior interest-bearing loan of R5,541,200. The interest-free facility is for 9 years and is repayable in monthly instalments commencing in March 2021. The junior interest-bearing facility is for 20 years and bears interest at a staggered JIBAR plus 50 basis points. The junior interest bearing facility should have commenced. The loan is secured by a mortgage bond over - Erf 419 and Erf 420 Cresslawn, Kempton Park. The loan needs to be restructured due to delays in construction resulting in impairment of the loan. (Refer to note 18). The nominal value of the loan is R2,404,399 (2018: R2,346,125).

### Korema Property Group (Pty) Ltd - Erf 436 & 437, Bellevue East, JHB

Loan amount	2,244,991	535,138
Advance	5,189,840	1,954,067
Interest earned	382,642	75,707
Social benefit adjustment	(118,504)	(411,045)
Interest amortised using effective interest rate	109,156	91,124
Impairment	(182,518)	-
Loan and receivables transferred to current assets held-for-trade	(4,581,260)	-
	<b>3,044,347</b>	<b>2,244,991</b>

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## 3. Loans and receivables from exchange transactions (continued)

2019

2018

The loan facility to Korema Property Group (Pty) Ltd - Erf 436 & 437, Bellevue comprises of an interest-free loan of R1,350,000 and an interest-bearing loan of R2,047,400. The interest-free facility is for 10 years and is repayable in monthly instalments commencing in October 2023. The interest-bearing facility is for 21 years, bears interest at a staggered JIBAR plus 50 basis points rate and is repayable in monthly instalments commencing in April 2019. The loan was impaired due to the restructure of the loan facility. (Refer to note 18). The nominal value of the loan is R8,677,025 (2018: R3,099,485). The loan is secured by a mortgage bond over Erf 436 & 437, Bellevue. The loan was restructured due to delays in construction (Refer to note 3).

### Lakeside Developments (Pty) Ltd - Erf 1373, Leachville

Loan amount	1,510,766	1,377,317
Interest earned	63,717	60,500
Interest amortised using effective interest rate	96,729	97,559
Impairment	(49,542)	(24,610)
	<b>1,621,670</b>	<b>1,510,766</b>

The 10 year loan facility of R11,101,000 to Lakeside Developments (Pty) Ltd - Erf 1373, Leachville comprises of an interest-free loan of R1,283,300, junior interest-bearing loan of R3,311,100 and a senior loan of R6,441,700. The interest-free facility is for 10 years and repayments commence in September 2020. The junior interest-bearing facility bears interest at a staggered JIBAR rate and repayments should have commenced. The senior interest loan bears interest at prime plus 1% and has not yet commenced. The nominal value of the loan is R2,166,997 (2018: R2,103,280). The loan is secured by a mortgage bond over Erf 1373, Leachville. The project is in litigation and non-payments have resulted in impairment. (Refer to note 18).

### Landopoint (Pty) Ltd - Erf 905, 906 and 907, Kenilworth

Loan amount	-	1,073,157
Prior years current-term portion reversed	900,000	1,073,158
Prior years provision for doubtful debts reversed	1,397,986	-
Interest earned	121,459	115,660
Interest amortised using effective interest rate	126,583	105,721
Impairment	(78,581)	(69,710)
Provision for doubtful debts	(1,567,447)	(1,397,986)
Current-term portion transferred to current assets	(900,000)	(900,000)
	<b>-</b>	<b>-</b>

The 20 year loan of R11,157,024 to Landopoint (Pty) Ltd - Erf 905, 906 and 907, Kenilworth comprises of an interest-free loan of R1,516,128, junior interest-bearing loan of R2,861,826 and senior interest-bearing loan of R6,629,070. The interest-free loan is for 9 years and is repayable in annual instalments commencing in June 2019. The interest-bearing facilities are for 20 years. The junior interest-bearing facility bears interest at a staggered JIBAR plus 50 basis points and is repayable in monthly instalments which should have commenced. The senior interest-bearing facility bears interest at prime and has not yet commenced. The loan is secured by a mortgage bond over Erf 905, 906 and 907, Kenilworth. The project is in litigation and non-payments have resulted in impairment (Refer to note 18). Management has provided for a loss of R1,567,448. (Refer to note 30). The nominal value of the loan is R3,003,723 (2018: R2,853,110).

### Lavigen Lofts (Pty) Ltd - Erf 134, Bedworth Park

Loan amount	3,277,594	-
Prior years loan and receivables transferred to current assets held-for-trade reversed	1,688,585	12,436,677
Interest earned	355,057	437,586
Short-term payments received	(1,959,108)	(7,908,084)
Loan and receivables transferred to current assets held-for-trade	-	(1,688,585)
Current-term portion transferred to current assets	(183,068)	-
	<b>3,179,060</b>	<b>3,277,594</b>

The 20 year loan facility to Lavigen Lofts (Pty) Ltd - Erf 134, Bedworth Park comprises of a junior interest-bearing loan of R2,840,009 and senior interest-bearing loan of R9,596,669. The interest-bearing facilities are for 20 years. The junior interest-bearing facility bears interest at a staggered JIBAR rate and is repayable in monthly instalments which commence in October 2018. The senior interest-bearing facility bears interest at prime and is expected to be bought out by an external funder. The nominal value of the loan is R3,362,129 (2018: R4,966,179). The loan is secured by a mortgage bond over Erf 134, Bedworth Park. The GPF has concluded an agreement with a senior funder to purchase the senior portion of this loan. This portion was transferred to loans and receivables assets held-for-trade. (Refer to note 5).

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## 3. Loans and receivables from exchange transactions (continued)

	2019	2018
<b>Lisinfo 282 Property (Pty) Ltd - Erf 1952, Malvern</b>		
Loan amount	3,357,784	3,217,492
Prior years current-term portion reversed	228,659	165,665
Interest earned	336,562	401,163
Short-term payments received	(67,000)	(74,662)
Advance	51,720	-
Social benefit adjustment	(6,443)	-
Interest amortised using effective interest rate method	150,876	(9,819)
Impairment	(218,894)	(113,396)
Current-term portion transferred to current assets	(316,805)	(228,659)
	<b>3,516,459</b>	<b>3,357,784</b>

The 20 loan facility to Lisinfo 282 Property (Pty) Ltd - Erf 1952, Malvern comprises of an interest-free loan of R969,000 and interest-bearing loan of R3,399,161. The interest-free facility is for 8 years and is repayable in 5 equal instalments which should have commenced. The interest-bearing facility is for 20 years, bears interest at a staggered JIBAR rate and its monthly payments have commenced. The nominal value of the loan is R5,038,397 (2018: R4,714,321). The loan is secured by a mortgage bond over Erf 1952, Malvern, Johannesburg. The loan was impaired due to non-payment. (Refer to note 3 and 30).

## Lukataedi (Pty) Ltd - Erf 739, Pretoria North

Loan amount	10,370,186	9,282,707
Prior years current-term portion reversed	77,170	31,809
Prior years loan and receivables transferred to current assets held-for-trade reversed	4,479,307	5,515,114
Interest earned	1,264,296	1,306,337
Short-term payments received	(891,000)	(1,270,000)
Social benefit adjustment	(48,809)	(67,436)
Interest amortised using effective interest rate	273,123	245,368
Impairment	(61,109)	(117,236)
Loan and receivables transferred to current assets held-for-trade	(4,294,307)	(4,479,307)
Current-term portion transferred to current assets	(428,370)	(77,170)
	<b>10,740,487</b>	<b>10,370,186</b>

The 20 year loan facility to Lukataedi (Pty) Ltd - Erf 739, Pretoria North comprises of a interest-free loan of R1,518,800, junior -interest bearing loan of R8,216,000 and a senior loan of R6,224,400. The interest-free facility is for 9 years and is repayable in 5 equal instalments commencing in September 2019. The interest bearing facility is for 20 years, bears interest at a staggered JIBAR plus 50 basis points and monthly repayments have commenced. The senior interest-bearing facility is for 20 years, bears interest at prime and the monthly repayments have commenced. The nominal value of the loan is R17,169,969 (2018: R16,796,672). The loan is secured by a mortgage bond over Erf 739, Pretoria North. The loan was impaired due to late payment. (Refer to note 18). The GPF has concluded an agreement with a senior funder to purchase the senior portion of this loan. This portion was transferred to loans and receivables assets held-for-trade. (Refer to note 5).

## Madulamoho Housing Association - Allenby House

Loan amount	1,380,737	1,608,488
Prior period current-term portion reversed	165,914	207,018
Interest earned	103,195	122,289
Short-term payments received	(348,000)	(348,000)
Interest amortised using effective interest rate	67,870	(43,144)
Current-term portion transferred to current assets	(183,093)	(165,914)
	<b>1,186,623</b>	<b>1,380,737</b>

The 15-year loan facility of R3,270,000 to Madulamoho Housing Association - Allenby House bears interest at a rate of prime less 4% per annum and is repayable in fourteen equal instalments which have commenced. The nominal value of the loan is R1,588,785 (2018: R1,833,589). The loan is secured by a mortgage bond over Erf 4880, Hillbrow, Johannesburg Township.

## Madulamoho Housing Association - Fleurhof Views

Loan amount	14,316,995	15,418,574
Prior years current-term portion reversed	1,633,547	1,628,479
Interest earned	1,399,344	1,512,811
Short-term payments received	(2,660,000)	(2,520,000)
Interest amortised using effective interest rate	214,762	(89,322)
Impairment	(78,587)	-
Current-term portion transferred to current assets	(1,240,975)	(1,633,547)
	<b>13,585,086</b>	<b>14,316,995</b>

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## 3. Loans and receivables from exchange transactions (continued)

2019

2018

The 15-year loan facility of R23,345,378 to Madulamoho Housing Association bears - Fleurhof Views interest at a staggered JIBAR rate and is repayable in 15 annual instalments which have commenced. The nominal value of the loan is R17,169,969 (2018: R17,058,670). The was restructured which resulted in an impairment. (Refer to note 18). The loan is secured by a mortgage bond over Erf 691 to 698, Fleurhof Extension two.

### Madulamoho Housing Association - Jabulani

Loan amount	16,638,415	17,717,546
Prior year current-term portion reversed	1,022,975	788,816
Interest earned	1,487,975	1,440,119
Short-term payments received	(2,816,000)	(2,760,000)
Interest amortised using effective interest rate	298,513	474,909
Current-term portion transferred to current assets	(1,136,111)	(1,022,975)
	<b>15,495,767</b>	<b>16,638,415</b>

The 15-year loan facility of R24,578,202 to Madulamoho Housing Association - Jabulani bears interest at a staggered JIBAR rate and is repayable in monthly instalments which have commenced. The nominal value of the loan is R18,189,426 (2018: R19,517,427). The loan is secured by a mortgage bond over Erf 2605 Jabulani, Soweto, Johannesburg.

### Mahlahla Advanced Dynamics CC - Erf 442, Wolmer, Pretoria

Loan amount	7,643,035	5,876,245
Prior years loan and receivables transferred to current assets held -for-trade	8,813,175	9,102,998
Advance	66,371	210,177
Interest earned	705,416	1,859,113
Short payment received	(8,831,712)	(500,000)
Social benefit adjustment	(11,793)	(142,598)
Interest amortised using effective interest rate	182,811	76,214
Impairment	(239,502)	(25,939)
Loan and receivables held-for-trade	-	(8,813,175)
Current-term portion transferred to current assets	(43,247)	-
	<b>8,284,554</b>	<b>7,643,035</b>

The 20 year loan facility to Mahlahla Advanced Dynamics CC - Erf 442, Wolmer, Pretoria comprises of an interest-free loan of R1,300,000 and an interest-bearing loan of R5,337,100. The interest-free facility is for 10 years and is repayable in monthly instalments commencing in March 2021. The interest-bearing facility is for 20 years and bears interest at a staggered JIBAR plus 50 basis points and repayments have commenced. The nominal value of the loan is R9,684,803 (2018: R16,556,238). The loan is secured by a mortgage bond over Erf 442, Wolmer, Pretoria. The GPF has concluded an agreement with a senior funder to purchase the senior portion of this loan. This portion was transferred to loans and receivables assets held-for-trade. (Refer to note 7). The loan was impaired due to non-payment. (Refer to note 18 and 30). The GPF has taken cession of the rental income.

### Makabongwe Property Holding (Pty) Ltd - Erf 983, Johannesburg

Loan amount	8,020,985	6,572,672
Prior years current-term portion transferred to current assets reversed	145,231	31,032
Prior years loans and receivables transferred to current assets held-for-trade	8,355,536	9,591,786
Advance	46,828	-
Interest earned	1,141,892	2,245,095
Social benefit adjustment	(10,392)	(168,360)
Short-term payments received	(9,518,339)	(1,783,520)
Interest amortised using effective interest rate	92,883	60,809
Impairment	(106,761)	(27,762)
Current-term portion transferred to current assets	(150,655)	(145,231)
Loans and receivables transferred to current assets held-for-trade	-	(8,355,536)
	<b>8,017,208</b>	<b>8,020,985</b>

The 20 year loan facility to Makabongwe Property Holding (Pty) Ltd - Erf 983, Johannesburg comprises of a junior interest-bearing facility of R5,488,088 and senior interest-bearing facility of R8,892,150. The junior loan bears interest at a staggered JIBAR rate plus 50 basis points and is repayable in monthly instalments which have commenced. The nominal value of the loan is R9,512,228 (2018: R17,841,845). The loan is secured by a mortgage bond over Erf 983, Johannesburg. The GPF has concluded an agreement with a senior funder to purchase the senior portion of this loan. In the prior year a portion was transferred to loans and receivables assets held-for-trade. (Refer to note 5). The loan was impaired due to late payment. (Refer to note 18). The GPF has taken cession of the rental income.

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## 3. Loans and receivables from exchange transactions (continued)

### Masisizane Group (Pty) Ltd - Portion 0 of Erf 2909, Jeppestown

	2019	2018
Loan amount	3,556,519	71,087
Prior years loans and receivables transferred to current held-for-trade reversed	5,613,089	-
Advance	510,655	10,222,251
Interest earned	678,166	201,586
Short-term payments received	(6,123,744)	-
Social benefit adjustment	(52,665)	(1,453,333)
Interest amortised using the effective interest rate method	140,694	128,017
Loans and receivables transferred to current held-for-trade	-	(5,613,089)
	<b>4,322,714</b>	<b>3,556,519</b>

The 20 year loan facility to Masisizane Group (Pty) Ltd - Portion 0 of Erf 2909, Jeppestown comprises of an interest-free loan of R2,000,000 and an interest-bearing loan of R2,843,600. The interest-free facility is for 10 years and is repayable in monthly instalments commencing in March 2022. The interest-bearing facility is for 20 years and bears interest at a staggered JIBAR plus 50 basis points and repayments commence in April 2019. The nominal value of the loan is R5,224,082 (2018: R10,651,643). The loan is secured by a mortgage bond over portion 0 of Erf 2909, Jeppestown. The GPF has concluded an agreement with a senior funder to purchase the senior portion of this loan. This portion was transferred to loans and receivables assets held-for-trade. (Refer to note 5).

### Meilijian Construction and Development CC - Erf 232, Kempton Park

Loan amount	-	1,990,437
Prior years current-term portion reversed	-	37,171
Interest earned	-	255,368
Short-term payments received	-	(2,665,974)
Interest amortised using effective interest rate	-	386,749
Impairment	-	(3,751)
	-	-

The 15-year loan facility of R8,997,348 to Meilijian Construction and Development CC - Erf 232, Kempton Park bears interest at JIBAR and is repayable in monthly instalments which have commenced. The nominal value of the loan is RNil (2018: RNil) as the loan has been fully re-paid. The loan is secured by a mortgage bond over Erf 232, Kempton Park. The loan was impaired due to late payment. (Refer to note 18).

### Meilijian Construction and Development CC - Erf 24, Kempton Park

Loan amount	7,576,455	7,590,814
Prior period current-term portion	159,349	135,318
Interest earned	666,009	806,982
Short-term payments received	(883,467)	(878,471)
Interest amortised using effective interest rate	145,244	103,131
Impairment	(82,771)	(21,970)
Current-term portion transferred to current assets	(201,416)	(159,349)
	<b>7,379,403</b>	<b>7,576,455</b>

The 20 year loan facility of R8,997,348 to Meilijian Construction and Development CC - Erf 24, Kempton Park bears interest at a staggered JIBAR plus 50 basis points rate and is repayable in monthly instalments which have commenced. The nominal value of the loan is R8,717,084 (2018: R8,934,542). The loan is secured by a mortgage bond. The loan was impaired as a result of late payment. (Refer to note 18).

### Meilijian Construction and Development CC - Erf 1614, Kempton Park

Loan amount	8,422,716	8,668,291
Prior years current-term portion reversed	181,099	60,586
Interest earned	810,542	923,743
Short-term payments	(959,022)	(1,062,359)
Interest amortised using effective interest rate method	67,157	18,945
Impairment	(39,304)	(5,391)
Current-term portion transferred	(197,708)	(181,099)
	<b>8,285,480</b>	<b>8,422,716</b>

The 20 year loan facility to Meilijian Construction and Development CC - Erf 1614, Kempton Park comprises of a junior interest-bearing facility of R4,075,146 and senior interest-bearing facility of R4,468,128. The junior loan bears interest at a staggered JIBAR rate plus 50 basis points and is repayable in monthly instalments that have commenced. The senior loan bears interest at prime and is repayable in monthly instalments that have commenced. The nominal value of the loan is R9,077,684 (2018: R9,226,165). The loan is secured by a mortgage bond over Erf 1614, Kempton Park. The loan was impaired due as a result of late payment. (Refer to note 18). The GPF is now funding 100% of the loan.

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## 3. Loans and receivables from exchange transactions (continued)

2019

2018

### Meilijian Construction and Development CC - Erf 27, Kempton Park

Loan amount	8,365,206	8,456,624
Prior years current-term portion reversed	162,354	144,820
Interest earned	740,218	951,407
Short-term payment received	(984,511)	(1,023,680)
Interest amortised using effective interest rate method	167,192	11,120
Impairment	(90,707)	(12,731)
Current-term portion transferred to current assets	(201,244)	(162,354)
	<b>8,158,508</b>	<b>8,365,206</b>

The 20 year loan facility of R9,047,338 to Meilijian Construction and Development CC - Erf 27, Kempton Park bears interest at a staggered JIBAR plus 50 basis points rate and is repayable in monthly instalments which have commenced. The nominal value of the loan is R9,741,159 (2018: R9,985,477). The loan is secured by a mortgage bond over Erf 27, Kempton Park. The loan was impaired as a result of late payment. (Refer to note 18).

### Meilijian Construction and Development CC - 3597, Pomona, Ext 75

Loan amount	14,149,499	14,455,973
Prior years current-term portion reversed	229,484	-
Prior years loan and receivables transferred to current assets held-for-trade reversed	-	5,047,629
Advance	-	14,252,231
Interest earned	1,081,396	2,087,137
Social benefit adjustment	-	(85,380)
Short-term payments received	(8,234,026)	(21,673,339)
Interest amortised using effective interest rate method	40,130	335,004
Impairment	-	(40,272)
Current-term portion transferred to current assets	(90,859)	(229,484)
	<b>7,175,624</b>	<b>14,149,499</b>

The 20 year loan facility of R13,065,197 to Meilijian Construction and Development CC - Erf 3597, Pomona, Ext 75 bears interest at a staggered JIBAR rate plus 50 basis points rate and is repayable in monthly instalments which have commenced. The nominal value of the loan is R9,650,608 (2018: R16,803,149). The loan is secured by a mortgage bond over Erf 3597, Pomona, Ext 75. The GPF has concluded an agreement with a senior funder to purchase the senior portion of this loan. This portion was transferred to loans and receivables assets held-for-trade. (Refer to note 5). The loan was impaired due to late payment. (Refer to note 18).

### Michaelson Investments (Pty) Ltd - Erf 658, Troyeville, Johannesburg

Loan amount	1,548,267	1,566,385
Prior years current-term portion reversed	110,836	-
Interest earned	103,408	96,785
Interest amortised using effective interest rate method	80,214	61,005
Impairment	(100,228)	(65,072)
Current-term portion transferred to current assets	(149,126)	(110,836)
	<b>1,593,371</b>	<b>1,548,267</b>

The 20 loan facility to Michaelson Investments (Pty) Ltd - Erf 658, Troyeville, Johannesburg comprises of an interest-free loan of R895,100 and interest-bearing loan of R4,625,000. The interest-free facility is for 9 years and is repayable in 5 equal instalments which should have commenced. The interest-bearing facility is for 20 years and bears interest at a staggered JIBAR rate and is repayable in monthly instalments which should have commenced. The nominal value of the loan is R2,161,287 (2018: R2,033,540). The loan is secured by a mortgage bond over Erf 658, Troyeville, Johannesburg. The loan needs to be restructured due to delays in construction resulting in impairment of the loan. (Refer to note 18).

