TUHF ANNUAL REPORT 2014

TUHF GROUP OF COMPANIES

TUHF

Financing Rental Housing
in South African Cities

CONTENTS

HIGHLIGHTS 2014

11 YEAR TRACK RECORD

OF EMPOWERING ENTREPRENEURS, REGENERATING THE INNER CITIES OF SOUTH AFRICA, FINANCING AFFORDABLE AND DECENT LIVING SPACES AND CREATING JOBS

THIS YEAR THE NATIONAL TREASURY'S JOBS FUND AGREED TO GRANT TUHF THE SUM OF

R200 MILLION,

THE LARGEST SINGLE GRANT MADE SINCE THE FUND'S CREATION IN 2011

THE GUARANTEES AND SECURITY IMPLICIT IN THE JOBS FUND INJECTION WILL MAKE IT POSSIBLE FOR TUHF TO RAISE DEBT FINANCING IN **THE ORDER OF R1 BILLION**

BEFORE THE END OF CALENDAR YEAR 2014 TUHF ENVISAGES PLACING ITS FIRST DOMESTIC MEDIUM-TERM NOTE ON THE JOHANNESBURG STOCK EXCHANGE TO

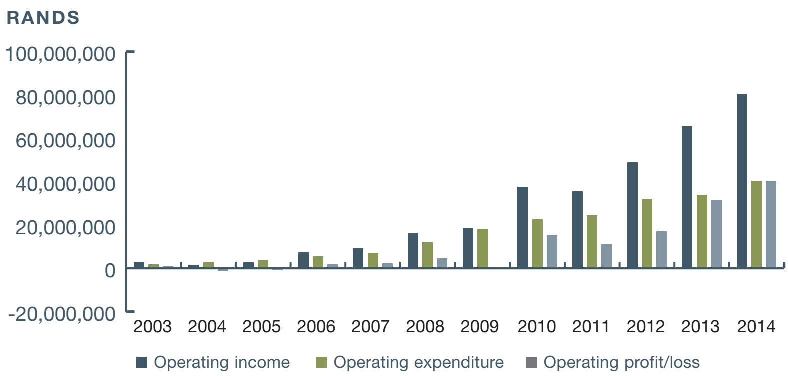
THE VALUE OF R280 MILLION

OUR AMBITION TO RAPIDLY ACHIEVE A BOOK **OF R3.5 BILLION TO R5 BILLION** REPRESENTING EVERY MAJOR CITY IN SA IS NOW WITHIN REACH

LOAN BOOK INCREASED TO R1.9 BILLION INVESTED IN THE INNER CITIES OF SOUTH AFRICA

R450 MILLION

IN DEBT CAPITAL RAISED UNDER EXTREMELY TRYING CIRCUMSTANCES DURING THE YEAR



Notes:

The Group has reported a stable track record over the past 11 years, with consistent growth in operating income and growth in profits exceeding the increase in costs.

During the 2014 year Group profits rose by 23% to R80.6 million accompanied by an 18% increase in costs.

GROUP STRUCTURE

THE TUHF TEAM

JOHANNESBURG OFFICE

1 JUSTINE SALOMAN

2 JANINE NOTHNAGEL

3 TONY MITCHELL

4 KERRI DU PREEZ

5 ANTOINETTE MITCHELL

6 ILONA ROODT

7 DESMOND KALAMER

8 KEABETSWE NKOTSWE

9 BELINDA COOKE

10 PRESSAGE NYONI

11 SUBAYGA OWNHOUSE

12 PAUL JACKSON
CEO

13 GUIDA CONSTANTINIDES

14 ROSE VALLOO

15 NANO MAKWELA

16 SAMEER KHAN

17 MARC SCHNEIDER

18 TINA BODILL

19 CHARMAINE METH

20 NTOMBI MAGAGULA

21 IMKE O'GRADY

22 LINDA DOTWANA

23 PHILANI NCUBE

24 MPUMI LEMBETE

25 PHINDILE NDLOVU

26 TRYPHINAH DAKANA

NOT PRESENT:
PORTIA GXABUZA

KWAZULU-NATAL REGIONAL OFFICE
From left to right: Shantel Latchminarain, Lusanda Netshifhefhe, Taryn-Lee van Wyk and Lenny Govender.

PORT ELIZABETH REGIONAL OFFICE
From left to right: Khulasande Naku and Khumbulani Chikomo.

BOARD OF DIRECTORS

Chairman: SAMSON MORABA

Samson Moraba is the chief executive officer of the National Housing Finance Corporation (NHFC). He has held this position since 1999.

Previously he was the executive director: IT at Standard Corporate and Merchant Bank where he served as a member of the Business Prioritisation Committee. Moraba's experience also includes being a senior consultant at Gemini Consulting and manager of the corporate finance division at JCI, a mining finance house.

He is a past chairman of the African Union for Housing Finance (2004 – 2007) and currently serves on numerous boards, including those of the Cape Town Community Housing Company and Community Property Holdings Limited.

Since 2004 Moraba has been a member of the licensing committee of the Financial Services Board, and served for three years on the Standing Committee for the Revision of the 1990 Bank Act at the South African Reserve Bank.

He holds a B.Com degree from Unisa and has completed a Programme for Management Development (PMD) at Harvard Business School.

Deputy chairman: CAS COOVADIA

Cas Coovadia is the managing director of the Banking Association of South Africa.

He played a central role in negotiations leading to the signing of the Financial Services Charter and is playing a leading role in the implementation of agreements reached in terms of the Charter. Coovadia was instrumental in the conceptualisation and establishment of the Community Bank in South Africa and is passionate about giving a broad spectrum of individuals access to financial services.

He is chairman of the National Business Initiative, president of the International Union for Housing Finance and chairman of the National Business Initiative. He also serves on the boards of the Centre for Development and Enterprise and the Nepad Business Foundation and is on the management committee of Business Unity South Africa (BUSA) serving as caretaker CEO. Coovadia serves as a member of council at the University of Witwatersrand.

He obtained his B.Com from the University College, Durban, in 1971 and completed a housing finance course with the Wharton Real Estate Centre at the University of Pennsylvania. He has contributed to numerous articles and publications on housing finance, civil society, local government and the role of civic organisations in governance.

Chief executive officer: PAUL JACKSON

Paul Jackson has been TUHF's CEO since its inception in 2003 and has been involved in development finance since 1987.

Jackson has played and continues to play an integral part in providing strong foundations through strategic direction and sound corporate governance which have seen the TUHF loan book grow to over R1.9 billion with more than 20,000 housing units being financed. As a result of TUHF's commitment to being a "Good Business Doing Good", thousands of families are now living in decent and affordable spaces; scores of property entrepreneurs have realised their dreams and areas that were once derelict and neglected have now been regenerated.

Before TUHF, Jackson held positions as senior operations manager at the Johannesburg Housing Company (JHC), general manager for the Transitional National Development Trust (TNDT) and divisional manager for Southern Africa at the Development Bank of Southern Africa. While he was at the TNDT, the Company was awarded first prize by the Johannesburg Stock Exchange (JSE)/Deloitte & Touche for corporate governance with a special acknowledgement for excellent achievement.

Jackson has held board directorships at the Mvula Trust, Alexander Social Housing Company, Brickfields Housing Company, Johannesburg Social Housing Company (JOSHCO) and the Centre for Affordable Housing Finance (CAHF).

He is a skilled economist with extensive experience in economic and financial analysis. Jackson holds a B.Sc in agricultural economics from the University of Natal and a B.Sc Honours degree from the University of Pretoria. He has also completed a property development programme at the University of Cape Town.

Board member: TAFFY ADLER

Taffy Adler is the CEO of the Housing Development Agency (HDA), a position he has held since the agency's inception in 2009. He brought to this position more than 30 years' experience of activism and leadership in the labour, communications, urban development and human settlement fields.

From 1976 to 1986, Adler was a full-time official in the nonracial trade union movement. At the same time he was the non-executive founding chairman of Sangonet, the first internet service provider in South Africa. In 1987 he became co-ordinator of the Labour and Economic Research Centre (LERC), and in 1991, the founding CEO of the Land Investment Trust.

Adler was also the founding CEO of the Johannesburg Housing Company (JHC), a position he held for 13 years.

