



1 RF LIMITED

IMPACT REPORT

2025

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Background to the TUHF Group

TUHF is a specialised commercial property finance company which focuses exclusively on supporting property SMEs with affordable housing outcomes in urban areas.

TUHF specialises in financing inner city, decentralised urban nodes and former Township affordable rental housing projects which are owned and operated by small to medium sized property entrepreneurs (SMEs). These SMEs construct, refurbish and / or repurpose buildings into quality affordable rental housing in urban areas, thereby contributing positively to the transformation of the affordable housing sector and the property sector in several ways, such as minimising the environmental impacts of greenfield construction, utilising existing infrastructure and providing increased access to affordable housing opportunities in well located urban areas, areas with access to amenity, public transport and economic opportunity.

Through a business model anchored in urban regeneration, sustainable development, densification, inclusive economic growth and entrepreneurial support for SMEs, TUHF delivers socio-economic impact. This impact is aligned to our support for the Sustainable Development Goals 1 (No Poverty), 7 (Affordable and Clean Energy), 8 (Decent Work and Economic Growth), 9 (Industry, Innovation and Infrastructure), 10 (Reduced Inequalities), 11 (Sustainable Cities) and number 13 (Climate Action).

Since its inception in 2003, TUHF has played an important role as an impact investor and financier, offering mortgage finance, equity funding, bridging finance and sector specific skills training to entrepreneurs and SMEs operating in the South African affordable housing property sector. TUHF has grown its loan book from ZAR 2.5 million in 2004 to ZAR 4.9bn in 2025, its long-term vision being to achieve impact through scale with a ZAR 10 billion loan book. TUHF's track record is testament to the sustainable and commercially viable nature of its business model. Since its inception 23 years ago, TUHF has succeeded in generating increasing profits and delivering returns to its shareholders.

TUHF is primarily a character-based financier and operates in a niche market that was historically overlooked by commercial and retail financiers, property developers and investors. Many years of under-investment in the inner-city residential property market, combined with the influx of thousands of migrants into South Africa's cities, has resulted in considerable demand for well-priced, well managed and well located inner-city and Township housing units. Using its unique business model, TUHF has succeeded in tapping into this market potential. TUHF's competitive edge arises from the supportive working relationships it develops with property entrepreneurs and SMEs as well as its streetwise understanding of South Africa's inner-cities and former Townships. According to TUHF's investors, the company's strength lies in the emphasis it places on understanding the specific contexts in which it works and sharing its knowledge with property SMEs and entrepreneurs. In addition, TUHF achieves scale through the aggregation of many small, brownfield projects – an approach termed "Massive Small", which draws upon the availability and density of existing stock and is therefore particularly well suited to property development in inner-cities, former Townships and surrounding urban economic nodes.

TUHF is essentially a non-bank financial services company which borrows money from the capital markets and invests it in inner-cities, surrounding urban economic nodes and former Township areas, extending finance to small scale property entrepreneurs with an affordable housing outcome who seek to grow their property businesses. TUHF's business model is directed at ordinary South African men and women who live and/or work in urban areas. Sustainability, in terms of financial, environmental and social aspects, is a key indicator of TUHF's long-term business success.

TUHF's investments not only benefit the SMEs but also directly benefit the end-users of affordable rental housing projects who are then able to live in close proximity to their places of work and can easily access public transport and available urban amenities. End-users are also able to sustainably contribute to local economic development as they consume a wide range of services close to where they live. TUHF's finance / investment also positively impacts local government's fiscus, as refurbished buildings create increased land value resulting in increased rates and utility payments to Municipalities.

TUHF's Sustainable Finance Framework

TUHF developed a Sustainable Bond Framework in 2021 under which Urban Ubomi 1 (RF) Limited, was listed on the 23rd March 2021. The Bond was listed as a R2 500 000 000.00 Mortgage Backed Securities Programme on the Johannesburg Stock Exchange with R609m worth notes released under the first issuance. Subsequently 4 other listings have taken place.

TUHF's Sustainable Bond Framework was reviewed and updated as *TUHF's Sustainable Finance Framework (SFF)* during Q2 2024. The Sustainable Finance Framework was subject to an external review by IBIS Consulting who provided both a management report and an SPO on the Framework. A copy of the Sustainable Finance Framework, the management report and the SPO are available on www.TUHF.co.za for reference.

Sustainable Finance Asset Categories have been identified by TUHF within the Sustainable Finance Framework as key instruments which can be used to advance and increase positive impacts to the supply of affordable housing, SME growth, community development and urban areas in which TUHF invests. The Sustainable Finance Framework (SFF) allows for a specific range of categories and eligibility criteria, aligned with the Green Social and Sustainable (GSS) Principles issued by ICMA which guides TUHF's investment (see Table 1 below for categories included in the SFF's Asset Portfolio).