### Multidirect Investment 8 (Pty) Ltd - Erf 1815, Pretoria North

Loan amount	4,524,444	4,839,199
Prior years current-term portion reversed	261,140	-
Short-term payments received	(1,120,000)	(433,000)
Interest earned	302,505	319,054
Interest amortised using effective interest rate method	172,844	66,029
Impairment	(66,213)	(5,698)
Current-term portion transferred to current assets	(169,162)	(261,140)
	<b>3,905,558</b>	<b>4,524,444</b>

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## 3. Loans and receivables from exchange transactions (continued)

2019

2018

The 20 year loan facility to Multidirect Investment 8 (Pty) Ltd - Erf 1815, Pretoria North comprises of an interest-free loan of R1,428,933 and interest-bearing loan of R4,455,837. The interest-free facility is for 10 years and is repayable monthly instalments which have commenced. The interest-bearing facility is for 20 years and bears interest at a staggered JIBAR rate. The interest-bearing facility is repayable in monthly instalments which have commenced. The nominal value of the loan is R5,022,416 (2018: R5,839,910). The loan is secured by a mortgage bond over Erf 1815, Pretoria North. The loan was impaired as a result of late payment. (Refer to note 18).

### Muma Properties Investments (Pty) Ltd - Erf 978, Pretoria North

Loan amount	9,144,527	8,148,743
Prior years current-term portion reversed	398,948	64,641
Prior years receivables transferred to current assets held-for-trade reversed	9,135,593	10,261,443
Advance	56,881	-
Interest earned	767,393	1,952,954
Short-term payments received	(10,643,619)	(1,788,000)
Social benefit adjustment	(12,612)	(161,838)
Impairment	(60,911)	(38,948)
Interest amortised using the effective interest rate method	258,427	240,073
Loan and receivable transferred to current assets held-for-trade	-	(9,135,593)
Current-term portion transferred to current assets	(425,222)	(398,948)
	<b>8,619,405</b>	<b>9,144,527</b>

The 20 year loan facility to Muma Properties Investments (Pty) Ltd - Erf 978, Pretoria North comprises of an interest-free loan of R1,480,000, junior interest-bearing loan of R6,145,400 and senior interest-bearing loan of R11,546,800. The interest-free facility is for 9 years and is repayable in 5 equal instalments which have commenced. The interest-bearing facility is for 20 years. The junior interest-bearing facility bears interest at a staggered JIBAR rate and is repayable in monthly instalments which have commenced. In the prior year, the GPF has concluded an agreement with a senior funder to purchase the senior portion of this loan. This portion was transferred to loans and receivables assets held-for-trade. (Refer to note 5). The nominal value of the loan is R10,566,306 (2018: R20,474,547). The loan is secured by a mortgage bond over Erf 978, Pretoria North. The loan was impaired as a result of late payment. (Refer to note 18). The GPF has taken cession of the rental income.

### NBLR Properties (Pty) Ltd - Erf 2551, 2552 & 2553, Fleurhof Ext 20

Loan amount	11,485,108	8,421,496
Prior years current-term portion reversed	55,921	-
Prior years receivables transferred to current assets held-for-trade	13,086,217	17,120,626
Advance	75,971	-
Interest earned	924,998	2,368,594
Short-term payments received	(13,488,347)	(2,085,124)
Social benefit adjustment	(17,992)	(259,667)
Interest amortised using effective interest rate method	327,539	(142,903)
Impairment	(235,813)	(75,776)
Loan and receivable for transferred to current assets held-for-trade	-	(13,806,217)
Current -term portion transferred to current assets	(61,662)	(55,921)
	<b>12,151,940</b>	<b>11,485,108</b>

The loan facility to NBLR Properties (Pty) Ltd - Erf 2551, 2552 & 2553, Fleurhof Ext 20 comprises of an interest-free loan of R2,000,000 and interest-bearing loan of R8,931,447. The interest-free facility is for 10 years and is repayable in monthly instalments commencing in January 2021. The interest-bearing facility is for 20 years and bears interest at a JIBAR rate and is repayable in monthly instalments which have commenced. The nominal value of the loan is R15,097,346 (2018: R27,584,726). The loan is secured by a mortgage bond over Erf 2551, 2552 & 2553, Fleurhof Ext 20. The loan was impaired as a result of non-payment. (Refer to note 18). In the prior year, the GPF has concluded an agreement with a senior funder to purchase the senior portion of this loan. This portion was transferred to loans and receivables assets held-for-trade. (Refer to note 5).

### Nelisa Properties (Pty) Ltd - Erf 388, Windsor, Randburg

Loan amount	1,690,798	1,044,482
Prior years current-term portion reversed	168,563	-
Advance	-	938,370
Interest earned	81,779	57,721
Social benefit adjustment	-	(221,968)
Interest amortised using effective	119,873	71,269
Impairment	(108,271)	(30,513)
Current-term portion transferred to current assets	(231,183)	(168,563)
	<b>1,721,559</b>	<b>1,690,798</b>

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## 3. Loans and receivables from exchange transactions (continued)

2019

2018

The loan facility to Nelisa Properties (Pty) Ltd - Erf 388, Windsor, Randburg comprises of a interest-free loan of R1,227,800 and interest-bearing loan of R8,189,700. The interest-free facility is for 9 years and is repayable in 5 equal instalments which should have commenced. The interest-bearing facility is for 20 years and bears interest at a JIBAR plus 50 basis points and is repayable in monthly instalments which should have commenced. The nominal value of the loan is R2,438,105 (2018: R2,356,350). The loan is secured by a mortgage bond over Erf 388, Windsor, Randburg. The loan was renegotiated and the moratorium on payments was extended as there were delays in construction. This resulted in an impairment of the loan in the current and prior years. (Refer to note 18).

### Ninarich Trading 3 (Pty) Ltd - Betty Street Precinct

Loan amount	16,005,284	16,397,361
Prior years current-term portion reversed	330,827	291,577
Interest earned	1,392,637	1,468,713
Short-term payments received	(1,516,500)	(2,067,000)
Interest amortised using effective interest rate	302,497	245,460
Impairment	(262,857)	-
Current-term portion transferred to current assets	(427,767)	(330,827)
	<b>15,824,121</b>	<b>16,005,284</b>

The 20 year loan facility of R17,766,740 to Ninarich Trading 3 (Pty) Ltd - Betty Street Precinct is interest-bearing at JIBAR plus 50 basis points and is repayable in monthly instalments which have commenced. The nominal value of the loan is R18,683,333 (2018: R18,807,196). The loan was impaired due to non-payment. (Refer to note 18). The loan is secured by a mortgage bond over Erf 2,3,4,12,105,106 & 413, Betty Street, Erf 22 Auret Street and Erf 173 Park Street, New Doornfontein, Gauteng Province.

### Nonkwelo (Pty) Ltd - Erf 10 & 11, Hunter Street

Loan amount	6,268,129	4,096,138
Prior years current-term portion reversed	24,050	-
Advance	-	2,159,980
Interest earned	499,121	410,159
Social benefit adjustment	-	(298,408)
Interest amortised using effective interest rate method	236,405	206,767
Impairment	(357,600)	(282,457)
Current-term portion transferred to current assets	(31,939)	(24,050)
	<b>6,638,166</b>	<b>6,268,129</b>

The 23 year loan facility to Nonkwelo (Pty) Ltd - Erf 10 & 11, Hunter Street comprises of an interest-free loan of R1,516,987 and interest-bearing facility of R4,062,645. The interest-free facility is for 14 year and is repayable in monthly instalments commencing in October 2021. The interest-bearing facility is for 20 four years and bears interest at a staggered JIBAR rate and is repayable in annual instalments which should have commenced. The nominal value of the loan is R8,801,909 (2018: R8,302,788). The loan is secured by a mortgage bond over Erf 10 & 11, Hunter Street. The loan needs to be restructured due to delays in construction resulting in impairment on the loan. (Refer to note 18).

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## 3. Loans and receivables from exchange transactions (continued)

	2019	2018
<b>Norvena Property Consortium</b>		
Loan amount	18,002,797	8,912,585
Transfer from Norvena Consortium - Norvena Court	-	10,189,320
Prior years current-term portion reversed	751,362	225,139
Interest earned	1,489,088	1,621,286
Short-term payments received	(2,892,683)	(1,979,317)
Interest amortised using effective interest rate	449,101	115,531
Impairment	(29,850)	(330,385)
Current-term portion transferred to current assets	(821,738)	(751,362)
	<b>16,948,077</b>	<b>18,002,797</b>

The 15-year loan facility of R20,338,600 to Norvena Property Consortium bears interest at a staggered JIBAR rate and is repayable in monthly instalments which should have commenced. The nominal value of the loan is R20,607,297 (2018: R22,010,893). The loan is secured by a mortgage bond over Erf 74,76,78,80,82,84,86 and 2004, Johannesburg. The loan was impaired as a result of late payment. (Refer to note 18). Norvena Property Consortium - Norvena Court and Norvena Property Consortium - O' Reilly Street and amalgamated into one loan during the year.

### Norvena Property Consortium - Norvena Court

Loan amount	-	9,971,542
Transfer to Norvena Property Consortium	-	(9,971,542)
	-	-

The 20 year loan facility of R9,213,700 to Norvena Property Consortium - Novena Court bears interest at a staggered JIBAR rate and is repayable in monthly instalments commencing in January 2018. The nominal value of the loan is RNil (2018: RNil). The loan was secured by a mortgage bond over Erf 74, 76, 78, 80, 82, 84, 86 and Erf 2004, Johannesburg. The loan has been consolidated as Norvena Property Consortium in the reconciliation above.

### Ordicode (Pty) Ltd - Erf 2242, 2243, 2248 and 2249, Johannesburg

Loan amount	3,308,908	3,089,522
Advance	15,206,035	-
Interest earned	1,035,518	206,003
Social benefit adjustment	(2,576,882)	-
Interest amortised using effective interest rate	358,897	87,770
Impairment	(541,864)	(74,387)
Current-term portion transferred to current assets	(136,473)	-
	<b>16,654,139</b>	<b>3,308,908</b>

The 20 year loan facility to Ordicode (Pty) Ltd - Erf 2242, 2243 and 2249, Johannesburg comprises of an interest-free loan of R1,500,000 and interest-bearing facility of R5 562,900. The interest-free facility is for 10 years and is repayable in monthly instalments commencing in February 2021. The interest-bearing facility is for 20 years and bears interest at a staggered JIBAR rate and is monthly instalments which have commenced. The nominal value of the loan is R20,710,604 (2018: R4,469,050). The loan is secured by a mortgage bond over Erf 2242, 2243 and 2249, Johannesburg. The loan was restructured which resulted in an impairment. (Refer to note 18).

### Phahamo Resources (Pty) Ltd - Erf 8993 Olievenhoutbosch Ext 36, Centurion

Loan amount	13,451,306	10,904,680
Prior years receivables transferred to current assets held-for-trade reversed	17,626,700	8,759,003
Advance	86,831	8,867,697
Short term payments received	(18,465,700)	-
Interest earned	1,168,618	2,790,847
Social benefit adjustment	(19,099)	(277,976)
Interest amortised using effective interest rate	306,670	33,755
Loan and receivable transferred to current assets held-for-trade	-	(17,626,700)
Impairment	(34,274)	-
Current-term portion transferred to current assets	(89,500)	-
	<b>14,031,552</b>	<b>13,451,306</b>

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## 3. Loans and receivables from exchange transactions (continued)

2019

2018

The 20 year loan facility to Phahamo Resources (Pty) Ltd - Erf 8993 Olievenhoutbosch Ext 36, Centurion comprises of an interest-free loan of R2,000,000, interest-bearing facility of R11,056,800 and a senior loan of R17,626,700. The interest-free facility is for 10 years and is repayable in monthly instalments commencing in July 2021. The interest-bearing facility is for 20 years and bears interest at a staggered JIBAR plus 50 basis points rate and is repayable in monthly instalments commencing in August 2018. The interest-bearing facility is for 20 years and bears interest at prime plus 1% rate and is repayable monthly instalments which have commenced. The nominal value of the loan is R16,843,501 (2018: R34,052,703). The loan is secured by a mortgage bond over Erf 8993 Olievenhoutbosch Ext 36, Centurion. In the prior year, the GPF has concluded an agreement with a senior funder to purchase the senior portion of this loan. This portion was transferred to loans and receivables assets held-for-trade. (Refer to note 5). The loan was impaired as a result of non-payment. (Refer to 18). The GPF has taken cession of the rental income.

### Property Best Investment (Pty) Ltd - Erf 3834 ,Eersterus, Ext 6

Loan amount	21,204,763	-
Prior years current-term portion reversed	411,283	-
Prior years receivables transferred to current assets held-for-trade reversed	6,561,518	-
Advance	19,514,080	38,174,007
Interest earned	2,322,806	1,350,568
Short-term payment received	(24,139,904)	(8,612,894)
Social benefit	(69,431)	(2,848,322)
Interest amortised using effective interest rate method	411,219	114,205
Loan and receivables transferred to current assets held-for-trade	(1,685,693)	(6,561,518)
Impairment	(865,656)	-
Current-term portion transferred to current assets	(444,323)	(411,283)
	<b>23,220,662</b>	<b>21,204,763</b>

The loan 20 year loan facility to Property Best Investment (Pty) Ltd - Erf 3834, Eersterus, Ext 6 comprises of an interest-bearing facility of R22,918,251. The interest-bearing facility bears interest at a staggered JIBAR plus 50 basis points and is repayable in monthly instalments which should have commenced. The nominal value of the loan is R28,508,779 (2018: R34,052,703). The loan is secured by a mortgage bond over Erf 3834 Eersterus. In the prior year, the GPF has concluded an agreement with a senior funder to purchase the senior portion of this loan. This portion was transferred to loans and receivables assets held-for-trade. (Refer to note 5). The loan was restructured due to delays in construction resulting in impairment of the loan. (Refer to note 18).

### Property Kalcha (Pty) Ltd - Portion 1&2 of Erf 1871, Albertville, Randburg

Loan amount	2,608,331	2,061,447
Prior years receivables transferred to current assets held-for-trade reversed	3,415,447	-
Advance	385,865	3,534,048
Interest earned	196,343	431,635
Short-term payment received	(3,605,947)	-
Social benefit adjustment	(5,994)	(68,253)
Interest amortised using effective interest rate	92,808	80,768
Impairment	(13,371)	(15,867)
Loan and receivable transferred to current assets held-for-trade	(366,814)	(3,415,447)
	<b>2,706,668</b>	<b>2,608,331</b>

The loan facility to Property Kalcha (Pty) Ltd - Portion 1&2 of Erf 1871, Albertville, Randburg comprises of an interest-free facility of R900,000, a junior interest-bearing facility of R2,100,800 and a senior interest-bearing facility of R3,756,276. The interest-free facility is for 10 years and is repayable in monthly instalments which commence in November 2020. The junior interest-bearing facility bears interest at a staggered JIBAR rate and the monthly instalments repayments have commenced. The senior interest-bearing facility bears interest at prime and has not yet commenced. The nominal value of the loan is R3,787,836 (2018:R2,813,249). The loan is secured by a mortgage bond over Portion 1 & 2 of Erf 1871, Albertville, Randburg. The GPF has concluded an agreement with a senior funder to purchase the senior portion of this loan. This portion was transferred to loans and receivables assets held-for-trade. (Refer to note 5). The was impaired as a result of non-payment. (Refer to note 18).

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## 3. Loans and receivables from exchange transactions (continued)

### Proxisol (Pty) Ltd - Erven 31, 32, 33, 59 & 60, Bertrams

	2019	2018
Loan amount	9,332,391	8,804,357
Prior years current-term portion reversed	183,402	-
Prior years receivables transferred to current assets held-for-trade	-	6,182,895
Advance	-	7,555,089
Interest earned	718,851	1,192,199
Short-term payment received	(1,137,237)	(14,403,337)
Social benefit adjustment	-	(9,763)
Interest amortised using effective interest rate method	21,804	194,353
Impairment	(3,477)	-
Current-term portion transferred to current assets	(194,699)	(183,402)
	<b>8,921,035</b>	<b>9,332,391</b>

The 20 year loan facility of R8,591,312 to Proxisol (Pty) Ltd - Erven 31, 32, 33, 59 & 60, Bertrams bears interest at JIBAR plus 2.5% and is repayable in monthly instalments which have commenced. The nominal value of the loan is R9,493,541 (2018: R10,015,950). The loan is secured by a mortgage bond over Erven 31, 32, 33, 59 & 60, Bertrams. The loan was impaired due to late payment. (Refer to note 18). The GPF has concluded an agreement with a senior funder to purchase the senior portion of this loan. This portion was transferred to loans and receivables assets held-for-trade. (Refer to note 5).

### Rainbow Beach Trading 261 (Pty) Ltd - Sondela Village Daggafontein

Loan amount	9,774,139	10,456,787
Prior years current-term portion reversed	827,486	801,415
Interest earned	942,971	959,391
Short-term payments received	(1,513,000)	(1,644,000)
Interest amortised using effective interest rate	167,049	76,216
Impairment	(57,610)	(48,184)
Current-term portion transferred to current assets	(921,219)	(827,486)
	<b>9,219,816</b>	<b>9,774,139</b>

The 15 year loan facility of R12,672,939 to Rainbow Beach Trading 261 (Pty) Ltd - Sondela Village Daggafontein and Suburban bears interest at a staggered JIBAR rate and is repayable in monthly instalments which have commenced. The nominal value of the loan is R10,748,078 (2018: R11,318,107). The loan is secured by a mortgage bond over Erf 101 and Erf 94, City and Suburban. The loan was impaired as a result of late payments. (Refer to note 18).

### Redformationz Holdings (Pty) Ltd - Erf 4862, Birch Acres, Ext 32

Loan amount	13,514,484	6,847,887
Prior years receivables transferred to current assets held-for-trade	16,863,951	-
Advance	3,942,275	23,128,877
Interest earned	1,694,074	1,333,520
Short-term payments received	(16,641,193)	-
Social benefit adjustment	(96,479)	(1,064,563)
Interest amortised using effective interest rate	353,739	273,326
Impairment	(1,159,875)	(140,612)
Loans and receivables held-for-trade	(4,165,033)	(16,863,951)
Current-term portion transferred to current assets	(74,070)	-
	<b>14,231,873</b>	<b>13,514,484</b>

The loan facility to Redformationz Holding (Pty) Ltd - Erf 4862, Birch Acres, Ext 32 comprises of an interest-free facility of R2,000,000 and an interest-bearing facility of R12,673,600. The interest-free facility is for 10 years and is repayable in monthly instalments commencing in August 2020. The 20 year interest-bearing facility bears interest at a staggered JIBAR rate and is repayable in monthly instalments commencing in April 2019. The nominal value of the loan is R22,366,434 (2018: R33,371,278). The loan is secured by a mortgage bond over Erf 4862, Birch Acres, Ext 32. The loan was restructured due to delays in construction resulting in impairment of the loan. (Refer to note 18). The GPF has concluded an agreement with a senior funder to purchase the senior portion of this loan. This portion was transferred to loans and receivables assets held-for-trade. (Refer to note 5).

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## 3. Loans and receivables from exchange transactions (continued)

	2019	2018
<b>Rivavect Investments (Pty) Ltd - Erf 2071, Roodepoort</b>		
Loan amount	4,046,927	4,254,458
Prior years current-term portion reversed	182,824	157,832
Interest earned	359,837	386,608
Short-term payments received	(631,000)	(636,000)
Interest amortised using the effective interest rate method	76,346	66,853
Impairment	(2,225)	-
Current-term portion transferred to current assets	(233,354)	(182,824)
	<b>3,799,355</b>	<b>4,046,927</b>

The 15-year loan facility of R5,150,000 to Rivavect Investments (Pty) Ltd - Erf 2071, Roodepoort bears interest at a staggered JIBAR plus 125 basis points rate and is repayable in monthly instalments which commenced. The loan was impaired due to late payment. (Refer to note 18). The nominal value of the loan is R4,200,421 (2018: R4,471,584). The loan is secured by a mortgage bond over Erf 2071, Roodepoort.

### Sabiglo (Pty) Ltd - Erf 301, Windsor West, Randburg

Loan amount	2,643,961	1,223,855
Advance	2,577,440	1,483,049
Interest earned	287,995	118,550
Social benefit adjustment	(349,261)	(195,081)
Interest amortised using effective interest rate	112,240	35,514
Impairment	(560,898)	(21,926)
	<b>4,711,477</b>	<b>2,643,961</b>

The loan facility to Sabiglo (Pty) Ltd - Erf 301, Windsor West, Randburg comprises of an interest-free loan of R860,000 and interest bearing loan of R8,552,200. The interest-free facility is for 9 years and is repayable in 5 equal instalments commencing in September 2019. The interest-bearing facility is for 20 years and bears interest at a staggered JIBAR plus 50 basis points. The interest-bearing facility should have commenced in October 2016. The nominal value of the loan is R6,019,211 (2018: R3,153,776). The loan is secured by a mortgage bond over Erf 301, Windsor West, Randburg. The loan was impaired as a result of late payment. (Refer to note 18).