Adler has held directorships in at least 20 development-orientated companies over the last 10 years. These include Section 21 not-for-profit companies as well as public entities. He has held several appointments which have given him a platform to influence national and international public policy. Such appointments have included being joint convener of the National Technical Committee of Housing Subsidies which developed the first housing subsidy scheme for a newly democratic South Africa, membership of the World Economic Forum's Global Council on Urban Management, and, from 1994 to 2009, advisor to the National Minister of Housing.

In 1999 Adler was named Gauteng Housing Person of the Year by the SA Housing Institute and in 2007 was South African Social Entrepreneur of the Year. He is also a Fellow of the Schwab Foundation.

Adler holds a B.A, a B. Phil in African studies and a M.Sc in building science from Wits University. He has lectured at the universities of the Witwatersrand and Cape Town, and has written or edited 19 journal articles and books.

Board member: ROBERT EMSLIE

In 2008 Robert Emslie retired after a 30-year career in the banking industry. He is currently a non-executive director on the boards of JSE-listed companies SilverBridge Holdings Limited and Finbond Group Limited. He is also a board member of a number of unlisted companies.

During his career in the financial services sector, Emslie served as the head of Absa Business Banking and Absa Africa, chief executive officer of Absa Corporate and Business Bank, managing executive of Absa Corporate and Absa Group Ltd as well as managing executive of Merchant Bank.

Emslie qualified as a chartered accountant CA (SA) in 1983 and holds a B.Com degree from the University of Johannesburg.

Board member: MANDU MAMATELA

Mandu Mamatela is the executive manager, corporate strategy, at the National Housing Finance Corporation (NHFC).

Mamatela has extensive experience in financial and management accounting and cost-benefit analysis. Her industry exposure includes the motor industry (both manufacturing and marketing) at companies such as BMW SA and Land Rover SA. She also has experience in the energy and financial services industries.

Mamatela completed the international executive development programme (IEDP) UK at Wits Business School and holds a MBA from North West University. Mamatela also obtained an associate accountant technician (AAT) qualification through the South African Institute of Chartered Accountants (SAICA).

Board member: JILL STRELITZ

Jill Strelitz is the executive director of the New Housing Company (Newhco), a non-profit, public benefit organisation.

Strelitz has been involved in housing since 1980 when she joined the Urban Foundation, a private-sector non-profit organisation. At the time that the Urban Foundation closed in 1994 she was the executive director for housing. Following her time at the Urban Foundation, Strelitz was senior manager: special projects at Anglo-American Property Services. She later joined the National Urban Reconstruction and Housing Agency (NURCHA) as the executive director responsible for operations and, later, business development.

Strelitz was named the National Housing Person of the Year in 1994. She is a non-executive director of the board of the Johannesburg Housing Company (JHC).

Strelitz has an Honours degree in Sociology and a Masters degree in town and regional planning, as well as a diploma in financial instruments. She also completed a six-week executive development programme run jointly by the University of the Witwatersrand and Harvard Business School.

CHAIRMAN'S STATEMENT

"AS IS REPORTED IN THESE PAGES, IN THE YEAR REVIEWED, TUHF RAISED LOAN APPROVALS AND DISBURSEMENTS TO RECORD LEVELS; OPERATING PROFITS REACHED A MOST PLEASING R40.2 MILLION AND WE ENTRENCHED AND BROADENED OUR DEVELOPMENTAL IMPACT IN THE INNER CITY AREAS IN WHICH WE OPERATE."

SAMSON MORABA
CHAIRMAN

The economic outlook for South Africa remains clouded by uncertainty and the socioeconomic challenges of eradicating poverty, inequality and unemployment are as daunting as before, yet demand for decent affordable housing close to people's places of work is as strong as ever, a demand that will continue to underpin and drive the entrepreneurial endeavours of our clients and the transformation of our run-down inner cities into decent, even desirable, places in which to live, work and invest.

TUHF was born out of a vision and a belief that we could make a very real, very positive difference. For over a decade our directors, management and all at TUHF have worked with the utmost diligence – invariably under daunting circumstances – to position the business, to realise this potential and the desired outcomes for which we have always stood. We now believe we are able to state, with the greatest pride and humility, that that potential is on the cusp of realisation.

In almost all material respects Financial Year 2014 can be considered a year of unparalleled achievement for TUHF.

As is reported in these pages, in the year reviewed, TUHF raised loan approvals and disbursements to record levels; operating profits reached a most pleasing R40.2 million and we entrenched and broadened our developmental impact in the inner-city areas in which we operate.

All of this was achieved despite debt funding remaining extremely difficult to source and there being no prospects for any improvement in the foreseeable future. TUHF continues to rely almost exclusively on the asset-management industry for debt capital. 2015 marks the year in which domestic commercial banks will be required to implement the liquidity coverage requirements of Basel III, and we envisage that these institutions will continue to redline inner city areas as they have done since the beginning of the financial crisis in 2008.

On all levels, TUHF is in extremely good shape. Despite the above-mentioned funding constraints, which continued to affect us in the year reviewed, we maintained and grew our ability to empower previously disadvantaged entrepreneurs (of whom we now count more than 100 among our clients) and to deliver quality affordable housing units. The level of support which we offer particularly to new entrants to the affordable rental housing sector remained as high as ever. While non-performing loans rose this year, this could be largely ascribed to two projects in the greater Durban area, both of which are receiving the hands-on attention of senior management. Our levels of non-performing or doubtful loans remain well within industry norms.

The challenge of sourcing wholesale financing with which to fund our lending activities has been a common theme in our reporting activities for several years but is now likely to become much less of a concern to TUHF. The short- and medium-term prospects for our organisation have fundamentally changed due to the recent decision by the National Treasury's Jobs Fund to make R200 million in grant funding available to TUHF. That the Jobs Fund has decided, after extensive evaluation and due-diligence investigations, to make such a significant investment in our work speaks volumes about the success with which all at TUHF have conducted their business since 2003.

As the officers of the Jobs Fund found to their satisfaction, TUHF's business model, its business practices and standards of governance encourage, facilitate and foster entrepreneurship, meaningful and truly broad-based black economic empowerment, investment in socially valuable infrastructure and job creation. Perhaps most significantly, the Jobs Fund's investment in TUHF signals that they believe (as we have always believed) that our fundamental credo – of doing good business while doing good – is sustainable over the longer term.

Just what the Jobs Fund grant will mean to TUHF is explored further in the chief executive officer's report and I do not intend detracting from the detail contained in his report, but it bears noting in this space that doubling our capital base from R210 million to over R400 million – a development which the fund's grant entails – will be sufficient to catapult our organisation into an entirely new, very exciting era.

We intend utilising the Job Fund's R200 million grant as a catalyst to raise some R1 billion in funds, funds which will not only substantially alleviate the financing constraints under which TUHF has laboured for at least the last five years but which will allow us to finally unleash our great potential to spur inner city entrepreneurial activity and urban upliftment.

With a now assured access to funding, TUHF must move decisively to realise its potential. We are confident that we have the plans, processes and policies required to take TUHF to the next level, to continue building on the very many successes of the past and to ensure that we have the most profound impact possible on the areas and the communities in which we operate.

To this end the board has approved a substantial increase in TUHF's operating budgets in Financial Year 2015. This increased expenditure is necessary to facilitate our organic expansion into new areas in Gauteng and elsewhere in South Africa, to build and extend the TUHF brand beyond those people on the streets of downtown Johannesburg, Durban and Port Elizabeth who already know and appreciate our values, our people and the work we do.

We also acknowledge that issuing a domestic medium-term note and our heightened interaction with the local capital markets, as well as the opportunities which the Financial Services Charter presents to TUHF, will expose us to a wide range of new stakeholders with whom we will need to communicate energetically and proactively. All of this will require increased activity – and expenditure – but the board is satisfied that the prudence that has historically characterised TUHF's internal control over operational expenditure will be carried forward into what promises to be a most exciting if, no doubt, challenging future.

The changes and challenges attendant on the new era on which we embark require us to transition TUHF from a private to a public entity, a development that will demand enhancements to our operating and governance procedures and the deployment of additional resources. At the time of writing, preparations relating to all required processes for TUHF's new legal structure were well in hand and being executed to the board's detailed satisfaction.

As we have noted before, TUHF has sought for some time to secure a third institutional shareholder. We remain open to investment by like-minded parties who can contribute real value to our business, but it will be readily appreciated that the Jobs Fund's vote of confidence means this objective is now no longer the imperative it once was.

