



GPF
GAUTENG
PARTNERSHIP
FUND

Catalyst for delivering sustainable human settlements

ANNUAL REPORT



2025/26



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ACRONYMS AND ABBREVIATIONS

APP	Annual Performance Plan
ARC	Audit and Risk Committee
B-BBEE	Broad-Based Black Economic Empowerment
CCG	Consolidated Capital Grant
CEO	Chief Executive Officer
CSI	Corporate Social Investment
EAD	Exposure at Default
ECL	Expected Credit Losses
EEPF	Entrepreneur Empowerment Property Fund (Programme)
ERM	Enterprise-Wide Risk Management
ESG	Environmental, Social and Governance
FIC	Fundraising and Investment Committee
GCR	Gauteng City Region
GCRO	Gauteng City Region Observatory
GDHS	Gauteng Department of Human Settlements
GDP	Gross Domestic Product
GDP-R	Gauteng Department of Planning, Roads and Transport
GEYODI	Gender, Youth and Persons with Disabilities Inclusion
GGT 2030	Growing Gauteng Together 2030
GP	Gauteng Province
GPF	Gauteng Partnership Fund
GRAP	Generally Recognised Accounting Practice
GSDF	Gauteng Spatial Development Framework
HCM	Human Capital Management
HDI	Historically Disadvantaged Individual
HRSEC	Human Resources and Social and Ethics Committee
IFRA	Intergovernmental Relations Framework Act
IT	Information Technology
K4R	Kasi 4 Real (Township Economic Development)
LGD	Loss Given Default
MTSF	Medium-Term Strategic Framework
NPL	Non-Performing Loan
NSFAS	National Student Financial Aid Scheme
OHSA	Occupational Health and Safety Act
PAIA	Promotion of Access to Information Act
PFMA	Public Finance Management Act
POPIA	Protection of Personal Information Act
QLFS	Quarterly Labour Force Survey
RLRP	Rapid Land Release Programme
SABPP	South African Board for People Practices
SAF	Student Accommodation Fund (SAF) Programme
SCM	Supply Chain Management
SMME	Small, Medium and Micro-Enterprise
UISP	Upgrading of Informal Settlements Programme





PART A: **GENERAL INFORMATION**

1.1. GENERAL INFORMATION

REGISTERED NAME: Gauteng Partnership Trust t/a Gauteng Partnership Fund

REGISTRATION NUMBER: IT2422/02

PHYSICAL ADDRESS: 82 Grayston Drive, Sandton, Johannesburg, 2196

POSTAL ADDRESS: PO Box 652247, Benmore, 2010

TELEPHONE NUMBER: +27 11 685 6600

EMAIL ADDRESS: information@gpf.org.za

WEBSITE ADDRESS: www.gpf.org.za

EXTERNAL AUDITORS: Auditor-General of South Africa

BANKERS: Standard Bank and South African Reserve Bank

COMPANY/ BOARD SECRETARY: Thandi Kuzwayo



Tasneem Motara, MPL

Member of the Executive Council

1.2 FOREWORD BY THE MEC FOR HUMAN SETTLEMENTS AND INFRASTRUCTURE DEVELOPMENT, GAUTENG PROVINCE

The 2025/26 financial year marked an important year for the Gauteng Partnership Fund as it entered a new five-year strategic planning cycle. At a time when the demand for sustainable human settlements continues to grow, the organisation remains a key partner in supporting the Province's commitment to building inclusive, well-located and economically viable communities. This Annual Report reflects the progress made during the year, the challenges encountered and the organisation's continued commitment to delivering on its developmental mandate through sound governance, strategic partnerships and innovative financing.

As South Africa's economic centre, Gauteng continues to attract people seeking opportunity, placing sustained pressure on housing, infrastructure and public services. Meeting this demand requires more than traditional approaches to development. It calls for institutions that can mobilise investment, strengthen collaboration across sectors and unlock innovative solutions that complement government's efforts to deliver integrated and sustainable human settlements. The Gauteng Partnership Fund remains central to this approach, helping to bridge the gap between public priorities and private sector capability in support of the Province's long-term development agenda.

The 2025/26 financial year marked the beginning of a new five-year planning cycle for the Gauteng Partnership Fund (GPF) and an important opportunity to strengthen the organisation's role in delivering integrated and sustainable human settlements across our province.

During the year under review, the Gauteng Partnership Fund demonstrated encouraging progress in strengthening its institutional performance while remaining focused on its core developmental mandate. The organisation improved its overall performance against its Annual Performance Plan (APP), advanced the implementation of a Revenue Generation Strategy to strengthen its long-term financial sustainability, and continued to enhance governance, financial management and operational efficiency. These achievements are particularly significant given the constrained fiscal environment in which public institutions continue to operate, underscoring the GPF's commitment to delivering greater impact through innovation, prudent resource management and accountable leadership.

Looking ahead, as the Gauteng Partnership Fund embarks on this new strategic planning cycle, it is well positioned to build on the progress achieved during the year under review. The implementation of its strategic priorities will be critical in strengthening the organisation's ability to mobilise investment, support catalytic human settlements projects and contribute meaningfully to the Province's broader objectives of spatial transformation, inclusive economic growth and sustainable development. I remain confident that the GPF will continue to evolve as a responsive and capable institution that delivers lasting value for the people of Gauteng.

I extend my sincere appreciation to the Chairperson and members of the Board of Trustees, the Chief Executive Officer, executive management and employees of the Gauteng Partnership Fund for their dedication and professionalism throughout the year. I also thank our municipalities, development finance institutions, private sector partners and all stakeholders whose continued collaboration strengthens our collective ability to deliver sustainable human settlements across Gauteng.

This Annual Report reflects not only the organisation's performance during the 2025/26 financial year, but also its ongoing commitment to accountability, good governance and responsible stewardship in service of the people of our Province.



Tasneem Motara

Member of the Executive Council

Human Settlements and Infrastructure Development

Date: 31/08/2026]



Mr Craig J Cornish

Chairperson of the Board

1.3 FOREWORD BY THE CHAIRPERSON

I am happy to present the Gauteng Partnership Fund's (GPF) Annual Report for the 2025/26 financial year.

The year marked the beginning of a new five-year strategic planning cycle for the GPF and provided an opportunity to strengthen the organisation's role as a provincial development finance and implementation institution. Operating within a constrained fiscal environment and against the backdrop of a growing demand for affordable housing and integrated human settlements, the Board remained focused on strengthening governance and positioning the organisation for long-term sustainability.

The Board is encouraged by the progress made during the year under review. The GPF improved its overall organisational performance, achieving 83.3% of its APP targets – a notable improvement from the previous reporting period - while continuing to deliver on its mandate of mobilising investment and facilitating affordable rental housing, student accommodation and integrated human settlements across Gauteng.

A significant milestone achieved during the year was the development of the Revenue Generation Strategy, which provides a clear framework to strengthen the GPF's financial sustainability, improve revenue performance and position the organisation for greater impact and sustainability. The Board also welcomed improvements in governance, risk management, portfolio management and financial discipline, despite a reduced operational budget.

The Board recognises that partnerships remain fundamental to the successful delivery of sustainable human settlements. During the year, the GPF continued to strengthen relationships with the Gauteng Department of Human Settlements (GDHS), municipalities, development finance institutions and private sector partners. In 2025/26, strategic partners included the Public Investment Corporation (PIC), Trust for Urban Housing Finance (TUHF), National Empowerment Fund (NEF) and Futuregrowth – an innovative asset management group. These partnerships, together with the conclusion of two new strategic partnership agreements, have positioned the organisation to mobilise additional investment and expand implementation in the years ahead.

The year also posed certain challenges for the GPF Board and Executive Team, including reduced public funding, increasing demand for affordable housing and ongoing pressures within the property sector. In response, particular attention was given to strengthening the institution's financial sustainability, improving portfolio performance, enhancing loan recoverability and addressing historical Non-Performing Loans (NPLs). The Board also continued to oversee improvements in governance, risk management and institutional performance to ensure that the GPF remains well positioned to deliver on its expanded mandate.

Looking ahead, the Board will continue to focus on strengthening the financial sustainability and long-term resilience of the organisation. Key priorities include implementing the Revenue Generation Strategy, expanding strategic funding partnerships, improving portfolio performance, strengthening governance and supporting the delivery of integrated human settlements that contribute to spatial transformation and inclusive economic development across Gauteng. This will be achieved by ensuring that the right structures, staff and partners are in place, and leveraging the resources that we have for the greatest impact on the people of Gauteng.

On behalf of the Board of Trustees, I wish to express my sincere appreciation to the MEC for Human Settlements and Infrastructure Development, Ms Tasneem Motara, and the Gauteng Department of Human Settlements (GDHS) for their continued guidance and support. I also thank the Chief Executive Officer, Ms Lindiwe Kwele, the executive management team and all employees of the GPF for their professionalism, commitment and dedication throughout the year.

Finally, I extend my appreciation to our funding partners, municipalities, development finance institutions, private sector partners and all stakeholders whose collaboration continues to advance sustainable human settlements in Gauteng.

The Board remains confident that the GPF is well positioned to build on the progress made during the year. We are certain that the organisation will continue to play an important role in mobilising investment, supporting sustainable human settlements and improving the quality of life of the people of Gauteng.



Mr Craig J Cornish

Chairperson of the Board
Gauteng Partnership Fund
[DATE]

A portrait of Ms Lindiwe Kwele, a Black woman with short, dark, curly hair, smiling. She is wearing a dark blue blazer over a light-colored collared shirt with a decorative brooch. The background features geometric shapes in dark blue and olive green.

Ms Lindiwe Kwele

Chief Executive Officer

1.4 CHIEF EXECUTIVE OFFICER'S OVERVIEW

The 2025/26 financial year marked the commencement of the 7th Administration and signalled a renewed focus on the acceleration of service delivery, infrastructure development, spatial transformation, and inclusive economic growth. Within the broader policy context, the Gauteng Partnership Fund (GPF) continued to play an important strategic role in advancing the priorities of the Gauteng Government in the human settlements sector.

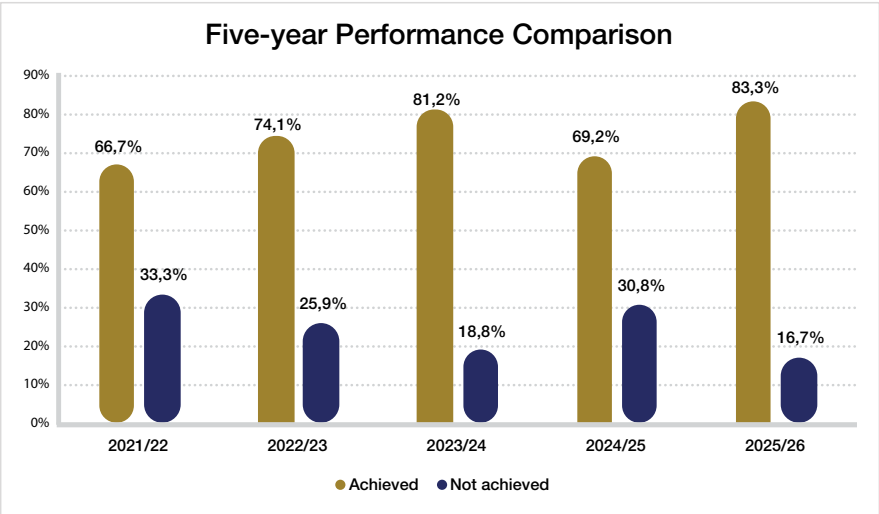
As a provincial development finance and implementation institution, the GPF remains a key instrument in support of the government's objective to expand access to housing opportunities, facilitate integrated human settlements development, and mobilise public and private resources in pursuit of sustainable development outcomes. The year under review required the GPF to operate in a constrained fiscal environment, while continuing to respond to increasing developmental demands and maintaining focus on institutional sustainability, good governance, and effective service delivery.

A major milestone during the year was the development of the Revenue Generation Strategy as mandated by the Shareholder, the Gauteng Department of Human Settlements (GDHS). This strategy constitutes an important intervention aimed at strengthening the financial sustainability of the institution and improving its ability to execute its mandate over the medium to long term. The strategy is directed at addressing the deficit position, enhancing revenue performance, rebuilding reserves, and improving the overall financial resilience of the GPF. Built on Five Strategic Pillars, it provides a clear framework for repositioning the GPF to operate more sustainably, more efficiently, and with greater developmental impact.

Since its establishment in 2002, the GPF has evolved in line with the changing policy and implementation requirements of the human settlement sector. Initially established with a focus on social housing implementation, the institution has over time broadened its scope to include affordable rental housing and student accommodation. Its mandate has subsequently been extended to include Mega Human Settlements and Turnkey Developments on strategically located government-owned land in Gauteng.

I am proud to report that, in 2025/26, the GPF achieved 83.3% of its APP targets and received an unqualified audit with no material findings. This is a notable increase from the 69.2% achievement in 2024/25 and together with the clean audit reflects an improvement in the entity's governance capability and its ability to deliver on strategic goals, both for the organisation and the housing sector.

Figure 1: Achievement of APP Targets (2021/22 to 2025/26)



The progressive expansion of the GPF's mandate reflects the growing strategic importance of the organisation within the provincial human settlements delivery system. The work of the GPF is underpinned by the Constitutional and developmental imperative to redress the legacy of apartheid spatial planning and to promote more equitable, inclusive, and sustainable human settlements. In this regard, the institution's role extends beyond financing and implementation of projects. It contributes to spatial restructuring, improved access to socio-economic opportunities, and the advancement of integrated communities located closer to work opportunities, social amenities, and public transport networks. The GPF therefore continues to contribute meaningfully to the realisation of a transformed and more spatially just Gauteng City Region (GCR).

During the year under review, management continued to prioritise the strengthening of the loan book and the improvement of portfolio performance. Specific interventions were implemented to improve credit oversight, enhance collections and recoverability and to mitigate portfolio risk, including the establishment of a dedicated committee to focus on Non-Performing Loans (NPLs). These measures form part of a broader balance sheet strengthening process aimed at improving asset quality, preserving institutional value, and ensuring that financial resources are recycled efficiently into new development projects.

The organisation also maintained a strong focus on prudent financial management and expenditure discipline. In line with the provisions of the Public Finance Management Act (PFMA) and the broader principles of sound public administration and financial governance, management implemented measures to ensure that expenditure remained aligned to approved budgets and organisational priorities. This included strengthening expenditure monitoring, cost-containment measures, and improved planning and oversight processes to enhance efficiency and guard against unauthorised, irregular, fruitless and wasteful expenditure.

The approved operational budget for the 2025/26 financial year was initially set at R124.8 million and was subsequently reduced to R97.5 million. Despite this reduction, the organisation achieved year-end expenditure of 98% against the adjusted budget. Importantly, the downward adjustment to budget did not compromise the achievements of the organisation's APP targets. Through reprioritisation, improved operational efficiency, and disciplined resource allocation, the GPF was able to maintain performance momentum and to continue implementing its strategic objectives within the available fiscal envelope.

The GPF further maintained sound governance and Supply Chain Management (SCM) practices, during the reported period. Procurement processes were undertaken in accordance with the prescribed principles of fairness, equitability, transparency, competitiveness, and cost-effectiveness. No unsolicited bids were concluded during the year under review. In addition, the organisation maintained a 100% record in paying service providers within the prescribed 15 to 30-day period. This performance demonstrates the effectiveness of internal financial controls and reflects the institution's commitment to supporting supplier sustainability and contributing to economic participation within the province.

The organisation acknowledges that procurement participation by designated groups including women (gender), youth, and persons with disabilities (GEYODI) remained below the desired level during the reporting period. In response, targeted interventions and supplier engagement initiatives were undertaken to improve inclusion and broader participation. The GPF remains committed to advancing transformation and to ensuring that its procurement practices contribute to the objectives of inclusive economic participation and socio-economic development.

Recognising that the delivery of affordable housing, student accommodation, and integrated human settlements requires coordinated action across all spheres of government and with the private sector, the GPF continued to pursue strategic partnerships during the year under review. The organisation concluded two strategic partnerships with the National Housing Finance Corporation (NHFC) and the Gauteng Enterprise Propeller (GEP), which are expected to move into implementation in the ensuing financial year. These partnerships will be important in unlocking additional resources, strategic implementation capability, and accelerating integrated development outcomes in support of the provincial mandate.

Looking ahead, the GPF remains committed to the execution of its expanded mandate and to strengthening its role as a strategic mobiliser of public and private sector funding for human settlements development in Gauteng. The institution will continue to focus on the implementation of the Revenue Generation Strategy, the strengthening of portfolio performance, advancing integrated development initiatives, and the maintenance of financial and operational sustainability. These efforts will continue to be underpinned by the principles of ethical leadership, accountability, effective control, sustainable value creation and responsive governance.

In closing, I wish to express my sincere appreciation to the Shareholder MEC Ms Tasneem Motara and HOD Ms Puleng Gadebe-Mabaso, for their continued support and strategic guidance. I also wish to thank Mr. Craig Cornish, the Chairperson of the GPF Board, together with the Board of Trustees for their leadership, oversight and stewardship throughout the year. My appreciation is further extended to our funding partners, the executive management team and all employees of the GPF for their dedication, professionalism, and continued commitment to the successful execution of the institution's mandate in service of the people of Gauteng.



Ms Lindiwe Kwele
Chief Executive Officer
Gauteng Partnership Fund

1.5. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

To the best of our knowledge and belief, we confirm the following:

- All information and amounts disclosed in the Annual Report are consistent with the Annual Financial Statements (AFS) audited by the Auditor-General.
- 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 F) have been prepared in accordance with the Generally Recognised Accounting Practice 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 controls that have been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the AFS.
- The external auditors are engaged to express an independent opinion on the AFS.
- The Annual Report fairly represents the operations, performance information, human resource information, and financial affairs of the public entity for the financial year ended 31 March 2026.



Ms Lindiwe Kwele
Chief Executive Officer
[DATE]



Mr Craig Cornish
Chairperson of the Board
[DATE]

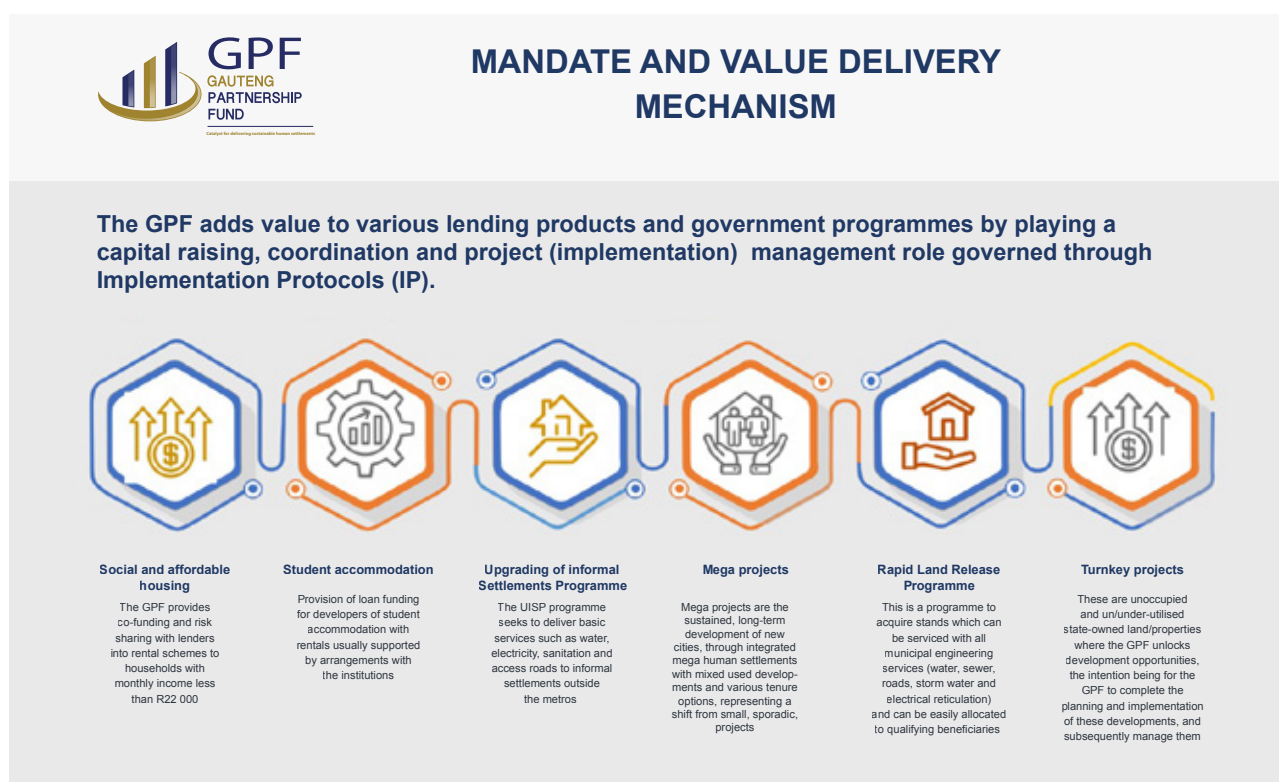
1.6. STRATEGIC OVERVIEW

The Gauteng Partnership Fund (GPF) Strategic Plan 2025–2030 provides the strategic direction for the organisation over the five-year planning period. The Strategic Plan is aligned with the constitutional mandate to support sustainable human settlements and responds to the priorities of the Gauteng Provincial Government, the Gauteng Department of Human Settlements (GDHS), the National Development Plan (NDP) 2030, and other applicable national and provincial policy frameworks.

The primary mandate of the GPF is to serve as the funding and implementing agent for sustainable human settlement developments in the GCR. Key areas of focus include:

- Raising and managing capital for mega projects and affordable accommodation in Gauteng;
- Providing loans to private developers for affordable rental, social housing, and student accommodation;
- Offering project management and development services as a developer on strategic government-owned land.

The strategic intent of the organisation is to mobilise financial resources, leverage strategic partnerships, and facilitate the delivery of affordable and integrated human settlements that contribute to improved quality of life and inclusive economic growth within Gauteng Province. The GPF continues to serve as the financial implementation agency of the GDHS by providing innovative property finance solutions, managing development programmes, and unlocking private sector investment in the human settlements sector.



In the 2025/26 financial year the entity developed and approved the revenue generation strategy, which aims to position GPF as a diversified real estate, asset management, project delivery and structured finance platform with multiple complementary revenue streams, while retaining its core mandate: to serve as the funding and implementing agent for integrated, sustainable human settlement developments in the GCR. The turnaround strategy adopts a corporate mindset which is bottom-line driven, efficiency-focused and measurable, while also strictly retaining the social mandate, with surplus reinvested into communities.

During the reporting period, the organisation continued to strengthen governance, improve operational efficiency, mobilise development finance, facilitate affordable housing delivery, strengthening revenue generation initiatives and implement human settlements programmes on behalf of the GDHS.

Overall, the Strategic Plan continues to provide a coherent framework for directing the organisation's resources towards achieving sustainable human settlements, strengthening organisational sustainability, increasing access to affordable housing finance, enhancing the entity's capital base and contributing to the socio-economic development priorities of the Gauteng Province.

1.7. LEGISLATIVE AND OTHER MANDATES

The GPF is a Schedule 3C Provincial Public Entity (PPE) listed in terms of the Public Finance Management Act 1 of 1999, as amended (PFMA). It was established in 2002 as a benevolent trust governed by the Trust Property Control Act 57 of 1988, as amended, with the GDHS acting as its Executive Authority.

The GPF's Schedule 3C listing provides it with an appropriate degree of operational autonomy within the requirements of the PFMA. As a benevolent trust, the GPF is also governed by its Trust Deed, the Trust Property Control Act and the fiduciary responsibilities applicable to its trustees.

In implementing its mandate, the GPF is bound to comply with and to make a meaningful contribution to achievement of the strategic outcomes of the GDHS and thus to the Growing Gauteng Together (GGT 2030 Plan of Action) and the Medium-Term Development Plan (MTDP) 2024-2029.

The key pieces of legislation and policy frameworks governing how the GPF gives effect to its founding mandate, are highlighted on the following pages:



Table 1: Legislative Framework of the GPF

LEGISLATIVE MANDATES	POLICY FRAMEWORKS
<i>Overarching Legislation</i> - Trust Property Control Act (No. 57 of 1988) as amended - Public Finance Management Act (No. 1 of 1999) as amended and National Treasury Regulations in terms of the PFMA - Intergovernmental Relations Framework Act (No. 13 of 2005) (IRFA) - The Promotion of Access to Information (PAIA) Act (No. 2 of 2000), as amended - The Protection of Personal Information Act (POPIA) (No. 4 of 2013) <i>Housing Related Legislation</i> - Housing Act (No. 107 of 1997) as amended - Housing Consumers Protection Measures Act (No. 95 of 1998) as amended - Housing Development Agency Act (No. 23 of 2008) as amended - Infrastructure Development Act (No. 23 of 2014) as amended - National Building Regulations and Building Standards Act (No. 103 of 1977) as amended - Rental Housing Act (No. 50 of 1999) as amended - Social Housing Act (No. 16 of 2008) - Spatial Planning and Land Use Management Act (No. 16 of 2013) (SPLUMA) as amended	<i>Developmental Priorities</i> - National Development Plan (NDP) 2030 - National Spatial Development Framework (NSDF) 2050 - Integrated Urban Development Framework (IUDF) 2016 - Gauteng Spatial Development Framework (GSDF) 2030 - GPG's Ten-Pillars Programme of Transformation, Modernisation and Reindustrialisation (TMR) - District Development Model (DDM) <i>Government's Priorities for the 2024-2029 Planning Period</i> - Medium-Term Development Plan (MTDP) 2024-2029 - Growing Gauteng Together (GGT 2030) <i>Sector and Other Informing Policies</i> - Breaking New Ground (BNG) 2004 - National Housing Code 2009 - Social Housing Policy 2005



LEGISLATIVE MANDATES	POLICY FRAMEWORKS
<i>Supply Chain Management Related Legislation</i> • Broad-Based Black Economic Empowerment Act (No. 53 of 2003) as amended • Preferential Procurement Policy Framework Act (No. 5 of 2000) • PFMA SCM Treasury Regulations • Preferential Procurement Regulations (2022) <i>Labour Related Legislation</i> • Basic Conditions of Employment Act (No. 75 of 1997) as amended • Employment Equity Act (No. 55 of 1998) as amended • Labour Relations Act (No. 66 of 1995) as amended • Occupational Health and Safety Act (No. 85 of 1993) as amended • Skills Development Act (No. 97 of 1998) as amended • Skills Development Levies Act (No. 9 of 1999) as amended • Unemployment Insurance Act (No. 63 of 2001) as amended <i>Anti-Money Laundering Related Legislation</i> • Financial Intelligence Centre Act (FICA) (No. 38 of 2001) as amended • Money Laundering and Terrorist Financing Control (MLTFC) Regulations, 2002, as amended • General Laws (Anti-Money and Combatting Terrorism Financing) Amendment Act (No. 22 of 2022) • Prevention and Combatting of Corrupt Activities Act (No. 12 of 2004) (PRECCA), as amended • Prevention of Organised Crime Act (No. 121 of 1998) (POC), as amended • Protection of Constitutional Democracy against Terrorist and Related Activities Act (No. 33 of 2004) (POCDATARA), as amended	<i>Other Informing Policies and Strategies</i> • South African Economic Reconstruction and Recovery Plan 2020 • National Housing Policy and Subsidy Programmes 2010 • National Youth Policy (NYP) 2020-2030 • Gauteng Township Economy Revitalisation Strategy • GCR Economic Development Plan • GCR Governance and Planning Roadmap • Accelerated Social Transformation Strategy • GCR Youth Development Strategy • Gauteng Mega Human Settlements Strategy • Gauteng Human Settlements Masterplan • Upgrading of Informal Settlements Programme (UISP) <i>Governance Principles</i> • King IV Code on Corporate Governance for South Africa

1.8. COMPLIANCE WITH LAWS AND REGULATIONS

The GPF is committed to conducting its operations in full compliance with all statutory and regulatory requirements. Its business is underpinned by the principles of trust, integrity and accountability, aimed at creating value for all stakeholders, including clients, employees, service providers, funders, partners, and government.

To support this commitment, the GPF has developed a Compliance Management Policy that includes a comprehensive Compliance Universe Framework. This framework identifies and tracks all applicable legislation relevant to the business, ensuring that the Board and management have a clear understanding of compliance obligations and associated risks. Risks arising from non-compliance are effectively identified, assessed and managed through Compliance Risk Management Plans, which helps to prevent potential breaches or contraventions. Such breaches could result in penalties, fines, litigation, and reputational damage, all of which could adversely impact the business of the GPF. The Compliance Universe is reviewed and updated regularly to ensure alignment with new or amended legislative and regulatory requirements.

The GPF promotes a culture of open communication, transparency, and accountability in relation to compliance matters. Training and awareness initiatives are used as strategic mechanisms to cultivate a compliance culture in which ethical conduct and integrity are valued and upheld. These initiatives ensure that employees and stakeholders are kept abreast of legislative and regulatory developments relevant to GPF's operations.

Policies are reviewed on a regular basis to ensure alignment with legislation and the GPF's strategic objectives.

Compliance programmes and policies are implemented and overseen by the Legal and Compliance Unit within the GPF. The unit is mandated to monitor, promote, and enforce compliance across the organisation.

1.9. FRAUD AND CORRUPTION

The GPF has established an Anti-Fraud and Corruption Policy as part of its broader efforts to prevent, detect and combat fraud and corruption within its operations. This policy reflects the organisation's strong commitment to upholding integrity and ethical conduct, as well as its determination to take decisive action against fraudulent, corrupt, and unethical behaviour. The GPF enforces a zero-tolerance stance on such activities and has implemented a structured and proactive approach to prevent, detect, and deter unethical activities and transactions across all areas of its operations. The policy has been communicated to all GPF employees.

In alignment with the Anti-Fraud and Corruption Policy, the GPF has implemented robust Anti-Money Laundering (AML) measures, including a dedicated Anti-Bribery and Corruption Policy. These measures contribute significantly to preventing fraud and corruption within the organisation. To enhance the effectiveness of these policies, the GPF has automated key systems to support client screening processes, thereby strengthening its ability to identify, detect and prevent potentially fraudulent and corrupt activities.

Furthermore, the GPF's Whistle-Blowing Policy reinforces its zero-tolerance stance on fraud, corruption, and other unlawful activities. In line with its ongoing commitment to promoting a culture of transparency, accountability, and ethical conduct, the Vuvuzela Hotline was formally appointed and commenced operations on 1 May 2025. This anonymous reporting channel forms a key component of GPF's broader governance and compliance framework.

The GPF is committed to fostering a safe and supportive environment and actively encourages employees, stakeholders and members of the public to report any suspected misconduct, suspicious, unethical or unlawful behaviour. The organisation further ensures that whistleblowers are afforded appropriate protection, including safeguarding of their anonymity and confidentiality throughout the reporting process in accordance with applicable legislation and organisational policies.

1.10. MINIMISING CONFLICT OF INTEREST

The GPF has developed a Conflict of Interest Policy that defines what constitutes a conflict of interest, outlines the procedures and processes required to ensure compliance, and sets out the consequences associated with non-compliance.

The Conflict of Interest Policy applies to trustees, employees, clients, and service providers. Depending on the parties involved, cooling-off periods may apply to former trustees, employees, clients, and service providers seeking to conduct business with the GPF. Prior to entering into a business relationship, the GPF conducts independent screening on all parties to identify any actual, potential or perceived conflicts of interest. Where such conflicts are identified, appropriate measures are implemented to mitigate the associated risks.

To prevent conflicts of interest, decision-makers are required to declare their interests at the commencement of meetings.

Trustees are required to file annual declarations of interest at the beginning of each financial year and to disclose any changes that arise during the year. The same requirement applies to all GPF employees.

The GPF maintains an ethical procurement framework through the mandatory declarations of interest by employees and suppliers involved in procurement, which promotes transparency and mitigates conflicts of interest. The Delegations of Authority framework provides for clear segregation of duties, which reduces the risk of undue influence and fraud. A transparent competitive bidding process is employed to ensure fairness, accountability, and equal opportunity for all qualified bidders. In addition, secure whistleblowing channels are in place to report concerns, reinforcing the GPF's commitment to ethical procurement practices. Ongoing training and awareness programmes for supply chain management staff further support compliance with internal policies and legislative requirements.

During the year under review, all trustees and employees submitted their annual declarations in accordance with the Conflict of Interest Policy. No actual or perceived conflicts of interest were identified.

Additionally, no actual or potential conflicts of interest were identified by the Board in relation to matters considered by the Board or its Committees.

Any external remunerative work undertaken by employees is subject to prior disclosure and approval by the Chief Executive Officer. Based on the declarations submitted, no employees were found to hold external interests that could give rise to a conflict with the GPF's operations or interests.