The purpose of this document

The purpose of this document is to provide full transparency with regards to the allocation of funds and the impact of the projects (Urban Ubomi 1 portfolio) funded within the 2024/2025 financial year, also referred to as the reporting period from 1st April 2024 to 31st of March 2025, as specified in the "TUHF Sustainable Finance Framework May 2024".

Background to Urban Ubomi 1

Urban Ubomi 1 (RF) Limited, was listed by TUHF Limited on the 23rd of March 2021. The Bond was listed as a R2 500 000 000.00 Mortgage-Backed Securities Programme on the Johannesburg Stock Exchange.

A tap issuance of R440 million was done under the Urban Ubomi 1 programme on the 14th of February 2022. The second tap issuance of R363 million was released on the 14th of December 2022 and a third tap issuance of R225 million was concluded on 14th May 2023.

The tap issuances were issued under the TUHF Sustainable Bond Framework November 2020, with the total proceeds allocated to support access to finance for previously disadvantaged property entrepreneurs undertaking inner-city affordable housing redevelopment projects. These projects contributed towards SME growth, local economic development and the supply of quality affordable housing in well-located urban areas in South African Metros.

No new funds were raised through an issuance during the current reporting period, however, notes A1, A4, A7 & A10 were refinanced through the issuance of the A13 note. The amount refinanced was R167,173,042.00 on 15 May 2024.

The issuances were conducted under TUHF's Sustainable Finance Framework, 2024. As stipulated in the Framework, the proceeds achieved impact in the areas of affordable housing, local economic development (employment generation) and socio-economic advancement.

Initial Issuance¹ in ZAR

Class	Class A1	Class A2	Class B	Class C
Ratings Assigned	AAA(za)(sf)	AA+(za)(sf)	A-(za)(sf)	BBB(za)(sf)
JSE Listing Code	UU1A01	UU1A02	UU1B01	UU1B02
Rate type	Floating	Floating	Floating	Floating
Margin for Interest Rate	1,55%	2,20%	2,50%	3,80%
Margin for Coupon Step-Up Rate	2,02%	2,86%	3,25%	4,94%
Outstanding Principal Amount at Issue Date	R202 000 000	R309 000 000	R73 000 000	R25 000 000

1st Tap Issue

Class	Class A4	Class A5	Class B	Class C
Ratings Assigned	AAA(za)(sf)	AA+(za)(sf)	A-(za)(sf)	BBB(za)(sf)
JSE Listing Code	UU1A04	UU1A05	UU1B02	UU1C02
Rate type	Floating	Floating	Floating	Floating
Margin for Interest Rate	1,70%	2,35%	2,74%	4,00%
Margin for Coupon Step-Up Rate	2,21%	3,06%	3,56%	5,20%

¹ The rating for the notes issued were rated by Global Credit (Pty) Limited (GRC). These Ratings are publicly available on the GCR website <https://gcratings.com>

Outstanding Principal Amount at Issue Date	R27 000 000	R283 000 000	R118 000 000	R12 000 000
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2nd Tap Issue

Class	Class A7	Class A8	Class A9	Class C
Ratings Assigned	AAA(za)(sf)	AA+(za)(sf)	A+(za)(sf)	BBB(za)(sf)

JSE Listing Code	UU1A07	UU1A08	UU1A09	UU1C03
Rate type	Floating	Floating	Fixed	Floating
Margin for Interest Rate	1,50%	2,50%	2,205%	3,70%
Margin for Coupon Step-Up Rate	1,95%	3,25%	3,56%	4,81%

Outstanding Principal Amount at Issue Date	R150 000 000	R135 000 000	R60 000 000	R18 000 000
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3rd Tap Issue

Class	Class A7	Class A8	Class A9*	Class C	Class C	Class C	Class C
Ratings Assigned on Issue Date	AAA(za)(sf)	AA+(za)sf	AA+(za)sf	BBB(za)sf	BBB(za)sf	BBB(za)sf	BBB(za)sf
Ratings Assigned	N/A**	AAA (za)(sf)	AAA (za)(sf)	BBB (za)(sf)	BBB (za)(sf)	BBB (za)(sf)	BBB (za)(sf)
JSE Listing Code	UU1A07	UU1A08	UU1A09	UU1C01	UU1C02	UU1C04	UU1C03
Rate type	Floating	Floating	Fixed	Floating	Floating	Floating	Floating
Margin for Interest Rate	1,50%	2,50%	N/A	3,80%	4,00%	3,70%	3,70%
Margin for Coupon Step-Up Rate	1,95%	3,25%	3,25%	4,94%	5,20%	4,81%	4,81%
Outstanding Principal Amount at Issue Date (000s)	150 000	135 000	60 000	25 000	12 000	10 000	18 000

