

## INTRODUCTION

IBIS ESG Consulting Africa (Pty) Ltd, hereinafter referred to as "IBIS," has been engaged by TUHF Limited, under its securitisation, Urban Ubomi 1 (RF) Limited, hereinafter referred to as the "Issuer" or "the Company" or "TUHF" to perform a limited post-issuance assurance engagement on the Urban Ubomi 1 Social Bond Allocation and Impact Reporting as at 31st March 2024, in line with the commitments stated in the TUHF Sustainable Finance Framework of May 2024, hereinafter referred to as the "Framework" or "SFF". This report will also be assessed against the requirements of the International Capital Market Association (ICMA's) Harmonised Framework for Impact Reporting Social Bonds June 2022 and the Social Bond Principles (SBP) of June 2023.

TUHF is an impact-focused lender with a track record of successfully financing inner-city residential buildings developed, owned, and operated by small to medium (SMME) property entrepreneurs (Borrowers). TUHF is a mortgage financier. TUHF is a non-bank financial services company that borrows money from the loan and capital markets and invests it in inner-city and in-city areas, extending finance to entrepreneurs to grow their businesses. In particular, TUHF targets property entrepreneurs in the affordable housing market who repurpose and densify existing buildings in inner-city, in-city and Township areas. Within these contexts, TUHF's business model is directed at ordinary South African men and women who live and/or work in urban areas.

## SCOPE AND SUBJECT MATTER

The scope of the subject matter for limited assurance in line with the ISAE3000 (Revised) assurance standard, as captured in the agreement with TUHF, included:

- Part 1: TUHF's alignment with its commitments set forth in the Framework
- Part 2: TUHF's disclosure of Allocation and Impact Reporting

## RESPECTIVE RESPONSIBILITIES

### TUHF

The Directors of TUHF are responsible for the generation, collection and presentation of the selected impact indicators and associated Bond disclosure. TUHF is also responsible for maintaining adequate records and internal controls that support the reporting process during the reporting period.

### IBIS

IBIS' responsibilities were to conduct an assurance engagement and to report its conclusions to the Directors in accordance with the assurance procedures followed. IBIS conducted the engagement in alignment with the International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance engagements other than audits or reviews of historical financial information issued by the International Auditing and Assurance Standards Board, which Standard inter alia requires that the assurance practitioner follows due process and comply with ethical requirements.

## SUMMARY OF WORK PERFORMED

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TUHF provided IBIS with the relevant supporting information and documentation related to the Urban Ubomi 1 Social Bond. IBIS applied TUHF's SFF and ICMA's Harmonised Framework for Impact Reporting Social Bonds as audit criteria in respect to the underlying data in the scope of the assurance engagement. IBIS' assurance procedures, based on our professional judgement, consisted of:

- Management enquiries,
- Inspection and corroboration of the bond allocation and impact related information and evidence including but not limited to:
  - Impact Report,
  - Allocation Register,
  - TUHF Sustainable Finance Framework,
  - Applicable Pricing Supplements, and
  - Urban Ubomi 1 Investor Report.
- Evaluation of the relevant components of the TUHF Sustainable Finance Framework related to:
  - Use of Proceeds,
  - Process for Project Evaluation and Selection,
  - Management of Proceeds,
  - Reporting, and
  - Verification.

## INHERENT LIMITATIONS

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The reliability of the reported sustainability data is subject to inherent uncertainty, given the available methods for determining, calculating or estimating the underlying information. It is important to understand our assurance conclusions in this context.

Evidence to support the information reported was obtained electronically for review and assessment as a basis for our assurance conclusion. In addition, the evidence-gathering procedures performed in a limited assurance engagement vary in nature and are less in extent than a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

## OTHER MATTERS

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The maintenance and integrity of TUHF's website is the responsibility of TUHF's management. Our procedures did not involve consideration of these matters and, accordingly, we accept no responsibility for any changes to either the information in the Framework or our independent assurance report that may have occurred since the initial date of presentation on the TUHF website.

## RESTRICTION OF LIABILITY

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Our work has been undertaken to enable us to express the opinions and conclusions on the selected Bond related information to the Directors of TUHF in accordance with the terms of our engagement and for no other purpose. We do not accept or assume responsibility to any third parties i.e. other than the Directors and the company, for our work or for this report to the fullest extent permitted by law, save where such third parties have obtained our prior written consent.