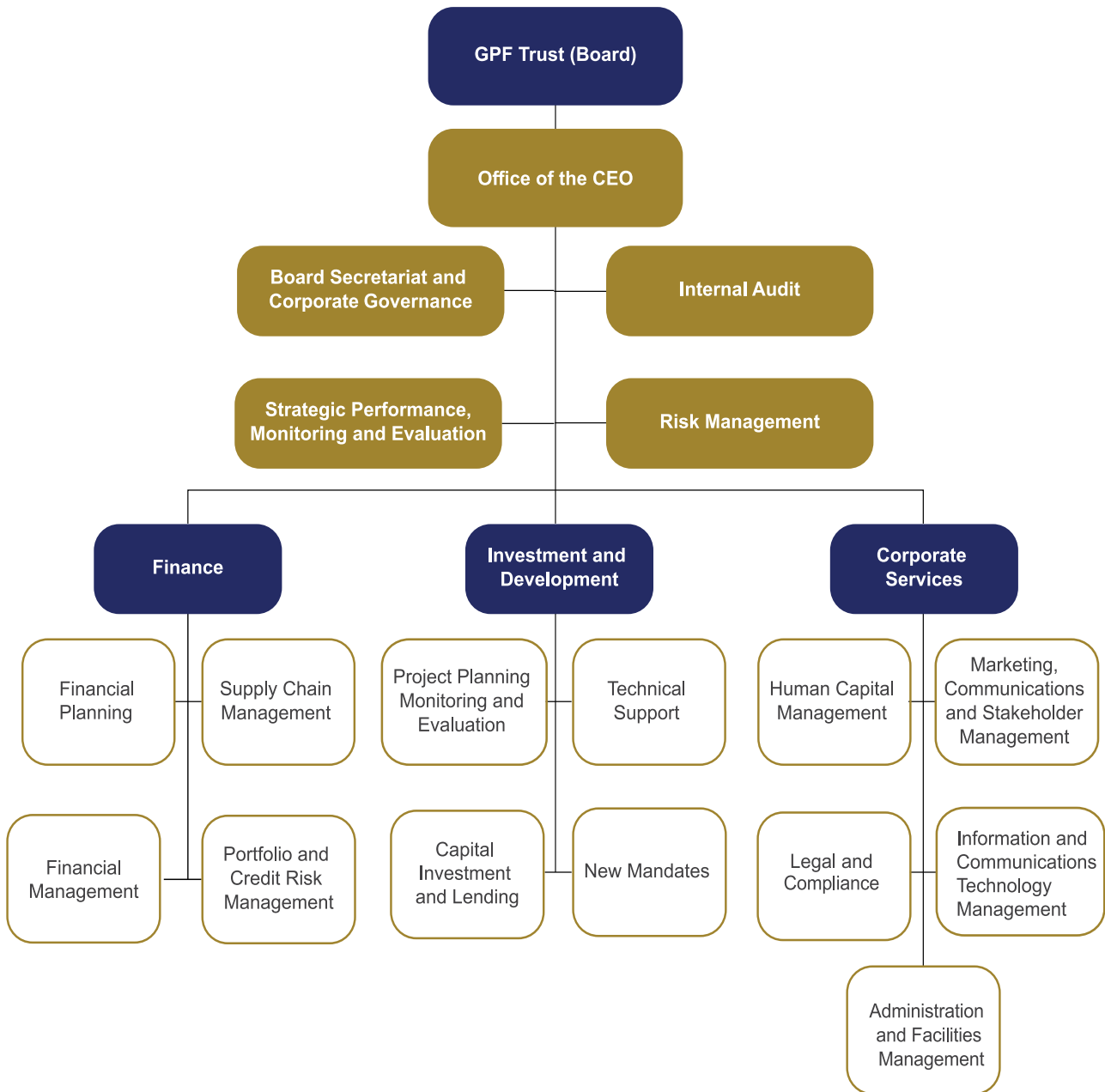
The GPF has adopted a Gifts and Hospitality Declaration Policy to promote transparency and integrity. In terms of the policy the organisation maintains a monthly Gifts and Hospitality Register in which employees are required to declare any gifts or hospitality received up to the prescribed threshold of R350.00.

Both the Conflict of Interest Policy and the Gifts and Hospitality Declaration Policy are publicly available on GPF's website to facilitate ease of access and reference by external stakeholders.

1.11. ORGANISATIONAL STRUCTURE

The following diagram represents the organisational structure for the GPF.

Figure 2: Organisational Structure as of 31 March 2026



EXECUTIVE MEMBERS



Lindiwe Kwele
Chief Executive Officer



Shiraaz Lorgat
Acting Chief Investment & Development Officer



Amanda Clark
Corporate Services Executive.



Nomfanelo Genuka
Chief Financial Officer



Pisces Star | Auckland Park

Gold lake | Gemiston





PART B: **PERFORMANCE INFORMATION**

2.1. AUDITOR'S REPORT – PREDETERMINED OBJECTIVES

The Auditor-General of South Africa (AGSA) currently performs the necessary audit procedures on the performance information of the GPF 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 pages 97-101 of the Report of the Auditors, published as Part F: Financial Information.

2.2. OVERVIEW OF THE GPF'S 2025/26 PERFORMANCE

SERVICE DELIVERY ENVIRONMENT

Market Background - The Gauteng Economy

The Gauteng Partnership Fund (GPF) derives its mandate from Chapter 2 of Section 26 of the Constitution of the Republic of South Africa Act 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.

As a provincial public entity, the GPF contributes to the fulfilment of the National Department of Human Settlements' Medium-Term Strategic Framework for the period 2024/25 - 2029/30. The Framework aims at achieving a spatially just and transformed national space economy that enables access to social services and economic opportunities in cities, regions, and rural areas and the transformation of human settlements into liveable neighbourhoods by 2030.

The National Department of Human Settlements is also rolling out the implementation of the Priority Human Settlements and Housing Development Areas (PHSHDAs), which aim to:

1. Create opportunities for liveable, inclusive, and resilient towns and cities.
2. Reverse the unjust and dysfunctional spatial legacy of apartheid.
3. Improve participation of the disadvantaged in the residential property market.
4. Increase the asset creation potential of the State's investments in human settlements.

The GPF is aligned to the Provincial priorities through the GGT 2030 Plan of Action that comprises of several interventions and measures of success. The GGT 2030 Priority 3 Impact is:

Access to social and economic opportunities through spatial transformation and prioritising well-located, inclusive communities, so that by 2030:

1. All the people can reside in well-built homes that are situated in safe, clean, and cared for environments, with all the conveniences and services they need being close at hand.
2. They can live close to their places of work, without having to make long and expensive journeys twice a day.

Through its work, the GPF contributes to the Medium-Term Strategic Framework (MTSF) 2024/5 - 2029/30 Priority 2 – Economic transformation and job creation. This is done by supporting the development, growth and sustainability of Small, Medium and Micro-Enterprises (SMMEs).

Gauteng, meaning “*Place of Gold*” in Sesotho, is South Africa's smallest province by land area, covering just 1.5% of the country's total land mass. Despite its size, it is the country's most populous province and serves as its economic and administrative base. Contributing more than one-third of South Africa's Gross Domestic Product (GDP), Gauteng is a highly urbanised and cosmopolitan city-region that functions as the commercial, financial and industrial hub of both South Africa and the wider Southern African region. Anchored by the major metropolitan areas of Johannesburg, Tshwane (Pretoria) and Ekurhuleni, the province has a diversified economy spanning finance, manufacturing, trade, logistics and innovation. Rapid urbanisation, sustained population growth and increasing economic activity continue to drive significant demand for housing, infrastructure and public services. *Source: Statistics South Africa, Census 2022.*

There are three metros within the Gauteng province:

City of Johannesburg: The provincial capital and South Africa's largest city, serving as the leading industrial, financial, and commercial centre.

City of Tshwane: The country's administrative (executive) capital, incorporating Pretoria, known for government services and an emerging automotive industry base.

Ekurhuleni: A major industrial hub, encompassing the East Rand, with concentrated manufacturing and the O.R. Tambo International Airport, the country's main international airport.

Efforts to address these include diversified infrastructure financing through provincial budgets, national grants, and innovative mechanisms led by the Gauteng Infrastructure Financing Agency, alongside strategic human settlement projects and major investments in roads and transport systems. However, uneven service delivery, capacity constraints, and the need for effective asset management remain critical concerns that affect social cohesion and economic inclusion across its metropolitan and district municipalities.

The Gauteng Province – Population and Population Growth

Although it is the smallest province geographically, Gauteng was home to an estimated 15 830 000 people (approximately 25.1% of the South Africa population) in mid-2024, up very slightly from 15 810 000 people in 2021.

Gauteng Population Growth

The table below presents the most recent available population growth figures for Gauteng metros, comparing data from 2020 and 2024. Johannesburg's population increased from 5 635 000 in 2020 to 5 761 755 in 2024, reflecting a growth rate of +2.6%. Tshwane saw its population rise from 3 275 000 to 3 350 000 over the same period, with a growth rate of +2.2%. These figures indicate steady but moderate growth in both metros, consistent with the overall provincial trend of slow population increase.

Table 2: Gauteng - Population Growth by Municipality

Metro	Population 2020	Population 2024	Growth Rate
Johannesburg	5 635 000	5 761 755	+2.6%
Tshwane	3 275 000	3 350 000	+2.2%
Ekurhuleni	3 500 000	3 575 000	+2.1%
Sedibeng	1 200 000	1 220 000	+1.7%
West Rand	900 000	910 000	+1.1%

The overall population growth rate reflects a slowing of levels of in-migration into the Gauteng Province, combined with natural population growth, mostly into the urban areas of the metropolitan municipalities and to a lesser extent into the economic hubs of the district municipalities. According to the GSDF, Gauteng has a population density roughly equivalent to the average across all 90 metropolitan regions in the OECD Metro Database (which is 672 per km²), and similar to Brussels, and Copenhagen.

The province is expected to have an estimated 859 persons per km² by 2030, up from approximately 699 people per km² in 2024. This density reflects Gauteng's status as the most urbanised and economically vibrant province in South Africa.

The three metropolitan municipalities continue to carry most of Gauteng's population, with the City of Johannesburg at 31%, City of Ekurhuleni at 26% and the City of Tshwane at 26%. As indicated, the pressure in terms of population growth has slowed over the past few years.

Nonetheless it is clear that despite a slight slowing of population growth, the municipalities are not keeping pace with the demand for services and infrastructure. As a result, the benefit in terms of revenue growth through a larger tax base is not materialising. The population distribution and contribution to Gross Domestic Product (GDP) by different Metros and municipalities in Gauteng are shown in the table below:

Table 3: Gauteng - Population Distribution by Municipality

	City of Ekurhuleni	City of Johannesburg	City of Tshwane	Mogale Local Municipality	West Rand Local Municipality	Merafong Local Municipality	Lesedi Local Municipality	Midvaal Local Municipality	Emfuleni Local Municipality	Gauteng Province
Population	4 066 691	5 761 755	4 040 315	438 217	334 773	225 476	132 783	112 254	945 650	16 057 914
% of GP	25.33%	35.88%	25.16%	2.73%	2.08%	1.40%	0.83%	0.70%	5.89%	100.00%

Formal vs. Informal Dwellings

The moderate growth in the number of households alludes to the impact of in-migration, making the work of the Gauteng municipalities all the more challenging. Migration creates sustainability pressures as it results in increased demands for housing, services and human settlements, access to public transport, and to education, health and community facilities. Compounding this challenge is that many of the in-migrants live in informal dwellings, backyard or not, and many fall within the free basic services category.

The Table below illustrates that the number of households in informal dwellings (informal settlements and backyards) as a percentage of total households increased between 2001 and 2011 and has since steadily decreased. The number of households in informal dwellings was recorded at 21,9% in 2013 and 14,5% in 2023.



Sebenzile Lofts | Katlehong

Formal and Informal Household Growth in Gauteng

The picture in Gauteng of formal and informal housing growth has evolved as follows:

Table 4: Gauteng - Formal and Informal Housing Growth (2013-2023)

Year	Formal Dwellings (%)	Informal Dwellings (%)
2013	78,1	21,9
2014	79,0	21,0
2015	79,8	20,2
2016	80,5	19,5
2017	81,2	18,8
2018	82,0	18,0
2019	82,7	17,3
2020	83,4	16,6
2021	84,1	15,9
2022	84,8	15,2
2023	85,5	14,5

The location of informal dwellings, whether in backyards or informal settlements, presents different challenges for the provision of basic services. Informal dwellings located outside backyards are typically situated in areas without the bulk infrastructure required to support the provision of services. Informal backyard dwellings, by contrast, are generally located within established neighbourhoods where infrastructure and basic services already exist. However, they also place additional pressure on infrastructure that may not have been designed to accommodate the increased number of households.

It is important to note that the nature of informal housing in Gauteng appears to be changing. According to the GCRO, there has been a noticeable shift towards informal backyard dwellings. While these structures are generally regarded as technically illegal, they offer several potential developmental benefits. They contribute to urban densification, an important objective in Gauteng, and are more likely to have access to basic services than dwellings located in informal settlements, as they are situated within established residential areas with existing infrastructure.

The figure below shows a steady increase in the proportion of informal backyard dwellings and a corresponding decline in the proportion of informal dwellings located in informal settlements. In 2004, informal dwellings in informal settlements accounted for 62.6% of all informal dwellings, while informal backyard dwellings accounted for 37.4%. By 2016, informal backyard dwellings had become the dominant form of informal housing, accounting for 51.2% of all informal dwellings, compared with 48.8% in informal settlements. This trend continued through 2018, when informal backyard dwellings accounted for 57.3% of all informal dwellings, and remained broadly unchanged in 2023 at approximately 58%.

Housing in Informal Settlements and Backyards

The following table provides an estimate of the number of dwellings situated in informal settlements, and those in backyards, across Gauteng from 2013 to 2023. It shows that, although both figures have increased steadily, growth in the number of backyard dwellings has outpaced growth in the informal dwellings.

Table 5: Gauteng - Dwellings in Informal Settlements and Backyards (2013 - 2023)

Year	Informal Settlements	Backyard Dwellings
2013	600 000	800 000
2014	610 000	820 000
2015	620 000	840 000
2016	630 000	860 000
2017	640 000	880 000
2018	650 000	900 000
2019	660 000	920 000
2020	670 000	940 000
2021	680 000	960 000
2022	690 000	980 000
2023	700 000	1 000 000

This data suggests that there is demand for accommodation that is not within informal settlements, possibly driven by the need for improved access to basic services and the conveniences these services provide. This might also confirm a need for affordable rental housing in the context of high rate of urbanisation.

GPF'S CONTRIBUTION TO THE HUMAN SETTLEMENTS

GPF's mandate is to raise the required capital and to serve as the preferred implementing agent of the GDHS in support of the achievement of the priorities of government, in a sustainable and cost-effective manner. The core business areas of GPF's mandate for the term of the 7th Administration are as follows:

- Raising and managing the capital required for the successful implementation of the core business areas of the GPF's mandate.
- Serving as a developer of turnkey projects on strategic government-owned land.
- Providing loans to private sector developers for the development of affordable rental, student accommodation, and social housing projects.

The GPF is a blended finance intermediary that leverages public funding to mobilise private sector investment in affordable housing and sustainable human settlements. Through the provision of long-term concessionary finance and strategic risk-sharing mechanisms, the GPF enhances project viability, de-risks investments, and catalyses private sector participation in the affordable housing market.

As a targeted blended finance institution, the GPF combines public co-investment with private capital to unlock sustainable housing development, expand access to affordable housing, and maximise developmental impact across Gauteng.

The GPF provides emerging developers with:

- Provision of concessionary funding to facilitate the delivery of affordable rental housing in Gauteng.
- Gap Finance at lower interest rates, with an interest-free portion of debt and favourable loan terms.
- Support for developers in the development value chain covering the entire development value chain from plans to approvals to property management.
- End-to-End Digital Solutions with online client feedback, effective loan application and management and other systems.
- Access to geospatial information and online maps of development zones and corridors to ensure optimal decisions about opportunities.
- Sound strategic partnerships with other governmental agencies, financial institutions, other DFIs and other enabling organisations.
- Quick payment turnaround times to support cash flow.

ORGANISATIONAL ENVIRONMENT

The Gauteng Partnership Fund (GPF) operated in an increasingly constrained fiscal and institutional environment during the reporting period. The affordable housing sector continued to experience significant funding pressures, while changes in the public sector operating model required the organisation to reposition its business model to ensure long-term financial sustainability.

A significant factor affecting the GPF's operating environment was the withdrawal by the GDHS of the GPF's Implementing Agent functions for the Mega Projects, Upgrading of Informal Settlements Programme (UISP), and Rapid Land Release programmes. This decision was primarily influenced by National Treasury requirements that limit the transfer of funds to implementing agents before work has been completed. As a result, the GPF experienced a substantial reduction in implementation-related revenue, creating a projected annual revenue shortfall of between R72 million and R92 million by 2030/31 if no corrective action is taken.

While these developments presented considerable financial challenges, they also created an opportunity for the organisation to reassess its operating model and strengthen its long-term sustainability. Recognising the changing environment, the Board adopted a commercially driven turnaround strategy aimed at restoring financial resilience, diversifying revenue streams, and reducing reliance on a single source of income.

During the reporting period, the GPF developed and approved a Revenue Generation Strategy that repositions the organisation as a diversified real estate, asset management, project delivery, and structured finance institution, while preserving its core mandate of facilitating integrated and sustainable human settlements within the GCR. The strategy is underpinned by five strategic pillars designed to expand the organisation's revenue base, enhance operational efficiency, optimise the use of assets, strengthen strategic partnerships, and improve long-term financial performance.

The strategic shift reflects the GPF's commitment to adopting a more commercial and business-oriented approach to service delivery. This includes leveraging its expertise in blended finance, project development, property management, and infrastructure delivery to create new revenue opportunities, attract investment, and improve organisational resilience. The approach also reinforces sound governance, prudent financial management, and effective risk management in line with the requirements of the PFMA.

Despite the challenges experienced during the year, the GPF remained focused on delivering against its mandate by facilitating affordable housing development, supporting strategic human settlements programmes, and implementing initiatives that position the organisation for sustainable growth. The actions undertaken during the reporting period demonstrate the organisation's commitment to strengthening its financial sustainability while continuing to create social and economic value for the people of Gauteng.

KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

Changes to National Treasury funding requirements, which restrict the transfer of funds to implementing agents prior to the completion of work, materially impacted the GPF's revenue model and resulted in a significant decline in income linked to the implementation.

The following graph provides a summary of the GPF performance against APP targets for the 2025/26 financial year, compared to 2024/25. In 2025/26, the GPF fully achieved 83,3% of its APP targets, up from 69,2% in 2024/25, and 16,7% targets were not achieved illustrating an improvement from 30.8% targets not achieved in 2024/25.

2.3. PROGRESS TOWARDS ACHIEVING INSTITUTIONAL IMPACTS AND OUTCOMES 2025/26

The Gauteng Partnership Fund (GPF) continued to make progress towards the achievement of the five-year institutional impacts and outcomes outlined in the 2025–2030 Strategic Plan through the implementation of its APP. During the 2025/26 financial year, the entity focused on strengthening organisational sustainability, revenue generation, increasing access to affordable housing finance, improving human settlements delivery, and contributing to inclusive economic growth.

The GPF is aligned to the below listed outcomes of the 2025-2030 Strategic Plan that are aligned to MTDP 2024-2029, GGT 2030 Plan of Action and the GDHS's strategic priorities:

Outcome 1: Agile, efficient, effective and sustainable organisation

The entity demonstrated continued organisational stability and sound governance. Key achievements included:

- Loan collections exceeded the annual target, with 89% of instalment payments received on performing loans.
- Implementation of the Human Capital Management (HCM) Plan, supported by improved operational efficiencies and proactive workforce planning.
- 100% payment of valid invoices within 30 days.
- Quarterly monitoring of organisational strategic risks was successfully implemented as planned.

Although implementation of the AGSA Post-Audit Action Plan reached 69% against a target of 100%, management resolved eleven of the sixteen audit findings and continued implementing corrective measures for the remaining findings.

Outcome 2: Increased capital base to deliver the GPF mandate

During the mid-year review, the original indicator was revised to strengthen measurement of capital mobilisation. The revised indicator, Total Rand Value of Funds Raised through Funding Partnerships, achieved the annual target of R225 million, demonstrating significant progress in strengthening the organisation's funding capacity to support future housing developments.

Outcome 3: Increased access to affordable rental and social housing in strategically located areas

The exceeding of both loan disbursement targets:

- Rental accommodation loans reached approximately R20 million against a revised target of R18 million.
- Student accommodation loans reached approximately R7.4 million against a revised target of R7 million.

However, progress towards increasing housing supply was constrained. Only 66 affordable housing units were completed against the revised target of 100. Although the target was not achieved during the reporting period, corrective measures were implemented and the outstanding units will be completed in the first quarter of the 2026-2027 financial year.

Outcome 4: Increased access to liveable, integrated and inclusive sustainable human settlements, and security of tenure.

Implementation of programmes on behalf of the GDHS exceeded expectations, with 94.95% of programme disbursements achieved against the target of 80%. This performance resulted from accelerated implementation of previous years' development milestones and reflects improved project execution and management.

Outcome 5: Enhanced contribution of GPF human settlements developments to inclusive economic growth

Expenditure directed towards locally owned SMMEs exceeded the planned target, with 45.5% of project expenditure benefiting historically disadvantaged enterprises against a target of 30%. This performance demonstrates the Entity's continued contribution to local economic development, enterprise participation and job creation through its development programmes.

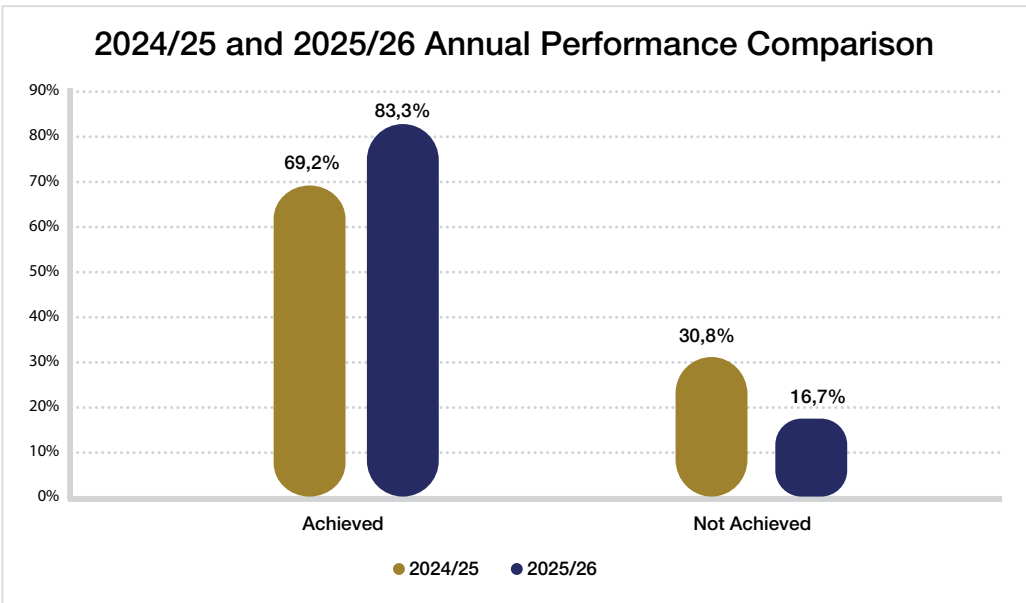
Contribution to Government Priorities

During the reporting period, the GPF continued to contribute towards provincial human settlements priorities through the mobilisation of development finance, delivery of affordable rental and student accommodation, implementation of programmes on behalf of the GDHS, and promotion of inclusive economic participation through targeted procurement from locally owned SMMEs. These interventions support government's broader objectives of improving access to adequate housing, strengthening sustainable human settlements, stimulating economic development, and creating employment opportunities.

2.3.1 GPF'S 2025/26 PERFORMANCE

The following graph provides a summary of the GPF performance against APP targets for the 2025/26 financial year, compared to 2024/25. In 2025/26, the GPF achieved 83.3% of its APP targets, compared with 69.2% in 2024/25. The remaining 16.7% of targets were not fully achieved, compared with 30.8% in the previous reporting period.

Figure 3: GPF Performance Against Targets (2024/25 against 2025/26)



ACHIEVED PERFORMANCE

The following table provides an overview of the APP targets achieved in 2025/26.

Table 6: Summary of Targets Achieved (2025/26)

Measure	Annual Target 2025/26	Actual Performance 2025/26	Comments
Rand value of non-interest income received	R32 000 000	R49 317 747,49	Annual target exceeded due to the payment of Mega and UISP management fees.
Total Rand value of funds raised through funding partnerships	R225 000 000	R225 000 000	Annual target achieved.
Rand value of loans disbursed – Rental accommodation	R18 000 000	R 19 962 751,32	Annual target exceeded due to the performance by contractors.
Rand value of loans disbursed – Student accommodation	R7 000 000	R7 447 406,68	Annual target achieved due to payments made on the Mahube project.
Percentage disbursements on integrated programmes delivered by the GPF on behalf of the GDHS	80%	94,95%	Annual target exceeded due to accelerated performance by developers on the previous years' milestones.
Percentage of project expenditure spent on GEYODI-owned SMMEs (HDI) through projects implemented	30% of project expenditure spent on GEYODI owned SMMEs (HDI) through projects implemented	45%	Annual Target exceeded. Developers are procuring more locally and employing more local labour.

TARGET NOT FULLY ACHIEVED

The following table provides an overview of the APP targets not fully achieved in 2025/26.

Table 7: Summary of Targets Not Fully Achieved (2025/26)

Measure	Annual Target 2025/26	Actual Performance 2025/26	Comments
Number of Units Completed	100	66	Target not achieved with 66 units completed from the Zitha project. The Mahube project with 23 units is scheduled for completion at the end of June 2026. The Tarioblox project with 26 units could not be completed despite the GPF approval of additional funding, because the project could not recommence because NHBRC requested that an additional geotechnical investigation be conducted before obtaining NHBRC contractor

STRATEGY TO OVERCOME AREAS OF UNDER-PERFORMANCE

Regarding improving the performance for units completed, the following activities need to be completed:

- Strategic marketing campaigns to emerging developers, township developers and affordable housing developers.
- Pro-active engagements and monitoring of projects approved to ensure that they migrate to projects under construction and completions.
- Enable GPF's sustainability by becoming the implementing agent of choice for metros and municipalities for the development of turnkey projects and alternative sanitation.

2.3.2 THE GPF'S INVESTMENTS AND DEVELOPMENT UNIT'S INVESTMENT PROGRAMMES REVIEW

Entrepreneur Empowerment Property Fund (EPPF) Programme

The Entrepreneur Empowerment Property Fund (EPPF) Programme is designed to promote participation by companies owned by previously disadvantaged individuals in the affordable rental property market. The programme is designed for first-time property developers. There were no projects approved under this programme for the year under review as the equity requirements are currently unaffordable due to high interest rates, building cost, flat rental markets and the ever-increasing costs of utilities.

Rental Housing Fund Programme

The Rental Housing Fund enhances the debt-to-equity ratio for companies in projects to leverage commercial funding. The programme is targeted at relatively established companies. There were no projects approved under this programme for the year under review as the yields are currently not favourable if done on a small scale, as a result of high interest rates, building cost, flat rental markets and the ever-increasing cost of utilities.

Student Accommodation Fund

The Student Accommodation Fund was developed for student accommodation service providers that require additional funding. The mezzanine or junior type loan enhances the debt-to-equity ratio for projects to enable financing by senior lenders. There were two projects approved under the programme for the year under review.

Table 8: Approved Funding for Projects

Company	Project Name	No of Units / Beds	GPF Funding Commitment Inclusive of Capitalised Interest
Begin All Investments (Pty) Ltd	Erf 114,116,118 Bertrams, Johannesburg	21/102	R9 062 202,00
Vhugala Property and Trading Enterprise (Pty) Ltd	Portion 3 of Erf 33, Trevenna, Pretoria	57/272	R15 146 383,00
Total		78/304	R24 208 585,00

Social Housing Fund

The Social Housing Fund is tailored for social housing institutions requiring favourable financing terms. The GPF will provide debt funding against the Consolidated Capital Grant (CCG) approved by the Social Housing Regulatory Authority (SHRA). There were no projects approved under this programme for the year under review.

Commercial Affordable Housing Fund Programme

The Commercial Affordable Housing Fund Programme is designed to promote the participation of experienced housing developers and rental property owners in the affordable housing market. There were no projects approved under this programme for the year under review as the yields are currently not favourable if done on a small scale, as a result of high interest rates, building cost, flat rental markets and the ever-increasing costs of utilities.

Kasi 4 Real (Township Development Programme)

The Commitment Inclusive is a sub-sector of the EEPF programme and deals with all township applications including backyard rental and medium-rise family rental projects. The Kasi 4 Real product was introduced to provide funding to emerging property developers in township communities for the development of affordable housing on a much smaller scale to address the increasing housing demand in townships. There was one project approved for the year under review.

Table 9: Kasi 4 Real Project Approved

Company	Project Name	No of Units	GPF Funding commitment inclusive of Capitalised Interest
Molemowaone (Pty) Ltd	Portion 5 of Erf 7721, Lotus Gardens Extension 2. Tshwane	15	R3 257 019,00
Total		15	R3 257 019,00

COMPLETED PROJECTS

Table 10: List of Completed Projects

Institution	Project Name	Location	Product	No of Units
Zitha Properties 1006 (Pty) Ltd	R/117/108-IR, Elandsfontein 108-IR Germiston	City of Ekurhuleni	Rental Housing Fund	66 units
Total				66 units

PROJECTS UNDER CONSTRUCTION

As of the 31st of March 2026, there were five projects under construction with an expected yield of 262 units and 552 beds.

Table 11: Projects Under Construction

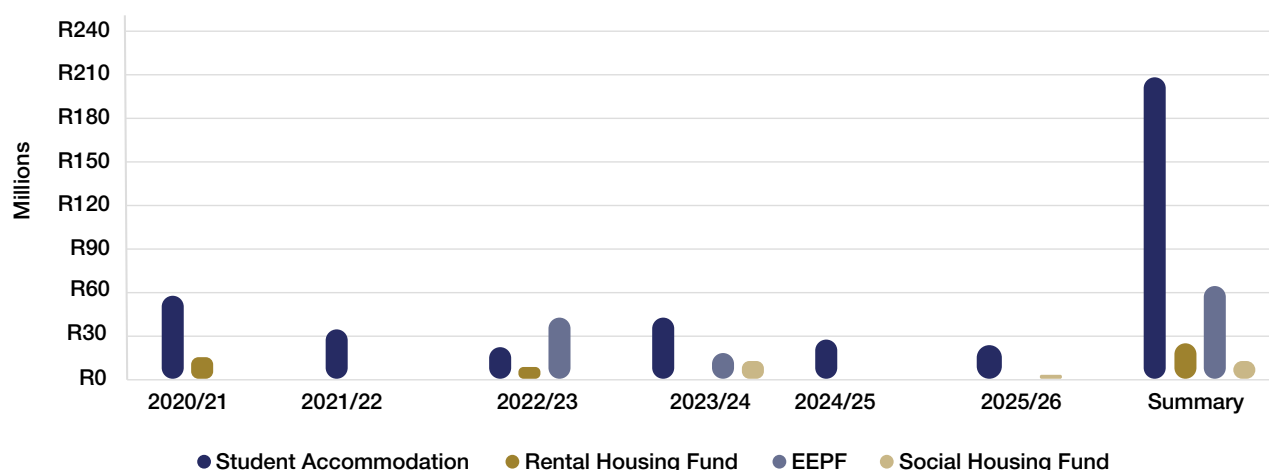
Institution	Project Name	Location	Product	No of Units
Begin All Investments (Pty) Ltd	7 Gordons Road, Bertrams, Johannesburg	City of Johannesburg	Student Accommodation fund	21 units/102 beds
Kaelo Rez (Pty) Ltd	46 Sivewright Avenue, Doornfontein	City of Johannesburg	Student Accommodation fund	84 units/312 beds
Mahube Malope Investments (Pty) Ltd	21 Ouhout St, Vanderbijlpark S. E. 3	Emfuleni Local Municipality	Student Accommodation fund	23 units/138 beds
Dladleni Huts (Pty) Ltd	Portion 99 / Erf 759, Oakdene Extension 20	City of Johannesburg	Entrepreneur Empowerment Property Fund	108 units
Tarioblox (Pty) Ltd	Erf 7414, Olievenhoutbosch Ext 36	City of Tshwane	Entrepreneur Empowerment Property Fund	26 units
Total				262 units / 552 beds

Investments done by the GPF over the past five years

The graph below depicts investments completed by the GPF over the past five years. It shows the growing demand for student accommodation and GPF's contribution to addressing the shortage of student beds.

Figure 4: GPF Investments Over the Last Five Years

The graph depicts the growing demand for student accommodation and GPF's contribution in addressing the shortage of student beds.



2.3.3 THE GPF'S INVESTMENTS AND DEVELOPMENT UNIT'S PROGRAMMES UNDER IMPLEMENTATION FOR GDHS REVIEW

Upgrading of Informal Settlements Programme (UISP)

The GPF as an implementing agent for the GDHS procured an Alternative Sanitation Service Provider to execute an alternative sanitation solution pilot project. The alternative solution is in-situ and requires no bulk infrastructure, thus making it an excellent sanitation solution in informal settlements while also enabling improved hygiene and safety, with less environmental impact.

The GPF went out on tender and appointed a service provider, who began implementation in 2025/26.

Four pilot projects were approved for implementation on a 1:1 basis - one toilet per household – up from the original scope of 1:4. The increase in scope resulted from a request for additional facilities by the Mogale and Emfuleni Local Municipalities, to alleviate their responsibilities and reduce the cost of maintaining these facilities.

Three of the four pilot projects are 100% complete and running effectively. The fourth project requires site levelling and clearing in order to commence and has therefore stalled, as no budget was allocated for this work.

Going forward, the GPF's aim is to become an implementing agent for metros and municipalities and to deliver alternative solutions, improving service delivery, quality of life and community cohesion across Gauteng.

2.4. ANNUAL PERFORMANCE REPORT

The following is a summary of the **GPF's Annual Performance Report** for the 2025/26 reporting period.

