TUHF Holdings Limited
(Registration number 2007/024010/06)
Annual financial statements
for the year ended 31 March 2022

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	The main business of the company is to invest in subsidiary companies whose main business is to provide commercial property finance in the form of bridging, equity finance and long term loans secured by mortgage collateral and other financial products to finance entrepreneurs and landlords for the purchase, construction and improvement of property for the purpose of the regeneration of South African inner city precincts and surrounding suburbs showing indications of decline where the primary objective is the supply of housing and associated commercial property for rental stock.
Directors	SS Moraba TM Adler C Coovadia RR Emslie JF Howard PGN Jackson JK Mamatela JS Strelitz IL Roodt L Vutula B Mapongwana
Business address	12th Floor, West Wing Libridge Building 25 Ameshoff Street Braamfontein 2001
Postal address	PO Box 30872 Braamfontein 2017
Holding company	TUHF21 NPC Incorporated in South Africa
Auditor	Deloitte & Touche
Secretary	Kilgetty Statutory Services Proprietary Limited
Preparer	The annual financial statements were internally compiled by: Lutic Mosoane BAP (SA) – Winsome Africa under the direction and review of Imke Kruger CIMA (SA) following the detailed workings provided, including a company working file for disclosure and a consolidation working file. A second technical review of the financial statements was performed by PwC and an overall review is performed by the CFO Ilona Roodt, CA (SA).
Issued	06 December 2022

Contents

Audit and Risk Committee Report

The audit and risk committee is pleased to present its report to the shareholders of TUHF Holdings Limited as required in terms of section 94(7) of the Companies Act 71 of 2008.

1. Members of the Audit and Risk Committee

The members of the audit and risk committee are all non-executive directors of the group and include:

Name	
Robert Emslie - Chairman	
Belinda Mapongwana	Appointed 30 September 2021
Samson Moraba	Appointed 02 June 2022
James Howard	Appointed 02 June 2022
Mandu Mamatela	Resigned 02 June 2022
Cassim Coovadia	Resigned 02 June 2022

The committee has the financial and commercial expertise and experience to properly execute its duties and responsibilities. The external audit partner and representative of the internal auditors attend the meetings by invitation. Both external and internal auditors present formal reports to the committee.

2. Duties and responsibilities

The committee's duties and responsibilities are set out in the audit and risk charter approved by the TUHF Holdings Limited board and reviewed from time to time, as well as in terms of the Companies Act. The committee has regulated its affairs in compliance with this charter. The committee assists the Group's boards in discharging their fiduciary and corporate governance responsibilities in relation to:

- the safeguarding of assets;
- the operation of adequate systems and controls, including business continuity plans;
- the adequacy and effectiveness of financial, audit, compliance and IT-related matters;
- preparation of statutory financial reporting and financial statements;
- developing and sustaining the Group's compliance framework and process;
- preparation of sustainability information;
- prioritising and ranking risks facing the Group and understanding their causes and consequences; and
- focus on key risk areas such as the IFRS 9 expected credit loss model including the underlying assumptions and process of identifying significant increase in credit risk.

A risk management framework has been established and approved by the Board, managing risk to the Group through a bottom-up approach where risk champions monitor and report on key risks. The process is managed by the Executive Committee and is reported to the Audit and Risk Committee and the Board.

During the year under review, the committee held four meetings.

The committee is satisfied with the quality, effectiveness, independence and objectivity of Deloitte & Touche as the external auditors.

At the forthcoming annual general meeting to be held on 10 November 2022, the committee will propose that Deloitte & Touche be the Group auditors for the 2023 financial year. This appointment will comply with the Companies Act.

3. Summary of key focus areas and achievements

The committee:

- monitored the ongoing impact of the global COVID19 Pandemic particularly on the IFRS 9 Model and its implementation, the economy and uncertainty around collection levels and the business cashflows and assisted in the development of strategies to ensure TUHF remained a going concern;
- monitored the implementation of the IFRS 9 ECL process and calculation enhancements recommended by our external auditors;
- monitored key risks in the group including liquidity risk, credit risk, macroeconomic risks and operational risk and reporting to Board under the governance framework;
- monitored the progress in completing the audited annual financial statements for the subsidiaries of TUHF Equity Proprietary Limited financial statements for 2021 and 2022: Silverkey Pty Ltd, Jeppestown Urban Trust and Better Urban Living Pty Ltd acquired in 2021, but concluded in 2022 in terms of the IFRS 3 standard;
- monitored the progress in obtaining condonations from all our funders as regards funder covenant levels that exceeded contractual requirements for the financial period to 31 March 2022;
- reviewed the Integrated Annual Report and recommended it to the board for approval;

Audit and Risk Committee Report

- approved the appointment of Belinda Mopganwana as a member of the committee;
- the external audit plan was reviewed and approved with the following audit key focus areas;
  - Internal controls
  - Expected credit loss methodologies and how these were applied.
  - TUHF’s significant risks and fraud risk;
  - Related party transactions and balances; and
  - Compliance with rules and regulations
- reviewed the internal auditors’ report, covering the financial discipline and cyber risk review, rated as satisfactory for the financial ended March 2021:
- the following internal audits were deferred from 2020 and were conducted during the 2021 financial year and presentend ,and reviewed by the Committee in the 2022 financial year
  - Annual financial discipline review
  - Cyber review
  - Compliance framework and regulatory universe reporting
  - Liquidity management review.
- the 2022 annual financial disciplinary review was completed during the year with satisfactory conclusion;
- the cyber review was competed with a satisfactory conclusion;
- approved the TUHF Compliance Framework;
- and continued monitoring the development and implementation of the IT architecture including an assessment and enhancement of IT systems, system integration, data, and reporting requirements.

Monthly management accounts and loan book analyses, quarterly funders' reports for key stakeholders, the annual financial statements and accounting policies and integrated annual report;

The development of work programmes to provide management with a broad understanding of the status of compliance with higher risk regulatory requirements, with a particular focus on the JSE Debt Listings Requirements.

Review of the POPIA policy and project implementation and recommendations;

The reports of the internal audit functions and recommendations on the state of the Group's internal financial controls, credit risk management process and portfolio management;

The review of the internal audit plan for the financial year ended March 2022, which include liquidity risk management, market risk management, credit risk management follow up, selected annual IT controls review and annual internal financial control review;

Reviewing the annual financial statements and recommending them to the board for approval;

Reports on the risk assessments and risk management processes in the Group and the exposure to the following:
- Strategies and managing processes for the IT Risk Management framework;
- Liquidity risk and progress in the Jobs Fund programme and the DMTN programme, as well as negotiations with current and potential new funders;
- Development and progress in the development of new covenants and various engagements with funders;
- Credit and solvency risks and a continuous assessment that key ratios remain within the dashboard indicators and funder covenants;
- Market risk and the effect of negative macro-economic developments and the necessity of monitoring these effects as the outcome becomes more certain; and
- Operational and political risks were reviewed.

The review of the application of the King IV principles was further assessed during the 2022 financial year. Some amendments and updates to the sub-committees' terms of reference, governance policies and codes to align them to recommended practices have been made. Additional improvements will continue to be introduced such as the changes to the audit and other relevant committees in line with the recommended practices.

In discharging its responsibilities during the year under review, the committee has not found or become aware of any material failures, irregularities or misstatements affecting the Group's internal controls, structures and systems. This includes financial controls, accounting policies and controls, and reporting, incorporating the maintenance and improvement of accounting and control systems.

Audit and Risk Committee Report

4. Internal auditor

The committee has evaluated the role, independence and effectiveness of the internal auditor, KPMG, and is satisfied that their performance meets requirements of the Group’s risk management system.

5. Statutory reporting

The committee has evaluated the consolidated and separate annual financial statements of the group for the year ended 31 March 2022. Based on the information provided to the committee, it is of the opinion that the group complies in all respects with the requirements of the Companies Act, the International Financial Reporting Standards and all other applicable legislation.

6. Internal financial functions

The Board of the Group has delegated the responsibility for the oversight of the financial reporting to the committee. The committee has taken responsibility for the governance of financial reporting, internal and external audits, and internal controls and policies.

The competency, skills and resources of the finance function required by the Group have been assessed, and the committee is satisfied that the finance function requirements are adequate and appropriate.

The committee is satisfied that the internal controls of the Group operated effectively during the year ended 31 March 2022. The committee also provides reasonable assurance that the financial records for the preparation of the annual financial statements can be relied upon.

7. Chief financial officer

The committee has, under review, affirmed that Ms. Ilona Roodt has the expertise and experience to undertake the duties and responsibilities of the chief financial officer.

8. Company secretary

The committee has satisfied itself that the company secretary, Kilgetty Statutory Services Proprietary Limited, has the appropriate competence and experience and will maintain an arm’s-length relationship with directors.

9. King IV register

The application of the King IV Code is undertaken by the Group and disclosed in the consolidated financial statements of TUHF Limited and TUHF Holdings Limited, and in the TUHF21 NPC Integrated Annual Report:
http://www.tuhf.co.za/investorrelations/#tuhf-limited.

10. Recommendation of the annual financial statements

The committee has fulfilled its oversight role regarding the reporting process for the consolidated and separate annual financial statements and being satisfied with the integrity of this report, recommends that the annual financial statements be approved by the board of directors.

Robert Emslie
Chairman Audit Committee

06 December 2022

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act 71 of 2008 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 group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards (IFRS). The external auditor is engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets 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. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group’s business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the group’s cash flow forecast for the year to 31 March 2023 and, in light of this review and the current financial position, they are satisfied that the group has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the group's annual financial statements. The annual financial statements have been examined by the group's external auditor and their report is presented on pages 13 to 19.

The directors' report on pages 8 to 12 and annual financial statements set out on pages 20 to 88 which have been prepared on the going concern basis, were approved by the board of directors on 6 December 2022 and were signed on their behalf by:

C Coovadia **PGN Jackson**

Tuesday, 06 December 2022

Company Secretary's Certification

In terms of Section 88(2)(e) of the Companies Act 71 of 2008, as amended, I certify that the group has lodged with the Commissioner all such returns as are required of a public company in terms of the Act and that all such returns are true, correct and up to date.

M.P. Wray

Matthew Wray for and on behalf of Kilgetty Statutory Services (Pty) Ltd
Johannesburg
6 December 2022

Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of TUHF Holdings Limited and it’s subsidiaries for the year ended 31 March 2022.

1. Incorporation

The company was incorporated in South Africa on 24 August 2007 and obtained its certificate to commence business on the same day.

2. Nature of business

The main business of the company is to invest in subsidiary companies whose main business is to provide commercial property finance in the form of bridging, equity finance and long term loans secured by mortgage collateral and other financial products to finance entrepreneurs and landlords for the purchase, construction and improvement of property for the purpose of the regeneration of South African inner city precincts and surrounding suburbs showing indications of decline where the primary objective is the supply of housing and associated commercial property for rental stock.

TUHF Holdings Limited operates in a very narrow segment of funding. There are no clearly distinguishable segments within the business. As such no segmental information has been provided.

There have been no material changes to the nature of the group's business from the prior year.

3. Review of financial results and activities

The consolidated and separate annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008. The accounting policies have been applied consistently compared to the prior year, except for the adoption of new or revised accounting standards as set out in note 2.

Full details of the financial position, results of operations and cash flows of the group are set out in these consolidated and separate annual financial statements.

4. Share capital

	2022	2021
Authorised	Number of shares	
Ordinary shares of no par value	150 000 000	150 000 000
Class C ordinary shares of no par value	20 000 000	20 000 000
No par value unspecified share	100 000 000	100 000 000
Cumulative redeemable preference shares of R1 000 per share	35 000	35 000

	2022	2021	2022	2021
Issued	R	R	Number of shares	
Ordinary shares*	90 456 391	90 012 941	79 655 278	79 551 933
Class C ordinary shares: National Housing Finance Corporation SOC Limited	6 533 403	6 533 403	7 936 059	7 936 059
Class C ordinary shares: TUHF21 NPC	18 802 212	18 802 212	5 290 706	5 290 706
Share Premium	18 739 068	18 739 068	-	-
	134 531 074	**134 087 624**	**92 882 043**	**92 778 698**

Refer to note 21 of the consolidated and separate annual financial statements for detail of the movement in authorised and issued share capital.

*The ordinary shares at group level includes 100 shares allocated to the TUHF Urban Finance Owner Trust, 100 shares allocated to the Vuselela Warehouse SPV Owner Trust, 100 shares allocated to the Vuselela Collections SPV Owner Trust and 100 shares allocated to The Urban Ubomi 1 Issuer Owner Trust.

Directors' Report

5. Dividends

The board of directors do not recommend the declaration of a dividend for the year.

Preference shares	2022	2021
Interest charge for the year on preference shares issued	1 278 024	1 810 948

6. Conditional share plan

The Group has a Conditional Share Plan (CSP) from which conditional share awards are granted to senior employees of TUHF Limited.

The awards granted are subject to a performance management system and are measured over a three year performance period. The performance conditions of the awards are determined by the management of the employing companies (presently only TUHF Limited) for each of the performance years by means of a performance management assessment (Performance Contract).

For each of the financial years covering the performance period, the performance level of the Performance Contract will be reviewed. At the end of the performance periods the Performance Contract will be finalised. The company's Remuneration Committee, together with the management of TUHF Limited, will examine the extent to which performance conditions have been satisfied and determine the awards that employees will be entitled to. The awards decided upon will be vested over a period of three years in equal numbers.

A new issuance under the Conditional Share Plan was approved by the Board in 2019. Shares will vest over the next three years from 2022. By arrangement, the first round of shares for the CEO have vested in 2022, the rest of shares will vest in 2023.

As at 31 March		
-Total shares vested to date	4 056 516	2 668 297
-Treasury shares held by TUHF Limited	712 747	1 997 621

7. Directorate

The directors in office at the date of this report are as follows:

Directors	Designation
SS Moraba	Non-executive
TM Adler	Non-executive
C Coovadia	Non-executive
RR Emslie	Non-executive Independent
JF Howard	Non-executive
PGN Jackson	Executive
JK Mamatela	Non-executive
JS Strelitz	Non-executive
IL Roodt	Executive
L Vutula	Non-executive
B Mapongwana	Non-executive

8. Holding company

The majority shareholders of the company are TUHF21 NPC and National Housing Financing Corporation SOC Limited, who together hold 65.4% (2021: 65.5%) of the company's issued share capital.

9. Borrowing powers

In terms of the Memorandum of Incorporation, the borrowing powers of the group are unlimited. However all borrowings by the group are subject to board approval as required by the board delegation of authority.

Debt capital (interest bearing debt/ interest bearing debt plus capital and reserves) of the group must be 90% or below. For the current year debt capital was 85% (2021: 85%).

TUHF Limited issued listed notes on the JSE Limited amounting to R 280 million in January 2017. The company is the guarantor in this structure. The issued notes are secured by loan assets with a book value of R 330 million and an underlying collateral value of approximately R 412 million. The notes were re-issued for a further period in January 2020 with a maturity date of 24 October 2024 but were delisted on 26 July 2021.

The pool covenants achieved on issue date and at year end:

- Loan to value ratio of 67.5%
- Concentration of top 5 assets < 35%
- Pool and group debt service coverage ratio 1.1 x

The covenants applicable to the group are as follows:

- Debt service cover ratio 1.1 x – achieved 1.1 x actual
- Interest cover ratio 1.1 x – achieved 1.2 x actual
- Bad debts written off < 5% - achieved, 2.4%
- Loans with arrears < 10% - not achieved (21.86% TUHF Limityed company : 14.16% TUHF Limited group)
- Gearing < 90% - achieved 85%
- Risk Weighted Capital adequacy target (15% - 20%) - achieved 22%

Performance measures including a minimum Cost to Income Ratio and Return on Equity, were under pressure in the current operating environment but will be a focus of the group into 2023.

Following discussions with the Listed Note investor, an approval to delist the note was received and has been submitted to STRATE and the JSE on 26 July 2021. The investor does not require a listed instrument and the Group has access to the capital markets through its securitisation programme. The DMTN Programme Memorandum allows for both listed and unlisted notes. The programme has been removed from the JSE in its entirely, and the JSE has confirmed that the debt listing requirements no longer apply to TUHF Limited or to TUHF Holdings Limited.

The investor has condoned the breach in covenants for the period 1 April 2021 to 31 March 2022.

The funder covenants for all bilateral funders and the Domestic Medium-Term Note Programme are under review. The loans with arrears covenant will be revised and replaced with a more appropriate covenant that will require funder consent and re-contracting. The covenants will be based on the Basel III framework and include Common Equity Tier I ratio, Total Tier II ratio, the Combined Capital Adequacy ratio, and the Net Stable Funding ratio. All the Basel III liquidity ratios were considered as part of the covenants review. However, the Liquidity Coverage ratio was deemed to be inappropriate as TUHF is not a deposit taking institution. The Net Stable Funding ratio is considered sufficient to reflect TUHF's funding mismatch.

The funding structures of the Group have changed over the past three years and the role of TUHF Limited is evolving. TUHF Limited originates new loan assets, and a separate warehouse holds loan assets for securitisation. Management estimate that up to 70% of the group funding requirements will in future be sourced through the capital markets. The proposed covenants were approved by the Board on 2 June 2022 and discussions with funders continue but are expected to be concluded by 30 September 2022.

A written condonation was obtained from all investors including Ashburton Investment, Futuregrowth Asset Management, National Housing Finance Corporation SOC Limited (NHFC), NOVO Impact NPC, Public Investment Corporation (PIC), Mergence Investment Managers and Nedbank Limited SA for the condonation of the loans with arrears covenant being above covenant level for the duration of the financial year, 1 April 2021 to 31 March 2022.

The investors Mergence Investment Managers, Development Bank of Southern Africa and Small Enterprise Finance Agency did not need to provide a condonation as the covenant does not apply to their facilities.

The group has three structured finance transactions, two of which are listed, being Urban Ubomi 1 (RF) Limited and TUHF Urban Finance (RF) Limited. The third is Vuselela Warehouse SPV (RF) Proprietary Limited , a senior and subordinated revolving facility used to acquire qualifiying assets for securitisation. No covenants were breached in the structured finance transactions.

Directors' Report

10. Special resolutions

No special resolutions, the nature of which might be significant to the shareholder in their appreciation of the state of affairs of the group were made by the group or any of its subsidiaries during the period covered by this report.

11. Events after the reporting period

The Standard Bank senior revolving facility was increased to R1 billion on 11 May 2022 following 2 years of compliance with the facility requirements and the successfully revolution of the facility.
The cumulative redeemable preference shares in TUHF Holdings was fully repaid in June 2022.
The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report.

12. Auditors

Appointment and Independence of the external auditor

The Committee is satisfied with the quality, effectiveness, independence, and objectivity of Deloitte as the external auditors and Stephen Munro as the designated auditor and the Committee approved Deloitte’s terms of engagement and the fees.

At the forthcoming AGM to be held on 06 December 2022, the committee will propose Deloitte as the Group auditors and Stephen Munro as the designated auditor for the 2023 financial year. This appointment will comply with the Companies Act and the Debt Listing Requirements.

13. Funding

A securitisation funding structure raising R 500 million was implemented in December 2018. A further tap issuance of R150 million was raised in October 2019. TUHF Limited is the originator in this capital market scheme and retains the role of servicer and administrator. The issuer, TUHF Urban Finance (RF) Limited is a bankruptcy remote company, independently owned by the TUHF Urban Finance Owner Trust.

A second securitisation structure was implemented in March 2021, whereby the group raised an additional R 609 million in funding through the capital markets. This raised over R 100 million in funding for the company and enabled the balance of the proceeds of R 509 million to be applied to the revolving facility with Standard Bank. This complied with the requirements of the facility to allow for the facility availability period to be extended for a further 12 months, with the total facility at R 700 million. TUHF Limited is the originator in this capital market scheme and retains the role of servicer and administrator. The issuer, Urban Ubomi 1 (RF) Limited is a bankruptcy remote company, independently owned by the Urban Ubomi 1 Issuer Owner Trust.

The senior revolving facility for R 700 million approved by Standard Bank of South Africa in January 2020 and uses the funding to acquire assets from TUHF Limited. TUHF Limited is the originator in this capital market scheme and retains the role of servicer and administrator. Vuselela Warehouse SPV (RF) Proprietary Limited is a bankruptcy remote company, independently owned by the Vuselela Warehouse Owner Trust. At the end of March 2022, R 400 million of the facility was repaid enabling the facility to remain active with R 587 million available.

The liquidity mismatch pertaining to the period up to five years after reporting date will be managed by refinancing interest bearing liabilities. Refer to note 8 for the maturity analysis relating to advances. Refer to the liquidity risk note for the calculation of the liquidity mismatch.