"WITH A NOW ASSURED ACCESS TO FUNDING, TUHF MUST MOVE DECISIVELY TO REALISE ITS POTENTIAL. WE ARE CONFIDENT THAT WE HAVE THE PLANS, PROCESSES AND POLICIES REQUIRED TO TAKE TUHF TO THE NEXT LEVEL, TO CONTINUE BUILDING ON THE VERY MANY SUCCESSES OF THE PAST AND TO ENSURE THAT WE HAVE THE MOST PROFOUND IMPACT POSSIBLE ON THE AREAS AND THE COMMUNITIES IN WHICH WE OPERATE."

As we chart a new course for TUHF we remain rooted in our belief that doing great good and great business are two sides of the same coin. And, for as long as we exist, partnerships will be at the heart of all that we do. So I take pride in saluting our partners, our shareholders, funders and those who have played such an important part in our success to date. But most of all, I salute the TUHF people – our hardworking management and staff, our clients, their tenants and communities.

We embrace an exciting future with great confidence, secure in the knowledge that we can rely on the support of many talented, committed individuals and organisations.

SAMSON MORABA

CEO'S STATEMENT

"IN PARTICULAR THIS YEAR WE HIGHLIGHT THE VERY SUBSTANTIAL CONTRIBUTIONS THAT TUHF'S WORK AND FINANCING ACTIVITIES MAKE TOWARDS ADDRESSING THAT MOST CRITICAL NATIONAL PRIORITY: JOB CREATION, ESPECIALLY IN OUR INNER CITIES."

PAUL JACKSON
CHIEF EXECUTIVE OFFICER

Since inception, TUHF has pursued broader socioeconomic outcomes as much as it has focused on the financial bottom line. We are proud of our now eleven-year track record of empowering entrepreneurs and of turning bad buildings and bad areas into good buildings and great areas while remaining both profitable and sustainable.

As such, integrated thinking has always been at the heart of what TUHF does and what we are about. In this report we continue our journey towards more integrated reporting, including, for the first time, an independent assessment of our socioeconomic impact. This research will be continued and expanded in future, with greater use being made of bespoke data-capturing methodologies, especially as they enable us to capture and interrogate information on our job creation and environmental impacts.

The socioeconomic impact assessment information contained in these pages does not address the significant strides we have made in the past two years in facilitating energy efficiency and water recycling in TUHF-financed buildings.

By financing such improvements as heat pumps, solar panels, smart metering, energy-efficient lighting, dual flushing and enhanced shower heads – all of which are cost-saving or at least cost-neutral – TUHF is making a material contribution to greening inner city areas.

In particular this year we highlight the very substantial contributions that TUHF's work and financing activities make towards addressing that most critical national priority: job creation, especially in our inner cities.

In Financial Year 2014 some 37% of our disbursements were for converting properties from uses other than residential. Increasingly, our clients are turning derelict or run-down office, even factory, buildings into decent rental accommodation in which low-income individuals and families can live in comfort and pursue their dreams in vibrant, secure communities.

Conversions necessarily entail major outlays; builders, bricklayers, electricians, plumbers, painters, tilers, welders and plasterers are typically on site for several months at a time. Contracts range in size from a few hundred thousand rand to many millions, and from a dozen or so workers to several hundred. Then, when a contractor delivers a converted building to the owner, more long-term jobs are created: managers, cleaners, maintenance crews, security, gardeners, accountants and various different services companies, plus the many people who find employment in the retail components of upgraded buildings.

We have begun to put numbers to the real, long-term jobs that our interventions catalyse but, as mentioned, work remains to be done to determine more precisely TUHF's job creation track record. We can, however, point with certainty to many individual TUHF-financed businesses where the jobs created by the investments we have made possible are readily and easily quantifiable.

It was this tangible impact that convinced the National Treasury's Job Fund not only of TUHF's bona fides but of our ability to facilitate sustainable employment. As referred to by our chairman in his letter, this year the Jobs Fund agreed to grant TUHF the sum of R200 million. This amount, the fund's administrators believe, will translate into the creation of 6,345 permanent jobs. It is impossible to overstate the significance of the Jobs Fund's vote of confidence (the largest single grant made since the fund's creation in 2011) not only to the fortunes and prospects of TUHF but, more pertinently, to our mission to transform and uplift our inner cities while accelerating the development of entrepreneurship.

In the early years of TUHF's existence our business relied almost entirely on funding from a small number of development finance institutions. As time went by some commercial banks began to extend credit to TUHF, but this funding came to an abrupt end with the worldwide financial turmoil of 2008. In the wake of that international credit crisis and with the implications of the Basel III regime looming, TUHF became increasingly dependent on the asset-management industry for its funding, our most valued partner, Futuregrowth, extending the debt capital that at least allowed us to meet a substantial part of the pent-up demand for affordable inner city housing financing.

The guarantees and security implicit in the Jobs Fund injection into TUHF will make it possible for us to raise debt financing in the order of R800 million, at rates considerably more favourable than those that TUHF has hitherto been able to negotiate.

Before the end of calendar year 2014 TUHF envisages placing its first domestic medium-term note in the order of R280 million – the first tranche of an R800 million note programme which we believe we will be able to issue at competitive rates. I am delighted to inform you that in July 2014, ratings agency Global Credit Ratings assessed TUHF's debt at BBB+ without the credit enhancement brought about by the Jobs Fund. Our objective, with the credit enhancement included, is a rating of A- or better. This endorsement from a reputable agency means that TUHF will be in a position to raise funding both at volumes we require and at more effective rates. For a business that operates on margins of 3.5%, the implications of this development are obvious.

Being able to approach the domestic debt markets directly, with considerable confidence in the outcome of our offering, means that for the foreseeable future at least, TUHF's supply of debt financing is assured. The breathing space this will give our business will inspire renewed vigour throughout the organisation. But much more importantly, the assurance that we now have recourse to a reliable source of debt funding frees TUHF from the financing shackles that have bound it since 2003. Our ambition, to rapidly achieve a book in the order of R3.5 billion to R5 billion representing every major city in SA, is now within reach.

TUHF ended the year under review with a loan book that had increased to R1.9 billion, having raised some R450 million in debt capital under extremely trying circumstances during the year. Our success in sourcing this funding was only due to TUHF's solid record of returning sustainable and growing returns in a market for which only a few financiers have any appetite. Repeating a refrain that has been echoed in these reports for several years, capital markets remained illiquid and consequently expensive.

Operating income reached R80.6 million and disbursements stood at R382 million, well up from the R301 million averaged over the previous three years. The fact that we were able to achieve such a pleasing result for our shareholders was largely thanks to the cost-effectiveness with which we continue to perform; operating costs rising 18.5% this year.

On several fronts, sentiment towards the inner cities and towards SME financing bodes well for TUHF. While the concept of financial inclusion has been a key theme in the banking sector worldwide, there is a new and growing concern with the financing of micro, small and medium enterprises – and their job creating potential. (Although TUHF is frequently considered a low-cost housing finance institution, the truth is that we finance entrepreneurs and small businesspeople, and that housing is a primary outcome of this funding.)

Improved sentiment towards South Africa's inner cities was evidenced this year in the move by real estate investment trusts into this space and generally much more positive perceptions of the inner city as a destination for investment.

"TUHF IS ABOUT TO UNDERGO A PERIOD OF VERY PROFOUND, VERY SUBSTANTIAL CHANGE AND GROWTH. THESE ARE EXCITING TIMES FOR OUR BUSINESS AND I LOOK FORWARD TO REPORTING NEXT YEAR ON A PERIOD OF MUCH GREATER IMPACT."

Another trend that plays to TUHF's advantage is the growing awareness amongst financial institutions that they need to begin putting in place concrete measures to meet their obligations in terms of the Financial Services Charter. Promulgated in November 2012, the charter obliges banking institutions and insurance companies to invest the amount of R122 billion in, particularly, affordable housing, "transformational infrastructure" and black SME's. This year TUHF staff invested significant time and effort in the process of achieving accreditation with the Financial Services Charter Council, a cumbersome process but one that is expected to be successfully completed soon. Such accreditation will position TUHF to implement the Charter's required investment on behalf of affected financial institutions either through directly channeling funds towards transformational infrastructure, black entrepreneurs and affordable housing or through purchases of our medium-term notes.