Programme 1: Percentage of instalment payments received on performing loans									
Outcome	Output	Output Indicator	Audited Actual Performance 2023/24	Audited Actual Performance 2024/25	Planned Annual Target 2025/26	Actual Achievement until date of tabling	Deviation from Planned Target to Actual 2025/26	Reasons for Deviations	Reasons for Revisions to the Outputs / Output Indicators / Annual Targets
Actual Achievement	Loans Collected	Percentage of instalment payments received on performing loans	85%	80%	85%	89%	Target exceeded	Target exceeded due to payments received from student accommodation borrowers, which were not projected for Q4.	n/a
	2025/26 until date of re-tabling	Deviation from Planned Target to Actual Achievement 2025/26	Reasons for Deviations	Reasons for Revisions to the Outputs / Output Indicators / Annual Targets	2025/26 until date of re-tabling	100%	Target exceeded	The overall achievement was due to improvements in operational efficiencies and proactive planning during the reporting period. The vacancy rate was 7,4%, below the acceptable norm of 10% (50 out of 54 positions filled), and the culture change programme activities exceeded the planned targets for the period under review.	n/a
	AGSA post-audit action plan implemented	Percentage implementation of the AGSA post-audit action plan	90%	100%	100%	69%	Target not achieved	11 out of the 16 findings have been fully resolved, while the remaining five are still in progress. Management is actively working to resolve the outstanding findings.	n/a

Programme 1: Percentage of instalment payments received on performing loans									
Outcome	Output	Output Indicator	Audited Actual Performance 2023/24	Audited Actual Performance 2024/25	Planned Annual Target 2025/26	Actual Achievement until date of tabling	Deviation from Planned Target to Actual 2025/26	Reasons for Deviations	Reasons for Revisions to the Outputs / Output Annual Targets
	Payment processing	Percentage of valid invoices paid within 30 days	100%	100%	100%	100%	n/a	No deviation, target achieved as planned	n/a
	Non-interest income received	Rand value of non-interest income received	R32,2m	R8, 1m	R32,0m	R49,3m	n/a	No deviation, target achieved as planned	n/a
	Annually updated Strategic Risk Register approved by the Board	Quarterly tracking, monitoring and evaluation of Organisational Strategic Risks	4	4	4	4	n/a	No deviation, target achieved as planned	n/a

Programme 2: Capital Raising									
Outcome	Output	Output Indicator	Audited Actual Performance 2023/24	Audited Actual Performance 2024/25	Planned Annual Target 2025/26	Actual Achievement until date of tabling	Deviation from Planned Target to Actual Achievement 2025/26	Reasons for Deviations	Reasons for Revisions to the Outputs / Annual Targets
Outcome 2: Increased capital base to deliver core GPF mandate	Funding partnerships	Total Rand value of funds raised through funding partnerships	New indicator	New indicator	R0 **Baseline to be determined based on co-funded project from funds raised	-	This output indicator was replaced by "Total rand value of funds raised through funding	n/a	Target removed during the mid-year adjustment

Programme 3: Project Lending									
Outcome	Output	Output Indicator	Audited Actual Performance 2023/24	Audited Actual Performance 2024/25	Planned Annual Target 2025/26	Actual Achievement until date of tabling	Deviation from Planned Target to 2025/26	Reasons for Deviations	Reasons for Revisions to the Outputs / Output Indicators / Annual Targets
Outcome 3: Increased access to affordable rental and social housing in strategically located areas	Loans disbursed	Rand value of loans disbursed – rental accommodation	R3,7m	R34,9m	R15m	R19,9m	Target exceeded	Target exceeded as a result of the construction progress recovery made by the Zitha Properties contractor.	Annual target was revised up from R15m to R18m during the mid-year adjustment
Outcome 5: Enhanced contribution of GPF's human settlements' developments to inclusive economic growth		Rand value of loans disbursed – student accommodation	R43,1m	R8,3m	R15m	R7,4m	Target exceeded	Annual Target exceeded due to progress on the Mahube project.	Annual target was revised down from R15m to R7m during the mid-year adjustment
	Affordable housing units completed	Number of housing units completed	360	299	258	66	Target not achieved	The Tarioblox Project (26 units) will not be achieved despite GPF approval of additional funding. The project could not commence due to issues identified in the geotechnical report, to which the NHBRC requested that additional geotechnical investigation be conducted, which has since been completed and submitted to the NHBRC. The developers' professional team is currently addressing the requirements outlined in the Geotechnical report in order to obtain NHBRC approval.	Annual target was revised down from 258 to 100 during the mid-year adjustment

Programme 3: Project Lending									
Outcome	Output	Output Indicator	Audited Actual Performance 2023/24	Audited Actual Performance 2024/25	Planned Annual Target 2025/26	Actual Achievement until date of tabling	Deviation from Planned Target to 2025/26	Reasons for Deviations	Reasons for Revisions to the Outputs / Output Indicators / Annual Targets
	Completed beds	Number of student accommodation beds completed	746	422	288		Target removed for the 2025/26 financial year due to the cancellation of the Vicki Lelaka project and the delay in commencing construction on the Mahube project in the next financial year. Vicki Lelaka Properties (Pty) Ltd – Project was cancelled after the APP was finalised, due to the commitment period lapsing and the equity injection proposal by NEF did not materialise. Mahube Malope (Pty) Ltd – The project was earmarked for cancellation due to internal disputes among Mahube Malope (Pty) Ltd shareholders. This dispute negatively impacted on the project including issues hindering the professional team's ability to perform their duties effectively.		Target removed during the mid-year adjustment period

Programme 4: Project Implementation, Development and Management									
Outcome	Output	Output Indicator	Audited Actual Performance 2023/24	Audited Actual Performance 2024/25	Planned Annual Target 2025/26	Actual Achievement until date of tabling	Deviation from Planned Target to 2025/26	Reasons for Deviations	Reasons for Revisions to the Outputs / Output Indicators / Annual Targets
Outcome 4: Increased access to liveable, integrated and inclusive sustainable human settlements, and security of tenure	Disbursements on programmes delivered by the GPF on behalf of the GDHS Targeted (GEYODI) project expenditure	Percentage disbursements on programmes delivered by the GPF on behalf of the GDHS	80%	53%	80%	94,95%	Target exceeded	Target Exceeded due to accelerated performance by developers on the previous years' milestones.	n/a
Outcome 5: Enhanced contribution of GPF's human settlements' developments to inclusive economic growth		Percentage of Project expenditure spent on locally owned SMMEs (HDI) through projects implemented on behalf of GDHS by the GPF	51,6%	69,7%	30%	45,5%	Target exceeded	Target exceeded due to developers procuring and employing more locally.	n/a

RE-TABLED ANNUAL PERFORMANCE PLAN (APP) (MID-TERM REVIEW)

Outcome	Outputs	Output Indicators	Audited Performance 2023/24	Audited Performance 2024/25	Annual Target 2025/26	Q1 2025/26 Performance	Q2 2025/26 Performance	Q3 2025/26 Performance	Q4 2025/26 Performance	2025/26 Annual Performance	Deviation from planned target to Actual 2025/26	Reasons for deviations	Reasons for Revisions to the Output/ Annual Targets
Efficient, effective, and sustainable organisation	Loans collected	Percentage of instalment payments received on performing loans	83%	80%	85%	78%	93%	85%	89%	89%	Target exceeded	Target exceeded due to payments received from student accommodation borrowers, which were not projected for the Q4	n/a
	Human capital managed	Percentage implementation of the Human Capital Management Plan	100%	95%	95%	33%	58%	82%	100%	100%	Target exceeded	The overall achievement recorded was due to operational efficiencies and proactive planning during the reporting period. The vacancy rate was below the acceptable norm of 10%, and the culture change programme activities exceeded the planned targets for the period under review.	n/a
	AGSA post-audit action plan implemented	Percentage implementation of the AGSA post-audit action plan	90%	100%	100%	-	-	-	69%	69%	Target not achieved	Eleven out of the sixteen findings have been fully resolved, while the remaining five are still in progress. Management is actively working to resolve the outstanding findings.	n/a
	Payment processing	Percentage of valid invoices paid within 30 days	100%	100%	100%	100%	100%	100%	100%	100%	Target achieved.	n/a	n/a
	Annually updated Strategic Risk Register approved by Board	Quarterly tracking, monitoring and evaluation of Organisational Strategic Risks	4	4	4	1	1	1	1	4	Target achieved	n/a	n/a
	Non-interest income received	Rand value of non-interest income received	R32m	R8.1m	R32m	-	-	-	R49 317 747,45	R49 317 747,45	Target achieved	n/a	n/a
	Funding partnerships	Total Rand value of funds raised through funding partnerships	-	-	R225m	-	-	-	R225 000 000.00	R225 000 000.00	Target achieved	n/a	n/a

Outcome	Outputs	Output Indicators	Audited Performance 2023/24	Audited Performance 2024/25	Annual Target 2025/26	Q1 2025/26 Performance	Q2 2025/26 Performance	Q3 2025/26 Performance	Q4 2025/26 Performance	2025/26 Annual Performance	Deviation from planned target to Actual 2025/26	Reasons for deviations	Reasons for Annual Targets/ Outputs/ Output revisions to the
Increased access to affordable rental and social housing in strategically located areas	Loans disbursed	Rand value of loan disbursed – rental accommodation	R3,7m	R22m	R18m	R7 271 143,81	R4 756 560,09	R5 702 440,60	R2 232 606,80	R19 962 751,32	Target exceeded	Annual target was exceeded by end of Q3, target exceeded due to improved contractor performance	Annual target was revised up from R15m to R18m during the mid-year adjustment
		Rand value of loan disbursed – student accommodation	R50,7m	R8,3m	R7m	R0	R1 555 064,51	R2 518 954,23	R3 373 387,94	R7 447 406,68	Target exceeded	Annual Target exceeded due to progress on the Mahube project.	Annual target was revised down from R15m to R7m during the mid-year adjustment
	Affordable housing units completed	Number of housing units completed	360	298	100	-	-	-	66	66	Target not achieved	The Taroblox Project, comprising 26 units, was not completed. The project could not commence due to issues identified in the geotechnical report, to which the NHBRC, requested that additional geotechnical investigation be conducted, which has since been completed and submitted to the NHBRC. The developers' professional team is currently addressing the requirements outlined in the Geotechnical report in order to obtain the NHBRC approval.	Annual target was revised down from 258 to 100 during the mid-year adjustment
Increased access to integrated, inclusive, and sustainable human settlements Increased access to liveable settlements and secure tenure Enhanced contribution of GPF's human settlements' developments to inclusive economic growth	Disbursements on programmes delivered by the GPF on behalf of the GDHS	Percentage disbursements on programmes delivered by the GPF on behalf of the GDHS	80%	53%	80%	-	11,65%	54,71%	94,95%	94,95%	Target Exceeded	Target Exceeded due to accelerated performance by developers on the previous years' milestones.	n/a
	Targeted (GEYODI) project expenditure	Percentage of project expenditure spent on locally owned SMME (HDI) through projects implemented on behalf of GDHS by the GPF	51,6%	69,7%	30%	118%	54%	48%	45,5%	45,5%	Target exceeded	Target exceeded due to developers procuring and employing more locally	n/a

Approved by:



.....
Lindiwe Kwele
Chief Executive Officer

STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE

The GPF has identified the following strategies for improving the performance. These strategies will be actively pursued in the next financial year:

- Strategic marketing campaigns, targeting emerging developers, township developers and affordable housing developers;
- Monitoring the project readiness of construction projects that were previously approved;
- Ensuring targets are appropriately amended in the mid-year adjustment.

2.5. PORTFOLIO MANAGEMENT

The following is an overview of the GPF's collection performance for the 2025/26 reporting period, as well as a summary of levers which will be applied to enhance loan collections going forward.

REVENUE COLLECTION

The following table provides a summary of revenue collection in 2025/26 (R43,5 million) compared to 2024/25 (R43,1 million), showing relatively consistent revenue year-on-year.

Table 12: Revenue Collection (2024/25 vs 2025/26)

Sources of revenue	2024/25			2025/26		
	Estimate	Actual Amount Collected	(Over)/Under Collection	Estimate	Actual Amount Collected	(Over)/Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Loans	54 213	43 180	11 033	48 700	43 547	5 153
Total	54 213	43 180	11 033	48 700	43 547	5 153

The overall portfolio collection rate improved significantly to 89% in the 2025/26 year, compared to 83% in the previous financial year, reflecting a 6% improvement year-on-year.

In 2025/26 **portfolio performance** included:

- Student Accommodation Portfolio: 87% collection rate
- Social Housing Fund: 126% collection rate, driven by advance payments received during the quarter

The improved collection performance reflects strengthened credit management interventions and intensified recovery efforts implemented throughout the financial year, resulting in improved cash flow generation and reduced short-term liquidity pressure.

In response to the National Student Financial Aid Scheme's (NSFAS's) announcement regarding direct payments to student accommodation providers, management intends to engage NSFAS to explore rental cession and payment channelling arrangements aimed at strengthening revenue security and improving future collections.

LEVERS TO ENHANCE REVENUE COLLECTION

To sustain and build upon recent improvements, the Portfolio Management Unit is executing a disciplined recovery strategy. This includes active borrower engagement for payment plans, regular on-site monitoring, pursuing cessations of rental income, and escalating matters through breach letters with credit bureau implications. The Unit will continue to innovate its recovery methodologies to drive the collection rate above current thresholds. Additionally, portfolio segmentation strategies are being applied to prioritise high-risk accounts and optimise recovery resource allocation.

Management's approach to improving the percentage of performing loans is anchored on early risk identification, proactive intervention, and decisive NPL resolution, supported by strengthened governance and technology enablement.

To this end, the following **strategic levers** are being applied:

Proactive Portfolio Monitoring and Early Intervention: Enhanced portfolio monitoring tools are being implemented to track delinquency trends, arrears migration, and early stress indicators. This enables timely engagement with borrowers and corrective action before accounts deteriorate into non-performance, thereby protecting and improving the performing loan ratio.

Strengthened Early Warning and Risk Management Frameworks: Early warning systems are used to identify behavioural and financial red flags, allowing management to intervene through targeted borrower engagement, revised repayment arrangements, or enhanced credit oversight. This approach is aimed at preventing slippage from performing to non-performing status.

Targeted Restructuring and Rehabilitation of Stressed Accounts: Where appropriate, loan restructuring measures such as revised repayment terms or temporary relief are applied to viable borrowers. This supports the rehabilitation of distressed but recoverable accounts back into performing status, directly improving the performing loan percentage.

Active NPL Resolution: Decisive strategies are applied to long outstanding or non-viable accounts, including accelerated recoveries, legal action where required, and collateral enforcement. This ensures that legacy NPLs do not continue to dilute overall portfolio performance metrics.

Through these combined interventions, management is focused on preventing the creation of new NPLs and actively reducing the existing NPL stock, thereby driving a sustainable increase in the percentage of performing loans over the medium-term.





PART C: **GOVERNANCE**

Strong governance is fundamental to the GPF's ability to fulfil its mandate, safeguard stakeholder interests and deliver measurable development impact. As a public entity entrusted with managing public resources, the GPF recognises that sound governance provides the foundation for ethical leadership, effective oversight, accountability, transparency and responsible decision-making.

The Gauteng Provincial Government, together with the Executive Authority, the Accounting Authority and the Accounting Officer, each plays a distinct role in ensuring the effective governance of the organisation. These entities, and an overview of their effectiveness in the 2025/26 reporting period, are presented below.

3.1. PORTFOLIO COMMITTEES

Parliament performs its oversight role by assessing the performance of public entities through scrutiny of their annual financial statements and other relevant documents, which must be formally tabled, along with any additional reports submitted from time to time.

The Standing Committee on Public Accounts (SCOPA) is responsible for examining the annual financial statements and the reports issued by the external auditor. Meanwhile, the Portfolio Committee focuses on overseeing service delivery, reviewing the non-financial information contained in annual reports, and monitoring the entity's contribution to service delivery and economic growth.

During the reporting period, the Portfolio Committee engaged with the entity on a range of strategic, operational, governance and financial matters. Key discussions focused on the entity's performance against its strategic objectives and APP targets, particularly in areas where performance fell below expectations. The Committee sought assurance on the effectiveness of management interventions aimed at improving performance and achieving planned outcomes.

The Committee also examined the alignment between budget allocations and service delivery outcomes, emphasising the need to strengthen efficiency, effectiveness and value for money in the utilisation of public resources. In this regard, the Committee requested assurance that expenditure was appropriately directed towards achieving the entity's mandate and strategic priorities.

Governance, risk management and compliance remained key areas of oversight. The Committee sought updates on the adequacy and effectiveness of internal controls, the implementation of consequence management for irregular expenditure and other compliance transgressions, as well as progress made in addressing audit findings and strengthening the control environment. The Committee further emphasised the importance of improving the accuracy, reliability and transparency of reported information, particularly in relation to performance reporting.

During these engagements, the Portfolio Committee specifically requested management to provide updates and assurance on the following matters:

- The effectiveness of measures implemented to address material impairments and the progress made in mitigating the underlying causes thereof.
- The effectiveness of corrective actions implemented to prevent the recurrence of errors that resulted in the restatement of corresponding figures in the Annual Financial Statements.
- The effectiveness of interventions implemented to address the non-achievement of planned performance indicators and improve future performance against approved targets.
- The status of the condonation process relating to irregular expenditure amounting to R55 633, with quarterly progress reports to be submitted until the matter is finalised.
- Clarification of the disclosure of irregular expenditure in the Annual Financial Statements. It was noted that the statements are presented in Rands and not in thousands and, accordingly, that the irregular expenditure amounted to R55 633 and not R55 633 000.
- Progress on the implementation and effectiveness of enhancements introduced by the GPF to strengthen credit approval processes and improve portfolio management practices.

Overall, the engagements with the Portfolio Committee were constructive and contributed to strengthening oversight, accountability and governance within the entity. Management undertook to address the matters raised and to provide regular feedback on the implementation of corrective actions and progress achieved.

3.2. EXECUTIVE AUTHORITY

The Executive Authority exercises oversight over the entity in accordance with the provisions of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA), which provides the legislative framework for governance, accountability, financial management and oversight within public entities. Through this framework, the Executive Authority is responsible for ensuring that the entity operates efficiently, effectively and in accordance with its legislative mandate.

In fulfilling its oversight responsibilities, the Executive Authority monitors the entity's financial and non-financial performance, governance arrangements, risk management practices and compliance with applicable legislative and regulatory requirements. Regular engagements between the Executive Authority and the entity provide a platform for assessing progress against strategic objectives, addressing emerging risks and challenges, and ensuring accountability for the achievement of planned outcomes.

The Executive Authority is also responsible for the appointment and removal of Board members in accordance with the applicable legislative framework. In discharging this responsibility, the Executive Authority seeks to ensure that the Board comprises an appropriate balance of executive and non-executive members with the requisite skills, experience, knowledge and expertise to provide effective leadership, strategic direction and oversight of the entity.

During the year under review, the entity engaged with the Executive Authority through scheduled quarterly oversight meetings, providing updates on organisational performance, progress against strategic objectives and APP targets, financial performance, governance matters, and key risks. These engagements enabled the Executive Authority to monitor the entity's performance, assess progress in the implementation of its mandate, and provide strategic guidance where necessary.

In addition to the quarterly oversight engagements, the entity provided ad hoc briefings to the Executive Authority on specific matters as required. These included updates on strategic initiatives, significant operational developments, financial sustainability, risk management, audit outcomes, and governance-related matters.

The engagements ensured that the Executive Authority remained adequately informed of the entity's operational and financial position and was able to exercise effective oversight and provide timely direction on matters of strategic importance.

3.3. THE ACCOUNTING AUTHORITY (BOARD OF TRUSTEES)

The Board of Trustees serves as the Accounting Authority of the GPF and is responsible for providing effective leadership, strategic direction and oversight of the Fund. As the focal point of corporate governance, the Board ensures that the GPF operates in a manner that is accountable, transparent, ethical and compliant with applicable legislation and governance standards.

To promote effective and objective decision-making, the Board comprises an appropriate mix of skills, knowledge and experience, with the majority of members being non-executive trustees. The Board remains fully accountable for the stewardship and performance of the Fund and provides strategic guidance to Executive Management in the execution of its responsibilities.

ROLES AND RESPONSIBILITIES OF THE BOARD

The Board serves as the focal point and custodian of corporate governance within the GPF and is ultimately accountable for the organisation's performance, sustainability and compliance with applicable legislation. In fulfilling its oversight responsibilities, the Board provides strategic direction, approves key policies, plans and budgets, monitors organisational performance, and ensures that the Fund operates in accordance with its mandate and governance principles.

The Board is collectively responsible for the GPF's performance and sustainability, overseeing the effectiveness of risk management, financial management, internal controls, compliance, information technology governance and financial management processes. The Board promotes ethical leadership, transparency, accountability and sound stakeholder relations and approves the Annual Financial Statements. Supported by its Committees, the Board ensures that material risks are identified, assessed and appropriately managed.

The Board further establishes performance expectations for Executive Management, monitors the achievement of strategic objectives and performance targets, manages conflicts of interest, and ensures adherence to the Fund's values and code of ethics. While responsibility for the day-to-day management of the Fund is delegated to the Chief Executive Officer and Executive Management, the Board maintains oversight and provides strategic guidance to support the achievement of the GPF's objectives.

Board members are required to discharge their fiduciary duties with due care, skill, diligence and integrity, always acting in the best interests of the Fund and its stakeholders and in accordance with the Trust Deed, applicable legislation and good governance practices.

BOARD CHARTER

As recommended by the King Code, the Board has a Board Charter, which sets out its roles, responsibilities, authority, and governance processes. The Charter affirms the Board's accountability for approving strategic plans, monitoring organisational performance and management, overseeing risk management and internal controls, guiding stakeholder communication, and ensuring the effective selection, induction, development, and evaluation of Board members.

The Charter is reviewed annually to ensure alignment with legislative requirements, governance best practices, and organisational priorities. During the reporting period, the Board conducted its annual review and confirmed the continued relevance and effectiveness of the Charter.

The Board has complied with the Charter through regular oversight of strategy implementation, performance monitoring, risk management, internal controls, stakeholder engagement, and Board effectiveness initiatives. The Board remains committed to maintaining high standards of governance and accountability in accordance with good governance principles.

BOARD DEVELOPMENT

In 2024/25 the Board approved a Board Development Framework and Plan to strengthen Board capacity and further develop trustees, towards more effective governance and strategic oversight. This Framework was implemented in the 2025/26 financial year and has had a positive impact on the organisation.

BOARD MEMBERS

The Board comprises a mix of executive and non-executive members to ensure an appropriate balance of skills, experience, independence, and oversight. During the reporting period, the Board consisted of one (1) Executive Trustee, being the Shareholder Representative and 12 Independent Non-Executive Trustees.

Board members were appointed by the Shareholder in accordance with the enabling legislation, the Trust Deed and applicable governance requirements.



Craig Cornish

Board Trustee (Chairperson)

Appointed: 1 June 2023 to present
(Trustee 25 May 2021 - 31 May 2023)

Qualifications: National Diploma in Accounting; Post Graduate Certificate – Business Planning, Financial Management and Strategy; Post Graduate Certificate – Fraud Prevention, Fraud Detection, Fraud Investigation and Investigative Auditing Reporting

Expertise: Leadership; Finance; Accounting; Auditing; Taxation; Governance

Other Board Directorships: MCCS Holdings (Pty) Ltd; Mining Civil Construction and Services (Pty) Ltd; East2west Holdings (Pty) Ltd; Nigel Football Academy (Pty) Ltd; Sizanonke Business Enterprises CC; Weskus Auto (Pty) Ltd; K2016140844 South Africa (Pty) Ltd; K2012007026 (Pty) Ltd; K2023544836 (SA) (Pty) Ltd; Wooden Cabins and Windows

Committees or Task Teams: Fundraising and Investment Committee (FIC)



Maseapo Kganedi

Board Trustee (Deputy Chairperson)

Appointed: 1 June 2023 to present
(Trustee 1 February 2018 - 31 May 2023)

Qualifications: LLM; LLB; Diploma in Legislative Drafting; Certificate in Pension Law; Certificate in Corporate Governance; BProc

Expertise: Legal; Leadership; Strategy; Governance; Compliance; Public Administration

Other Board Directorships: Kganedi Business Services (Pty) Ltd; Andzani Family Trust; Industrial Development Corporation

Committees or Task Teams: Human Resources and Social & Ethics Committee (HRSEC)



Nangamso Matebese

Board Trustee

Appointed: 1 June 2023 to present
(Trustee 01 April 2017 - 31 May 2023)

Qualifications: GMP; Chartered Banker (MBA); MSc Finance; MA Finance and Investments; BCom (Honours); BCom

Expertise: Leadership; Finance; Investments; Accounting; Strategy; Governance; Compliance; Infrastructure Development

Other Board Directorships: Bukau Investments (Pty) Ltd; Nanga Industries (Pty) Ltd;

Committees or Task Teams: Audit and Risk Committee (ARC)



Leon Gert Marincowitz

Board Trustee

Appointed: 1 June 2023 to present
(Trustee 15 May 2020 - 31 May 2023)

Qualifications: MPhil ; BA Honours; BA

Expertise: Governance; Property and Real Estate; Public Policy and Governance

Other Board Directorships: LG Marincowitz and Sons and Partners (Pty) Ltd; Oikos Trust; Automobile Industry Development Centre; The Innovation Hub Management Company; Oxpecker Strategic Advisory Services

Committees or Task Teams: Fundraising and Investment Committee (FIC)



Rethabile Kikine

Board Trustee

Appointed: 1 June 2023 to present

Qualifications: BProc; LLB; Certificates in Labour Law, Corporate and Securities Law, AML and Ethics

Expertise: Legal; Contract Management; Stakeholder Management; Leadership; Risk Management; Project Management; Governance and Compliance

Other Board Directorships: Kikine Solutions Group (Pty) Ltd

Committees or Task Teams: Human Resources and Social & Ethics Committee (HRSEC)



Mpho Hlahla

Board Trustee

Appointed: 1 June 2023 to present

Qualifications: BSc; BSc Honours; Masters in Town and Regional Planning; MBA

Expertise: Town and Regional Planning; Property Management; Project Management; International Relations

Other Board Directorships: Starfruit Investments (Pty) Ltd; Tinley Leisure Women Investment (Pty) Ltd

Committees or Task Teams: Audit and Risk Committee (ARC)



Solomuzi Mabuza

Board Trustee

Appointed: 1 June 2023 to present

Qualifications: Bachelor of Theology; Honours Theology

Expertise: Project Management Leadership; International Relations; Community Engagement and Stakeholder Management

Other Board Directorships: Gauteng Ethics Advisory Council (GEAC); Gauteng Gambling Board (GGB)

Committees or Task Teams: Human Resources and Social & Ethics Committee (HRSEC)



Gilberto Martins

Board Trustee

Appointed: 1 June 2023 to present

Qualifications: B Arch; BA Politic; Honours Politics; Labour Law

Expertise: Strategic Planning; Financial Management Infrastructure Development; Leadership; Policy

Other Board Directorships: National Home Builders Registration Council; Institute of Directors of Southern Africa; Gilberto Martins Architects and Construction Dispute Consultants; MRT Food and Distribution Supplies; Ekurhuleni Land Appeal Tribunal; Community Association Committees; Alleyroads Holdings; Alleyroads Commercial Holdings; Alleyroads Power; Alleyroads Pulse

Committees or Task Teams: Audit and Risk Committee (ARC)



Lita Mbokotho

Board Trustee

Appointed: 1 June 2023 to present

Qualifications: BCom; BCom Honours; MBA

Expertise: Financial Management; Project Finance; Financial Modelling; Project Risk Management; Leadership; Strategy

Other Board Directorships: Tsori Capital Ornezy (Pty) Ltd; Ingwetele Wireless (Pty) Ltd; Sizani Foods; Chris Hani Development Agency; HL Holdings; Unisa Catering Services; Joe Gqabi Economic Development Agency; The Innovation Hub Management Company; Gauteng Growth Development Agency

Committees or Task Teams: Fundraising and Investment Committee (FIC)



Busi Mhaga

Board Trustee

Appointed: 1 June 2023 to present

Qualifications: National Diploma in Town and Regional Planning; BTech – Town and Regional Planning; BPhil – Transport and Logistics; Global Executive Development Programme - GIBS

Expertise: Strategy; Business Development; Financial Management; Property Management; Project Management

Other Board Directorships: Africapital; EMP Developments; Automotive Industry Development Centre (AIDC)

Committees or Task Teams: Fundraising and Investment Committee (FIC)



Ezra Ndwandwe

Board Trustee

Appointed: 1 June 2023 to present

Qualifications: BSc Life Sciences; Masters in Business Leadership; PhD

Expertise: Human Capital Management (HCM); Management Consulting; Strategy Development; Leadership

Other Board Directorships: Dual Point Holdings (Pty) Ltd; Gauteng Growth and Development Agency; Gauteng Industrial Development Zone

Committees or Task Teams: Human Resources and Social & Ethics Committee (HRSEC)



Gugu Phakathi

Board Trustee

Appointed: 1 June 2023 to present

Qualifications: NDip (Mechanical Engineering); BTech Mechanical Engineering; PMBOK/Project Management; Professional Accreditation

Expertise: Project Management; Water Engineering; Mechanical Engineering; Operations Management; Construction

Other Board Directorships: Vaal Central Water Board

Committees or Task Teams: Audit and Risk Committee (ARC)



Puleng Gadebe-Mabaso

Board Trustee

Appointed: 1 June 2023 / Resigned: 13 June 2025

Qualifications: Philosophy in Management Coaching (NQF Level 9); Senior Executive Programme: Africa; Senior Management Development Programme (NQF Level 8); Bachelor of Arts Honours (NQF Level 8)

Expertise: Human Capital Management (HCM) value chain; Human Resource Development (HRD); Employee Relations – Chief Negotiator; Audit, Risk and Compliance; Policy Development

Other Board Directorships: N/A

Committees or Task Teams: N/A

BOARD MEMBERS



Craig Cornish
Chairperson



Maseapo Kganedi
Deputy Chairperson



Nangamso Matebese
Board Trustee



Leon Gert Marincowitz
Board Trustee



Rethabile Kikine
Board Trustee



Mpho Hlahla
Board Trustee



Solomuzi Mabuza
Board Trustee



Gilberto Martins
Board Trustee



Lita Mbokotho
Board Trustee



Busi Mhaga
Board Trustee



Ezra Ndwandwe
Board Trustee



Gugu Phakathi
Board Trustee



Puleng Gadebe-Mabaso
Board Trustee

BOARD COMMITTEES

To ensure effective governance and oversight, the Board recognises that it cannot fully discharge all its responsibilities. Accordingly, it has established the following standing committees to assist in the execution of its duties:

- Audit and Risk Committee (ARC)
- Human Resources and Social and Ethics Committee (HRSEC)
- Fundraising and Investment Committee (FIC)

Each committee operates within approved Charters and reports to the Board on its activities and recommendations. Committee membership and the number of meetings held by each committee in 2025/26 are presented below:

Table 13: Committee Membership and Meetings (2025/26)

Committee	No. of meetings held	No. of members	Name of members
Audit and Risk Committee (ARC)	10	4	Nangamso Matebese (Chairperson) Mpho Hlahla Gilberto Martins Gugu Phakathi
Human Resources and Social and Ethics Committee (HRSEC)	6	4	Maseapo Kganedi (Chairperson) Rethabile Kikine Solomuzi Mabuza Ezra Ndwandwe
Fundraising and Investment Committee (FIC)	8	4	Leon Gert Marincowitz (Chairperson) Craig Cornish Lita Mbokotho Busi Mhaga
Chairperson's Meetings	2	4	Craig Cornish (Chairperson) Maseapo Kganedi Nangamso Matebese Leon G. Marincowitz
Ad Hoc Committee	1	4	Craig Cornish (Chairperson) Maseapo Kganedi Nangamso Matebese Leon G. Marincowitz

BOARD REMUNERATION

The following tables disclose the total remuneration paid to Board Members in 2025/26.

Table 14: Board Remuneration (2025/26)

Name	Remuneration	Other allowance	Other re-imbursments	Total
Craig Cornish (Chair)	503 192	-	-	503 192
Maseapo Kganedi (Deputy Chair)	295 994	-	-	295 994
Nangamso Matebese	521 994	-	-	521 994
Leon G. Marincowitz	568 477	-	1 440,88	569 918
Mpho Hlahla	422 772	-	-	422 772
Rethabile Kikine	338 649	-	-	338 649
Gilberto Martins	409 111	-	-	409 111
Solomuzi Mabuza	330 720	-	-	330 720

Name	Remuneration	Other allowance	Other re-imbursements	Total
Lita Mbokotho	426 496	-	-	426 496
Busi Mhaga	424 828	-	-	424 828
Ezra Ndwandwe	357 703	-	-	357 703
Gugu Phakathi	309 170	-	-	309 170
Puleng Gadebe-Mabaso	-	-	-	-

3.4. RISK MANAGEMENT

The Board of Trustees acknowledges its responsibility, in terms of the PFMA, to ensure that an effective, efficient, and transparent system of risk management and internal control is maintained. Enterprise-Wide Risk Management has been implemented in accordance with PFMA and National Treasury Regulations requirements. The Board sets the tone at the top on risk management and is responsible for risk governance through the Audit and Risk Committee (ARC).

GPF recognises that effective risk and opportunity management is fundamental to the achievement of its strategic objectives. Through robust Enterprise-Wide Risk Management principles applied across the entity, the GPF aims to drive business performance, innovation and growth while protecting organisational value and remaining risk aware. The entity regards risk management as a strategic management tool, enabling management to respond in an adaptable and effective manner to the continuously changing environment whilst laying a strong foundation for organisational success. To ensure that Risk Management culture is adequately embedded throughout the entity, GPF conducts a strategic risk assessment on an annual basis to identify and review the organisational strategic risks. Risk assessments are also conducted at Business Units' level to proactively identify risks arising from the day-to-day operations. Continuous monitoring of the risks is carried out by tracking and assessing mitigating strategies. Risk monitoring also enables the identification of new and emerging risks. Risk Monitoring and Progress Reports are submitted to the ARC on quarterly basis.

Taking into consideration the risk highlights of the financial year, credit risk element remains a critical path for GPF, as the entity embarks on deploying adequate resources to implement controls in order to effectively mitigate this risk. GPF has the understanding that emerging risks are the newly evolving risks which were previously unforeseen as threats, which may have impact on organisational objectives. These risks can emerge from internal and external environments, therefore, the entity has established measures to identify and mitigate the risks that could emerge in the course of the financial year.