*(Fixed rate note with interest rate of 10.235%)

** (Note holders have been repaid)

Urban Ubomi 1 Reporting Information

TUHF's "Sustainable Finance Framework" ("SFF"), contains methodology with related policies and procedures to facilitate the raising of finance in the form of sustainable financing instruments, including Green/ Social/ Sustainable ("GSS") bonds or loans (including hybrid instruments) and securitisation instruments.

According to ICMA 2024, GSS bonds are any type of bond instrument where the proceeds will be exclusively applied to eligible environmental and social projects or a combination of both:

Green Bonds² are any type of bond instrument where the proceeds- or an amount equal to the net proceeds- will be exclusively applied to finance or re-finance projects with clear environmental benefits and which are aligned with the Core Components of the GBP. Eligible Green Project categories include (but are not limited to): renewable energy, energy efficiency, pollution prevention and control, environmentally sustainable management of living natural resources and land use, terrestrial and aquatic biodiversity conservation, clean transportation, sustainable water and wastewater management, climate change adaptation, circular economy and/or eco-efficient projects, and green buildings.

Social Bonds³ are any type of bond instrument where the proceeds- or an amount equal to the net proceeds- will be exclusively applied to finance projects that directly aim to address or mitigate a specific social issue and/or seek to achieve positive social outcomes, especially but not exclusively for a target population⁴(s) and are aligned with the Core Components of the SBP. Social Project categories include (but are not limited to): providing and/or promoting, affordable basic infrastructure, access to essential services, affordable housing, employment generation, food security, and socioeconomic advancement and empowerment.

Sustainability Bonds⁵ are any type of bond instrument where the proceeds - or an amount equal to the net proceeds - will be exclusively applied to finance or re-finance a combination of Green and Social Projects and which are aligned with the Core Components of the GBP and SBP.

TUHF's Sustainable Finance Framework allows TUHF and or associated SPVs to execute GSS instruments, either in bond or loan, securitisation instruments or a hybrid format. This can occur publicly or privately to finance or refinance GSS projects or assets. The SFF promotes TUHF's lending practices. TUHF may from time to time update its Framework in line with developments in the market and international best practice guidelines which include, but are not limited to, principles published by the International Capital Market Association ("ICMA") and the Loan Market Association ("LMA"). The SFF has been updated in accordance with the 2024 ICMA and 2023 LMA Principle updates.

² ICMA Guidance Handbook June 2024, <https://www.icmagroup.org/assets/documents/Sustainable-finance/2024-updates/The-Principles-Guidance-Handbook-June-2024.pdf>

³ ICMA Guidance Handbook June 2024, <https://www.icmagroup.org/assets/documents/Sustainable-finance/2024-updates/The-Principles-Guidance-Handbook-June-2024.pdf>

⁴ ICMA acknowledges that the definition of target population can vary depending on local contexts and that, in some cases, such target population(s) may also be served by addressing the general public.

⁵ ICMA Guidance Handbook June 2024, <https://www.icmagroup.org/assets/documents/Sustainable-finance/2024-updates/The-Principles-Guidance-Handbook-June-2024.pdf>

Reporting Period 2024/2025:

The time frame for this report is for the financial year, i.e. 01st April 2024 to 31st March 2025.

Allocation of funds & allocation split to SMEs and PDIs

The proceeds from the issuance have been used to finance either new loans to SMEs who provide quality and compliant affordable housing or to refinance existing loans with social impact. In this report, new loans refer to loans created during this reporting period and existing loans are those which were in existence prior to this reporting period. The Urban Ubomi 1 funds are tracked using an internal accounting system as per the framework.

During the reporting period, 1st April 2024 to 31st March 2025, the Urban Ubomi 1 (RF) Bond's net proceeds financed 230 loans over 230 projects with a weighted average loan to value ratio of 66%. 29% of the projects were refinanced projects and 71% were projects financed for either construction, purchase, purchase plus construction, refurbishment or conversion. According to the Loan Start Date and Loan Registration Date, there are 46 loans (26% of the value of the book) older than the three-year look back period. These have been included due to the ratings agencies' value / preference placed on older loans bringing stability to the portfolio.