Regrettably, the improved sentiment towards the inner city that is now becoming apparent cannot be ascribed to the efforts of local government, which generally struggles to meet its obligations both in terms of capacity and competence. We continue, however, to work closely with local government in all areas where our efforts, expertise and interventions can make a positive difference to our cities' spaces – and these interventions are invariably well received by the more progressive elements within our metropolitan municipalities. In Johannesburg, in particular, we believe that TUHF can make a positive contribution by facilitating the conversion of many of the now derelict council-owned properties into affordable housing units. We intend actively pursuing this avenue in the new year.

In Financial Year 2015 management's attention will be largely focused on maximising the various new opportunities to secure funding as well as on a more concerted expansion of our geographic footprint. Our recent expansions into the Durban and Port Elizabeth markets have been conspicuously successful. In these centres we have recruited and trained highly competent staff to direct and grow our operations. We will use the same approach – of training and imbuing new staff with the TUHF ethos at head office – as we move into new areas. In the near term we envisage expanding the TUHF brand and operations to such centres as Polokwane, Pretoria, East London, the Vaal Triangle, the far East Rand, Bloemfontein and Nelspruit. (Not all of these new areas of operation will require dedicated staff and offices.)

To achieve this expansion and to grow and entrench our brand among new stakeholders, the board has approved an increase in our operating budget, from some R38 million in Financial Year 2014 to R58 million in Financial Year 2015. Despite the anticipated growth in both the size and complexity of our business, we shall continue to apply the highest standards of self-restraint, accountability and transparency. This is especially true in the case of our stewardship of the funds allocated to TUHF by the Jobs Fund. This taxpayer money will be deployed with the great circumspection and competence and the utmost accountability.

TUHF is about to undergo a period of very profound, very substantial change and growth. These are exciting times for our business and I look forward to reporting next year on a period of much greater impact. While the scale of our work will doubtless increase, the essence of what we do and how we do it will remain the same – the doors of a bigger TUHF will always remain open to the domestic worker who comes to see us wanting to talk about the dream she has, but which she thinks no one else will understand.

In closing I salute our partners, Futuregrowth, the National Housing Finance Corporation, the Public Investment Corporation, Cadiz Asset Management, Atlantic Asset Management, the Gauteng Partnership Fund, the New Housing Company, Standard Bank, the Development Bank of South Africa, Mergence Investment Managers and Stanlib for their unswerving faith in TUHF to date. We look forward with great anticipation and great confidence to embarking on the next stage of our history in firm partnership with them.

In particular my thanks and congratulations are due to my staff and board of directors whose diligence and commitment to making a difference have propelled us to this auspicious point.

PAUL JACKSON

CASE STUDIES

TUHF'S BUSINESS MODEL, ITS BUSINESS PRACTICES AND STANDARDS OF GOVERNANCE ENCOURAGE, FACILITATE AND FOSTER ENTREPRENEURSHIP, MEANINGFUL AND TRULY BROAD-BASED BLACK ECONOMIC EMPOWERMENT, INVESTMENT IN SOCIALLY VALUABLE INFRASTRUCTURE AND JOB CREATION.

THE BIGGER PICTURE • MORE THAN JUST FINANCE •

ACQUIRING A TASTE FOR AFFORDABLE RENTAL DEVELOPMENT

For most of its long history, Rosettenville, south of the Johannesburg CBD, has been the first port of call for tens of thousands of Portuguese-speaking migrants seeking new lives in the City of Gold.

To this day, Rosettenville retains a distinctly Portuguese flavour – a flavour now known around the world thanks to the worldwide fast food phenomenon, Nando's, the peri-peri chicken chain of restaurants that first opened in this suburb in 1987.

Whereas Rosettenville has traditionally been a white working class area, the demographic changes that have swept Johannesburg in recent decades have left their imprint on this southern suburb with new migrants from across South Africa and the continent continuously arriving and wanting to live there.

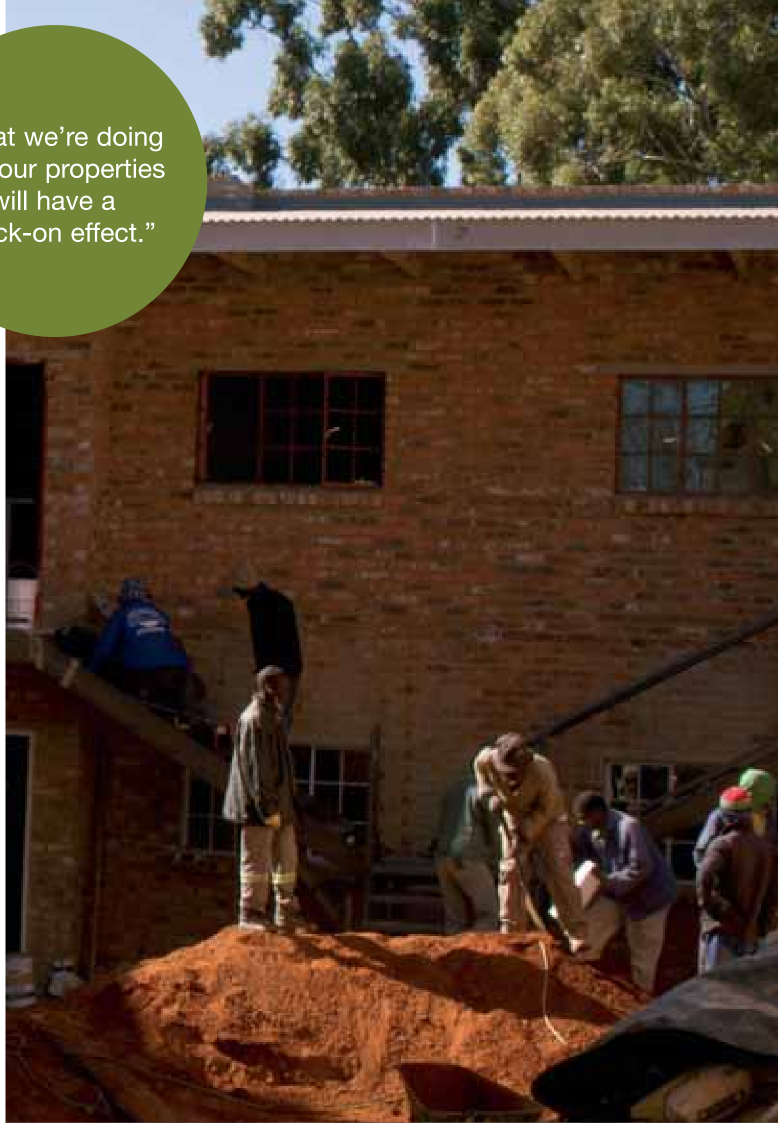
Accommodation in the area is mostly low density – a mix of free-standing and semi-detached houses and smaller, low-rise apartment blocks – and today the demand for accommodation easily outstrips supply. Rosettenville's attractiveness to individuals and families has to do with the area's easy access to the city centre and the fact that it remains much less crowded than many of the suburbs that surround the CBD, particularly to its north and east.

In future Rosettenville is likely to become even more attractive to low-income residents with the City of Johannesburg's 2040 long-term planning envisaging it being densified and developed for mixed use including retail, commercial and residential. Improved rail and bus access will further enhance the area's desirability.

Recently, architect Jason Berchowitz has come to appreciate Rosettenville's appeal to low-income would-be tenants and its potential for urban renewal. Berchowitz, whose practice is based in Glenhazel, explains that a good friend of his recently asked whether he would be interested in buying two small properties that had just been auctioned. The friend had bought the two double-storey properties, on Garden St, consisting of eight large one-bedroom units, at the auction but then realised that they did not fit in with his, by then, very substantial portfolio of larger low-income rental accommodation.

Berchowitz was no stranger to the inner city low-income rental market, having consulted with a number of clients (his friend included) on several renovations, some of them consisting of just a handful of units and some of literally hundreds of flats. When his friend asked whether he would be interested in buying the two properties, Berchowitz realised that this could be just the investment he had been looking for and agreed to pay a combined R1.5 million.

“What we’re doing with our properties will have a knock-on effect.”



By mid-2014 Berchowitz had invested a further R1.8 million in renovations and in adding four units at the rear of each property. With other costs (including legal and transfer fees and duties) of some R200,000, the architect and now property developer was invested in Rosettenville to the tune of some R3.5 million.