ENTERPRISE-WIDE RISK MANAGEMENT POLICY AND FRAMEWORK

GPF has developed a comprehensive ERM Risk Management Policy and Framework aligned with leading local and international standards, governance codes, including COSO, ISO standards, and the King IV Report. The Framework provides a consistent and structured approach to identify, assess and monitor the risks across the organisation, whilst the organisational risk universe depicting GPF's business environment is encapsulated within the Policy. The Policy accounts for various levels of responsibilities which expresses the expectations of the Board of Trustees, ARC as well as management in relation to the risk management processes, principles and culture within the entity. The ERM Policy and Framework gets approved by the Board of Trustees.

Based on the business environment that GPF operates in, the entity faces an evolving landscape of Environmental, Social and Governance (ESG) related risks. Understanding the unique impact and dependencies of ESG related risks, it is of vital importance for the organisation to capture and communicate these risks to the governing bodies, and to apply a Risk-based approach to effectively mitigate them.

With the approval of the Environmental, Social and Governance (ESG) Policy by Board in the financial year, GPF undergoes the identification of ESG related risks in partnership with the relevant stakeholders.

COMBINED ASSURANCE

The objective of Combined Assurance is to promote the effective internal control environment and to avoid the duplication of efforts. The aim is to optimise assurance coverage provided by different assurers, such as, management, and internal and external assurance providers on the GPF Risk Management landscape. The following table presents the different lines of assurance providers for the GPF.

Table 15:

Management	Risk Management, Legal and Compliance	Internal Audit	External Audit	Regulators, Forensic and Fraud Examiners	Governing Bodies
Management owns the risks and designs controls, and is responsible for creating a risk-enabling environment and culture.	The Risk Management Function facilitates risk structures, and defines policies and frameworks. The Legal and Compliance Function ensures regulatory compliance.	Internal audit provides objective and independent assurance over the adequacy and effectiveness of internal controls, risk management processes as well as governance.	External Audit provides an independent opinion on the adequacy and effectiveness of internal controls, risk management and governance.	Regulators, Forensic and Fraud Examiners provide regulatory oversight, frameworks and standards.	GDHS, the Board and its Sub-Committees hold the organisation accountable.

RISK APPETITE AND TOLERANCE

Risk appetite and tolerance levels are fundamental elements for successful embedding of effective ERM approach and principles into the organisational business strategies. GPF is committed to establish and set risk appetite and tolerance levels which inform perspective risk-taking. This is to define the amount and extent of risk exposures the entity is willing to take in pursuance of its Mandate and business strategies. The design of risk appetite and tolerance thresholds capture all the material financial and non-financial risks.

3.5. INTERNAL CONTROL UNIT

The GPF does not have a dedicated Internal Control Unit, however, processes are in place to manage risk including the implementation and monitoring of internal control policies, laws and regulations. Furthermore, the GPF has developed an action plan to address internal and external audit findings, which is assessed by internal audit for progress, adequacy and effectiveness. Management addressed most of the previously raised findings during the reporting period and internal audit will continue to track these findings until they are resolved.

3.6. INTERNAL AUDIT UNIT AND AUDIT COMMITTEE

The GPF has an Internal Audit Unit established in terms of Section 51 of the PFMA. The Audit Unit operates independently of management and provides reasonable, proactive, and reactive assurance to the ARC by evaluating the adequacy and effectiveness of governance, risk management and internal control processes.

The Internal Audit Unit operates under an approved Internal Audit Charter which sets out the purpose, nature, role, responsibility, status and authority of the internal audit function, as well as the scope of its activities. Furthermore, it performs its activities in line with a risk-based internal audit plan as approved by the ARC and conducts its processes in accordance with Global Internal Audit Standards.

To achieve full effectiveness, a risk-based strategic approach was adopted which considered the outcomes of the organisation's risk management processes, engagements with management and the external auditor's reports.

ACTIVITIES AND OBJECTIVES OF THE AUDIT AND RISK COMMITTEE (ARC)

The ARC, operating in accordance with an approved charter, assists the Accounting Authority in discharging its oversight responsibilities relating to risk management. The Committee reviews the effectiveness of the risk management system, monitors the management of key risks, and provides assurance that appropriate mitigation measures are implemented.

In addition, the ARC provides independent oversight and advisory support on risk management and internal control matters, and reports to the Accounting Authority on the adequacy and effectiveness of these systems.

The ARC's key activities and objectives for the 2025/26 reporting period include:

- Monitoring and evaluating audit risk processes and the maintenance of internal controls within the GPF;
- Overseeing the external and internal audit processes;
- Applying the combined assurance model to ensure a coordinated approach to all assurance activities;
- Exercising oversight of internal controls and financial reporting;
- Reviewing risks within the GPF operations to be included in the scope of internal and external audits;
- Encouraging continuous improvement and fostering adherence to the GPF's policies, procedures and practices at all levels; and
- Facilitating open communication among the independent auditor, financial and senior management, the internal audit function and the Board of Trustees.

The committee also has specific duties in relation to providing oversight and strategic guidance on:

- Internal and external audit matters;
- Financial reporting and reliability of financial information;
- Risk management and internal control systems;
- Business planning and budget implementation;
- Review of performance information;
- Compliance with laws, regulations and ethics;
- Implementation of a combined assurance model; and
- ICT risks governance.

3.7. COMPLIANCE WITH LAWS AND REGULATIONS

GPF conducts its operations in full compliance with all statutory and regulatory requirements. Its business is underpinned by principles of trust, integrity and accountability, aimed at creating value for all stakeholders, including clients, employees, service providers, funders, partners, and regulators.

To support compliance with all laws and regulations, GPF has developed a Compliance Management Policy that includes a comprehensive Compliance Universe Framework. This framework identifies and tracks all applicable legislation relevant to the business, ensuring that the Board and management have a clear understanding of compliance obligations and associated risks.

Risks arising from non-compliance are effectively identified, assessed and managed through Compliance Risk Management Plans, which helps to prevent potential breaches or contraventions. Such breaches could result in penalties, fines, litigation, and reputational damage, all of which could adversely impact the business of the GPF. The Compliance Universe is reviewed and updated regularly to ensure alignment with new or amended legislative and regulatory requirements.

The GPF promotes a culture of open communication, transparency, and accountability in relation to compliance matters. Training and awareness initiatives are used as strategic mechanisms to cultivate a compliance culture in which ethical conduct and integrity are valued and upheld. These initiatives ensure that employees and stakeholders are kept abreast of legislative and regulatory developments relevant to GPF's operations.

Compliance programmes and policies are implemented and overseen by the Legal and Compliance Unit within the GPF. The Unit is mandated to monitor, promote, and enforce compliance across the organisation. All policies are reviewed on a regular basis to ensure alignment with legislation and GPF's strategic objectives.

3.8. ANTI-FRAUD AND CORRUPTION

GPF has adopted a zero-tolerance stance towards fraud and corruption and has implemented an Anti-Fraud and Corruption Policy and a Whistleblowing Policy, both approved by the Board of Trustees. These policies provide a comprehensive framework for the prevention, detection, reporting, investigation, and management of fraud and corruption risks, while promoting a culture of integrity, accountability, and ethical conduct throughout the organisation.

The Anti-Fraud and Corruption Policy incorporates fraud prevention plans, detection mechanisms, and remedial actions to address fraud and corruption risks effectively. The Whistleblowing Policy supports the confidential and protected disclosure of suspected unethical, fraudulent, or corrupt activities in accordance with the Protected Disclosures Act. Employees, stakeholders, service providers, and members of the public are encouraged to report any suspected wrongdoing through established reporting channels or anonymously via the Whistleblowing Hotline. All reports are treated confidentially and are investigated in accordance with approved procedures to ensure appropriate corrective and disciplinary action is taken where necessary. Through these measures, GPF continues to strengthen its governance framework and reinforce its commitment to transparency, integrity, and ethical leadership.

The Whistleblowing Policy provides a secure mechanism for the reporting of suspected fraud, corruption, unethical conduct, irregularities, or other forms of wrongdoing. The Policy is aligned with the Protected Disclosures Act and is designed to protect whistleblowers who make good-faith disclosures relating to occupational detriment, victimisation, discrimination, harassment, intimidation, or retaliation. To encourage the reporting of concerns, GPF provides independent and confidential reporting channels, including an anonymous Whistleblowing Hotline managed by an independent external service provider. All disclosures are treated with the utmost confidentiality, and the identity of whistleblowers is protected to the extent permitted by law. Reported matters are assessed and investigated in accordance with approved procedures, with appropriate corrective action taken where necessary.

Through these protections, GPF seeks to foster a culture of transparency, accountability, and ethical behaviour, ensuring that employees and stakeholders can raise concerns without fear of reprisal.

3.9. CODE OF CONDUCT

The GPF Code of Conduct and Ethics is a formal policy framework that sets out the values, principles, and expected standards of behaviour for all employees, management, and board members. It serves as a guiding document to:

- Promote ethical behaviour and professional integrity;
- Ensure alignment with GPF's values of accountability, transparency, service excellence, and respect;
- Foster a culture of trust and responsibility within the organisation; and
- Provide a standard for decision-making that reflects good governance and legal compliance.

The Code addresses areas such as conflict of interest, confidentiality, fraud and corruption, abuse of power, political neutrality, and fair treatment of stakeholders.

IMPACT OF THE CODE OF CONDUCT ON THE GPF

The Code of Conduct and Ethics has a positive impact on the GPF by:

- Reinforcing a high-performance and values-driven culture;
- Strengthening public confidence in the organisation's integrity;
- Reducing the risk of misconduct, reputational damage, and legal non-compliance;
- Enhancing governance and accountability across all organisational levels; and
- Supporting consistent and fair treatment of both internal and external stakeholders.

The Code is central to ensuring that employees conduct themselves in a manner that supports the mission and reputation of the GPF as a credible and ethical public entity.

PROCESS FOR HANDLING BREACHES OF THE CODE

Breaches of the Code of Conduct are managed through a formal disciplinary framework and ethics management process designed to ensure fair, consistent, and transparent outcomes. Alleged breaches may be reported through various channels, including line management, Human Capital Management, the whistleblowing platform, complaints email address or anonymous reporting channels. All reported matters are assessed and, where warranted, investigated further in line with relevant approved policies and procedures.

Where breaches are confirmed, appropriate disciplinary action is taken in accordance with the GPF Disciplinary Code and Procedure. Serious matters are escalated to senior management, the ARC, or the Board as required.

To strengthen ethical conduct and prevent recurrence, corrective actions may include awareness and training interventions, counselling, process improvements, and policy reviews. The Code of Conduct is reviewed periodically to ensure continued alignment with applicable legislation, governance standards, and evolving ethical and integrity risks within the public sector environment.

3.10. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

The GPF remains committed to maintaining a safe, healthy, and environmentally responsible working environment in compliance with the provisions of the Occupational Health and Safety Act (OHSA) and other applicable legislation and regulations.

OCCUPATIONAL HEALTH AND SAFETY

During the reporting period, the GPF continued to strengthen its occupational health and safety systems, improve environmental awareness, and promote the wellbeing of employees, stakeholders, service providers, and members of the public who interact with its operations.

The GPF recognises that effective health, safety, and environmental management are critical to operational efficiency, employee wellbeing, stakeholder confidence, and sustainable service delivery. The organisation continues to align its operations with the requirements of the OHSA and related regulations, while fostering a culture of safety, accountability, and environmental stewardship.

ENVIRONMENTAL MANAGEMENT

The GPF remains committed to environmentally responsible operations and sustainable resource management. During the reporting period, key environmental initiatives included:

- Promoting energy efficiency and responsible water consumption;
- Monitoring waste management and disposal practices;
- Encouraging recycling and reducing paper usage where possible;
- Ensuring that maintenance activities are conducted in a manner that minimises environmental impact; and
- Raising environmental awareness among employees and service providers.

The GPF acknowledges the importance of environmental sustainability in achieving its long-term organisational objectives and remains committed to continuously improving its environmental management practices and reducing its environmental footprint.

3.11. COMPANY SECRETARY

Although the GPF is not obliged to appoint a Company Secretary in terms of its Trust Deed, the Board has elected to do so as part of its commitment to maintaining high standards of corporate governance. The Company Secretary plays a pivotal role in supporting the Board and Management in the application of good governance practices and ensuring compliance with applicable legislative and regulatory requirements.

During the 2025/26 financial year, the Company Secretary continued to provide governance support to the Board and its committees, ensuring compliance with and adherence to statutory obligations, facilitating effective decision-making processes, and promoting sound governance practices across the organisation.

KING IV COMPLIANCE

The GPF is committed to robust governance structures and continuously strengthening its governance practices in response to evolving legislative requirements and recognised best practice. The GPF's governance framework and practices for the reporting period were aligned with the principles and recommended practices of King IV Report on Corporate Governance for South Africa, 2016. The Board continued to apply and explain the King IV principles in a manner appropriate to the entity's mandate, size and complexity, with a focus on ethical and effective leadership, good governance, responsible corporate citizenship, and sustainable value creation.

Throughout the reporting period, the Board applied and explained the principles and recommended practices of King IV in a manner proportionate to the entity's mandate, operating environment, size, and complexity. This approach supported the advancement of ethical and effective leadership, good governance, responsible corporate citizenship, and the sustainable creation of value for stakeholders.

An assessment of the entity's application of, and performance against, the King IV principles and recommended practices is set out below.

Table 16: Application of the Principles of the King IV Report on Corporate Governance

Principle	Description	Recommended Practice	Application Status	Extent of Application	Action for Improvement	Status Update
1	The governing body should lead ethically and effectively	Development and implementation of a governance framework and related policies that promote effective and ethical leadership	Applied	The Board aspires for continuous improvement in this area and has ensured the development of policies and programmes that aim to inculcate ethical culture in the organisation. The implementation of these policies and programmes is at an early stage and is being monitored on a quarterly basis.	Implementation of the Revenue Generation Strategy.	Ongoing
					Evaluation and review of the usage of the Whistleblowing Hotline.	Quarterly. This is included in the Legal and Compliance Report. A service provider who will manage the GPF whistle-blowing hotline has been appointed.
					Code of Conduct, Anti-Fraud and Compliance reporting maintained.	Ongoing
2	The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.	The governing body should ensure that the organisation is, and is seen to be, a responsible corporate citizen.	Applied	The Board aspires for continuous improvement in this area and has ensured the development of policies and programmes that aim to inculcate ethical culture in the organisation.	The HRSEC has continued to implement the Social and Ethics Programme in 2025/26.	Quarterly
					Strategic partnerships expanded and ESG-related governance continues to be embedded in operations.	Continuous 4 MOAs established with partners in 2025/26

Principle	Description	Recommended Practice	Application Status	Extent of Application	Action for Improvement	Status Update
3	The governing body should ensure that the organisation is and is seen to be a responsible citizen.	Development and implementation of a Social and Ethics Programme to give effect to the mandate of the Board, as delegated to the HRSEC.	Applied	As articulated in the Social and Ethics Programme Update Report, various activities are being implemented to ensure that the organisation operates in a manner that aligns with good corporate citizenship.	Quarterly reporting on the implementation of the S&E Programme for 2025/26.	Quarterly
		Development of an ESG Policy to, among other things, reduce the entity's impact on the environment.	Applied	There is no ESG Policy in place.	ESG Guidelines have been developed and will be presented to the Board on recommendation of the HRSEC.	ESG guidelines were presented to the HRSEC in March 2025 and to the Board in May 2025.
		Development of a Sponsorship Policy aimed at enhancing the GPF's impact on the communities in which it operates.	Applied	Completed. The Sponsorship Policy is in place.	N/A	N/A
		Implementation of a CSI initiative for 2024/25.	Applied	Implementation of the CSI policy through support for CSI initiatives.	Identification and implementation of a CSI project.	31 March 2026
4	The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all interconnected and integral elements of the value creation process.	Setting of the organisation's five-year strategy, ensuring sustainable revenue, and conducting an annual risk assessment exercise to evaluate the effectiveness of existing risk mitigation strategies and identify emerging risks.	Applied	A Strategic Plan and APP are currently being implemented for the 2024/25 financial year. A Strategic Planning Session with the Board was held in September 2024, to review the mid-year strategy and current year APP.	Board approval of the final strategic plan for 2025/26 – 2029/30 and the APP for 2025/26.	Completed
				New 2025/26–2029/30 Strategic Plan and Revenue Generation Strategy developed and implemented.	Board approval of the Strategic Plan and Revenue Generation Strategy	Completed

Principle	Description	Recommended Practice	Application Status	Extent of Application	Action for Improvement	Status Update
5	The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance and its short, medium- and long-term prospects.	The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance and its short, medium- and long-term prospects.	Applied	The Board ensures that the AFS comply with GRAP as well as the PFMA requirements. The AFS are audited by the AGSA to ensure that they correctly represent the financial position of the organisation. The GPF's Annual Report includes a Chairperson's Foreword and a CEO's Overview, which outline the factors influencing the organisation's current performance and highlight opportunities for future development. The Annual Report and AFS are made publicly available on the GPF website.	Quarterly reporting to the Board on the organisation's performance, including the submission of quarterly interim financial statements, is an established and ongoing practice.	Ongoing, on a quarterly basis and annually for the Annual Report.
6	The governing body should serve as the focal point and custodian of corporate governance within the organisation.	The development and implementation of a governance framework guides and directs the role, responsibilities and conduct of the Board. This framework includes the Board Charter, Committee Charters, Delegation of Authority and other relevant policies that ensure good governance.	Applied	The development and implementation of standard operating procedures across the organisation have reinforced good practices and compliance with corporate governance principles. The Board leads by example and regularly reviews policies and implements changes to improve corporate governance compliance. All organisations's policies affecting external parties are available on the website. Staff members can access all policies on Sharepoint.	Completed	Ongoing

Principle	Description	Recommended Practice	Application Status	Extent of Application	Action for Improvement	Status Update
7	The governing body should comprise an appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.	The Board should comprise members with the necessary depth of skills and expertise to lead the organisation. The Board believes that this facilitates richer debate, fosters independent decision-making and promotes the entrenchment of good governance policies and practices.	Applied	The Board comprises an appropriate balance of skills and experience. Areas of continuous development in the Risk Management and IT areas have been identified.	Training and development opportunities on IT governance and risk management are provided to ARC members, as the Committee oversees IT governance and risk management.	Completed. The training of the Board on Risk Management was implemented.
8	The governing body should ensure that its delegation arrangements within its structures promote independent judgement and assist with balance of power and the effective discharge of its duties.	The constitution of Board committees should ensure a balanced distribution of power; prevent undue reliance being placed on any individual member and manage the risk of any individual member dominating decision-making.	Applied	The non-executive trustees do not participate in the day-to-day operations of the organisation. The Board has approved a delegation of authority through which it delegates some of its functions to its subcommittees and the CEO.	Completed	Completed
9	The governing body should ensure that the evaluation of its own performance as well as that of its committees, its Chairperson and its individual members, and support continued improvement in its performance and effectiveness.	An independent evaluation of the Board, its Committees and its Chairperson is conducted every two years, with internal informal evaluation carried out in the alternate years.	Applied	The Board and its Committees are evaluated based on their performance against their respective charters and annual work plans.	Conducting an internal performance assessment of the Board and its Committees against their charters and annual work plans.	A report on the internal performance assessment was presented at the July 2025 Committee and Board meetings.

Principle	Description	Recommended Practice	Application Status	Extent of Application	Action for Improvement	Status Update
10	The governing body should ensure that the appointment of, and delegation to, management contributes to role clarity and the effective exercise of authority and responsibilities.	The Board Charter should clearly specify the roles of the Board, Chairperson and the CEO, who is accountable and reports to the Board, while also serving as the main link between Management and the Board. The CEO is responsible for the implementation and execution of the approved strategy, policy, and APP.	Applied	The Board has ensured that a full complement Executive Management is appointed and authority is delegated accordingly to the CEO and further delegation to the Executive team.	A succession planning framework for the Executive Management and other key positions has been developed to ensure continuity of leadership. Consultation on the implementation plan is underway.	Completed
11	The governing body should govern risk in a manner that supports the organisation in setting and achieving its strategic objectives.	The Board should set the direction for how risk management is approached and addressed within the organisation. The ARC is responsible for overseeing and guiding Management's implementation of an effective framework and associated plans.	Applied	The Board has approved a Risk Management Strategy and Policy and reviews the organisation's strategic risks annually. Through quarterly reports to the ARC, the Board is kept abreast of risk monitoring activities and the implementation of mitigation measures for existing risks.	Ongoing	Ongoing

Principle	Description	Recommended Practice	Application Status	Extent of Application	Action for Improvement	Status Update
12	The governing body should govern technology and information management in a manner that supports the organisation in setting and achieving its strategic objectives.	The Board should exercise ongoing oversight of technology and information governance. It may delegate the authority for setting the technology governance approach to the ARC, which includes adopting appropriate frameworks and standards, and managing related information and technology risks.	Applied	The governing body reviews the organisation's information and technology requirements and ensures that systems are upgraded and updated as necessary to achieve strategic objectives.	Ongoing	Ongoing
13	The governing body should oversee compliance with applicable laws, as well as adopted non-binding rules, codes and standards, in a manner that supports the organisation's commitment to ethical conduct and responsible good corporate citizenship.	The Board is accountable for the entity's compliance with applicable laws, regulations, codes and standards. As such, it is responsible for providing strategic oversight and ensuring legislative and regulatory compliance.	Applied	The Board promotes compliance with all relevant laws and statutory requirements and ensures that the organisation develops and implements policies that enable compliance. These policies are made accessible to all staff on the GPF SharePoint.	N/A	Ongoing
14	The governing body should ensure that the organisation remunerates fairly, responsibly and transparently to support the achievement of strategic objectives and to promote positive outcomes in the short, medium and long term.	The Board should approve a Remuneration Policy that supports fair, responsible and transparent remuneration.	Applied	The Board has established the HRSEC, which is responsible for determining the organisation's Remuneration Policy for recommendation to the Board.	A Board Remuneration Policy is in place and aligns with the National Treasury Regulations for remuneration of public entity Board members.	Completed. Board remuneration policy approved and implemented.

Principle	Description	Recommended Practice	Application Status	Extent of Application	Action for Improvement	Status Update
15	The governing body should ensure that assurance services and functions enable an effective control environment and uphold the integrity of information used for internal decision-making and external reporting.	Adoption of a combined assurance framework. ARC oversight of the application of the combined assurance framework.	Applied	The ARC is responsible for ensuring the appointment of the organisation's internal auditors. The auditors review the controls and integrity of the information and report their findings to Management and the Board for effective decision-making. The Board also considers all management letter points received from the external auditors (AGSA) and takes necessary action to mitigate the risk and/or lack of control that has been identified. The internal auditors further identify any breakdowns in controls and risks within the organisation through the execution of a risk based internal audit plan.	N/A	Ongoing
16	In executing its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation.	Development of a stakeholder management strategy and oversight of its implementation.	Applied	The Board aspires to take a stakeholder-inclusive approach in its corporate governance role. A stakeholder mapping process was conducted, resulting in the development of a Stakeholder Management Policy. The implementation of the policy is monitored and reported on a quarterly basis.	N/A	Ongoing

3.12. SOCIAL RESPONSIBILITY

Building on the mandate of the GPF to enhance the lives of the people of Gauteng through inclusive economic growth, the entity continued to prioritise its role as a caring corporate citizen in the period under review. As an implementing agency of the GDHS, the GPF remains mindful of its responsibility to support and uplift communities across the province, embodying the spirit of Ubuntu within the areas in which it operates and works.

This commitment is underscored by the successful implementation of the Corporate Social Investment (CSI) Policy, designed to deliver lasting qualitative and quantitative benefits to intended beneficiaries. The focus areas of the CSI Policy encompass:

- Education, with a particular emphasis on property development programmes.
- GEYODI empowerment initiatives.
- Environmental Sustainability-focused initiatives; and
- Discretionary (disaster/humanitarian relief, welfare, charity, organised faith groups).

During the period under review, the GPF implemented a successful CSI project, representing a meaningful advancement in its commitment to community upliftment. Following a recommendation by the CSI Committee and approval by the Executive Committee, the project was undertaken at Kideo Nursery and Day Care, an organisation dedicated to supporting disadvantaged communities in Gauteng, with a focus on children, youth, women, and persons with disabilities.

The project comprised the following refurbishments and installations:

- Wall painting and artwork throughout the facility
- Geyser fittings and installation
- Toilet fittings and installation
- Water tank with infiltration system and installation

These improvements have strengthened compliance and enhanced the quality of the Early Childhood Development (ECD) environment, creating a safer and more conducive space for learning and care. A handover ceremony marked project completion. At the ceremony, clothing and non-perishable food donated by GPF staff were handed over to the facility. This initiative exemplifies the GPF's commitment to meaningful impact in Gauteng communities.



3.13. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2026.

AUDIT AND RISK COMMITTEE (ARC) RESPONSIBILITY

The ARC was established by the Board pursuant to Section 77 of the Public Finance Management Act 1 of 1999 (PFMA) read together with Treasury Regulation 27. The committee has complied with its statutory responsibilities as required by section 51 (1)(a)(ii) of the PFMA and Treasury Regulation 27.1. It has discharged its responsibilities and provided oversight and strategic guidance on several areas which included the following:

- Internal audit and external audit matters;
- Risk management;
- Financial information, budgeting and reporting;
- APP and reported performance;
- Strategic planning;
- Internal control systems;
- Development of policies and compliance with same, laws and regulations;
- Implementation of a combined assurance model; and
- ICT risks governance.

The Accounting Authority has therefore ensured that the entity maintained an effective system of internal audit under the direction of the ARC that complied with all applicable regulations. Governed by a formal ARC Charter, the committee regulated its affairs and discharged its responsibilities, which included reviewing and effecting changes in accounting, risk and governance standards, policies and practices.

THE EFFECTIVENESS OF THE INTERNAL CONTROL ENVIRONMENT

The ARC believes that the internal control systems of the GPF are effective and provide a reasonable foundation for creating reliable annual financial statements for the 2025/26 financial year. This view is based on the results of the Internal Audit's evaluation of internal controls which followed a risk based internal audit plan, the risk management processes in place, corporate governance, and a careful review of detailed information provided to it by management, as well as discussions held with the external auditors.

Following a detailed annual Internal Audit plan, Internal Audit has identified specific areas of concern that require improvement in the internal control environment, with recommendations on corrective measures. The following internal audit work was completed during the year under review:

- 2025 FYE Annual Performance Report Review
- 2025 FYE Draft Annual Financial Statements Review
- Audit of Performance Information Q4 of 2025 FYE
- Follow up audits (AGSA post-audit action plan implementation)
- Review of Q2 of 2026 FYE Financial Statements
- Audit of Performance Information Q1 of 2026 FYE
- Audit of Performance Information Q2 of 2026 FYE
- Audit of Performance Information Q3 of 2026 FYE
- Employee Performance Management Review FYE

The following reflect critical areas of concern identified and recommended for improvement, to further improve effectiveness of internal controls:

- The employee performance management process;
- The process of reporting organisational performance information;
- The financial reporting process; and
- The implementation of the action plan regarding all the prior year audit findings raised.

INTERNAL AUDIT FUNCTION

The Internal Audit function operates independently of all line and functional management and provided the committee and management with an independent, risk-based and objective assurance, advice, insight and foresight on governance, risk management and internal control processes of the organisation.

In terms of the treasury regulations section, Internal Audit's function includes:

The ARC is responsible for ensuring that the GPF has an independent internal audit unit that functions in line with the applicable laws and regulations. The Committee reviewed and approved an Internal Audit Charter which regulates its roles, the relationship between the Unit and the GPF, as well as outlining roles and responsibilities of all the parties involved in the internal controls processes. An Annual Internal Audit Plan and a Three-Year Risk-Based Audit Plan were reviewed and approved by the Committee for implementation.

Challenges were experienced regarding adequately capacitating the unit; however, this has since been addressed, with additional resources and capacity being procured.

RISK MANAGEMENT

The Board has an overall responsibility for effective risk management of the entity, and ARC plays a critical role in risk governance within the entity by providing oversight on the ERM Framework.

Through effective Enterprise-Wide Risk Management Framework, the GPF endeavours to drive business performance and service delivery, while maintaining good governance and long-term sustainability.

In maintaining a culture of risk management throughout the organisation, Risk reports are submitted to the committee on a quarterly basis, while a Strategic Register is maintained, and monitored by the Board - as part of its oversight role.

Through the Audit & Risk Committee, the Board holds management responsible and accountable to adequately implement risk management strategies with purpose to mitigate the risks and drive growth.

In the year under review the committee reviewed and updated the following:

- Risk Appetite and Tolerance Framework – which describes appetite and tolerance levels that the entity is willing to accept in pursuit of its mandate and business strategies
- Risk Management Policy and Framework
- ESG Policy

The committee has discharged its responsibilities through monitoring the entity's risk landscape, including emerging risks. The committee also played a role in the review of annual organisational risk register.

EXTERNAL AUDITORS

The committee has reviewed and approved the engagement letter, external audit strategy, and budget for the external audit for the period under review. The committee has also reviewed the Auditor-General's Audit Report, Management Report and management's response thereto. Reviews and discussions have been held between the committee, the Auditor-General and management on the audited AFS.

IN-YEAR MANAGEMENT AND MONTHLY/QUARTERLY REPORT

The GPF has submitted quarterly performance reports against the APP and the quarterly financial statements for review by the Audit and Risk Committee (ARC) and noting by the Board of Trustees.

EVALUATION OF FINANCIAL STATEMENTS

The Committee has reviewed the annual financial statements prepared by the GPF for the year ended 31 March 2026 and is satisfied that these statements were prepared in accordance with the South African Standards of GRAP issued by the South African Accounting Standards Board, and in compliance with the requirements of the PFMA.

AUDITOR'S REPORT

The Committee has reviewed GPF's implementation plan for audit issues raised in the prior year and is satisfied that the matters have been adequately resolved except for the following which resulted in the plan not being fully implemented:

- Concerns regarding some disclosure notes to the financial statements; and
- Concerns regarding the cashflow statement and related note.

Although the implementation of the action plan was not fully achieved, the audit committee took strides in providing oversight on financial reporting and ensured that this did not affect the audit outcomes for the year. We are pleased that the GPF has maintained the unqualified without findings overall audit outcome (a clean audit). The final Audit Report and Management Reports issued by the Auditor General have been reviewed by the committee and discussed with the Auditor-General. Therefore, the ARC 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.



Nangamso Matebese

Chairperson of the Audit Committee
Gauteng Partnership Fund



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3.14. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

The following table provides a summary of the GPF's B-BBEE compliance for the 2025/26 reporting period, in line with the reporting requirements set out by the B-BBEE Commission.

Table 17: B-BBEE Compliance Information

Has the GPF applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:		
Criteria	Response	Explanation
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law	No	Not in the current financial year
Developing and implementing a preferential procurement policy	No	GPF has adopted and is implementing the preferential procurement policy as issued by National Treasury through its Supply Chain Management (SCM) policy
Determining qualification criteria for the sale of state-owned enterprises	No	Not in the current financial year
Developing criteria for entering into partnerships with the private sector	No	Not in the current financial year
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment	No	Not in the current financial year



Pisces Star | Auckland Park





PART D: **HUMAN RESOURCE MANAGEMENT**

4.1. OVERVIEW OF HR MATTERS

The Human Capital Management (HCM) function continued to play a strategic role in enabling the GPF to fulfil its strategic objectives. During the 2025/26 financial year, the HCM unit focused on strengthening organisational capability, improving talent management, ensuring legislative compliance, driving a performance-based culture, and supporting employee wellbeing and retention.

The HCM Unit successfully implemented the majority of its APP targets and programmes, culminating in an overall annual implementation achievement of the targeted 95%.

Throughout the year, the organisation maintained compliance with all statutory obligations, implemented leadership and culture transformation initiatives, strengthened employee wellness programmes, and enhanced organisational development through training and succession planning interventions.

HR PRIORITIES FOR 2025/26

The key Human Capital Management (HCM) priorities for the 2025/26 financial year included:

- Implementation of the Human Capital Management Annual Plan;
- Strengthening organisational capability through training and development;
- Driving a performance management culture;
- Implementing culture transformation initiatives;
- Ensuring legislative compliance;
- Advancing succession planning and leadership development; and
- Enhancing employee wellness and organisational culture.

In 2025/26, the South African Board for People Practices (SABPP) completed an audit of HCM processes against the People Practices & Governance Standards. The organisation achieved a positive outcome in the assessment and has officially received certification from South African Board for People Practices.

Implementation of the above priorities yielded positive outcomes for the organisation, including:

- Achievement of the approved HCM Plan by year-end;
- Completion of the Leadership Development Programme for Executives and Managers through the University of Pretoria;
- Improved organisational culture through wellness initiatives, staff engagement sessions, values-based recruitment practices, and culture change interventions;
- Successful implementation of 18 out of 18 culture change interventions by the fourth quarter; and
- Strengthened compliance and governance through timely submission of statutory reports and maintenance of good standing with relevant regulatory bodies.

WORKFORCE PLANNING AND RECRUITMENT STRATEGIES

The organisation continued to implement workforce planning initiatives aimed at attracting, developing, and retaining skilled employees aligned to organisational needs and strategic objectives.

The HCM Strategy for 2026–2031 was developed to position the organisation to effectively respond to the evolving human capital environment, digital transformation, and revenue generation objectives. The strategy focuses on strengthening workforce capability, improving talent management maturity, and aligning human capital priorities with business needs.

Recruitment and selection processes were continuously implemented throughout the year to ensure that critical and funded positions were filled. By the end of the financial year:

- 50 of the 54 approved and funded positions had been filled and this excludes temporary employees and interns;
- The organisation maintained a vacancy rate within the acceptable benchmark of 10%.

Additional workforce planning initiatives included:

- Finalisation of the Succession Planning Framework and identification of successors for critical positions;
- Implementation of bursary support programmes for employees pursuing formal qualifications; and
- Ongoing training, conferences, and professional development interventions aimed at improving organisational capability.