## SUMMARY OF FINDINGS

Review Section	Summary	Evaluation
<b>Part 1 Alignment with the Issuer's commitments outlined in the Framework</b>	TUHF allocations and impact reporting are aligned with the commitments within its Framework. The funds have been utilised to finance and refinance eligible social projects, aligned to the eligibility criteria as specified in the Framework. IBIS noted that some refinanced projects were longer than the lookback period of 36 months, although they met the social eligibility criteria. The Issuer has also maintained an allocation register, which was provided during the verification process, to ensure that the value of the net proceeds of the bond within the scope of this assurance is equivalent to the total allocation to all eligible projects. Allocation and impact reports are disclosed in line with the requirements and indicators stated in the Framework. The assessment conducted confirms the Issuer's adherence to the requirements of the Use of Proceeds, Process for Project Evaluation and Selection, Management of Proceeds, Reporting, and Verification sections in the Framework.	<b>Aligned</b>
<b>Part 2: Disclosure of Allocation and Impact Reporting</b>	Allocated proceeds are reported on a portfolio basis, on an eligible category and a target population level. The Issuer provides transparency on the calculation methodology, in line with best practices. The reported impact indicators not only quantify the social effects of the bond but also closely adhere to the ICMA framework's core principles of transparency, measurement, and disclosure of social benefits. The impact indicators used align with those stated in the Issuer's Framework as well as the ICMA Harmonised Framework for Impact Reporting for Social Bonds.	<b>Aligned</b>

## Allocation Reporting

According to the Issuer's Sustainable Finance Framework, the issuer committed to annually reporting on the allocation and impact of the bond proceeds. As at 31<sup>st</sup> of March, TUHF has allocated 100% of its net proceeds to eligible projects including Affordable Housing the impact of which includes employment generation, socioeconomic advancement and empowerment.

The allocation reporting is detailed below.

Loan Allocation Breakdown	Total Facility (ZAR 'Mn)	Total Outstanding Value (ZAR 'Mn')	Percentage of Total Loan Allocation (%) <sup>1</sup>
<b>Total Facility</b>	2,013.11	1,508.10	100
<b>Cash Portion</b>		83.00	5.5

<sup>1</sup> The percentage allocation is based on the total outstanding value rather than the total facility.

Total Loans to SMEs	1,711.32	1,266.74	84.0
Total Loans to Women owned SMEs	180.73	154.33	10.2
Total Loans to PDIs	1,069.49	849.48	55.6
New Financed Loans	1,261.5	908.95	60.3
Refinanced Loans	751.61	599.15	39.7

## Impact Reporting

The Issuer has carefully selected impact indicators for these eligible loans, aligning with the best market practices and adhering to the ICMA Harmonised Framework for Impact Reporting for Social Bonds. These quantitative indicators are particularly relevant to the specific social project categories of projects funded by the bond. The table below provides a detailed breakdown of the reported impacts on selected indicators.

Affordable Housing	
Number of affordable housing units financed	8793
Number of buildings financed	262
Minimum number of people housed	21 982
Contribution to local municipalities' property rates and utilities	R470,292,631.01
Employment Generation	
Number of permanent jobs created	245
Number of short-term jobs created	411
Number of previously disadvantaged SMEs financed (backed)	163
Socio Economic Advancement and Empowerment	
Number of SMEs financed (backed)	241
Number of loans issued to PDI SMEs	163
Value of loans issued to PDI SMEs	R1,069,492,318.42
Number of loans issued to women owned SMEs	31
Value of loans issued to women owned SMEs	R180,725,042.00
% of loan book to women owned SMEs	11.98%
Number of previously disadvantaged individuals trained (TPPE)	36
Number of previously disadvantaged individuals mentored	30
Demographics Data	
Asian	19
Black	105
Coloured	9
White	63

Total Demographics - Race	196
Male	165
Female	31
Total Demographics - Gender	196

## SUSTAINABILITY QUALITY

Based on the sustainability quality assessment of the use of proceeds and utilising ICMA's high-level mapping to the Sustainable Development Goals (SDGs), IBIS has determined that the Issuer's focused project category could potentially make a positive and direct contribution to specific SDGs. The high-level mapping of the impact indicators with the UN Sustainable Development Goals demonstrates this alignment.



Furthermore, the allocation of the bond's proceeds has been transparently disclosed, with a detailed breakdown across different eligible project categories in line with the Framework. The Issuer has adopted a suitable methodology to report the impact generated, ensuring comprehensive disclosure on data sourcing, calculation methodologies, and granularity. This approach adheres to best market practices.

## ASSURANCE CONCLUSION

We believe that the information provided by TUHF, and the work performed by IBIS are sufficient and appropriate to form a basis for our limited assurance conclusion.

In our opinion, and based on our limited assurance procedures, nothing has come to our attention that causes us to believe that the selected post-issuance disclosures set out in the assurance scope are not fairly represented in all material respects for the **Urban Ubomi 1 Social Bond**, thereby aligning with the requirements of the Social Bond Principles (June 2023).

IBIS also confirms that this aligns with the requirements of section 6.80 of the JSE Debt Listing Requirements.



Petrus Gildenhuys  
**Director, IBIS ESG Consulting Africa (Pty)  
Ltd**

26 November 2024  
Johannesburg

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