



## TUHF URBAN FINANCE (RF) LIMITED KING IV™ DISCLOSURE

### ABOUT TUHF URBAN FINANCE RF LIMITED

TUHF Urban Finance RF Limited (TUHF Urban Finance/ the Company) is structured as an insolvency-remote, ring-fenced special purpose vehicle. The main purpose and main business of the company is described in its Memorandum of Incorporation (MOI) as a ring fenced company which restricts its operations and general Board activities. It has no employees of its own and has engaged an Administrator Company and a Servicer to manage its affairs.

### APPLICATION OF THE KING IV REPORT ON CORPORATE GOVERNANCE FOR SOUTH AFRICA™ (King IV™)

TUHF Urban Finance (RF) Ltd.'s Board realises that through good governance, an ethical culture, good performance, effective control, accountability and legitimacy are achieved. For the period ended 31 March 2020, the Board of the Company implemented, as disclosed herein, applicable principles on good corporate governance provided for under the King IV.

### KING IV APPLICATION PROCESS

The Board embraces King IV in keeping its commitments to good governance and broader stakeholder interests. Although the management of the affairs of the Company are delegated to the Administrator Company, the Board accepts its responsibility for considering and applying King IV principles. Consequently, it is satisfied that the Company has made every effort to comply, in all material aspects, with these principles noting that application is currently limited due to the Company being a fairly newly incorporated, restricted ring-fenced company, and having regard to its present size, nature and complexity.

The Board will continually review where relevant, given the specific focus of the Company and its purpose, and update the Company's governance policies and procedures to adhere to the Companies Act, Debt Listing Requirements of the Johannesburg Stock Exchange, King IV and best practice. Best practise is achieved through the engagement of, and having legal opinion from, corporate attorneys that are leaders in their field.

### APPLICATION OF THE PRINCIPLES

<p><b>APPLICATION OF PRINCIPLE 1 - LEADERSHIP, ETHICS AND CORPORATE CITIZENSHIP</b></p> <p>The board should lead ethically and effectively.</p>	<p>The Board recognises its responsibility to exercise effective leadership by adhering at all times to their fiduciary duties, collectively and individually, as the directors of the Company.</p> <p>The Board possesses the necessary skills and competence, and acts in an ethical manner when discharging its responsibilities and control of TUHF Urban Finance.</p> <p>The powers of the Board are detailed in the Memorandum of Incorporation (MOI) with due regard the general ring fencing provisions insofar as they apply to the Company.</p> <p>The Board is committed to ensuring that the Company's purpose is executed by its Administrator Company based on an ethical foundation that supports</p>
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	<p>ethical and sustainable business in the best interest of TUHF Urban Finance and all its stakeholders.</p> <p>In managing the relationship between the Administrator Company, management and stakeholders, the Board takes all necessary measures to promote sound corporate governance principles as recommended in King IV.</p> <p>The Board is fully committed to the governance principles of responsibility, accountability, fairness and transparency. It leads the business and acts as custodian of the Company's values and ethics.</p>
<p><b>APPLICATION OF PRINCIPLE 2 - ORGANISATIONAL ETHICS</b></p> <p>The board should govern the ethics of the company in a way that supports the establishment of an ethical culture.</p>	<p>The Board exercises ongoing oversight responsibility for setting and reporting on TUHF's ethical values, principles of conducting ethical business practices, and for TUHF Urban Finance to be, and be seen as, a responsible corporate citizen.</p> <p>The responsibility is delegated to the Administrator Company and the Board will continually monitor the governance of ethics to ensure that the structure is managed as intended.</p>
<p><b>APPLICATION OF PRINCIPLE 3 - RESPONSIBLE CORPORATE CITIZENSHIP.</b></p> <p>The board should ensure that the Company is, and is seen to be a responsible corporate citizen.</p>	<p>The Board acknowledges its responsibility to the Company and the society in which it operates to ensure that TUHF Urban Finance is a responsible corporate citizen.</p> <p>Aligned with this responsibility, the purpose of the Company is clearly defined and developed. TUHF Urban Finance actively engages all its stakeholders and appreciates that being a responsible corporate citizen entails being responsive to stakeholders and be values driven, and delivering in accordance with the expectation of all its stakeholders to enable it to measure its impact as a responsible corporate citizen.</p> <p>The Audit Committee assures financial information using internal and/or external assurance providers.</p>
<p><b>APPLICATION OF PRINCIPLE 4 - STRATEGY AND PERFORMANCE</b></p> <p>The board should appreciate that the Company's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.</p>	<p>The Board develops, informs and approves the Company's specific purpose for implementation by the Administrator Company, and ensures through responsible oversight that it is at all times aligned to the Company's value drivers.</p>
<p><b>APPLICATION OF PRINCIPLE 5 - REPORTING</b></p> <p>The board should ensure that reports issued by the Company enable stakeholders to make informed assessments of the Company's performance and its short, medium and long-term prospects.</p>	<p>The Company recognises that its sustainability depends on transparent and full disclosure and the Board, through the Audit Committee, introduces formal assurance processes regarding the Annual Financial Statements and other external corporate reports which includes reports required by the JSE.</p> <p>The Company's debt sponsors draft SENS announcements for review by the Administrator Company. Investor reports are prepared quarterly, and reviewed by the Facility Agent.</p> <p>The Audit Committee oversees corporate governance disclosures on behalf of and for recommendation to the Board, and ensures that the TUHF Urban Finance Annual Financial Statements, as well as any other relevant information to stakeholders, are published on the Company's website, and through other media as is appropriate.</p>