14. Secretary

The company secretary is Kilgetty Statutory Services Proprietary Limited.

15. Management agreement

In September 2009 the Company entered into a management agreement with TUHF Limited in terms of which TUHF Limited will provide management and administrative services necessary, incidental and ancillary to satisfy the ongoing commercially reasonable requirements for the Company including but not limited to secretarial services, accounting services, banking services, administrative services, corporate governance services, social and ethic management, strategy planning and reporting services and statutory reporting services.

In performing the management and adminstrative functions TUHF Limited will be subject to instructions from this board, to the Company’s Memorandums of Incorporation and be required to safeguard, at all times, the interests of the Company when implementing the obligations and duties set out in the management agreement.

Directors' Report

The implementation and adoption of policies, processes and procedures of TUHF Limited will be considered and approved by this board as a signatory to the management agreement.

A formally documented and approved Board Charter outlines the scope of authority, responsibilities, powers and functioning of the TUHF Limited board. This charter is reviewed from time to time to ensure that it remains relevant and in line with governance best practice.

16. Going concern

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

Deloitte.

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INDEPENDENT AUDITOR'S REPORT
To the Shareholder of TUHF Holdings Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of TUHF Holdings Limited (the Group and Company) set out on pages 20 to 88, which comprise the consolidated and separate statement of financial position as at 31 March 2022, and the consolidated and separate statement of profit or loss and other comprehensive income, the consolidated and separate statement of changes in equity and the consolidated and separate statement of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of TUHF Holdings Limited and its subsidiaries as at 31 March 2022, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group and Company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide an opinion on these matters.

<table>
<tr><th>Key Audit Matter</th><th>How the matter was addressed in the audit</th></tr>
<tr><th colspan="2">Expected Credit Losses on loans and advances</th></tr>
<tr><td>IFRS 9: Financial Instruments requires the recognition of expected credit losses (“ECL”) on all financial assets within the scope of its impairment model. The ECL on loans and advances, has been identified as a Key Audit Matter (“KAM”) due to the magnitude of the loans and advances and the inherent uncertainty and level of significant judgement applied by management in determining the ECL.

The estimation of credit losses is inherently uncertain and the subject of significant judgment by management. Models used to determine the credit provisions can be complex, and inputs used may not be fully observable.

The key areas of significant judgement applied by management in the ECL calculations include the following:
• The evaluation of significant increase in credit risk (“SICR”) and the resultant staging of the loans as stage 1, 2 or 3 in accordance with the requirements of IFRS 9;
• Incorporating macro-economic inputs and forward-looking information into the assessment and ECL measurement;
• Input assumptions applied to estimate the probability of default (“PD”), exposure at default (“EAD”) and loss given default (“LGD”) within the ECL measurement; and
• The valuation of collateral.</td><td>To address the KAM we completed the following audit procedures:
• We identified, obtained an understanding of, and tested the design and implementation of relevant controls relating to the approval of the credit facilities, the governance processes in place around credit models, inputs and the collateral valuations; the credit forums where key judgements are considered, reviewed, challenged and approved and governance processes over out-of-model adjustments.

• In the evaluation of SICR and the resultant classification of the loans as stage 1,2 or 3 in accordance with the requirements of IFRS 9:
a) We selected a sample of exposures and assessed whether the stage classification of these exposures is appropriate in terms of the requirements of IFRS 9.
b) We inspected the minutes of the arrears and problematic project committee to assess the classification of those clients that have been identified as being in arrears and being problematic and whether management’s classification of these loans as a result of identified SICR is appropriate.
c) We assessed the items that were included in the watchlist, held discussion with management to</td></tr>
</table>

Key Audit Matter	How the matter was addressed in the audit
	understand the reasons for the clients being placed on the watchlist and assessed whether those clients were adequately identified as presenting a possible SICR trigger and therefore being adequately classified as state 2 in terms of the requirements of IFRS 9. • In the evaluation of the input assumptions applied to estimate the probability of default ("PD"), exposure at default ("EAD") and loss given default ("LGD") and the Incorporation of macro-economic inputs and forward-looking information into the assessment and ECL measurement, we included the involvement of our specialists in quantitative and credit modelling skills in performing the following procedures: a) Assessment of methodologies for compliance with IFRS 9 and testing of assumptions in response to the relevant risks of material misstatement identified; b) Reperformance of management's calculation of model parameters (i.e. PD, LGD, and EAD); c) Reperformance of management's calculation of the ECL allowance as at 31 March 2022; d) Assessing how management have taken the macro economic factors and forward-looking information, considering market related data, including the impact of COVID 19, into account in the determination of the ECL; and e) Assessing, in conjunction with the audit team, the completeness and accuracy of data used in the model.

Key Audit Matter	How the matter was addressed in the audit
	• For a sample of properties held as collateral, we performed the following procedures to test the fair value of the collateral: a) Where external valuators were used, we assessed the competence, capabilities and the objectivity of the externally appointed valuation expert by assessing their accreditation and relevant experience; b) We benchmarked the capitalisation rates used to value the collateral against market related data; and c) We assessed the reasonability of the haircuts applied to the valuation of the property. • We assessed the adequacy of the disclosures in the consolidated and separate financial statements in accordance with IFRS 9.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "TUHF Holdings Limited Annual Financial Statements for the year ended 31 March 2022" which includes the Audit and Risk Committee Report, Directors' Responsibilities and Approvals, Company Secretary's Certification and the Directors' Report as required by the Companies Act of South Africa, which we obtained prior to the date of this report. The other information does not include the consolidated and separate financial statements and our auditor's reports thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of the consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and / or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate 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 our 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 Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and / or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

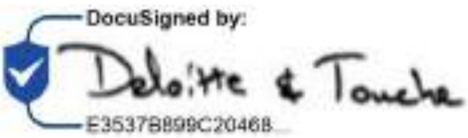
We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Deloitte has been the auditor of TUHF Holdings Limited for 2 years.



Registered Auditor
Per: Stephen Munro
Partner

15 December 2022

Statements of Financial Position as at 31 March 2022

		Group		Company	
Figures in Rand	Note(s)	2022	2021 Restated	2022	2021
Assets					
Cash and cash equivalents	6	179 130 102	104 834 250	1 579	1 223
Money market assets	7	10 131 364	10 845 191	-	-
Current tax receivable		3 226 331	8 813 179	-	-
Loans and advances	8	3 221 604 016	3 542 291 338	-	-
Other assets	9	37 082 446	38 031 675	417	313
Investment property	10	260 880 000	270 044 873	-	-
Properties in posession	11	-	11 400 000	-	-
Loans to group companies and related parties	12	6 040 685	6 274 595	181 026 705	215 688 709
Investments in subsidiaries	13	-	-	26 380 102	26 380 102
Investments in joint ventures	15	4 560 543	3 684 430	-	-
Unlisted investments	16	22 036 080	24 967 606	-	-
Equipment	17	2 002 289	1 857 703	-	-
Right-of-use assets	18	13 687 370	14 623 490	-	-
Intangible assets	19	4 351 771	5 104 458	-	-
Deferred tax	20	98 801 428	88 935 477	370 971	2 007 391
Total assets		**3 863 534 425**	**4 131 708 265**	**207 779 774**	**244 077 738**
Equity and Liabilities					
Equity					
Share capital	21	131 473 285	126 698 042	134 530 574	134 087 224
Non-distributable reserves	22	157 499 759	157 499 759	-	-
Share based payment reserve	25	9 344 830	12 515 956	-	-
Retained income		193 667 053	185 524 492	30 208 511	15 227 711
		491 984 927	**482 238 249**	**164 739 085**	**149 314 935**
Liabilities					
Lease liabilities	18	15 847 663	16 045 530	-	-
Loans from group companies	12	11 846 874	14 547 865	102	102
Trade and other payables	23	52 816 522	45 981 526	-	81
Financial liabilities	24	3 209 399 262	3 498 129 284	40 314 783	94 548 089
Current tax payable		3 496 788	2 195 873	2 725 691	214 443
Deferred tax	20	78 142 389	72 569 938	113	88
		3 371 549 498	**3 649 470 016**	**43 040 689**	**94 762 803**
Total Equity and Liabilities		**3 863 534 425**	**4 131 708 265**	**207 779 774**	**244 077 738**

Statements of Profit or Loss and Other Comprehensive Income

Figures in Rand	Note(s)	Group 2022	Group 2021 Restated	Company 2022	Company 2021
Interest income	26	325 620 328	370 068 618	25 503 648	17 781 689
Interest expenses	27	(230 262 797)	(242 799 546)	(13 633 980)	(8 831 323)
Expected credit losses	28	17 084 188	11 089 663	9 658 295	5 225 145
Income from lending activities		**112 441 719**	**138 358 735**	**21 527 963**	**14 175 511**
Other operating income	29	29 881 267	9 747 011	-	-
Other operating gains (losses)	30	24 413 615	(16 373 796)	-	-
Other operating expenses	31	(153 019 447)	(120 336 266)	(2 472)	(2 309)
Operating profit (loss)		**13 717 154**	**11 395 684**	**21 525 491**	**14 173 202**
Investment income	33	1 517 482	1 477 453	-	-
Profit (loss) before taxation		**15 234 636**	**12 873 137**	**21 525 491**	**14 173 202**
Taxation	34	(7 092 075)	(12 899 340)	(6 544 691)	(4 475 562)
Total comprehensive income (loss) for the year		**8 142 561**	**(26 203)**	**14 980 800**	**9 697 640**

Statements of Changes in Equity

Figures in Rand	Share capital	Share premium	Total share capital	Share based payment reserve	Non-distributable reserve	Total reserves	Retained income	Total equity
Group								
Balance at 01 April 2020	**107 958 874**	**18 739 068**	**126 697 942**	**6 997 098**	**157 499 759**	**164 496 857**	**185 550 696**	**476 745 495**
Total comprehensive profit as previously reported	-	-	-	-	-	-	39 600 903	39 600 903
Restatement adjustment	-	-	-	-	-	-	(39 627 106)	(39 627 106)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**(26 203)**	**(26 203)**
Issue of shares	100	-	100	-	-	-	-	100
Equity-settled share-based payment transactions	-	-	-	5 518 859	-	5 518 859	-	5 518 859
Total contributions by and distributions to owners of company recognised directly in equity	**100**	**-**	**100**	**5 518 859**	**-**	**5 518 859**	**-**	**5 518 959**
Balance at 01 April 2021	**107 958 974**	**18 739 068**	**126 698 042**	**12 515 956**	**157 499 759**	**170 015 715**	**185 524 492**	**482 238 249**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**8 142 561**	**8 142 561**
Issue of shares	443 350	-	443 350	(9 017 078)	-	(9 017 078)	-	(8 573 728)
Equity-settled share-based payment transactions	4 331 893	-	4 331 893	5 845 952	-	5 845 952	-	10 177 845
Total contributions by and distributions to owners of company recognised directly in equity	**4 775 243**	**-**	**4 775 243**	**(3 171 126)**	**-**	**(3 171 126)**	**-**	**1 604 117**
Balance at 31 March 2022	**112 734 217**	**18 739 068**	**131 473 285**	**9 344 830**	**157 499 759**	**166 844 589**	**193 667 053**	**491 984 927**
Note(s)	21	21	21		22			

Statements of Changes in Equity

Figures in Rand	Share capital	Share premium	Total share capital	Share based payment reserve	Non-distributable reserve	Total reserves	Retained income	Total equity
Company								
Balance at 01 April 2020	**115 348 156**	**18 739 068**	**134 087 224**	**-**	**-**	**-**	**5 530 071**	**139 617 295**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**9 697 640**	**9 697 640**
Balance at 01 April 2021	**115 348 156**	**18 739 068**	**134 087 224**	**-**	**-**	**-**	**15 227 711**	**149 314 935**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**14 980 800**	**14 980 800**
Issue of shares	443 350	-	443 350	-	-	-	-	443 350
Total contributions by and distributions to owners of company recognised directly in equity	**443 350**	**-**	**443 350**	**-**	**-**	**-**	**-**	**443 350**
Balance at 31 March 2022	**115 791 506**	**18 739 068**	**134 530 574**	**-**	**-**	**-**	**30 208 511**	**164 739 085**
Note(s)	21	21	21		22			

Statements of Cash Flows

		Group		Company	
Figures in Rand	Note(s)	2022	2021 Restated	2022	2021
Cash flows from operating activities					
Interest income		356 336 749	316 883 602	852	7
Rental income		20 747 268	4 405 780	-	-
Interest expenses		(222 902 262)	(236 341 911)	(10 313 108)	(2 316 132)
Tax paid		(13 146 887)	(7 983 372)	(3 910 644)	(1 886 419)
Cash paid to suppliers and employees		(154 850 529)	(86 073 013)	(2 576)	(2 307)
Management fees		1 066 830	1 817 705	-	-
Cash received from clients		1 234 726	(13 730)	-	-
Net movement in advances		331 004 940	(167 793 741)	-	-
Tax fund received		8 382 721	46 645	1 513 647	-
Bad debt recovered		11 255 916	-	-	-
Net cash from operating activities		**339 129 472**	**(175 052 035)**	**(12 711 829)**	**(4 204 851)**
Cash flows from investing activities					
Purchase of equipment		(1 114 432)	(878 932)	-	-
Proceeds from disposal of equipment	17	12 174	20 845	-	-
Purchase of other intangible assets		(1 333 239)	(2 538 539)	-	-
Purchase of properties in posession	10	(5 301 078)	-	-	-
Capital expenditure on investment properties	10	(7 798 961)	(18 078 827)	-	-
Proceeds from sale of Investment property	10	42 422 977	-	-	-
Purchase of properties in posession	10	(567 000)	-	-	-
Proceed form Sale of Property in posession	10	7 238 506	-	-	-
Dividends received		315 000	285 250	-	-
Net cash from investing activities		**33 873 947**	**(21 190 203)**	**-**	**-**
Cash flows from financing activities					
Shareholder loan received		-	55 188 639	-	55 188 639
Principal lease payments		(4 400 196)	(4 497 243)	-	-
Amounts paid to related parties		(8 363 868)	(2 973 878)	(219 884)	(58 211 068)
Amounts received from related parties		5 024 203	1 199 805	67 932 069	7 225 858
Proceeds from financial liabilities		336 000 000	487 000 000	-	-
Repayments of financial liabilities		(998 374 141)	(929 325 057)	(55 000 000)	-
Proceeds from notes issue		440 000 000	609 000 000	-	-
Repayments of Notes		(58 438 353)	-	-	-
Derivative Collatarel held for hedges in place		(7 390 000)	-	-	-
Cashflow hedge and interest rate swaps payments		(3 479 039)	-	-	-
Net cash from financing activities		**(299 421 394)**	**215 592 266**	**12 712 185**	**4 203 429**
Total cash movement for the year		**73 582 025**	**19 350 028**	**356**	**(1 422)**
Cash at the beginning of the year		115 679 441	96 329 413	1 223	2 645
Total cash at end of the year	6	**189 261 466**	**115 679 441**	**1 579**	**1 223**

Accounting Policies

Corporate information

TUHF Holdings Limited is a public company incorporated and domiciled in South Africa.

The consolidated and separate annual financial statements for the year ended 31 March 2022 were authorised for issue in accordance with a resolution of the directors on Thursday, 10 November 2022.

1. Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate annual financial statements are set out below.

1.1 Basis of preparation

The consolidated and separate annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these annual financial statements and the Companies Act 71 of 2008 of South Africa, as amended.

The annual financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Rands, which is the group and company's functional currency.

1.2 Consolidation

Basis of consolidation

The consolidated annual financial statements incorporate the annual financial statements of the company and all subsidiaries. Subsidiaries are entities (including structured entities) which are controlled by the group.

The group has control of an entity when it is exposed to or has rights to variable returns from involvement with the entity and it has the ability to affect those returns through use of its power to direct the activities of the entity.

The results of subsidiaries are included in the consolidated annual financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the annual financial statements of subsidiaries to bring their accounting policies in line with those of the group.

All inter-company transactions, balances, and unrealised gains on transactions between group companies are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Investments in subsidiaries in the separate financial statements

In the company's separate financial statements, investments in subsidiaries are carried at cost less any accumulated impairment losses.

1.3 Investments in joint ventures

Joint ventures are initially measured at cost and subsequently accounted for using the equity method at an amount that reflects the group’s share of the net assets of the joint venture (including goodwill). Equity accounting is applied from the date on which the entity becomes a joint venture up to the date on which the group ceases to have significant influence or joint control. Equity accounting of losses is restricted to the interests in these entities, including unsecured receivables or other commitments, unless the group has an obligation or has made payments on behalf of the associate or joint ventures. Where there is an indicator of impairment the carrying amount of the investment is tested for impairment by comparing its recoverable amount with its carrying amount. Impairment losses are recognised through non-trading and capital related items.

Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty

The preparation of annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

1.4.1 The impact of Covid-19 on IFRS 9 ECL

Following the disruption of normal economic activity because of Covid-19, this impact has started to ease but the company has taken a conservative view when assessing the ECL.

The company based their ECL estimates on the best available information about past events, using current data, current conditions, and forecasts of economic conditions. In assessing forecast conditions, consideration has been given both to the impact of Covid-19 and any remaining residual broader economic impact. As a result of the remaining uncertainty, it is difficult to incorporate with certainty these residual effects.

No further support measures have been extended by the Group during the past year however, changes in economic conditions have been reflected in macroeconomic scenarios applied and their weightings.

Another area of significant judgement relates to the migration of accounts between the IFRS 9 staging buckets. Although no further relief granted by TUHF (the Servicer) to selected clients would impact the staging, delays in curing impacted the stages and this was reviewed by management in conjunction with other factors prior to determining whether accounts would move either to stage 2 or stage 3. The significant increase in credit risk in the portfolio is evaluated on a per project basis as there may be information not yet reflected in the historic data. Consequently, this review enables management to take a conservative view of loans in stage 3 and where necessary to consider other indicators such as client delinquent behaviour, delays in construction projects and outstanding municipal arrears.

Sensitivity analysis applicable to 2022

Throughout the 2022-year, improved collections across the book have been an ongoing trend. Following the more severe impact in the previous year, stability was achieved within a short period of time.

However, due to ongoing delays in our litigation process, higher arrears remain a focus, but management have started seeing resolution of several matters starting to progress in the last quarter of the financial year. Credit losses of R 43 million have crystalised in the period with the focus on credit quality remaining a key concern for management.

Significant attention was given to the process of the identification of projects that display a significant increase in credit risk and this risk is incorporated into the IFRS 9 model update process.

Initial assumptions have been reviewed given the improvements in the identification of SICR and some of the conservatism has been revised but overall, the calculation remains conservative through the recognition of 55% of the collateral, well below the actual 67% recovery rate and a haircut of 45% of the valuation amount to reduce the amount considered and increase the ECL, Expected Credit Loss. The conservative assumptions will again be reviewed going forward.

To consider FLI (Forward Looking Indicators) additional stresses on the probability of default, PDs were included, and the outcome is that the PD used for the purpose of the calculation is double the actual calculated PD in 2022, 125% in 2023 and 100% thereafter to consider the impact of interest rates, a higher cost of living and property cycle not yet in recovery.

The project and risk screening approach ensures that the risk of default on loans with no arrears is evaluated and a quantitative assessment of the significant increase in credit risk is applied to the ECL through an overlay.

1.4 Significant judgements and sources of estimation uncertainty (continued)

The model considers economic variables such as property prices and interest rates. The interest rate impact has been considered through the forward-looking indicators and the forecast for property values remains conservative with a 2% increase in the next 12 months and a 3% increase 12 months thereafter. A 6% increase in property values has been applied from 2024.

PD Adjustment Factors

	2022	2023	2024
1 - Downturn	218%	143%	118%
2 - Base case	200%	125%	100%
3 - Upturn	182%	107%	82%

Sensitivity analysis applicable to 2021

Throughout the 2021 year some of the uncertainty regarding the impact of covid could be seen and resulted in the actual direct impact of increasing arrears and a general decrease in collections for a period. Stability was achieved within a short period of time, of six months and consequently the per project assessment of risk could be conducted through the problematic project meeting process.

The additional stresses on the PDs were not done in the current year as this was already in the data but an approach to consider additional risk through the watchlist process was deemed appropriate. The project and risk screening approach ensured that the risk of default on loans with no arrears was evaluated and a quantitative assessment of the significant increase in credit risk was applied to the ECL through an overlay. No additional stresses to the PD’s were applied.