The face brick properties were in a reasonably good condition and refurbishment mostly consisted of upgrading the interiors, painting and installing new kitchenettes and fittings. The new build apartments have cost some R4,000/m². Building and renovations have been carried out by contractors Chargeprop with six employees permanently on site and as many as 20 workers, including subcontractors working at any one time.

The 24 units will be leased as two-bedroom apartments of 45m² for rentals of R3,300 per month.

Another selling point for Trilby Court and Caroline Court will be the fact that Berchowitz has invested R150,000 in a 50,000-litre heat-pump hot-water system which he predicts will mean water heating bills that will be just 20% of conventional electricity costs. Once let, the properties will be managed by a locally-based agent.

Berchowitz, who has three young sons, says his first foray into property development represents an investment in his family’s future, an opportunity to earn annuity income when he one day retires and stops earning a fee-based professional income. But he stresses that his investment probably won’t be assured unless he and his team do their bit to uplift not only Garden St but the area around it. “What we’re doing with our properties will have a knock-on effect,” says Berchowitz. “We also hope to buy nearby properties, do them up and create decent living spaces for our tenants, and create, property by property, a greater and greater positive knock-on effect in the community of Rosettenville.”

Explaining that he turned to TUHF because other banks saw only the negative in suburbs like Rosettenville “and nothing of the positive”, Berchowitz says there is a huge and growing demand for accommodation in the area. “Right now Rosettenville is a pretty good place to live; bit by bit, people like us are going to make it a great place to live.”

“WE ALSO HOPE TO BUY NEARBY PROPERTIES, DO THEM UP AND CREATE DECENT LIVING SPACES FOR OUR TENANTS, AND CREATE, PROPERTY BY PROPERTY, A GREATER AND GREATER POSITIVE KNOCK-ON EFFECT IN THE COMMUNITY OF ROSETTENVILLE.”

Jason Berchowitz

THE BIGGER PICTURE • MORE THAN JUST FINANCE •

KEEPING IT IN THE FAMILY

It was Sizakele Majola's mother who got her into the inner city low-cost accommodation business.

"My mom had a project that was financed by TUHF," she explains. "But she didn't drive, so I would drive her to events hosted by TUHF. And, of course, while I was there, I listened to what was going on and what was being said. And now I am a TUHF client myself."

In 2013 Majola identified an opportunity – a small apartment building in the heart of Hillbrow, on the corner of Banket and Kapteijn streets. The building, Minfield Flats, had been virtually hijacked and was in a dreadful condition, rubbish filling its passages and exposed live electrical cables posing a real danger to those living there.

Buying the building was the relatively easy part of Majola's first venture into low-income rental accommodation; turning the building around, fixing it up and making it a sustainable investment would be much harder. "That is why TUHF was so important to me," says the City of Johannesburg emergency services professional. "TUHF was realistic; they helped me to plan what the building would cost to renovate, what all the other expenses would be and what cash flow I could expect." (Majola paid R1.8 million for Minfield Flats and budgeted R650,000 to renovate it.)

TUHF also advised the new property entrepreneur on the processes involved in having the building vacated so that the builders and renovators could move in. Working through the Housing Tribunal an eviction order was obtained and executed. By July 2014 the once dilapidated Minfield Flats had been transformed; 29 smart new units (including three small ground-floor spaza shops) had been carved out of the once decaying property; a fire escape meeting SABS standards and access control had been installed and tenants had already moved in, paying R1,300 and R2,500 for the 12m^2 and 18m^2 studio flats.

Immaculate Painters & Renovations had just a month in which to transform Minfield. As project manager Mandla Radebe explained, the work included getting rid of a passage that ran from the front of the building to the rear and that served no real purpose other than to provide dark recesses that undermined the building's security. The space claimed from the passage was used to enlarge the apartments while the builders also installed communal sinks and shelves and bathrooms for each group of four flats.

To illustrate what a terrible state Minfield was in at the time that he and his crew of 15 came on site, Radebe mentions that some 2.4 tons of rubbish was removed from the passages. (Rubble removed from Minfield during the month-long renovation filled ten truckloads.)

Apart from 15 Immaculate employees, more than a dozen sub-contractors were on site at any one time, carrying out electrical work, plumbing, carpentry, tiling and welding, each sub-contractor employing four to six people on the job, according to Radebe.

From July 2014 Minfield Flats has employed three full-time staff – a security person, a cleaner and a caretaker. The three small spaza shops are leased by informal traders for R3,500 per month, their presence boosting security and creating a welcome measure of economic activity.

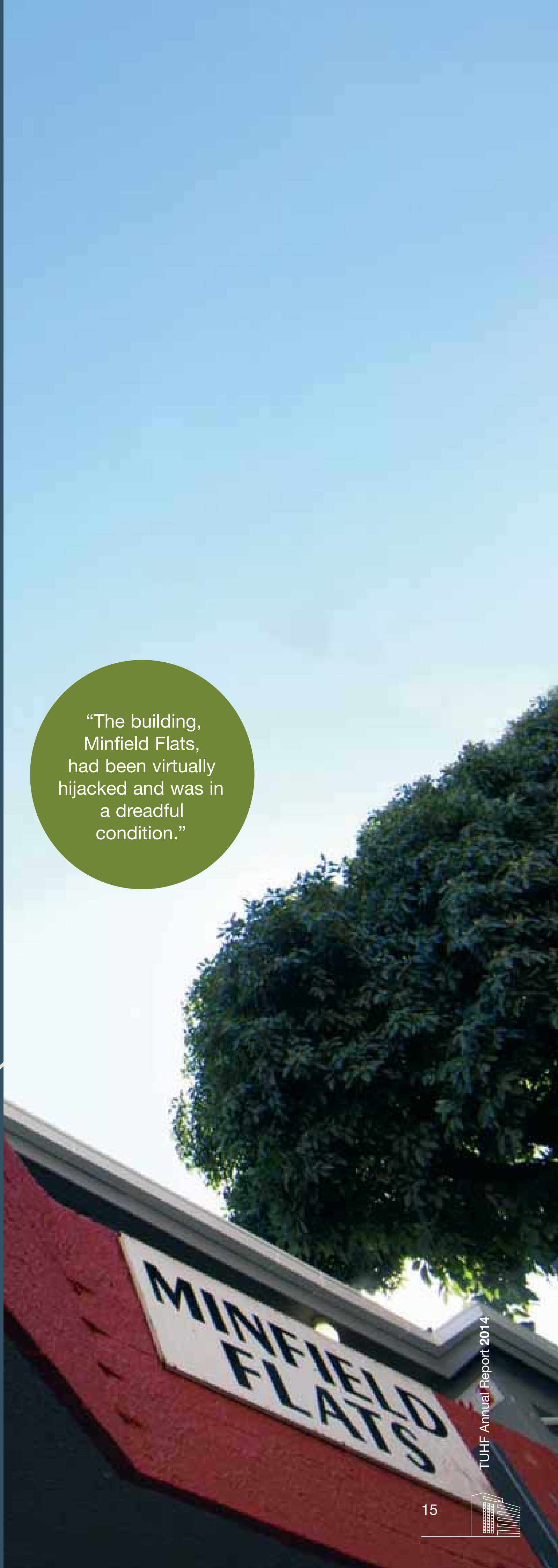
The new owner is proud of the impact her hard work and investment are having on a small corner of teeming Hillbrow. “This is one of the hardest places in the city in which to do business,” Majola says. “But you can make money if you manage and control the place properly, and make sure that your tenants feel they are living in a good, secure place and that they are being well looked after.

“TUHF have looked after me exceptionally well – especially [CEO] Paul Jackson and [loan officer] Rekwele Mmatli – and I intend to look after my building and my tenants just as well.”

“TUHF HAVE LOOKED AFTER ME EXCEPTIONALLY WELL – ESPECIALLY [CEO] PAUL JACKSON AND [LOAN OFFICER] REKWELE MMATLI – AND I INTEND TO LOOK AFTER MY BUILDING AND MY TENANTS JUST AS WELL.”

Sizakele Majola

“The building, Minfield Flats, had been virtually hijacked and was in a dreadful condition.”



THE BIGGER PICTURE • MORE THAN JUST FINANCE •

WINNING BACK JEPPESTOWN

PROPERTY developer Dawie Swart has big plans for what is today a run-down part of Jeppestown, Johannesburg.