All assets in the Urban Ubomi 1 portfolio meet one or more of the eligibility criteria disclosed within this report. A minimum of 97% of the portfolio meets the Affordable Housing Criteria. The remaining 2% (R26 348 707) financed mixed-use loans. R33,219,778 is retained as a cash portion.

UU1 Indicator	Value 2024/2025 FY
Amount raised in notes during this reporting period	No new money was raised through an issuance during this reporting period, however, notes A1, A4, A7 & A10 were refinanced through the issuance of the A13 note. The amount refinanced was R167,173,042.00 on 15 May 2024.
Minimum cash balance	R33,219,778 (Arrears Reserve) (2%)
Number of loans financed	230
Average LTV	66%
% of refinanced projects & % of construction & refurbishment projects	29% of the projects were refinanced projects and 71% were projects for purchase plus construction, refurbishment or conversion to affordable housing.
% of loan book allocated to SMEs	100% ⁶
% of the loan book allocated to PDIs	59%

⁶ Based on IFC definition for South Africa of loans less than \$2m (@ Rand exchange rate of 19:1).

Eligibility Criteria (as per the Sustainable Finance Framework)

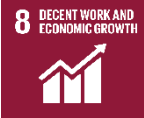
In accordance with the criteria established within the Finance Framework and in compliance with the GSS Principles issued by ICMA, TUHF has allocated the net proceeds of the bonds issued under this framework to new and/or existing eligible assets within the categories indicated below. The eligible loans/projects are funded in whole or in part by an allocation of the bond proceeds.

TUHF's SFF eligibility criteria are summarised as follows:

Table 1: Categories & Eligibility Criteria

Social Categories		
<i>Eligibility Criteria</i>	<i>Social Bond/Loan category</i>	<i>Target Population</i>
Financing or re-financing of any project that involves the construction of or investment in affordable housingⁱ. 	Affordable Housing	Target Population: - Housing projects should have a well-defined target population (e.g., historically marginalised and/ or low-lower middle income groups) as per a recognised national benchmark or external standard. - See definition of Affordable Housing (1) for target population description.
<i>Eligibility Criteria</i>	<i>Social Bond / Loan category</i>	<i>Limitations and Target Population</i>
Financing and refinancing loans to previously disadvantaged individuals⁷ based on Broad-Based Black Economic Empowerment principlesⁱⁱ for investment in rental properties. Financing or re-financing of any project that aims to increase access by small and medium-sized enterprises to financial services. Financing or re-financing of any project that promotes the formalisation⁴ and growth of small and medium-sized enterprises.	<i>Employment Generation and Programs Designed To Prevent And/or Alleviate Unemployment Stemming From Socioeconomic Crises, Including Through The Potential Effect Of SME Financing</i>	Limitations: - Financial services to individuals should, where feasible incorporate a financial advantage to the target population beyond improved access, such as skills development and training, provision of equity, assistance with construction, project and property management. Target Population: - Financing or refinancing of enterprises that have less than 50 employees, assets and annual sales of less than USD3 000 000 each will be considered small enterprise or Enterprises

⁷ (South Africa, euphemistic) Belonging or relating to the previously disenfranchised population groups in South Africa, i.e. Blacks, Coloureds, and Indians. See further detail in glossary on TUHF financial inclusion definition.

		that have less than 300 employees, assets and annual sales of less than USD15 000 000 each will be considered medium enterprises.⁸
Eligibility Criteria	Social Bond / Loan Category	Limitations and Target Population
2x Challenge financing for women criteria: 1. Direct: a) Entrepreneurship (>51% share of women ownership or founded by a woman); or b) Leadership (30% share of women in senior management or 30% of women on Board or Investment Committee); or c) Employment (30-50% share of women in the workforce and one 'quality' indicator beyond compliance, subject to sector specific thresholds in line with criteria set out in the 2X Challenge website). 	Socioeconomic Advancement and Empowerment	Limitations: - For companies, SME criteria must be met. - For Consumption: For FI transactions, to recognise full transaction value, i) product or service should disproportionately i.e., >50%, benefit women and ii) one other Direct criterion must be met. If no other Direct criteria is met, the pro-rata % of the transaction should be recognised. Target Population: - Women.
Green Categories		
Eligibility Criteria	Green Bond / Loan Category	Limitations
Finance or refinance of green-certified brownfield, construction, reconstruction, retrofit, renovation or operation of buildings to make them sustainable, improve resource efficiency and adopt environmentally sound technologies. In order for a building to be considered as a green-certified building, buildings must be assessed green by the TUHF Rating Tool or the EDGE certification tool. TUHF's Rating tool assumptions and savings calculation methodology has been	Green Buildings	Limitations: TUHF will offer two types of loans eligible under the green building criteria: Category A and Category Bⁱⁱⁱ.