The loss given default information is conservative at 52.5% and was left unchanged. The loans are secured and the recovery of the collateral, form part of the model assessment and assumptions. In the model a 45.77% haircut is applied to reduce values, increasing the required provisions. The model considers economic variables such as property prices and interest rates. The decline in interest rates was again ignored for the purpose of the provision to remain conservative. Usually such a decrease would improve consumer credit and the ability of customers to repay their debt but given the other factors such as the economic shutdown and job losses this was ignored. Property values usually would be considered, and a growth factor would be applied to the collateral. For 2021 this was not done given the uncertainty in the market. Instead, a 5% decline in property values was considered for the next 12 months and thereafter a 2% increase was applied for 12 months and a 3% factor thereafter.

PD Adjustment Factors

	2021	2022	2023	2024
1 - Downturn	110%	110%	110%	110%
2 - Base case	100%	100%	100%	100%
3 - Upturn	90%	90%	90%	90%

1.4.2 Expected credit losses (ECL's) on loans and advances

In respect of the ECL’s for loans and advances in the non-performing category we reported ECL’s of R91 451 090 (2021:R108 035 856).

In respect of the ECL’s for loans and advances in the performing category we reported ECL’s of R25 936 557 (2021:R22 633 288).

Total expected credit losses, Stage 1, 2 and 3 combined reported are: R117 387 647 (2021:R130 669 144).

In respect of the ECL's for loans and advances, the weighted average of the downturn, base case and upturn scenario is as follows.

	2022	2021
Downturn	R139 691 299	R155 496 279
Base case	R117 387 646	R130 669 144
Upturn	R110 344 388	R122 828 994

1.4 Significant judgements and sources of estimation uncertainty (continued)

1.4.3 Expected credit losses (ECL's) on loans to group companies

TUHF Holdings Limited Group

In respect of the ECL’s for loans to group companies in the non-performing category we reported ECL’s of R- (2021:R-).

In respect of the ECL’s for loans to group companies in the performing category we reported ECL’s of R271 517 (2021:R441 319).

Total expected credit losses, Stage 1, 2 and 3 combined reported are: R217 517 (2021:R441 319).

In respect of the ECL's for loans to group companies, the weighted average of the downturn, base case and upturn scenario is as follows.

	2022	2021
Downturn	R320 390	R525 169
Base case	R217 517	R441 319
Upturn	R222 644	R414 840

TUHF Holdings Limited Company

In respect of the ECL’s for loans to group companies in the non-performing category we reported ECL’s of R- (2021:R-).

In respect of the ECL’s for loans to group companies in the performing category we reported ECL’s of R2 289 941 (2021:R11 948 235).

Total expected credit losses, Stage 1, 2 and 3 combined reported are: R2 289 941 (2021:R11 948 235).

In respect of the ECL's for loans to group companies, the weighted average of the downturn, base case and upturn scenario is as follows.

	2022	2021
Downturn	R2 702 130	R14 274 747
Base case	R2 289 941	R11 948 235
Upturn	R1 877 751	R11 172 127

1.4.4 Expected credit losses (ECL's) on loans to related parties

TUHF Holdings Limited Group

In respect of the ECL’s for loans to related parties in the non-performing category we reported ECL’s of R4 454 728 (2021 :R4 067 067).

In respect of the ECL’s for loans to related parties in the performing category we reported ECL’s of R- (2021: R-).

Total expected credit losses, Stage 1, 2 and 3 combined reported are: R4 454 728 (2021: R4 067 067).

In respect of the ECL’s loans to related parties, the weighted average of the downturn, base case and upturn scenario is as follows.

	2022	2021
Downturn	R5 256 579	R4 839 810
Base case	R4 454 728	R4 067 067
Upturn	R3 652 877	R3 823 043

1.5 Properties in posession

Properties in possession are properties acquired by the group which were previously held as collateral for underlying lending arrangements that, subsequent to origination, have defaulted. The properties are initially recognised at cost and are subsequently measured at the lower of cost and its net realisable value. Any subsequent write-down in the value of the acquired properties is recognised as an operating expense. Any subsequent increases in the net realisable value, to the extent that it does not exceed its original cost, are also recognised within operating expenses.

Accounting Policies

1.6 Investment property

Investment property is land and buildings held to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes, or for sale in the ordinary course of business.

Investment property is initially measured at cost and subsequently at fair value with changes in fair value recognised in profit and loss. If the fair value of investment property cannot be measured reliably without undue cost or effort, then it is measured at cost less accumulated depreciation and accumulated impairment.

The cost of investment property comprises its purchase price and any directly attributable costs incurred to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Costs include costs incurred initially to acquire or construct an investment property 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 investment property, the carrying amount of the replaced item is derecognised.

The fair value is determined annually by an external valuer derived from current market prices of comparable real estate.

1.7 Equipment

Equipment is tangible assets which the group holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the group, and the cost of the item can be measured reliably.

Equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets.

Expenditure incurred subsequently for major services, additions to or replacements of parts of equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the group and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the group. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Office furniture and equipment	Straight line	20% - 33.33% per annum
Computer hardware and telephones	Straight line	25% per annum

The useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on equipment when there is an indicator that they may be impaired. When the carrying amount of an item of equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

Accounting Policies

1.8 Intangible assets

An intangible asset is recognised when:
- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:
- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

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.

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

Item	Useful life
Computer software	20% per annum

1.9 Financial instruments

Financial instruments held by the group are classified in accordance with the provisions of IFRS 9 Financial Instruments.

IFRS 9 introduces requirements for the classification and measurement of financial assets and liabilities as well as accounting requirements for impairment of financial assets measured at amortised cost.

Classification and subsequent measurement of debt instruments depends on:

- the entity's business model for managing the asset; and

- the cash flow characteristics of the asset.

Based on these factors, the entity classifies its debt instruments into one of the following two measurement categories:
- Amortised cost. This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows; or
- Fair value through profit or loss. This classification automatically applies to all debt instruments which do not qualify as amortised cost or at fair value through other comprehensive income.

Loans to/(from) group companies and related parties, loans to managers and employees, and loans and advances are subsequently classified at amortised cost.

They have been classified in this manner because the contractual terms of these loans give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the group's business model is to collect the contractual cash flows on these loans.

Accounting Policies

1.9 Financial instruments (continued)

Application of the effective interest rate method

Interest income is calculated using the effective interest method, and is included in profit or loss in interest income (note 26&33).

The application of the effective interest method to calculate interest income on a loan receivable is dependent on the credit risk of the loan as follows:

- The effective interest rate is applied to the gross carrying amount of the loan, provided the loan is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a loan was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the loan in the determination of interest. If, in subsequent periods, the loan is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.
- Raising fees that are integral to the to the effective interest rate are capitalised to the value of the loan and are amortised to profit or loss and other comprehensive income over the expected life of the loan using the effective interest rate method.
- Other fees earned, such as penalty fees on late payment of instalments and early settlement penalty amounts, accrue to the company.

Impairment

IFRS 9 Three Stage Model

<table>
<tr><th></th><th>Staging</th><th>ECL - Measurement</th></tr>
<tr><td>Stage 1</td><td>Loans and advances that are not credit impaired on initial recognition are classified in "Stage 1" and have their credit risk continuously monitored by the company.</td><td>Loans and advances in Stage 1 have their ECL measured based on an amount equal to the portion of 12 months expected credit losses that result from default events possible within the next 12 months.</td></tr>
<tr><td>Stage 2</td><td>If a significant increase in credit risk ('SICR') since initial recognition is identified, the loans and advances are moved to "Stage 2" but are not yet deemed to be credit-impaired.</td><td rowspan="2">Loans in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.</td></tr>
<tr><td>Stage 3</td><td>If the loan is in default, the financial instrument is then moved to "Stage 3".</td></tr>
<tr><td>Forward looking information</td><td colspan="2">A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information.</td></tr>
<tr><td>Significant increase in credit risk</td><td colspan="2">SICR- is determined through a watchlist process whereby financial and project performance of the counterparties is discussed. In addition, the status of the construction of ongoing projects is taken into account as well as other ad hoc indicators.</td></tr>
</table>

IFRS 9 outlines a three-stage model for impairment based on changes in credit quality since initial recognition and is summarised as follows:

- A financial instrument that is not credit impaired on initial recognition is classified in "Stage 1" and has its credit risk continuously monitored by the company.

- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instruments is moved to "Stage 2" but is not yet deemed to be credit-impaired.

- If the financial instrument is in default, the financial instrument is then moved to "Stage 3".

- Financial Instruments in Stage 1 have their ECL measured based on an amount equal to the portion of 12 months expected credit losses that result from default events possible within the next 12 months.

- Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.

1.9 Financial instruments (continued)

- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information.

Measuring ECL - Explanation of inputs, assumptions and estimation techniques

Expected credit losses are the discounted product of the probability of default (PD), exposure at default (EAD) and loss given default (LGD), defined as follows:

- PD represents the likelihood of a borrower defaulting on its financial obligation either over the next 12 months (12M PD), or over the remaining lifetime (lifetime PD) of the obligation.

- EAD is based on the amounts the company expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (lifetime EAD).

- LGD represents the company's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support.

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure.

These three components are multiplied together and adjusted for the likelihood of survival, (i.e., the exposure has not prepaid or defaulted in an earlier month). This effectively calculates the ECL for each future month, which is then discounted back to the reporting date and summed.

The discount rate used in the ECL calculation is the original effective interest rate.

The Lifetime PD is developed by applying a maturing profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans.

The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

The 12-month and Lifetime EADs are determined based on the expected payment profile. For amortising products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12 month of lifetime basis. This will also be adjusted for any expected overpayments made by a borrower. Early repayment/refinance assumptions are also incorporated into the calculation.

These assumptions vary by product type and current limit utilisation band, based on an analysis of the company's recent default data.

The 12-month and Lifetime LGDs are determined based on the factors which impact the recoveries made post default and this is based on collateral type and projected collateral values, historical discounts to market/book values due to forced sales, time to repossession and recovery costs incurred.

Forward-looking economic information such as the gross domestic product (GDP) are included in determining the 12-month and Lifetime PD, EAD and LGD. Forward- looking economic information such as property prices are included in the determining of the 12-month LGD.

The assumptions underlying the ECL calculation - such as how the maturity profile of the PDs and how the collateral values change etc. - are monitored and reviewed on an annual basis.

1.9 Financial instruments (continued)

Definitions

SICR:

- Qualitative criteria: SICR is primarily determined through the watchlist process whereby the financial performance of the counterparties are discussed. In addition, the status of the construction of ongoing projects is taken into account and as well as qualitative factors such as financial distress, significant change in collateral value or significant adverse changes in business, financial or economic status.

- A backstop is applied and the financial instrument considered to have experienced a significant increase in credit risk if the borrower is more than 30 days past due on its contractual payments.

- The Group has not used the low credit risk exemption for any financial instruments in the year ended 31 March 2022.

- The assessment of SICR incorporates forward looking information (see below) and is performed annually for all loans.

DEFAULT:

The definition of default, which triggers the credit impaired classification (stage 3), is based on the group's internal credit risk management approach and definitions and occurs at the earlier of:

1. In the Group's view, the counterparty is considered to be unlikely to pay amounts due on the due date or shortly thereafter without recourse to actions such as the realisation of security; or

2. When the counterparty is past due for more than 90 days. The Group has not rebutted IFRS 9's 90 days past due rebuttable presumption.

WRITE-OFF POLICY:

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:

- at the point of write-off, the financial asset is fully impaired (i.e. 100% allowance) with no reasonable expectations of recovery of the asset, or a portion thereof. As an exception to the above requirements, where the exposure is secured (or for collateralised structures), the impaired loan can only be written off once the collateral has been realised. Post realisation of the collateral, at the point of write-off any excess amounts to be written off will be recognised in the income statement under Gains (losses) of derecognised financial assets.

CURING:

Continuous assessment is required to determine whether the conditions that led to a financial asset being considered to be credit impaired (i.e. stage 3) still exist.

Qualitative factors include compliance with covenants and compliance with existing financial asset terms and conditions.

Where it has been determined that a financial asset no longer meets the criteria for SICR, the financial asset will be moved from stage 2 (lifetime expected credit loss model) back to stage 1 (12-month expected credit loss model) prospectively.

When it has been determined that the financial asset no longer meets the classification for stage 3 and all arrears are current, the financial asset will move from stage 3 to stage 2 or stage 1.

Loans to (from) group companies

These loans are recognised initially at fair value plus direct transaction costs. Subsequently these loans are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

1.9 Financial instruments (continued)

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired or incurred in the ordinary course of business from suppliers and service providers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer).

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents and money market assets

Cash and cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and are subject to insignificant risk in changing value. Cash and cash equivalents are initially measured at fair value and subsequently measured at amortised cost.

Money market assets are cash held in trust and disclosed separately.

Cash held in trust are funds deposited into the Group’s attorneys’ trust account to facilitate the issue of purchase guarantees and payment of the purchase price to the property seller of the bond and transfer registration. Cash and cash equivalents held in trust are initially measured at fair value and subsequently measured at amortised cost.

For the purpose of the statement of cash flows, cash and cash equivalents include money market assets as these are short term and highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash and cash equivalents and money market assets are regarded as having a low probability of default and therefore the related expected credit loss is not significant.

Mortgage-backed securities

Variable-rate notes are classified as financial liabilities and measured at amortised cost.

Derecognition of financial assets and liabilities

Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired, or where the group has transferred its contractual rights to receive cash flows on the financial asset such that it has transferred substantially all the risks and rewards of ownership of the financial asset. Any interest in the transferred financial assets that is created or retained by the group is recognised as a separate asset or liability. Financial liabilities are derecognised when the financial liabilities' obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.

1.9 Financial instruments (continued)

Accounting for Derivatives

Classification

Non-hedging derivatives are classified as mandatorily at fair value through profit or loss.

The accounting for derivatives strategy will require the group to reduce any basis risk exposure on interest rate risk. The group loans and advances earn interest on the basis of the prevailing prime interest rate.

The group funds itself in the capital markets by means of structured finance notes subject to the 3-month Jibar rate. This creates a mismatch between assets and liabilities priced according to different benchmark rates. Accordingly, an interest rate swap has been entered into with Standard Bank to swap the underlying principal prime rate asset cashflows with the 3-month Jibar rate.

The reasoning behind the accounting for derivatives correlates strongly to the underlying rating action taken by the rating agency. The structure risk would have been higher had the prime/Jibar swap not been concluded.

Derivatives held by the group which are not in designated hedging relationships, include forward exchange contracts and interests rate swaps.

A swap between the TUHF Limited and Urban Ubomi 1 (RF) Limited ensures that the structure pricing benefit is retained and that the overall group risk objective is achieved ensuring that the overall derivative impact is neutral.

Recognition and measurement

Derivatives are recognised when the company becomes a party to the contractual provisions of the instrument. They are measured, at initial recognition and subsequently, at fair value. Transaction costs are recognised in profit or loss. The fair value of the swaps are measured on a monthly basis applying the mark to market method.

Fair value gains or losses are included in other operating gains (losses) (note 30). Details of the valuation policies and processes are presented in note 30.

1.10 Taxation

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

1.10 Taxation (continued)

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

In order to comply with the requirements of IAS 1, management has corrected the presentation of the deferred tax liability to move it to the least liquid item on the statement of financial position.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.11 Leases (IFRS 16)

The group assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the group has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

1.11 Leases (IFRS 16) (continued)

Group as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the group is a lessee.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).

Details of leasing arrangements where the group is a lessee are presented in note 18 Leases (group as lessee).

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the incremental borrowing rate. The incremental borrowing rates was determined based on a rate that the group can borrow fund for a similar amount to the lease payments.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses (note 31).

The lease liability is presented as a separate line item on the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in interest expense (note 27).

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The group considers historical lease durations, cost and business disruption to relocate business premises to assess if the lease term is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the group. IFRS 16 introduced additional guidance in determining reasonable certainty when assessing lease terms.

Right-of-use assets

Right-of-use assets are presented as a separate line item on the Statement of Financial Position.

The right-of-use assets is initially measured at cost and subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated over the lease term. Depreciation starts at the commencement date of a lease and is recognised in profit or loss.

Statement of cash flows

The group has classified:

- Cash payments for the principal portion of lease payments as financing activities;
- Cash payments for the interest portion as operating activities; and
- Short-term lease payments and variable lease payments not included in the measurement of the lease liability within operating activities.

Accounting Policies

1.12 Impairment of assets (non-financial)

The group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the group also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.13 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the group in which they are declared.

1.14 Non-distributable reserve

The group receives grant funds for the exclusive purpose of lending to its customers as per an agreement with National Treasury. These funds are combined with senior debt raised in the capital markets in a funding structure and represent equity in the funding structure. These funds are not repayable and meet the definition of equity per IAS 32. The funds must be accounted for and TUHF Limited is required to report on the development impact measures such as job creation and entrepreneur training. The funds can only be lent to customers for inner city renewal projects and the funds are not distributable as dividends and therefore have been classified as a non-distributable reserve.

1.15 Share based payments (IFRS 2)

TUHF Holdings Limited operates a conditional share plan, under which TUHF Limited receives services from employees as consideration for equity instruments of the company -. The fair value of the employee services received in exchange for the grant of the shares at grant date is recognised as an expense in TUHF Holdings Limited.

The total amount to be expensed with a corresponding increase in equity is determined by reference to the fair value of the shares granted.

1.15 Share based payments (IFRS 2) (continued)

Non-market vesting conditions are included in assumptions about the number of shares that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the company revises its estimates of the number of shares that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the statement of comprehensive income, with a corresponding adjustment to equity.

When the share awards are to be vested, TUHF Holdings Limited, issues new shares. The shares are purchased from TUHF Holdings Limited at the ruling net asset value through intercompany loan account and granted to the employees for no consideration. The actual consideration is compared to the amount provided over the vesting period and any adjustment is made where appropriate. This is recorded in the investment in holding company account.

Where the conditional share plan share award requires equity to be issued the impact is disclosed in share based payment reserve.

1.16 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service), are recognised in the period in which the employee renders the related service.

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 accruals have been calculated at undiscounted amounts based on current wage and salary rates.

Defined contribution plans

A defined contribution plan is a retirement plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

1.17 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for services provided in the normal course of business, net of discounts and value added tax.

Revenue comprises interest income and non-interest income.

Interest income

Interest income and expenses are recognised in the statement of profit or loss and other comprehensive income using the effective interest rate method. The effective interest rate method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts over the expected life of the financial instrument, or when appropriate, a shorter period to the net carrying amount of the financial asset of financial liability. When calculating the effective interest rate, the group estimates cash flows considering all contractual terms of the financial instrument (e.g. prepayment options) but does not consider future credit losses.

Rental income

Rental income is recognised equally over the period of the lease taking into consideration the clauses affecting the rental charge.

Management fee income

Management fee income earned from the provision of management services is recognised in the accounting period in which the services are rendered, with reference to the stage of completion of the service.

Bad debts recovered

Recoveries of financial assets previously written-off are recognised as bad debts recovered which is shown as a deduction from the expected credit losses expense line .

Sundry income

Sundry income includes penalty income on outstanding instalments and early repayment settlement fees.

Dividends received

Dividends income includes dividends paid from unlisted investments and by group companies. Dividends are recognised when the entity’s right to receive payment is established, it is probable the economic benefits will flow to the entity and the amount can be measured reliably.

Impairment of goodwill

Impairment of goodwill is recognised when goodwill's carrying value on financial statements exceeds its fair value and it is accounted for in other operating gains (losses).

Bargain purchase

Bargain purchase is recognised during business combination acquisitions when the assets are acquired at an amount that is less than their fair market value.

Other operating gains and losess

Other operationg gains and losses comprise of the aggregated total of the fair value gains and losses of the following instruments:

(a) Unlisted investments

Changes in the fair value of investments are recognised in the statement of profit or loss and other comprehensive income as other operating gains.

(b) Investment properties

The fair value is determined annually by an external valuator derived from current market prices of comparable real estate.

(c) Interest rate swap

Fair value of the swaps have been determined using expected cashflows based on the respective 3-month JIBAR and Prime interest rate forward curves, as well as using a determinded PD and LGD in the CVA and DVA calculations. (see note 30 for detailed information).

(d) Financial liabilities

- Fair value of the debt has been determined using expected cashflows based on the CPI Index forward curves as well as using a determinded PD and LGD in the CVA and DVA calculations.(see note 30 for detailed information).

- Fair value of the debt has been determined using a Present value calculation discounted at Prime +5% over the remainder of loan term.