Swart's plans go beyond buying blocks of flats, fixing them up and turning them into decent accommodation. Instead he talks about creating "a neighbourhood", turning "a dead area" into a community in which people will want to live, shop, work, socialise and raise their families.

In the property business since he was 19 years old, Swart bought his first building in Jeppestown in 2005. Financed by TUHF, the building was subsequently hijacked but Swart was determined to make his investment (and Jeppestown) work and he fought tooth and nail until eventually he won back control of the property.

Most recently Swart bought 28 Betty Street, a four-storey building that was once a clothing factory and that he and his partners are now converting into 84 flats; 60 two-bedroom ($38m^2$ – $42m^2$) and 24 one-bedroom ($25m^2$ – $28m^2$) apartments. As well as transforming the interior of the building, builders are adding another floor to the property. On the ground floor Swart is putting in quality retail space and he sees Betty Street, which is literally down the road from the Jeppe Police Station, being turned into a one-way with cobbled paving. "We're going to create a quality living area, where people will want to live, where they'll feel invested in their neighbourhood. It'll be a bit like the Maboneng Precinct [closer to the Johannesburg CBD]," he says. Rents at Betty Street will be a reasonable R2,800 for one-bedroom units and R3,500 for two-bedroom units.

Swart will be heavily invested in the neighbourhood he envisages creating out of an area where, despite its proximity to a large police station, people have been afraid to venture at night – his company, Salt City, will eventually have 260 low-income units in Jeppestown, all financed by TUHF. And his investment is considerable. Swart bought 28 Betty Street in 2013 for R5.25 million but renovating the property and equipping it for its new residential use will cost double that amount. In total the entrepreneur expects to spend R40 million on renovations at his Jeppestown portfolio, at an approximate cost of R100,000 per apartment.

Being carried out at cost by Swart's partners, Inkanyeli Projects, the 28 Betty Street renovation began in April 2014 and was scheduled to be completed by the time of the builders' year-end holidays, ready to welcome new residents in January 2015.

Once fully let, 28 Betty Street will employ 14 people full-time: nine security and five management, maintenance and cleaning staff. This is apart from part-time employment that will be created. For eight months in 2014 some 70 people would have worked full-time on 28 Betty Street.

"A building doesn't exist in isolation from its surroundings."

Swart's vision for "his" part of Jeppestown will not only secure his and his partners' investment, it will have the effect of winning back another part of inner city Johannesburg from decades of neglect, crime and grime. "A building doesn't exist in isolation from its surroundings," says Swart. "If you want a building to work, the area around it has to work; people want to feel part of a community. And when they feel that they are part of a community, they will help you to look after the area. It's a very satisfying feeling knowing that we're not just doing up a few buildings but that we're uplifting a whole part of Joburg."

"IF YOU WANT A BUILDING TO WORK, THE AREA AROUND IT HAS TO WORK; PEOPLE WANT TO FEEL PART OF A COMMUNITY. AND WHEN THEY FEEL THAT THEY ARE PART OF A COMMUNITY, THEY WILL HELP YOU TO LOOK AFTER THE AREA. IT'S A VERY SATISFYING FEELING KNOWING THAT WE'RE NOT JUST DOING UP A FEW BUILDINGS BUT THAT WE'RE UPLIFTING A WHOLE PART OF JOBURG."

Dawie Swart

NEW "YORK HOUSE" TO BREATHE LIFE INTO CBD

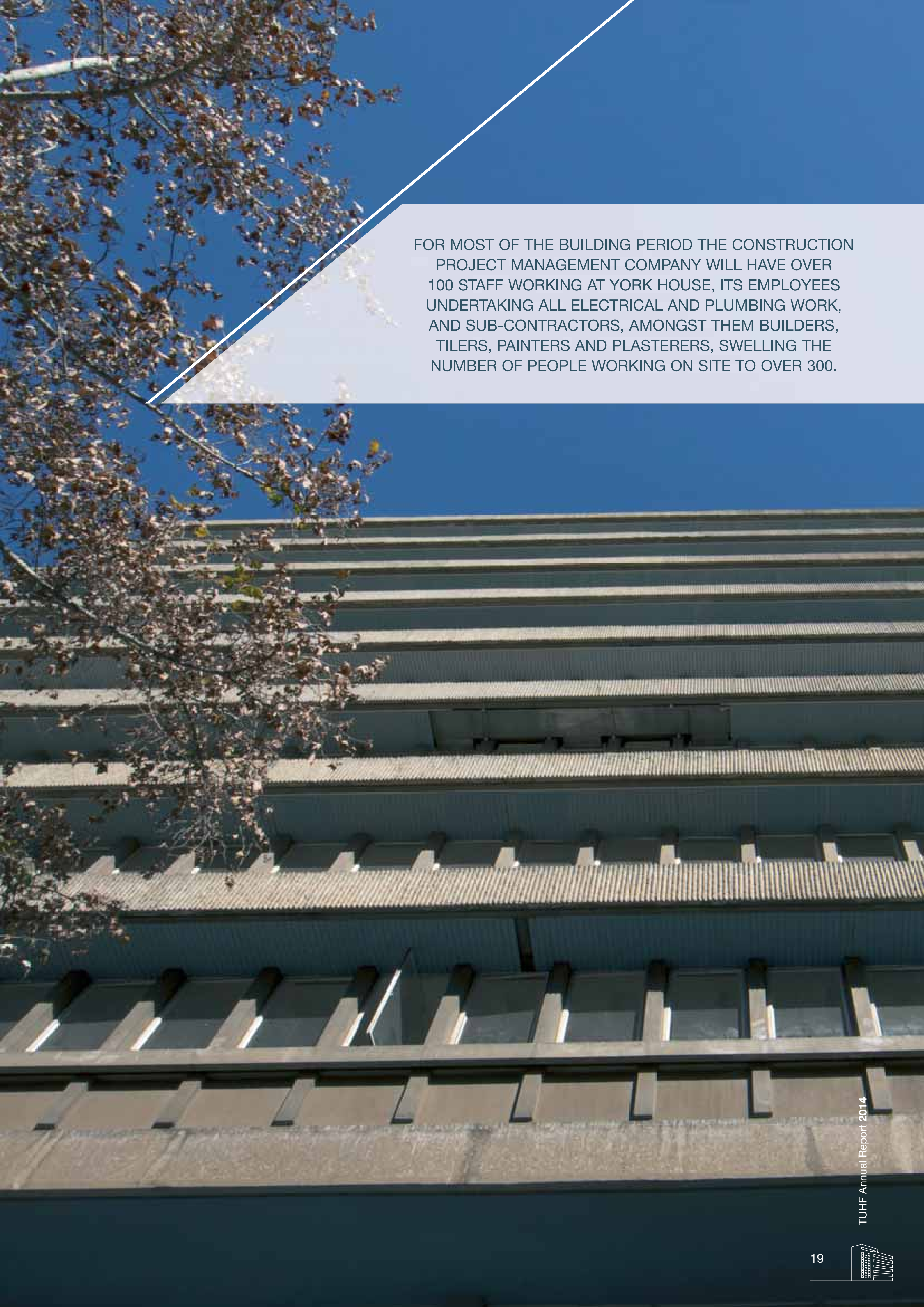
In the very heart of downtown Johannesburg, for decades York House was home to dozens of companies and hundreds of their office staff.

But when the area went into decline, demand for office space in the CBD went with it and for years York House, near the corner of Pritchard and Rissik streets, stood derelict. More recently, its interior fixtures, including most of the electrical wiring, were stolen and the vacant building stood as a forlorn monument to more prosperous times.

Now York House is being reborn, its interior gutted and reconfigured to provide upmarket but affordable family accommodation. The new York House, which will be ready for occupation in early 2015, will offer over 200 units, all with bathrooms and kitchens, for rentals ranging between R2,500 and R4,500. Contractors will be on site for eight months, undertaking a massive 15,000m² refit that will cost in excess of R20 million.

For most of the building period the construction project management company will have over 100 staff working at York House, its employees undertaking all electrical and plumbing work, and sub-contractors, amongst them builders, tilers, painters and plasterers, swelling the number of people working on site to over 300. While turning York House into desirable accommodation with all modern amenities, an additional two floors will be added, taking the property's two wings to 11 storeys each.