### Sakhazonke Investment (Pty) Ltd - Erf 252, Kempton Park

Loan amount	715,204	647,583
Interest amortised using effective interest rate	75,117	67,621
	<b>790,321</b>	<b>715,204</b>

The loan facility to Sakhazonke Investments (Pty) Ltd - Erf 252, Kempton Park comprises of a interest-free loan of R707,477 and a interest-bearing loan of R6,708,315. The interest-free facility is for 9 years and is repayable in annually instalments commencing in May 2023. The 20 year interest-bearing facility has not yet commenced. The nominal value of the loan is R1,273,839 (2018: R1,073,838). The loan is secured by a mortgage bond over Erf 252, Kempton Park. The loan was provided for as a doubtful debt due to breach of contract in the prior year. The current years valuation and security on the loan is sufficient for a full recovery of amounts paid out. The provision was reversed (Refer to note 14).

### Sam Lubbe Investment CC - Erf 1654, Germiston

Loan Amount	8,174,834	7,582,193
Prior years current-term portion transferred to current assets reversed	93,241	-
Advance	200,000	-
Interest earned	1,168,093	871,862
Social benefit adjustment	(19,779)	-
Interest amortised using effective interest rate	(62,583)	19,225
Impairment	(185,475)	(205,205)
Current-Term portion to current assets	(107,900)	(93,241)
	<b>9,260,431</b>	<b>8,174,834</b>

The 23 year loan facility to Sam Lubbe Investments CC - Erf 1654, Germiston comprises of an interest-bearing loan of R8,227,219 bears interest at a staggered JIBAR plus 50 basis points and is repayable in monthly instalments which should have commenced. The nominal value of the loan is R10,950,647 (2018: R9,582,190). The loan is secured by a mortgage bond over Erf 1654, Germiston. The loan was restructured due to delays in construction resulting in impairment of the loan. (Refer to note 18).

## Gauteng Partnership Trust

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### 3. Loans and receivables from exchange transactions (continued)

#### Seraph Investment Pty Ltd - Erven 488, 489, 490, and 491, New Doornfontein

	2019	2018
Loan amount	15,194,397	8,389,358
Advance	-	2,145,244
Interest earned	1,771,788	1,612,823
Interest amortised using effective interest rate method	-	3,046,972
Short-term payments received	(180,000)	-
Current-term portion transferred to current assets	(308,104)	-
	<b>16,478,081</b>	<b>15,194,397</b>

The 23 year loan facility to Seraph Investment Pty Ltd - Erven 488, 489, 490, and 491, New Doornfontein comprises of an interest-bearing loan of R11,166,200. The interest-bearing loan bears interest at prime plus 1% rate and is repayable in monthly instalments which have commenced. The nominal value of the loan is R16,478,081 (2018: R15,194,397). The loan is secured by a mortgage bond over Erven 488, 489, 490, and 491, New Doornfontein.

#### Sethitho Projects (Pty) Ltd - Erf 1191, Rayton Extension 7

Loan amount	3,832,324	2,507,850
Prior years receivables transferred to current assets held-for-trade	5,705,083	-
Advance	-	6,492,023
Interest earned	627,170	617,165
Short-term payments received	(5,705,083)	-
Social benefit adjustment	(46,376)	(191,895)
Interest amortised using effective interest rate	140,279	112,264
Impairment	(63,442)	-
Loan and receivables transferred to current assets held-for-trade	-	(5,705,083)
	<b>4,489,955</b>	<b>3,832,324</b>

The loan facility to Sethitho Projects (Pty) Ltd - Erf 1191, Rayton Extension 7 comprises of an interest-free loan of R1,500,000, a junior interest-bearing loan of R2,761,300 and a senior loan of R5,791,900. The interest-free facility is for 10 years and is repayable in monthly instalments commencing in February 2021. The 20 year interest-bearing facility bears interest at a staggered JIBAR plus 50 basis point rate and is repayable in monthly instalments which should have commenced. The nominal value of the loan is R4,132,467 (2018: R10,683,000). The loan was restructured due to delays in construction resulting in impairment of loan. (Refer to note 18). The loan is secured by a mortgage bond over Erf 1191 Rayton, Extension 7. The GPF has concluded an agreement with a senior funder to purchase the senior portion of this loan. This portion was transferred to loans and receivables assets held-for-trade. (Refer to note 5). The GPF has taken cession of the rental income.

#### Sheran Investment (Pty) Ltd - Klippoortjie Agricultural Lofts

Loan amounts	7,165,564	3,559,315
Prior years current-term portion reversed	115,075	-
Prior years loan and receivables transferred to current assets held-for-trade reversed	1,689,899	-
Advance	4,683,439	9,939,326
Interest earned	841,019	681,058
Short-term payments received	(5,021,611)	(4,670,051)
Social benefit adjustment	(36,521)	(575,582)
Interest amortised using effective interest rate method	116,812	75,971
Impairment	(296,701)	(39,499)
Loan and receivables transferred to current assets held-for-trade	(1,251,726)	(1,689,899)
Current-term portion transferred to current assets	-	(115,075)
	<b>8,005,249</b>	<b>7,165,564</b>

The 20 year loan facility to Sheran Investment (Pty) Ltd - Klippoortjie Agricultural Lofts comprises of an interest-bearing loan of R7,615,713. The loan bears interest at a staggered JIBAR plus 50 basis points and is repayable in monthly instalments commencing in January 2018. The nominal value of the loan is R10,685,212 (2018: R10,182,077). The loan is secured by a mortgage bond over Erf 73, Klippoortjie, Johannesburg. The GPF has concluded an agreement with a senior funder to purchase the senior portion of this loan. This portion was transferred to loans and receivables assets held-for-trade. (Refer to note 5). The loan was restructured due to delays in construction (Refer to note 3).

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## 3. Loans and receivables from exchange transactions (continued)

### Shukumani Trading Enterprises (Pty) Ltd - Erf 550, Bertrams

	2019	2018
Loan amount	2,948,951	2,762,233
Interest earned	148,905	135,281
Interest amortised using the effective interest rate	156,441	115,135
Impairment	(145,431)	(63,698)
Provision for doubtful debts	(2,208,866)	-
Current-term portion transferred to current assets	(900,000)	-
	-	<b>2,948,951</b>

The loan facility to Shukumani Trading Enterprises (Pty) Ltd - Erf 550, Bertrams comprises of a interest-free loan of R1,695,840 and interest-bearing loan of R2,811,461. The interest-free facility is for 9 years and repayments should have commenced. The interest-bearing facility is for 20 years and bears interest at a staggered JIBAR rate and is repayable in monthly instalments which should have commenced. The nominal value of the loan is R3,630,879 (2018: R3,360,353). The loan is secured by a mortgage bond over Erf 550, Bertrams, Johannesburg. The project is in litigation and non-payments have resulted in impairment (Refer to note 18). Management has provided for a loss of R2,208,866.(Refer to note 30).

### Simelani Business Solutions (Pty) Ltd - Erf 2682, Kempton Park

Loan amount	9,032,373	7,381,260
Prior years loans and receivable transferred to current assets held-for-trade	11,234,969	7,745,029
Provision for doubtful debts reversed	-	11,485
Advance	2,243,284	3,984,103
Interest earned	615,956	1,054,190
Short-term payments received	(13,383,590)	-
Social benefit adjustment	(18,021)	(98,621)
Interest amortised using effective interest rate	242,340	489,023
Impairment	(1,211,862)	(299,127)
Loan and receivable transferred to current assets held-for-trade	(175,000)	(11,234,969)
Current-term portion transferred to current assets	(38,349)	-
	<b>8,542,100</b>	<b>9,032,373</b>

The loan facility to Simelani Business Solutions (Pty) Ltd - Erf 2682, Kempton Park comprises of a interest-free loan of R1,586,925 and a junior interest-bearing loan of R5,482,763. The interest -free facility is for 17 years and is repayable in monthly instalments commencing in December 2025. The junior interest -bearing facilities are for 25 years. The junior interest-bearing facility bears interest at a staggered JIBAR rate and is repayable in monthly instalments which should have commenced. The nominal value of the loan is R12,192,485 (2018: R22,122,476). The loan is secured by a mortgage bond over Erf 2682, Kempton Park. The loan was restructured due to delays in construction resulting in impairment of the loan. (Refer to note 18). The GPF has concluded an agreement with a senior funder to purchase the senior portion of this loan. This portion was transferred to loans and receivables assets held-for-trade. (Refer to note 5).

### SOA Residential Village (Pty) Ltd - Erf 1532, Selcourt, Springs

Loan amount	5,610,735	5,543,956
Prior years current-term portion reversed	244,720	-
Interest earned	879,885	643,589
Interest amortised	(2,179)	(163,773)
Impairment	(170,063)	(168,317)
Current-term portion transferred to current assets	-	(244,720)
	<b>6,563,098</b>	<b>5,610,735</b>

The 20 year loan facility of R5,455,665 to SOA Residential Village (Pty) Ltd - Erf 1532, Selcourt, Springs comprises of a interest-free loan of R1,110,000 and interest-bearing loan of R4,345,665. The interest-free facility is for 9 years and is repayable in 5 equal instalments commencing in September 2021. The interest-bearing facility is for 20 years and bears interest at a staggered JIBAR rate and is repayable in monthly instalments should have commenced. The nominal value of the loan is R8,318,761 (2018:R7,438,876). The loan is secured by a mortgage bond over Erf 1532, Selcourt, Springs. The project is in litigation and non-payments have resulted in impairment. (Refer to note 18).

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## 3. Loans and receivables from exchange transactions (continued)

	2019	2018
<b>Stormstrong (Pty) Ltd - Erf 299 Windsor, Randburg</b>		
Loan amount	1,070,626	316,033
Advance	6,790,985	837,208
Interest earned	231,527	31,546
Social benefit adjustment	(382,757)	(219,643)
Interest amortised using effective interest rate	88,275	105,482
Impairment	(14,572)	-
Loan and receivable transferred to current assets held-for-trade	(4,317,327)	-
	<b>3,466,757</b>	<b>1,070,626</b>

The 20 year loan facility to Stormstrong (Pty) Ltd - Erf 299 Windsor, Randburg comprises of a interest-free loan of R900,000 and interest-bearing loan of R3,282,500. The interest-free facility is for 10 years and is repayable in monthly instalments commencing in April 2021. The interest-bearing facility is for 21 years and bears interest at a staggered JIBAR rate and has not yet commenced. The was restructured due to delays in construction resulting in impairment of the of the loan. (Refer to note 18). The nominal value of the loan is R8,658,014 (2018: R1,490,388). The loan is secured by a mortgage bond over Erf 299 Windsor, Randburg.

### Take Shape Properties 75 (Pty) Ltd - Erf 4510, Johannesburg

Loan amount	8,954,691	9,014,481
Prior years current-term portion reversed	42,895	32,709
Interest earned	670,500	710,467
Short term payments received	(955,622)	(979,270)
Interest amortised using effective interest rate	235,855	219,199
Current-term portion transferred to current assets	(368,298)	(42,895)
	<b>8,580,021</b>	<b>8,954,691</b>

The 20 year loan facility to Take Shape Properties 75 (Pty) Ltd - Erf 4510, Johannesburg comprises of a interest-free loan of R1,500,000 and interest-bearing loan of R8,497,900. The interest-free facility is for 9 years and is repayable in 5 equal instalments commencing in September 2019. The interest-bearing facility is for 20 years and bears interest at a staggered JIBAR plus 50 basis points rate and repayments have commenced. The nominal value of the loan is R10,320,430 (2018: R10,605,552). The loan is secured by a mortgage bond over Erf 4519, Johannesburg.

### Toproot Management (RF) (Pty) Ltd - Erf 1335, Pennyville

Loan amount	7,560,604	-
Advance	-	8,603,607
Interest earned	642,820	354,043
Short-term payments received	(413,000)	-
Social benefit adjustment	-	(1,472,726)
Interest amortised using effective interest rate	158,359	75,680
Impairment	(12,159)	-
Current-term portion transferred to current assets	(252,338)	-
	<b>7,684,286</b>	<b>7,560,604</b>

The loan facility to Toproot Management (RF) (Pty) Ltd - Erf 1335, Pennyville comprises of an interest-bearing loan of R10,858,719. The facility is for 20 years and bears interest at staggered JIBAR rate and is repayable in monthly instalments which have commenced. The loan is secured over Erf 1335, Pennyville. The nominal value of the loan is R9,187,470 (2018: R8,957,650). The loan was impaired due to late payment. (Refer to note 18).

### Trust for Urban Housing Finance - Intuthuko (Pty) Ltd

Loan amount	11,131,256	13,977,946
Prior years current-term portion reversed	3,612,851	-
Interest earned	1,152,748	1,192,160
Short-term payments received	(4,026,730)	(990,578)
Interest amortised using effective interest rate	437,678	564,579
Current-term portion transferred to current assets	-	(3,612,851)
	<b>12,307,803</b>	<b>11,131,256</b>

The loan facility of R10,000,000 was made available from our Emerging Entrepreneur Fund to enable the Trust for Urban Housing Finance - Intuthuko (Pty) Ltd. The second tranche of R8,000,000 bears interest at prime less 4.16%. The second tranche's final repayment was received during the year. The third tranche of R10,000,000 is available for seven years and bears interest at prime less 2% and is repayable in 1 instalment in August 2020. The nominal amount is R12,660,395 (2018: R15,582,495).

# Gauteng Partnership Trust

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## 3. Loans and receivables from exchange transactions (continued)

### Tsebo Consumables Supplies (Pty) Ltd - Erf 256, Kempton

	2019	2018
Loan amount	3,366,333	3,221,874
Prior years current-term portion reversed	2,899	-
Interest earned	401,468	245,338
Short-term payments received	-	(217,889)
Interest amortised using effective interest rate	(22,680)	129,410
Impairment	(154,343)	(9,501)
Current-term portion transferred to current assets	-	(2,899)
	<b>3,593,677</b>	<b>3,366,333</b>

The loan facility to Tsebo Consumable Supplies (Pty) Ltd - Erf 256, Kempton comprises of a interest-free loan of R1,594,922 and interest-bearing loan of R2,840,397. The interest-free facility is for 15 years and is repayable in monthly instalments commencing in September 2021. The interest-bearing facility is for 24 years and bears interest at a staggered JIBAR rate and is repayable in monthly instalments which have commenced. The nominal value of the loan is R4,879,680 (2018: R3,724,873). The loan is secured by a mortgage bond over Erf 256, Kempton Park, Ekurhuleni. The loan was impaired due to non-payment. (Refer to note 18). The GPF has taken cession of the rental income .

### Tumaini Properties and Real Estate CC - Erf 52 & 53, New Doornfontein

Loan amount	3,043,150	3,014,218
Prior years current-term portion reversed	179,705	-
Advance	28,962	19,625
Interest earned	220,961	205,877
Social benefit adjustment	(5,729)	(2,660)
Interest amortised using effective interest rate method	138,351	121,836
Impairment	(196,334)	(136,041)
Current-term portion transferred to current assets	(244,908)	(179,705)
	<b>3,164,158</b>	<b>3,043,150</b>

The loan facility to Tumaini Properties and Real Estate CC - Erf 52 & 53, New Doornfontein comprises of an interest-free loan of R1,577,136 and interest-bearing loan of R2,641,418. The interest-free facility is for 9 years and is repayable in 5 equal instalments which should have commenced. The interest-bearing facility is for 20 years and bears interest at staggered JIBAR rate and is repayable in monthly instalment which should have commenced. The nominal value of the loan is R4,232,269 (2018: R3,982,346). The loan is secured by a mortgage bond over Erf 52 & 53, New Doornfontein. The loan was restructured due to delays in construction. This resulted in an impairment of the loan. (Refer to note 18).

### Valotorgue 199 (Pty) Ltd - Erf 757, Pretoria North

Loan amount	7,555,306	6,728,471
Prior years current-term portion reversed	388,754	7,455,584
Prior years loans and receivables transferred to current assets held-for-trade	6,432,036	-
Interest earned	579,313	1,224,165
Short-term payments received	(6,685,356)	(1,063,497)
Social benefit adjustment	(2,460)	(105,219)
Interest amortised using effective interest rate	265,460	243,092
Impairment	(247,429)	(106,500)
Loans and receivables transferred to current assets held-for-trade	-	(6,432,036)
Current-term portion transferred to current assets	(548,939)	(388,754)
	<b>7,736,685</b>	<b>7,555,306</b>

The 20 year loan facility to Valotorgue 199 (Pty) Ltd - Erf 757, Pretoria North comprises of a interest-free loan of R1,768,675, junior interest bearing loan of R4,172,000 and senior interest loan of R8,584,325. The interest-free facility is for 9 years and is repayable in monthly instalments which should have commenced. The junior interest-bearing facility is for 20 -years and bears interest at a staggered JIBAR rate and is repayable in monthly instalments which should have commenced. The nominal value of the loan is R9,770,308 (2018: R15,964,856). The loan was impaired due to non-payment. (Refer to note 18). In the prior year, the GPF has concluded an agreement with a senior funder to purchase the senior portion of this loan. This portion was transferred to loans and receivables assets held-for-trade. (Refer to note 7).

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## 3. Loans and receivables from exchange transactions (continued)

	2019	2018
<b>Vuttomi Group (Pty) Ltd - Erf 347, 348, 349 and 350 Eldorette Ext 34, Pretoria North</b>		
Loan amount	3,283,237	2,518,264
Advance	75,659	610,054
Interest earned	213,499	178,480
Social benefit adjustment	(11,830)	(108,917)
Interest amortised	148,120	121,011
Impairment	(117,324)	(35,655)
	<b>3,591,361</b>	<b>3,283,237</b>

The loan facility to Vuttomi Group (Pty) Ltd - Erf 347, 348, 349 and 350, Eldorette Ext 34, Pretoria North comprises of an interest-free loan of R1,600,000 and a junior interest-bearing loan of R9,115,300. The interest-free facility is for 10 years and is repayable in monthly instalments commencing in June 2021. The junior interest-bearing facility is for 20 years and bears interest at a staggered JIBAR rate and is repayable in monthly instalments which should have commenced. The nominal value of the loan is R4,801,373 (2018:R4,512,215). The loan is secured by a mortgage bond over Erf 347, 348, 349 and 350, Eldorette Ext. The loan was restructured due to delays in construction resulting in impairment of the loan. (Refer to note 18).

### Watershed Properties (Pty) Ltd - Portion 202 of farm 265, Ruimsig, Ext 102

Advance	13,123,020	-
Interest earned	334,311	-
Social benefit adjustment	(655,713)	-
Interest amortised using effective interest rate	3,585	-
	<b>12,805,203</b>	<b>-</b>

The 20-year loan facility to Watershed Properties (Pty) Ltd - Portion 202 of farm 265, Ruimsig, Ext 102 comprises of a interest-bearing loan of R15,807,719. The loan bears interest at JIBAR plus 50% basis points and is repayable monthly instalments commencing in December 2020. The loan is secured by a mortgage bond over Erf 265, Roodepoort, Gauteng. The nominal value of the loan is R13,977,331 (2018: RNil).

### Xanado Trade or Invest 614 (Pty) Ltd - Erf 324, Princess Ext 49, Roodepoort

Loan amount	9,726,829	9,949,414
Prior years current-term portion reversed	192,139	169,016
Interest earned	840,077	890,822
Short-term payments received	(1,215,500)	(1,237,000)
Interest amortised using effective interest rate	169,826	146,716
Current-term portion transferred to current assets	(236,656)	(192,139)
	<b>9,476,715</b>	<b>9,726,829</b>

The 20-year loan facility of R11,593,786 to Xanado Trade or Invest 614 (Pty) Ltd - Erf 324, Princess Ext 49 bears interest at JIBAR plus 50 basis points rate and is repayable in monthly instalments which have commenced. The nominal value of the loan is R11,069,205 (2018: R11,413,821). The loan is secured by a mortgage bond over Erf 324, Princess Ext 49, Roodepoort.

### Xylo Trading 253 (Pty) Ltd - Portion 3 of Erf 2834, Ga-Rankuwa unit 2

Loan amount	1,187,713	1,064,823
Prior years current-term portion reversed	24,479	18,163
Interest earned	141,457	129,206
Current-term portion transferred to current assets	(30,258)	(24,479)
	<b>1,323,391</b>	<b>1,187,713</b>

The 20 year loan facility to Xylo Trading 253 (Pty) Ltd - Portion 3 of Erf 2834, Ga-Rankuwa unit 2 comprises of a interest-bearing loan of R10,221,314. The loan bears interest at prime plus 1% and is repayable monthly instalments commencing in September 2016. The loan is secured by a mortgage bond over portion 3 of Erf 2834, Ga-Rankuwa unit 2. The nominal value of the loan is R1,353,649 (2018: R1,212,192).

