



TUHF LIMITED

Urban Ubomi 1 Social Bond

Post Issuance Assurance

Management Report

26 November 2024

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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

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

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

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

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
Part 1 Alignment with the Issuer's commitments set forth in the Framework	<p>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.</p> <p>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.</p>	Aligned
Part 2: Disclosure of Allocation and Impact Reporting	<p>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.</p> <p>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.</p> <p>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.</p>	Aligned

The sections below discuss the two parts summarised above.

Part 1 – Alignment with the issuer’s commitments set forth in the Framework

The following table evaluates the Issuer’s post issuance compliance against the commitments set forth in the Framework, which are based on the core requirements of the ICMA Use of Proceeds Principles as well as best market practices.

S/N	ICMA PRINCIPLES COMPONENTS	IBIS’ EVALUATION	ALIGNMENT WITH COMMITMENTS
1	Use of Proceeds	<p>In accordance with the Issuer’s commitment in the Framework, the net proceeds from the Urban Ubomi 1 bond have been allocated to the loans that cut across different eligible social project categories including:</p> <ul style="list-style-type: none"> • Affordable Housing • Employment Generation • Socioeconomic Advancement and Empowerment <p>94.5% of projects meet the Affordable Housing Criteria as 5.5% are required to be maintained as a cash portion. 89.9% of the total facilities are allocated to SMEs and 70.9% of the total facilities (60.8% of the number of loans) are allocated to Previously Disadvantaged Individuals (PDIs).</p> <p>The breakdown of the allocations of the projects has been detailed in the allocation and impact reporting section. The Issuer provided IBIS with an allocation register which confirms the eligibility criteria and the target population as stated in the Framework.</p> <p>IBIS also noted that the net proceeds of the bond were used to finance new and existing loans. 39.7% of the outstanding loan was used to refinance existing projects while 60.3% was allocated to new financing. IBIS noted that the Issuer had allocated some proceeds to projects that exceed the lookback period of 36 months even if they meet the social eligibility criteria. The social benefits were noted and quantified on a portfolio basis. The Issuer also confirms that no proceed was allocated to the exclusion list as stated within the Framework. IBIS confirms that the Issuer follows the commitments stated in the Use of Proceeds section of the Framework.</p>	Aligned

S/N	ICMA PRINCIPLES COMPONENTS	IBIS' EVALUATION	ALIGNMENT WITH COMMITMENTS
2	Project Evaluation and Selection	<p>The Issuer aligns with its commitment to ensure that all projects, which proceeds of the bond will be allocated to, will be evaluated and approved by the TUHF Credit Committee, Loanco, and Manco. This was confirmed by the extract of the minutes of meeting, supported by the Credit excerpts from the Credit Policy and the Delegation of Authority Framework. The Issuer ensures that all eligible projects meet the eligibility criteria prior to allocation of proceeds.</p> <p>ESG risks associated with the projects are properly identified and managed by the issuer in line with its Environmental and Social Management Systems as well as through the Risk Management and Governance Framework.</p> <p>Therefore, IBIS notes the alignment of the Issuer to the project evaluation and selection requirements within its Framework</p>	Aligned
3	Management of Proceeds	<p>The Issuer confirms to follow the Process for Management of Proceeds description provided in the Framework. This is in line with the commitments outlined in the Issuer's Framework to achieve an allocation equivalent to the net proceeds of the Bond. The Issuer uses its internal accounting system to track the allocation of the net proceeds. 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. The impact report also provides detail on the different notes raised under the bond and the allocation to each project category.</p> <p>The net proceeds of the bond have been fully allocated and there are no unallocated proceeds. Details of the allocation of proceeds will be outlined in the next section.</p>	Aligned
4	Reporting	<p>The Framework includes the Issuer's commitment to report on the allocation and impact of proceeds in a disclosure document, which is made publicly available on its website (https://www.tuhf.co.za/investors/).</p> <p>The allocation and impact report details:</p>	Aligned