EMPLOYEE PERFORMANCE MANAGEMENT FRAMEWORK

The organisation continued to strengthen the implementation of its Performance Management System (PMS) to support accountability, performance excellence, and alignment between employee outputs and organisational objectives.

Key performance management achievements during the year included:

- Completion of final appraisals for the 2024/25 performance cycle;
- Achievement of 100% submission of performance contracts for the 2025/26 financial year;
- Completion of moderation processes for staff, with moderation outcomes audited by Internal Audit and approved by the Executive Committee; and
- Ongoing quarterly performance review processes to improve accountability and monitoring of employee performance.

The organisation also continued to embed a high-performance culture through leadership development, culture transformation programmes, and values-based management approaches.

EMPLOYEE WELLNESS PROGRAMMES

Employee wellness remained a key focus area during the year under review. The organisation implemented various wellness and occupational health initiatives aimed at promoting employee wellbeing, mental health awareness, and organisational morale.

Key wellness initiatives included:

- Ongoing partnership with Lyra Health to provide psychological support, wellness webinars, and employee assistance services;
- Wellness sessions covering financial wellness, mental health awareness, stress and burnout management, GBV awareness, and World AIDS Day campaigns;
- Implementation of the “Reset Week – Wellness Activation” initiative in partnership with Virgin Active;
- Development of quarterly wellness calendars to coordinate employee wellbeing activities; and
- Regular occupational health and safety programmes, including evacuation drills and compliance monitoring.

These interventions contributed positively to employee participation, awareness of mental health support services, and overall organisational morale.

POLICY DEVELOPMENT

During the reporting period, the HCM Unit continued to strengthen governance and policy alignment through the development and implementation of strategic human capital frameworks and programmes.

Key policy and strategic developments included:

- Development and refinement of the Human Capital Management Strategy 2026–2031;
- Development and implementation of the Culture Change Management Programme and annual project plan;
- Finalisation and presentation of the Succession Plan;
- Implementation of the Labour Relations Strategy and associated activities; and
- Ongoing review and alignment of organisational structures and grading through the job evaluation process for Grade C positions and below.

HIGHLIGHTS FOR 2025/26

The HCM Unit achieved several notable milestones during the 2025/26 financial year, including:

- Achievement of the approved HCM Plan;
- Successful completion of the Leadership Development Programme for Executives and Managers;
- Completion of all 18 culture transformation interventions under the Culture Change Programme;
- Timely submission of all statutory reports, including Annual Training Report (ATR) and Workplace Skills Plan (WSP), Compensation for Occupational Injuries and Diseases Act (COIDA), South African Revenue Services (SARS), and Employment Equity reports;
- Successful implementation of the first phase of grading adjustments for Grade C and below positions;
- Maintenance of zero reported workplace health and safety incidents throughout the year; and
- Significant investment in employee training and development initiatives.

The GPF successfully achieved SABPP certification following an independent assessment of its Human Capital Management practices against the People Practices and Governance Standards, confirming alignment with recognised HR governance and professional standards.

KEY CHALLENGES

Despite the positive achievements recorded during the year, several challenges impacted the implementation of some HCM initiatives. These included:

- Delays in performance moderation processes due to requests for additional information and audit-related dependencies;
- Regretted employee turnover and resignations that impacted recruitment levels; and
- Ongoing alignment of the HCM Strategy with the new Revenue Generation Strategy prior to final approval.

FUTURE HR PLANS / GOALS

In the next financial year, the HCM Unit will continue to focus on strategic initiatives aimed at strengthening organisational capability and supporting organisational sustainability.

Key priorities for the upcoming period include:

- Implementation of the HCM strategy 2026-2031 in support of the Revenue Generation Strategy;
- Continued implementation of succession planning and talent management initiatives;
- Strengthening performance management and accountability mechanisms;
- Continued investment in employee learning, leadership development, and bursary support programmes;
- Enhancement of employee wellness and organisational culture interventions;
- Strengthening employment equity and transformation initiatives; and
- Supporting digital transformation and organisational growth through strategic workforce planning.

4.2. HUMAN RESOURCE OVERSIGHT STATISTICS

The following is a summary of the Human Resource statistics for the GPF for the 2025/26 reporting period.

PERSONNEL RELATED EXPENDITURE

Table 18: Personnel Cost by Business Division

Business Divisions	Total Expenditure for the entity (R)	Personnel Expenditure (R)	Personnel Expenditure as a % of total exp. (R)	No. of employees	Average personnel cost per employee (R)
Office of the CEO	13 339 587	13 339 587	21,01%	10	1 333 959
Corporate Services Division	20 164 226	20 164 226	31,75%	18	1 120 235
Finance Division	17 281 694	17 281 694	27,21%	17	1 016 570
Investment & Development Division	11 796 162	11 796 162	18,57%	12	983 014
Interns	924 868	924 868	1,46%	19*	48 677
TOTAL	63 506 537	63 506 537	100,00%	76 **	

*Table 18 and 19 takes into account the nineteen (19) interns who were appointed in terms of section 18.2 of the Skills Development Act. They are not employees of the GPF and were remunerated during the financial year.

** Three (3) temporary employees were appointed and were remunerated during the financial year.

Table 19: Personnel Cost by Occupational Level

Salary Band / Occupational Level	Personnel Expenditure (R)	% of personnel Expenditure to total personnel cost (R)	No. of employees	Average personnel cost per employee (R)
Top and Senior Management	13 473 666	21,22%	6	2 245 611
Professional qualified	22 754 802	35,83%	13	1 750 369
Skilled	25 252 967	39,76%	35	721 513
Semi-skilled	1 100 235	1,73%	3	366 745
Interns	924 868	1,46%	19	48 677
TOTAL	63 506 537	100,00%	76 **	

Table 20: Training Costs

Programme/activity/objective	Training Expenditure (R)
Bursaries	235 551
Short courses unit standard based	782 288
Short courses non-unit standard based	270 518
TOTAL	1 288 357

Table 21: Employment and Vacancies by Business Division

Business Division	No. of Employees	Vacancies	% of vacancies
Office of the CEO	9	2	3,70%
Corporate Services Division	19	1	1,85%
Finance Division	16	1	1,85%
Investment & Development Division	10	-	-
TOTAL	54	4	7,40%

During the reporting period, the organisation had two critical vacancies: the Chief Investment and Development Officer and the Company Secretary. The Chief Investment and Development Officer position is currently frozen and is therefore not reflected in the table above. The position will be reviewed during the next reporting period to ensure alignment with the Revenue Generation Strategy.

Table 22: Employment and Vacancies by Occupational Level

Salary Band / Occupational Level	2024/25 No. of Employees	2025/26 Approved Posts	2025/26 No. of Employees	2025/26 Vacancies	% of vacancies
Top & Senior Management	6	5	5	-	-
Professional qualified	13	14	12	2	3,70%
Skilled	29	31	30	1	1,85%
Semi-skilled	3	4	3	1	1,85%
Unskilled	1	-	-	-	-
TOTAL	52	54	50	4	7,40%

EMPLOYMENT CHANGES

Table 23: Employment Changes in 2025/26

Salary Band / Occupational Level	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top & Senior Management	6	-	1	5
Professional qualified	13	1	2	12
Skilled	30	3	2	30
Semi-skilled	3	-	-	3
Unskilled	1	-	-	-
Total	53	4	5	50

Table 24: Reasons for Staff Leaving

Reason	Number	% of total no. of staff leaving
Death	-	-
Resignation	5	100%
Dismissal	-	-
Retirement	-	-
Ill health	-	-
Expiry of contract	-	-
Other	-	-
Total	5	100%

Table 25: Labour Relations: Misconduct and Disciplinary Action

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

EQUITY TARGET AND EMPLOYMENT EQUITY STATUS

Table 26: Equity Demographics - Male

Levels	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top & Senior Management	0	0	0	0	1	0	0	0
Professional qualified	5	0	0	0	0	0	0	0
Skilled	13	1	1	0	0	0	0	0
Semi-skilled	0	0	0	0	0	0	0	0
TOTAL	18	1	1	0	1	0	0	0

Table 27: Equity Demographics - Female

Levels	FEMALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top & Senior Management	2	0	1	0	0	0	1	0
Professional qualified	7	0	0	0	0	0	0	0
Skilled	13	0	2	0	0	0	1	0
Semi-skilled	3	0	0	0	0	0	0	0
TOTAL	25	0	3	0	0	0	2	0

Table 28: Equity Demographics - Persons Living with Disabilities

Levels	Disabled Staff			
	Male		Female	
	Current	Target	Current	Target
Top & Senior Management	0	0	0	0
Professional qualified	1	0	0	0
Skilled	0	0	0	0
Semi-skilled	0	0	0	0
Unskilled	0	0	0	0
TOTAL	1	0	0	0





PART E:

PFMA COMPLIANCE REPORT

5.1. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE AND MATERIAL LOSSES

IRREGULAR EXPENDITURE

Table 29: Reconciliation of Irregular Expenditure

Description	2025/26	2024/25
	R'000	R'000
Opening balance	49 622	43 984
Adjustment to opening balance	-	-
Opening balance as restated	-	-
Add: Irregular expenditure confirmed	79	5 638
Less: Irregular expenditure condoned	-	-
Less: Irregular expenditure not condoned and removed	-	-
Less: Irregular expenditure recoverable ¹	-	-
Less: Irregular expenditure not recoverable and written off	-	-
Closing balance	49 701	49 622

For the current financial year, no irregular expenditure was incurred.

Reconciling notes:

Description	2025/26	2024/25
	R'000	R'000
Irregular expenditure that was under assessment	-	-
Irregular expenditure that relates to the prior year and identified in the current year	-	-
Irregular expenditure for the current year	79	5 638
Total	79	5 638

Table 30: Details of Irregular Expenditure (under assessment, determination, and investigation)

Description ²	2025/26	2024/25
	R'000	R'000
Irregular expenditure under assessment	-	-
Irregular expenditure under determination	79	49 622
Irregular expenditure under investigation	-	-
Total	79	49 622

For the current financial year, no irregular expenditure was incurred.

Table 31: Details of Irregular Expenditure Condoned

Description	2025/26	2024/25
	R'000	R'000
Irregular expenditure condoned	0	-
Total	0	-

For the current financial year, no irregular expenditure was incurred.

1. Transfer to receivables

2. Group similar items

Table 32: Details of Irregular Expenditure Removed (not condoned)

Description	2025/26	2024/25
	R'000	R'000
Irregular expenditure NOT condoned and removed	-	-
Total	-	-

Table 33: Details of Irregular Expenditure Recoverable

Description	2025/26	2024/25
	R'000	R'000
Irregular expenditure recoverable	-	-
Total	-	-

Table 34: Details of Current and Previous Year Irregular Expenditure Written-off (irrecoverable)

Description	2025/26	2024/25
	R'000	R'000
Irregular expenditure written-off	-	-
Total	-	-

The GPF did not experience any non-compliance cases or irregular expenditure where an institution is involved in an inter-institutional arrangement.

No disciplinary or criminal steps were taken as a result of irregular expenditure.

FRUITLESS AND WASTEFUL EXPENDITURE

Table 35: Reconciliation of Fruitless and Wasteful Expenditure

Description	2025/26	2024/25
	R'000	R'000
Opening balance	216	216
Adjustment to opening balance	-	-
Opening balance as restated	-	-
Add: Fruitless and wasteful expenditure confirmed	-	-
Less: Fruitless and wasteful expenditure recoverable ³	-	-
Less: Fruitless and wasteful expenditure not recoverable and written-off	-	-
Closing balance	216	216

Reconciling notes:

Description	2025/26	2024/25
	R'000	R'000
Fruitless and wasteful expenditure that was under assessment	-	-
Fruitless and wasteful expenditure that relates to the prior year and identified in the current year	-	216
Fruitless and wasteful expenditure for the current year	-	-
Total	-	216

3. Transfer to receivables

Table 36: Details of Fruitless and Wasteful Expenditure (under assessment, determination, and investigation)

Description ⁴	2025/26	2024/25
	R'000	R'000
Fruitless and wasteful expenditure under assessment	-	-
Fruitless and wasteful expenditure under determination		216
Fruitless and wasteful expenditure under investigation	-	-
Total		216

Table 37: Details of Fruitless and Wasteful Expenditure Recoverable

Description	2025/26	2024/25
	R'000	R'000
Fruitless and wasteful expenditure recoverable	-	-
Total	-	-

Table 38: Details of Fruitless and Wasteful Expenditure not Recoverable and Written-off

Description	2025/26	2024/25
	R'000	R'000
Fruitless and wasteful expenditure written-off	-	-
Total	-	-

No disciplinary or criminal steps were taken as a result of fruitless and wasteful expenditure.

5.2. ADDITIONAL DISCLOSURE RELATING TO MATERIAL LOSSES IN TERMS OF PFMA SECTION 55(2)(b)(i) &(iii)

Table 39: Details of Material Losses Through Criminal Conduct

Material losses through criminal conduct	2025/26	2024/25
	R'000	R'000
Theft	-	-
Other material losses	-	-
Less: Recoverable	-	-
Less: Not recoverable and written-off	-	-
Total	-	-

There were no other material losses to report in 2025/26, either recoverable or non-recoverable and written-off.

4. Group similar items

5.3. LATE AND/OR NON-PAYMENT OF SUPPLIERS

Table 40: Late and or Non-payment of Suppliers

Description	Number of invoices	Consolidated Value
		R'000
Valid invoices received	598	162 127
Invoices paid within 30 days or agreed period	598	162 127
Invoices paid after 30 days or agreed period	-	-
Invoices older than 30 days or agreed period (unpaid and without dispute)	-	-
Invoices older than 30 days or agreed period (unpaid and in dispute)	-	-

5.4. SUPPLY CHAIN MANAGEMENT

PROCUREMENT BY OTHER MEANS

Table 41: Summary of Procurement by Other Means

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract R'000
MCI Direct Hire licenses renewal	Sage South Africa	Sole Service Provider		292
Teamwork Subscription Renewal	Teamwork	Sole Service Provider		82
Loan Calculator	Deloitte	Sole Service Provider		437
Total				811



CONTRACT VARIATIONS AND EXPANSIONS

Table 42: Contract Variations and Expansions

Project description	Name of supplier	Contract modification type	Contract number	Original contract value	Value of previous contract expansion/s or variation/s	Value of current contract expansion or variation
				R'000	R'000	R'000
Request for quotation for Digital Marketing Services	Ambani Reputation Management (Pty) Ltd	Variation	GPF/08/01	827		47
Request to extend the Vululwani Technologies contract by six months, on a month to month basis	Vululwani Technologies	Variation	GPF/10/01	6 964		414
Strategic Planning session Service Provider	Strat Align	Variation	GPF/11/01	564		83
HC Manager Talent Search Service	Heitha Staffing Group	Variation	GPF/12/01	143		52
AML System	LexisNexis	Variation	GPF/12/01	49		7
Total				8 547		603



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The background of the page is a grayscale photograph of a modern building's exterior. The building features a mix of light-colored brickwork and dark, possibly metallic, panels. There are several windows, some with white frames, and a satellite dish is visible on the left side. The perspective is from a low angle, looking up at the building.

PART F:

FINANCIAL INFORMATION

REPORT OF THE AUDITOR-GENERAL TO GAUTENG PROVINCIAL LEGISLATURE ON GAUTENG PARTNERSHIP FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

1. I have audited the financial statements of Gauteng Partnership Fund (the entity) set out on pages 106 to 179, which comprise the statement of financial position as at 31 March 2026, statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as 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 2026, and its financial performance and cash flows for the year then ended in accordance with the Standards of General Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

Context 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 responsibilities of the auditor-general for the audit of the financial statements section of my report.
4. I am independent of the Gauteng Partnership Fund and in accordance with the International Ethics Standards Board for Accountants' *International Code of ethics for Professional Accountants (including International Independence Standards)* (IESBA code) as well as other 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.

Emphasis of matters

6. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Material Impairments-ECL Allowance

7. As disclosed in note 3 to the financial statements, material impairments of R641 344 068 were incurred as a result of write-off of loans and receivables from exchange transactions.

Prior period -Management Fees

8. As disclosed in note 37 to the financial statements, the corresponding figures for 31 March 2025 were restated as a result of an error in the financial statements of the public entity at, and for the year ended 31 March 2026.

Responsibilities of the accounting authority for the financial statements

9. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with GRAP and the requirements of PFMA 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.
10. In preparing the financial statements, the accounting authority is responsible for assessing the public entity'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 appropriate governance structure either intends to liquidate the public entity or to cease operations or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the financial statements

11. 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.
12. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page 6, forms part of my auditor's report.

REPORT ON THE ANNUAL PERFORMANCE REPORT

13. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.
14. I selected the following performance indicator related to project implementation, development and management presented in the annual performance report for the year ended 31 March 2026 for auditing. I selected the indicator that measures the public entity's performance on its primary mandated functions and that is of significant national, community or public interest.
 - Disbursements on programmes delivered by the GPF on behalf of GDHS
15. I evaluated the reported performance information for the selected programme against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.

16. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives
- all the indicators relevant for measuring the public entity's performance against its primary mandated and prioritised functions and planned objectives are included
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner
- there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

17. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.

18. I did not identify any material findings on the reported performance information for the selected indicator.

REPORT ON COMPLIANCE WITH LEGISLATION

19. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.

20. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

21. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

22. I did not identify any material non-compliance with the selected legislative requirements.

OTHER INFORMATION IN THE ANNUAL REPORT

23. The accounting authority is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and the selected material indicator in the scoped in programme presented in the annual performance report that have been specifically reported on in this auditor's report.
24. My opinion on the financial statements, and my reports on the audit of the annual performance report and compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
25. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected programme presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
26. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

INTERNAL CONTROL DEFICIENCIES

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

Auditor-General

Johannesburg
31 July 2026



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE TO THE AUDITOR'S REPORT

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

AUDITOR - GENERAL'S RESPONSIBILITY FOR THE AUDIT

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected material performance indicator and on the public entity's compliance with selected requirements in key legislation.

Financial statements

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.
- conclude on the appropriateness of the 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 relating to events or conditions that may cast significant doubt on the ability of the public entity 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 my 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 the public entity to cease operating as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

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.

I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

ANNEXURE TO THE AUDITOR'S REPORT

COMPLIANCE WITH LEGISLATION – SELECTED LEGISLATIVE REQUIREMENTS

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999	Section 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii); 53(4); 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); 55(1)(c)(i); 56; 57(b); 66(4)
Treasury Regulations, 2005	Regulation 16A3.2; 16A3.2(a); 16A6.1; 16A6.2(a) 16A6.2(b); 16A6.3(a); 16A6.3(b); 16A6.3(c); 16A6.3(e); 16A6.4; 16A6.5; 16A6.6; 16A7.1; 16A7.3; 16A8.3; 16A8.4; 16A9.1(b)(ii); 16A9.1(d); 16A9.1(e); 16A9.1(f); 16A9.2; 16A9.2(a)(ii); 30.1.1; 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1; 31.1.2(c); 31.2.1; 31.2.5; 31.2.7(a); 31.3.3; 33.1.1; 33.1.3
National Treasury SCM Instruction No. 4A of 2016/17	Paragraph 6
National Treasury SCM Instruction No. 03 of 2021/22	Paragraph 4.1; 4.2 (b); 4.3; 4.4(a); 4.17; 7.2; 7.6
National Treasury SCM Instruction No. 2 of 2021/22	Paragraph 3.2.1; 3.2.4; 3.2.4(a); 3.3.1
National Treasury Practice Note 5 of 2009/10	Paragraph 3.3
National Treasury Practice Note 7 of 2009/10	Paragraph 4.1.2
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2(1)(a); 2(1)(b); 2(1)(f)
Preferential Procurement Regulations, 2022	Paragraph 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

TRUSTEES REPORT

The members of the Board of Trustees of the Gauteng Partnership Trust submit their report for the year ended 31 March 2026.

1. REVIEW OF ACTIVITIES

Main business and operations

The GPF's mandate is based on being an enabler of one of the key strategic priorities of the GDHS - to manage Mega Projects. The mandate is to serve as the GDHS's capital-raising and implementing agent for identified Mega Projects in the province. The capital-raising element involves raising the funds required for the overall mixed-use development of Mega Projects (i.e. for human settlements as well as for social and economic amenities).

Performance overview

Based on its mandate and business activities, the GPF generates interest income on loans and management fees for projects under management as its key revenue sources.

In the period under review the GPF received management fees from the following

- GDHS management fees for UISP to a value of R1 398 211 (2025: R28 325 419)
- GDHS management fees for Mega Projects to a value of R4 816 614 (2025: R31 397 825)
- GDHS management fees for the Rapid Land Release Programme (RLRP) to a value of R8 047 963 (2025: R15 509 053). The interest income generated during the reporting period is as follows –
 - Interest on loans at amortised cost R53 990 073 (2025: R138 997 946)
 - Interest income on bank balances R29 438 121 (2025: R36 096 338)

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 period then ended.

The annual financial statements are prepared in accordance with the basis of preparation as detailed in Note 1 of the accounting policies note and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates. The accounting policies have been consistently applied across all reported periods with the exception of newly adopted accounting policies that were required to be adopted as part of the transition to the revised GRAP 104 Financial Instruments.

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.

TRUSTEES REPORT

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. GOING CONCERN ASSUMPTION

The Annual Financial Statements have been prepared on the basis of accounting policies applicable to a going concern since the Trustees have every reason to believe that the GPF has sufficient resources to continue operations for the medium-term expenditure period. At the reporting date, the GPF was solvent as its assets were sufficient to cover liabilities incurred and commitments made.

Having reviewed all these factors and the cash flow forecasts for the period ending 31 March 2027, the Board of Trustees is satisfied that the GPF remains a going concern and the preparation of the annual financial statements on a going concern basis remains appropriate.

In addition, the trustees assessed the following factors to determine the medium-term viability of the GPF:

- assessment of the financial health and quality of assets including loans and advances; and cash balances
- prudently managing contractual obligations by assessing the organisation's needs
- review and where necessary, revision of budget estimates
- adoption of a strategy focused on reducing the reliance on Government assistance and finding alternative sources of funding

4. SUBSEQUENT EVENTS

The Trustees are not aware of any matter or circumstance arising since the end of the reporting period that requires disclosures or adjustments to the financial statements as presented.

5. PROPERTY, PLANT, AND EQUIPMENT AND INTANGIBLE ASSETS

During the period under review, the GPF acquired additional physical and intangible assets as part of its operations. The acquisitions included items of property plant and equipment to the value of R 525 076 (March 2025: R3 148 470) and intangible assets to the value of R381 611 (March 2025: NIL).

6. COMPANY SECRETARY

Although the GPF is not required 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.

TRUSTEES REPORT

7. CONSTITUTION OF THE BOARD OF TRUSTEES

The GPF Board of Trustees consisted of the following members during the period under review:

Name	Date of appointment	Audit and Risk Committee	Funding Investment Committee	Human Resources and Social & Ethics Committee
Craig Cornish (Chairperson)	1 June 2023		Yes	
Maseapo Kganedi	1 June 2023			Yes
Mpho Hlahla	1 June 2023	Yes		
Rethabile Kikine	1 June 2023			Yes
Solomuzi Mabuza	1 June 2023			Yes
Leon Gert Marincowitz	1 June 2023		Yes	
Gilberto Martins	1 June 2023	Yes		
Nangamso Matebese	1 June 2023	Yes		
Lita Mbokotho	1 June 2023		Yes	
Busi Mhaga	1 June 2023		Yes	
Ezra Ndwandwe	1 June 2023			Yes
Gugulethu Phakathi	1 June 2023	Yes		
Sochayile Khanyile (Ex-officio)*	1 September 2025			

*Awaiting Trustee appointment from the Master.



TRUSTEES REPORT

8. AUDITORS

The Auditor-General South Africa are the designated auditors of the GPF and will continue in office for the next reporting period.

9. CONTINGENCIES

The recognition of particular items may be dependent on external factors not wholly within the control of the GPF. Such externalities are contingent events that may or may not materialise. In instances where contingent events are identified, the GPF discloses them based on the assessment of relevance and materiality.

10. IRREGULAR, FRUITLESS & WASTEFUL EXPENDITURE

In the period under review, the GPF incurred irregular expenditure of R79 688. There was no Fruitless and wasteful expenditure incurred.

The annual financial statements set out on page 106 to 179, which have been prepared on the going concern basis, were approved by the Board of Trustees on 31 May 2026 and were signed on its behalf by:



Mr Craig J Cornish

Chairperson GPF Board of Trustees



STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2026

	Note(s)	2026	2025 Re'stated*
		R	R
Assets			
Current Assets			
Cash and cash equivalents	2	1 070 226 934	746 780 689
Current-portion loans and receivables from exchange transactions	3	66 748 453	81 584 836
Other financial assets	5	42 154 798	676 284 074
Receivables from exchange transactions	6	23 504 806	69 823 688
Bridging Loans	7	47 826 922	47 087 429
		1 250 461 913	1 621 560 716
Non-Current Assets			
Loans and receivables from Exchange Transactions	3	515 104 605	1 041 429 255
Investments	4	2 544 023	8 209 175
Investment property	8	13 628 831	-
Property, plant and equipment	9	3 822 165	4 814 848
Intangible assets	10	3 222 978	3 327 399
		538 322 602	1 057 780 677
Total Assets		1 788 784 515	2 679 341 393
Liabilities			
Current Liabilities			
Unspent funds from GDHS	11	656 542 168	979 498 793
Finance lease obligation	12	117 502	125 611
Payables from exchange transactions	13	21 073 355	28 314 610
Provisions	14	3 095 439	3 089 586
Loan commitment liability	15	1 140 396	-
Operating lease liability	16	240 002	-
		682 208 862	1 011 028 600
Non-Current Liabilities			
Finance lease obligation	12	-	117 502
Operating lease liability	16	-	234 288
		-	351 790
Total Liabilities		682 208 860	1 011 380 390
Net Assets		1 106 575 653	1 667 961 003
Accumulated surplus		1 106 575 653	1 667 961 003
Total Net Assets		1 106 575 653	1 667 961 003

* See Note 37

STATEMENT OF FINANCIAL PERFORMANCE

AS AT 31 MARCH 2026

	Note(s)	2026 R	2025 R
Revenue			
Interest received from loans and receivables	17	53 990 073	138 997 947
Management fees	17	15 251 059	75 740 425
Interest received from banks	17	29 438 121	36 096 339
Other income	18	777 796	5 159 921
Total revenue		99 457 049	255 994 632
Expenditure			
Employee related expenses	23	(63 793 703)	(62 489 416)
Depreciation and amortisation	8&9&10	(1 937 819)	(2 086 128)
Finance costs	21	(36 685)	(58 470)
Lease rentals on operating lease		(5 010 390)	(5 179 954)
Increase in provision for doubtful debts	30	-	(1 943 753)
Expected credit losses	36	(1 897 638)	-
Repairs and maintenance		(5 489 220)	(5 362 144)
General Expenses	22	(20 783 091)	(17 813 135)
Total expenditure		(98 948 546)	(94 933 000)
Operating surplus	19	508 503	161 061 630
Loss on disposal of assets and liabilities	32	(19 217)	(260 144)
Loss on de-recognition of loans	33	(16 564 015)	-
Fair value adjustments	20	(2 781 827)	(20 618 952)
Impairment loss on loans	3	-	(50 425 538)
		(19 365 059)	(71 304 634)
(Deficit)/Surplus for the year		(18 856 556)	89 756 996

STATEMENT OF CHANGES IN NET ASSETS

AS AT 31 MARCH 2026

	Accumulated surplus	Total net assets
	R	R
Balance at 01 April 2024	1 578 204 008	1 578 204 008
Changes in net assets		
Surplus for the year	89 756 995	89 756 995
Total changes	89 756 995	89 756 995
Restated Balance at 01 April 2025*	1 667 961 003	1 667 961 003
Changes in net assets		
Transition adjustment GRAP 104 **	(542 528 794)	(542 528 794)
Net income / (losses) recognised directly in net assets	(542 528 794)	(542 528 794)
Deficit for the year	(18 856 556)	(18 856 556)
Total recognised income and expenses for the year	(561 385 350)	(561 385 350)
Total changes	(561 385 350)	(561 385 350)
Balance at 31 March 2026	1 106 575 653	1 106 575 653

* Restated refer to Note 37 Correction of Error

** Refer to Note 38 on Transition adjustment



Sebenzile Lofts | Katlehong

CASH FLOW STATEMENT

AS AT 31 MARCH 2026

	Note(s)	2026	2025
		R	R
Cash flows from operating activities			
Receipts			
Cash receipts - from borrowers and senior funders		56 004 002	68 076 414
Interest received from banks		29 438 121	36 096 339
Cash receipts - Other Income		3 511 870	-
Management fees received		49 317 747	8 180 007
Project funds received and Interest earned		496 808 300	643 473 736
		635 080 040	755 826 496
Payments			
Employee costs		(61 621 863)	(61 698 386)
Suppliers		(32 350 169)	(30 743 196)
Finance costs		(36 685)	(31 670)
Payments to Contractors		(185 635 648)	(679 617 700)
Cash paid to borrowers and senior funders		(31 147 921)	(45 450 927)
		(310 792 286)	(817 541 879)
Net cash flows from operating activities	27	324 287 754	(61 715 383)
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(334 287)	(2 916 184)
Purchase of other intangible assets	10	(381 611)	-
Net cash flows from investing activities		(715 898)	(2 916 184)
Cash flows from financing activities			
Finance lease payments		(125 612)	(81 148)
Net increase/(decrease) in cash and cash equivalents		323 446 244	(64 712 715)
Cash and cash equivalents at the beginning of the year		746 780 689	811 493 404
Cash and cash equivalents at the end of the year	2	1 070 226 933	746 780 689

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

AS AT 31 MARCH 2026

BUDGET ON CASH BASIS

Statement of Financial Performance	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	
Revenue						
Revenue from exchange transactions						
Revenue	135 943 702	(25 535 056)	110 408 646	101 094 012	(9 314 634)	Note 29
Expenditure						
Personnel	(73 347 107)	8 584 248	(64 762 859)	(63 913 950)	848 909	Note 29
Lease rentals on operating lease	(5 286 749)	242 388	(5 044 361)	(5 044 361)	-	Note 29
General Expenses	(43 275 116)	16 299 803	(26 975 313)	(25 431 691)	1 543 622	Note 29
Total expenditure	(121 908 972)	25 126 439	(96 782 533)	(94 390 002)	2 392 531	
Surplus	14 034 730	(408 617)	13 626 113	6 704 010	(6 922 103)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	14 034 730	(408 617)	13 626 113	6 704 010	(6 922 103)	
Reconciliation						

Statement of Financial Position	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	
Assets						
Non-Current Assets						
Property, plant and equipment	1 580 000	(1 245 723)	334 277	309 002	(25 275)	Note 29
Intangible assets	1 000 000	(618 389)	381 611	381 611	-	Note 29
	2 580 000	(1 864 112)	715 888	690 613	(25 275)	
Total Assets	2 580 000	(1 864 112)	715 888	690 613	(25 275)	
Net Assets	2 580 000	(1 864 112)	715 888	690 613	(25 275)	

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

AS AT 31 MARCH 2026

Reconciliation	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	
Cash flows from operating activities						
Receipts						
Mega Projects Management fees	50 123 184	(17 342 373)	32 780 811	32 780 811	-	Note 29
UISP Management fees	19 000 000	6 033 546	25 033 546	16 536 936	(8 496 610)	Note 29
Canal Management fees	107 685	(107 685)	-	-	-	Note 29
Umnotho Management fees	302 844	(302 844)	-	-	-	Note 29
Interest Earned from Borrowers	31 034 809	(8 690 665)	22 344 144	22 344 144	-	Note 29
Interest from Banks	35 075 180	(4 825 035)	30 250 145	29 432 121	(818 024)	Note 29
Estimated management fees(Aspari)	300 000	(300 000)	-	-	-	Note 29
	135 943 702	(25 535 056)	110 408 646	101 094 012	(9 314 634)	
Payments						
Employee costs	(73 347 107)	8 584 248	(64 762 859)	(61 621 863)	3 140 996	Note 29
Suppliers	(48 371 865)	16 542 191	(31 829 674)	(32 350 169)	(520 495)	Note 29
Finance costs	(36 685)	-	(36 685)	(36 685)	-	Note 29
	(121 755 657)	25 126 439	(96 629 218)	(94 008 717)	2 620 501	
Net cash flows from operating activities	14 188 045	(408 617)	13 779 428	7 085 295	(6 694 133)	
Cash flows from investing activities						
Purchase of property, plant and equipment	(1 580 000)	1 245 723	(334 277)	(334 287)	(10)	Note 29
Purchase of other intangible assets	(1 000 000)	618 389	(381 611)	(381 611)	-	Note 29
Net cash flows from investing activities	(2 580 000)	1 864 112	(715 888)	(715 898)	(10)	
Cash flows from financing activities						
Finance lease payments	(153 315)	41 228	(112 087)	(125 612)	(13 525)	Note 29
Net increase/(decrease) in cash and cash equivalents	11 454 730	1 496 723	12 951 453	6 243 785	(6 707 668)	Note 29
Cash and cash equivalents at the end of the year	11 454 730	1 496 723	12 951 453	6 243 785	(6 707 668)	

SIGNIFICANT ACCOUNTING POLICIES

AS AT 31 MARCH 2026

1. STATEMENT OF COMPLIANCE – PRESENTATION OF FINANCIAL STATEMENTS

The significant accounting policies applied in the preparation of these annual financial statements are set out below.

The 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 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 which is the presentation currency of the GPF.

Amounts in the statement of financial position are presented in order of liquidity as this provides information that is relevant to the users of the financial statements.

The following GRAP Standards, amendments have been issued and not yet effected:

- GRAP 107 Mergers (Not yet Effective and unlikely to have an impact).
- GRAP 105 Transfer of Functions between Entities under Common Control (Not yet effected and unlikely to have an impact).
- GRAP 106 Transfer of Functions between Entities not under Common Control (Not yet effected and unlikely to have an impact).
- GRAP 1 (Amended): Presentation of Financial Statements (Not yet effective and unlikely to have an impact).