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## 3. Loans and receivables from exchange transactions (continued)

	2019	2018
<b>Yeast City Housing (Pty) Ltd - Thembelihle Village</b>		
Loan amount	44,350,262	40,023,654
Interest earned	3,808,206	3,676,172
Short-term payments received	(1,860,000)	-
Interest amortised using effective interest rate method	858,336	650,436
Impairment	(65,690)	-
Current-term portion transferred to current assets	(675,458)	-
	<b>46,415,656</b>	<b>44,350,262</b>

The 20 year loan facility of R48,085,150 to Yeast City Housing (Pty) Ltd - Thembelihle Village bears interest at staggered JIBAR rate and is repayable in monthly instalments which have commenced. The nominal value of the loan is R54,931,793 (2018: R52,983,587). The loan is secured by a mortgage bond over Erf 3020, Pretoria, Tshwane. The loan was impaired due to late payment. (Refer to note 18).

### Yeast City Housing (Pty) Ltd - Salvokop

Loan amount	4,740,155	5,010,749
Prior years current-term portion reversed	249,304	231,318
Interest earned	433,459	435,619
Short-term payments received	(845,163)	(787,572)
Interest amortised using the effective interest rate method	78,562	99,345
Impairment	(99,001)	-
Current-term portion transferred to current assets	(127,455)	(249,304)
	<b>4,429,861</b>	<b>4,740,155</b>

The 20 year loan facility of R7,221,660 to Yeast City Housing (Pty) Ltd - Salvokop bears interest at a staggered JIBAR rate and monthly instalments have commenced. The was loan was restructured which resulted in an impairment. (Refer to note 18).The nominal value of the loan is R5,179,843 (2018: R5,602,607). The loan is secured by a mortgage bond over Erf 4, Salvokop, Pretoria.

### Yeast City Housing (Pty) Ltd - Tau Village

Loan amount	3,641,196	3,564,570
Prior years current-term portion reversed	489,405	399,820
Interest earned	159,690	174,125
Short-term payments received	(459,918)	(175,357)
Interest amortised using effective interest rate	267,757	195,691
Impairments	(140,054)	(28,248)
Current-term portion transferred to current assets	(497,618)	(489,405)
	<b>3,460,458</b>	<b>3,641,196</b>

The 15-year loan facility of R9,000,000 to Yeast City Housing (Pty) Ltd - Tau Village bears interest at a rate of prime less 7% and is repayable in monthly instalments which have commenced. The nominal value of the loan is R4,950,084 (2018: R5,250,311). The loan is secured by a mortgage bond over Erf 112, Pretoria. The was loan was restructured which resulted in an impairment. (Refer to note 18).

### Yin's Construction and Property Development (Pty) Ltd - Erf 1583 Cloverdene Extension 21 Township.

Amount	391,983	-
Interest earned	9,343	-
Social benefit adjustment	(56,929)	-
Interest amortised using the effective interest rate method	1,319	-
	<b>345,716</b>	<b>-</b>

The 20-year loan facility to Yin's Construction and Property Development (Pty) Ltd - Erf 1583 Cloverdene Extension 21 Township comprises of a interest -bearing loan of R13,938,369. The loan bears interest at JIBAR plus 50% basis points and is repayable monthly instalments commencing in June 2021. The loan is secured by a mortgage bond over Erf 1583, Benoni, Gauteng. The nominal value of the loan is R401,326 (2018: RNil).

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## 3. Loans and receivables from exchange transactions (continued)

### Zakhele Investments (Pty) Ltd - Erf 257, Kempton Park

	2019	2018
Loan amount	3,210,394	3,534,098
Prior years current-term portion reversed	261,741	124,675
Interest earned	238,400	240,250
Short-term payments received	(351,699)	(340,932)
Interest amortised using effective interest rate	197,822	90,929
Impairment	(150,891)	(176,885)
Current-term portion transferred to current assets	(344,071)	(261,741)
	<b>3,061,696</b>	<b>3,210,394</b>

The 24 year loan facility to Zakhele Investments (Pty) Ltd - Erf 257, Kempton Park comprises of a interest-free loan of R1,542,089 and interest -bearing loan of R2,978,169. The interest-free facility is for 10 years and is repayable in monthly instalments which should have commenced. The interest-bearing facility is for 20 years and bears interest at a staggered JIBAR rate and is repayable in monthly instalments which have commenced. The nominal value of the loan is R4,630,395 (2018: R4,744,044). The loan is secured by a mortgage bond over Erf 257, Ekurhuleni. The loan needs to be restructured and has therefore been impaired. (Refer to note 18). The GPF has taken cession of the rental income .

### Zwide & Dewa Investments (Pty) Ltd - Erf 424 & 425, Rhodesfield

Loan amount	21,299,881	8,324,900
Advance	2,801,868	11,224,909
Interest earned	2,111,556	1,452,907
Social benefit	-	(117,355)
Interest amortised using effective interest rate	268,932	485,891
Impairment	(1,168,295)	(71,371)
	<b>25,313,942</b>	<b>21,299,881</b>

The 23 loan facility to Zwide & Dewa Investments (Pty) Ltd - Erf 424 & 425, Rhodesfield comprises of a interest-free loan of R1,858,700, junior interest-bearing loan of R7,247,600 and senior interest-bearing loan of R16,071,780. The interest-free facility is for 15 years and is repayable in monthly instalments commencing in December 2023. The interest- bearing facilities are for 25 years. The junior interest-bearing facility bears interest at a staggered JIBAR rate plus 50 basis points and is repayable in monthly instalments commencing in June 2019. The senior interest-bearing facility bears interest at prime and is repayable in monthly instalments commencing in June 2019. The nominal value of the loan is R28,134,052 (2018: R10,542,666). The loan is secured by a mortgage bond over Erf 424 & 425, Rhodesfield. The loan was restructured which resulted in an impairment. This resulted in an impairment of the loan. (Refer to note 18).

Total non-current loan and receivables from exchange transactions	788,736,512	718,938,540
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### Total loans and receivables from exchange including current term portion

Non-current portion loans and receivables from exchange transactions	788,736,512	718,938,540
Current-portion loans and receivables from exchange transactions	63,679,906	61,891,967
	<b>852,416,418</b>	<b>780,830,507</b>

### Reconciliation of provision for doubtful debts

Opening balance	17,692,763	9,157,265
Increase in provision - BM Molefi Property 241 (Pty) Ltd - Kgorong Estate	2,889,505	5,547,404
Increase in provision - Comocap (Pty) Ltd - 88 Relly Street	128,185	236,847
Increase in provision - Clarewater (Pty) Ltd- Erf 1509, Discovery	3,102,765	-
Increase in provision - DNM Estate (Pty) Ltd - Erf 517 & 518, City and Suburban	1,159,155	469,777
Decrease in provision - Echo Canyon Trading (Pty) Ltd - 463 and 465, Hanny Street	(5,739,835)	5,739,835
Decrease in provision - Highlands (Pty) Ltd - Highlands Lofts	-	(3,135,610)
Increase in provision - Landopoint (Pty) Ltd - Erf 905, 906 and 907, Kenilworth	169,461	324,828
Decrease in provision - Sakhazonke Investments (Pty) Ltd - Erf 252, Kempton Park	-	(647,583)
Increase in provision - Shukumani Trading Enterprises (Pty) Ltd - Erf 550, Bertrams	2,208,866	-
<b>Closing balance</b>	<b>21,610,865</b>	<b>17,692,763</b>

The movement in the provision is R3,918,102 (2018: R8,535,498). (Refer to note 3).

## 4. Receivables from exchange transactions

Prepayment	3,591,000	3,591,000
Guarantees with attorneys	28,085,178	561,633
Sundry debtors	3,276,301	32,325,026
Interest accrued	2,804,426	1,590,800
	<b>37,756,905</b>	<b>38,068,459</b>

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## 4. Receivables from exchange transactions (continued)

2019

2018

Non-current assets	3,591,000	3,591,000
Current assets	34,165,905	34,477,459
	<b>37,756,905</b>	<b>38,068,459</b>

### Current

Guarantees with Attorneys - comprise of money held in Trust by attorneys until such time that bonds are registered and transfer has taken place. These guarantees are interest-bearing and are generally between 40 and 1950 day terms. (Refer to note 11).

Sundry debtors - consists mainly of Aspari(RF) (Pty) Ltd Management fees, fees owed by clients and staff leave debtors. These amounts are non-interest-bearing.

Interest accrued - comprised of interest owned on the GPF's bank accounts by ABSA Bank. These interest amounts are non-interest-bearing and are generally on 30-day terms.

### Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

### Receivables from exchange transactions-non-current

Receivables from exchange transactions-non-current-related to a prepayment to a service provider in the 2018 financial year where not all the service deliverables had been properly met in accordance with the Service Level Agreement (SLA) with the service provider. The matter is under litigation which might take over a year to conclude.

### Fair value of trade and other receivables

Receivables from exchange transactions are carried at invoice amount and not discounted due to the effect of discounting not being material. Receivables from exchange transactions fair value approximate its carrying value.

## 5. Loans and receivables held-for-trade

### Loans and receivables held-for-trade

BUA Africa (Pty) Ltd - Erf 2918, Kempton Park	-	52,341,830
Cicina Property Management Solutions (Pty) Ltd - Erf 1686, Benoni	5,294,078	-
Eagle Valley Property 41 (Pty) Ltd Phase 1 - Ptn 1 of Erf 1908, Erasmus	-	4,976,567
Eagle Valley Property 41 (Pty) Ltd Phase 1 - Ptn 2 of Erf 1908, Erasmus	-	5,520,463
GNI Real Estate - Erf 113 ,Pretoria North	-	6,711,315
Hectofield (Pty) Ltd - Erf 644, Pretoria North	5,722,099	-
Korema Property Group (Pty) Ltd - Erf 436 & 437, Bellevue East, JHB	4,581,260	-
Lavigen Lofts (Pty) Ltd - Erf 905, 906 and 907, Kenilworth	-	1,688,585
Lukataedi (Pty) Ltd - Erf 739, Pretoria North	4,294,307	4,479,307
Mahlahla Advancement Dynamics CC - Erf 442, Wolmer, Pretoria	-	8,813,175
Makabongwe Property Holding (Pty) Ltd - Erf 983	-	8,355,536
Masisizane Group (Pty) Ltd - Portion 0 of Erf 2909, Jeppestown	-	5,613,089
Muma Property Investment (Pty) Ltd - Erf 978, Pretoria North	-	9,135,593
NBLR Properties (Pty) Ltd - Ext 2551, 2552 & 2553, Fleurhof Ext 20	-	13,086,217
Phahamo Resources (Pty) Ltd - Erf 8993 ,Olievenhoutbosch, Ext 36, Centurion	-	17,626,700
Property Best Investment (Pty) Ltd - Erf 3834, Eersterus, Ext 6	1,685,693	6,561,518
Property Kalcha (Pty) Ltd - Portion 1&2 of Erf 1871 Albertville, Randburg	366,814	3,415,447
Redformationz Holding (Pty) Ltd - Erf 4862, Birch Acres ,Ext 32	4,165,033	16,863,951
Sethitho Projects (Pty) Ltd - Erf 1191, Rayton Extension 7	-	5,705,083
Sheran Investment (Pty) Ltd - Klippoortjie Agricultural Lofts	1,251,726	1,689,899
Simelani Business Solutions (Pty) Ltd - Erf 2682, Kempton Park	175,000	11,234,969
Stormstrong (Pty) Ltd - Erf 299 Windsor, Randburg	4,317,327	-
Valotorgue 199 (Pty) Ltd - Erf 757, Pretoria North	-	6,432,036
	<b>31,853,337</b>	<b>190,251,280</b>

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## 5. Loans and receivables held-for-trade (continued)

Loans and receivables held-for-trade comprise of senior loans that will be purchased by a senior funder within the next financial year. The GPF has concluded an agreement with a senior funder for the purchase of these loans. These amounts bear interest at prime related rates and are expected to be bought out shortly. Held-for-trade instruments are initially recognised at cost which approximates fair value. These loans will be sold at their cost. R28,915,917 (2018:R180,311,278) is attributable to Aspari (RF) (Pty) Ltd and R2,937,420 (2018:R9,940,002) is attributable to Future Growth Asset Management (Pty) Ltd. During the year the GPF received R178,188,152 from Aspari (RF) (Pty) Ltd and R18,948,712 from Future Growth Asset Management (Pty) Ltd. Subsequent to year end the Trust received R19,364,824 from Aspari (RF) (Pty) Ltd. (Refer to note 33).

## 6. Property, plant and equipment

	2019			2018		
	Cost	Accumulated depreciation	Net carrying value	Cost	Accumulated depreciation	Net carrying value
Furniture and fixtures	1,656,083	(765,743)	890,340	1,641,487	(650,684)	990,803
Motor vehicles	161,076	(159,840)	1,236	161,076	(159,428)	1,648
Office equipment	2,171,477	(1,750,947)	420,530	2,269,440	(1,785,490)	483,950
Computer equipment	4,605,654	(2,542,132)	2,063,522	3,900,722	(2,010,945)	1,889,777
Leasehold improvements	5,261,300	(3,911,467)	1,349,833	5,063,959	(3,078,699)	1,985,260
<b>Total</b>	<b>13,855,590</b>	<b>(9,130,129)</b>	<b>4,725,461</b>	<b>13,036,684</b>	<b>(7,685,246)</b>	<b>5,351,438</b>

### Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Disposals	Depreciation	Scrapping loss	Impairment	Total
Furniture and fixtures	990,803	95,241	-	(177,543)	(18,161)	-	890,340
Motor vehicles	1,648	-	-	(412)	-	-	1,236
Office equipment	483,950	252,538	(3,258)	(302,440)	(10,260)	-	420,530
Computer equipment	1,889,777	1,116,986	-	(686,178)	(674)	(256,389)	2,063,522
Leasehold improvements	1,985,260	197,341	-	(832,768)	-	-	1,349,833
	<b>5,351,438</b>	<b>1,662,106</b>	<b>(3,258)</b>	<b>(1,999,341)</b>	<b>(29,095)</b>	<b>(256,389)</b>	<b>4,725,461</b>

### Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Disposals	Depreciation	Scrapping loss	Total
Furniture and fixtures	477,151	634,643	-	(120,991)	-	990,803
Motor vehicles	8,237	-	-	(6,589)	-	1,648
Office equipment	339,705	552,659	-	(406,588)	(1,826)	483,950
Computer equipment	1,328,578	1,169,482	(1,846)	(605,654)	(783)	1,889,777
Leasehold improvements	290,208	2,159,098	-	(464,046)	-	1,985,260
	<b>2,443,879</b>	<b>4,515,882</b>	<b>(1,846)</b>	<b>(1,603,868)</b>	<b>(2,609)</b>	<b>5,351,438</b>

### Pledged as security

No assets were pledged as security.

Office equipment, computer equipment and leasehold improvements have been subjected to a change in estimate due to a new lease term. (Refer to note 35).

### Compensation received for disposal of property, plant and equipment – included in operating surplus.

Office equipment	9,100	-
Computer equipment	40,119	-
	<b>49,219</b>	<b>-</b>

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## 6. Property, plant and equipment (continued)

2019

2018

### Assets subject to finance lease (Net carrying amount)

Office equipment	103,894	184,868
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(Refer to note 9).

### Property, plant and equipment fully depreciated and still in use (Net carrying amount)

Computer equipment	12	12
Office equipment	5	5
	17	17

### Expenditure incurred to repair and maintain property, plant and equipment included in statement of financial performance

Repairs and maintenance computer equipment	29,667	267,158
Repairs and maintenance furniture and fittings	-	100,700
Repairs and maintenance office equipment	3,603	103,679
Repairs and maintenance motor vehicle	5,164	972
	38,434	472,509

## 7. Intangible assets

	2019			2018		
	Cost	Accumulated amortisation	net carrying value	Cost	Accumulated amortisation	Net carrying value
Computer software, other	244,789	(113,321)	131,468	319,889	(104,263)	215,626

### Reconciliation of intangible assets - 2019

	Opening balance	Additions	Amortisation	Total
Computer software, other	215,626	3,000	(87,158)	131,468

### Reconciliation of intangible assets - 2018

	Opening balance	Additions	Amortisation	Total
Computer software, other	46,305	229,477	(60,156)	215,626

## 8. Conditional grants realised

### Movement during the year

Balance at the beginning year	-	135,331,887
Additions during the year	55,422,428	49,371,415
Income recognition during the year	(55,422,428)	(184,703,302)
	-	-

The unspent portion represents the amounts of government grants not yet disbursed. (Refer to note 1.12 & 13).

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9. Finance lease obligation	2019	2018
<b>Minimum lease payments due</b>		
- within one year	85,500	95,100
- in second to fifth year inclusive	35,625	121,125
	121,125	216,225
less: future finance charges	(8,829)	(24,435)
<b>Present value of minimum lease payments</b>	<b>112,296</b>	<b>191,790</b>
<b>Present value of minimum lease payments due</b>		
- within one year	77,566	79,494
- in second to fifth year inclusive	34,730	112,296
	<b>112,296</b>	<b>191,790</b>
Non-current liabilities	34,730	112,296
Current liabilities	77,566	79,494
	<b>112,296</b>	<b>191,790</b>

These leases are linked to prime lending rate with no escalation and for a period of two to three years.

The GPF's obligations under finance leases are secured by the lessor's title over the leased assets. (Refer to note 6).

The photocopiers under the finance leases are currently depreciated over the lease term of three years.

## 10. Payables from exchange transactions

Accruals	2,754,195	4,286,402
Gauteng Department of Human Settlements	389,510,785	149,509,920
Sundry creditors	42,083	96,124
	<b>392,307,063</b>	<b>153,892,446</b>

Accruals - mainly comprise of salary third party payments and other sundry accruals. Accruals are non-interest-bearing and normally settled on 30-day terms.

Gauteng Department of Human Settlements - represents deposits held and interest accrued. Deposits are held in terms of a memorandum of agreement to assist the department in expediting payments to subsidised and mega projects. For terms and conditions relating to related parties. (Refer to note 24).

Sundry creditors comprise staff creditors, Aspari (RF) (Pty) Ltd payments made to the GPF and overpayments from clients. These are non-interest bearing and are normally settled on 30-day terms.

## 11. Provisions

### Reconciliation of provisions - 2019

	Opening Balance	Additions	Utilised during the year	Total
Provision for leave pay	1,065,967	1,048,492	(1,065,967)	1,048,492
Provision for bonuses	4,393,288	4,603,913	(4,393,288)	4,603,913
	<b>5,459,255</b>	<b>5,652,405</b>	<b>(5,459,255)</b>	<b>5,652,405</b>

### Reconciliation of provisions - 2018

Opening Balance	Additions	Utilised during the year	Total
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## 11. Provisions (continued)

Provision for leave pay	819,498	1,065,967	(819,498)	1,065,967
Provisions for bonuses	4,117,139	4,393,288	(4,117,139)	4,393,288
	<b>4,936,637</b>	<b>5,459,255</b>	<b>(4,936,637)</b>	<b>5,459,255</b>

Provision for leave is based on current salary rates and included in the statement of financial position. A provision is made for the estimated liability as a result of services rendered by employees up to reporting date.

Provision for bonus is based on management's best estimate of expenditure required to settle the present obligation by July 2019.

## 12. Operating lease liability

Current liabilities	-	225,827
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Operating lease rentals represents rentals payable by the GPF to Acucap Management Services (Pty) Ltd for office premises. The three year lease expired in March 2019 and had an escalation of 8% annually. The GPF has concluded a new lease at the existing premises effective 1 April 2019 to 31 March 2021.

### Minimum lease payments

	2019	2018
within one-year	4,103,297	3,674,914
in second to fifth year	4,431,440	-
	<b>8,534,737</b>	<b>3,674,914</b>

## 13. Revenue

Revenue from non-exchange transactions - Conditional grants transferred to revenue	55,422,428	184,703,302
Revenue from exchange transactions - Interest received from banks (Refer to note 14)	38,678,038	44,473,022
Revenue from exchange transactions - Interest received from loans and receivables	76,395,905	84,150,929
Revenue from exchange transactions - Management fees	1,932,804	-
Revenue from exchange transactions - Interest received using the effective interest rate method	16,035,751	16,144,906
	<b>188,464,926</b>	<b>329,472,159</b>

### The amount included in revenue arising from exchanges of goods or services are as follows:

Future Growth Asset Management (Pty) Ltd fees	487,694	-
Aspari (RF) (Pty) Ltd management fees	1,445,110	-
	<b>1,932,804</b>	<b>-</b>

### The amount included in revenue arising from non-exchange transactions is as follows:

Conditional grants transferred to revenue	55,422,428	184,703,302
	<b>55,422,428</b>	<b>184,703,302</b>

## 14. Interest received from banks

Call accounts	54,477	48,534
Capital account	20,820,294	31,389,745
Current accounts	17,803,267	13,034,743
	<b>38,678,038</b>	<b>44,473,022</b>

(Refer to note 13).

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15. Other income	2019	2018
Contract recovery costs	1,704,402	3,693,571
Profit on sale of assets	45,960	34,739
Decrease in provision for doubtful debts	-	7,433,695
Department of Trade and Industry	-	444,685
Tenant installation allowance	-	168,602
	<b>1,750,362</b>	<b>11,775,292</b>

Aspari (RF)(Pty) Ltd fees are fees accrued for managing a facility in terms of a management agreement.