<p><b>APPLICATION OF PRINCIPLE 6 - GOVERNING STRUCTURES AND DELEGATION</b></p> <p>The Board should serve as the focal point and custodian of Corporate Governance in the company.</p>	<p>The Board has adopted the MOI and other supporting transaction documents that define governance responsibilities, roles, membership requirements and procedures for the conducting of Board matters.</p> <p>Through its Audit Committee, the Board oversees the implementation of relevant governance practices.</p> <p>During the year, the Board met four times during the year and is satisfied that it fulfilled its primary role and responsibilities in relation to corporate governance in accordance with its mandate.</p> <p>The Board leads by embedding sound corporate governance values in managing its responsibilities, and in its relationship with management and other stakeholders.</p>
<p><b>APPLICATION OF PRINCIPLE 7 - COMPOSITION OF THE BOARD</b></p> <p>The board should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.</p>	<p>The Board conforms to the MOI which guides the composition of the Board, specific requirements insofar they relate to the election of members to the Board, and the measure of independence required to objectively and effectively discharge governance roles and responsibilities.</p> <p>The majority of Board members are non-executive directors, the majority of which are independent.</p> <p>The categorisation of the independent directors as independent is done applying the Companies Act and the King IV independence indicators and recommended practices.</p> <p>The Board is satisfied that its composition reflects the appropriate mix of knowledge, skills, experience, diversity and independence.</p>
<p><b>APPLICATION OF PRINCIPLE 8 - COMMITTEES OF THE BOARD</b></p> <p>The board should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties.</p>	<p>The Board elects members when there are vacancies subject to the approval by the members during the next Annual General Meeting.</p> <p>The MOI requires the Board to delegate specific responsibilities to Board committees without abdicating from its own responsibilities.</p> <p>The Board is aware that committees play an important role in enhancing high standards of governance and achieving corporate governance throughout TUHF Urban Finance.</p> <p>Current committees of the Board include the Audit Committee comprised solely of independent non-executive directors.</p> <p>The Audit Committee is free to enlist independent professional advice and it has drawn up formal terms of reference for this committee.</p> <p>The report of the Audit Committee is contained in the Annual Financial Statements of the Company.</p>
<p><b>APPLICATION OF PRINCIPLE 9 – EVALUATIONS OF THE PERFORMANCE OF THE BOARD</b></p> <p>The board should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members support continued improvement in its performance and effectiveness.</p>	<p>The Board has assumed the responsibility for the evaluation of its own performance and that of its committees, chairperson and individual members.</p> <p>No Board evaluation has been undertaken as yet as the company has been operating for two financial years and undertakes to have one conducted during the coming financial year.</p>