1.18 Unlisted investments

Unlisted investments comprise the equity investment in associated organisations held to earn dividend income and/or for capital appreciation. Unlisted investments are carried at the fair values determined by reference to the net asset values of the respective entities.

1.18 Unlisted investments (continued)

Changes in the fair value of investments are recognised in the statement of comprehensive incomes as investment surpluses.

1.19 Segmental reporting

The executive committee headed by the CEO, has been identified by the group as the chief operating decision maker who is responsible for assessing the performance and allocation of resources of the group. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The identification of reportable segments are determined based on a consideration of products and services, organisational structures, geographical areas, economic and regulatory environments and the separable nature of activities or conversely inherent inter-connectedness and whether these meet the criteria for aggregation.

The revenue from one single customer does not exceed 10% of the group's revenues in 2022 and in 2021. The business sells a single product, 15 year mortgage loan facility. Management assesses information relating to the performance of the single segment on multiple levels and from multiple perspectives. All elements are regarded as inter-connected and as such, no part of the business is regarded as separable from the rest.

Notes to the Financial Statements

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after
• Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 4	01 January 2021
• Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 7	01 January 2021
• Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 9	01 January 2021
• Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 16	01 January 2021
• Interest Rate Benchmark Reform - Phase 2: Amendments to IAS 39	01 January 2021
• COVID-19 - Related Rent Concessions - Amendment to IFRS 16	01 June 2020

2.2 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 01 April 2022 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Deferred tax related to assets and liabilities arising from a single transaction - Amendments to IAS 12	01 January 2023	Unlikely there will be a material impact
• Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2.	01 January 2023	Unlikely there will be a material impact
• Definition of accounting estimates: Amendments to IAS 8	01 January 2023	Unlikely there will be a material impact
• Classification of Liabilities as Current or Non-Current - Amendment to IAS 1	01 January 2023	Unlikely there will be a material impact
• IFRS 17 Insurance Contracts	01 January 2023	Unlikely there will be a material impact
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 1	01 January 2022	Unlikely there will be a material impact
• Reference to the Conceptual Framework: Amendments to IFRS 3	01 January 2022	Unlikely there will be a material impact
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 9	01 January 2022	Unlikely there will be a material impact
• Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16	01 January 2022	Unlikely there will be a material impact
• Onerous Contracts - Cost of Fulfilling a Contract: Amendments to IAS 37	01 January 2022	Unlikely there will be a material impact
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IAS 41	01 January 2022	Unlikely there will be a material impact

Notes to the Financial Statements

3. Risk management

Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for the shareholder and benefits for the other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to the shareholder, return capital to the shareholder, issue new shares or sell assets to reduce debt.

Capital Management forms part of the responsibilities of the Group’s Assets and Liabilities Committee (ALCO), a subcommittee of the board. The group monitors capital with reference to the board approved maximum gearing ratio together with a minimum debt service cover ratio. The principal governance documents are the ALCO policy framework guidelines and terms of reference document and the risk management framework.

The group's contractual debt to capital ratio must not exceed 90% but management strives to keep debt within a maximum target level of 88.5%. The debt service cover ratio is defined as net operating income divided by total debt serviced and the group and company's minimum debt service cover ratio is 1:1 times. The group remained compliant with the debt to capital ratio and debt service ratio targets throughout the 2021-2022 financial year.

Capital as defined in the relevant agreements with shareholders, is included in the calculation and differ to the IFRS definition of capital. Total capital is calculated as equity shown in the statement of financial position together with any subordinated shareholders loans and other Tier II Capital.

TUHF Limited has issued listed notes on the JSE Limited amounting to R280 million in 2017. The notes are secured by loan assets with a book value of R330 million issued by TUHF Limited. The collateral value of the loans assets is approximately R412 million.The warehouse facility was used to originate assets for the listed Domestic Medium Note Program but has since been repaid in full in March 2021. The R 280 million Domestic Medium-Term Note program matured in January 2020 and was extended to October 2024 but the program was delisted on 26 July 2021.

The group's first securitisation structure was launched on 19 December 2018 and investors invested a total of R 500 million in terms of the JSE approved programme memorandum.A further R150 million tap issue was done in October 2019 and all proceeeds were used to acquire additional qualifying mortgage assets. From 1 April 2020, the structure and priority of payments moved from servicing interest only to servicing interest and capital based on the actual structure collections of interest and capital.

A second securitisation structure was implemented in March 2021, whereby the group raised an additional R 609 million in March 2021 and another R 440 million in funding through the capital markets in February 2022. These funds are applied to the revolving facility with Standard Bank and complies with the requirements of the Standard Bank facility to allow for the facility availability period to be extended for a further 12 months, Post year end, the Standard Bank Warehouse facility was increased to R1 billion. TUHF Limited is the originator in this capital market scheme and retains the role of servicer and administrator. The issuer, Urban Ubomi 1 (RF) Limited is a bankruptcy remote company, independently owned by the Urban Ubomi 1 Issuer Owner Trust.

A senior revolving facility for R 700 million was put in place with Standard Bank of South Africa Limited in January 2020 in a bankruptcy remote company which uses the funding to acquire assets from TUHF Limited. TUHF Limited is the originator in this capital market scheme and retains the role of servicer and administrator. Vuselela Warehouse SPV (RF) Proprietary Limited is a bankruptcy remote company, independently owned by the Vuselela Warehouse Owner Trust. During the year ended 31 March 2022, R 400 million of the facility was repaid enabling the facility to remain active and at year end R 113 million was committed under the Bank Warehouse.

The gearing ratio at 2022 and 2021 respectively were as follows:

	Group	
Figures in Rand	2022	2021
Total borrowings		
Interest bearing liabilities excl. Pref shares	3 179 136 580	3 415 897 436
Borrowings not subordinated	11 843 056	14 464 589
Total debt	**3 190 979 636**	**3 430 362 025**
Cash and cash equivalents	(189 261 466)	(115 679 441)
Net debt	**3 001 718 170**	**3 314 682 584**
-Tier 1 (capital and reserves per statement of financial position)	334 485 164	324 738 490
-Tier 2 (includes subordinated shareholders loans, non distributable reserves and deferred income)	210 491 097	256 596 361
Total capital	**544 976 261**	**581 334 851**
Total capital and debt	**3 546 694 431**	**3 896 017 435**
Gearing ratio	85 %	85 %

Financial risk management

Financial risks are identified and managed on a group basis. These risks are identified per the risk management framework in the risk matrix which is reported to the board through the audit and risk committee.

The responsibility for risk management resides at all levels, from members of the board to individuals throughout the group. Overall risk management policies and risk appetite is established on a comprehensive, organisation wide basis by senior management and is reviewed where appropriate and approved by the board of directors.

There has been no change in how the group assesses or manages its risks from the previous year, but the group has enhanced the risk management process by adopting a risk management framework that was approved by the board in May 2020. In terms of the framework, risks are identified both from within the organisation by designated risk champions and by management through Exco.

The main risks managed by the risk committee as described below include credit risk, liquidity risk and interest rate risk.

Liquidity risk

The group funds property loans through a combination of bilateral facilities, listed issuances, and off-balance sheet securitisation structures.

Liquidity risk is the risk that the group is unable to meet its payment obligations when they fall due and to replace funds when they are withdrawn, the consequences of which may be the failure to meet obligations to repay commitments to funders.

The board is responsible for the management of the liquidity risk of the group. The function of managing liquidity risk is executed through the group’s Assets and Liabilities Committee (ALCO), a sub-committee of the board. Prudent management of liquidity contributes to sound liquidity risk management.

The key focus in managing this risk is the use of a cash flow model that monitors cash flows in the short term (12 months), ensuring that the group has adequate funding for repayments on lenders obligations as they become due, ongoing operational costs and disbursements of commitments to borrowers. Furthermore, the group performs a long term (5 years) financial forecast annually to manage and forecast cash flow requirements and compliance with covenants.

The group has developed and implemented a treasury management reporting system with full assets and liability management functionality. The more detailed treasury and risk management processes are important for the group in developing and enhancing the group funding strategy.

The group monitors the interest bearing liabilities in the current period and has managed the amount down from prior years. The flexibility in the funding facilities affords management more in reducing such exposures. The source of funds may be accessed through the movement of assets to a warehouse, new liquidity, or prepayments.

Notes to the Financial Statements

As at 31 March 2022, management breached the loan with arrears covenant of certain loan agreements but did received condonation for all funders before year end.

The table below analyses the group and company's financial liabilities at the statement of financial position date to the contractual maturity date.

At 31 March 2022 - Group	**Less than 1 year**	**1 to 5 years**	**Over 5 years**	**Total interest**	**Carrying value**
Loans from group companies	12 237 558	-	-	(390 684)	11 846 874
Other liabilities and accruals	52 816 522	-	-	-	52 816 522
Interest bearing liabilities	713 030 757	1 883 752 895	1 485 510 203	(862 842 491)	3 219 451 364
	778 084 837	**1 883 752 895**	**1 485 510 203**	**(863 233 175)**	**3 284 114 760**

At 31 March 2021 - Group	**Less than 1 year**	**1 to 5 years**	**Over 5 years**	**Total interest**	**Carrying value**
Loans from group companies	14 634 892	-	-	(87 027)	14 547 865
Other liabilities and accruals	45 981 526	-	-	-	45 981 526
Interest bearing liabilities	755 995 994	2 038 429 745	1 482 364 843	(766 345 056)	3 510 445 526
	816 612 412	**2 038 429 745**	**1 482 364 843**	**(766 432 083)**	**3 570 974 917**

Included in the table above the contractual maturity (R525 079 176) is recorded for TUHF Urban finance (RF) Limited financial liabilities in the bucket 1-5 years. It is the intention that in 2025 this structure will come to an end and the financial liabilities will be settled through external funding.

At 31 March 2022 - Company	**Less than 1 year**	**1 to 5 years**	**Over 5 years**	**Total interest**	**Carrying value**
Interest bearing liabilities	40 730 757	-	-	(415 974)	40 314 783
	40 730 757	**-**	**-**	**(415 974)**	**40 314 783**

At 31 March 2021 - Company	**Less than 1 year**	**1 to 5 years**	**Over 5 years**	**Total interest**	**Carrying value**
Interest bearing liabilities	44 906 739	57 853 093	-	(8 211 743)	94 548 089
	44 906 739	**57 853 093**	**-**	**(8 211 743)**	**94 548 089**

Notes to the Financial Statements

Liquidity mismatch - Group 2022	Less than 1 year	1 to 5 years	Over 5 years	Carrying value
Gross advances				
TUHF Limited	80 759 942	461 345 372	1 089 130 164	1 631 235 478
TUHF Urban Finance (RF) Limited	40 093 546	172 724 425	282 683 923	495 501 894
Vuselela Warehouse SPV (RF) Proprietary Limited	9 005 324	31 095 370	84 675 953	124 776 647
Urban Ubomi 1 (RF) Limited	89 177 166	274 426 886	733 021 292	1 096 625 344
TUHF Bridge Proprietary Limited	3 528 853	-	-	3 528 853
	222 564 831	**939 592 053**	**2 189 511 332**	**3 351 668 216**

Interest bearing liabilities	Less than 1 year	1 to 5 years	Over 5 years	Carrying value
TUHF Limited	320 277 534	1 024 824 694	257 130 972	1 602 233 200
TUHF Urban Finance (RF) Limited	36 706 658	158 133 591	258 804 299	453 644 548
Vuselela Warehouse SPV (RF) Proprietary Limited	46 301 301	17 983 757	48 971 657	113 256 715
Urban Ubomi 1 (RF) Limited	81 198 814	249 874 927	667 440 586	998 514 327
TUHF Holdings Limited	40 314 784	-	-	40 314 784
Better Urban Living 2 Proprietary Limited	-	-	-	-
Jeppestown Urban Trust	-	11 487 790	-	11 487 790
Silverkey Proprietary Limited	-	-	-	-
	524 799 091	**1 462 304 759**	**1 232 347 514**	**3 219 451 364**
Liquidity mismatch	(302 234 260)	(522 712 706)	957 163 818	132 216 852

Liquidity mismatch - Group 2021	Less than 1 year	1 to 5 years	Over 5 years	Carrying value
Gross advances				
TUHF Limited	103 885 730	548 592 274	1 355 258 114	2 007 736 118
TUHF Urban Finance (RF) Limited	40 109 070	189 263 943	352 628 893	582 001 906
Vuselela Warehouse SPV (RF) Proprietary Limited	19 483 427	115 371 132	290 526 639	425 381 198
Urban Ubomi 1 (RF) Limited	31 112 034	172 971 131	452 808 831	656 891 996
TUHF Bridge Proprietary Limited	5 497 776	-	-	5 497 776
	200 088 037	**1 026 198 480**	**2 451 222 477**	**3 677 508 994**

Interest bearing liabilities	Less than 1 year	1 to 5 years	Over 5 years	Carrying value
TUHF Limited	459 430 827	1 167 593 509	255 156 732	1 882 181 068
TUHF Urban Finance (RF) Limited	35 829 709	169 070 789	320 178 678	525 079 176
Vuselela Warehouse SPV (RF) Proprietary Limited	17 336 737	102 659 506	258 516 326	378 512 569
Urban Ubomi 1 (RF) Limited	28 688 141	159 495 200	421 680 561	609 863 902
TUHF Holdings Limited	38 515 745	56 032 345	-	94 548 090
Jeppestown Urban Trust	-	11 003 463	-	11 003 463
Silverkey Proprietary Limited	-	2 980 263	-	2 980 263
Better Urban Living 2 Proprietary Limited	-	6 276 995	-	6 276 995
	579 801 159	**1 675 112 070**	**1 255 532 297**	**3 510 445 526**
Liquidity mismatch	(379 713 122)	(648 913 590)	1 195 690 180	167 063 468

The liquidity mismatch pertaining to the period up to five years after reporting date will be managed by refinancing interest bearing liabilities. Refer to note 8 for the maturity analysis relating to advances.

Interest rate risk

Interest rate risk: the risk that the fair value, future earnings or future cash flows of a financial instrument fluctuate because of changes in market interest rates.

The board is responsible for the management of the interest rate of the group. The function of managing liquidity risk is executed through the group’s Assets and Liabilities Committee (ALCO), a sub-committee of the board.

The group is exposed to cash flow interest rate risk on both loans and advances and interest bearing liabilities that are linked to the prime rate or JIBAR.

The group monitors and manages its interest rate exposures in line with the ALCO policy and where necessary potential adverse effect of interest rate movements are mitigated by entering into appropriate interest rate swaps to bring the risk within the approved risk appetite.

This includes exposures to:

The company entered into a fair value interest rate hedge with Standard Bank of South Africa Limited on 16 July 2021 to hedge against movements in cashflow in response of a financial liability linked to CPI. The derivative swaps CPI-linked cash flows arising from the Eskom Pension and Provident Fund (EPPF) debt facility of R200 million for 3-month JIBAR-linked cash flows. In terms of the derivative, the company receives CPI plus 3% and pays 3-month JIBAR to Standard Bank. The hedge was concluded as part of the company’s Interest rate risk management strategy. All the key attributes of the hedge are aligned to the EPPF debt facility in order to ensure that the hedge is effective. This includes the start and end dates of the transactions, the notional amounts, the capital repayment profile and the interest rate frequency.
The group has not entered into any additional interest rate swaps in the financial year ending 31 March 2022, however the notional amount of the Prime-JIBAR swap was updated in line with the balance of the underlying exposure.

The market risk exposure relates to the potential adverse effect of interest rate movements on net interest income.

At 31 March 2022, if interest rates on net borrowings and advances had been 1% higher with all other variables held constant, pre-tax profit for the year would have been R1 558 831 (2021: R4 137 693) higher, mainly as a result of higher net interest earned on variable rate borrowings and advances. If interest rates on net borrowings and advances had been 1% lower with all other variables held constant, pre-tax profit for the year would have been R1 558 831 (2021: R4 137 693) lower.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause financial loss for another party by failing to discharge an obligation.

The credit risk that the company faces arises mainly from commercial loans and advances. The company has policies, procedures and processes dedicated to controlling and monitoring risk from all such activities.

While credit exposures principally arise in loans and advances, the company can be exposed to other credit risks. These exposures comprise loan commitments and contingent liabilities. The risks are managed in a similar way to those loans in loans and advances, and are subject to the same or similar approval and governance processes.

The granting of credit is one of the company's major sources of income and is therefore one of the most significant risks, and the company dedicates considerable resources to controlling it effectively. A system based loan workflow process is used to facilitate the loan approval process. The granting of credit is considered on a project by project basis and various hurdle rates are considered in terms of our loan and credit policy.

Advances are subject to a risk rating evaluation that takes into consideration inter alia the overall risk profile, collateral cover, payment record, past experiences, customers’ co-operation in abiding by loan conditions and the economic climate. For further details regarding the Company’s accounting policy refer to accounting policy note 1.

The Group and Company's maximum exposure to credit risk is as follows:

Notes to the Financial Statements

Figures in Rand	Group 2022	Group 2021	Company 2022	Company 2021
Financial instrument				
Cash and cash equivalents	179 130 102	104 834 250	1 579	1 223
Money market assets	10 131 364	10 845 191	-	-
Loans and advances	3 351 668 216	3 677 508 994	-	-
Other assets excluding prepayments	35 687 587	36 476 936	-	-
Loans to group companies and related parties	6 040 685	6 274 595	181 026 705	215 688 709
	3 582 657 954	**3 835 939 966**	**181 028 284**	**215 689 932**

Additional information pertaining to the credit risk of loan advances is contained in note 8. Credit exposure per geographic area for the mortgage lending product is shown in note 8. The company has a single product offering being a 15 year mortgage finance loan to purchase, convert and refurbish residential property in inner city areas experiencing urban decline.

4. Financial assets by category

Group - 2022	**Amortised cost**	**Fair value through profit or loss**	**Total**
Cash and cash equivalents	179 130 102	-	179 130 102
Money market assets	10 131 364	-	10 131 364
Loan and advances	3 221 604 016	-	3 221 604 016
Other assets excluding prepayments	28 775 805	6 911 782	35 687 587
Unlisted investments	-	22 036 080	22 036 080
Investment properties	-	-	-
Loans to group companies and related parties	6 040 685	-	6 040 685
	3 445 681 972	**28 947 862**	**3 474 629 834**

Group - 2021	**Amortised cost**	**Fair value through profit or loss**	**Total**
Cash and cash equivalents	104 834 250	-	104 834 250
Money market assets	10 845 191	-	10 845 191
Loan advances	3 542 291 338	-	3 542 291 338
Other assets excluding prepayments	30 859 422	5 617 514	36 476 936
Unlisted investments	-	24 967 606	24 967 606
Loans to group companies and related parties	6 274 595	-	6 274 595
	3 695 104 796	**30 585 120**	**3 725 689 916**

Company - 2022	**Amortised cost**	**Total**
Cash and cash equivalents	1 579	1 579
Loans to group companies and related parties	181 026 705	181 026 705

Company - 2021	**Amortised cost**	**Total**
Cash and cash equivalents	1 223	1 223
Loans to group companies and related parties	215 688 709	215 688 709
	215 689 932	**215 689 932**

Notes to the Financial Statements

Fair value hierarchy levels 1 to 3 are based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The table below sets out the reconciliation of financial assets that are measured at fair value based on inputs that are not based on observable market data (level 2):

		Group	
Level 2 Derivatives	Note(s)	**2022**	**2021**
Opening balance		5 617 514	-
Addition		-	5 540 262
Fair value adjustments (recognised in profit or loss)		(2 308 188)	77 252
Payments received		(506 794)	-
	9	**2 802 532**	**5 617 514**

Urban Ubomi 1 (RF) Limited

Nominal value R562 412 460. The company has entered into a fair value interest rate cashflow swap with Standard Bank of South Africa Limited. The derivative swaps prime interest rate cashflows for 3-month JIBAR Cashflow. The company calculates the Mark to Market (MTM) on the swap on a monthly basis. The maturity date of the swap is 15 May 2043. The swap is balance guaranteed so the nominal value will automatically go to zero on the coupon set-up date, currently is May 2026.