Contract recovery costs are costs charged to borrowers for the recovery of the GPF's operational expenditure. (Refer to note 3).

Profit on sale of assets relates to assets disposed of during the year (Refer to note 31).

Decrease in provision for doubtful debts from the prior year related to Highlands Urban Living (Pty) Ltd - Highlands Lofts and Sakhazonke Investment (Pty) Ltd Erf 252, Kempton Park.

Income received from the Department of Trade and Industry in the prior year is for shared expenses for the Entrepreneur Empowerment Property Fund. (Refer to note 24).

Future Growth Asset Management (Pty) Ltd fees are fees accrued for managing a facility in terms of a management agreement.

In the prior year the tenant installation allowance relates to an allowance offered by the landlord for renovations done to the first floor.

## 16. Operating surplus

Operating surplus for the year is stated after accounting for the following:

External audit fee	1,457,520	1,077,546
Internal audit fee	1,316,180	407,542
	<b>2,773,700</b>	<b>1,485,088</b>
<b>Operating lease charges</b>		
Premises		
• Contractual amounts	3,463,627	3,440,915
• Utilities	1,487,613	1,142,155
Office equipment		
• Contractual amounts	17,313	46,824
	<b>4,968,553</b>	<b>4,629,894</b>
Profit on sale of assets	45,960	34,739
Scrapping and impairment of fixed assets	285,484	2,609
Amortisation on intangible assets	87,158	60,156
Depreciation property, plant and equipment	1,999,341	1,603,869
Employee costs	49,805,438	47,802,515
<b>17. Fair value adjustments</b>		
Provisions for bonuses	11,043	148,283
Provisions for leave pay	-	(143,102)
Social benefit on loans and receivables	(12,181,052)	(18,715,332)
	<b>(12,170,009)</b>	<b>(18,710,151)</b>

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## 17. Fair value adjustments (continued)

2019

2018

The fair value adjustment on the provision for bonuses relates to the timing the payment. (Refer to note 11).

The fair value adjustment on the provision for leave pay relates to the timing the payment in the prior year. (Refer to note 11).

The social benefit adjustment on loans and receivables relates to the discounted rates the GPF provides to borrowers. (Refer to note 3).

## 18. Impairment (loss)/reversal of loans and receivables from exchange transactions

Impairment loss - Bixowize (Pty) Ltd - Erf 278 Primrose Hill The loan was restructured and the moratorium on payments was extended resulting in an impairment. (Refer to note 3).	(1,005,953)	(200,616)
Impairment loss - Bravo Enterprise and Projects (Pty) Ltd - Erf 231, Kempton Park, located on 26 Kempton The project is being sold and non-payments have resulted in impairment. (Refer to note 3).	(298,332)	(4,636)
Impairment loss - Bridge City Housing Consortium (Pty) Ltd - Portion 196 of Erf 7305, Chiawelo Extension 2, Soweto The loan needs to be restructured due to delays in construction. (Refer to note 3).	(153,885)	-
Impairment loss - BUA Africa (Pty) Ltd - Erf 2918, Kempton Park The loan was impaired due to late payment. (Refer to note 3).	(65,419)	-
Impairment loss - Cape Gannet Properties 175 (Pty) Ltd - Erf 42, Kempton Park The loan was impaired due to late payment. (Refer to note 3).	(12,933)	(7,687)
Impairment loss - Castle Crest Properties 80 (Pty) Ltd - Erf 233, Kempton Park The loan was restructured and the moratorium on payments was extended resulting in an impairment. (Refer to note 3).	(32,342)	-
Impairment loss - Castle Crest Properties 80 (Pty) Ltd - Erf 504, Pretoria The loan was impaired due to late payment. (Refer to note 3).	(1,191)	-
Impaired loss - Certum Estate 130 (Pty) Ltd - Erf 564, Bertrams, Johannesburg The loan was impaired due to late payment. (Refer to note 3).	(1,056)	-
Impairment loss - Cicima Property Management Solutions (Pty) Ltd - Erf 1686, Benoni The loan was restructured and the moratorium on payments was extended resulting in an impairment.	(218,090)	-
Impairment loss - Clare Water (Pty) Ltd - Erf 1509, Discovery, Roodepoort The project is in litigation and non-payments have resulted in impairment. (Refer to note 3).	(217,683)	(35,301)
Impairment loss - Clidet No. 1024 (Pty) Ltd - 44 Wanderers The project is in litigation and non-payments have resulted in impairment. (Refer to note 3).	(323,257)	(219,318)
Impairment loss - Comocap (Pty) Ltd - 88 Relly Street The project is in litigation and non-payments have resulted in impairment. (Refer to note 3).	(18,481)	(12,020)
Impairment loss - Comu Property Developers (Pty) Ltd - 3103, Glen Marais The loan was impaired due to short-payment. (Refer to note 3).	(63,090)	(14,541)
Impairment loss - DNM Estate (Pty) Ltd - Erf 517 & 518 ,City and Suburban The project is in litigation and non-payments have resulted in impairment. (Refer to note 3).	(511,444)	(242,748)
Impairment loss - Echo Canyon Trading (Pty) Ltd - 463 and 465 Hanny Street The project was in litigation and non-payments have resulted in impairment. (Refer to note 3).	(261,615)	(244,398)
Impairment loss - EGC Properties (Pty) Ltd - Browning Street The loan was impaired due to late payment. (Refer to note 3).	(101,033)	(21,402)
Impairment loss - Erf 85 Newtown (Pty) Ltd - Erf 269, Richmond The loan was impaired due to late payment. (Refer to note 3).	(56,479)	(3,378)
Impairment loss - Fundzo Trading (Pty) Ltd - Portion 15 of Erf 8489 ,Protea North The project is in litigation and non-payments have resulted in impairment. (Refer to note 3).	(448,645)	(122,054)
Impairment loss- FV Trading Enterprises (Pty) Ltd - Erf 193 Duncanville The loan is being restructured resulting in impairment of the loan. (Refer to note 3).	(583,293)	(16,272)
Impairment loss - GNI Real Estate - Erf 113, Pretoria North The loan is in arrears resulting in impairment of the loan. (Refer to note 3).	(7,050)	(5,761)

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<b>18. Impairment (loss)/reversal of loans and receivables from exchange transactions (continued)</b>	<b>2019</b>	<b>2018</b>
Impairment loss - Goldburg Property Development (Pty) Ltd - Erf 72, Kempton Park The loan was impaired due to late payment. (Refer to note 3).	-	(4,793)
Impairment loss - Highlands Urban Living (Pty) Ltd - Highlands Lofts The loan was impaired due to late payment. (Refer to note 3).	(625,167)	(18,931)
Impairment loss - Hoewe 15 Doreg Landbouhoewes (Pty) Ltd - Ervens 1499 & 1450, Karen Park, Ext 52 The loan is being restructured resulting in impairment of the loan. (Refer to note 3).	(452,307)	-
Impairment loss - Ikamvelihle Enterprises (Pty) Ltd - Erf 953-956 Berea The loan is being restructured resulting in impairment of the loan. (Refer to note 3).	(268,888)	(234,472)
Impairment loss - Indigo Kulani Properties (Pty) Ltd - Erf 1676, Benoni The loan is being restructured resulting in impairment of the loan. (Refer to note 3).	(24,834)	(4,087)
Impairment loss - Kertrade CC - Erf 564 & 566, Springs The loan was impaired as a result of late payment. (Refer to note 3).	(21,864)	(30,273)
Impairment loss - Kesef Properties (Pty) Ltd - Erf 343, 344, 345, 346, 347, 348, 387, 388 and 389, New Doornfontein, Johannesburg The project is in litigation and non-payments have resulted in impairment. (Refer to note 3).	(102,060)	(81,394)
Impairment loss - Kimovax (Pty) Ltd - Erf 419 and Erf 420 Cresslawn, Kempton Park The loan needs to be restructured due to delays in construction resulting in impairment of the loan. (Refer to note 3).	(28,356)	-
Impairment loss - Korema Property Group (Pty) Ltd - Erf 436 & 437, Bellevue East, JHB The loan was restructured due to delays in construction (Refer to note 3).	(182,518)	-
Impairment loss - Lakeside Developments (Pty) Ltd - Erf 1373, Leachville The client was in breach of the contract for non-payment resulting in a provision for doubtful debts. (Refer to note 3).	(49,542)	(24,610)
Impairment Loss - Landopoint (Pty) Ltd Erf 905,906 and 907 Kenilworth The project is in litigation and non-payments have resulted in impairment. (Refer to note 3).	(78,581)	(69,710)
Impairment loss - Lisinfo 282 Property (Pty) Ltd - Erf 1952, Malvern The loan was impaired as a result of non-payment. (Refer to note 3).	(218,894)	(113,396)
Impairment loss - Lukataedi (Pty) Ltd - Erf 739 Pretoria North The loan was impaired as a result of non-payment. (Refer to note 3).	(61,109)	(117,236)
Impairment loss - Mahlahla Advanced Dynamics CC - Erf 442, Wolmer Pretoria The loan was impaired as a result of non-payment. (Refer to note 3).	(239,502)	(25,939)
impairment loss - Madulamoho Housing Association - Fleurhof Views The was restructured which resulted in an impairment. (Refer to note 3).	(78,587)	-
Impairment loss - Makabongwe Property Holding (Pty) Ltd - Erf 983, Johannesburg The loan was impaired as a result of late payment. (Refer to note 3).	(106,761)	(27,762)
Impairment loss - Meilijian Construction and Development CC - Erf 1614, Kempton Park The loan was impaired as a result of late payment. (Refer to note 3).	(39,304)	(5,391)
Impairment loss - Meilijian Construction and Development CC - Erf 232, Kempton Park The loan was impaired as a result of late payment. (Refer to note 3).	-	(3,751)
Impairment loss - Meilijian Construction and Development CC - Erf 24, Kempton Park The loan was impaired as a result of late payment. (Refer to note 3).	(82,771)	(21,970)
Impairment loss - Meilijian Construction and Development CC - Erf 27, Kempton Park The loan was impaired as a result of late payment. (Refer to note 3).	(90,707)	(12,731)
Impairment loss - Meilijian Construction and Development CC - Erf 3597 Kempton Park The loan was impaired as a result of late payment. (Refer to note 3).	-	(40,272)
Impairment loss - Michaelson Investments (Pty) Ltd - Erf 658, Troyeville The loan needs to be restructured due to delays in construction resulting in impairment of the loan. (Refer to note 3).	(100,228)	(65,072)
Impairment loss - Multidirect Investment 8 (Pty) Ltd - Erf 1815, Pretoria North The loan was impaired as a result of late payment. (Refer to note 3).	(66,213)	(5,698)
Impairment loss - Muma Properties Investments (Pty) Ltd - Erf 978, Pretoria North The loan was impaired as a result of late payment. (Refer to note 3).	(60,911)	(38,948)
Impairment loss - NBLR Properties (Pty) Ltd - Erf 2551, 2552 & 2553, Fleurhof Ext 20 The loan was impaired as a result of non-payment. (Refer to note 3).	(235,813)	(75,776)
Impairment loss - Nelisa Property (Pty) Ltd - Erf 388, Windsor The loan was impaired due to late payment. (Refer to note 3).	(108,271)	(30,513)
Impairment loss - Ninarich Trading (Pty) Ltd - Betty Street The loan was impaired as a result of non-payment. (Refer to note 3).	(262,857)	-
Impairment loss - Nonkwelo (Pty) Ltd - Erf 10 & 11, Hunter Street The loan needs to be restructured due to delays in construction resulting in impairment of the loan. (Refer to note 3).	(357,600)	(282,457)
Impairment loss - Norvena Property Consortium - Novena Court The loan was impaired as a result of late payment. (Refer to note 3).	(29,850)	(330,385)

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<b>18. Impairment (loss)/reversal of loans and receivables from exchange transactions (continued)</b>	<b>2019</b>	<b>2018</b>
Impairment loss - Ordicode (Pty) Ltd - Erf 2242, 2243, 2248 and 2249, Johannesburg	(541,864)	(74,387)
The was restructured which resulted in an impairment. (Refer to note 3).		
Impairment loss - Phahamo Resources (Pty) Ltd - Erf 8993 Olievenhoutbosch Ext 36, Centurion	(34,274)	-
The loan was impaired as a result of non-payment. (Refer to note 3).		
Impairment loss - Property Best Investments (Pty) Ltd - Erf 3834, Eersterus, Ext 6	(865,656)	-
The loan was restructured due to delays in construction resulting in impairment of the loan. (Refer to note 3).		
Impairment loss - Property Kalcha (Pty) Ltd - Portion 1&2 of Erf 1871, Albertville, Randburg	(13,371)	(15,867)
The loan was impaired as a result of non-payment. (Refer to note 3).		
Impairment loss - Proxisol (Pty) Ltd - Erven 31, 32, 33, 59 & 60, Bertrams	(3,477)	-
The loan was impaired as a result of late payment. (Refer to note 3).		
Impairment loss - Rainbow Beach Trading 261 (Pty) Ltd -Sondela Village Daggafontein	(57,610)	(48,184)
The loan was impaired as a result of late payment. (Refer to note 3).		
Impairment loss - Redformationz Holding (Pty) Ltd - Erf 4862, Birch Acres, Ext 32	(1,159,875)	(140,612)
The loan was restructured due to delays in construction resulting in impairment of the loan. (Refer to note 3).		
Impairment loss - Rivavect Investments (Pty) Ltd - Erf 2071, Roodepoort	(2,225)	-
The loan was impaired as a result of late payment. (Refer to note 3).		
Impairment loss - Sabiglo (Pty) Ltd - Erf 301, Windsor West, Randburg	(560,898)	(21,926)
The loan needs to be restructured due to delays in construction resulting in impairment of the loan. (Refer to note 3).		
Impairment loss - Sam Lubbe Investment CC - Erf 1654, Germiston	(185,475)	(205,205)
The loan was restructured due to delays in construction resulting in impairment of the loan. (Refer to note 3).		
Impairment loss -Sethitho Projects (Pty) Ltd - Erf 1191, Rayton Extension 7	(63,442)	-
The loan was restructured due to delays in construction resulting in impairment of the loan. (Refer to note 3).		
Impairment loss - Sheran Investment (Pty) Ltd - Klippoortjie Agricultural Lofts	(296,701)	(39,499)
The loan was restructured due to delays in construction (Refer to note 3).		
Impairment loss - Shukumani Trading Enterprises (Pty) Ltd - Erf 550, Bertrams	(145,431)	(63,698)
The project is in litigation and non-payments have resulted in impairment. (Refer to note 3).		
Impairment loss - Simelani Business Solutions (Pty) Ltd - Erf 2682, Kempton Park	(1,211,862)	(299,127)
Due to delays in construction the moratorium on payments was extended resulting in impairment of the loan. (Refer to note 3).		
Impairment loss - SOA Residential Village (Pty) Ltd - Erf 1532, Selcourt Springs	(170,063)	(168,317)
The project is in litigation and non-payments have resulted in impairment. (Refer to note 3).		
Impairment loss - Stormstrong (Pty) Ltd - Erf 299, Windsor, Randburg	(14,572)	-
The loan was restructured due to delays in construction (Refer to note 3).		
Impairment loss - Toproot Management (RF) (Pty) Ltd - Erf 1335, Pennyville	(12,159)	-
The loan was impaired due to late payment. (Refer to note 3).		
Impairment loss - Tsebo Consumables Supplies (Pty) Ltd - Erf 256, Kempton	(154,343)	(9,501)
The loan was impaired due to non- payment. (Refer to note 3).		
Impairment loss - Tumaini Properties and Real Estate CC - Erf 52 & 53, New Doornfontein	(196,334)	(136,041)
The loan was restructured due to delays in construction (Refer to note 3).		
Impairment loss - Valotorgue199 (Pty) Ltd - Erf 757, Pretoria North	(247,429)	(106,500)
The loan was impaired due to non- payment. (Refer to note 3).		
Impairment loss - Vuttomi Group (Pty) Ltd - Erf 347, 348, 349 and 350, Eldorette Ext 34, Pretoria North	(117,324)	(35,655)
The loan was restructured due to delays in construction (Refer to note 3).		
Impairment loss - Yeast City Housing (Pty) Ltd - Tau Village	(140,054)	(28,248)
The was restructured which resulted in an impairment. (Refer to note 3).		
Impairment loss - Yeast City Housing (Pty) Ltd - Thembelihle Village	(65,690)	-
The loan was impaired due to late payment. (Refer to note 3).		
Impairment loss - Yeast City Housing (Pty) Ltd - Salvokop	(99,001)	-
The was restructured which resulted in an impairment. (Refer to note 3).		
Impairment loss - Zakhele Investments (Pty) Ltd - Erf 257 Kempton Park	(150,891)	(176,885)
The loan needs to be restructured and has therefore been impaired. (Refer to note 13).		
Impairment loss - Zwide & Dewa Investments (Pty) Ltd - Erf 424 & 425, Rhodesfield	(1,168,295)	(71,371)
The was restructured which resulted in an impairment. (Refer to note 3).		
	<b>(16,033,082)</b>	<b>(4,456,722)</b>

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19. Finance costs	2019	2018
Finance lease	15,606	21,402

Finance cost comprises of interest amortised for the finance lease.

## 20. General expenses

Auditors remuneration	2,773,700	1,485,088
Bank charges	57,986	73,953
Consulting and professional fees	11,511,318	15,856,447
Entertainment	176,042	227,327
Insurance	663,982	606,331
Marketing	1,693,102	2,368,191
Magazines, books and subscriptions	203,672	199,743
Fuel and oil	8,968	8,782
Postage and courier	4,479	5,065
Printing and stationery	336,440	348,787
Security	1,828,357	1,804,051
Telephone and fax	955,847	659,352
Training	380,321	500,958
Travel	559,087	1,429,741
Offsite storage	43,141	46,644
	<b>21,196,442</b>	<b>25,620,460</b>

## 21. Employee related costs

Basic	45,207,192	44,326,145
Medical aid - company contributions	1,738,195	1,895,435
Life cover	306,393	223,410
Retirement annuity	2,553,658	1,357,525
<b>Refer to note 16</b>	<b>49,805,438</b>	<b>47,802,515</b>

## 22. Taxation

No provision has been made for 2019 tax as the GPF has been granted tax exemption status by the South African Revenue Service in terms of Section 30 of the Income Tax Act, and receipts and accruals are exempt from income tax in terms of Section 10 (1) (CN) of the Income Tax Act. The status quo was applicable for the current financial year.

## 23. Commitments

### Project Funding Commitments

125 Village Hub (Pty) Ltd - The Village Hub, 125 Madiba, Pretoria	27,523,545	-
Achriwaan	9,325,294	-
Azorilex (Pty) Ltd - Erven 8570 to 8574, 8577 to 8584, 8586 to 8591 and 8593 to 8597	8,000,000	-
Mabopane		
Bara Dunes Chalet 31 (Pty) Ltd - Erf 1 of Groblerspark, Ext 101, Princess Park, Roodepoort	14,643,226	-
Begin All Investments (Pty) Ltd - Erf 89, 90 and 91, Bertrams	5,673,772	5,673,772
Bixowize (Pty) Ltd - Erf 278 Primrose Hill	647,535	-
Bravo Enterprise and Projects (Pty) Ltd - Erf 231 Kempton Park, located 26 Kempton	138,711	2,846,812
Cicima Property Management Solutions (Pty) Ltd - Erf 1686, Benoni	-	5,070,531
Comu Property Developers (Pty) Ltd - Erf 3101, Glen Marais	4,683,000	4,683,000
Devland Gardens (Pty) Ltd - Erf 564 & 566, Springs	22,144,176	45,000,000
Eable Properties (Pty) Ltd - Erf 8186, Olievenhoutbosch	-	9,495,545
EGC Properties (Pty) Ltd - Browning Street	549,358	549,358
Evening Shade Properties 56 (Pty) Ltd - Erven 636 & 637 Daggafontein Extension 8	13,054,366	-

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	2019	2018
<b>23. Commitments (continued)</b>		
Fanaye Business Enterprises (Pty) Ltd - Erf 102 Erasmus, Bronkhortspruit	-	4,532,242
Fundzo Trading (Pty) Ltd - Portion 15 of Erf 8489, Protea North	14,330,385	14,330,385
FV Trading Enterprises (Pty) Ltd - Erf 193 Duncanville	1,416,406	2,395,603
Golden City Property (Pty) Ltd - Erf 533 & 534, Germiston	-	120,849
Hectofield (Pty) Ltd - Erf 644, Pretoria North	-	3,317,155
Korema Property Group (Pty) Ltd - Erf 436 & 437, Bellevue East, JHB	-	368,205
Kimovax (Pty) Ltd - Erf 419 and Erf 420 Cresslawn, Kempton Park	4,812,143	4,812,143
Kwezi Enhle Investment (Pty) Ltd - Erf 102 Erasmus, Bronkhortspruit	4,220,672	-
Lavender Tree (Pty) Ltd - Erf 93, 94 and 95, Bertrams	6,190,156	6,190,156
Limapong Housing (Pty) Ltd - Erf 96, 121 and 122, Bertrams	5,632,629	5,632,629
Mattsas (Pty) Ltd - Erf 1162, Bedworth Park Ext 1	-	7,156,175
Michaelson Investment (Pty) Ltd - Erf 658, Troyeville	3,748,563	3,748,563
Newco (Pty) Ltd - Erven 1545 & 1546, Cloverdene, Ext 15, Benoni	23,475,075	-
Nelisa Properties (Pty) Ltd - Erf 388, Windsor	1,974,423	1,974,423
Nonkwelo (Pty) Ltd - Erf 10 & 11 Hunter Street	15,406,606	22,333,306
Noscofel (Pty) Ltd - Erf 4/2773	11,754,000	-
Ordicode (Pty) Ltd - Erf 2242, 2243, 2248 and 2249, Johannesburg	449,500	16,079,556
Property Developers & Construction (Pty) Ltd - Erf 2000 & portion 1 of Erf 1999, Bok Street, Doornfontein	13,813,717	-
Sabiglo (Pty) Ltd - Erf 301 Windsor West, Randburg	4,234,880	6,618,320
Sagewood Crib Properties (Pty) Ltd - Erf 1011 Protea Glen, Soweto, Johannesburg	5,000,000	-
Somnitron (Pty) Ltd - Pension Backed loans	-	15,000,000
Stormstrong (Pty) Ltd - Erf 299, Windsor, Randburg	-	2,473,658
Student Crib (Pty) Ltd - Erf 141 Hursthill	5,000,000	-
Tebu Capital (Pty) Ltd - Erf 755 Roodepoort	3,282,722	-
Tshelliane Holding Construction (Pty) Ltd - Erf 1163 Winchester Hills, Extension 3	14,001,779	-
Toproot Management (RF) (Pty) Ltd - PTN 47 of Erf 2665, Riverlea	10,858,719	10,858,719
Tumaini Properties and Real Estate CC - Erf 52 & 53, New Doornfontein	843,503	872,465
Vuttomi Group (Pty) Ltd - Erf 347, 348, 349 and 350, Eldorette Ext 34, Pretoria North	6,435,027	6,510,686
Watershed Properties (Pty) Ltd - Portion 202 of farm 265, Ruimsig, Ext 102	24,030,997	37,154,017
Yin's Construction and Property Development (Pty) Ltd - Erf 1583 Cloverdene Extension 21 Township	13,896,386	-
Zwide & Dewa Investments (Pty) Ltd - Erf 424 & 425, Rhodesfield	2,112,770	8,563,843
	<b>303,304,041</b>	<b>254,362,116</b>

The commitment to 125 Village Hub (Pty) Ltd - The Village Hub, 125 Madiba, Pretoria was approved by the Board.