⁸ Small and medium-sized enterprises are defined according to the IFC's definitions of Targeted Sectors.

externally reviewed by the Council of Scientific and Industrial Research, which has concluded that these are appropriate and accurate considering the built form, building occupant profile and environments applicable to the properties. Other certifications that would be accepted include: a Leadership in Energy and Environmental Design “Gold” certification, Green Star 4 category, EWP Level 6 (or above) rating or should be EDGE certified by the International Finance Corporation’s (“IFC”) EDGE partners.		
		
<i>Eligibility Criteria</i>	<i>Green Bond / Loan Category</i>	<i>Not Applicable</i>
Financing or refinancing of replacement, acquisition, development, construction and/or installation of renewable energy production units. Renewable energy and storage projects can include (but are not limited to): solar PV panel installations, including those on rooftops of properties owned and/or managed by TUHF clients. 	Renewable Energy	
<i>Eligibility Criteria</i>	<i>Green Bond / Loan Category</i>	<i>Limitations and Exclusions</i>
Financing or re-financing of the development, manufacture and / or installation of components or technologies to enable energy efficiencies e.g. smart meters, in-line heaters, heat pumps and energy efficiency appliances. Financing or re-financing investments and/or projects that result in an energy saving of 15% or more for both new builds and / or retrofits and conversions.³	Energy Efficiency	Exclusions: Carbon intensive industries⁹.

⁹ Carbon Intensive industries include Fossil fuels, Steel, Aluminium, Cement, Natural Gas, Conventional shipping (including LNG ships) and its infrastructure, Airport & Aviation, Mining and extractive sectors, and blue hydrogen production.

		
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TUHF's approval process

All loans/projects financed by TUHF are appraised through an internal credit approval process, managed by the TUHF Credit Committee, LoanCo¹⁰ and ManCo¹¹ to ensure that finance is consistently granted to the people and businesses that have the capacity to repay them and at the same time deliver on the intended impact and outcomes. Before approval, all Projects' financial projections must pass two of TUHF's financial hurdles:

- Deliver positive net cash flow over the life of the eligible loan, as demonstrated in the TUHF project feasibility; and
- Adhere to the standard TUHF covenants related to serviceability (i.e., minimum Debt Service Cover Ratios) and gearing (i.e., maximum Loan to Value Ratios).

Exclusions

TUHF's exclusion list is aligned to the IFC's exclusion list. Through internal stress testing, credit vetting and cyclical processes, TUHF ensures that all borrowers / clients and assets meet stringent credit and ethical standards. TUHF does not enter into relationships with entities which fail to meet TUHF's credit guidelines in terms of the exclusion list or who derive their principal source of revenue or income from illegal sources. Implementing thorough portfolio management, TUHF ensures that it is not in relations with slumlords, defined as landlords who extract abnormal profits by not complying with bylaws, allowing over-crowding, providing poor customer service and whose buildings are not up to code or are sub-standard.

Impact

Indicator data collection methodology

TUHF regularly tracks impact indicators against internal targets, using a tool known as a 'results measurement plan.' TUHF currently 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. TUHF is currently implementing an Environmental and Social Management System in line with its ESMS Framework.

¹⁰ A board subcommittee which consists primarily of non-executive directors and is chaired by a chairman appointed by the Board from time to time. Any credit application that falls with the approval mandate of LoanCo can only be submitted to LoanCo with the support and recommendation from ManCo.

¹¹ This committee convenes on a weekly basis (unless no applications are submitted for consideration in that week). The chair of ManCo is the CEO.

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 borrower's demographic information is captured upon application, is verified by identity and FICA documents as well as the relationship, including extensive in-person meetings and site visits, with TUHF's relevant portfolio manager. TUHF also collects data on the number of jobs that are created as a result of the finance extended, across its greater portfolio. This is undertaken through client declarations. These are captured into the system and checked for duplicates. Information currently required from the clients includes:

- Annual financial statements
- Rent-rolls
- Utility statements
- Building inspections and valuations
- Compliance documents
- AML information
- FICA information

The measurement plan extracts detailed below, as per the TUHF Sustainable Finance Framework, outline TUHF's indicators, the units in which these are measured, the definition applicable to an indicator, any calculation, if applicable and the source of data which this information is derived from. Impact metrics reflected in the impact report represent the value of the loans issued by TUHF for project development. The value of the client equity is not represented in the value metrics. TUHF provides up to 80% of the project development cost with entrepreneurs providing the remainder. TUHF recognises 100% impact as the senior ranking lender.