The table below sets out the reconciliation of financial assets that are measured at fair value based on inputs that are not based on observable market data (level 3):

		Group	
Level 3	Note(s)		
Figures in Rand		**2 022**	**2 021**
Unlisted investment*			
Opening balance		24 967 606	24 573 001
Addition			
Payments			
Fair value adjustments (recognised in profit or loss)		(2 931 526)	394 605
	16	**22 036 080**	**24 967 606**
Derivatives**			
Opening balance			
Transfer from Derivative liability		(3 916 119)	
Payments			
Fair value adjustments (recognised in profit or loss)		8 025 369	
	8	**4 109 250**	
Total level 3 assets		**30 254 580**	**24 967 606**

Notes to the Financial Statements

***Unlisted investment**

The most pertinent information used to determine the fair value of the unlisted investment is the underlying net asset value of the companies

At 31 March 2022, if the capitalisation rate used to value the investment properties of Urban Task Force Proprietary Limited had been 1% higher (downturn) or 1% lower (upturn) with all other variables held constant, the value of the unlisted investment would be as follows

	2 022	2 021
Downturn	15 940 818	18 872 345
Base Case	22 036 080	24 967 606
Upturn	29 350 393	32 281 919

**** Derivatives**

TUHF Limited

Nominal Value R200 000 000. The company entered into a fair value interest rate hedge with Standard Bank of South Africa Limited on 16 July 2021 to hedge against movements in cashflow in response to a financial liability linked to CPI (Comsumer Price Index). The derivative swaps CPI-linked cash flows arising from the Eskom Pension and Provident Fund (EPPF) debt facility of R200 million for 3-month JIBAR-linked cash flows. In terms of the derivative, the company receives CPI plus 3% and pays 3-month JIBAR to Standard Bank of South Africa Limited.

At 31 March 2022, if the Consumer Price Index rate used to value the Interest rate swap had been 1% higher (downturn) or 1% lower (upturn) with all other variables held constant, the value of the interest bearing liability would be as follows:

	2022	2 021
Downturn	4 520 175	-
Base Case	4 109 250	-
Upturn	3 698 325	-

5. Financial liabilities by category

Group - 2022	Amortised cost	Fair value through profit or loss	Total
Interest bearing liabilities	3 002 094 284	217 357 080	3 219 451 364
Loans from group companies	11 846 874	-	11 846 874
Other liabilities	52 816 522	-	52 816 522
	3 066 757 680	**217 357 080**	**3 284 114 760**

Group - 2021	Amortised cost	Fair value through profit or loss	Total
Interest bearing liabilities	3 493 740 005	16 705 521	3 510 445 526
Loans from group companies	14 547 865	-	14 547 865
Other liabilities	45 981 526	-	45 981 526
	3 554 269 396	**16 705 521**	**3 570 974 917**

Company - 2022	Amortised cost	Total
Interest bearing liabilities	40 314 783	40 314 783
Loans from group companies	102	102
Dividend payable	-	-
	40 314 885	**40 314 885**

Notes to the Financial Statements

Company - 2021	Amortised cost	Total
Interest bearing liabilities	94 548 089	94 548 089
Loans from group companies	102	102
Other liabilities	81	81
	94 548 272	**94 548 272**

The table below sets out the reconciliation of financial liabilities that are measured at fair value based on inputs that are not based on observable market data (level 2):

		Group	
Derivatives	Note(s)	**2 022**	**2 021**
Opening balance		7 017 022	-
Addition		-	7 197 083
Transfer from Derivative asset		(2 137 834)	
Fair value adjustments (recognised in profit or loss)		(848 245)	(180 061)
	24	**4 030 943**	**7 017 022**

TUHF Limited

Nominal value R562 412 460. The company has entered into a fair value interest rate cashflow swap with Standard Bank of South Africa Limited. The derivative swaps prime 3- month Jibar cashflows for prime Cashflow. The company calculates the Mark to Market (MTM) on the swap on a monthly basis. The maturity date of the swap is 15 May 2043. The swap is balance guaranteed so the nominal value will automatically go to zero on the coupon set-up date, currently is May 2026.

The table below sets out the reconciliation of financial assets that are measured at fair value based on inputs that are not based on observable market data (level 3):

		Group	
Interest bearing borrowing *	Note(s)	**2 022**	**2 021**
Opening balance		-	
Addition		200 000 000	-
Interest		754 065	-
Interest		2 100 063	-
	24	**202 854 128**	**-**

Borrowings **	**2 022**	**2 021**
Opening balance	9 688 499	
Addition		9 688 499
Interest	419 740	
Fair value adjustments (recognised in profit or loss)	363 770	
	10 472 009	**9 688 499**

***Eskom Pension and Provident Fund**

The loan of R200 million from Eskom Pension and Provident Fund (EPPF) is accounted for ar fair value through profit and loss is priced at CPI plus 3%. Pricing was swapped to JIBAR-linked pricing through a CPI-JIBAR interest rate derivative. The swapped rate for the facility is 3-month plus 1.72%.

Notes to the Financial Statements

At 31 March 2022, if the Consumer Price Index rate used to value the Eskom Pension and Provident fund had been 1% higher (downturn) or 1% lower (upturn) with all other variables held constant, the value of the interest bearing liability would be as follows:

	2022	2021
Downturn	204 134 015	
Base Case	202 854 128	
Upturn	201 574 241	

**** Buffet Investment**

The loan with Buffet Investment is regonised at fair value and a net present value calculation is performed to calculate the fair value adjustment. The net present value calculation uses the future outstanding balance of R15 million discounted usng an discount rate of Prime +5% over the remaining period of the loan.

At 31 March 2022, if the discount rate used to calculate the nett present value for the loan from Buffet Investment had been 1% higher (downturn) or 1% lower (upturn) with all other variables held constant, the net present value would be as follows:

	2022	2021
Downturn	10 184 696	9 339 257
Base Case	10 472 009	9 688 499
Upturn	10 767 733	10 051 251

The carrying amount of financial liabilities measured at amortised cost approximates the fair value.

6. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	179 120 813	104 822 576	1 579	1 223
Short-term deposits	9 289	11 674	-	-
	179 130 102	**104 834 250**	**1 579**	**1 223**

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				
Standard Bank of South Africa Limited (AA+)	188 499 041	114 514 588	1 579	1 223
First National Bank Limited (AA+)	762 425	1 164 853	-	-
	189 261 466	**115 679 441**	**1 579**	**1 223**

Composition of cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include total cash and money market assets. The money market assets are subject to restrictions and are not available to the company or group unless the guarantees are cancelled. Cash is held at Standard Bank of South Africa Limited.

Cash and cash equivalents	179 130 102	104 834 250	1 579	1 223
Money market assets	10 131 364	10 845 191	-	-
	189 261 466	**115 679 441**	**1 579**	**1 223**

Notes to the Financial Statements

	Group		Company	
Figures in Rand	2022	2021	2022	2021

7. Money market assets

Deposits for payment guarantees	9 542 916	10 162 081	-	-
Deposits pending property transfer registrations	588 448	683 110	-	-
	10 131 364	**10 845 191**	**-**	**-**

8. Loans and advances

Loans and advances	3 351 668 216	3 677 508 994	-	-
Deferred raising fee**	(12 676 554)	(4 548 512)	-	-
Expected credit losses	(117 387 646)	(130 669 144)	-	-
	3 221 604 016	**3 542 291 338**	**-**	**-**

** The current portion of the deferred raising fee is R3 433 787 (2021: R 3 723 023).

ECL raised on Commitments

	Group 2022	
Loan stages	**Commitment amount**	**ECL raised**
Stage 1	82 304 266	907 138
Stage 2	544 203	120 783
Stage 3	-	-
-	**82 848 469**	**1 027 921**

Exposure to credit risk

Loans and advances inherently exposes the group to credit risk, being the risk that the group will incur financial loss if counterparties fail to make payments as they fall due.

In order to mitigate the risk of financial loss from defaults, the group only deals with reputable counterparties with consistent payment histories. Sufficient collateral or guarantees are also obtained in all cases. Each counterparty is analysed individually for creditworthiness before terms and conditions are offered. The analysis involves making use of information submitted by the counterparties as well as external bureau data (where available). Counterparty credit limits are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the creditworthiness of counterparties is continuously monitored.

Group 2022	**Stage 1 Standard monitoring**	**Stage 2 Special monitoring**	**Stage 3 Default**	**Total**
Gross loans	2 715 015 127	180 056 607	456 596 482	3 351 668 216

Expected credit losses	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Opening balance 01 April 2021	13 537 933	9 095 355	108 035 856	130 669 144
Transfers between stages	84 117	(3 676 134)	3 592 017	-
Transfer (from) stage 1	(1 202 284)	-	1 202 284	-
Transfer (from) stage 2	1 286 401	(3 676 134)	2 389 733	-
Transfer (from) stage 3	-	-	-	-
Net impairments raised/(released)	8 218 734	(1 323 449)	22 117 479	29 012 764
ECL movement in the current year	11 886 186	(1 323 449)	22 117 479	32 680 216
Change in ECL due to derecognition	(3 667 452)	-	-	(3 667 452)
Interest income on stage 3 loans not recognised	-	-	3 355 724	3 355 724
Impaired accounts written off	-	-	(45 649 986)	(45 649 986)
Closing balance	**21 840 784**	**4 095 772**	**91 451 090**	**117 387 646**

8. Loans and advances (continued)

1) Net impairments raised/(released) less recoveries of amounts written off in previous years equals income statement impairment (refer credit impairment charges note).

2) The group's policy is to transfer opening balances based on the ECL stage at the end of the reporting period. Therefore exposures can be transferred directly from stage 3 to stage 1 as the curing requirements would have been satisfied during the reporting period. Furthermore, the expected credit loss recognised on new exposures originated during the reporting period (which are not included in opening balances) are included within the line "ECL movement in the current year" based on the exposures ECL stage as at the end of the reporting period.

Net Advances	2 693 174 343	175 960 835	365 145 392	3 234 280 570

8. Loans and advances (continued)

Group 2021	**Stage 1 Standard monitoring**	**Stage 2 Special monitoring**	**Stage 3 Default**	**Total**
Gross loans	3 239 753 539	114 575 132	323 180 323	3 677 508 994

Expected credit losses	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Opening balance at 01 April 2020	18 501 063	27 086 580	76 599 752	122 187 395
Transfers between stages	35 723 792	(18 255 034)	(17 468 758)	-
Transfer to/ (from) stage 1	(314 463)	117 762	196 701	-
Transfer to/ (from) stage 2	14 937 170	(18 372 796)	3 435 626	-
Transfer to/ (from) stage 3	21 101 085	-	(21 101 085)	-
Net impairments raised/(released)	(40 686 922)	263 809	72 511 530	32 088 417
ECL movement in the current year	(34 211 102)	7 907 933	87 344 584	61 041 415
Change in ECL due to derecognition	(6 475 820)	(7 644 124)	(14 833 054)	(28 952 998)
Interest income on stage 3 loans not recognised	-	-	(3 073 861)	(3 073 861)
Impaired accounts written off	-	-	(20 532 807)	(20 532 807)
Closing balance	**13 537 933**	**9 095 355**	**108 035 856**	**130 669 144**

1) Net impairments raised/(released) less recoveries of amounts written off in previous years equals income statement impairment (refer credit impairment charges note).

2) The group's policy is to transfer opening balances based on the ECL stage at the end of the reporting period. Therefore exposures can be transferred directly from stage 3 to stage 1 as the curing requirements would have been satisfied during the reporting period. Furthermore, the expected credit loss recognised on new exposures originated during the reporting period (which are not included in opening balances) are included within the line "ECL movement in the current year" based on the exposures ECL stage as at the end of the reporting period.

Net Advances	3 226 215 606	105 479 777	215 144 467	3 546 839 850

Renegotiated terms

None of the financial assets that are fully performing have been renegotiated in the last year. Funds receivable are first applied to any past due amounts.

Geographic and concentration of loans and advances

	Group		Company	
Figures in Rand	2022	2021	2022	2021
Geographical analysis				
Eastern Cape	247 909 293	223 126 667	-	-
Free State	112 894 314	90 455 081	-	-
Gauteng	1 924 866 154	2 383 873 374	-	-
KwaZulu Natal	679 277 379	608 725 034	-	-
Western Cape	386 721 076	371 328 838	-	-
	3 351 668 216	**3 677 508 994**	**-**	**-**
Product analysis				
Mortgage loans	3 348 139 363	3 672 011 218	-	-
Bridge loans	3 528 853	5 497 776	-	-
	3 351 668 216	**3 677 508 994**	**-**	**-**

	Group		Company	
Figures in Rand	2022	2021	2022	2021

8. Loans and advances (continued)

Collateral held

Loan book less stage 3 assets	5 590 866 567	6 834 259 737	-	-
Stage 3 assets	605 007 118	452 378 146	-	-
	6 195 873 685	**7 286 637 883**	**-**	**-**

9. Other assets

Financial instruments:				
Trade receivables	3 047 594	1 828 106	-	-
Deposits	1 377 263	1 287 728	-	-
Financial asset hedge	14 301 781	5 617 514	-	-
Interest on guarantee funds	6 274	95 397	-	-
Other receivables	6 808 039	21 662 365	-	-
Non-financial instruments:				
VAT	10 146 638	5 985 825	-	-
Deferred and prepaid expenses	1 394 857	1 554 740	417	313
	37 082 446	**38 031 675**	**417**	**313**

Amounts receivable are all current. Accounts receivable are regarded as having a low probability of default and therefore the related expected credit loss is not significant.

10. Investment Properties

Reconciliation of investment properties- Group - 2022

	Opening balance	**Additions**	**Disposals**	**Fair value adjustments**	**Total**
Investment property	270 044 873	17 794 425	(45 087 564)	18 128 266	260 880 000

Reconciliation of investment properties - Group - 2021

	Opening balance	**Additions**	**Fair value adjustments**	**Total**
Investment property	-	280 050 000	(10 005 127)	270 044 873

Notes to the Financial Statements

	Group		Company	
Figures in Rand	2022	2021	2022	2021

10. Investment Properties (continued)

Details of properties

Sections 1-8 of Sectional title scheme Toys Court & Sections 1-9 of Sectional title scheme Philips Court & Sections 1,2,3,5,6,7,8 of Sectional title scheme Wellsid court. Located at 5,6&7 Sueltz Street Gqeberha

- Purchase price:	6 700 000	-	-	-
- Capital expenditure	581 352	-	-	-
- Fair value adjustment	1 518 648	-	-	-
	8 800 000	**-**	**-**	**-**

Aerial Empire

- Purchase price:	5 100 000	-	-	-
- Capital expenditure	201 078	-	-	-
- Fair value adjustment	10 698 922	-	-	-
	16 000 000	**-**	**-**	**-**

Erf 144 and 41, New Centre Township, 17 Roper Street, Johannesburg

- Purchase price	17 193 228	17 075 246	-	-
- Capital expenditure	274 625	925 481	-	-
- Fair value adjustment	7 532 147	1 699 273	-	-
	25 000 000	**19 700 000**	**-**	**-**

Erf 175, 180, 181, 182 and 183, Jeppestown, 33 Macintyre, Johannesburg

- Purchase price:	7 800 000	7 800 000	-	-
- Capital expenditure	20 215 134	21 705 182	-	-
- Fair value adjustment	3 984 866	2 494 818	-	-
	32 000 000	**32 000 000**	**-**	**-**

Erf 336, 337, 339 and 341, Jeppestown, 34 Jules street, Johannesburg (Masana House)

- Purchase price:	4 000 000	4 000 000	-	-
- Capital expenditure	13 734 862	14 731 205	-	-
- Fair value adjustment	665 138	(2 231 205)	-	-
	18 400 000	**16 500 000**	**-**	**-**

Erf 2808, Jeppestown, Johannesburg (Bjala Square)

- Purchase price:	14 241 406	14 241 406	-	-
- Capital expenditure	38 862 828	35 398 053	-	-
- Capitalised expenditure	2 196 450	2 196 450	-	-
- Fair value adjustment	30 299 316	32 806 600	-	-
	85 600 000	**84 642 509**	**-**	**-**

	Group		Company	
Figures in Rand	2022	2021	2022	2021

10. Investment Properties (continued)

Erf 495 and Erf 496, Jeppestown, Johannesburg(35 & 37 Jules Street)

	2022	2021	2022	2021
- Purchase price:	2 850 000	2 850 000	-	-
- Capital expenditure	11 318 830	9 992 587	-	-
- Capitalised expenditure	1 271 667	1 271 667	-	-
- Fair value adjustment	(3 140 497)	(1 199 864)	-	-
	12 300 000	**12 914 390**	**-**	**-**

Erf 2805, Jeppestown, Johannesburg (38 John Page Drive)

	2022	2021	2022	2021
- Purchase price:	4 300 000	4 300 000	-	-
- Capital expenditure	399 251	399 251	-	-
- Fair value adjustment	(849 251)	(699 251)	-	-
	3 850 000	**4 000 000**	**-**	**-**

Erf 640, Jeppestown, Johannesburg (Rodi Rose)

	2022	2021	2022	2021
- Purchase price:	5 297 742	5 297 742	-	-
- Capital expenditure	24 529 778	22 691 012	-	-
- Capitalised expenditure	1 015 591	1 015 591	-	-
- Fair value adjustment	7 356 889	8 425 932	-	-
	38 200 000	**37 430 277**	**-**	**-**

Erf 246, Jeppestown, Johannesburg (33 Madison)

	2022	2021	2022	2021
- Purchase price:	450 000	450 000	-	-
- Capital expenditure	311 642	311 642	-	-
- Fair value adjustment	168 358	138 358	-	-
	930 000	**900 000**	**-**	**-**

Erf 2762, 60 John Page Drive, Jeppestown, Johannesburg

	2022	2021	2022	2021
- Purchase price:	2 200 000	2 200 000	-	-
- Capital expenditure	13 012 554	12 312 642	-	-
- Fair value adjustment	687 446	(412 642)	-	-
	15 900 000	**14 100 000**	**-**	**-**

The remaining extent of Erf 2825, 9 John Page Drive, Jeppestown, Johannesburg (Milner House)

	2022	2021	2022	2021
- Purchase price:	700 000	700 000	-	-
- Capital expenditure	4 164 483	4 130 483	-	-
- Fair value adjustment	(2 364 483)	(1 730 483)	-	-
	2 500 000	**3 100 000**	**-**	**-**

	Group		Company	
Figures in Rand	2022	2021	2022	2021

10. Investment Properties (continued)

Erf 2788, 5 Doran Street, Jeppestown, Johannesburg (Catham House)

- Purchase price:	8 000 000	8 000 000	-	-
- Capital expenditure	15 372 583	14 858 856	-	-
- Fair value adjustment	2 936 144	2 936 144	-	-
- Disposal	(26 308 727)	-	-	-
	-	**25 795 000**	**-**	**-**

Erf 512, 513, 514 and 515, Jeppestown , Johannesburg (Doran House)

- Purchase price:	450 000	450 000	-	-
- Capital expenditure	87 697	87 697	-	-
- Fair value adjustment	862 303	-	-	-
	1 400 000	**537 697**	**-**	**-**

Portion 1 of Erf 646, Portion 1 of Erf 648, Remaining Extent of Erf 649, RemainingExtent of Erf 647, Remaing Extent of Erf 654, Remaining Extent of Erf 651,Remaining Extent of Erf 655 and Portion 1 Erf 645, Jeppestown, Johannesburg (Karl House)

- Purchase price:	1 500 000	1 500 000	-	-
- Capital expenditure	12 466 554	12 112 717	-	-
- Fair value adjustment	4 812 283	4 812 283	-	-
- Disposal	(18 778 837)	-	-	-
	-	**18 425 000**	**-**	**-**

Details of valuation

All revaluations for 2022 were performed by an independent valuer that is not connected to the companies and has experience in the location and category of the investment property being revalued. The valuation was based on open market values for existing use on a capitalised cash flow basis. The capitalisation rate used ranged between 10%-13% and is determined from the market (i.e. the rate at which similar assets have traded recently), and is influenced in general by: rates of return of similar properties, risk, obsolescence, inflation, market rental growth rates, rates of return on other investments, as well as mortgage rates.

11. Properties in posession

Group 2022	**Opening / Balance**	**Additions**	**Disposals***	**Transfer to investment property****	**Carrying value**
Properties in Posession	11 400 000	967 000	(5 267 000)	(7 100 000)	-

Group 2021	**Cost / Valuation**	**Carrying value**
Properties in Posession	11 400 000	11 400 000

Details of properties

*
1. Old Trafford, Erven 828-830 Johannesburg was sold in June 2021.
2. Cleveland Court Portion 2 of Erf 92 Johannesburg was bought and on sold in this financials year.

	Group		Company	
Figures in Rand	2022	2021	2022	2021

11. Properties in posession (continued)

**

3. Philips Court & Sections 1,2,3,5,6,7,8 of Sectional title scheme Wellsid Court. Located at 5,6&7 Sueltz Street, Gqeberha was transferred to Investment Properties as it no longer met the critea of a Property in Possession.