The commitment to Achriwaan was approved by the Board.

The commitment to Azorilex (Pty) Ltd - Erven 8570 to 8574, 8577 to 8584, 8586 to 8591 and 8593 to 8597 Mabopane was approved by the Board.

The commitment to Bara Dunes Chalet 31 (Pty) Ltd - Erf 1 of Groblerspark, Ext 101, Princess Park, Roodepoort was approved by the Board.

The commitment to Begin All Investments (Pty) Ltd - Erf 89,90 and 91, Bertrams was approved by the Board. R280,817 was paid out to the transferring attorneys as a guarantee. (Refer to note 4.)

The commitment to Bixowize (Pty) Ltd - Erf 278, Primrose Hill was approved by the Board. The borrower has started drawing down. (Refer to note 3).

The commitment to Bravo Enterprise and Projects (Pty) Ltd - Erf 231, Kempton Park located on 26 Kempton was approved by the Board. The borrower has started drawing down. (Refer to note 3).

The commitment to Cicima Property Management Solutions (Pty) Ltd - Erf 1686, Benoni was approved by the Board. The borrower has fully drawn down. (Refer to note 3).

The commitment to Devland Gardens (Pty) Ltd - Erf 564 & 566, Springs was approved by the Board. The obligation name was changed to Klatrade 723 (Pty) Ltd - Erven 8341 & 8342. The borrower has started drawing down. (Refer to note 3).

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### 23. Commitments (continued)

The commitment to Eable Properties (Pty) Ltd - 8186, Olievenhoutbosch was approved by the Board. The borrower has fully drawn down. (Refer to note 3).

The commitment to EGC Properties (Pty) Ltd - Browning Street was approved by the Board. The borrower has started drawing down. (Refer to note 3).

The commitment to Evening Shade Properties 56 (Pty) Ltd - Erven 636 & 637 Daggafontein Extension 8 was approved by the Board.

The commitment to Fanaye Business Enterprises (Pty) Ltd - Erf 102, Erasmus, Bronkhorstspuit was approved by the Board. The obligation name was changed to Kwezi Enhle Investment (Pty) Ltd. The borrower has started drawing down. (Refer to note 3).

The commitment to Fundzo Trading (Pty) Ltd - Portion 15 of Erf 8489, Protea North was approved by the Board. No additional amounts drawn as the borrower was in breach. (Refer to note 3).

The commitment to FV Trading Enterprises (Pty) Ltd - Erf 193, Duncanville was approved by the Board. No additional amounts drawn as the borrower was in breach. (Refer to note 3).

The commitment to Golden City Property (Pty) Ltd - Erf 533 & 534, Germiston was approved by the Board. The borrower has fully drawn down. (Refer to note 3).

The commitment to Hectofield (Pty) Ltd - Erf 644, Pretoria North was approved by the Board. The borrower has fully drawn down. (Refer to note 3).

The commitment to Korema Property Group (Pty) Ltd - Erf 436 & 437, Bellevue East Johannesburg was approved by the Board. The borrower has fully drawn down. (Refer to note 3).

The commitment to Kimovax (Pty) Ltd - Erf 419 and Erf 420, Cresslawn Kempton Park was approved by the Board. The borrower has started drawing down. The project is being restructured and has been placed on hold. (Refer to note 3).

The commitment to Kwezi Enhle Investment (Pty) Ltd - Erf 102, Erasmus, Bronkhorstspuit was approved by the Board. The borrower has started drawing down. (Refer to note 3).

The commitment to Lavender Tree (Pty) Ltd - Erf 93, 94 and 95, Bertrams was approved by the Board.

The commitment to Limapong Housing (Pty) Ltd - Erf 96, 121 and 122, Bertrams was approved by the Board. R280,817 was paid out to the transferring attorneys as a guarantee. (Refer to note 4.)

The obligation to Mattsa (Pty) Ltd - Erf 1162 Bedworth Park, Ext 1 was cancelled during the year.

The commitment to Michaelson Investments (Pty) Ltd - Erf 658, Troyeville was approved by the Board. The borrower has started drawing down. The project has been converted to student accommodation and draw-downs will resume. (Refer to note 3).

The commitment to Newco (Pty) Ltd - Erven 1545 & 1546, Cloverdene, Ext 15, Benoni was approved by the Board.

The commitment to Nelisa Properties (Pty) Ltd - Erf 388, Windsor was approved by the Board. The borrower has started drawing down. The project is on hold (Refer to note 3).

The commitment to Nonkwelo (Pty) Ltd - Erf 10 & 11, Hunter Street was approved by the Board. The borrower has started drawing down. (Refer to note 3).

The commitment to Noscocel (Pty) Ltd - Erf 4/2773 was approved by the Board.

The commitment to Ordicode (Pty) Ltd Erf 2242, 2243, 2248 and 2249, Johannesburg was approved by the Board. The loan has been restructured and the loan amount has been increased. The borrower has started drawing down. (Refer to note 3).

The commitment to Property Developers & Construction (Pty) Ltd - Erf 2000 & portion 1 of Erf 1999, Bok Street, Doornfontein was approved by the Board.

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## 23. Commitments (continued)

The commitment to Sabiglo (Pty) Ltd - Erf 301, Windsor West, Randburg was approved by the Board. The borrower has started drawing down. (Refer to note 3).

The commitment to Sagewood Cribs Properties (Pty) Ltd - Erf 1011 Protea Glen, Soweto, Johannesburg was approved by the Board.

The obligation to Somnitron (Pty) Ltd for pension backed loans was cancelled during the year.

The commitment to Stormstrong (Pty) Ltd - Erf 299, Windsor, Randburg was approved by the Board. The borrower has fully drawn down. (Refer to note 3).

The commitment to Student Crib (Pty) Ltd - Erf 141 Hursthill was approved by the Board.

The commitment to Tebu Capital (Pty) Ltd - Erf 755 Roodepoort was approved by the Board.

The commitment to Tshelliane Holding Construction (Pty) Ltd - Erf 1163 Winchester Hills, Extension 3 was approved by the Board.

The commitment to Toproot Management (Pty) Ltd - PTN 47 of Erf 2665, Riverlea was approved by the Board.

The commitment to Tumaini Properties and Real Estate CC - Erf 52 & 53, New Doornfontein was approved by the Board. The borrower has started drawing down. (Refer to note 3).

The commitment to Vuttomi Group (Pty) Ltd - Erf 347, 348, 349 and 350, Eldorette Ext 34, Pretoria North was approved by the Board. The borrower has started drawing down. (Refer to note 3).

The commitment to Watershed Properties (Pty) Ltd - Portion 202 of farm 265, Ruimsig Ext 102 was approved by the Board. The borrower has started drawing down. (Refer to note 3).

The commitment to Yin's Construction and Property Development (Pty) Ltd - Erf 1583 Cloverdene Extension 21 Township was approved the Board. The borrower has started drawing down. (Refer to note 3).

The commitment to Zwide & Dewa Investments (Pty) Ltd - Erf 424 & 425, Rhodesfield was approved by the Board. The loan has been restructured and the loan amount has been increased. The borrower has started drawing down. (Refer to note 3).

## 24. Related parties

### Relationships

Government Entities

Controlling entity

Partner of Entrepreneur Property Fund

Services in kind - Office space

Gauteng Department of Human Settlements

Department of Trade and Industry

Gauteng Department of Human Settlements

### Related party balances

2019

2018

#### Gauteng Department of Human Settlements

Grants received

55,422,428

49,371,415

Services in kind - Office Space

529,920

-

The GPF received a government grant during the year of R55,422,428 (2018: R49,371,415). (Refer to note 8 & 13).

During the year the GDHS utilised the GPF Offices from September 2018 to date.

### Amounts included in payables from exchange transactions regarding related parties

Subsidies programme

8,530,897

57,155,284

Mega Projects programme

380,979,888

92,354,636

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## 24. Related parties (continued)

### Private sector funding partner of Entrepreneur Property Fund

Aspari(RF) (Pty) Ltd

Future Growth Asset Management (Pty)Ltd

Partner of Entrepreneur

Partner of Rental Housing Fund

2019

2018

### Private sector funding - management fees received

Aspari (RF) (Pty) Ltd

487,694

-

Future Growth Asset Management (Pty) Ltd

635,332

-

The GPF has concluded agreements with Aspari (RF) (Pty) Ltd and Future Growth Asset Management wherein the aforementioned provides senior funding for the Emerging Entrepreneur Fund and Rental Housing Projects.

### Related party transactions

#### Non-Executive Trustees board fees

L Mthimunya (Chairperson Fees)

458,043

1,118,065

Z Hill

205,484

43,140

R Kalidass

669,707

557,818

M Kganedi

145,088

47,454

M Lehobye (Resigned on 30 September 2017)

-

148,543

D Maphatiane (Resigned on 30 June 2017)

-

73,868

N Maponya

457,895

605,428

G Makhubo

23,008

98,060

C Motsepe

177,902

395,383

P Mphahlele

199,882

515,315

B Nzo

219,555

425,507

T Sukazi

470,442

847,857

3,027,006

4,876,438

#### Other allowances

Travel and  
accommodation  
2019

Training 2019

Travel and  
accommodation  
2018

Training 2018

L Mthimunya

11,424

-

250,850

-

Z Hill

124,039

4,654

18,136

-

M Kganedi (Appointed 1 February 2018)

-

4,654

-

-

N Maponya

-

20,703

-

-

C Motsepe

-

-

136,589

-

B Nzo

150,545

9,309

193,347

-

T Sukazi

-

-

97,449

-

286,008

39,320

696,371

-

#### Executive Management - Chief Executive Officer (New Chief Executive Officer Appointed November 2018)

Basic

1,107,057

2,115,273

Settlement

-

2,549,728

Performance bonus

-

780,987

Retirement annuity contribution, medical aid and life cover

99,118

133,306

1,206,175

5,579,294

#### Executive Management - Acting Chief Executive Officer from October 2017 until December 2018

Basic

2,161,180

1,241,731

Performance bonus

235,323

-

2,396,503

1,241,731

#### Executive Management - Chief Financial Officer

Basic

2,366,444

2,232,639

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	2019	2018
<b>24. Related parties (continued)</b>		
Performance bonus	508,175	474,930
Retirement annuity contribution, medical aid and life cover	207,709	144,054
	<b>3,082,328</b>	<b>2,851,623</b>
<b>Executive Management - Chief Investment Officer</b>		
Basic	2,249,139	2,140,983
Performance bonus	325,750	445,624
Retirement annuity contribution, medical aid and life cover	205,341	142,396
	<b>2,780,230</b>	<b>2,729,003</b>
<b>Executive Management - Legal, Compliance &amp; Risk Executive</b>		
Basic	1,574,153	1,478,614
Performance bonus	184,648	210,850
Retirement annuity contribution, medical aid and life cover	151,478	103,351
	<b>1,910,279</b>	<b>1,792,815</b>
<b>Executive Management - Project Finance Specialist</b>		
Basic	1,665,185	1,616,964
Performance bonus	156,876	212,994
Retirement annuity contribution, medical aid and life cover	158,193	107,969
	<b>1,980,254</b>	<b>1,937,927</b>
<b>Executive Management - Company Secretary (Appointed April 2018)</b>		
Basic	1,494,614	-
Retirement annuity contribution, medical aid and life cover	145,130	-
	<b>1,639,744</b>	-
<b>Executive Management - Portfolio Investment Manager</b>		
Basic	1,540,196	1,496,199
Performance bonus	154,482	214,780
Retirement annuity contribution, medical aid and life cover	148,767	101,488
	<b>1,843,445</b>	<b>1,812,467</b>
<b>Executive Management - Stakeholder Relations Manager (Appointed April 2018)</b>		
Basic	1,442,491	-
<b>Executive Management - Marketing &amp; Communications Manager</b>		
Basic	1,345,498	1,455,633
Performance bonus	120,557	150,597
Retirement annuity contribution, medical aid and life cover	133,231	90,807
	<b>1,599,286</b>	<b>1,697,037</b>
<b>Executive Management - Manager of the Office of the CEO</b>		
Basic	1,163,258	1,119,458
Performance bonus	115,395	-
Retirement annuity contribution, medical aid and life cover	118,688	80,809
	<b>1,397,341</b>	<b>1,200,267</b>
<b>Executive Manager - Human Resource Manager (Appointed October 2018)</b>		
Basic	622,345	-
Retirement annuity contribution, medical aid and life cover	61,831	-
	<b>684,176</b>	-

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## 24. Related parties (continued)

2019 2018

Management considers the Trustees and Executive Management to be key management. Trustees do not receive pension entitlement from the GPF.

### Department of Trade and Industry

Entrepreneur Empowerment Property Fund

- 444,685

The GPF had entered into an agreement with the Department of Trade and Industry (DTI) whereby 50% of the consulting for the Entrepreneur Empowerment Property Fund's expenses paid by the GPF are reimbursed by the DTI. (Refer to note 15)

## 25. Financial risk management and objectives

### Objective

The GPF's principal financial instruments comprise of financial instruments at fair value, loans and receivables from exchange transactions, cash and cash equivalents, and receivables from exchange transactions. The non-financial liabilities are finance lease and provisions. The main purpose of the financial instruments at fair value, loans and receivables from exchange transactions and cash and cash equivalents is to assist Social Housing Institutions to leverage funding from private financial institutions, in line with one of the objectives of the GPF. The receivables from exchange transactions, payables from exchange transactions, finance lease and obligations arise directly from the GPF's operations.

The risks arising from the GPF's financial instruments are credit risk, interest rate risk and liquidity risk. The Board of Trustees reviews and agrees on policies for managing these risks.

The objective of managing financial instrument risk is to safeguard the GPF assets whilst still enabling fulfilment of the GPF mandate. The GPF's method of measuring the risks mentioned below involves detailed project feasibility, regular project monitoring and management.

### Liquidity Risk

The GPF manages liquidity risk by granting of loans to borrowers for affordable housing through proper management of working capital, capital expenditure and actual vs forecasted cash flows and its cash management policy. Liquidity risk is the risk arising from default of the counter-party. The objective of managing liquidity risk is to safeguard the GPF assets whilst still enabling fulfilment of the GPF mandate. The GPF manages liquidity risk through regular monitoring of financial assets. The forecasted cash flows considers the maturity of its financial assets and project cash flows from operations. Adequate reserves and liquid resources are also maintained. The following table sets forth details of the remaining contractual maturities of financial assets and liabilities as at 31 March 2019. Liquidity risk is currently 23% (2018:15%). Liquidity risk is calculated by dividing the financial and non-financial liabilities by the financial assets as per the table shown below:

Financial Assets 2019	Due or due no later than one month	Due later than one month but not later than three months	Due later than three months but not later than one year	Due later than one year but not later than five years	Due later than five years	Total
Loans and receivables from exchange transactions	8,490,735	20,588,557	88,552,846	536,949,315	1,273,434,672	1,928,016,125
Cash and cash equivalents	1,048,328,635	-	-	-	-	1,048,328,635
Receivables from exchange transactions	34,165,905	-	-	3,591,000	-	37,756,905
	<b>1,090,985,275</b>	<b>20,588,557</b>	<b>88,552,846</b>	<b>540,540,315</b>	<b>1,273,434,672</b>	<b>3,014,101,665</b>

Financial and Non-financial liabilities	Due or due no later than one month	Due later than one month but not later than three months	Due later than three months but not later than one year	Due later than one year but not later than five years	Due later than five years	Total
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## 25. Financial risk management and objectives (continued)

Payables from exchange transactions	(2,796,278)	-	-	-	-	(2,796,278)
Non-financial liabilities						
Finance lease	(7,125)	(14,250)	(64,125)	(35,625)	-	(121,125)
Gauteng Department of Human Settlements	(389,510,785)	-	-	-	-	(389,510,785)
Provisions	(5,652,405)	-	-	-	-	(5,652,405)
Commitments	(303,304,041)	-	-	-	-	(303,304,041)
	(701,270,633)	(14,250)	(64,125)	(35,625)	-	(701,384,633)
	<b>389,714,642</b>	<b>20,574,307</b>	<b>(88,488,721)</b>	<b>540,504,690</b>	<b>1,273,434,672</b>	<b>2,312,717,032</b>

### Financial Assets 2018

	Due or due no later than one month	Due later than one month but not later than three months	Due later than three months but not later than one year	Due later than one year but not later than five years	Due later than five years	Total
Loans and receivables from exchange transactions	7,681,327	17,804,043	92,479,726	616,159,484	1,301,646,118	2,035,770,698
Cash and cash equivalents	649,549,318	925,000	-	-	-	650,474,318
Receivables from exchange transactions	34,477,459	-	-	3,591,000	-	38,068,459
	<b>691,708,104</b>	<b>18,729,043</b>	<b>92,479,726</b>	<b>619,750,484</b>	<b>1,301,646,118</b>	<b>2,724,313,475</b>

### Financial and Non-financial liabilities

	Due or due no later than one month	Due later than one month but not later than three months	Due later than three months but not later than one year	Due later than one year but not later than five years	Due later than five years	Total
Payables from exchange transactions	(4,286,402)	-	-	-	-	(4,286,402)
Non-financial liabilities						
Finance lease	(10,325)	(20,650)	(64,125)	(121,125)	-	(216,225)
Gauteng Department of Human Settlements	(149,509,920)	-	-	-	-	(149,509,920)
Provisions	(5,459,255)	-	-	-	-	(5,459,255)
Commitments	(254,362,116)	-	-	-	-	(254,362,116)
Subtotal	(413,628,018)	(20,650)	(64,125)	(121,125)	-	(413,833,918)
	<b>278,080,086</b>	<b>18,708,393</b>	<b>(92,415,601)</b>	<b>619,629,359</b>	<b>1,301,646,118</b>	<b>2,310,479,557</b>

### Interest rate risk

The GPF's exposure to the risk of changes in the market interest rate relates primarily to the GPF's loans and receivables from exchange transactions with floating interest rates. The objective of interest rate risk management is to consider the effect of fluctuations in interest rates that might affect the fair value or future cash flows of a financial instrument. The method for measuring interest rate risk is the sensitivity analysis for fluctuations in the interest rate. Interest rate risk is managed internally by ensuring that allowances for increased interest rates are provided for in the project assessment. The GPF's exposure to interest rate risk arises from increases in the rate that could give rise to unexpected changes in cash flows.

### Interest rate risk table

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant of the GPF's surplus (through the impact of floating rate loans). The effect on surplus has been determined by calculating an increase or decrease of 100 basis points on the current interest rates of the receivables from exchange transaction and interest received from banks. Management considers a range of 100 basis points increase or decrease to be reasonable for the analysis. There is no impact on the GPF's net assets.