Relevant data sources

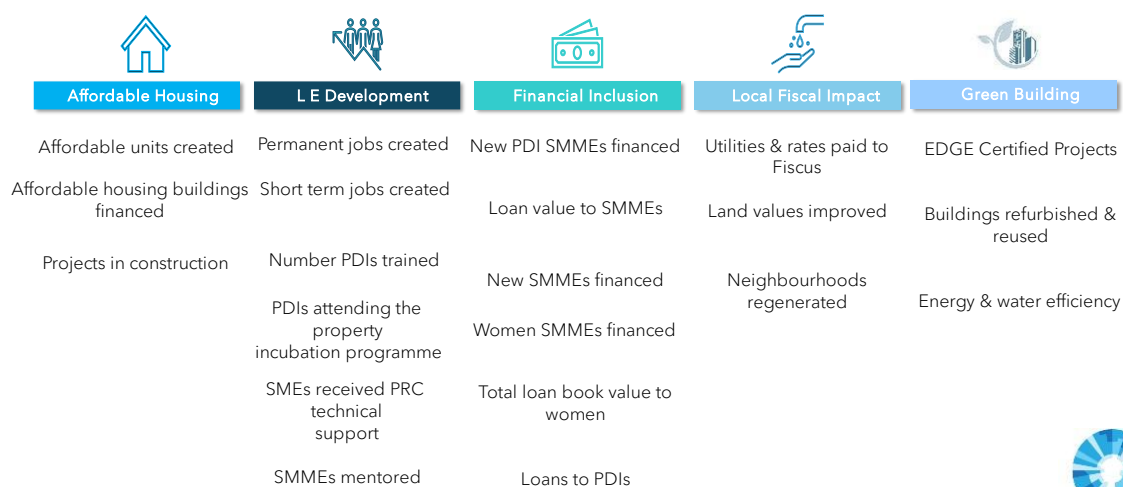
Table 2: TUHF indicators & relevant data sources

Indicator	Unit	Definitions	Calculation	Data Source
Number of affordable housing units financed	Number			TUHF Records
Number of buildings financed	Number			TUHF Records
Number of new permanent jobs created	Number	A job reported during the reporting period with no end date		TUHF Records Signed employee declaration
Number of new short-term jobs created	Number	A job reported during the reporting period with an end date.		TUHF Records Signed employee declaration

Number of previously disadvantaged individuals financed.	Number			TUHF Records
Number of previously disadvantaged individuals (PDIs) trained[iii]	Number	Number of PDIs who have completed TPPE.		TUHF Records
Number of loans issued to previously disadvantaged individuals	Number			TUHF Records
Number of loans issued to women PDIs	Number	Majority ownership by PDI woman-owned SME to be reported on under this indicator		TUHF Records
Number of SMEs financed	Number	According to IFC definition		TUHF Records
Value of loans issued to SMEs	In ZAR value			TUHF Records
Number of loans issued to women owned SMEs	Number	Majority-owned by women to be reported under this indicator.		TUHF Records
Number of PDIs trained & mentored	Number			TUHF Records

Impact Areas measured:

TUHF collects data and reports on several impact areas as listed below:



Impact indicators achieved

Table 3: Urban Ubomi 1 Indicator Results

Affordable Housing	
Number of affordable housing units financed	7270
Number of buildings financed	230
Minimum number of people housed ¹²	18175
Contribution to local municipalities' property rates and utilities	R65 356 526.06
Employment Generation	
Number of permanent jobs created (TUHF Portfolio) ¹³	58
Number of short term jobs created (TUHF Portfolio) ¹⁴	164
Number of previously disadvantaged SMEs financed (backed)	153
Socio Economic Advancement and Empowerment	
Number of SMEs financed (backed)	230
Number of loans issued to PDI's	153
Value of loans issued to PDI's	R78 6213 462.76
% of loan book to PDIs	59%
Number of loans issued to women	40
Value of loans issued to women	R164 257334.82
% of loan book to women	12%
Number of previously disadvantaged individuals trained (TPPE) ¹⁵	44
Number of previously disadvantaged individuals mentored ¹⁶	23

¹² Formula applied as per Rental Housing Act and FSC recommendations of no more than 2.5 people per affordable housing unit.

¹³ These jobs were created and collected from the TUHF loan book during the reporting period. They are not linked to Urban Ubomi specific projects.

¹⁴ These jobs were created and collected from the TUHF loan book during the reporting period. They are not linked to Urban Ubomi specific projects.