York House is located just a block from the Johannesburg City Hall (which houses the Gauteng Provincial Legislature) and a well-established shopping centre. It is no more than two blocks from one of the inner city's best-loved open spaces, Beyers Naude Square, and is a short stroll from the newly-renovated Central Library, one of Johannesburg's most priceless cultural assets. In time the property will have direct access to an adjoining property which the same owners are also turning into apartments, bringing to approximately 1,000 the number of people who will call that stretch of Pritchard Street home – while 100 people will go to work there every day.



FOR MOST OF THE BUILDING PERIOD THE CONSTRUCTION PROJECT MANAGEMENT COMPANY WILL HAVE OVER 100 STAFF WORKING AT YORK HOUSE, ITS EMPLOYEES UNDERTAKING ALL ELECTRICAL AND PLUMBING WORK, AND SUB-CONTRACTORS, AMONGST THEM BUILDERS, TILERS, PAINTERS AND PLASTERERS, SWELLING THE NUMBER OF PEOPLE WORKING ON SITE TO OVER 300.

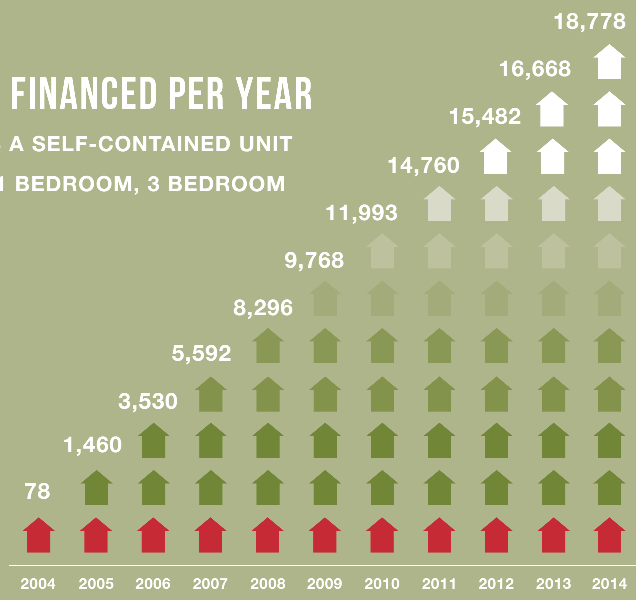
TUHF'S SOCIAL IMPACT

"TUHF GOES TO AREAS WHERE NO ONE ELSE WILL GO AND ACTS AS A CATALYST. IT JUST TAKES ONE BEAUTIFUL, WELL-MANAGED BUILDING IN AN AREA TO GIVE PEOPLE HOPE AND TO GET OTHER INVESTORS TO TAKE NOTICE."

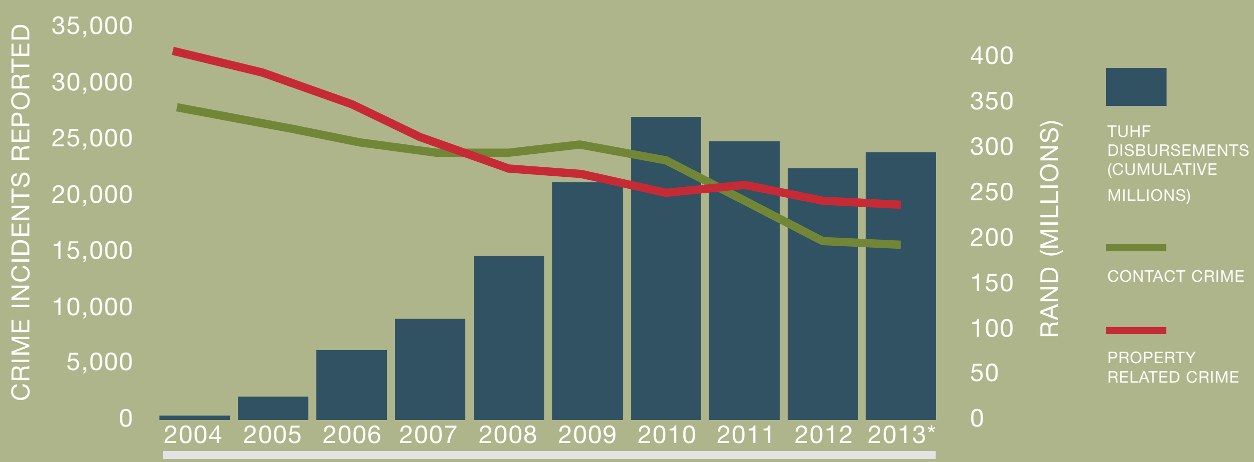
– NATHI MTHETHWA, CITY OF JOHANNESBURG REGIONAL DIRECTOR FOR REGION F

RENTAL UNITS FINANCED PER YEAR

A UNIT IS SEEN AS A SELF-CONTAINED UNIT OR ROOM – BE IT 1 BEDROOM, 3 BEDROOM OR A FAMILY UNIT.

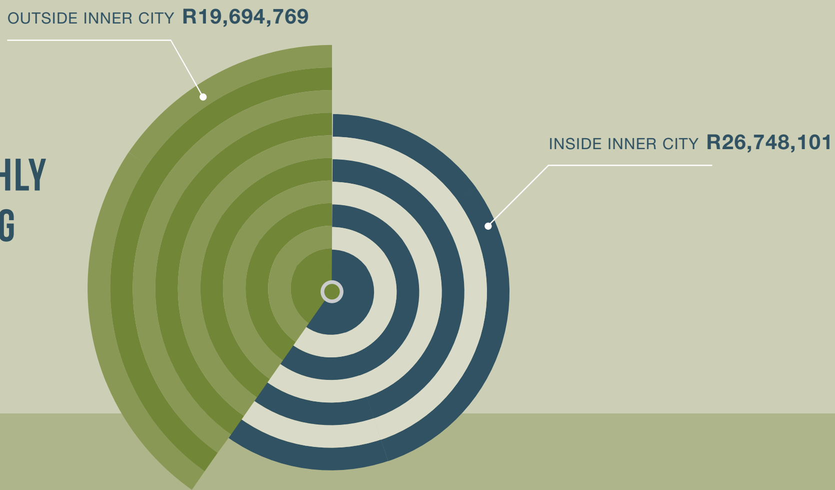


DISBURSEMENTS VS CRIME STATISTICS IN JOHANNESBURG INNER CITIES



** 2013 calendar year includes 9 months of Financial Year 2014.*

TUHF TENANT MONTHLY CONSUMER SPENDING



“WITH TENANTS SEEKING SUITABLE URBAN RENTAL ACCOMMODATION, THE PRESSURE TO SUPPLY RENTAL HOUSING INCREASES AND THE REFURBISHMENT TREND GATHERS POSITIVE MOMENTUM. THE DEMAND FOR CLEAN, ATTRACTIVE INNER CITY RENTAL HOUSING BY BETTER QUALITY TENANTS EAGER TO EXPERIENCE THE CONVENIENCE OF INNER CITY URBAN LIVING MEANS THAT CRIMINAL ELEMENTS, SLUMLORDS AND BUILDING HIJACKERS IN PARTICULAR, ARE DRIVEN OUT.”

MOMENTUM
WELL-MANAGED BUILDINGS
NEIGHBOURHOODS
IMPROVED SECURITY
AFFORDABLE HOUSING
CATALYST
SME FUNDING
ECONOMIC OPPORTUNITIES
AFFORDABLE RENTAL HOUSING
URBAN REGENERATION
LOCAL ECONOMIC DEVELOPMENT
ENTREPRENEURS
JOB CREATION

TUHF HAS BEEN A MAJOR INVESTOR IN THE JOHANNESBURG INNER CITY SINCE OUR INCEPTION IN 2003. WE ARE THE LARGEST LENDER IN THE R5 MILLION – R20 MILLION BRACKET IN THE INNER CITY.

WE ARE PROUD OF OUR CONTRIBUTION TO THE REGENERATION THAT HAS BEEN NOTED IN NEIGHBOURHOODS OF THE INNER CITIES OF SOUTH AFRICA.

R945,171,792

= AVERAGE ANNUAL BILL TOTAL TO TUHF BUILDINGS FOR MUNICIPAL RATES, ELECTRICITY, WATER, REFUSE COLLECTION AND SEWERAGE,

R56,433

– ESTIMATED COST PER JOB CREATED BY TUHF BUILDINGS INCLUDING PERMANENT AND TEMPORARY JOBS IN CONSTRUCTION, SECURITY, MAINTENANCE AND BUILDING MANAGEMENT.