1.1. Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates.

- Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The GPF makes various estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results.
- The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.
- In addition, the accounting policies which are most sensitive to the use of judgement, estimates and assumptions are specified in:

(a) judgements and

(b) assumptions and estimations below:

(a) Judgements

- The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the Board of Trustees have made in the process of applying the GPF's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

SIGNIFICANT ACCOUNTING POLICIES

AS AT 31 MARCH 2026

(i) Business model assessment

- Classification and measurement of financial assets depend on the results of the sole payments of principal and interest (SPPI) evaluation and the business model test. The GPF determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective.
- The GPF monitors financial assets measured at amortised cost or fair value through profit or loss that are derecognised prior to their maturity to understand the history for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held.
- Monitoring is part of the GPF's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate. If the business model for the remaining assets is not appropriate or if there is a change in business model, a prospective change to the classification of those assets will take place.

(ii) Models and assumptions used

- The GPF uses various models and assumptions in measuring fair value of assets as well as in estimating expected credit losses.
- Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk. Refer to note 3 for more details on expected credit losses and note 3 for more details on measurement.

(iii) Identification of substantial modifications

- When financial instruments measured at amortised cost are restructured, reorganised or otherwise altered in a manner consistent with the definition of a modification in GRAP 104, each such modification is evaluated to determine whether or not it results in a substantial modification.
- In deciding whether or not a modification is substantial, on occasion the application of judgement may be required in those instances where it may not be patently obvious that the restructured loan is substantially different to the original loan.
- In such cases judgement is applied in evaluating the impact, both quantitative and qualitative, of changes to the instrument, taken both separately and in aggregate.
- Judgement is applied in the evaluation of the nature and extent of changes between the initial and modified instruments as well as the impact of such changes, in order to determine whether such changes indicate a fundamental alteration of either the GPF or borrower's legal rights and/or obligations.

(b) Assumptions and estimations

Information about assumptions and estimation applied that have significant risks of resulting in a material adjustment is detailed below:

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(i) Going concern

- The GPF's management has made an assessment of its ability to continue as a going concern based on forecast information and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the GPF's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.
- The Annual Financial Statements have been prepared using appropriate accounting policies, supported by reasonable judgments and estimates. The GPF has assessed the impact of macro-economic shock events on the GPF's ability to continue as a going concern, and has concluded that there are no material uncertainties that could cast significant doubt over its ability to continue as a going concern.

(ii) Impairment testing for non-financial assets: Key assumptions underlying recoverable amounts

- The recoverable amounts of assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change, which may then impact our estimations and may then require a material adjustment to the carrying value of the assets.

(iii) Depreciation and amortisation and the useful lives of property and equipment and intangible assets

- Depreciation rates, depreciation methods adopted and residual values of assets require judgements and estimates to be made.
- Changes in estimates are disclosed in the relevant notes where applicable.

(iv) Valuation of land and buildings

- The fair value of land and buildings is determined by an independent valuator. The valuation technique used makes use of significant unobservable inputs such as expected market rental growth and capitalisation market interest rates.

(v) Provisions

- Provisions are held in respect of a range of future obligations such as employee bonuses and leave pay.
- Some of the provisions involve significant judgement about the likely outcome of various events and estimated future cash flows. The measurement of these provisions involves the exercise of management judgements about the ultimate outcomes of the transactions.
- Additional disclosure of these estimates of provisions is included in note 14 – Provisions.

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(vi) Measurement of expected credit losses (ECL)

Key assumptions in determining the impairment of financial assets:

- Assessment of whether credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward looking information in the measurement of ECLs.
- Forward-looking economic expectations are included in the ECL where adjustments are made based on the GPF's macro-economic outlook such as specific event risk, have been taken into account in ECL estimates.
- Establishing relative weightings of forward-looking information (best, base and adverse) for inclusion in the ECL calculation.

(vii) Loan commitments

- Accounting for loan commitments for concessionary loans requires the recognition of expected credit losses and the social benefit expense. Determining the discount rates to be used in computing the loan commitment liability requires judgment.

(viii) Loan Restructure

- The GPF may modify/restructure the terms of loans as a result of commercial renegotiations or distressed loans.
- Restructuring policies and practices are based on indicators or criteria, which in the judgement of management, indicate that payment will most likely continue. These policies are reviewed continuously.

(ix) Fair value

- When measuring fair value, the GPF uses the assumptions that market participants would use when pricing the asset or the liability under current market conditions, including assumptions about risk. The GPF uses a fair value hierarchy that categorises assets and liabilities into three levels. The different levels are based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement. Where relevant inputs are not observable, inputs are developed to reflect the assumptions that market participants would use when determining an appropriate price for the asset or liability.

(x) Leases

- For leases with the option to extend or terminate, the GPF assumes that it will choose not to exercise its option to renew or terminate the contract, therefore, assumes that the leases will be applicable until the end of the original contract. Some leases will include renewal options, but these are generally renewals at market rates to be negotiated at the time of renewing the contract. These rates will only be included in the lease liability once it is reasonably certain that the GPF will exercise the extension option.

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(xi) Write-offs

- The GPF applies significant judgements for write-offs.
- In the ordinary course of the lending business, loans can be distressed and stage 3/NPL loans are managed by through various internal processes. The recovery process for the GPF as a junior lender can be long and vary depending on each loan circumstances and in all cases the GPF seeks to maximise the recovery of loan.
- The long process coupled with a higher default interest that is associated with NPLs results in some loans' contractual carrying amounts increasing substantially and some loans reaching in duplum. There are cases where the recovery process reaches a point where costs of recovery process exceed benefit with no reasonable prospect of further recoveries; and at that point; the GPF writes-off the loans. The approval for write-offs is a strict GPF governance process and write-offs are recommended by the Audit and Risk Committee (ARC) and approved by the Board.

(xii) Taxation

- The GPF 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 is applicable for the period ended 31 March 2026.

(xiii) Effective interest rate

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

(xiv) 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.

(xv) 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.

Significant judgements and estimates impacted by macro-economic shock events

An overview of the areas where additional judgement has been applied includes references to the relevant sections in the notes to the Annual Financial Statements, where additional information has been included is summarised below.

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(i) Impairment of financial instruments

Incorporating forward-looking Information

- Forward-looking information, including a detailed explanation of the scenarios and related probabilities considered in deriving the GPF's forward-looking assumptions for the purposes of its ECL determination, is provided in notes 3. Taking into consideration the wide range of possible scenarios and macro-economic outcomes, and the relative uncertainty of the social and economic consequences of macroeconomic shock events, these scenarios represent reasonable and supportable forward-looking views as at the reporting date.

(ii) Significant increase in credit risk

- The GPF has not applied an overall blanket approach to the ECL impact of elevated uncertainty driven by macro-economic shock events.
- The GPF has continued to apply a customer and facility-based risk assessment approach which is aligned to the existing credit risk management policy.

(iii) Fair value measurement

- The valuation techniques for fair value measurement of financial instruments have been assessed by the appropriate committees to determine and analyse the impact that the market volatility introduced by macro-economic shock events has had on the fair value measurements of these instruments.

These accounting policies are consistent with the previous period.

1.2. Investment property

Reposessed properties

- The loans issued by the GPF are subject to the provision of collateral security in the form of mortgage bonds and other forms of security. When loans are in default and regarded as no longer recoverable, the GPF initiates a process of foreclosure that may result in the GPF acquiring the property held as collateral.
- The GPF adopts two approaches to activating collateral calls:
 - a) A voluntary process is pursued when the borrower agrees to transfer the property to the GPF through a settlement agreement. A finalised settlement agreement is regarded as a binding arrangement that grants the GPF the right to direct access to the property or restrict access of others to the property. A binding arrangement forms the basis for the recognition of the asset (iGRAP 18).
 - b) When no settlement agreement is finalised and the voluntary process is not possible, the GPF follows the legal process in order to obtain a writ of execution that initiates a sheriff-administered sales process.
- The GPF is required to account for reposessed property as GPF property upon acquisition date. The acquisition date is defined as the date that the GPF obtains control over the property. In voluntary handovers, the date of control is the date at which the borrower hands over the property and the GPF is able to exercise full rights of access to the property. In instances where the transfer of deeds precedes these steps, the acquisition date is the date of transfer.

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- For legal proceedings, the GPF will request the court to grant a judgment that declares the borrower to be in default of the outstanding debt; and declare the property 'specially executable' with a writ of execution. When the writ of execution is granted, the GPF will recognise the property as a GPF asset if attempts at a sale have been abandoned and the property will be acquired, developed and managed by the GPF.
- In instances where the transfer of title precedes the conclusion of legal proceedings, the date of control and acquisition is the date of legal transfer.

Key sources of judgment in relation to investment property

- The GPF accounts for repossessed properties as GPF assets on the acquisition date. The acquisition date is determined as the date that the GPF obtains control over the asset. Repossessed assets are initially recognised at fair value on the date of acquisition.
- For voluntary transfers, judgment is required to determine if the GPF has obtained control of the asset and can recognise it on acquisition date.
- For repossessions that are facilitated through a legal process, judgment is required in determining whether the acquisition date occurs prior to the formal transfer and registration of title deeds to the GPF.
- In addition, judgment is required in determining the fair value of properties bought in on acquisition date when the properties are acquired through non-exchange transactions.

Classification of repossessed properties

- In the past, the GPF maintained the loan as a financial asset and treated the property as enforceable collateral during the sheriff-led sales process. This was due to the fact that the GPF had no intention or capacity to develop and manage the properties. During the sales process, the GPF maintained the intention to collect the principal and interest on the loan.
- During the current year, the GPF adopted a new strategy that allows for the development and management of repossessed properties.
- The GPF classifies repossessed properties in line with its Revenue-Generation Strategy of 2025. For properties that are acquired with the intention of completing development and then renting or selling, the properties are classified as Investment Property (GRAP 16).
- The GPF does not currently acquire properties with an intention to use them for the GPF administrative purposes or for sale in the ordinary course of business.
- For properties acquired through repossession and classified as investment property, the assets are initially recognised at fair value on acquisition date.

Subsequent measurement of repossessed properties

- For properties classified as investment property, the GPF applies the cost model.

Derecognition of repossessed properties

- Repossessed properties are de-recognised when sold or when the property is permanently withdrawn from use and no future economic benefits or service potential is expected from its disposal.

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Cost model

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided to write down the cost, less estimated residual value over the useful life of the property, which is as follows:

Item	Useful life
Property - land	indefinite
Property - buildings	20 years

1.3. Property, plant and equipment

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 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 straight-line basis 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:

Item	Depreciation method	Useful life
Furniture and fixtures	Straight-line	4 to 15 years
Motor vehicles	Straight-line	13 years
Office equipment	Straight-line	2 to 12 years
Computer equipment	Straight-line	2 to 11 years
Leasehold improvements	Straight-line	10 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 entity. 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 entity assesses at each reporting date whether there is any indication that the entity's 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 entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

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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 entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 9).

1.4. Intangible assets

An asset is identifiable if it either:

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

The entity 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.

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.

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

Item	Depreciation method	Useful life
Computer software		
Intangible assets are derecognised:	Straight-line	10 years

Ÿ on disposal; or

Ÿ 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).

Impairment testing – non-financial assets

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 entity 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 country's growth.

1.5. Financial instruments - GRAP 104

On the 1st of April 2025, the GPF transitioned to the revised GRAP 104 Financial Instruments. GRAP 104 supersedes the previous GRAP 104 and has been applied on all qualifying instruments.

The transition process included the following key steps –

- Assessment of the scope of GRAP 104 to identify qualifying financial instruments
- Application of GRAP 104 classification rules on the financial instruments of the GPF
- Measurement of the financial instruments under the revised GRAP 104
- Application of the ECL model of all qualifying financial instruments
- Transition date adjustments and policy changes

The impact of the adoption of GRAP 104 is contained in a detailed Note 3.

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1.5.1. General information on financial instruments

Key definitions:

- 12 month expected credit losses is the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.
- 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 the 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 for financial assets, adjusted for any loss allowance.
- A concessionary loan is a loan granted to or received by an entity on terms that are not market related.
- Credit-impaired financial asset is a financial asset that is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.
- Credit loss is the difference between all contractual cash flows that are due to an entity in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).
- 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.
- The effective interest method is the method that is used in the calculation of the amortised cost of a financial asset or a financial liability and in the allocation and recognition of interest revenue or interest expense in surplus or deficit in the relevant period.
- Effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.
- 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 entity; or
 - a contractual right to:
 - ◆ receive cash or another financial asset from another entity; or
 - ◆ exchange financial assets or financial liabilities with another entity

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- A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.
- 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 with another entity under conditions that are potentially unfavourable to the entity.
- Financial liability at fair value through surplus or deficit is a financial liability that meets one of the following conditions:
 - It meets the definition of held for trading.
 - Upon initial recognition it is designated by the entity as at fair value through surplus or deficit in accordance with GRAP 104.
- Firm commitment is a binding agreement for the exchange of a specified quantity of resources at a specified price on a specified future date or dates.
- Gross carrying amount of a financial asset is the amortised cost of a financial asset, before adjusting for any loss allowance.
- A financial asset or financial liability that is held for trading:
 - is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
 - on initial recognition 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; or
 - is a derivative (except for a derivative that is a financial guarantee contract).
- Impairment gain or loss is a gain or loss that is recognised in surplus or deficit
 - Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.
- Loss allowance is the allowance for expected credit losses on financial assets measured in accordance with paragraph 4.2, lease receivables and the provision for expected credit losses on loan commitments and financial guarantee contracts.
- Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.
- A financial asset is past due when a counterparty has failed to make a payment when that payment was contractually due.

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For the GPF, Financial instruments consist of –

- loans and receivables from exchange transactions
- investment in preference shares
- cash and cash equivalents
- trade and other receivables
- payables from exchange transactions
- financial liabilities
- finance lease liabilities
- trade and other payables

1.5.2 Financial assets

Initial recognition

- All financial assets are recognised when the GPF becomes a party to the contractual provisions of the financial asset.
- Transaction costs directly attributable to the acquisition of financial assets classified as at FVTSD are recognised immediately in surplus or deficit.
- For financial assets classified at held at amortised cost, the transaction costs are capitalised to the cost of the financial asset at initial recognition.

Classification and subsequent measurement

- On initial recognition, the GPF classifies its financial assets into one of the following measurement categories at:
 - Amortised cost;
 - Cost; and
 - Fair value through surplus or deficit (FVTSD).

The classification depends on the GPF's business model for managing financial assets and the characteristics of contractual cash flows of the financial assets' cash flows.

(a) Business model assessment

The GPF makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

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The information considered includes:

- The stated objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, or realising cash flows through the sale of the assets;
- The business model assessment is based on reasonably expected scenarios without taking 'adverse case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the GPF's original expectations, the GPF does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.
- When the business model entails the collection of contractual cash flows that are made up solely of principal and interest, the GPF classifies the financial assets at amortised cost.
- If the financial assets fail the SPPI test (not held for the collection of cash flows made up of the payment of principal and interest), the financial assets are classified as financial assets at fair value through surplus or deficit.
- If the financial assets represent a claim on residual interest; or if the fair value is not determinable, the financial assets are held at cost.

(b) Assessment whether contractual cash flows are solely payments of principal and interest

- For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (such as liquidity risk and administrative costs), as well as profit margin.
- In assessing whether the contractual cash flows are solely payments of principal and interest, the GPF considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

(c) Financial assets at amortised cost

- Financial assets are subsequently measured at amortised cost using the effective interest rate method when they meet both of the following conditions (other than those designated at FVTSD) –
- Held within a business model whose objective is to hold the debt instrument (financial asset) in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The GPF's business model for the classification of financial assets is detailed in the table below:

Category	Classification
Loans and receivables from exchange transactions	Financial assets measured at amortised cost
Cash and cash equivalents	Financial assets measured at amortised cost
Loans and receivables held-for-trade	Financial assets measured at amortised cost
Other financial assets	Financial assets measured at amortised cost
Investment in preference shares	Financial assets measured at amortised cost

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(d) Financial assets at fair value through surplus or deficit

- The classification of financial instruments at initial recognition depends on the characteristics of contractual cash flows and the business model for managing the instrument.
- Financial assets at FVTSD are:
 - Assets with contractual cash flows that are not SPPI; or/and
 - Assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell.
- The GPF may, at initial recognition, irrevocably designate a financial asset as measured at FVTSD if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

These assets are measured at fair value, with any gains/losses arising on remeasurement recognised in surplus or deficit.

(e) Investment in equity instruments – preference shares

- The GPF holds an investment in preference shares that is measured at amortised cost as its fair value is not readily determinable.

1.5.3. Reclassifications of financial assets

- If the business model under which the GPF holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the GPF's financial assets.
- On transition date, the GPF applied the classification guidance of GRAP 104 on its existing identified financial instruments and reclassified the following –
 - Loans and receivables previously classified as held for trade (at fair value) were reclassified to amortised cost

During the current financial year and previous accounting period there was no changes in the business model under which the GPF holds financial assets and therefore no other reclassifications were made due to a change in the business model for managing those assets.

Changes in contractual cash flows are considered under the accounting policy on modification and derecognition of financial assets described below.

1.5.4 Modification of financial assets

- The GPF as a provider of concessionary loans, considers unique facts and circumstances applicable for each borrower in assessing the terms and conditions of restructures that result in loan modifications. The GPF's primary objective in restructures is to ensure outstanding debt is recovered and therefore considers entity-specific qualitative and quantitative factors.
- The negotiation of the terms and conditions of loan restructures is aimed at ensuring that the outstanding debt is recovered in a manner optimal for both borrower and lender, and in some cases these may result in modifications which are net present value neutral.

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- For financial assets measured at amortised cost, whether newly originated or resulting from substantial modifications, fair value at initial recognition is equal to the principal debt amount (proxy to fair value) which is the fair representation of transaction price, plus or minus any applicable transaction costs.
- When either the contractual terms or cash flows of a financial asset are altered, the GPF considers whether a modification has occurred.
- In accordance with the GPF's policy, a modification is defined as:
 - any observable change(s) to the salient features of the agreement between the GPF and its counterparty;
 - where such change(s) alter the value or timing of the contractual cash flows;
 - where such change(s) alter the nature of the all or part of the whole agreement;
 - where such changes do not result from the existing contractual terms, i.e. any explicit changes or alterations made by the contracting parties; and such changes arise after the fact, i.e. which were not contemplated or anticipated in the original agreement.

In accordance with the GPF's policy, a modification results in derecognition when the modified financial asset is substantially different to the existing financial asset.

To determine if the modified terms are substantially different from the original contractual terms, the GPF considers the following:

- Quantitative assessment: The net present value of the modified cash flows under the new terms, discounted at the original effective interest rate is at least 10% different from the carrying amount of the existing financial asset.
- Qualitative assessment: A significant change in the terms and conditions that is so fundamental that immediate derecognition is required with no additional quantitative analysis.
- As part of the above assessments the GPF also considers the following factors:
 - Change in counterparty;
 - Change in security provisions;
 - Changes to source of funds or credit base;
 - Debt consolidation;
 - Changes to financial and/or non-financial covenants;
 - Changes in jurisdiction of governing law;
 - Introduction of significant new terms, e.g. the addition of a profit share/equity-based returns;
 - Change in obligor or legal counterparty;
 - Change in collateral or guarantees;

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- Changes resulting in financial instrument reclassification;
- Changes in representations required to be made by the borrower;
- Change in credit rating of facility;
- Previous restructures on the facility in question;
- Concentration risk; and
- Indicators of actual or potential financial distress of borrower.

1.5.5 Loan Restructures

- Where interim debt relief is granted to borrowers through moratorium extensions the GPF also considers the effect and intent of such relief in making an assessment as to whether a substantial modification has occurred.
- In addition to the factors noted above, the GPF considers whether the relief granted is an interim measure aimed at alleviating short term liquidity pressure(s) on its counterparties as part of the overall extended formal restructuring negotiations. This is the case in 'stepped' or 'phased' restructuring exercises, which may be achieved in more than one distinct phases over an extended period of time.
- As such, the GPF considers whether the modification of cash flows merely represents an attempt to recover the original outstanding debt in the most optimal manner for both lender and borrower, or whether there is an indication that the restructured debt distinctly differs from the original loan in that a fundamental alteration of the GPF's risks and rewards have occurred.
- In evaluating the modified cash flows against the aforementioned criteria, the GPF considers the following:
 - Whether the modification involves a holistic re-evaluation of the credit risk and credit worthiness of the borrower; and/or
 - Whether the modification requires that the facility is repriced to current market levels to reflect the lending risk associated.
 - The judgement(s) applied are client specific and will vary from client to client with certain factors holding a higher priority than others depending on various elements. As such, in the case of a judgemental overlay, no two evaluations are expected to be identical.

In the case where the financial asset is derecognised, the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date.

- The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition.
- The GPF derecognises a financial asset, such as term loans, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded.
- The GPF treats the date of the modification as the date of initial recognition of the new financial asset when applying the ECL requirements to the new financial asset.

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- Accordingly, the GPF classifies the new financial asset as stage 1 and measures the ECL allowance at an amount equal to 12-month ECL until such time as a trigger event necessitates a SICR assessment. If the replacement financial asset has been recognised as originated-credit impaired, the GPF recognises an ECL allowance equal to lifetime ECL from the date of initial recognition.
- If the modification does not result in terms that are substantially different, the modification does not result in derecognition.
- Based on the change in cash flows discounted at the original effective interest rate (EIR), the GPF records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

1.5.6 Derecognition of financial assets

- The GPF derecognises a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity.
- If the GPF neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the GPF recognises its retained interest in the asset and an associated liability for amounts it may have to pay.
- On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss is recognised in surplus or deficit.

1.5.7 Write-offs

- GRAP 104 provides that financial assets should be written off, and accordingly derecognised, when the GPF believes that there is no reasonable expectation of recovery. The GPF has internal policies which govern the process of write-offs. An impaired loan is written off once all reasonable attempts at collection have been made and there is no material economic benefit expected from attempting to recover the balance outstanding.
- The following criteria must be met before a financial asset can be written off:
 - The financial asset has been in default for the period which is deemed sufficient to determine whether the entity is able to receive any further economic benefit from the impaired loan; and
 - At the point of write-off, the financial asset is fully impaired with no reasonable expectation of recovery of the asset.

1.5.8 Financial liabilities

- A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the GPF or a contract that will or may be settled in the GPF's own equity instruments and is a non-derivative contract for which the GPF is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the GPF's own equity instruments.

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1.5.8.1 Classification and measurement

- The GPF initially recognises financial liabilities on the date at which they are originated it becomes party to the contractual agreement.
- A financial liability is measured initially at fair value less transaction costs that are directly attributable to its issue.
- Management determines the classification of the financial liabilities on initial recognition and re-evaluates this classification at the reporting date.
- The GPF accounts for its financial liabilities as financial liabilities held at amortised cost.

The classification of financial liabilities is detailed below:

Financial liabilities held at amortised cost-

- Financial liabilities at amortised cost includes unspent funds from the GDHS, payables from exchange transactions; trade and other payables. These financial liabilities are initially recognised at fair value and subsequently at amortised cost.
- The amortised cost of a financial liability is the amount at which the 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 the initial amount recognised and the maturity amount.

1.5.8.2 Modification of financial liabilities

When either the contractual terms or cash flows of financial liabilities are altered, the GPF considers whether a modification has occurred. In accordance with the GPF's policy a modification is defined as:

- any observable change(s) to the salient features of the agreement between the GPF and its counterparty;
- where such change(s) alter the value or timing of the contractual cash flows;
- where such change(s) alter the nature of all or part of the whole agreement;
- where such changes do not result from the existing contractual terms, i.e. any explicit changes or alterations made by the contracting parties; and
- such changes that arise after the fact, i.e. which were not contemplated or anticipated in the original agreement.

In accordance with the GPF's policy, a modification results in derecognition when the modified financial liability is substantially different to the existing financial liability.

1.5.8.3 Derecognition of a financial liability

- The GPF derecognises financial liabilities when, and only when, the GPF's obligations are discharged, cancelled or have expired.
- The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in surplus or deficit.

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- When the GPF exchanges with the existing lender one debt instrument for another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.
- Similarly, the GPF accounts for substantial modification of the terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability.

1.5.9 Impairment of financial instruments

The GPF recognises Expected Credit Losses (ECL) on the following instruments:

- Financial assets held at amortised cost;
- Trade and other receivables;
- Loan commitments recognised.

For the measurement of ECL, the GPF applies a three-stage approach to measuring ECL on instruments accounted for at amortised cost and loan commitments.

- Three stages – financial assets migrate through the following three stages based on the change in credit quality since initial recognition:

Stage 1: 12-month ECL

- For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the ECL allowance for these financial assets is based on a 12-month ECL.

Stage 2: Lifetime ECL - not credit impaired

- For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognised.

Stage 3: Lifetime ECL - credit impaired

- At each reporting date, the GPF assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.
- By definition, a financial asset is classified as stage 3 when the counterparty has defaulted. Financial assets that are more than 90 (ninety) days in arrears are classified as non-performing, thus credit impaired.
- A financial asset that is credit impaired that has been renegotiated due to a deterioration in the borrower's condition, and results in the derecognition of the financial asset and recognition of a new financial asset is usually considered to be credit impaired at origination unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

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- Evidence that a financial asset is credit impaired includes observable data about the following events:
 - Significant financial difficulty of the issuer or the borrower;
 - A breach of contract, such as a default or past due event after considering the GPF exception rules;
 - The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
 - It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
 - The disappearance of an active market for that financial asset because of financial difficulties; and
 - The purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Purchased or originated credit impaired loan (POCI) – Lifetime ECL – Credit impaired

- For financial assets that are considered credit impaired on purchase or on origination, a lifetime ECL is recognised.
- For purchased or originated credit impaired financial assets, the GPF calculates the credit-adjusted effective interest rate, which is calculated based on the amortised cost of the financial asset or its gross carrying amount and incorporates the impact of ECLs in the estimated future cash flows.

1.5.10 Determining the staging for expected credit losses (ECL)

- At each reporting date, the GPF assesses whether there has been a significant increase in credit risk of the financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. In determining whether credit risk has increased significantly since initial recognition, the GPF uses its internal credit risk grading system and when possible, forecast information to assess deterioration in the credit quality of a financial asset.
- The GPF also considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose.
- This includes quantitative and qualitative information and also forward-looking analysis.
- The GPF assesses whether the credit risk on a financial asset has increased significantly on an individual loan level basis.
- The GPF does not rely solely on past due information when determining whether credit risk has increased significantly since initial recognition. However, when information that is more forward-looking than past due status (either on an individual or a collective basis) is not available without undue cost or effort, the GPF uses past due information to determine whether there have been significant increases in credit risk since initial recognition.

1.5.11 Backstop measure

- GRAP 104 has a rebuttable presumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due (DPD). Where applicable, the GPF has rebutted this presumption based on reasonable and supportable information, which is available, without undue cost or effort. The backstop measure is applied, whereby a loan is considered to have experienced SICR when a borrower is more than 30 DPD on its contractual payments.

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- Exposures that have not deteriorated significantly since origination, or where the deterioration remains within the accepted PD variation criteria, or which are less than 30 DPD are considered not to have an indication of a significant increase in credit risk and are considered to have low credit risk. The ECLs for these financial assets is based on a 12-month ECL.
- A financial asset will migrate through the ECL stages as asset quality deteriorates. If the GPF has measured the loss allowance for a financial instrument at an amount equal to lifetime ECLs in the previous reporting period, but determines at the current reporting date that the financial asset has been cured, as per the curing policy of the GPF, the GPF measures the loss allowance at an amount equal to 12-month ECLs at the current reporting date.
- Although some financial assets within the GPF's portfolio might meet the definition of low credit risk, the GPF still performs an assessment of whether there has been a significant increase in credit risk between the reporting date and the date of initial recognition.

1.5.12 Measurement of ECLs

ECLs are derived from unbiased and probability-weighted estimates of expected loss, and are measured as follows:

Financial assets that are not credit impaired at the reporting date:

- As the present value of all cash shortfalls over the expected life of the financial asset discounted by the effective interest rate. The cash shortfall is the difference between the cash flows due to the GPF in accordance with the contract and the cash flows that the GPF expects to receive;

Financial assets that are credit impaired at the reporting date (except for POCI):

- As the difference between the gross carrying amount and the present value of estimated future cash flows discounted by the effective interest rate;

Undrawn loan commitments:

- As the present value of the difference between the contractual cash flows that are due to the GPF if the commitment is drawn down and the cash flows that the GPF expects to receive; and
- The GPF calculates ECLs based on three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

1.5.13 Key inputs – ECL calculation

The mechanics of the ECL calculations are outlined below and the key elements are as follows:

- PD: The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.
- EAD: The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

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- LGD: The Loss Given Default is an estimate of the loss arising in the case where default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

ECLs are recognised using an allowance for credit losses account in surplus or deficit. The corresponding amount is recognised in the statement of financial position as an ECL account.

- When estimating the ECLs, the GPF considers three scenarios (base case, best case and adverse case). Each of these is associated with different PDs, EADs and LGDs.
- When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.
- When an asset is uncollectible, it is written off against the related ECL balance. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off reduce the amount of the expense in the income statement.
- The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the Annual Financial Statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material. However, overlays are reversed or unwind on the back of repayments received and significant improvements in the credit risk or rating of the financial instruments. Management continues to monitor their judgements on these in order to ensure that the financial instruments are adequately provided.

1.5.14 Trade and other receivables

- For trade and other receivables only, the GPF applies the simplified approach permitted by GRAP 104, which requires expected lifetime losses to be recognised from the initial recognition of the receivables if there is no significant financing component. Under this approach the tracking of changes in credit risk is not required, instead lifetime expected credit losses are recognised. ECLs are recognised in surplus or deficit.
- The provision matrix will be used to calculate the ECL on trade and other receivables.
- The GPF will use the historically observed default rates (actual write-off) over the expected life of the trade and other receivables adjusted as necessary to reflect current conditions to calculate the default rate in the provision matrix.
- Adjustments will be made for forward-looking information based on economic conditions. The default rate calculated in the provision matrix will be adjusted for economic conditions.
- The total book debt comprises of various categories of trade and other receivables and the default rate applicable to these categories is applied on the customers within these categories to calculate the ECL allowance.

1.5.15 Loan commitments

- The loan commitments would be assessed for impairment quarterly based on the total value of the facility that has been made available to the counterparty.
- The date that the GPF becomes a party to the irrevocable commitment shall be considered to be the date of initial recognition for the purposes of applying the impairment requirements.

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- Where there has been a significant increase in the credit risk of that specified counterparty the impairment amount allowance calculation would be based on the expected lifetime credit losses.

1.5.16 Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- Financial assets measured at amortised cost: As a deduction from the gross carrying amount of the assets;
- Loan commitments: The GPF discloses the ECL on the loan commitment component as part of the overall ECL balance.

1.5.17 Write-off policy

- Financial assets are written off either partially or in their entirety only when the GPF has stopped pursuing the recovery of the financial asset.
- Facilities may only be written off when they are considered uncollectable and worthless, i.e. action for recovery has been exhausted or it is no longer worthwhile in the foreseeable future. Partial write-offs of impaired loan accounts may be considered under the following circumstances:
 - A partial write-off forms part of a restructuring or a negotiated settlement;
 - The realisable value of security is less than the balance outstanding (including principal, accrued interest and other charges) and topping up of the security deficiency is not forthcoming; The shortfall in security value over the outstanding balance is uncollectable;
 - The outstanding amount is to be written down to the value of the security (i.e. the shortfall in security value over the outstanding balance is written off) or agreement has been reached for the payment of a fixed amount as full and final settlement for the indebtedness to the GPF;
 - In duplum interest where its recovery is no longer possible; or
 - In terms of the process overseen and approved by the Board Of Trustees.
- All write-offs are recommended by the Executive Committee to the Audit and Risk Committee (ARC) for approval. Motivations for write-off may be considered when one or more of the following applies:
 - There is no probability of any further recoveries and no realisable security is held;
 - DWN Professional Services All security held has been realised and the sale proceeds thereof appropriated towards reducing the outstanding debt;
 - DWN Professional Services: The borrower and guarantor(s) have no known means of repayment;
 - DWN Professional Services: The recovery process will be uneconomical;
 - DWN Professional Services: The in Duplum rule applies; and/or
 - DWN Professional Services: It will take abnormally long to recover outstanding debt and the GPF will/has instituted legal action to recover.

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1.5.18 Collateral and other credit enhancements

- In addition to pricing for risk, the GPF uses collateral to enhance the quality of credit and/or to reduce the expected losses on its lending portfolio. The amount and type of credit risk mitigation depends on the asset quality and nature of each transaction.
- Collateral, unless repossessed, is not recorded on the GPF's statement of financial position. However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and reassessed on a regular basis.
- Collateral and guarantees are used by the GPF for credit risk mitigation. The main types of collateral taken comprise reserve accounts, mortgage bonds and surety.
- The GPF also uses various forms of specialised legal agreements like guarantees and similar legal contracts in support of credit extension where necessary.
- To the extent possible, the GPF uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by independent third parties such as valuers, or based on housing price indices.

1.5.19 Cash and cash equivalents

- Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short term cash commitments rather than for investment or other purposes. Cash and cash equivalents include notes and coins on hand, current accounts, call deposits and fixed deposits.
- Cash and cash equivalents are measured at amortised cost in the statement of financial position. The balance at amortised cost are regarded as having a low probability of default, therefore the ECL is insignificant.

1.6. 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 entity assesses the classification of each element separately.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position 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 financial position as a finance lease obligation.

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

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.

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Operating leases - lessor

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

1.7. Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

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 financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used 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.

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 amount of an asset or a cash-generating unit is the higher its 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 entity; or
- the number of production or similar units expected to be obtained from the asset by the entity.

1.8. Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

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 financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

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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.

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 entity; or

the number of production or similar units expected to be obtained from the asset by the entity.