¹⁵ These numbers represent TUHF clients trained during the reporting period as per the Finance Framework definition of "Employment Generation and Programs Designed To Prevent And/or Alleviate Unemployment Stemming From Socioeconomic Crises, Including Through The Potential Effect Of SME Financing: Financial services to individuals should, where feasible incorporate a financial advantage to the target population beyond improved access, such as skills development and training, provision of equity, assistance with construction, project and property management". The borrowers trained during the reporting period are not necessarily linked to the Urban Ubomi 1 loans. All SMEs represented by the UU1 loans with start dates after July 2015 will have had the opportunity to attend training extended by TUHF free of charge.

¹⁶ These numbers represent TUHF clients mentored during the reporting period as per the Finance Framework definition of "Employment Generation and Programs Designed To Prevent And/or Alleviate Unemployment Stemming From Socioeconomic Crises, including Through The Potential Effect Of SME Financing: Financial services to individuals should, where feasible incorporate a financial advantage to the target population beyond improved access, such as skills development and training, provision of equity, assistance with construction, project and property management". The borrowers mentored during the reporting period are not necessarily linked to the Urban Ubomi 1 portfolio. SMEs represented by the UU1 portfolio with start dates after July 2015 will have had the opportunity to attend the Mentorship Programme extended by TUHF free of charge.

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ⁱ Affordable housing

Affordable housing is defined as a residential building together with its related commercial space where the average monthly rental for the residential units is below the affordable housing rental threshold. “Where units are being developed for rental purposes, the developer will be required to certify that expected rentals are affordable to the target market (maximum of 30% repayment of gross household income of up to a maximum of R32 000) parameter to be used.” (FSTC 2024).

The Department of Human Settlements defines Affordable Housing as “Affordable Housing broadly constitutes the provision of rental and social housing programmes, and instruments to provide housing finance to traditionally unserved segments of the population.” (<https://www.gov.za/about-sa/humansettlements>) The Financial Sector Code’s definition for 2024 for the Affordable Housing market as calculated by The Banking Association of South Africa and the Financial Sector Transformation Council, comprises households earning a gross income of up to R32 000 per month, the “Gap” Housing market as households earning a gross income of between R3 501 to R32 000 per month and the minimum loan size for the non-mortgage market as R1 800 for applicants for households within the Affordable Housing Market.

Through the widening gap in housing supply versus demand for inner-city affordable rental accommodation TUHF saw an opportunity to support emerging entrepreneurs, mainly PDI’s, to play a developmental and sustainable contribution to the supply of quality affordable rental housing.

ⁱⁱ Financial Inclusion, Empowerment, Transformation and Inclusive Economic Growth

Broad Based Black Economic Empowerment (BBBEE) is an important societal objective in South Africa. As a mechanism for urban land and economic reform, TUHF considers the real estate sector as both an ideal arena to promote broad based and sustainable BBBEE and an important initiative to transfer land and a business opportunity into the hands of previously disadvantaged individuals (PDI’s.) PDI are defined as belonging or relating to the previously disenfranchised population groups in South Africa, i.e. Blacks, Coloureds, and Indians.

ⁱⁱⁱ Green Buildings, Energy Efficiency and Renewable Resources

Eligible Green Assets refer to residential buildings located in cities in South Africa which meet the minimum energy, water and carbon emission savings hurdle rates, as per the projections of the EDGE tool, defined as 20% energy, 20% water, 20% embodied carbon.

Category A *buildings* undergo building work subject to national building regulation SANS 10400. Examples are new builds and refurbishments. In these cases, developers are required to comply with Part XA which specifies minimum energy efficiency levels to be adhered to.

Category B *buildings* refer to existing buildings and building conversions which are not subject to these regulations. Examples of the latter are superficial building upgrades.

Where historical operating data is readily available for a building (for example, in the case of retrofits to existing buildings), an actual baseline is calculated through TUHF analysis of the past 12 months of utility bills, assuming there is no change in use or occupancy of the building after the intervention.

Where this data is not available, or changes in use or occupancy render historical data unsuitable for baselining, a theoretical baseline is calculated using the TUHF Utility Calculator. This tool uses key building parameters such as occupancy levels and floor space to estimate baseline electricity and water usage. In the case of Category A buildings, this baseline assumes minimum compliance with SANS 10400-XA (for example, incorporating low-efficiency heat pumps or solar water heaters to achieve the water heating requirement), whilst in the case of Category B buildings, it assumes the use of conventional least-cost technology such as electric geysers.