Details of properties - 2021

1. Old Trafford, Erven 828-830 located at 24 Kruger Street City and Suburban Johannesburg.
2. Philipps, Toys, Wellsid Court, Sections 1-8 of Sectional title scheme Toys Court & Sections 1-9 of Sectional title scheme Philips Court & Sections 1,2,3,5,6,7,8 of Sectional title scheme Wellsid Court. Located at 5,6&7 Sueltz Street, Gqeberha

12. Loans to/(from) group companies and related parties

TUHF Limited*

	Group 2022	Group 2021	Company 2022	Company 2021
TUHF Limited*	-	-	10 000 000	10 000 000
The loan is interest free with no stated terms of repayment.				
TUHF Limited*	-	-	93 153 941	88 307 923
The loan carries interest at 75% of prime lending rate and has no fixed terms of repayment.				
TUHF Limited*	-	-	145 119 039	137 864 851
The loan carries interest at prime lending rate less 2% and has no fixed terms of repayment.				
TUHF Limited*	-	-	(123 036 178)	(118 306 389)
The loan carries interest at the market call rates of the group.				
TUHF Limited*	-	-	-	56 032 345
The loan carries interest at a fixed interest rate of 18% and was repaid in March 2022				
Silverkey (PTY) Ltd	97 750	-	-	-
The loan is unsecured,is interest free and is repayable in 2023.				
Better Urban Living 2 (PTY) Ltd	120 710	(78 683)	-	-
The loan is unsecured,is interest free and is repayable in 2023.				
TUHF Limited	-	(4 593)	-	-
The loan is unsecured,is interest free and has no fixed terms of repayment .				
Loans to group companies ECL	-	-	(1 405 679)	(10 090 300)
	218 460	**(83 276)**	**123 831 123**	**163 808 430**

Joint ventures

	Group 2022	Group 2021	Company 2022	Company 2021
Risk Prop Proprietary Limited*	2 942 121	2 659 527	-	-
The loan is unsecured, bears interest at prime plus 3% and is payable in 2023.				
Pearl Property Investment Proprietary Limited**	3 151 620	2 792 845	-	-
The loan is unsecured, bears interest at prime plus 5% and is payable in 2024.				
Loans to joint venture companies ECL	(271 516)	(441 319)	-	-
	5 822 225	**5 011 053**	**-**	**-**

*All these loans have been classified as stage 1 in 2022 (2021: stage 2)
**All these loans have been classified as stage 2 in 2022 (2021: stage 2)

Notes to the Financial Statements

	Group		Company	
Figures in Rand	2022	2021	2022	2021

12. Loans to/(from) group companies and related parties (continued)

	Group 2022	Group 2021	Company 2022	Company 2021
Holding company				
TUHF21 NPC Interest is charged at market call rates and there are no fixed terms of repayment	(11 843 056)	(14 464 589)	-	-
	(11 843 056)	**(14 464 589)**	**-**	**-**
Other group companies*				
TUHF Equity Proprietary Limited Unsecured, carries interest at prime lending rate plus 0,25%, with no fixed terms of repayment.	-	-	58 079 843	53 738 215
Intuthuko Equity Fund Proprietary Limited This is in intercompany creditor/debtor , is interest free and repayable within 12 months	(3 818)	1 263 542	-	-
Loans to group companies ECL	-	-	(884 262)	(1 857 936)
	(3 818)	**1 263 542**	**57 195 581**	**51 880 279**
Other parties				
EGC Properties Proprietary Limited*** The loan is unsecured, bears interest at prime plus 2.5% and is repayable in 2023	4 454 728	4 067 067	-	-
Loans to related parties ECL	(4 454 728)	(4 067 067)	-	-
	-	**-**	**-**	**-**
Loans to group companies asset	6 040 685	6 274 595	181 026 705	215 688 709
Loans from group companies liability	(11 846 874)	(14 547 865)	(102)	(102)
Net loans (to) from group companies	**(5 806 189)**	**(8 273 270)**	**181 026 705**	**215 688 607**

*All these loans have been classified as stage 1 in 2022 (2021: stage 2)
**All these loans have been classified as stage 1 in 2022 (2021: stage 1)
***This loan has been classified as stage 3 in 2022 (2021: stage 3)

	Group		Company	
Figures in Rand	2022	2021	2022	2021

12. Loans to/(from) group companies and related parties (continued)

Reconciliation of group related borrowings

Loans to related parties				
Opening balance	6 274 595	46 359 810	215 688 709	145 583 400
Advances	-	6 900	219 884	58 211 068
Interest	1 029 032	930 372	22 948 536	13 894 874
Advances non-cash	218 460	1 263 542	443 350	81
Repayments	(1 263 544)	-	(67 932 069)	(7 225 859)
Dividends paid	-	(501)	-	-
Loans no longer joint venture	-	(38 776 044)	-	-
Add back prior year ECL	4 508 387	998 902	11 948 236	17 173 381
Loans to group companies ECL	(271 517)	(441 319)	(2 289 941)	(11 948 236)
Loans to related parties ECL	(4 454 728)	(4 067 067)	-	-
	6 040 685	**6 274 595**	**181 026 705**	**215 688 709**

Loans from related parties				
Opening balance	14 547 865	15 534 910	102	102
Advances	5 028 021	1 199 805		-
Interest	191 737	120 868		-
Advances non-cash	443 119	83 276		-
Repayments	(8 363 868)	(2 390 994)		-
Dividends paid				-
	11 846 874	**14 547 865**	**102**	**102**

13. Investments in subsidiaries

Group

Name of company	**Held by**	**% Holding 2022**	**% Holding 2021**
Better Urban Living 2 Proprietary Limited	TUHF Equity Proprietary Limited	100.00 %	100.00 %
Silverkey Proprietary Limited	TUHF Equity Proprietary Limited	100.00 %	100.00 %
Jeppestown Urban Trust	TUHF Equity Proprietary Limited	100.00 %	100.00 %

Company

Name of company	**% Holding 2022**	**% Holding 2021**	**Carrying amount 2022**	**Carrying amount 2021**
TUHF Limited (Property financier)	100.00 %	100.00 %	26 333 333	26 333 333
TUHF Bridge Proprietary Limited (Short-term bridging finance)	100.00 %	100.00 %	46 767	46 767
TUHF MBS Proprietary Limited (Security SPV)	100.00 %	100.00 %	1	1
TUHF Equity Proprietary Limited (Equity finance)	100.00 %	100.00 %	1	1
			26 380 102	26 380 102

	Group		Company	
Figures in Rand	2022	2021	2022	2021

14. Business combinations

During the prior financial year TUHF Equity Proprietary Limited acquired 100% control of two of its joint venture companies and a related party of one of the joint ventures. At the time the business combinations were provisionally accounted for as per the allowance of IFRS 3. The financial statments for these companies for 2021 has been finalised and management are restating the 2021 figures to apply the final accounting as per IFRS 3 for the business combination.

Silverkey Proprietary Limited

TUHF Equity bought the additional 50% ownership of Silverkey Proprietary Limited for R100 by way of a sale of shares agreement in May 2020. The purpose of the purchase was to obtain full ownership of the investment property portfolio following a dispute between the parties and a settlement arrangement that was reached. The investment in subsidiary is held at cost, consistent with the group accounting policy. The 50% investment held under the equity accounted method was revalued at the date of acquisition and de-recognised and the investment in subsidiary was brought in at the effective date.

The acquisition of Silverkey has been accounted for, as per the requirements of IFRS 3: Business combinations. Goodwill has been calculated based on the trial balance as at 31 May 2020. A bargain gain on purchase of R26.5 million was recognised in the consolidated financial statements of the group as a result of the fair value of the net assets value of R26.5 million exceeding the purchase consideration of R100.Three of the four buildings in this portfolio were completed during the prior financial year. In this financial year end, management concluded a sale agreement for two of the buildings namely Catham House and Karl House in the portfolio and the transfer was registered October 2021.

Control of the property management of the portfolio was obtained in May 2020 and is being managed by TUHF Equity. Income and expenditure from June 2020 to March 2021 has been included in the prior financial year Group figures.

Better Urban Living 2 Proprietary Limited

TUHF Equity bought the additional 50% ownership of Better Urban Living 2 Proprietary Limited in January 2021 for a consideration of R50. The purchase was a result of a settlement agreement reached between the shareholders as a result of the non- performance of the client and for the protection of the quality of the investment property portfolio held by Better Urban Living 2 Proprietary Limited. The investment in subsidiary is held at cost, consistent with the group accounting policy. The 50% investment held under the equity accounted method was revalued at the date of acquisition and de-recognised and the investment in subsidiary was brought in at the effective date.

The acquisition of Better Urban Living 2 Proprietary Limited has been account for, as per the requirement of IFRS 3: Business Combinations. A goodwill amount of R20.7 million has therefore been recognised based on the trial balance as at 31 January 2021. The fair value of assets acquired of R79 million was less than the fair value of the of liabilities of R100 million, as recognised in the consolidated financial statements of the Group. Whilst management are confident that there is more value to be unlocked in the portfolio of this company in the coming years, the goodwill was impaired for the prior financial year.

Income and expenditure for February 2021 and March 2021 has been included in the prior financial year group figures.

Control of the property management of the portfolio was obtained in January 2021 and is being managed by TUHF Equity.

14. Business combinations (continued)

Jeppestown Urban Trust

As part of the settlement agreement reached between the shareholders of Better Urban Living 2 Proprietary Limited, TUHF Equity gained 100% control of the Jeppestown Urban Trust and became the new beneficiary of the Trust in January 2021. No consideration was paid for the control. The investment in the Trust is held at cost, in line with the group accounting policy.

The acquisition of Jeppestown Urban Trust has been accounted for, as per the requirements of IFRS 3: Business Combinations. The recorded fair values of assets and liabilities at acquisition is based on the signed audited financials as at the year end of the company being 28 February 2021. The fair value of the assets acquired of R196 million was higher than the fair value of the liabilities of R186 million. A bargain gain on purchase of R10.5 million is recognised in the consolidated financial statements of the Group as a result of the fair value of the net assets value acquired of R 10.5 million exceeding the purchase consideration of R nil.

Income and expenditure for March 2021 has been included in the prior financial year Group figures.

Control of the property management of the portfolio was obtained in January 2021 and is being managed by TUHF Equity.

Valuation method used in determining the fair value of the Asset and Liabilities of company acquired.

Assets:

The fair value of the Investment property assets were calculated using independent external valuers that performed an independent valuation on the buildings using the Income Capitalised Approach.

This comparative approach considers income and expense data relating to the property being valued and estimates value through a capitalisation process. Capitalisation relates income (usually a net income figure) and a defined value type by converting an income amount into a value estimate. This process may consider direct relationships (known as capitalisation rates), yield or discount rates (reflecting measures of return on investment). In general, the principal of substitution holds that the income stream which produces the highest return commensurate with a given level of risk leads to the most probable value figure. The capitalisation rate used ranged between 10%-13% and is determined from the market (i.e. the rate at which similar assets have traded recently), and is influenced in general by: rates of return of similar properties, risk, obsolescence, inflation, market rental growth rates, rates of return on other investments, as well as mortgage rates.

Liabilities:

For liabilities, the outstanding amount at the date of control was used as that is considered to be the fair value of the liability at that given time.

Name of Business acquired	Nature of Business	Effective date of control	Interest Acquired (%)	Purchase Consideration transferred (R)
Silverkey Proprietary Limited	Property Investment held for rental Income	May-20	100 %	100
Better Urban Living 2 Proprietary Limited	Property Investment held for rental Income	Jan-21	100 %	50
Jeppestown Urban Trust	Property Investment held for rental Income	Jan-21	100 %	-

At the time of complilation of the 2021 financial statements the business combinations were provisionally accounted for as per the allowance of IFRS 3. The financial statments of these companies for 2021 has been finalised and management are restating the 2021 figures to apply the final accounting as per IFRS 3 for the business combination.

	Group		Company	
Figures in Rand	2022	2021	2022	2021

14. Business combinations (continued)

Fair value of assets and Liabilities assumed at the date of acquisition	**Silverkey Proprietary Limited**	**Better Urban Living 2 Proprietary Limited**	**Jeppestown Urban Trust**
Assets			
Investment properties	72 050 000	68 200 000	139 800 001
Cash and Cash Equivalent	-	133 566	653 217
Deferred tax assset	2 144 271	7 627 353	54 688 272
loans to group companies	-	180 522	-
Trade and other receiveables	2 518 549	3 280 790	1 034 844
Total assets	**76 712 820**	**79 422 231**	**196 176 334**
Liabilities			
Trade and other payable	1 922 354	9 031 254	18 451 818
Interest bearing debt	2 980 263	11 507 458	10 924 067
Shareholder loans	11 927 321	23 923 196	-
Loans from group companies	33 460 313	51 085 995	97 643 374
Deferred tax Llability	-	4 541 898	58 688 823
	-	-	-
Total Liabilities	**50 290 251**	**100 089 801**	**185 708 082**
Net assets/(liabilities) acquired	**26 422 569**	**(20 667 570)**	**10 468 252**
Total purchase consideration	100	50	-
Cash paid	**100**	**50**	**-**
(Goodwill)/ Bargain purchase*	26 422 469	(20 667 620)	10 468 252

*None of the goodwill arising on the acquisitions during the prior year was deducted for tax purposes.

Net carrying value at the beginning of the year	-	-
Net acquisition/ (disposals) of subsidiaries	-	20 667 620
Impairments**	-	(20 667 620)
Net carrying amount at the end of the year	**-**	**-**

**The impairment of goodwill in Better Urban Living 2 was a result of losses arriving from increased operating expenses and lower rentals as a result of the lack of maintenance and the high percentage vacancies in the investment portfolio.

Goodwill impairment testing

Goodwill impairment occurs when the recognised goodwill associated with an acquisition is greater than its implied fair value. In determining the goodwill TUHF Equity used external property valuation to ascertain the fair value of the assets for the company's acquired. The fair value of the liabilities was the outstanding amount at the date of assessment and if the fair value of the asset was less than the fair value of the liabilities, the full amount of goodwill was required to be impaired.

15. Investments in joint ventures

Joint ventures

The following table lists all of the joint ventures in the group:

Notes to the Financial Statements

	Group		Company	
Figures in Rand	2022	2021	2022	2021

15. Investments in joint ventures (continued)

Name of company	**% Ownership interest 2022**	**% Ownership interest 2021**	**Carrying amount 2022**	**Carrying amount 2021**
Risk Prop Proprietary Limited	50.00 %	50.00 %	4 560 043	3 683 930
Pearl Property Investment Proprietary Limited	50.00 %	50.00 %	500	500
			4 560 543	3 684 430

Aggregate amount of the group's share of profit/ (loss) after tax		
Better Urban Living 2 Proprietary Limited	-	(2 279 727)
Silverkey Proprietary Limited	-	(100)
Risk Prop Proprietary Limited	876 113	1 274 783
Pearl Properties Proprietary Limited	-	(9 680)
Total	**876 113**	**(1 014 724)**

(1) The company purchased 50% of the share capital in Risk Prop Proprietary Limited in September 2018 and a shareholder's loan of R2 million has been advanced (see note 12 for details).A joint venture agreement has been signed for the development of the investment property.

(2) The company purchased 50% of the share capital in Pearl Properties Investment Proprietary Limited in June 2019 and a shareholders loan of R2.2 million has been advanced (see note 12 for details). A joint venture agreement has been signed for the development of the investment property.

The unrecognised losses on these joint ventures amount to R0.64 million (2021: R10.6 million) In the current year the unregonised losses relate to Pearl Properties only whereas last year's figure is as a result of the sale of an associate which had unrecognised losses.

16. Unlisted investments

Classified at fair value through profit or loss:				
Urban Task Force Proprietary Limited	22 036 080	24 967 606	-	-
	22 036 080	**24 967 606**	**-**	**-**

Fair value disclosures

Group - 2022	**Carrying value**	**Level 1**	**Level 2**	**Level 3**	**Fair value**
Investment in Urban Task Force Proprietary Limited	22 036 080	-	-	22 036 080	22 036 080

Group - 2021	**Carrying value**	**Level 1**	**Level 2**	**Level 3**	**Fair value**
Investment Urban Task Force Proprietary Limited	24 967 606	-	-	24 967 606	24 967 606

16. Unlisted investments (continued)

Urban Task Force Proprietary Limited is valued as a percentage of net asset value of the latest available management accounts of UrbanTask Force Proprietary Limited. Urban Task Force Proprietary Limited operates in the property rental business and the investment properties in the statement of financial position are measured at fair value at year end. Management is of the opinion that the net asset value represents fair value accurately as the investment properties are the most significant assets on the Statement of Financial Position. Management has also reviewed independent and director's valuations of the assets and liabilities of Urban Task Force Proprietary Limited and is comfortable that the net asset value is within an acceptable range of these values. Independent valuations are obtained by the directors of Urban Task Force Proprietary Limited and a capitalisation rate of 10% - 12% (2021: 10% - 12%) was considered a key assumption.

17. Equipment

Group	2022			2021		
	Cost	**Accumulated depreciation**	**Carrying value**	**Cost**	**Accumulated depreciation**	**Carrying value**
Office furniture and equipment	4 200 425	(3 607 638)	592 787	3 927 667	(3 344 528)	583 139
Computer hardware and telephones	7 344 289	(5 934 787)	1 409 502	6 576 803	(5 302 239)	1 274 564
Total	**11 544 714**	**(9 542 425)**	**2 002 289**	**10 504 470**	**(8 646 767)**	**1 857 703**

Reconciliation of equipment - Group - 2022

	Opening balance	**Additions**	**Depreciation**	**Total**
Office furniture and equipment	583 141	281 580	(271 934)	592 787
Computer hardware and telephones	1 274 565	832 848	(697 911)	1 409 502
	1 857 706	**1 114 428**	**(969 845)**	**2 002 289**

Reconciliation of equipment - Group - 2021

	Opening balance	**Additions**	**Disposals**	**Depreciation**	**Total**
Office furniture and equipment	925 424	62 865	-	(405 150)	583 139
Computer hardware and telephones	1 002 923	816 069	(5 201)	(539 227)	1 274 564
	1 928 347	**878 934**	**(5 201)**	**(944 377)**	**1 857 703**

Notes to the Financial Statements

	Group		Company	
Figures in Rand	2022	2021	2022	2021

18. Leases (group as lessee)

Right-of-use assets

2022	**Opening balance**	**Adjustments**	**Additions**	**Modifications**	**Depreciation**	**Total**
Office space (buildings)	14 623 490	46 291	2 769 508	-	(3 751 919)	13 687 370

2021	**Opening balance**	**Adjustments**	**Additions**	**Modifications**	**Depreciation**	**Total**
Office space (buildings)	8 258 342	(9 648)	224 522	9 958 480	(3 808 206)	14 623 490

Lease liabilities

2022	**Opening balance**	**Adjustments**	**Additions**	**Modifications**	**Payments**	**Interest expense**	**Total**
Office space (buildings)	16 045 530	(20 924)	2 769 508	-	(4 400 196)	1 453 744	15 847 663

2021	**Opening balance**	**Adjustments**	**Additions**	**Modifications**	**Payments**	**Interest expense**	**Total**
Office space (buildings)	9 227 649	(19 565)	224 522	9 585 231	(4 497 243)	1 524 936	16 045 530

	Group		Company	
Figures in Rand	2022	2021	2022	2021

18. Equipment (continued)

Finance lease liabilities

Maturity analysis				
Within one year	4 711 888	4 108 785	-	-
Two to five years	14 128 051	15 694 033	-	-
More than five years	-	-	-	-
Total undiscounted lease liabilities at 31 March	**18 839 939**	**19 802 818**	**-**	**-**

Lease liabilities in the statement of financial position at 31 March				
Non-current liabilities	12 577 288	13 271 171	-	-
Current liabilities	3 270 375	2 774 359	-	-
Total	**15 847 663**	**16 045 530**	**-**	**-**

19. Intangible assets

Group	2022			2021		
	Cost / Valuation	**Accumulated amortisation**	**Carrying value**	**Cost / Valuation**	**Accumulated amortisation**	**Carrying value**
Computer software	21 844 468	(17 492 697)	4 351 771	20 511 229	(15 406 771)	5 104 458

Reconciliation of intangible assets - Group - 2022

	Opening balance	**Additions**	**Amortisation**	**Total**
Computer software	5 104 458	1 333 238	(2 085 925)	4 351 771

Reconciliation of intangible assets - Group - 2021

	Opening balance	**Additions**	**Amortisation**	**Total**
Computer software	4 785 034	2 538 539	(2 219 115)	5 104 458

20. Deferred tax

Deferred tax liability

Accelerated depreciation	(1 174 978)	(1 429 248)	-	-
Deferred and prepaid expenses	(2 896 343)	(3 662 526)	(113)	(88)
Fair value adjustment	(5 696 526)	(3 704 424)	-	-
Investment property	(68 374 542)	(63 773 094)	-	-
Prior year adjustment	-	(646)	-	-
Total deferred tax liability	**(78 142 389)**	**(72 569 938)**	**(113)**	**(88)**

	Group		Company	
Figures in Rand	2022	2021	2022	2021

20. Deferred tax (continued)

Deferred tax asset

Provision for bonus	2 721 788	349 285	-	-
Loan impairments	4 107 046	3 388 904	-	-
Deferred income	3 422 670	1 273 583	-	-
Provision for bad debts	4 743 699	7 570 606	-	-
Intercompany ECL	765 652	757 409	370 971	2 007 391
IFRS 16 Leases	295 012	84 040	-	-
Fair value derivatives	-	391 862	-	-
Share scheme	494 191	820 225	-	-
Tax losses	82 251 370	74 299 563	-	-
Total deferred tax asset	**98 801 428**	**88 935 477**	**370 971**	**2 007 391**

Deferred tax liability	(78 142 389)	(72 569 938)	(113)	(88)
Deferred tax asset	98 801 428	88 935 477	370 971	2 007 391
Total net deferred tax asset (liability)	**20 659 039**	**16 365 539**	**370 858**	**2 007 303**

Reconciliation of deferred tax asset / (liability)

At beginning of year	16 365 539	18 507 310	2 007 303	2 885 040
Provisions	2 372 503	27 462	-	-
Accelerated depreciation	254 270	(89 439)	-	-
Current year charge - movement on loan impairment	(2 108 765)	(10 345 017)	-	-
Deferred income	2 149 087	(4 207 439)	-	-
Deferred and prepaid expenses	766 182	(501)	(25)	-
Fair value adjustment	(2 383 964)	567 838	-	-
Loans to group companies and related parties ECL	8 243	589 593	(1 636 420)	(877 737)
IFRS 16 Leases	210 972	234 051	-	-
Share scheme	(326 034)	-	-	-
Fair value adjustment on investment properties	(3 963 036)	(63 773 095)	-	-
Deferred tax asset on assesed loss	7 314 045	74 299 563	-	-
Prior year consolidation corrections	-	555 213	-	-
	20 659 039	**16 365 539**	**370 858**	**2 007 303**

The deferred tax balance at year end is considered non-current.