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## 25. Financial risk management and objectives (continued)

Year	Effect on surplus (R'000)	Increase/decrease in basis points
2019		
Effect of increase in basis points on surplus	1,146	100
Effect of a decrease in basis points on surplus	(1,146)	(100)
2018		
Effect of increase in basis points on surplus	1,286	100
Effect of a decrease in basis points on surplus	(1,286)	(100)
	-	-

### Credit risk

Credit risk is the risk that a counter-party will not meet its obligations under a financial instrument. The objective of credit risk is to ensure that the counter-party will meet its obligation under a financial instrument. The GPF is exposed to credit risk in respect of its financial instruments at fair value debt instruments, receivables from exchange transaction, cash and cash equivalents and loans and receivables from exchange transactions. Credit risk is managed internally by ensuring that investments are made only after assessing and evaluating the social housing institutions management capacity and project feasibility. The method for measuring credit risk is the ongoing monitoring of financial assets. The Gauteng Partnership Fund's credit risk exposure arises from default of the counter-party is R21,610,865 (2018: R17,692,763 (Refer to note 3), with a maximum exposure of R1,970,355,295 (2018: R1,656,033,564) equal to the carrying amount of loans and receivables from exchange transactions, cash and cash equivalents and receivables from exchange transaction.

Financial assets exposed to credit risk at year-end were as follows:

### Credit risk

Class of financial instrument	Credit risk exposure	Collateral	Repayments	Credit quality of financial assets that are neither past due or impairment
Ace Pallets (Pty) Ltd - Portion 26 of Erf 381, Vanderbijlpark, Central West 5 Extension 1	7,512,374	Mortgage bond held by the Gauteng Partnership Fund	13 months from disbursement date with a final repayment on 31/03/2036	Performing
Bixowize (Pty) Ltd - Erf 278, Primrose Hill	4,141,914	Mortgage bond held by the Gauteng Partnership Fund	82 months from disbursement date with a final repayment on 30/09/2036	Impaired
BM Molefi Properties 241 (Pty) Ltd - Kgorong Estate	24,400,000	Mortgage bond held by the Gauteng Partnership Fund	Payable by 31/03/2020	Provision for doubtful debts and impaired
Bravo Enterprise and Projects (Pty) Ltd - Erf 231, Kempton Park, located on 26 Kempton	5,096,057	Mortgage bond held by the Gauteng Partnership Fund	19 months from disbursement date with a final repayment on 31/07/2036	Impaired

# Gauteng Partnership Trust

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## 25. Financial risk management and objectives (continued)

Bridge City Housing Consortium (Pty) Ltd - Portion 196 of Erf 7305, Chiawelo	10,176,579	Mortgage bond held by the Gauteng Partnership Fund	13 months from disbursement date with a final repayment on 31/08/2037	Impaired
Bruzar Consulting Engineers (Pty) Ltd - Erven 484, 485 & 487, Ferndale	823,641	Mortgage bond held by the Gauteng Partnership Fund	13 months from disbursement date with a final repayment on 30/06/2035	Performing
BUA Africa (Pty) Ltd - Erf 2918, Kempton Park	46,300,248	Mortgage bond held by the Gauteng Partnership Fund	25 months from disbursement date with a final repayment on 31/12/2035	Impaired
Cape Gannet Properties 175 (Pty) Ltd - Erf 42, Kempton Park	3,037,525	Mortgage bond held by the Gauteng Partnership Fund	33 months from disbursement date with a final repayment on 30/09/2033	Impaired
Castle Crest Properties 80 (Pty) Ltd - Erf 504, Pretoria	2,603,098	Mortgage bond held by the Gauteng Partnership Fund	12 months from disbursement date with a final repayment on 31/12/2032	Impaired
Castle Crest Properties 80 (Pty) Ltd - Erf 233, Kempton Park	8,493,269	Mortgage bond held by the Gauteng Partnership Fund	19 months from disbursement date with a final repayment on 30/09/2034	Impaired
Certum Estate 130 (Pty) Ltd - Erf 564, Bertrams, JHB	7,407,252	Mortgage bond held by the Gauteng Partnership Fund	18 months from disbursement date with a final repayment on 31/10/2029	Impaired
Cicima Property Management Solutions (Pty) Ltd - Erf 1686, Benoni	11,071,421	Mortgage bond held by the Gauteng Partnership Fund	17 months from disbursement date with a final repayment on 31/12/2037	Impaired
Clare Water (Pty) Ltd - Erf 1509, Discovery, Roodepoort	3,026,976	Mortgage bond held by the Gauteng Partnership Fund	28 months from disbursement date with a final repayment on 31/07/2036	Impaired and provision for doubtful debts
Clidet No.1024 (Pty) Ltd 44 Wanderers	6,529,745	Mortgage bond held by the Gauteng Partnership Fund	62 months from disbursement date with a final repayment on 31/08/2033	Impaired

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## 25. Financial risk management and objectives (continued)

Comu Property Developers (Pty) Ltd - 3103, Glen Marais

4,676,559 Mortgage bond 18 months Impaired  
held by the  
Gauteng from  
Partnership disbursement  
Fund date with a  
final repayment  
on 31/07/2028

Comocap (Pty) Ltd - 88 Relly Street

1,550,122 Mortgage bond 27 months Provision for  
held by the from doubtful debts  
Gauteng disbursement and impaired  
Partnership date with a  
Fund final repayment  
on 31/10/2028

Crimson Clover Trading 11 (Pty) Ltd - Ascot Fashion House

3,422,181 Mortgage bond 13 months Performing  
held by the from  
Gauteng disbursement  
Partnership date with a  
Fund final repayment  
on 30/04/2032

Devlands Gardens (Pty) Ltd - Erf 8341 & 8342, Johannesburg

19,241,735 Mortgage bond 24 months Performing  
held by the from  
Gauteng disbursement  
Partnership date with a  
Fund final repayment  
on 30/11/2038

DNM Estate (Pty) Ltd - Erf 517 & 518, City and Suburban

16,200,000 Mortgage bond 31 months Provision for  
held by the from doubtful debts  
Gauteng disbursement and impaired  
Partnership date with a  
Fund final repayment  
on 31/12/2033

Eable Properties (Pty) Ltd - Erf 8186, Olievenhoutbosch

10,908,528 Mortgage bond 13 months Performing  
held by the from  
Gauteng disbursement  
Partnership date with a  
Fund final repayment  
on 28/02/2038

Eagle Valley Property 41 (Pty) Ltd Phase 1 - Portion 1 of Erf 1908, Erasmus

6,784,732 Mortgage bond 13 months Performing  
held by the from  
Gauteng disbursement  
Partnership date with a  
Fund final repayment  
on 31/07/2034

Eagle Valley Property 41 (Pty) Ltd Phase 2 - Portion 1 of Erf 1908 Erasmus

6,322,567 Mortgage bond 13 months Performing  
held by the from  
Gauteng disbursement  
Partnership date with a  
Fund final repayment  
on 31/03/2035

EGC Properties (Pty) Ltd - Browning Street

7,501,811 Mortgage bond 13 months Impaired  
held by the from  
Gauteng disbursement  
Partnership date with a  
Fund final repayment  
on 31/05/2031

EGC Properties (Pty) Ltd - Erf 101 Wolhuter, Jeppestown

5,289,629 Mortgage bond 25 months Performing  
held by the from  
Gauteng disbursement  
Partnership date with a  
Fund final repayment  
on 30/09/2037

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## 25. Financial risk management and objectives (continued)

Echo Canyon Trading (Pty) Ltd - 463 and 465, Hanny Street	- Mortgage bond held by the Gauteng Partnership Fund	21 months from disbursement date with a final repayment on 30/09/2030	Bad debts written off
Egon House (Pty) Ltd - Erf 1171, City & Suburban, Johannesburg	5,640,572 Mortgage bond held by the Gauteng Partnership Fund	25 months from disbursement date with a final repayment on 31/07/2032	Performing
Erf 85 Newtown (Pty) Ltd - Erf 269, Richmond	3,280,244 Mortgage bond held by the Gauteng Partnership Fund	19 months from disbursement date with a final repayment on 30/04/2036	Impaired
Erf 273 Parktown Estate CC - Parktown Place Development	6,156,705 Mortgage bond held by the Gauteng Partnership Fund	19 months from disbursement date with a final repayment on 31/12/2033	Performing
Fundzo Trading (Pty) Ltd - Portion 15 of Erf 8489, Protea No	9,237,673 Mortgage bond held by the Gauteng Partnership Fund	46 months from disbursement date with a final repayment in 31/01/2034	Impaired
FV Trading Enterprises (Pty) Ltd - Erf 193, Duncanville	7,850,849 Mortgage bond held by the Gauteng Partnership Fund	19 months from disbursement date with a final repayment on 31/09/2038	Impaired
Golden City Property (Pty) Ltd - Erf 533 & 534	4,675,720 Mortgage bond held by the Gauteng Partnership Fund	13 months from disbursement date with a final repayment on 30/04/2036	Performing
Goldburg Property Development (Pty) Ltd - Erf 72, Kempton Park	3,516,513 Mortgage bond held by the Gauteng Partnership Fund	13 months from disbursement date with a final repayment on 31/10/2036	Performing
GNI Real Estate - Erf 113, Pretoria North	5,611,757 Mortgage bond held by the Gauteng Partnership Fund	19 months from disbursement date with a final repayment on 30/09/2036	Impaired
Hectofield (Pty) Ltd - Erf 644, Pretoria North	4,683,845 Mortgage bond held by the Gauteng Partnership Fund	18 months from disbursement will final repayment on 31/03/2038	Performing

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## 25. Financial risk management and objectives (continued)

Hoewe 15 Doreg Landbouhoewes (Pty) Ltd - Portion 484 (a portion of 125) of farm Hartebeeshoek 303, Gauteng

Highlands Urban Living (Pty) Ltd - Highlands Lofts

Indigo Kulani Properties (Pty) Ltd - Erf 1676, Benoni

Ifizo (Pty) Ltd - Erf 733, Pretoria North

Ikamvelihle Trading Enterprises (Pty) Ltd - Erf 953 - 956 Berea

Korema Property Group (Pty) Ltd - Erf 436 & 437, Bellevue East, JHB

KDM Properties (Pty) Ltd - Erf 403, Johannesburg

Kertrade CC - Erf 564 & 566, Springs

Kesef Properties (Pty) Ltd - Erf 343, 344, 345, 346, 347, 348, 387, 388 and 389, New Doornfontein, Johannesburg

Kimovax (Pty) Ltd - Erf 419 and Erf 420, Cresslawn Kempton Park

16,078,500	Mortgage bond held by the Gauteng Partnership Fund	17 months from disbursement date with a final repayment on 31/12/2036	Impaired
4,229,470	Mortgage bond held by the Gauteng Partnership Fund	13 months from disbursement date with a final repayment on 31/01/2028	Impaired
8,001,110	Mortgage bond held by the Gauteng Partnership Fund	36 months from disbursement date with a final repayment on 28/02/2034	Impaired
15,795	Mortgage bond held by the Gauteng Partnership Fund	61 months from disbursement date with a final repayment on 31/01/2026	Performing
5,965,108	Mortgage bond held by the Gauteng Partnership Fund	66 months from disbursement date with a final repayment on 30/06/2036	Impaired
3,044,347	Mortgage bond held by the Gauteng Partnership Fund	22 months from disbursement date with a final repayment on 31/10/2038	Impaired
3,520,132	Mortgage bond held by the Gauteng Partnership Fund	13 months from disbursement date with a final repayment on 31/07/2029	Performing
7,264,146	Mortgage bond held by the Gauteng Partnership Fund	24 months from disbursement date with a final repayment on 30/06/2035	Impaired
17,249,474	Mortgage bond held by the Gauteng Partnership Fund	14 months from disbursement date with a final repayment on 31/10/2030	Impaired
1,734,394	Mortgage bond held by the Gauteng Partnership Fund	19 months from disbursement date with a final repayment on 31/12/2036	Impaired

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## 25. Financial risk management and objectives (continued)

Khwezi Enhle Investment (Pty) Ltd - Erf 102 Erasmus, Bronkhortspruit

Johannesburg Housing Company (Pty) Ltd - 117 Pritchard Street

Johannesburg Housing Company (Pty) Ltd - Crest Hotel

Johannesburg Housing Company (Pty) Ltd - Hlanganani

Lakeside Development (Pty) Ltd - Erf 1373, Leachville

Landopoint (Pty) Ltd - Erf 905, 906 and 907 Kenilworth

Lavigen Lofts (Pty) Ltd - Erf 134, Bedworth Park

Lisinfo 282 Property (Pty) Ltd - Erf 1952, Malvern

Lukataedi (Pty) Ltd - Erf 1952, Malvern

Madulamoho Housing Association - Allenby

244,288	Mortgage bond held by the Gauteng Partnership Fund	26 months from disbursement date with a final repayment on 31/10/2038	Performing
6,233,456	Mortgage bond held by the Gauteng Partnership Fund	1 month from disbursement date with a final repayment on 29/02/2028	Performing
7,523,921	Mortgage bond held by the Gauteng Partnership Fund	1 month from disbursement date with a final repayment on 31/03/2028	Performing
7,041,059	Mortgage bond held by the Gauteng Partnership Fund	13 months from disbursement date with a final repayment on 30/09/2024	Performing
1,621,670	Mortgage bond held by the Gauteng Partnership Fund	31 months from disbursement date with a final repayment on 31/01/2036	Impaired
900,000	Mortgage bond held by the Gauteng Partnership Fund	31 months from disbursement date with a final repayment on 30/09/2034	Impaired and provision for doubtful debt
3,362,128	Mortgage bond held by the Gauteng Partnership Fund	14 months from disbursement date with a final repayment on 31/07/2037	Performing
3,833,264	Mortgage bond held by the Gauteng Partnership Fund	19 months from disbursement date with a final repayment on 31/04/2033	Impaired
11,168,857	Mortgage bond held by the Gauteng Partnership Fund	19 months from disbursement date with a final repayment on 31/10/2034	Impaired
1,369,716	Mortgage bond held by the Gauteng Partnership Fund	13 months from disbursement date with a final repayment on 30/11/2024	Performing

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## 25. Financial risk management and objectives (continued)

Madulamoho Housing Association - Fleurhof Views	14,826,061	Mortgage bond held by the Gauteng Partnership Fund	13 months from disbursement date with a final repayment on 28/02/2027	Performing
Madulamoho Housing Association - Jabulani	16,631,878	Mortgage bond held by the Gauteng Partnership Fund	7 months from disbursement date with a final repayment on 31/03/2028	Performing
Makabongwe Property Holding (Pty) Ltd - Erf 983, Johannesburg	8,167,863	Mortgage bond held by the Gauteng Partnership Fund	16 months from disbursement date with a final repayment on 31/10/2035	Impaired
Mahlahla Advancement Dynamics CC - Erf 442, Wolmer Pretoria	8,327,801	Mortgage bond held by the Gauteng Partnership Fund	13 months from disbursement date with a final repayment on 28/02/2036	Impaired
Masisizane Group (Pty) Ltd - Portion 0 of Erf 2909, Jeppestown	4,322,714	Mortgage bond held by the Gauteng Partnership Fund	19 months from disbursement date with a final repayment on 30/09/2037	Performing
Meilijian Construction and Development (Pty) Ltd - Erf 24, Kempton Park	7,580,819	Mortgage bond held by the Gauteng Partnership Fund	13 months from disbursement date with a final repayment on 28/02/2034	Impaired
Meilijian Construction and Development (Pty) Ltd - Erf 1614, Kempton Park	8,483,188	Mortgage bond held by the Gauteng Partnership Fund	16 months from disbursement date with a final repayment on 30/04/2035	Impaired
Meilijian Construction and Development (Pty) Ltd - Erf 27, Kempton Park	8,359,752	Mortgage bond held by the Gauteng Partnership Fund	25 months from disbursement date with a final repayment on 30/06/2034	Impaired
Meilijian Construction and Development (Pty) Ltd - Erf 3597, Pomona Ext 75	7,266,483	Mortgage bond held by the Gauteng Partnership Fund	19 months from disbursement date with a final repayment on 30/04/2036	Performing
Michaelson Investments (Pty) Ltd - Erf 658, Troyeville	1,742,497	Mortgage bond held by the Gauteng Partnership Fund	35 months from disbursement date with a final repayment on 30/11/2033	Impaired

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## 25. Financial risk management and objectives (continued)

Multidirect Investments 8 (Pty) Ltd - Erf 1815, Pretoria North	4,074,720	Mortgage bond held by the Gauteng Partnership Fund	13 months from disbursement date with a final repayment on 31/07/2034	Impaired
Muma Properties Investments (Pty) Ltd - Erf 978, Pretoria North	9,044,627	Mortgage bond held by the Gauteng Partnership Fund	28 months from disbursement date with a final repayment on 30/06/2035	Impaired
NBLR Properties (Pty) Ltd - Ext 2551, 2552 & 2553, Fleurhof Ext 20	12,213,602	Mortgage bond held by the Gauteng Partnership Fund	16 months from disbursement date with a final repayment on 31/12/2035	Impaired
Nelisa Properties (Pty) Ltd - Erf 388, Windsor	1,952,742	Mortgage bond held by the Gauteng Partnership Fund	25 months from disbursement date with a final repayment on 31/03/2034	Impaired
Ninarich Trading 3 (Pty) Ltd - Betty Street Precinct	16,251,888	Mortgage bond held by the Gauteng Partnership Fund	25 months from disbursement date with a final repayment on 31/03/2034	Impaired
Nonkwelo (Pty) Ltd - Erf 10 & 11, Hunter	6,670,105	Mortgage bond held by the Gauteng Partnership Fund	27 months from disbursement date with a final repayment on 30/04/2033	Impaired
Norvena Property Consortium - Norvena Court	17,769,815	Mortgage bond held by the Gauteng Partnership Fund	23 months from disbursement date with a final repayment on 31/03/2030	Impaired
Ordicode (Pty) Ltd - Erf 2242, 2243, 2248 and 2249, Johannesburg	16,790,612	Mortgage bond held by the Gauteng Partnership Fund	19 months from disbursement date with a final repayment on 29/02/2036	Impaired
Phahamo Resources (Pty) Ltd - Erf 8993, Olievenhoutbosch Ext 36, Centurion	14,121,052	Mortgage bond held by the Gauteng Partnership Fund	25 months from disbursement date with a final repayment on 30/08/2036	Impaired
Property Best Investments (Pty) Ltd - Erf 3834, Eersterus Ext 6	23,664,985	Mortgage bond held by the Gauteng Partnership Fund	13 months from disbursement date with a final repayment on 31/05/2037	Impaired

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## 25. Financial risk management and objectives (continued)

Property Kalcha (Pty) Ltd - Portion 1&2 of Erf 1871 Albertville, Randburg	2,706,668	Mortgage bond held by the Gauteng Partnership Fund	20 months from disbursement date with a final repayment on 31/04/2036	Impaired
Proxisol (Pty) Ltd - Erven 31,32,33,59 & 60, Bertrams	9,115,734	Mortgage bond held by the Gauteng Partnership Fund	2 months from disbursement date with a final repayment on 31/09/2036	Impaired
Rainbow Beach Trading 261 (Pty) Ltd - Sondela Village Daggafontein	10,141,035	Mortgage bond held by the Gauteng Partnership Fund	13 months from disbursement date with a final repayment on 30/09/2028	Impaired
Redformationz Holding (Pty) Ltd - Erf 4862, Birch Acres, Ext 321	14,305,943	Mortgage bond held by the Gauteng Partnership Fund	25 months from disbursement date with a final repayment on 30/09/2037	Impaired
Rivavect Investments (Pty) Ltd - Central House	4,032,709	Mortgage bond held by the Gauteng Partnership Fund	13 months from disbursement date with a final repayment on 28/02/2029	Impaired
Sakhazonke Investment (Pty) Ltd - Erf 252, Kempton Park	790,321	Mortgage bond held by the Gauteng Partnership Fund	61 months from disbursement date with a final repayment on 31/05/2024	Performing
Sabiglo (Pty) Ltd - Erf 301 Windsor West, Randburg	4,711,477	Mortgage bond held by the Gauteng Partnership Fund	53 months from disbursement date with a final repayment on 30/09/2034	Impaired
Sam Lubbe Investments CC - Erf 1654, Germiston	9,368,331	Mortgage bond held by the Gauteng Partnership Fund	31 months from disbursement date with a final repayment on 31/01/2039	Impaired
Seraph Investments (Pty) Ltd - Erven 488, 489, 490 and 491, New Doornfontein	16,786,185	Mortgage bond held by the Gauteng Partnership Fund	23 months from disbursement date with a final repayment on 28/02/2037	Performing
Sethitho Projects CC - Erf 1191, Rayton Extension 7	4,489,955	Mortgage bond held by the Gauteng Partnership Fund	19 months from disbursement date with a final repayment on 28/02/2037	Impaired and provision for doubtful debts