<p><b>APPLICATION OF PRINCIPLE 10 - APPOINTMENT AND DELEGATION TO MANAGEMENT</b></p> <p>The board should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.</p>	<p>Given that the Company does not employ any personnel, there is no delegation to management. The Administrator Company and Servicer performs specific functions as determined in the Transaction Documents of the Company.</p> <p>A back-up Servicer has been contracted in the Transaction Documents to specifically cater for the appointment of the back-up Servicer in the event that Servicer is liquidated, placed under business rescue or ceases to carry on its principal operations. The company is an insolvency remote entity operating in accordance with the requirements of the Commercial Paper Regulations and the Transaction Documents, with no employees and no administrative infrastructure of its own.</p>
<p><b>APPLICATION OF PRINCIPLE 11 - RISK GOVERNANCE</b></p> <p>The board should govern risk in a way that supports the Company in setting and achieving its strategic objectives.</p>	<p>The Board has the ultimate responsibility for the governance of risk. The Audit Committee oversees the Company's risk management programme and is assisted by the Administrator Company.</p> <p>Such oversight includes the development of strategies for risk acceptance and capacity, and the responsible application of the relevant risk appetite policy.</p>
<p><b>APPLICATION OF PRINCIPLE 12 - TECHNOLOGY AND INFORMATION GOVERNANCE</b></p> <p>The board should govern IT in a way that supports the Company setting and achieving its strategic objectives.</p>	<p>The Board has ultimate responsibility and accountability for the management and governance of technology and information.</p> <p>Technology and information management, and governance capacity and awareness are supported by the Board, and delegated to the Administrator Company and the Servicer.</p>
<p><b>APPLICATION OF PRINCIPLE 13 - COMPLIANCE GOVERNANCE</b></p> <p>The board should govern compliance with applicable laws and adopted, non-binding rules, and standards in a way that supports the Company being ethical and a good corporate citizen</p>	<p>The Board has ultimate responsibility and accountability for the management and governance of compliance. The Board, primarily through the Audit Committee, monitors the Company's compliance with statutory requirements, accounting standards and Board-imposed regulations.</p> <p>The function has been delegated to the Administrator Company which ensures compliance management is effective, and reporting is comprehensive.</p>
<p><b>APPLICATION OF PRINCIPLE 14 - REMUNERATION GOVERNANCE</b></p> <p>The board should ensure that the Company remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.</p>	<p>The Company does not employ any personnel and is administered by an Administrator Company. The requirements of Principle 14 are therefore not applicable.</p>
<p><b>APPLICATION OF PRINCIPLE 15 - ASSURANCE</b></p> <p>The board should ensure that assurance services and functions enable an effective control environment and that these support the integrity of information for internal decision making and of the Company's external reports</p>	<p>The Board, with the support of the Audit Committee, ensures effective assurance services and functions for an adequate and effective control environment, and to safeguard the integrity of internal and external reports.</p> <p>It satisfies itself that the quality and integrity of the combined assurance model is effective, and is sufficiently robust for the Board to be able to place reliance on the combined assurance underlying the statements that the Board makes concerning the integrity of its external reports.</p>
<p><b>APPLICATION OF PRINCIPLE 16 - STAKEHOLDERS</b></p>	<p>The Board recognises its stakeholders, and that continuously and purposefully interacting with them is critical to the sustainability of the Company.</p>

<p>In its execution of its governance role and responsibilities, the board should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the Company over time.</p>	<p>The Board appreciates and understands that it needs to create value for its stakeholder whilst being responsive to the needs and interests of the Company's material stakeholders which include, among others:</p> <ul style="list-style-type: none"> <li>• Service providers; and</li> <li>• Investors.</li> </ul>
<p><b>Principle 17</b> Responsibility of Institutional investors</p>	<p>This Principle is applicable to the Board of Institutional Investors and not applicable to the Company.</p>