The effect of the change in tax rate from 28% to 27% has not been disclosed separately but has been accounted for in the movement for 2022 on each of the line items disclosed.

In his speech in February 2022, the Minister of Finance announced a budgeted change in the corporate income tax rate from 28% to 27%. The new corporate income tax rate of 27% is effective for all financial year-ends commencing 1 April 2022. Therefore the applicable tax rate used in the tax rate reconciliation is 28% as this is the corporate tax rate still applicable as at the end of the financial period. Deferred tax, however, is measured at tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The 27% tax rate has been “substantively enacted” in South Africa with effect from the date of the budget speech. Therefore, deferred tax for the current year is measured at 27%, as the timing difference is expected to reverse in a tax period when the new tax rate will be effective.

	Group		Company	
Figures in Rand	2022	2021	2022	2021

21. Share capital

Authorised				
150 000 000 ordinary shares of no par value	-	-	-	-
20 000 000 no par value ordinary C shares	-	-	-	-
100 000 000 no par value unspecified shares	-	-	-	-
Authorised - cumulative redeemable preference shares				
35 000 preference shares of R1 000 per share	35 000 000	35 000 000	35 000 000	35 000 000
	35 000 000	**35 000 000**	**35 000 000**	**35 000 000**

Refer to note 24 for disclosure of preference shares treated as a financial liability.

During the financial year additional 103 345 ordinary shares in TUHF Holdings were issued due to the vesting of the conditional share scheme shares held by the CEO.

Issued				
79 654 978 (2021:79 551 633) ordinary shares at no par value	90 455 891	90 012 542	90 455 891	90 012 541
13 226 765 no par value C ordinary shares	25 335 615	25 335 614	25 335 615	25 335 615
Ordinary Share at no par value	400	400	-	-
Share premium	18 739 068	18 739 069	18 739 068	18 739 068
Treasury shares	(3 057 689)	(7 389 583)	-	-
	131 473 285	**126 698 042**	**134 530 574**	**134 087 224**

Treasury shares				
At beginning of the year	7 389 583	7 389 583	-	-
Issue of shares	(7 393 517)	-	-	-
Shares bought by TUHF Limited from employees	3 061 623	-	-	-
	3 057 689	**7 389 583**	**-**	**-**

Share premium				
At beginning of the year	18 739 068	18 739 068	18 739 068	18 739 068

22. Non-distributable reserves

A grant agreement was entered into between the company and National Treasury to advance R200 million to the company over 3 years. The funds were included in R800 million senior debt to lend to end user clients. To date R157,5 million has been received and on lent to end users.The project has successfully come to an end and no further funds will be received.

Non-distributable reserve	157 499 759	157 499 759	-	-
	157 499 759	**157 499 759**	**-**	**-**

Notes to the Financial Statements

	Group		Company	
Figures in Rand	2022	2021	2022	2021

23. Trade and other payables

Financial instruments:				
Bonuses and leave pay	10 080 698	1 247 365	-	-
Trade payables	40 115 617	43 792 735	-	-
Unallocated cash receipts	1 395 360	80 492	-	-
Deposits received	506 525	712 038	-	-
Other payables	388 197	148 896	-	81
Non-financial instruments:				
VAT	330 125	-	-	-
	52 816 522	**45 981 526**	**-**	**81**

The balance at year end is considered current.

24. Financial liabilities

Held at amortised cost				
Secured				
National Housing Finance Corporation SOC Limited The loan of R50 million from the National Housing Finance Corporation SOC Limited is at an interest rate of prime minus 2%. Interest and capital are repaid over the remaining term and will be repaid by September 2024.	11 903 780	15 708 590	-	-
National Housing Finance Corporation SOC Limited The loan of R50 million from the National Housing Finance Corporation SOC Limited is at an interest rate of prime minus 2%. Interest and capital are repaid over the remaining term and will be repaid by 30 November 2024.	22 824 740	26 332 360	-	-
Development Bank of South Africa SOC Limited The loan of R50 million from the Development Bank of South Africa SOC Limited is at an interest rate of prime minus 2%. Interest and capital is repaid over the remaining term and will be repaid by September 2022.	3 109 492	9 076 456	-	-
Development Bank of South Africa SOC Limited The loan of R100 million from the Development Bank of South Africa SOC Limited is at an interest rate of prime minus 2%. Interest and capital are repaid over the remaining term and must be repaid in full by 30 June 2024.	24 088 721	33 944 523	-	-
Future Growth Asset Management The loan of R100 million from Future Growth Asset at an interest rate of prime minus 0,75%. Interest and capital are repaid over the remaining term and will be repaid by February 2022.	-	15 085 048	-	-
National Housing Finance Corporation SOC Limited The loan of R100 million from the National Housing Finance Corporation SOC Limited is at an interest rate of prime minus 2%. Interest and capital are repaid over the remaining term and will be repaid by July 2028.	50 150 087	57 425 400	-	-
National Housing Finance Corporation SOC Limited The loan of R25 million from the National Housing Finance Corporation SOC Limited is at an interest rate of prime minus 2%. Interest and capital are repaid over the remaining term and will be repaid by July 2029.	11 466 853	12 901 838	-	-

Figures in Rand	Group 2022	Group 2021	Company 2022	Company 2021
24. Financial liabilities (continued)				
National Housing Finance Corporation SOC Limited The loan of R120 million from the National Housing Finance Corporation SOC Limited is at an interest rate of prime minus 0.5%. Interest and capital are repaid over the remaining term and will be repaid in full by December 2025.	50 586 403	62 274 936	-	-
Development Bank of South Africa SOC Limited The loan of R200 million from the Development Bank of South Africa Limited is at an interest rate of prime minus 1.0%. Interest and capital are repaid over the remaining term and must be repaid in full by 31 December 2024.	63 781 470	84 357 485	-	-
Cadiz Life and Asset Management The loan of R40 million from Cadiz Life and R10 million from Cadiz Asset Management is at an interest rate of prime plus 0.25%. The facility period was extended for another 60 months in June 2015.The facility was fulluy repaid May 2021.	-	23 801 744	-	-
Futuregrowth Asset Management The loan of R250 million from Futuregrowth Asset Management is at an interest rate of prime plus 0.5%. The facility is fully drawn and interest and capital are paid monthly. The facility is repayable in full by August 2021.	-	87 579 321	-	-
Mergence Investment Managers The loan of R15 million from Mergence Investment Managers is at an interest rate of prime less 0.5%. The facility is fully drawn and interest and capital are paid monthly. The facility will be fully repaid in June 2022..	7 364 309	8 755 586	-	-
Public Investment Corporation The loan of R300 million from the Public Investment Corporation is at an interest rate of prime less 2%. The facility is fully drawn and interest and capital are paid monthly. The facility is repayable in full by December 2027.	157 761 212	183 075 813	-	-
Futuregrowth Asset Management The loan of R300 million from Futuregrowth Asset Management acting as facility agent on behalf of Senior Lenders is at an interest rate of prime plus 0.2%. R200 million is repayable in equal monthly instalments of capital and interest calculated and interest calculated according to a 144-month amortisation profile as from 13 June 2013 and a final single payment on 15 July 2023. R100 million is repayable in equal monthly instalments of capital and interest calculated according to a 144-month amortisation profile as from 15 January 2014 and a final single payment 15 January 2024.	132 878 977	165 285 432	-	-
Standard Bank Warehouse A R700 million warehouse revolving facility bearing interest at a rate of 3-month JIBAR rate plus a margin of 3.25%, with the 3-month JIBAR rate resetting quarterly. Interest is payable on a monthly basis and capital can be repaid and redrawn on a revolving basis. The facility is renewable every 12-months with the contractual maturity being 17 years after the availability period.	113 256 715	378 512 569	-	-

Notes to the Financial Statements

	Group		Company	
Figures in Rand	2022	2021	2022	2021
24. Financial liabilities (continued)				
National Housing Finance Corporation SOC Limited The preference shares are issued to theNational Housing Finance Corporation SOC Limited and are at an interest rate of prime less the corporate tax rate, currently 6,3%. Dividend payments have been accrued. The preference shares are redeemable in June 2022 and rank after secured loans for repayment.	40 314 784	38 515 745	40 314 783	38 515 745
Futuregrowth Asset Management The loan of R200 million from Futuregrowth Asset Management is at an interest rate of prime plus 0.20%. The facility is fully drawn as funds are required and interest and capital are paid monthly. The loan is repayable in equal installments and is repayable in full by September 2024.	78 172 469	105 418 780	-	-
Mergence Investment Managers The loan of R11 million from Mergence Investment Managers is at an interest rate of prime. The facility is fully drawn and interest and capital are paid monthly. The facility is repayable in full by December 2030.	8 157 997	8 922 216	-	-
Futuregrowth Asset Management The loan of R60 million from Futuregrowth Asset Management is at an interest rate of prime plus 0.25%. The facility is fully drawn and interest and capital are paid monthly .The facility isrepaybale in full by March 2026.	33 389 948	40 061 361	-	-
Futuregrowth Asset Management The loan of R100 million from Futuregrowth Asset Management is at an interest rate of prime plus 0.40%. The facility is fully drawn and interest and capital are paid monthly. The facility is repayable in full by December 2026.	62 401 623	72 774 249	-	-
National Housing Finance Corporation SOC Limited The loan of R200 million from National Housing Finance Corporation SOC Limited is at an interest rate of prime plus 0.25%. Interest and capital is paid monthly. The facility is fully drawn and interest and capital are repaid over the remaining term. The facility is repayable in full by February 2033.	168 477 798	181 985 138	-	-
Nedbank Limited The loan of R100 million from Nedbank is at an interest rate of prime. The facility is fully drawn and interest is payable on a monthly basis. The capital will be repaid in a single payment at the end of the term. The facility is fully repayable by July 2022.	98 291 954	98 291 954	-	-
Novo Impact Fund The loan of R10 million from Novo Impact Fund is at an interest rate of prime less 0,5%. The facility is fully drawn and interest is payable on a monthly basis. The capital will be repaid in a single payment at the end of the term. The facility is fully repayable by October 2025.	10 056 693	10 051 969	-	-
National Housing Finance Corporation SOC Limited The loan of R60 million from National Housing Finance Corporation SOC Limited is at an interest rate of prime plus 2%. The facility is fully drawn. The capital and interest will be repaid in a single payment at the end of the term. Facility will be repaid in September 2021.	-	69 278 255	-	-

Notes to the Financial Statements

	Group		Company	
Figures in Rand	2022	2021	2022	2021
24. Financial liabilities (continued)				
Ashburton Asset Management The loan of R90 million from Ashburton is at prime rate. The facility is fully drawn and interest is payable on a monthly basis. The capital will be repaid in a single payment at the end of the term. The facility is fully repayable by May 2024.	90 540 616	90 500 548	-	-
Lionshead Global Partners The loan of R100 million from Lionshead (ACLB Fund) is at a fixed interest rate of 10,25% for the first 12 months. Step-up interest rate of the fixed rate equivalent of 3M JIBAR plus 3.75% came into effect from October 2020 to March 2021. A further step up of the fixed rate equivalent of 3M JIBAR plus 4.25% applies from April 2021 to September 2021. The facility is fully drawn and interest is payable on a quarterly basis. The capital will be repaid in a single payment at the end of the term.The facility was fully repaid in September 2021.	-	100 130 401	-	-
Small Enterprise Finance Agency (SEFA) A loan of R30 million from a R60 million SEFA facility is priced at prime rate. Interest is payable on a monthly basis. The capital is repaid on a monthly basis with a 6 month moratorium from first draw date. The facility is fully repayable by March 2030.	26 477 784	28 850 754	-	-
National Housing Finance Corporation SOC Limited The loan of R40 million is a shareholder loan granted to TUHF Holdings. The Interest rate is fixed at 18% for the duration of the loan. Interest is paid quarterly and capital will be repaid in a single payment in September 2022.	-	40 611 507	-	40 611 507
Futuregrowth Asset Management The loan of R15.2 million is a shareholder loan granted to TUHF Holdings. The interest rate is fixed at 18% for the duration of the loan. Interest is paid quarterly, and capital will be repaid in a single payment in September 2022.	-	15 420 838	-	15 420 837
Bjala Investments This loan account is unsecured ,interest free,and has no fixed terms of repayment.	-	6 276 995	-	-
EGC Properties Proprietary Limited This loan account is unsecured ,interest free,and has no fixed terms of repayment.	-	2 980 263	-	-
Nedbank Limited Mortgage loan granted by Nedbank Limited at prime +0.50%. The facility is repayable by March 2025.	1 015 781	1 314 963	-	-
Domestic Medium-Term Note Programme: A second listed and rated domestic medium-term note was raised on 24 January 2020. The term of the notes is 4 years and 9 months. The interest rate is at 3-month JIBAR rate a margin of 2.85%. The capital is repayable on 24 October 2024. The note was fully taken by Sanlam.				
Sanlam Asset Management	283 465 203	283 293 889	-	-

Mortgage-backed securities

Notes to the Financial Statements

	Group		Company	
Figures in Rand	2022	2021	2022	2021
24. Financial liabilities (continued)				
A listed mortgage-backed securitisation concluded December 2019. Interest is priced at 3-month JIBAR plus a specified margin for each tranche of notes, with the 3-month JIBAR rate resetting quarterly. The margins range from 2.22% to 10% across the various notes. Interest and capital are payable quarterly in terms of the TUHF Urban Finance (RF) priority of payment until all obligations are fully settled. The structure has a contractual maturity date of May 2039 and open to the first refinance in January 2025.				
A Class Noteholders	387 545 489	448 574 984	-	-
B Class Noteholders	45 085 463	52 183 010	-	-
D Class Noteholders	21 013 596	24 321 182	-	-
Mortgage-backed securities				
A listed mortgage-backed securitisation concluded in March 2021. Interest is priced at 3-month JIBAR plus a specified margin for each tranche of notes, with the 3-month JIBAR rate resetting quarterly. The margins range from 1.55% to 3.80% across the various notes. Interest and capital are payable quarterly in terms of the Urban Ubomi 1 (RF) priority of payment until all obligations are fully settled. The structure has a contractual maturity date of May 2043 and open to the first refinance in May 2024.				
Class A1 Noteholders	144 573 521	202 259 849	-	-
Class A2 Noteholders	311 425 565	309 447 017	-	-
Class A4 Noteholders	27 199 333	-	-	-
Class A5 Noteholders	285 321 127	-	-	-
Class B Noteholders	192 625 848	73 111 006	-	-
Class C Noteholders	37 368 934	25 046 029	-	-

All the loans/notes issued are secured by cessions of all the rights, titles and/or interests the group holds or which it may acquire in future, arising out of, or in connection with the end-user agreements, which have been financed by the respective funding facilities.

Notes to the Financial Statements

	Group		Company	
Figures in Rand	2022	2021	2022	2021
24. Financial liabilities (continued)				
Financial liabilities held at fair value				
Eskom: 200 million The loan of R200 million from Eskom Pension and Provident Fund (EPPF) is priced at CPI plus 3%. Pricing was swapped to JIBAR-linked pricing through a CPI-JIBAR interest rate derivative. The swapped rate for the facility is 3-month plus 1.72%. The facility is fully drawn. The Capital is repayable in 34 instalments after an 18-month moratorium from first draw date, ending in February 2023. The facility matures in May 2031.	202 854 128	-	-	-
Fair value hedge liability TUHF Limited has entered into an interest rate swap with Standard Bank, the nominal amount of transaction is R562 412 460. The derivative swaps 3-month JIBAR rate on the nominal amount for prime rate cash flows. This is part of a series of interest rate swaps entered into by the group to protect the senior note tranches of Urban Ubomi 1 (RF) against interest rate basis risk. The maturity date of the swap is 15 May 2043. The swap is balance guaranteed so the nominal value will automatically go to zero on the coupon step-up date, currently is May 2026.	4 030 943	7 017 022	-	-
Buffet Investment The loan is unsecured and deeply subordinated to all loans made in Jeppestown Urban Trust or to be made to Jeppestown Urban Trust after conclusion of the settlement agreement signed 19 January 2021. The loans is interest free and repayable by December 2024.	10 472 009	9 688 499	-	-
	3 219 451 364	3 510 445 526	40 314 783	94 548 089
Deferred raising fees**	(10 052 102)	(12 316 240)	-	-
	3 209 399 262	**3 498 129 284**	**40 314 783**	**94 548 089**

**The current portion of the deferred raising fee is R 2 400 405 (2021: R 2 481 235).

	Group		Company	
Figures in Rand	2022	2021	2022	2021

25. Share based payment reserve

Opening balance	12 515 956	6 997 098	-	-
Awards vested during the year	(9 017 078)	-	-	-
Shares awarded not yet vested	5 845 952	5 518 859	-	-
	9 344 830	**12 515 956**	**-**	**-**

TUHF Conditional Share Plan:

As an incentive for current and prospective employees of TUHF Limited, TUHF Holdings Limited has established a Conditional Share Plan ("CSP") to which 5 234 292 ordinary shares of a par value of R0.0001 each has been allocated.

Conditional awards made are subject to TUHF Holdings Limited achieving performance metrics (such as, return on equity, growth in profit after tax, total capital impaired and other non-financial metrics) and are measured between a two to five year performance period. Conditional awards that employees become entitled to as a result of the Remuneration Committee and management's deliberations are vested into their name, equally over a three year period.

Following the vesting of conditional awards, TUHF Limited is required to procure the settlement of the shares to be vested from TUHF Holdings Limited. Such shares are allotted and issued at the market value per share at no cost to the employee. The employee bears the taxation cost when the shares vest based on the current value per share.

In terms of the rules of the CSP, if an employee should leave the employment of TUHF Limited, TUHF Limited has the right of first refusal to purchase those shares registered in the employee's name at the current market value classified as treasury shares.

TUHF Holdings Limited may withhold any amounts or make such arrangements as are necessary to meet any liability to taxation or any other liabilities and costs in respect of the vesting of a conditional award.

At the end of the period under review, TUHF Limited held 712 747 (2021: 1 997 621) treasury shares in TUHF Holdings Limited.