1.9. Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees or for the termination of employment.

Insurance Policy

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in GRAP 20) of the reporting entity, if the proceeds of the policy: (a) can be used only to pay or fund employee benefits under a defined benefit plan; and (b) are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either: (i) the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or (ii) the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

- 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 entity to reimburse it for employee benefits already paid.

Short-term employee benefits

All 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;

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- 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 entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- a) As a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises 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.
- a) As an expense, unless another Standard of GRAP requires or permits the inclusion of the benefits in the cost of an asset.

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 entity 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 entity 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.

Post-employment benefits: Defined benefit plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the entity during a reporting period, the entity recognise the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity 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 contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

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1.10. Provisions and contingencies

Provisions are recognised when:

- the entity 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.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

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).

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- 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.

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1.11. Loan Commitments

- On 1 April 2025, the GPF adopted the revised GRAP 104 to account for its financial instruments. As a provider of concessionary loans, the GPF previously accounted for loan commitments based on approvals for funding applications as per the delegation of authority framework.
- Loan commitments disclosed represented the maximum facility amount approved for each loan facility and in cases where the initial drawdown was less than the committed facility, the remaining undrawn amounts were disclosed as amounts committed but undrawn.
- Commitments that were withdrawn were reflected as cancellations in the loan commitment reconciliation.

The commitments previously disclosed on 31 March 2025 in line with GRAP 104 and GRAP 19, amounted to R41,8 million. Upon adoption of the revised GRAP 104, the GPF adopted the following accounting policy for the recognition of loan commitments –

- The GPF provides concessionary loans for the development of human settlements in the Gauteng province. The loan approval and disbursement process includes approval by GPF structures as per the Delegation of Authority framework; and the signing of loan agreements and registration of mortgage bonds to be held as security for the loans.
- The GPF regards the date of registration of the mortgage bond, as the irrevocable commitment date for the purposes of applying GRAP 104.
- Once loan commitments are irrevocable, the GPF recognises a loan commitment liability that is measured at an amount equal to a loan commitment fee charged for each loan agreement.
- In instances where no commitment fees are charged, the loan commitment liability is measured at an amount equal to the sum of the social benefit expense and the expected credit loss allowance recognised on the approved facility.
- The social benefit is calculated with reference to the difference between the interest rate offered as per the loan agreement, and the market interest rate. The GPF has elected to use the prime interest rate as the market interest rate for the purpose of accounting for social benefits.
- Social benefits are discounted for a 12-month period from the date of the irrevocable commitment.
- The expected credit losses on loan commitments are calculated for each loan commitment based on the ECL policy for the GPF.
- As loan commitments are calculated before any drawdowns and any payments are due, they are classified as stage 1 financial instruments and the credit loss allowances recognised on loan commitment date are limited to 12-month ECLs.
- For loan commitments still outstanding at the reporting date, the commitment liability is measured at the higher of the fair value of the commitment fee recognised; or the amount recognised as the sum of the social benefit and credit loss allowance.
- Loan commitments that are cancelled are written off in the period that the cancellation is finalised.

SIGNIFICANT ACCOUNTING POLICIES

AS AT 31 MARCH 2026

1.12. Revenue from exchange transactions

Revenue from 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, an asset is recognised.

Revenue comprises of interest received from loans and receivables from exchange transactions, interest received for favourable bank accounts, project management fees for the implementation of projects on behalf of the GDHS and management fees from Aspari (Refer to note 17).

Interest received is an exchange transaction for loans disbursed to borrowers as per there contractual agreements. Interest derived from these loans amount approximates equal value to the other party in exchange for the loan given out.

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

Contract recovery fees, penalty fees, restructure fees and moratorium extension fees are capitalised to the loan and repaid over the loan term.

1.13. Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the entity can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting entity.

SIGNIFICANT ACCOUNTING POLICIES

AS AT 31 MARCH 2026

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, an asset is recognised.

GPF revenue from exchange comprises of Government grants.

Non-exchange transactions are defined as transactions where the Trust's value from another entity without directly giving approximately equal value in exchange.

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

1.14. Borrowing costs

1.15. Accounting by principals and agents Identification

Identification

In reference to GRAP 109, the GPF is an agent 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.

Identifying whether an entity is a principal or an agent

When the entity 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 entity is a principal or an agent requires the entity 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 and Upgrading of Informal Settlements Programme for the Gauteng Provincial Department of Human Settlements. The GPF acts as a pay master for the Mega Projects Programme while the GPF fully implemented the Upgrading of Informal Settlements Programme. The GPF also administers institutional subsidies on behalf of Gauteng Provincial Department of Human Settlements. As such, funds received for Mega Projects, Upgrading of Informal Settlements Programme and institutional subsidies during the financial period 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). The GPF does bridging finance for Aspari(RF) (Pty) Ltd and FutureGrowth Asset Management. These funds are treated as loans and receivables as they are expected to be repaid during the period.

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.

SIGNIFICANT ACCOUNTING POLICIES

AS AT 31 MARCH 2026

1.16. Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the 6 months that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.17. Irregular 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.

National Treasury Instruction No. 4 of 2022/2023 on PFMA Compliance and Reporting indicates that for determining irregular expenditure, the following must be present:

- a) Expenditure incurred in contravention of, or not in accordance with legislation; and
- b) Expenditure must have been recognised in the statement of financial performance or liability recognised in the statement of financial position (where expenditure is not reflected in the statement of financial performance) in a case of institutions that are required to comply with Standards of Generally Recognised Accounting Practice (GRAP) or the International Financial Reporting Standards (IFRS). The earlier of an invoice or payment will trigger irregular expenditure for these transactions.

1.18. Budget information

Entities are 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 entity 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 2025/04/01 to 2026/03/31.

The annual financial statements and the budget are not on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of Comparison of Budget and Actual Amounts.

1.19. 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.

SIGNIFICANT ACCOUNTING POLICIES

AS AT 31 MARCH 2026

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 venturers).

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.

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 entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

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

The entity 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 entity 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 entity is exempt from the disclosures in accordance with the above, the entity 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.

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

The entity 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

AS AT 31 MARCH 2026

2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	2026	2025
	R	R
Cash on hand	1 438	439
Capital Accounts	402 832 164	441 765 899
Gauteng Department of Human Settlements	614 168 706	303 062 500
Current Account	53 224 626	1 951 851
Total	1 070 226 934	746 780 689

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

	2026	2025
	R	R
First Rand Bank (Ba2)	42 830	111 179
Standard Bank (Ba2)	677 001 587	306 258 412
South African Reserve Bank (Ba2)	393 181 079	440 410 659
Total	1 070 225 496	746 780 250

The entity had the following bank accounts

Account number / description	Bank statement balances		Cash book balances	
	31 March 2026	31 March 2025	31 March 2026	31 March 2025
	R	R	R	R
Corporate of Public deposits Reserve Account	393 181 079	440 410 659	393 181 079	440 410 659
FNB Mega, UISP and RLRP Account	42 830	111 179	42 830	111 179
Standard Bank Implementing Agent Account	614 125 876	302 951 321	614 125 876	302 951 321
Standard bank Capital Account	9 651 085	1 355 240	9 651 085	1 355 240
Standard Bank Operational Account	53 224 626	1 951 851	53 224 626	1 951 851
Petty Cash	1 438	439	1 438	439
Total	1 070 226 934	746 780 689	1 070 226 934	746 780 689

The GPF's funds for lending activities amounting to R136 195 070 of which R49 733 749 is committed to projects already underway. The operational reserve account has R319 704 402 which is intended to be utilised over the MTEF for the operational budget.

The First Rand Group Mega Projects, Upgrading of Informal Settlements Programme, Rapid Land Release Programme, and the Standard bank Implementing account holds project funding of R614 168 706 which is inclusive of interest. These funds are held in terms of the principal agent relationship.

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

AS AT 31 MARCH 2026

3. LOANS AND RECEIVABLES FROM EXCHANGE TRANSACTIONS

Term loans are classified as financial assets held at amortised cost. These financial assets are subject to the impairment model of GRAP 104 which requires the recognition of expected credit losses (ECL). The ECL is calculated on a 12-month basis for financial assets in Stage 1; and on a lifetime basis for financial assets in Stage 2 and Stage 3. On adoption of the revised GRAP 104, the bridging loans were reclassified to amortised cost. Below is the detail of the breakdown of the opening balance:

Opening Balances

	Stage 1	Stage 2	Stage 3	Total
	R	R	R	R
Non-Current term portion	172 349 900	128 376 757	740 702 599	1 041 429 256
Provision for bad debts reversal and reallocation	-	-	72 539 588	72 539 588
Reclassification of current assets	11 677 401	5 794 220	64 113 215	81 584 836
Reclassification of bridging loans	11 423 264	10 629 348	48 958 653	71 011 265
Reversal of incurred losses	4 339 897	6 501 837	110 326 804	121 168 538
Gross carrying amount for ECL calculation	199 790 462	151 302 162	1 036 640 859	1 387 733 483
Allowance for expected credit losses	(4 994 762)	(21 182 303)	(725 648 602)	(751 825 667)
Adjusted net opening balance	194 795 700	130 119 859	310 992 257	635 907 816

Expected credit losses on transition

	Exposure at default	Credit loss rate (%)	ECL recognised	Net carrying amount
	R	R	R	R
Stage 1	199 790 460	3	(4 994 762)	194 795 699
Stage 2	151 302 162	14	(21 182 303)	130 119 859
Stage 3	1 036 640 860	70	(725 649 602)	310 992 258
Subtotal	1 387 733 482	-	(751 826 667)	635 907 816
	1 387 733 482		(751 826 667)	635 907 816

In line with the requirements of GRAP 104, the GPF accounted for the ECL of R751 825 666 as an adjustment to the accumulated surplus balance of 31 March 2025. The bridging loans are reported separately in Note 6. Loans due within 12 months of the reporting period are classified as current assets in the statement of financial position.

Adjustment on transition

	2026	2025
	R	R
Allowance for Expected Credit losses	(751 825 666)	-
Reversal On provision for bad debts	72 539 588	-
Reversal of Incurred losses	121 168 538	-
Reversal of Bridging loans	23 923 835	-
Transition adjustment	(534 193 705)	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

AS AT 31 MARCH 2026

Movement	Stage 1	Stage 2	Stage 3	Total
	R	R	R	R
Opening Balance GCA	199 790 461	151 302 161	1 036 640 860	1 387 733 482
Add : advances	30 079 019	-	-	30 079 019
Less : payments	(24 585 497)	(13 336 604)	(16 521 641)	(54 443 742)
Add Interest	20 833 830	14 380 370	18 501 664	53 715 864
Less: Social Benefit	(2 208 734)	-	-	(2 208 734)
Less:Written off	-	-	(107 756 869)	(107 756 869)
Less bridging loans disclosed separately	(24 737 659)	(10 629 348)	(48 554 887)	(83 921 894)
Closing GCA	199 171 420	141 716 579	882 309 127	1 223 197 126
ECL Allowance	(4 979 286)	(19 840 321)	(616 524 461)	(641 344 068)
Closing net carrying amount	194 192 134	121 876 258	265 784 666	581 853 058
Expected credit losses term loans				
Opening balance	4 994 762	21 182 302	725 648 601	751 825 665
Less; Reclassification Bridging loans	(285 581)	(1 488 109)	(34 271 057)	(36 044 747)
Movement for the year	270 105	146 127	(74 853 082)	(74 436 850)
	4 979 286	19 840 320	616 524 462	641 344 068

In computing the expected credit losses, the GPF has used a portfolio assessment due to the shared characteristics of the loans.

The primary inputs for the stages are as follows –

Stage 1

Probability of Default – 10%

Loss Given Default – 25%

Credit Loss Ratio – 2,5%

Stage 2

Probability of Default – 35%

Loss Given Default – 40%

Credit Loss Ratio – 14%

Stage 3

Probability of Default – 100%

Loss Given Default – 70%

Credit Loss Ratio – 70

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

AS AT 31 MARCH 2026

12 months ended 31 March 2025

	Emerging Entrepreneur Property Fund	Rental Housing Fund	Social Housing Fund	Student Accommodation	Total
	R	R	R	R	R
Opening balance	398 112 019	177 533 685	167 844 287	266 661 554	1 010 151 545
Prior years current term portion	28 449 366	13 552 734	8 201 320	1 452 060	51 655 480
Prior years loans and receivables held for trade	66 807 877	-	-	16 856 434	83 664 311
Prior years provision for bad debts reversed	64 934 560	14 911 561	-	-	79 846 121
Advance	35 875 904	-	-	9 007 520	44 883 424
Interest earned	41 492 552	17 419 752	21 372 845	30 559 522	110 844 671
Short-term payments received	(16 528 486)	(14 089 400)	(10 110 131)	(26 409 077)	(67 137 094)
Social benefit adjustment	(11 959 065)	-	-	(252 520)	(12 211 585)
Interest amortised using the effective interest rate methods	22 953 991	6 341 690	(1 585 476)	(3 139 312)	24 570 893
Impairments	(25 918 544)	(17 328 276)	(5 025 234)	(2 180 484)	(50 452 538)
Current-portion of loans and receivables transferred to current assets	(49 844 680)	(18 235 351)	(10 258 838)	(3 245 967)	(81 584 836)
Loans and receivables held for trade	(68 769 057)	-	-	(2 242 207)	(71 011 264)
Provision for bad debts	(55 765 820)	(16 773 768)	-	-	(72 539 588)
Bad debts written off	(9 250 284)	-	-	-	(9 250 284)
	420 590 333	163 332 627	170 438 773	287 067 523	1 041 429 256

In the current period, loans and receivables have been categorised in accordance with various GPF product offerings.

The GPF junior loans and receivables from exchange transaction funding are linked to a Johannesburg Interbank Average Rate (JIBAR). Repayments occur on a monthly and bi-annual basis. The bridging senior loans are prime related. The loan terms vary from 15 to 29 years.

Split between current and non-current portions

	2026	2025
	R	R
Non-current assets	515 104 605	1 041 429 255
Current assets	66 748 453	81 584 836
	581 853 058	1 123 014 091

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

AS AT 31 MARCH 2026

4. INVESTMENTS

Investments in Cicima

Name	Jurisdiction	Determination of ownership interest	% ownership interest 2026	% ownership interest 2025	Carrying amount 2026	Carrying amount 2025
					R	R
					-	-
Cicima		Unlisted	19.90 %	19.90 %	2 544 023	8 209 175
					2 544 023	8 209 175

5. OTHER FINANCIAL ASSET

2026	2025
R	R

The funds transferred to attorneys relates to the deposits made in relation to the Rapid Land Release Programme for the purchase of land parcels which will be distributed to beneficiaries inline with our agreement with the GDHS as an implementing agent on their behalf. These funds accrue interest which is due to the GPF.

42 154 798 676 284 074

6. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Receivables from exchange transactions

	2026	2025
	R	R
Trade receivables - ECL	(602 687)	-
Deposits	970 000	970 000
HDA Fees Receivable	1 062 189	1 062 189
Sundry debtors - Aspari (RF) (Pty) Ltd	3 101 771	2 113 500
Prepayments and sundry debtors	2 117 491	4 398 922
Gauteng Department of Human Settlements management fees accrued	8 496 610	51 694 033
Other receivables	6 334 738	7 182 000
Sundry debtor - Future Growth Asset Management (Pty) Ltd	2 024 667	2 024 667
Employee debtors	-	378 350
Sundry debtors - Clients	27	27
Total Receivables from exchange transactions	23 504 806	69 823 688

Trade Receivables comprise of balances primarily due from counterparties (FutureGrowth, Aspari, HDA and the Gauteng Department of Human Settlements (GDHS)).

Receivables are classified as financial assets at amortised cost and expected credit losses are calculated using the simplified approach of GRAP 104.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

AS AT 31 MARCH 2026

The reconciliation of Trade Receivables for the current reporting period is as follows –

Detail	Amount (R)
	R
Balance – as reported on 31 March 2025 *	69 823 687
Made up as follows –	
Gross Carrying Amount	69 823 687
Provision for Bad Debts	0
GRAP 104 Stage Classification	
Gross Carrying Amount	
Stage 1	69 823 687
Expected Credit Losses	
Stage 1 – Loss Rate of 2,5%	(1 745 592)
Total ECL	(1 745 592)
Net Carrying Amount – 1 April 2025	68 078 095
Movements for the year	
Amounts received during the year and movements	(45 716 194)
Movement in ECL	1 142 905
Closing Balance – Net Carrying Amount	23 504 806

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

AS AT 31 MARCH 2026

7. BRIDGING LOANS

Note 7 – Bridging Loans

Bridging loans are provided to developers to cover cash shortfalls from delayed disbursements by senior funders. Once bridging loans are provided, the capital facility is claimed from the senior funders, and the interest is charged to the developer and capitalised on the junior facility.

Capital facilities due from senior funders were previously classified as loans and receivables held for trade and measured at fair value. On adoption of the revised GRAP 104, the bridging loans were reclassified to amortised cost.

Bridging Loans	2026	2025
	R	R
Opening balance	47 087 429	68 147 843
Fair Value Adjustments		(21 060 414)
Balance – as per audited AFS		47 087 429
GRAP 104 Adjustments – 1 April 2025		
Adjustment to Accumulated Surplus	(12 120 912)	
Revised opening balance	34 966 517	
Movements for the year		
New loans advanced	13 314 395	
Loans de-recognised	(403 766)	
ECL movement for the year	(50 224)	
Closing Balance	47 826 922	47 087 429

The reconciliation of the bringing loans is as follows –

	Detail	Amount (R)
Balance – as reported on 31 March 2025		47 087 429
Made up as follows –		
Gross Carrying Amount		71 011 264
Fair Value Adjustments		(23 923 835)
Balance reported in 2025 AFS		47 087 429
On adoption of GRAP 104, the bridging loans were reclassified to amortised cost and subject to the ECL impairment model.		
GRAP 104 Stage Classification – Gross Carrying Amount		
Stage 1		11 423 264
Stage 2		28 527 017
Stage 3		31 060 984
Total Gross Carrying Amount – reclassified to amortised cost		71 011 264
Expected Credit Losses		
Stage 1 – Loss Rate of 2,5%		(285 582)
Stage 2 – Loss Rate of 14%		(1 488 109)
Stage 3 – Loss Rate of 70%		(34 271 057)
Total ECL		(36 044 747)
Net Carrying Amount – 1 April 2025		34 966 517
Summarised as follows –		

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

AS AT 31 MARCH 2026

	Detail	Amount (R)
Stage 1		11 137 682
Stage 2		9 141 239
Stage 3		14 687 596
		34 966 517
Movements for the year		
New Bridging Loans		13 314 395
Loans De-recognised		(403 766)
Gross Carrying Amount		83 921 893
Stage 1		24 737 659
Stage 2		10 629 348
Stage 3		48 554 887
Expected Credit Losses		
Stage 1		(618 441)
Stage 2		(1 488 109)
Stage 3		(33 988 421)
Total ECL		(36 094 971)
Net Carrying Amount – 31 March 2026		47 826 922
Summarised as follows –		
Stage 1		24 119 217
Stage 2		9 141 239
Stage 3		14 566 466
		47 826 922

Note –

The net effect of GRAP 104 adoption on 1 April 2025 was an adjustment of R12 120 912 to the accumulated surplus.

This was made up of the reversal of FV adjustments of R23 923 835 and the recognition of ECL of R36 044 747.

8. INVESTMENT PROPERTY

	2026			2025		
	Carrying value	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Cost / Valuation
	R	R	R	R	R	R
Investment property	13 650 000	(21 169)	13 628 831	-	-	-

Reconciliation of investment property - 2026

	Opening balance	Additions	Depreciation	Total
	R	R	R	R
Investment property	-	13 650 000	(21 169)	13 628 831

The GPF adopted a revenue generation strategy which resulted in the recognition of investment properties.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

AS AT 31 MARCH 2026

9. PROPERTY, PLANT AND EQUIPMENT

	2026			2025		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
	R	R	R	R	R	R
Furniture and fixtures	1 660 413	(1 541 802)	118 611	1 660 413	(1 474 134)	186 279
Motor vehicles	1 097 623	(340 581)	757 042	1 097 623	(246 926)	850 697
Office equipment	3 012 478	(2 043 055)	969 423	3 091 136	(1 889 811)	1 201 325
Computer equipment	7 814 582	(5 839 405)	1 975 177	8 052 490	(5 478 443)	2 574 047
Leasehold improvements	5 261 300	(5 259 388)	1 912	5 261 300	(5 258 800)	2 500
Total	18 846 396	(15 024 231)	3 822 165	19 162 962	(14 348 114)	4 814 848

Reconciliation of property, plant and equipment - 2026

	Opening balance	Additions	Disposals	Depreciation	Total
	R	R	R	R	R
Furniture and fixtures	186 279	-	-	(67 668)	118 611
Motor vehicles	850 697	-	-	(93 655)	757 042
Office equipment	1 201 325	404 446	(71 402)	(564 946)	969 423
Computer equipment	2 574 047	120 630	(15 739)	(703 761)	1 975 177
Leasehold improvements	2 500	-	-	(588)	1 912
	4 814 848	525 076	(87 141)	(1 430 618)	3 822 165

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Disposals	Depreciation	Total
	R	R	R	R	R
Furniture and fixtures	258 561	-	-	(72 282)	186 279
Motor vehicles	103	936 547	-	(85 953)	850 697
Office equipment	1 721 067	325 587	(262 955)	(582 374)	1 201 325
Computer equipment	1 553 538	1 886 336	(34 551)	(831 276)	2 574 047
Leasehold improvements	61 323	-	-	(58 823)	2 500
	3 594 592	3 148 470	(297 506)	(1 630 708)	4 814 848

Pledged as security

No assets were pledged as security.

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	2026	2025
	R	R

Losses from disposal of property, plant and equipment – included in operating surplus.

Office equipment	(7 032)	(213 503)
Computer equipment	(12 185)	(46 641)
	(19 217)	(260 144)

Assets subject to finance lease (Net carrying amount)

Office equipment	116 733	269 199
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Repairs and Maintenance

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

Computer Equipment	39 181	90 362
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The reassessment of useful lives have been conducted and the impact of the assessment was deemed as immaterial under note 9.

10. INTANGIBLE ASSETS

	2026			2025		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
	R	R	R	R	R	R
Computer software	4 955 728	(1 732 750)	3 222 978	4 574 117	(1 246 718)	3 327 399

Reconciliation of intangible assets - 2026

	Opening balance	Additions	Amortisation	Total
	R	R	R	R
Computer software	3 327 399	381 611	(486 032)	3 222 978

Reconciliation of intangible assets - 2025

	Opening balance	Amortisation	Total
	R	R	R
Computer software	3 782 834	(455 435)	3 327 399

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11. UNSPENT FUNDS FROM GDHS

Unspent funds

	2026	2025
	R	R
Unspent funds	656 542 168	979 498 793
Movement during the year		
Balance at the beginning of the year	979 498 793	1 286 357 860
Transfers from GDHS	-	624 489 058
Funds utilised	(374 462 708)	(1 002 030 771)
Interest earned	51 508 811	70 683 939
Bank changes	(2 728)	(1 293)
	656 542 168	979 498 793

Unspent funds from Gauteng Department of Human Settlements (GDHS) represents funds received and interest accrued.

This is Mega project grant funding, funding for the Upgrading of Informal Settlements Programme (UISP) and for the Rapid Land Release Programme (RLRP), received during the current period. Monies are held in terms of a principal agent memorandum of agreement to assist the department in expediting payments for UISP, RLRP and Mega projects. (Refer to note 25).

12. FINANCE LEASE OBLIGATION

	2026	2025
	R	R
Minimum lease payments due		
- within one year	127 591	162 296
- in second to fifth year inclusive	-	127 591
	127 591	289 887
less: future finance charges	(10 089)	(46 774)
Present value of minimum lease payments	117 502	243 113
Non-current liabilities	-	117 502
Current liabilities	117 502	125 611
	117 502	243 113

The GPF entered into a contract for three printers with effect from December 2023 for a period of 36 months.

The GPF's obligations under finance leases are secured by the lessor's title over the leased assets.

The photocopiers under the finance leases are currently depreciated over the lease term.

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13. PAYABLES FROM EXCHANGE TRANSACTIONS

	2026	2025
	R	R
Trade and other payables	2 540 079	1 622 525
Accruals salary related	73 623	73 623
Payables Aspari (RF) (Pty) Ltd	2 571 494	2 587 839
Gauteng Department of Human Settlements Management fees received in Advance	15 888 159	24 030 623
	21 073 355	28 314 610

Salary related accruals relate to payments to employees that resigned or their term of contract ended.

Payables to Aspari (RF) (Pty) Ltd are monies collected by GPF on behalf of senior funder (Aspari (RF) (Pty) Ltd). These are non-interest bearing and will be paid in the subsequent period.

Trade and other payables - mainly comprise of third-party payments to suppliers. These payables are normally settled on 30-day terms.

14. PROVISIONS

Reconciliation of provisions - 2026

	Opening Balance	Additions	Utilised during the year	Total
	R	R	R	R
Provision for long service awards	516 128	651 909	(500 286)	667 751
Provision for leave pay	2 573 458	1 496 851	(1 642 621)	2 427 688
	3 089 586	2 148 760	(2 142 907)	3 095 439

Reconciliation of provisions - 2025

	Opening Balance	Additions	Utilised during the year	Total
	R	R	R	R
Provision for long service awards	422 607	343 354	(249 833)	516 128
Provision for leave pay	2 615 448	1 161 769	(1 203 759)	2 573 458
Provisions for bonuses	370 246	(117 575)	(252 671)	-
	3 408 301	1 387 548	(1 706 263)	3 089 586

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. The timing and payout of this provision is uncertain. The organisation further allocated a provision for long service awards.

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15. LOAN COMMITMENT LIABILITY

Movement in loan commitment liability

	2026	2025
	R	R
Opening balance – 1 April 2025	843 075	-
Conversion of loan commitments to financial assets – through disbursements	(843 075)	-
Social benefit expense (Prime at 10,5%; JIBAR at 7%)	573 093	-
Expected credit losses (Using PD of 10% and LGD of 25%)	567 303	-
	1 140 396	-

16. OPERATING LEASE LIABILITY

	2026	2025
	R	R
Non-current liabilities	-	234 288
Current liabilities	240 002	-
	240 002	234 288

Operating lease rentals represents rentals payable by the GPF to Acucap Management Services (Pty) Ltd for office premises. The lease will expire in March 2027 and has an annual escalation of 7.5%.

17. REVENUE

	2026	2025
	R	R
Interest received from loans and receivables	53 990 073	138 997 947
Management fees	15 251 059	75 740 425
Interest received from banks	29 438 121	36 096 339
	98 679 253	250 834 711

The amount included in revenue arising from management fees are as follows:

Mega projects management fees	4 816 614	31 397 825
Aspari (RF) (Pty) Ltd management fees	988 271	508 128
Upgrade of Informal Settlement Programme management fee	1 398 211	28 325 419
Rapid Land Release Programme Fees	8 047 963	15 509 053
	15 251 059	75 740 425

18. OTHER INCOME

	2026	2025
	R	R
Contract recovery costs	-	1 050 000
Bad Debts Recovered	310 252	-
Fees on legal claim	-	3 960 940
PSETA training fees	269 656	-
Proceeds from Insurance claim	86 312	36 353
Discount received for assets purchased	111 576	112 628
	777 796	5 159 921

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19. OPERATING (DEFICIT) / SURPLUS

Operating (deficit) / surplus R508 503 (2025: R161 061 630) for the year is stated after accounting for the following:

	2026	2025
	R	R
External Audit Management Fees	2 865 510	2 752 911
Internal Audit Management Fees	817 441	715 092
	3 682 951	3 468 003
Operating lease charges		
Premises		
Contractual amounts	4 207 697	4 206 660
Utilities	802 693	973 294
	5 010 390	5 179 954
Gain on sale of property, plant and equipment	19 217	260 144
Loss on de-recognition of financial assets	16 564 015	-
Amortisation on intangible assets	486 032	457 412
Depreciation on property, plant and equipment	1 430 618	1 628 716
Depreciation on investment property	21 169	-
Employee costs	63 793 703	62 489 417

20. FAIR VALUE ADJUSTMENTS

	2026	2025
	R	R
Fair value on bridging loans	-	(8 407 367)
Social benefit on loans and receivables	(2 781 827)	(12 211 585)
	(2 781 827)	(20 618 952)

The social benefit adjustment on loans and receivables relates to concessionary loans which are initially measured at fair value by comparing the loan discounted rates given to borrowers with the market related rates. The discount given is accounted for as a social benefit adjustment loss through surplus or deficit.(Refer to note 3).

21. FINANCE COSTS

	2026	2025
	R	R
Finance leases	36 685	58 470

Finance Cost is interest charged for the finance leases

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22. GENERAL EXPENSES

	2026	2025
	R	R
Auditors remuneration	3 682 951	3 468 003
Bank charges	-	2 068
Board fees	4 910 831	4 241 156
Consulting and professional fees	5 100 601	3 494 199
Entertainment	232 507	79 609
Insurance	679 630	761 447
Marketing	2 024 888	2 735 767
Magazines, books and periodicals	286 163	146 862
Fuel and oil	18 266	14 081
Printing and stationery	71 938	32 322
Corporate Social Investment	116 316	99 900
Security	30 797	27 067
Telephone and fax	909 327	1 427 682
Training	1 529 917	738 816
Travel	1 089 792	485 403
Offsite storage	99 167	58 753
	20 783 091	17 813 135

23. EMPLOYEE RELATED COSTS

	2026	2025
	R	R
Basic	56 344 023	54 986 997
Medical aid - company contributions	3 131 317	2 859 894
Life Cover	714 291	1 275 740
Retirement annuity	3 604 072	3 366 785
	63 793 703	62 489 416

24. TAXATION

No provision has been made for period 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 is applicable for the current financial period.

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25. RELATED PARTIES

The GPF is related to all departments and entities under the Gauteng Department of Human Settlements (GDHS) by virtue of being under control of the same MEC.

Relationships Ultimate controlling entity Controlling entity	Gauteng Department of Human Settlements
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Related party balances

	2026	2025
	R	R
Amounts included in assets and liabilities		
Subsidies Programme	9 631 303	9 316 347
Mega Projects	46 234 019	187 089 859
UISP	47 724 037	84 373 280
RLRP	552 942 810	698 719 306

Related party transactions

Fees Earned

Mega Project management fees	4 816 614	31 397 826
UISP management fees	1 398 211	28 325 418
RLRP management fees	8 047 963	15 509 053

Principal agent transactions

	Mega Project Programme	Rapid Land Release Programme	Upgrading of the Informal Settlements Programme	Total
	R	R	R	R
Payments	96 575 882	189 856 337	38 712 740	325 144 959

Non-Executive Trustees Board fees

	2026	2025
	R	R
C Cornish (Chairperson appointed 01 June 2023)	503 192	489 100
M Kganedi (Deputy Chair appointed 01 June 2023)	295 994	279 142
NM Matebese	521 994	386 498
LG Marincowitz	569 918	409 147
B Mhaga	424 828	337 211
E Ndwandwe	357 703	294 934
G Martins	409 111	376 037
G Phakathi	309 170	358 781
L Mbokotho	426 496	347 277
M Hlahla	422 772	376 037
R Kikine	338 649	281 992
S Mabuza	330 720	305 000
	4 910 547	4 241 156

Mr Sochayile Khanyile is the shareholder representative and is not remunerated.

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	2026	2025
	R	R
Executive Management - Chief Executive Officer - L Kwele		
Basic	3 615 531	3 494 548
Retirement annuity contribution, medical aid and life cover	331 517	316 105
	3 947 048	3 810 653
Executive Management - Chief Financial Officer - N Genuka		
Basic	2 067 144	1 999 123
Retirement annuity contribution, medical aid and life cover	208 872	164 508
	2 276 016	2 163 631
Executive Management - Corporate Services Executive - A Clark		
Basic	1 890 209	1 828 011
Retirement annuity contribution, medical aid and life cover	194 838	184 224
	2 085 047	2 012 235
Executive Management - Chief Investment and Development Officer - L Mabusela (Resigned 10 June 2025)		
Basic	530 706	1 999 123
Performance bonus	-	117 575
Retirement annuity contribution, medical aid and life cover	39 685	164 508
	570 391	2 281 206
Company Secretary - Thandi Zide (Resigned 15 January 2026)		
Basic	1 560 932	1 787 096
Retirement annuity contribution, medical aid and life cover	152 416	148 582
	1 713 348	1 935 678
Shiraaz Lorgat - Acting CIDO		
Basic	1 690 859	-
Retirement annuity contribution, medical aid and life cover	145 308	-
	1 836 167	-
Thandi Kuzwayo - Acting Company Secretary		
Basic	339 441	-
Retirement annuity contribution, medical aid and life cover	32 318	-
	371 759	-

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26. FINANCIAL RISK MANAGEMENT AND OBJECTIVES

26.1. Introduction And Scope

The Fund's core mandate is to facilitate the development of integrated and sustainable human settlements in the GCR through the provision of development finance, gap funding, and catalytic investment.

In the ordinary course of fulfilling its mandate, the Fund is exposed to a range of financial risks arising from its lending activities, cash and investment management functions. The primary financial risks to which the Fund is exposed are:

- Credit risk: the risk of financial loss arising from a counterparty's failure to meet its contractual obligations
- Market risk: including interest rate risk arising from adverse movements in benchmark interest rates; and
- Liquidity risk: the risk that the Fund will be unable to meet its financial obligations as they fall due.

This note describes the Fund's approach to identifying, measuring, monitoring, and managing each of these risk categories, consistent with the requirements of GRAP 104 Financial Instruments, which became effective for the Fund from 1 April 2025.

The Board of Trustees holds ultimate responsibility for the oversight of financial risk management. Day-to-day risk management is delegated to the Chief Executive Officer and executive management, who operate within the risk appetite and governance framework approved by the Board.

26.2. Governance and credit approval framework

The Fund has established a structured funding governance and credit risk approval framework to ensure that all lending transactions are properly assessed, recommended, and approved at appropriate levels of authority prior to disbursement.