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## 25. Financial risk management and objectives (continued)

Simelani Business Solutions (Pty) Ltd - Erf 2682, Kempton Park

8,580,449 Mortgage bond held by the Gauteng Partnership Fund 64 months from disbursement date with a final repayment on 31/12/2038 Impaired

Sheran Investments (Pty) Ltd - Klippoortjie Agricultural Lots

8,005,249 Mortgage bond held by the Gauteng Partnership Fund 13 months from disbursement date with a final repayment on 31/12/2036 Impaired

Shukumani Trading Enterprises (Pty) Ltd - Erf 550, Bertrams

900,000 Mortgage bond held by the Gauteng Partnership Fund 47 months from disbursement date with a final repayment on 30/06/2033 Impaired and provision for doubtful debt

SOA Residential Village (Pty) Ltd - Erf 1532, Selcourt

6,563,098 Mortgage bond held by the Gauteng Partnership Fund 13 months from disbursement date with a final repayment on 31/07/2037 Impaired

Stormstrong (Pty) Ltd - Erf 299, Windsor, Randburg

3,466,757 Mortgage bond held by the Gauteng Partnership Fund 47 months from disbursement date with a final repayment in 31/10/2038 Impaired

Take Shape Properties 75 (Pty) Ltd - Erf 4510, Johannesburg

8,948,319 Mortgage bond held by the Gauteng Partnership Fund 22 months from disbursement date with a final repayment on 31/12/2034 Performing

Toproot Management (RF) (Pty) Ltd - Erf 1335, Pennyville

7,936,624 Mortgage bond held by the Gauteng Partnership Fund 15 months from disbursement date with a final repayment on 31/08/2032 Impaired

Trust for Urban Housing Finance Intuthuko (Pty) Ltd

12,307,803 Mortgage bond held by the Gauteng Partnership Fund 83 months with a final repayment date on 31/08/2020 Performing

Tsebo Consumable Supplies (Pty) Ltd - Erf 256, Kempton

3,593,677 Mortgage bond held by the Gauteng Partnership Fund 15 months from disbursement date with a final repayment date on 30/09/2036 Impaired

Tumaini Properties and Real Estate CC Erf 52 & 53, New Doornfontein

3,409,066 Mortgage bond held by the Gauteng Partnership Fund 62 months from disbursement date with a final repayment on 30/11/2033 Impaired

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## 25. Financial risk management and objectives (continued)

Valotorgue 199 (Pty) Ltd - Erf 757, Pretoria North	8,285,624	Mortgage bond held by the Gauteng Partnership Fund	31 months from disbursement date with a final repayment on 31/10/2033	Impaired
Vuttomi Group (Pty) Ltd - Erf 347, 348, 349 and 350, Eldorette Ext 34 Pretoria	3,591,361	Mortgage bond held by the Gauteng Partnership Fund	32 months from disbursement date with a final repayment on 30/06/2036	Impaired
Watershed Properties (Pty) Ltd - Portion 202 of farm 265, Ruimsig, Ext 102	12,805,203	Mortgage bond held by the Gauteng Partnership Fund	25 months from disbursement date with a final repayment on 30/11/2038	Performing
Yeast City Housing (Pty) Ltd - Tau Village	3,958,076	Mortgage bond held by the Gauteng Partnership Fund	13 months from disbursement date with a final repayment on 28/02/2025	Impaired
Yeast City Housing (Pty) Ltd - Thembelihle Village	47,091,114	Mortgage bond held by the Gauteng Partnership Fund	25 months from disbursement date with a final repayment on 31/10/2036	Impaired
Yeast City Housing (Pty) Ltd - Salvokop	4,557,316	Mortgage bond held by the Gauteng Partnership Fund	13 months from disbursement with a final repayment date on 30/06/2033	Impaired
Yin's Construction and Property Development (Pty) Ltd - Ext 21, Cloverdene	345,716	Mortgage bond held by the Gauteng Partnership Fund	30 months from disbursement with a final repayment date on 31/12/2038	Performing
Xanado Trade or Invest 614 (Pty) Ltd - Erf 324 Princess Ext 49, Roodepoort	9,713,371	Mortgage bond held by the Gauteng Partnership Fund	13 months from disbursement date with a final repayment on 31/08/2034	Performing
Xylo Trading 253 (Pty) Ltd - Portion 3 of Erf 2834, Ga-Rankuwa unit 2	1,353,649	Mortgage bond held by the Gauteng Partnership Fund	41 months from disbursement date with a final repayment on 31/08/2035	Performing

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## 25. Financial risk management and objectives (continued)

Zakhele Investment (Pty) Ltd - Erf 257, Kempton Park

3,405,763 Mortgage bond 23 months Impaired  
held by the years from  
Gauteng disbursement  
Partnership with a final  
Fund repayment  
date on  
30/11/2032

Zwide & Dewa Investments (Pty) Ltd - Erf 424 & 425,  
Rhodesfield

25,313,945 Mortgage bond 54 months Impaired  
held by the from  
Gauteng disbursement  
Partnership with a final  
Fund repayment  
date  
31/04/2037

Receivables from exchange transactions

37,756,905

Cash and cash equivalents

1,048,328,635

Loans and receivables held-for-trade

31,853,337

**1,970,355,295**

### Concentration risk

The Gauteng Partnership Fund's risk are concentrated in the Gauteng social housing sector (for households earning less than R15,000) through structured funding instruments to Social Housing Institutions and Financial Institutions with the goal to attract fair priced private sector funding. Concentration risk is quantified at an amount of R1,082,077,302 (2018: R1,118,826,182) which is the nominal balance of all loans per the metropolitan municipalities listed below:

<b>Metros</b>	<b>2019</b>	<b>2018</b>
Ekurhuleni	267,843,628	355,660,944
Johannesburg	402,122,596	364,994,371
Tshwane	326,724,843	317,863,423
West Rand	76,765,142	66,509,204
Emfuleni	8,621,093	13,798,240
	<b>1,082,077,302</b>	<b>1,118,826,182</b>

## 26. Financial and non-financial instruments

<b>2019</b>	<b>Loans and Receivables</b>	<b>Financial Instruments at fair value</b>	<b>Other assets</b>	<b>Other Liabilities</b>	<b>Non-financial instruments at amortised cost</b>	<b>Total</b>
Financial Assets						
Loans and Receivables from exchange transactions	852,416,418	-	-	-	-	852,416,418
Loans and receivables held-for- trade	31,853,337	-	-	-	-	31,853,337
Receivables from exchange transactions	-	-	37,756,905	-	-	37,756,905
Cash and cash equivalents	-	-	1,048,328,635	-	-	1,048,328,635
Non-Financial Assets						
Intangible assets	-	-	-	-	131,468	131,468
Property, plant and equipment	-	-	-	-	4,725,461	4,725,461
Financial Liabilities						
Payables from exchange transactions	-	-	-	(392,307,063)	-	(392,307,063)
Non-Financial Liabilities						
Operating lease	-	-	-	-	(112,296)	(112,296)
Provisions	-	-	-	-	(5,652,405)	(5,652,405)
	<b>884,269,755</b>	<b>-</b>	<b>1,086,085,540</b>	<b>(392,307,063)</b>	<b>(907,772)</b>	<b>1,577,140,460</b>

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## 26. Financial and non-financial instruments (continued) 2018

	Loans and Receivables	Other assets	Other Liabilities	Non-financial instruments at amortised cost	Total
<b>Financial Assets</b>					
Loans and Receivables from exchange transactions	780,830,507	-	-	-	780,830,507
Loans and receivables held-for-trade	190,251,280	-	-	-	190,251,280
Receivables from exchange transactions	-	34,477,459	-	-	34,477,459
Cash and cash equivalents	-	650,474,318	-	-	650,474,318
<b>Non-financial Assets</b>					
Intangible assets	-	-	-	215,626	215,626
Property, plant and equipment	-	-	-	5,351,438	5,351,438
Receivables from exchange transactions	-	3,591,000	-	-	3,591,000
<b>Financial Liabilities</b>					
Payables from exchange transactions	-	-	(153,892,446)	-	(153,892,446)
<b>Non-Financial Liabilities</b>					
Operating lease	-	-	-	(225,827)	(225,827)
Finance lease	-	-	-	(191,790)	(191,790)
Provisions	-	-	-	(5,459,255)	(5,459,255)
	<b>971,081,787</b>	<b>688,542,777</b>	<b>(153,892,446)</b>	<b>(309,808)</b>	<b>1,505,422,310</b>

The above table illustrates the categorisation of financial instruments.

Set out below is a comparison by class of carrying amounts and fair values of all the Gauteng Partnership Fund's financial instruments:

<b>Financial assets</b>	Carrying amount 2019	Carrying amount 2018	Fair value amount 2019	Fair value amount 2018
Loans and receivables from exchange transactions	852,416,418	780,830,507	852,416,418	780,830,507
Receivables from exchange transactions	37,756,905	38,068,459	37,756,905	38,068,459
Cash and cash equivalents	1,048,328,635	650,474,318	1,048,328,635	650,474,318
Loans and receivables held-for-trade	31,853,337	190,251,280	31,853,337	190,251,280
	<b>1,970,355,295</b>	<b>1,659,624,564</b>	<b>1,970,355,295</b>	<b>1,659,624,564</b>

<b>Financial Liabilities</b>	Carrying amount 2019	Carrying amount 2018	Fair value 2019	Fair value 2018
Non-financial liabilities - Finance lease obligation	112,296	191,790	112,296	191,790
Non-financial liabilities - Operating lease	-	225,827	-	225,827
Finance liabilities - Payables from exchange transactions	392,307,063	153,892,446	392,307,063	153,892,446
	<b>392,419,359</b>	<b>154,310,063</b>	<b>392,419,359</b>	<b>154,310,063</b>

<b>Fair Value of Financial Instruments</b>	Valuation technique- market observable inputs	Valuation technique combination for market and non- market observable inputs	Total 2019	Valuation technique- market observable inputs	Valuation technique combination for market and non- market observable inputs	Total 2018
Loans and receivables held-for-trade	-	31,853,337	31,853,337	-	190,251,280	190,251,280
Loans and receivables from exchange transactions	-	852,416,418	852,416,418	-	780,830,507	780,830,507
	-	<b>884,269,755</b>	<b>884,269,755</b>	-	<b>971,081,787</b>	<b>971,081,787</b>

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## 26. Financial and non-financial instruments (continued)

Non-Financial Liabilities	Valuation technique-market observable inputs	Valuation technique combination for market and non-market observable inputs	Total 2019	Valuation technique-market observable inputs	Valuation technique combination for market and non-market observable inputs	Total 2018
Finance lease	-	112,296	112,296	-	191,790	191,790
Operating lease	-	-	-	-	225,827	225,827
	-	<b>112,296</b>	<b>112,296</b>	-	<b>417,617</b>	<b>417,617</b>

The fair value of loans and receivables from exchange transaction has been determined by discounting future cash flows over the period of the loan at the prime rate at date of inception thereof.

Finance leases are capitalised at the lower of present value of minimum lease payments or fair value. The discounted rate used in calculating the present value of minimum lease payments is 9.75% and 10.25% for printers (which is the prime rate at date of inception) and 6% for the telephone system (which is the escalation of the lease).

### Fair Value Hierarchy

The fair value hierarchy shall have the following levels:

- Quoted (unadjusted) prices in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

As at 31 March 2019, the GPF held the following financial instruments measured at fair value:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

## 27. Net cash outflow from operating activities

	2019	2018
Surplus	71,718,150	221,953,137
<b>Adjustments for:</b>		
Depreciation and amortisation	2,086,499	1,664,023
Gain on sale of property, plant and equipment	(45,960)	(34,739)
Impairment loss	16,033,082	4,456,722
Fair value adjustments	12,170,009	18,710,151
Finance costs - Finance leases	15,606	21,402
Scrapping and impairment loss on fixed assets	285,484	2,609
Increase in operating movements in operating lease assets and accruals	(225,827)	43,486
Increase in provisions	193,151	522,618
Bad debt recovered	-	(7,433,695)
Contract recovery fee transferred	108,563	(3,993,571)
<b>Changes in working capital:</b>		
Receivables from exchange transactions	311,554	(27,948,920)
Increase in provision for doubtful debts	(9,891,780)	(14,709,759)
Payables from exchange transactions	238,414,617	(101,478,877)
Conditional grants realised	(55,422,428)	(182,237,990)
Grants received	55,422,428	49,371,415

# Gauteng Partnership Trust

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	2019	2018
<b>27. Net cash outflow from operating activities (continued)</b>		
Decrease/(increase) in loans and receivables held-for-trade	158,397,943	(25,903,775)
Difference in interest calculated and interest capitalised	(18,430,474)	452,971
	<b>399,555,706</b>	<b>(215,465,699)</b>

## 28. Contingencies

As at year-end, the GPF had a matter in dispute with a service provider that could result in litigation. The timing and amounts to be paid (if any) cannot be reliably determined.

### Contingent liabilities

As at year-end, the GPF had a matter in dispute with a service provider that is in litigation. The service provider has a counter-claim in the amount of R8,500,000. The timing for the payment (if any) cannot be reliably determined. This matter is on-going.

## 29. Budget Comparison

Comparison between budget and actual amounts

The budget was approved by the Trustees and submitted to the Executive Authority in terms of section 53(1) of the PFMA.

The GPF operated within its approved budget. The year to date versus the actual expenditure to date for the 31 March 2019 was under the budget by 16%.

This was mainly due to:

a) variance in consulting, marketing, Capex and salaries.

Refer to Statement of Comparison of Budget and Actual amounts.

## 30. Increase in provision for doubtful debts

### Loans and receivables from exchange transactions

Aquarella Investments 360 (Pty) Ltd - 85-87, Quartz Street	-	5,728
BM Molefi Properties 241 (Pty) Ltd - Kgorong Estate	2,889,502	5,547,405
Clarewater (Pty) Ltd - Erf 1509, Discovery, Roodepoort	3,102,765	-
Comocap (Pty) Ltd - 88 Relly Street	169,460	236,848
DNM Estate (Pty) Ltd - Erf 517 & 518, City and Suburban	1,159,156	2,855,114
Echo Canyon Trading (Pty) Ltd - 463 and 465, Hanny Street	233,846	5,739,835
Landopoint (Pty) Ltd - Erf 905, 906 and 907, Kenilworth	128,185	324,829
Shukumani Trading Enterprises (Pty) Ltd - Erf 550, Bertrams	2,208,866	-
	<b>9,891,780</b>	<b>14,709,759</b>

The loan to Aquarella Investments 360 (Pty) Ltd - 85-87 Quartz Street had been provided as a doubtful debt due to breach of contract. The GPF auctioned the property to mitigate the loss. The GPF auctioned the property and is expected to receive a settlement of R2,594,272. (Refer to note 3 & 32). Management has provided for a loss of R5,728.

The loan to BM Molefi Properties 241 (Pty) Ltd - Kgorong Estate was provided as a doubtful debt due to breach of contract. The GPF obtained a judgement against BM Molefi Properties 241 (Pty) Ltd - Kgorong Estate to pay back the loan amount together with interest. Management has provided for a loss of R7,640,366. (Refer to note 3). The company is currently in liquidation. The GPF has instituted legal proceedings against the borrower. (Refer to note 3).

The loan to Clarewater (Pty) Ltd - Erf 1509, Discovery, Roodepoort was provided for as a doubtful debt due to breach of contract. Management has provided for a loss of R3,102,765. The GPF has instituted legal proceedings against the borrower. (Refer to note 3).

The loan to Comocap (Pty) Ltd - 88 Relly Street was provided as a doubtful debt due to breach of contract and the company being in business rescue. Management assesses the probability of recovery as 50% therefore half of the loan has been provided for. The GPF has instituted legal proceedings against the borrower. (Refer to note 3).

# Gauteng Partnership Trust

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Annual Financial Statements for the year ended March 31, 2019

## 30. Increase in provision for doubtful debts (continued)

The loan to DNM Estate (Pty) Ltd - Erf 517 & 518, City and Suburban was provided for as a doubtful debt due to breach of contract. Management has provided for a loss of R4,445,682. The GPF has instituted legal proceedings against the borrower. (Refer to note 3).

The loan to Echo Canyon Trading (Pty) Ltd - 463 and 465, Hanny Street was provided for as a doubtful debt due to breach of contract. The loan has subsequently been written off as the senior funder decided to foreclose. (Refer to note 3 & 32).

The loan to Landopoint (Pty) Ltd - Erf 905, 906 and 907, Kenilworth was provided for as a doubtful debt due to breach of contract. Management has provided for a loss of R1,524,040. (Refer to note 3). The GPF has instituted legal proceedings against the borrower. (Refer to note 3).

The loan to Landopoint (Pty) Ltd - Erf 905, 906 and 907, Kenilworth was provided for as a doubtful debt due to breach of contract. Management has provided for a loss of R1,524,040. (Refer to note 3). The GPF has instituted legal proceedings against the borrower. (Refer to note 3).

The loan to Shukumani Trading Enterprise (Pty) Ltd - Erf 550 Bertrams was provided for as a doubtful debt due to breach of contract. Management has provided for a loss of R2,208,866. (Refer to note 3). The GPF has instituted legal proceedings against the borrower. (Refer to note 3).

31. Gain on disposal of assets	2019	2018
Gain on disposal of assets	45,960	34,739

Gain on disposal of assets relates to computer equipment and office equipment disposed of during the year. (Refer to note 6).

## 32. Bad debts written off

Aquarella Investments 360 (Pty) Ltd - 85-87, Quartz Street	-	5,728
Echo Canyon Trading (Pty) Ltd - 463 and 465, Hanny Street	5,973,681	-
	<b>5,973,681</b>	<b>5,728</b>

The loan to Aquarella Investments 360 (Pty) Ltd - 85-87, Quartz Street has had been written off as the GPF has auctioned off the property and received a settlement of R2,594,272. The GPF received R5,728 lesser than expected from the prior year. (Refer to note 3 & 30).

The loan to Echo Canyon Trading (Pty) Ltd - 463 and 465, Hanny Street was written off due to the business rescue practitioner accepting an offer which was lesser than the amount owed to the NHFC and the GPF. (Refer to note 3 & 30).

## 33. Subsequent events

Subsequent to year end the Trust received R19,364,824 from Aspari (RF) (Pty) Ltd. (Refer to note 5).

## 34. Change in estimate

### Property, plant and equipment

The useful life of leasehold improvements, computer equipment and office equipment have been re-estimated as the current condition is good. The effect of this change is an increase in surplus as follows:

Property, plant and equipment	Net Book Value derived using original estimate	Net Book Value derived using amended estimate	Increase in surplus from change in estimate
Motor vehicle	-	1,442	1,442
Office equipment	-	26,121	26,121
Computer equipment	-	10,107	10,107
Leasehold improvements	-	96,736	96,736
	-	<b>134,406</b>	<b>134,406</b>

# Gauteng Partnership Trust

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Annual Financial Statements for the year ended March 31, 2019

## 34. Change in estimate (continued)

(Refer to note 6).

## 35. Irregular expenditure

	2019	2018
Opening balance	1,785,552	-
Add: Irregular Expenditure - current year	1,699,188	1,785,552
Less: Amounts condoned	(3,484,740)	-
	-	1,785,552

The GPF incurred irregular expenditure due to incorrect contracting with service providers. This expenditure has been condoned in the current year.

# Gauteng Partnership Trust

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## Detailed Income statement

Figures in Rand	Note(s)	2019	2018
<b>Revenue</b>			
Interest received from loans and receivables		92,431,656	100,295,835
Rendering of services		1,932,804	-
Interest received from banks		38,678,038	44,473,022
Other income	15	1,704,402	11,740,553
Government grants & subsidies		55,422,428	184,703,302
<b>Total revenue</b>		<b>190,169,328</b>	<b>341,212,712</b>
<b>Expenditure</b>			
Employee related expenses	21	(49,805,438)	(47,802,515)
Depreciation and amortisation		(2,086,499)	(1,664,023)
Scrapping and impairment loss on fixed assets	6	(285,484)	(2,609)
Finance costs	19	(15,606)	(21,402)
Lease rentals on operating lease		(4,968,553)	(4,629,894)
Increase in provision for doubtful debts	30	(9,891,780)	(14,709,759)
Repairs and maintenance		(2,044,245)	(1,676,779)
General Expenses	20	(21,196,442)	(25,620,460)
<b>Total expenditure</b>		<b>(90,294,047)</b>	<b>(96,127,441)</b>
<b>Operating surplus</b>	16	<b>99,875,281</b>	<b>245,085,271</b>
Gain on disposal of assets	31	45,960	34,739
Fair value adjustments	17	(12,170,009)	(18,710,151)
Impairment loss of loan and receivables from exchange transactions	18	(16,033,082)	(4,456,722)
		<b>(28,157,131)</b>	<b>(23,132,134)</b>
<b>Surplus for the year</b>		<b>71,718,150</b>	<b>221,953,137</b>



## NOTES

## NOTES

## NOTES



**GPF**  
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Catalyst for delivering sustainable human settlements

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