S/N	ICMA PRINCIPLES COMPONENTS	IBIS' EVALUATION	ALIGNMENT WITH COMMITMENTS
		<ul style="list-style-type: none"> • Number and value of eligible loans to different target population including race, gender, etc., • List of eligible loans financed by net proceeds, • Total amount of proceeds allocated, • Percentage of new financing to refinancing, and • Impact indicators such as number of SME loans, number of jobs created, etc. <p>TUHF tracks impact indicators against internal targets, using a tool known as a 'results measurement plan.' The Issuer uses nCino and PowerBI to store all its data and information. This system contains all loan specific details and information on each property (number of units, square metres, unit configuration, location etc) as well as information on each client.</p> <p>The relevant data is collected during the loan application process and then tracked throughout construction, let up and the property management phases. Clients are bound to complete a loan application form at the outset and a drawdown application form for each drawdown of funds once the loan has been approved. The Issuer also collects data on the number of jobs that are created across the SMEs and projects financed. This is undertaken through client declarations. The information is captured into the system and checked for duplicates.</p> <p>The impact reporting focused on the impact indicators of each eligible project category as stated in the Framework. The impact indicators reported include:</p> <ul style="list-style-type: none"> • Affordable Housing: <ul style="list-style-type: none"> ➢ Number of affordable housing units financed ➢ Number of buildings financed ➢ Number of people housed • Employment Generation <ul style="list-style-type: none"> ➢ Number of permanent jobs created ➢ Number of short-term jobs created • Socioeconomic Advancement and Empowerment <ul style="list-style-type: none"> ➢ Number of SMEs financed ➢ Number of loans issued to PDI SMEs 	

S/N	ICMA PRINCIPLES COMPONENTS	IBIS' EVALUATION	ALIGNMENT WITH COMMITMENTS
		<ul style="list-style-type: none"> ➤ Value of loans issued to PDI SMEs ➤ Number of loans issued to female owned SMEs ➤ Value of loans issued to female owned SMEs ➤ Percentage of loan book to female owned SMEs <p>IBIS confirms this to be aligned with the Issuer's commitment in the Framework.</p>	
5	Verification	IBIS was engaged to provide a pre-issuance Second Party Opinion (SPO) on the Issuer's Framework and was also engaged to provide post-issuance assurance on the Urban Ubomi 1 bond.	Aligned

Part 2: TUHF's Disclosure of Allocation and Impact 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 31st 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 and Impact Reporting are detailed below.

Total Net Proceeds as at 31st March 2024

Note	JSE Listing Code	Outstanding Principal (ZAR Mn)	Percentage Contribution (%)	Percentage Allocated (%)
ZAG000175001*	UU1A01	-		
ZAG000183567*	UU1A04	-		
ZAG000191875*	UU1A07	-		
ZAG000195637*	UU1A10	-		
ZAG000175019	UU1A02	309.00	20.00	100
ZAG000183542	UU1A05	283.00	18.85	100
ZAG000192006	UU1A08	135.00	9.00	100

ZAG000192014	UU1A09	60.00	4.00	100
ZAG000195645	UU1A11	135.00	9.00	100
ZAG000204702	UU1A13	139.41	9.29	100
ZAG000175035	UU1B01	73.00	4.86	100
ZAG000183591	UU1B02	118.00	7.86	100
ZAG000195652	UU1B04	30.00	2.00	100
ZAG000175043	UU1C01	25.00	1.67	100
ZAG000183609	UU1C02	12.00	0.8	100
ZAG000195611	UU1C04	10.00	0.67	100
ZAG000191909	UU1C03	18.00	1.20	100
Subordinated Loan		153.65	10.24	100
Total as at July 2024		1501.05 ¹		100
Total as at 31 March 2024		1508.10 ²		100
Unallocated Portion		0		0

* Notes have been paid down as at period of assurance.

100% of the net proceeds of the bond has been allocated to affordable housing projects while cutting across socioeconomic advancement and empowerment and employment generation.

Loan Allocation Breakdown

Loan Allocation Breakdown	Total Facility (ZAR 'Mn)	Total Outstanding Value (ZAR 'Mn')	Percentage of Total Loan Allocation (%) ³
Total Facility	2,013.11	1,508.10	100
Cash Portion		83.00	5.5%
Total Loans to SMEs	1,711.32	1,266.74	84.0
Total Loans to Women owned SMEs	180.73	154.33	10.2

¹ Total loan value is R1,508Mn as at 31st March 2024. The value of R1,501Mn is obtained from the quarterly Investors report for July 2024 which shows that some outstanding principals have been paid down. IBIS consider R1,508Mn as the actual total for the purpose of the assurance.

² Actual amount as at 31st March 2024

³ The percentage allocation is based on the total outstanding value rather than the total facility.

Total Loans to PDIs	1,069.49	849.48	55.6
New Financed Loans	1261.5	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.

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26 November 2024

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