26.2.1. Due Diligence Process

Prior to the consideration of any funding application, the Capital and Investment Unit appoints an independent, suitably qualified party to conduct a comprehensive due diligence assessment of the prospective borrower and the proposed development. The scope of the due diligence review encompasses, at a minimum, the following disciplines:

- Company and entity overview, including shareholding structure, registration status, and governance;
- Assessment of property management capacity and track record;
- Detailed project description, site analysis, and spatial context;
- Legal and financial review, including title deed, encumbrances, and litigation status;
- Financial feasibility modelling under base case and stress-tested worst-case assumptions;
- SWOT analysis and risk identification with proposed mitigation measures;
- Verification of equity contribution and funding structure;
- Assessment of the professional team (architects, quantity surveyors, engineers, project managers); and
- Compliance with the applicable investment guidelines of the relevant fund programme.

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The due diligence report is submitted to the Capital and Investment Unit and forms the primary basis for the funding recommendation. The independent due diligence provider exercises professional judgement and applies conservative assumptions in its financial modelling, including appropriate vacancy factors, capitalisation rates, operating cost benchmarks, and sensitivity analyses.

26.2.2. Credit Approval Authority Matrix

The Fund operates a tiered credit approval framework. All funding recommendations flow through the following approval hierarchy:

Role / Committee	Threshold	Responsibility
Chairperson, Technical Credit and Risk Committee (TCRC)	All qualifying transactions	Makes the funding recommendation based on the independent due diligence report and Credit Committee deliberations.
Chief Investment and Development Officer (CIDO)	All qualifying transactions	Provides executive support and concurrence with the funding recommendation prior to TCRC consideration.
Chief Executive Officer (CEO)	All qualifying transactions	Approves qualifying funding transactions within delegated authority. FIC reviews the transaction on a post-approval basis for strategic and financial risk alignment.
Finance and Investment Committee (FIC)	Transactions above R8 million	Transactions exceeding R8 million are approved by FIC as part of the oversight function.
Board of Trustees	Transactions above R30 million	Funding transactions with a total commitment exceeding R30 million require prior Board approval before disbursement can commence.

26.2.3. Investment Guidelines and Eligibility Criteria

All prospective borrowers and funded projects are assessed against programme-specific investment guidelines. Compliance with these guidelines is a pre-condition for funding approval and is verified during the due diligence process. Key eligibility criteria common to all programmes include a minimum equity contribution of 10%; a loan-to-value ratio not exceeding 100%; and adherence to applicable norms and standards prescribed by management based on industry practice. Programme-specific criteria are applied in addition to these general requirements.

26.3. CREDIT RISK

26.3.1. Nature and Sources of Credit Risk

Credit risk is the most significant financial risk faced by the Fund. It arises primarily from the Fund's portfolio of development loans extended to emerging property developers, social housing institutions, student accommodation providers, and other qualifying borrowers operating within the GCR.

Credit risk also arises, to a lesser extent, from the Fund's short-term cash and investment balances held with commercial banks and other approved counterparties.

The Fund's lending portfolio is characterised by the following risk features:

- Borrowers are predominantly emerging and early-stage developers with limited balance sheet strength and operating history;
- Projects are typically greenfield or brownfield developments subject to construction, occupancy, and cash flow risk;

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- Rental income servicing loan obligations is often dependent on government funding programmes (e.g., NSFAS), which may experience payment delays;
- Security typically comprises mortgage bonds over the funded properties, which may be in developing or transitional urban nodes; and
- Junior loan positions may result in subordinated recovery in distress scenarios.

26.3.2. Credit Risk Management

The Fund manages credit risk through a combination of pre-approval controls, structural loan conditions, active portfolio monitoring, and post-disbursement oversight measures, as follows:

Pre-approval controls

- Mandatory independent due diligence on all prospective borrowers;
- Financial feasibility assessment under base case and worst-case assumptions;
- Verification of the borrower's equity contribution;
- Review of the professional team credentials and track record; and
- Assessment of competing developments and market demand.

Structural loan conditions

- Minimum loan-to-value ratio requirements;
- Interest capitalisation during construction with structured repayment commencement;
- Security via mortgage bonds (typically second mortgage, subordinated to senior funders);
- Step-in rights through cession of leases in favour of the Fund;
- Covenants requiring minimum debt service coverage ratios; and
- Restrictions on asset disposal and additional encumbrances without Fund consent.

Ongoing monitoring

- Periodic property inspections and site visits;
- Monitoring of occupancy levels and rental collection performance;
- Review of management accounts and financial information from borrowers;
- Liaison with co-funders (e.g., NHFC) on project progress; and
- Escalation of arrears or covenant breaches to the Legal and Compliance unit and, where material, to the Audit and Risk Committee (ARC).

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26.3.3. Expected Credit Losses (ECL) – GRAP 104

With effect from the adoption of GRAP 104 Financial Instruments, the Fund applies an Expected Credit Loss (ECL) framework to the measurement of impairment on its financial assets measured at amortised cost. The ECL framework replaces the incurred loss model previously applied and requires the Fund to recognise credit losses based on forward-looking, probability-weighted estimates of expected cash shortfalls.

ECL Model Overview

The Fund applies a three-stage ECL staging model consistent with the GRAP 104 framework:

Stage	Classification	ECL Measurement Basis	Interest Revenue Recognition
Stage 1	Performing – no significant increase in credit risk since initial recognition	12-month ECL: expected losses from default events possible within the next 12 months	Effective interest rate applied to gross carrying amount
Stage 2	Underperforming – significant increase in credit risk since initial recognition, but not credit-impaired (30–90 days past due)	Lifetime ECL: expected losses over the remaining contractual life of the instrument	Effective interest rate applied to gross carrying amount
Stage 3	Credit-impaired – objective evidence of impairment (e.g., >90 days past due, breach of covenant, insolvency proceedings)	Lifetime ECL: expected losses calculated on an individual or collective basis	Effective interest rate applied to net carrying amount (i.e., gross amount less ECL allowance)

Staging Triggers

The Fund applies both quantitative and qualitative triggers to determine significant increases in credit risk (SICR) for staging purposes:

- Quantitative triggers: repayment arrears exceeding 30 days past due for a Stage 2 classification; arrears exceeding 90 days past due for a Stage 3 classification;
- Qualitative triggers: material adverse changes in the borrower's financial position, failure to maintain required occupancy levels, breach of financial covenants, deterioration in the value of collateral, or the initiation of liquidation or business rescue proceedings; and
- Forward-looking indicators: deterioration in Gauteng GDP growth, rising interest rates beyond breakeven thresholds, declining demand for affordable rental accommodation, and NSFAS payment delays.

The Fund applies the rebuttable presumption under GRAP 104 that credit risk has increased significantly when a financial asset is more than 30 days past due. This presumption has not been rebutted in the current period.

ECL Measurement Methodology

The ECL allowance is calculated using the following components:

- Probability of Default (PD): the likelihood that a borrower will default over the relevant measurement horizon;
- Loss Given Default (LGD): the estimated loss in the event of default, taking into account the fair value and realisability of collateral and expected recovery costs; and
- Exposure at Default (EAD): the outstanding balance at the time of default, including any undrawn committed facilities.

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$$\text{ECL} = \text{PD} \times \text{LGD} \times \text{EAD}$$

Due to the specialised and heterogeneous nature of the Fund's loan portfolio, individual loan assessments are performed for all Stage 3 exposures and for material Stage 2 exposures. For Stage 1 and smaller Stage 2 exposures, a portfolio-level collective assessment is performed, using available historical loss data and forward-looking economic overlays.

PD Determination Methodology

The Fund applies a comprehensive multi-factor approach to determine PD, incorporating: (i) internal credit ratings using a five-point scale (AAA to D) weighted at 35%; (ii) payment history (days past due and arrears status) weighted at 30%; (iii) macroeconomic factors (GDP growth, unemployment, interest rates and sectoral risk) weighted at 20%; (iv) collateral and guarantees (security coverage ratio) weighted at 10%; and (v) industry risk (sector volatility, commodity prices and policy changes) weighted at 5%. No external vendor ECL models are used. PD assumptions are determined internally based on management judgement.

Stage	Description	PD	LGD	ECL Basis
Stage 1	Performing– no SICR since origination	10.0%	25%	12-month ECL
Stage 2	Significant increase in credit risk (30–90 days)	35.0%	40%	Lifetime ECL
Stage 3	Credit-impaired (>90days/ restructured)	100.0%	70	Lifetime ECL

PD percentages applied as at 31 March 2026: Stage 1 (performing): 10.0%; Stage 2 (significant increase in credit risk, 30–90 days past due): 35.0%; Stage 3 (credit-impaired, >90 days past due or restructured): 100.0%. The blended portfolio PD is 35.3%. The ECL coverage ratio as at 31 March 2026 is 54.6% (2025: 54.2%).

Forward-Looking Information

In accordance with GRAP 104, the Fund incorporates forward-looking macroeconomic information into its ECL estimates. Three probability-weighted scenarios are applied:

Scenario	Weight	Key Assumptions	Stage 1 PD	Stage 2 PD	Stage 3 PD
Best Case	20%	GDP growth 2.5%; Unemployment 30%	8.5%	29.75%	100.0%
Base Case	50%	GDP growth 1.2%; Unemployment 32.3%	10.0%	35.0%	100.0%
Adverse Case	30%	GDP contraction -0.5%; Unemployment 35%	12.5%	43.75%	100.0%

The probability-weighted blended PD is computed as the weighted average across the three scenarios. Key macroeconomic variables are sourced from SARB, Stats SA, Gauteng Treasury, the OECD and the World Bank, and are reviewed at each reporting date by management.

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Key Forward-Looking Variables

Variable	Source	Impact on ECL
Gauteng GDP growth rate	Gauteng Treasury; Stats SA	Lower growth rates increase probability of project occupancy shortfalls and rental arrears
SARB repo rate	SARB MPC statements	Rate increases raise borrower debt service costs and reduce Debt Service Coverage Ratios (DSCR)
NSFAS payment trends	NSFAS operational reports	Delays in NSFAS disbursements directly impair cash flows of student accommodation borrowers
Residential property market	FNB Property Barometer; Lightstone	Declining market values affect LGD through reduced collateral realisability
Unemployment in Gauteng	Stats SA QLFS	Rising unemployment reduces rental demand and increases tenant default risk

ECL Allowance Movement – Year ended 31 March 2026

The table below presents the movement in the ECL allowance for the year ended 31 March 2026. Changes in model inputs and assumptions represent the remeasurement of ECL on existing positions due to updated PD, LGD, and macroeconomic parameters.

	Stage 1 R	Stage 2 R	Stage 3 R	Total R
Balance at 1 April 2025	4 994 762	21 182 303	725 648 601	751 825 666
Reclassification of Bridging loans	(285 581)	(1 488 109)	(34 271 057)	(36 044 747)
Movement for the year	270 105	146 127	(74 853 083)	(74 436 851)
Balance at 31 March 2026	4 979 286	19 840 321	616 524 461	641 344 068

Gross Loan Exposures, ECL Allowances and Net Carrying Amounts by Stage

The following table presents the gross carrying amount of the Fund's loan portfolio by ECL stage as at 31 March 2026, together with the associated ECL allowance:

	31 March 2025			31 March 2026		
Stage	Gross R	ECL R	Net	Gross	ECL	Net
Stage 1	199 790 461	4 994 761	194 795 699	223 909 078	5 264 867	218 644 211
Stage 2	151 302 161	21 182 303	130 119 858	152 345 928	21 328 430	131 017 498
Stage 3	1 036 640 859	725 648 602	310 992 258	939 346 830	658 465 448	280 881 382
Total	1 387 733 482	751 825 667	635 907 816	1 315 601 836	685 058 745	630 543 091

26.3.4. Write-off Policy

Financial assets (or portions thereof) are written off against the ECL allowance when the Fund has no reasonable expectation of recovery. The write-off decision requires consideration of all realistic recovery options, including the realisation of collateral and any applicable legal proceedings. Write-offs are approved by the Board of Trustees on recommendation of the Audit and Risk Committee (ARC).

Financial assets written off remain subject to enforcement activity and recovery efforts. Any subsequent recoveries are recognised in the Statement of Financial Performance as income in the period received.

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26.3.5. Credit Concentration Risk

The Fund monitors credit concentration risk across a number of dimensions, including geographic exposure, programme type, individual borrower exposure, and co-funder exposure.

Concentration by Programme Type

	31 March 2025			31 March 2026		
Programme	Gross R	ECL R	Net R	Gross R	ECL R	Net R
EEPF	760 198 010	438 692 604	321 505 406	765 155 226	442 709 755	322 445 470
Student Accommodation	345 678 607	167 867 976	177 810 631	337 576 488	164 326 843	173 249 645
Rental Housing	165 479 894	81 392 933	84 086 961	169 829 523	79 832 759	89 996 764
Social Housing	110 982 080	66 818 972	44 163 107	114 972 245	64 816 309	50 155 936
Total	1 382 338 590	754 772 484	627 566 105	1 387 533 482	751 685 666	635 847 816

The EEPF portfolio constitutes the largest programme concentration at 55.0% (2025: 55.1%) of the gross loan book, followed by Student Accommodation at 25.0% (2025: 24.3%), Rental Housing at 12.0% (2025: 12.2%), and Social Housing at 8.0% (2025: 8.3%). Stage distribution across programmes reflects the concentration of non-performing exposures in EEPF, which accounts for the majority of Stage 3 balances.

26.3.6. Collateral and Security

The Fund's primary credit mitigation instrument is the registration of mortgage bonds over the funded properties, typically as a second mortgage (subordinated to the senior funder). Additional credit enhancements include:

- Cession of rental income and lease agreements;
- Personal and corporate suretyships from shareholders in appropriate cases;
- Step-in rights allowing the Fund to assume management of a project in distress; and
- Retention of lien over construction drawdowns, with payments conditional on certified progress milestones.

The Fund does not routinely revalue collateral on an annual basis for all performing loans. However, where a loan is classified as Stage 2 or Stage 3, an updated valuation (or management estimate) of the collateral value is obtained to inform the LGD calculation in the ECL model

Aggregate Collateral Values – 31 March 2026

The table below presents the aggregate property valuations held as security against the Fund's loan portfolio, based on independent professional valuations. 55 properties in the portfolio have been valued, covering the material Stage 2 and Stage 3 exposures.

Collateral Metric	Stage 1 R	Stage 2 R	Stage 3 R	Total R
Open Market Value (OMV)	18 200 000	537 770 000	1 533 550 000	2 089 520 000
Forced Sale Value	11 800 000	364 725 000	965 265 000	1 341 790 000
Senior Funder Balances	4 089 896	296 372 489	588 943 905	889 406 290
Net Recoverable	14 110 104	241 397 511	944 606 095	1 200 113 710

The net recoverable amount (FSV less senior funder balances) of R 1 200 113 710 compares to a total gross loan portfolio of R 1 382 338 590. This provides partial collateral cover of approximately 86.8% of gross exposures.

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However, the Fund's secondary mortgage position means actual recovery is subordinated to senior funder claims. The collateral coverage is considered in the determination of LGD estimates for ECL calculation purposes.

Collateral Coverage by Programme

Programme	Open Market Value R	Forced Sale Value R	FSV / OMV
EEPF	643 120 000	436 615 000	67.9%
Rental Housing	311 100 000	170 030 000	54.7%
Social Housing	510 700 000	316 350 000	61.9%
Student Accommodation	624 600 000	418 795 000	67.1%
Total	2 089 520 000	1 341 790 000	64.2%

26.4. LIQUIDITY RISK

26.4.1. Nature of Liquidity Risk

Liquidity risk is the risk that the Fund will be unable to meet its financial obligations as and when they fall due without incurring unacceptable costs or losses. The Fund's liquidity position is influenced by: the timing and quantum of capital drawdown requests from funded developers; the receipt of loan repayment instalments and interest from borrowers; operational expenditure requirements; and grants and transfers received from the Gauteng Department of Human Settlements (GDHS) as the Fund's primary capital provider.

As a Schedule 3C public entity, the Fund is prohibited from borrowing funds in its own name. The Fund therefore manages liquidity conservatively, maintaining adequate cash reserves to meet its commitments.

26.4.2. Liquidity Risk Management

The Fund manages liquidity risk through the following measures:

- Preparation and review of monthly cash flow forecasts for a rolling 12-month horizon;
- Maintenance of cash and cash equivalents with approved counterparty banks sufficient to cover projected commitments;
- Structuring of loan drawdown schedules to align with projected cash inflows;
- Ongoing engagement with GDHS regarding the timing of grant transfers and capital allocations; and
- Monitoring of loan repayment performance against scheduled amortisation profiles.

As at 31 March 2026, the Fund held cash and cash equivalents of R1 070 226 934 (2025: R746 780 689), representing approximately 36 months of projected operational commitments coverage against the Fund's internal minimum threshold of 3 months.

26.4.3. Maturity Analysis of Financial Assets and Financial Liabilities

The following tables present the contractual undiscounted cash flows of the Fund's financial assets and financial liabilities by maturity band.

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Financial Assets – 31 March 2026

Instrument	< 1 month (R)	1 - 3 months (R)	3 -12 months (R)	1-5 years (R)	> 5 years (R)	Total (R)
Loans and receivables	18 375 229	44 324 390	171 675 506	820 778 521	1 358 705 400	2 413 859 046
Cash and cash equivalents	1 070 226 934	–	–	–	–	1 070 226 934
Receivables from exchange transactions	23 504 805	–	–	–	–	23 504 805
Other financial assets	–	–	42 154 798	–	–	42 154 798
Total	1 112 106 968	44 324 390	213 830 304	820 778 521	1 358 705 400	3 549 745 583

Financial Liabilities – 31 March 2026

Instrument	< 1 month (R)	1 - 3 months (R)	3 -12 months (R)	1-5 years (R)	> 5 years (R)	Total (R)
Payables from exchange transactions	(20 713 605)	–	–	–	–	(20 713 605)
Provisions	(3 095 439)	–	–	–	–	(3 095 439)
Loan commitments liability	(1 424 047)	–	–	–	–	(1 424 047)
Total financial liabilities	(25 233 091)	–	–	–	–	(25 233 091)
Net position (assets less liabilities)	1 086 873 877	44 324 390	213 830 304	820 778 521	1 358 705 400	3 524 512 492

Financial Assets – 31 March 2025 (Comparative)

Instrument	< 1 month (R)	1 - 3 months (R)	3 -12 months (R)	1-5 years (R)	> 5 years (R)	Total (R)
Loans and receivables	17 411 041	44 451 884	168 337 188	1 033 157 613	1 501 558 062	2 764 915 788
Cash and cash equivalents	746 780 689	–	–	–	–	746 780 689
Receivables from exchange transactions	44 790 141	–	–	–	–	44 790 141
Other financial assets	–	–	676 284 074	–	–	676 284 074
Total	808 981 871	44 451 884	844 621 262	1 033 157 613	1 501 558 062	4 232 770 692

Financial Liabilities – 31 March 2025 (Comparative)

Instrument	< 1 month (R)	1 - 3 months (R)	3–12 months (R)	1 - 5 years (R)	> 5 years (R)	Total (R)
Payables from exchange transactions	(28 240 985)	–	–	–	–	(28 240 985)
Provisions	(3 089 586)	–	–	–	–	(3 089 586)
Commitments	(41 893 349)	–	–	–	–	(41 893 349)
Total financial liabilities	(73 223 920)	–	–	–	–	(73 223 920)
Net position (assets less liabilities)	735 757 951	44 451 884	844 621 262	1 033 157 613	1 501 558 062	4 159 546 772

All financial liabilities as at 31 March 2026 are classified as due within one month. The Fund carries no long-dated financial liabilities, consistent with its status as a Schedule 3C public entity prohibited from incurring debt in its own name. The cash balance of R1 070 226 934 substantially exceeds all current financial obligations of R25 233 091.

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26.5. MARKET RISK – INTEREST RATE RISK

26.5.1. Nature of Interest Rate Risk

The Fund is exposed to interest rate risk primarily through the variable-rate nature of its lending portfolio. Certain loans are priced at floating rates linked to the Johannesburg Interbank Average Rate (JIBAR) or the SARB repo rate, with periodic reset intervals.

The Fund's own funding from GDHS is in the form of fixed grants and transfers. As the Fund is prohibited from borrowing, it does not carry floating-rate liabilities. Interest rate risk therefore manifests primarily on the asset side of the balance sheet, through:

- Borrower debt service capacity: rising rates increase the interest burden on variable-rate borrowers, potentially impairing repayment capacity and increasing credit risk; and
- The fair value of fixed-rate loans: changes in market rates affect the fair value of fixed-rate financial assets, though the primary impact is through the ECL channel given the amortised cost classification of the loan portfolio.

26.5.2. Interest Rate Sensitivity Analysis

The table below presents the estimated sensitivity of the Fund's net interest income and ECL charge to a parallel shift in JIBAR. The analysis is based on the estimated variable-rate portion of the gross portfolio (approximately 60%, being R 829.4 million). ECL sensitivity reflects the impact of PD shifts of ± 100 bp and ± 200 bp per the approved PD Determination methodology.

Rate Shift	Impact on Net Interest Income	Impact on ECL Allowance	Net Impact on Surplus / (Deficit)
	R '000	R '000	R '000
+200 bp	16 588	22 044	(5 456)
+100 bp	8 294	11 022	(2 728)
-100 bp	(8 294)	(11 022)	2 728

The sensitivity analysis is performed on a static basis, holding all other variables (including credit classifications and collateral values) constant. Actual outcomes may differ materially due to non-linear effects, management actions, and changes in the loan portfolio composition. A rate increase of +100bp has a net adverse impact on surplus of R 2.7 million, primarily because the ECL impact (from higher PDs) exceeds the additional interest income generated.

26.5.3. Loan Pricing Framework

Loans extended by the Fund are priced in accordance with the approved loan pricing framework, which incorporates: a base rate component (JIBAR or repo rate) for variable-rate facilities; a credit risk margin reflective of the borrower's risk profile, programme type, and LTV ratio; concessionary interest rate structures for qualifying social impact transactions consistent with the Fund's developmental mandate; an interest-free portion for certain approved transactions; and interest rate escalation provisions (e.g., step-up in rate every five years) for long-dated facilities.

26.6. CAPITAL MANAGEMENT

The Fund's capital base comprises accumulated net assets, representing the aggregate of historical grants received from GDHS, prior year surpluses, and prior year deficits. As a public development finance entity, the Fund does not face regulatory capital adequacy requirements analogous to those applicable to commercial banks.

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Capital management objectives are to

- Maintain sufficient capital to absorb losses from the loan portfolio without impairing the Fund's ability to continue fulfilling its developmental mandate
- Ensure that the Fund's net asset position remains positive and sufficient to underpin the confidence of GDHS, co-funders, and counterparties; and
- Optimise the deployment of available capital across the Fund's programmes to maximise developmental impact per rand invested.

As at 31 March 2026, the ECL allowance of R685 058 745 (2025: R751 825 667) has been fully recognised in the Statement of Financial Performance in accordance with GRAP 104. Net loans (after ECL) of R630 543 091 (2025: R635 907 816) continue to generate interest and repayment cash flows. The Fund maintains a strong positive net asset position and a cash balance of R1 070 226 934, providing a significant liquidity buffer relative to its financial obligations of R25 233 091. No regulatory minimum capital ratio applies to the Fund; the adequacy of the capital base is reviewed annually in the context of the ECL estimates, the quantum of the NPL portfolio, and the medium-term deployment pipeline.

26.7. FAIR VALUE OF FINANCIAL INSTRUMENTS

26.7.1. Classification and Measurement

In accordance with GRAP 104, the Fund classifies its financial instruments based on its business model for managing financial assets and the contractual cash flow characteristics of those instruments.

Financial Instrument	Classification	Measurement Basis
Development loans to borrowers	Amortised cost	Initial recognition at fair value plus directly attributable transaction costs; subsequently carried at amortised cost using the effective interest method, less ECL allowance
Cash and cash equivalents	Amortised cost	Carried at face value, which approximates amortised cost given the short-term nature
Receivables and accrued income	Amortised cost	Carried at amortised cost less ECL allowance (12-month ECL for Stage 1)
Trade and other payables	Amortised cost	Carried at amortised cost; short-term nature means carrying value approximates fair value

26.9.2 Fair Value Hierarchy and Disclosure

Where fair value is disclosed for instruments carried at amortised cost, the Fund categorises measurements within the following hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices that are observable, either directly or indirectly; and
- Level 3: Unobservable inputs.

The Fund's development loans are classified as Level 3 instruments, given the absence of active markets for comparable development finance loan assets and the reliance on unobservable inputs (project-specific occupancy assumptions, LGD estimates, and discount rates) in any discounted cash flow valuation.

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The carrying amount of the loan portfolio at amortised cost as at 31 March 2026 is R630 543 091 (gross: R1 351 601 836 less ECL allowance: R685 058 745). Management considers the net carrying amount to be the best available approximation of fair value for the performing and sub-performing tranches. For Stage 3 loans, the ECL allowance is based on individual assessments of expected recovery cash flows discounted at the effective interest rate. Key unobservable inputs include project-specific occupancy assumptions, forced sale values of collateral, expected recovery timelines, and discount rates ranging from approximately 6.5% to 14.3%. There were no transfers between fair value hierarchy levels during the year.

26.8. GRAP 104 – TRANSITION AND IMPLEMENTATION

GRAP 104 Financial Instruments was adopted by the Fund with effect from 1 April 2025. The Fund applied the modified retrospective approach to transition, recognising differences between previous carrying amounts and those determined under GRAP 104 in accumulated surplus/deficit at the date of initial application, without restating comparative information.

The key changes arising from the adoption of GRAP 104 were:

- Replacement of the incurred loss impairment model with the forward-looking ECL model;
- Revised classification and measurement criteria for financial assets based on business model assessment and contractual cash flow characteristics;
- Enhanced disclosure requirements regarding credit risk, ECL methodology, staging, and forward-looking information; and
- Changes in the recognition of interest revenue for Stage 3 assets, which is now calculated on the net carrying amount rather than the gross carrying amount.

In the 2025/26 financial year, there were no changes to the Fund's accounting policies under GRAP 104. The Fund continues to refine its ECL model in response to evolving portfolio characteristics and available data.

26.9. SUMMARY OF KEY FINANCIAL RISK METRICS

The following table summarises the key financial risk indicators monitored by management and reported to the Audit and Risk Committee (ARC) on a quarterly basis:

Metric	31 March 2026	31 March 2025	Threshold / Comment
ECL allowance as % of gross loan book	54.6%	54.2%	Monitored against internal benchmarks
Non-performing loan ratio (Stage 3 / total gross)	73.8%	74.7%	Reported to Audit and Risk Committee (ARC) quarterly
Stage 2 loan ratio (% of gross book)	10.7%	10.9%	Escalation trigger for enhanced monitoring
Weighted average DSCR (portfolio)	1.05x	1.08x	Minimum covenant DSCR: 1.10x (per loan agreements)
Weighted average LTV ratio (portfolio)	65.0%	67.2%	Maximum LTV: 100% (per investment guidelines)
Liquidity coverage (cash / monthly commitments)	36 months	20 months	Minimum internal threshold: 3 months
Cost-to-income ratio (operational)	41.0%	38.0%	Target maintained at = 45%
Average yield on loan portfolio	10.2%	10.0%	Benchmarked against WACC and programme targets
ECL sensitivity – PD +100bp impact on ECL	R11 022 000	n/a	Adverse impact on ECL allowance
Cash and cash equivalents	R1 070 226 934	R746 780 689	Held with approved counterparty banks

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27. CASH GENERATED FROM (USED IN) OPERATIONS

	2026	2025
	R	R
(Deficit)/Surplus	(18 856 556)	89 756 995
Adjustments for:		
Depreciation and amortisation	1 937 819	2 086 128
Loss / (Gain) on sale of property, plant and equipment	19 217	260 144
Impairment loss on loans	-	50 425 538
Loss on de-recognition of loans	16 564 015	-
Fair value adjustments	2 781 827	20 618 952
Finance costs	36 685	58 470
Debt impairment - Other	-	-
Expected credit losses	1 897 638	-
Movements in operating lease assets and accruals	5 714	234 288
Movements in provisions	5 853	(318 715)
Non-cash fees earned	-	(1 162 628)
Increase / (Decrease) in Provision for doubtful debts	-	1 943 752
Changes in working capital:		
Receivables from exchange transactions	46 318 882	(53 528 694)
Other Financial Asset	634 129 276	270 918 797
Loan Commitment Liability	1 140 396	-
Payables from exchange transactions	(7 241 253)	(22 932 342)
Unspent funds from GDHS	(322 956 625)	(306 859 067)
Loans and receivables from exchange transactions	14 836 383	(52 928 306)
Loans and receivables bridging loans	(12 860 405)	21 060 414
Capitalised interest	(33 471 112)	(81 349 109)
	324 287 754	(61 715 383)

28. CONTINGENCIES

Contingent liabilities and assets

Contingent liabilities

The GPF will apply to retain R408 519 847 as surplus funds. The application is contingent on approval by the Gauteng Provincial Treasury. If the application is not approved, the GPF may be liable to refund the amounts to the Gauteng Provincial Treasury.

Contingent Assets

The court ruled in favour of the GPF regarding the Arkein Capital matter, The GPF awaits the taxing bill from the taxing master in order to claim for the legal costs.

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29. BUDGET COMPARISON

Comparison between budget and actual amounts for the 12 months ended 31 March 2026.

The budget for the 2025/26 financial year was approved R124 488 972 and the final adjustment budget is R97 498 420. The spending for the 12 months ended 31 March 2026 amounts to R95 080 615 which translates to 98% spending on the overall adjustment budget. The saving in expenditure was as a result of stringent monitoring on the budget and expenditure. The difference between the budget and statement of financial performance is due to the different reporting basis.

The actual cash generated in the period under review was R101 094 012.

30. INCREASE IN PROVISION FOR DOUBTFUL DEBTS

Provision for bad debts

2026	2025
R	R
-	1 943 753

31. IRREGULAR EXPENDITURE

Irregular Expenditure - current

2026	2025
R	R
79 688	55 638

The GPF incurred Irregular expenditure of R79 688. A determination test will be performed to identify the internal control deficiency and a recommendation will be made to strengthen the internal control environment.

32. LOSS ON DISPOSAL OF ASSETS

Property, plant and equipment

2026	2025
R	R
(19 217)	(260 144)

33. LOSS ON DE-RECOGNITION OF LOANS

Loss on de-recognition of loans

2026	2025
R	R
(16 564 015)	-

34. SUBSEQUENT EVENTS

The GPF is not aware of any adjusting and non-adjusting events that have occurred since the reporting date.

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35. COMMITMENTS

Authorised capital expenditure

	2026	2025
	R	R
Already contracted for but not provided for		
• Intangible assets	-	327 661
Total capital commitments		
Already contracted for but not provided for	-	327 661
Total commitments		
Total commitments		
Authorised capital expenditure	-	327 661

This committed expenditure relates to property and will be financed by available bank facilities, retained surpluses, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc.

The capital commitment relates to the outstanding contract balance on the development of loan management system.

Operating leases payment due

	2026	2025
	R	R
Minimum lease payments due-		
within one year	3 521 932	3 296 691
- in second to fifth year inclusive	-	3 228 437
	3 521 932	6 525 128

The operating lease commitment relates to rental of office premises which will end in March 2027

36. EXPECTED CREDIT LOSSES

	2026	2025
	R	R
Expected credit losses	1 897 638	-

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37. CORRECTION OF ERROR

Management erroneously omitted the recognition of revenue in the prior year relating to the management fees on the Upgrading of the Informal Settlements Programme

2025

	Note	As previously reported	Correction of error	Restated
	R	R	R	R
Statement of financial position				
Receivables from exchange transactions	6	44 790 142	25 033 546	69 823 688
Accumulated Surplus		1 642 927 457	25 033 546	1 667 961 003
		1 687 717 599	50 067 092	1 737 784 691
Statement of financial performance				
Revenue from exchange transactions (Management fees)	17	230 961 086	25 033 546	255 994 632
Notes to the financial statements				
Related parties (UISP Management fees)	25	3 291 872	25 033 546	28 325 418



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38. TRANSITION NOTE

Statement of Financial Position	Balance as previously reported – 31 March 2025	GRAP 104 adjustment	Revised Balance – 1 April 2025
	R	R	R
Loans and Receivables – Non-Current*	1 041 429 256	(522 915 867)	600 941 299
Loans and Receivables – Current*-	81 584 836		
Bridging loans	47 087 429	(12 120 912)	34 966 517
Investments in Preference Shares	8 209 175	(5 746 423)	2 462 752
Property, plant and equipment	4 814 484	-	4 814 484
Intangible Assets	3 327 399	-	3 327 399
Cash and cash equivalents	746 780 689	-	746 780 689
Other financial assets – trust accounts	676 284 074	-	676 284 074
Receivables from exchange transactions**	69 823 688	(1 745 592)	68 078 096
Total Assets	2 679 341 393	(542 528 794)	2 136 812 600
Net assets and Liabilities			
Statement of Changes in Net Assets			
Accumulated Surplus – 31 March 2025 **	1 667 961 003	(542 258 794)	1 125 702 209
Liabilities			
Non-current liabilities	351 790	-	351 790
Current Liabilities	1 011 028 597	-	1 011 028 597
Total Net assets and liabilities	2 679 341 394	(542 258 794)	2 137 082 600

The above table depicts the changes in the opening balances as per the application of the revised GRAP 104.

* The GRAP 104 transition resulted in the adjustment on the current loans and non-current loans and a recognition of a loan commitment liability. The lines reflected on the table must be read together.

The adjustment on loans and Receivables considers the reversal of incurred losses in the past to bring back the loan to its Gross Carrying Amount, this has been explained in the respective note

** Restated, refer to note 37

Recognition of irrevocable Loan Commitments

In the previous periods Commitments were only disclosed and not recognised on the statement of financial position



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