Eligible Projects comprise a variety of building interventions that can be undertaken to create a stock of Eligible Green Assets, including retrofitting existing buildings with energy or water-saving technologies or incorporating these technologies in new construction and building refurbishment work.

Resource efficiency technology options currently available to TUHF Borrowers comprise the following:

- Photovoltaic systems
- Centralised heat pumps
- In-line water heaters
- Efficient lighting and motion detection sensors
- Low flow water fittings
- Dual / on demand / small cistern flush toilets

An “Eligible Loan in terms of green bond / loan criteria which qualifies for inclusion on technical eligibility, financial feasibility and TUHF credit criteria. TUHF will offer two types of Eligible Loans:

a) Green development finance:

The Eligible Loan is a new mortgage in respect of a Category A building, incorporating renewable energy wherever feasible;

b) Green retrofits:

A Category B existing building is modified in line with the resource efficiency requirements of the TUHF technical tool or the , incorporating renewable energy wherever feasible. The Eligible Loan can be either:

- I. a new green mortgage raised on newly acquired buildings which require a superficial upgrade, or
- II. an existing mortgage facility on which a re-advance is made to finance a retrofit. The original mortgage facility is replaced with a new green mortgage facility refinancing the capital outstanding on the original facility and offering an increase in capital to facilitate the retrofit. In either case, the entire mortgage is considered a green loan and thus an Eligible Loan

TUHF will assess the actual energy and water consumption performance of buildings against initial projections on an ongoing basis. The following inclusion criteria will apply for the duration of the Sustainable Bond to ensure the integrity of the programme:

1. Projects that fail to generate any electricity or water savings against either the historical or projected baseline over the first 12 months following the installation of the equipment will be excluded from the pool of Eligible Loans and replaced with substitutes. Data from billing-grade meters will be used to make this assessment.

2. In cases in which the Borrower defaults on the obligation to share meter data or maintain the equipment, meter data is known to be faulty and the Borrower or utility does not repair or replace it, or building use or occupancy changes materially, the loans will be excluded from the pool of Eligible Loans and replaced with substitutes. In all cases, the Borrower will be provided with three months to rectify the deviation prior to this provision becoming effective.

Energy and water savings

At project inception, forecasts of energy and water savings will be generated by the TUHF Utility Calculator, considering critical drivers such as building occupancy. These will form the basis for reporting at the time of inclusion in the Green Bond.

Once 12 months has passed after installation of the resource efficiency equipment, TUHF will report on historic impact using metered data from billing grade meters. Where lifetime impact has been estimated, these estimates will be updated following the results of the analysis of metered data.

Renewable energy

Reporting on installed capacity will be informed by the manufacturer specification of system size.

Energy system generation will be calculated either through TUHF Utility Calculator forecasts, or – where billing grade meter data exists (for example in cases where the TUHF client sells solar electricity to tenants) be replaced by metered data.

Carbon abatement

The Carbon Yield methodology will be applied to estimating carbon abatement associated with the Green Bond. The methodology and its application to TUHF's eligible green loans portfolio can be summarised as follows:

1. A baseline is established to describe the BAU scenario, referring to either:-
 - a. The performance of buildings prior to interventions for Category B projects, as reflected in the 12-month baseline created per project, or
 - b. A theoretical baseline based on minimum compliance with building regulations for Category A projects, as reflected in the TUHF Utility Calculator. The applicable regulations would include energy efficiency regulation SANS 10400-XA;
2. Potential avoided emissions (PAEs) are calculated based on the deviation from baseline, based on a full year of operation of the relevant buildings (environmental impact will generally be constant over the 15-year TUHF mortgage bond period except for changes in building regulations, emissions factors, building occupancy, etc);
3. These would be divided by allocated proceeds, to express the result as PAEs per R1 000 per annum;
4. A weighted average PAE for the whole portfolio is estimated using the amount of capital disbursed to the projects (or the amount of debt issued under the framework) giving the Carbon Yield of the portfolio.

The relevant information is provided in the table below:

Required information	TUHF parameter
Project category	Energy efficiency
Project sub-category	Residential buildings
Region	South Africa
Operational lifetime	15 years
Total lifetime	15 years
Baseline scenario	Emissions associated with an existing building (pre-intervention) or theoretical newly constructed minimally compliant building
Relevant emissions factor	Scope 1 emissions (e.g. gas, renewable energy): • Gas: Fossil fuel conversion factors as per Solid Green • Renewable energy: Eskom grid emissions factor as described below Scope 2 emissions (electricity generated by Eskom): Grid emissions factor published in most recent Eskom annual report, currently 0.99tCO ₂ /MWh
Capital cost	The total development cost of underlying projects