On 1 April 2019 and 23 September 2019, grant letters were awarded to employees for 5 234 292 shares that will vest over the period April 2021 to April 2024 subject to specific service and performance conditions being met. The assessed fair value at grant date of share awards granted during the year ended 31 March 2020 was R6.31 per share. No shares were awarded in March 2021. The fair value at grant date is determined using management’s best estimates of the following assumptions;

- 100% probability of meeting performance conditions; and
- 11% (2021:5%) attrition rate for qualifying employees.

26. Interest income

Interest on advances	319 479 121	366 260 912	-	-
Interest on advances to related company	-	-	25 502 714	17 755 412
Interest on call deposits	5 751 601	3 403 112	934	7
Interest on guarantee deposits	223 244	114 209	-	-
Interest on staff loans	(3 045)	9 569	-	-
Interest received from SARS	115 443	280 816	-	26 270
Interest received on derivative collareral	53 964	-	-	-
	325 620 328	**370 068 618**	**25 503 648**	**17 781 689**

Raising fee income of R(19 105) (2021: R 17 765 361) was recognised in the financial year under review and is included in interest on advances for group.

Notes to the Financial Statements

		Group		Company	
Figures in Rand		2022	2021	2022	2021

27. Interest expenses

Interest on advances from related company	191 737	305 234	2 554 178	3 860 538
Interest on borrowings	217 545 661	235 978 617	-	-
Interest on fees on current account	3 024	3 984	-	-
Interest paid - Preference Shares	1 799 038	1 810 948	1 799 039	1 810 948
Interest paid to SARS	1 802	15 990	-	-
Interest expense - lease liability	1 440 772	1 524 936	-	-
Interest on Shareholders Loan	9 280 763	3 159 837	9 280 763	3 159 837
	230 262 797	**242 799 546**	**13 633 980**	**8 831 323**

Raising fees and legal fees of R3 264 140 (2021: R 3 558 378) were recognised in the financial year under review and are included in interest on borrowings for group.

28. Expected credit losses

Stage 1	3 761 277	(41 741 197)	(9 658 295)	(5 225 145)
Stage 2	(1 547 274)	(5 208 935)	-	-
Stage 3	(19 298 191)	35 860 469	-	-
Recoveries in the year	-	-	-	-
	(17 084 188)	**(11 089 663)**	**(9 658 295)**	**(5 225 145)**

29. Other operating income

Rental income on investment property	20 169 666	3 129 977	-	-
Rental income	1 033 986	1 273 390	-	-
Management fees	993 753	1 749 711	-	-
Sundry income	7 368 862	3 308 683	-	-
Dividends received	315 000	285 250	-	-
	29 881 267	**9 747 011**	**-**	**-**

30. Other operating gains/(losses)

Fair value - Investment property	10	18 128 266	(31 591 994)	-	-
Loss with sale of property		(2 664 587)	-	-	-
Impairment of goodwill		-	(20 667 620)	-	-
Bargain gain on purchase		-	36 890 721	-	-
Fair value - derivatives*		3 938 898	(1 399 508)	-	-
Fair value - Interest bearing borrowings**		(2 100 063)	-	-	-
Debt forgivesness		9 490 553	-	-	-
Fair value adjustement - Buffet loan***		(363 770)	-	-	-
Unlisted Investment		(2 015 682)	394 605	-	-
Total other operating gains/(losses)		**24 413 615**	**(16 373 796)**	**-**	**-**

	Group		Company	
Figures in Rand	2022	2021	2022	2021

30. Other operating gains/(losses) (continued)

***Fair value deriviatives**

TUHF Limited Company

*Fair value of the swaps has been determined using expected cashflows based on the respective 3-month JIBAR and Prime interest rate forward curves, a PD 3.449% and LGD of 75% was used for the CVA and DVA calculations.

Fair value of the debt has been determined using expected cashflows based on the Consumer Price Index (CPI) forward curves, a PD of 3.44% and LGD 75% was used in the the CVA and DVA calculations.

Fair value of the swap has been determined using expected cashflows based on the Consumer Price Index (CPI) forward curves, a PD of 0.14% and LGD 60% was used in the the CVA and DVA calculations.

Urban Ubomi 1 (RF) Limited

*Fair value of the swaps have been determined using expected cashflows based on the respective 3-month JIBAR and Prime interest rate forward curves, a PD 0.14% and LGD of 60% was used for the CVA and DVA calculations.

**** Fair value Interest bearing liabilities**

Fair value of the loan with the Eskom Pension and Provident fund has been determined using expected cashflows based on the Consumer Price Index (CPI) forward curves, a PD of 3.44% and LGD 75% was used in the the CVA and DVA calculations.

***** Fair value- Buffet loan**

The loan with Buffet Investment is regonised at fair value and a net present value calculation is performed to calculate the fair value adjustment. The net present value calculation uses the future outstanding balance of R15 million discounted usng an discount rate of Prime +5% over the remaining period of the loan.

31. Other operating expenses

Auditors remuneration	6 290 707	4 980 078	-	-
Consulting fees	16 572 948	19 777 233	-	-
Depreciation and amortisation	3 055 771	3 163 488	-	-
Depreciation - Leases	3 751 919	3 808 206	-	-
Employee costs	72 251 185	56 236 911	-	-
Financial administration	1 228 069	1 068 838	-	-
Information technology costs	3 432 980	2 711 883	-	-
Marketing	2 718 415	1 471 794	-	-
Office rental	-	26 727	-	-
Other expenses	32 144 375	14 077 814	2 296	2 171
Project management	1 636 764	1 684 733	-	-
Telephone and fax charges	1 279 904	1 155 261	-	-
Training and skills development	1 040 483	2 577 398	-	-
Utilities	1 255 891	953 351	-	-
Valuations	827 767	1 463 453	-	-
VAT - input VAT not claimable as it relates to non taxable supplies	5 381 594	5 179 098	176	138
Bad debts	150 675	-	-	-
	153 019 447	**120 336 266**	**2 472**	**2 309**

32. Employee benefit expense

Employee costs included in note 31, comprises:

Notes to the Financial Statements

	Group		Company	
Figures in Rand	2022	2021	2022	2021

32. Employee benefit expense (continued)

Employee costs				
Employee costs salaried staff	44 798 221	41 087 488	-	-
Directors emoluments	17 271 662	6 011 364	-	-
Non-executive directors	4 335 350	3 619 200	-	-
Share-based payment	5 845 952	5 518 859	-	-
	72 251 185	**56 236 911**	**-**	**-**

TUHF Limited has a defined contribution provident plan governed by the Pension Funds Act, 1956, as amended, to ensure all permanent employees are required to join. Payments to the provident plan are charged as an expense as they fall due.

The group has no obligations for post-retirement health benefits.

The group's expense in respect of defined contribution plans is:

Provident fund	6 538 811	6 289 733	-	-

33. Investment income

Interest income				
Loans to joint ventures				
Interest income	641 369	2 491 927	-	-
Equity accounting earnings/ (losses) on joint ventures	876 113	(1 014 474)	-	-
Total investment income	**1 517 482**	**1 477 453**	**-**	**-**

Notes to the Financial Statements

	Group		Company	
Figures in Rand	2022	2021	2022	2021

34. Taxation

Major components of the tax expense

Current				
Local income tax - current period	11 384 935	9 528 669	4 908 246	3 597 738
Deferred				
Deferred tax - current period	(4 292 860)	3 370 671	1 636 445	877 824
	7 092 075	**12 899 340**	**6 544 691**	**4 475 562**

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

Accounting profit	15 234 636	12 873 137	21 525 491	14 173 202
Tax at the applicable tax rate of 28% (2021: 28%)	4 265 698	3 604 478	6 027 137	3 968 497
Tax effect of adjustments on taxable income				
Exempt dividends	(88 200)	-	-	-
Non-taxable income	(511 150)	-	-	-
Non-deductible expenses	1 250 637	1 035 758	503 731	507 065
Non-taxable fair value adjustment	(393 216)	50 616	-	-
SARS interest and penalties	505	1 948	-	-
No assessed loss created	1 002 952	1 951 625	-	-
Fair value adjustement on investment properties	221 930	981 489	-	-
Assesed Loss created	590 768	5 273 426	-	-
Deferred tax impact due to change of tax rate	752 151	-	13 823	-
	7 092 075	**12 899 340**	**6 544 691**	**4 475 562**

35. Commitments

Loans and Advances

As at 31 March, the TUHF Group have total unpaid commitments of R295 million (2021: R386 million). The commitments are contractual but not irrevocable as several conditions must be met to TUHF’s satisfaction before funds are paid.

Furthermore, it is a condition of the client’s loan that funds must be used within 12 months of the loan start date, and this reduces the commitments to R83 million (2021: R107 million). Upon a detailed analysis of the projects, the actual commitments reduced to R77 million (2021: R55 million) as some properties will be sold in their current configuration and in other instances amounts originally provided are no longer required.

36. Borrowing capacity

In terms of the company's memorandum of incorporation the borrowing powers of the company are unlimited except where any indebtedness, other than trade debt in the ordinary course of business, is limited to R 20 million. Undertakings have also been given to certain lenders of maintaining a debt to capital ratio of 90%.

Notes to the Financial Statements

	Group		Company	
Figures in Rand	2022	2021	2022	2021

37. Related parties

Holding company	TUHF21 NPC
Subsidiaries	Refer to note 13
Fellow subsidiaries	Intuthuko Equity Fund Proprietary Limited
Shareholders	National Housing Finance Corporation SOC Limited Futuregrowth on behalf of OMLACSA Government Employee Pension Fund (PIC)

Related party balances and transactions

	Group 2022	Group 2021	Company 2022	Company 2021
TUHF21 NPC				
Interest paid	191 737	120 871	191 737	120 871
Management fees	(247 547)	(257 298)	(247 547)	(257 298)
	(55 810)	**(136 427)**	**(55 810)**	**(136 427)**
National Housing Finance Corporation SOC Limited				
Interest paid	25 066 482	30 399 447	-	-
Futuregrowth Asset Management Proprietary Limited				
Interest paid	28 512 403	44 836 955	-	-
Public Investment Corporation				
Interest paid	8 519 661	9 988 685	-	-
TUHF Limited (Company)				
Interest paid	-	-	2 554 178	3 860 538
TUHF Bridge Proprietary Limited (Company)				
Interest paid	-	-	71 291	204 264
TUHF Equity Proprietary Limited (Company)				
Interest received	-	-	(4 121 744)	(3 657 658)
Better Urban Living 2 Proprietary Limited				
Interest received	-	(7 003 039)	-	-
Jeppestown Urban Trust				
Interest received	-	(8 392 006)	-	-
Silverkey Proprietary Limited				
Interest received	-	(5 358 863)	-	-
Risk Prop Proprietary Limited (Joint Venture)				
Interest received	(282 594)	(256 199)	-	-
Pearl Properties Investment Proprietary Limited (Joint Venture)				
Interest received	(358 775)	(318 508)	-	-

Notes to the Financial Statements

	Group		Company	
Figures in Rand	2022	2021	2022	2021

37. Related parties (continued)

Key management compensation:

All members of the board are considered key management. Refer to note 38 for details of fees paid to directors.

The following shareholders in TUHF Holdings which is the holding company of TUHF Limited has provided the wholesale loan facility as stated below to TUHF Limted amounting to R1 403.1 million (2021: R2 013.5 million).

NHFC				
Total NHFC debt facilities: capital advanced	643 094 757	703 594 757	443 094 757	703 594 757
Loan balance as at 31 March	315 409 661	425 906 516	-	-
Interest paid	25 066 482	30 399 447	25 066 482	30 399 447
Interest and capital repayments	135 563 337	44 297 848	135 563 337	44 297 848
Futuregrowth				
Total facilities	660 000 000	1 010 000 000	660 000 000	1 010 000 000
Loan balance as at 31 March	306 843 017	486 204 191	-	-
Interest paid	28 512 403	44 836 955	28 512 403	44 836 955
Interest and capital repayments	207 873 577	210 549 909	207 873 577	210 549 909
PIC				
Total facilities	299 980 457	299 980 457	299 980 457	299 980 457
Loan balance as at 31 March	157 761 212	183 075 813	-	-
Interest paid	8 519 661	9 988 685	8 519 661	9 988 685
Interest and capital repayments	33 834 262	21 887 673	33 834 262	21 887 673

38. Directors' emoluments

Group

Executive

2022

	Cash component	Bonus	Provident fund	Other	Shares vested	Total
PGN Jackson	3 044 279	1 450 000	587 549	220 256	9 017 078	14 319 162
IL Roodt	1 941 690	580 000	350 573	80 237	-	2 952 500
	4 985 969	**2 030 000**	**938 122**	**300 493**	**9 017 078**	**17 271 662**

2021

	Cash component	Provident fund	Other	Total
PGN Jackson	2 939 931	558 039	222 347	3 720 317
IL Roodt	1 875 996	332 381	82 670	2 291 047
	4 815 927	**890 420**	**305 017**	**6 011 364**

Non-executive

2022

	Directors' fees	Total
SS Moraba	460 000	460 000
TM Adler	655 650	655 650
C Coovadia	710 400	710 400
RR Emslie	671 400	671 400
JF Howard	380 000	380 000
JK Mamatela	377 500	377 500
JS Strelitz	435 000	435 000
L Vutula	338 900	338 900
B Mapongwana	306 500	306 500
	4 335 350	**4 335 350**

2021

	Directors' fees	Total
SS Moraba	432 000	432 000
TM Adler	461 400	461 400
C Coovadia	616 400	616 400
RR Emslie	563 400	563 400
JF Howard	286 000	286 000
JK Mamatela	356 000	356 000
JS Strelitz	378 000	378 000
L Vutula	299 000	299 000
B Mapongwana	227 000	227 000
	3 619 200	**3 619 200**

Notes to the Financial Statements

39. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

40. Events after the reporting period

No matter which is material to the financial affairs of the company has occurred between the reporting date and the date of the approval of the financial statements.

41. Restatement

IFRS 3 Final accounting

The group 2021 financial statements have been restated in accordance with IFRS 3 Business Combinations standard which allows the company to restate the prior year provisional accounting figures to correctly reflect the business combinations aquired. The company figures for 2021 remains the same.

Consolidation of subsidiaries

This refers to the income and expenditure from date of control as well as changes to the numbers prevouisly included in the consolidated balance sheet reported on.

Material changes explained:

1. Intercompany accounts to the value of R10 million that were not eliminated on the prevouisly reported balance sheet for the group as at 31 March 2021 and have now been eliminated in the restated figures.

2. A decrease in the value of the property portfolios of one of the companies acquired based on external valuations obtained as at 31 March 2021 but not implemented as part of the previously reported numbers, resulted in a negative fair value adjustment on the income statement of R 27 million , and a net movement of R27 million in the balance sheet. The other portion of the net income statement impact of R 4 million relates to the understatement of the amounts per the trial balance as at 31 March 2021. The total cost plus revaluations done at the take on date resulted in the trial balance exceeding the values as per the external valuations done at 31 March 2021. In order to match the trial balance values for the portfolio to the external valuations a negative revaluation journal was passed.

3. The increase of R 18 million in cash from investment activities relates to the capital expenditure incurred on the property portfolio of the companies that were acquired.

4. The decrease in the amount for repayment of financial liabilities is due to an eliminating entry that was not done to eliminate amounts paid relating to the E Note in TUHF Urban finance held by TUHF Limited.

Notes to the Financial Statements

41. Restatement (continued)

Statement of Financial Position

	Note(s)	31 March 2021	IFRS 3 final accounting	Consolidation of subsidiaries	Restated 31 March 2021
Assets					
Cash and cash equivalents		103 669 397	786 782	378 071	104 834 250
Money market assets		10 845 191			10 845 191
Current tax receivable		8 813 179			8 813 179
Loans and advances	1	3 552 569 134		(10 277 796)	3 542 291 338
Other assets		30 808 130	6 834 084	389 461	38 031 675
Properties in Posession		11 400 000			11 400 000
Investment property	2	297 623 481	180 000	(27 758 608)	270 044 873
Loans to group companies and related parties		6 274 596	180 525	(180 526)	6 274 595
Investments in subsidiaries					
Investments in joint ventures		3 684 430			3 684 430
Unlisted investments		24 967 606			24 967 606
Equipment		1 857 705	1	(3)	1 857 703
Right-of-use assets		14 623 490			14 623 490
Intangible assets		5 104 458			5 104 458
Deferred tax		28 148 784	64 459 896	(3 673 203)	88 935 477
Total Assets		**4 100 389 581**	**72 441 288**	**(41 122 604)**	**4 131 708 265**
Equity and Liabilities					
Equity					
Share capital		126 698 041		1	126 698 042
Non-distributable reserves		157 499 759			157 499 759
Share based payment reserve		12 515 957		(1)	12 515 956
Retained income		225 151 599	(5 183 716)	(34 443 391)	185 524 492
		521 865 356	**(5 183 716)**	**(34 443 391)**	**482 238 249**
Liabilities					
Lease liabilities		16 045 530			16 045 530
Loans from group companies	1	14 464 591	11 916 808	(11 833 534)	14 547 865
Trade and other payables		42 842 432	2 477 475	661 619	45 981 526
Financial Liabilities		3 494 178 956		3 950 328	3 498 129 284
Current tax payable		2 195 873			2 195 873
Deferred tax Liabilities		8 796 843	63 230 721	542 374	72 569 938
		3 578 524 225	**77 625 004**	**(6 679 213)**	**3 649 470 016**
Total Equity and Liabilities		**4 100 389 581**	**72 441 288**	**(41 122 604)**	**4 131 708 265**

41. Restatement (continued)

Statement of Profit or Loss and other Comprehensive Income

	Note(s)	Year ended 31 March 2021	IFRS 3 final accounting	Consolidation of subsidiaries	Restated year ended 31 March 2021
Interest income		371 021 622		(953 004)	370 068 618
Interest expenses		(242 615 179)		(184 367)	(242 799 546)
Expected credit losses		11 089 663			11 089 663
Income from lending activities		**139 496 106**		**(1 137 371)**	**138 358 735**
Other operating Income		6 678 716		3 068 295	9 747 011
Other operating gains (losses)	2	20 401 914	(5 183 716)	(31 591 994)	(16 373 796)
Other operating expenses		(120 054 112)		(282 154)	(120 336 266)
Operating profit (loss)		**46 522 624**	**(5 183 716)**	**(29 943 224)**	**11 395 684**
Investment income		1 762 044		(284 591)	1 477 453
Profit (loss) before taxation		**48 284 668**	**(5 183 716)**	**(30 227 815)**	**12 873 137**
Taxation		(8 683 765)		(4 215 575)	(12 899 340)
Total comprehensive income (loss) for the year		**39 600 903**	**(5 183 716)**	**(34 443 390)**	**(26 203)**

Statement of Cashflows

	Note(s)	Year ended 31 March 2021	IFRS 3 final accounting	Consolidation of subsidiaries	Restated year ended 31 March 2021
Cash flow from operating activities					
Interest Income		316 724 287		159 315	316 883 602
Rental Income		1 273 390		3 132 390	4 405 780
Management fees		1 817 705			1 817 705
Interest expenses		(236 341 911)			(236 341 911)
Tax refund received		46 645			46 645
Tax paid		(7 983 371)		(1)	(7 983 372)
Cash Paid to suppliers and employees		(85 880 363)		(192 650)	(86 073 013)
Cash received from clients		-	-	(13 730)	(13 730)
Net movement in Advances		(167 640 818)		(152 923)	(167 793 741)
Net Cash from operating activities		**(177 984 436)**		**2 932 401**	**(175 052 035)**
Cashflow from Investing Activities					
Purchase of equipment		(878 933)		1	(878 932)
disposal of equipment		20 845			20 845
Dividend received		285 250			285 250
Capital expenditure on investment properties	3			(18 078 827)	(18 078 827)
Purchase of Intangible assets		(2 538 539)			(2 538 539)
Net cash from investing activities		**(3 111 377)**		**(18 078 826)**	**(21 190 203)**
Cashflow From Financig activites					
Shareholder loan received		55 188 639			55 188 639
Proceeds from Financial Liabilities		487 000 000			487 000 000
Repayments to Financial Liabilities	4	(945 636 335)		16 311 278	(929 325 057)
Proceeds from Notes Issue		609 000 000			609 000 000
Principal Lease payment		(4 497 243)			(4 497 243)
Amounts paid to related Parties		(2 973 878)			(2 973 878)
Amounts received from Related Parteis		1 199 805			1 199 805
Net cash from financing activitiess		**199 280 988**		**16 311 278**	**215 592 266**
Total cash movement for the year		**18 185 175**		**1 164 853**	**19 350 028**
Cash at the beginning of the year		96 329 413			96 329 413
Total Cash at the end of the year		**114 514 588**		**1 164 853**	**115 679 441**