Notes: *Source: Social Impact Assessment Report completed by Greater Capital for TUHF.*

CORPORATE GOVERNANCE

Our Commitment

To embrace good governance principles by balancing sound governance policies and practices to meet stakeholder expectations.

The Trust for Urban Housing Finance (TUHF) applies the principles specified in the King III Code of Corporate Governance (King III), where these practices are appropriate and add value to TUHF and our Group of Companies. Our governance policies and practices are reviewed annually to ensure that we comply with legal requirements, meet the expectations of our shareholders and other stakeholders and constantly address the needs of our business. As such, we remain committed to the best practice of corporate governance which we consider essential to our business integrity and performance.

The King III Code set international benchmarks and requires organisations to adopt an "apply or explain" approach that relates to all businesses. Although voluntary, its application is not limited to listed companies.

While compliance remains essentially voluntary, the implication is that all organisations should adopt good corporate governance principles, identifying which aspects of the code are applicable, and should disclose (apply or explain) those that are not. TUHF embraces the relevant principles of King III in keeping with our commitment to good governance and broader stakeholder interests.

GOVERNANCE FRAMEWORK

"…the framework prioritises a positive turnaround time which assists in creating balanced and stable communities in which many South Africans can live…"

On a continuous basis, through sustainable and integrated reporting, the governance framework requires that TUHF observes its impact (both positive and negative) on the communities that we serve. To this end our concerns are related and involve the environment, social and other governance issues. In the last 11 years we have had over R1.9 billion actively invested in the refurbishment of rental housing stock in the inner city, primarily in Johannesburg.

Nevertheless, our priority involves more than generating positive returns for the property entrepreneur and investor.

Our aim is to assist in creating balanced and stable communities in which many South Africans can live and work.

TUHF has introduced green financing which will provide for the use of better insulation in the design phase of development projects. By using water heaters and other more efficient solar energy measures, we actively encourage our clients to be more aware of their environmental impacts.

TUHF has made significant progress in developing a risk-based internal audit function stemming from the combined assurance of management and the audit function, having formally appointed JSTM Consulting, represented by John Symington, former director of compliance at Standard Bank of South Africa Limited, as internal auditor in 2009 on a project-by-project basis.

From 2012, KPMG was appointed internal auditor, its staff working with management to build an organisation-wide internal audit plan.

Annually reviewed and updated, the TUHF governance framework is concerned with the:

- Role of respective members/shareholders
- Board of directors – leadership responsibility/accountability
- Separate responsibilities of the chairman and chief executive officer (CEO)
- Terms of reference of TUHF's board committees and objectives
- Board and committee appointments, meetings, duties and scope of authority
- Governance, risk management and internal control framework.

King III emphasises that a compliance-based approach adds little value to the governance of a company as it merely assesses the compliance of existing procedures and processes without an evaluation of whether particular procedures or processes represents adequate control measures. With our appointment of an outsourced internal audit function, an objective assessment of our risk-management and internal control frameworks is now achievable.

Over the past 11 years TUHF has invested significantly in IT and has developed an in-house loan cycle workflow and document management system. The robustness and efficacy of these systems have been put to the test on numerous occasions through due diligence reviews performed by funders and stakeholders.

During the 2014 financial year our internal auditors focused on a human resource process review, financial controls review and a follow-up of the SLA (Service Level Agreement) review. All reviews achieved a "favourable" or "good" rating.

Our external auditors, PricewaterhouseCoopers, performed additional control reviews and were able to build on the knowledge gained during the previous external audit. No significant weaknesses were identified in the reviews, which included an assessment of TUHF's Durban branch loan exposures. All recommendations made by our auditors have been implemented to enhance our general control and IT environment.

We are mindful of the need to strike a healthy balance between conformance and performance while maintaining acceptable risk levels. We remain committed to adopting best practices to improve the functioning of TUHF. Our objective is to build a sustainable business to increase shareholder value through consistent, profitable growth.

The board is satisfied that TUHF is compliant, that internal controls relating to key business process are effective, and that financial controls as designed operate efficiently. KPMG has performed a review of key internal financial controls and disciplines and assigned the internal financial controls currently in place an overall rating of "good" as per the reporting framework.

BOARD OF DIRECTORS

"… integrity and diligence in the performance of their duties and exercise of their powers."

The purpose of TUHF's board of directors is to ensure that management best serves shareholders and stakeholders' interests. Ultimately responsible for corporate governance within regulatory risk parameters, the board ensures that sound governance is practised as this benefits long-term equity performance and enhances shareholder value. A minimum of six meetings are scheduled per year (with additional ad hoc meetings as required). Key roles of the board include:

- The approval of strategic plans
- Monitoring management's implementation of strategic plans
- Delegation of powers and duties to management
- Establishment of policy and processes to ensure the integrity of management and related internal controls.

BOARD COMPOSITION

The TUHF board is chaired by an independent, non-executive director, Mr S Moraba, while Group CEO Mr P Jackson is tasked with leading the management team, running the business and implementing the strategies and policies adopted by the board.

Independent and non-executive members of the board include: Mr R Emslie, Mr C Coovadia, Ms M Mamatela, Ms J Strelitz and Mr T Adler.

Although certain of our directors are board members of other companies that have granted wholesale funding facilities to the Group, their independence remains uncompromised. Hailing from the industry and sharing a common vision for viable and sustainable inner city regeneration, these directors, in association with the rest of the board have, in accordance with the Group's obligations towards its shareholders, acted with integrity and diligence in the performance of their duties and the exercise of their powers.

Members: Mr S Moraba (group chairman), Mr C Coovadia (vice chairman and board member), Mr P Jackson (CEO), Mr T Adler (board member), Mr R Emslie (board member), Ms M Mamatela (board member) and Ms J Strelitz (board member).

Mr T Adler was appointed to the board in May 2013.

MANAGEMENT APPROACH

To facilitate prompt and efficient decision-making in the execution of its duties, the board is authorised to constitute relevant committees to ensure the fulfilment of its duties in the time available. Although the board reviews the retrospective committee minutes and reports, its members are not absolved of their overall accountability towards shareholders for determining strategy and for Group conduct and performance.

Consequently the board delegates explicit responsibility to six committees (credit committee, finance and audit committee, risk management committee, remuneration committee, management committee and social and ethics committee).

The Company secretary manages the day-to-day Group financial affairs (including annual audits), ensuring TUHF's compliance with relevant legislation and regulation and keeping the board informed of its legal responsibilities.

CREDIT COMMITTEE

The credit committee is responsible for identifying and managing the Group's credit exposure and trends and responses affecting this exposure. The credit committee ensures the adequacy of allowances for credit losses, and any credit-related policies.

Meeting monthly, the primary mandates of the credit committee are to:

- Review and recommend changes to the Group's credit and loan policy
- Provide guidance on all aspects of project development (including procedures for project preparation and approval)
- Evaluate and approve financing and guarantees of projects within the established value band delegated to the committee by the board
- Report approved projects to the board

Members: Mr P Jackson (committee chairman and CEO), Mr C Coovadia (board member), Mr R Emslie (board member), Ms M Mamatela (board member).

By invitation: Ms IL Roodt (group financial manager), Ms B Cooke (loan administration manager), Ms R Valloo (mortgage manager), Ms L Netshifhefhe (KwaZulu-Natal regional manager: mortgages), Mr K Chikomo (Eastern Cape regional manager: mortgages), Mr N Makwela, Mr R Mmatli, Mr L Dotwana, Ms K Nkotswe, Mr M Schneider, Mr P Ncube, Mr L Govender (loan officers) and Mr P Nyoni (liaison officer).

The board has agreed that it is in the best interest of the Company to retain Paul Jackson (CEO) as a full member and chairman of the credit committee until such time as the Company has increased in size.

INVESTING FOR THE FUTURE

"… accountable and principled business practices promote ethical behaviour and quick decision-making…"

TUHF has developed a world-class, custom-made Loan Cycle Management System and Accounts Receivable Module.

Our IT system has loan workflow capability plus integrated default management and portfolio management capabilities. Reporting has improved significantly with management striving for real-time financial reporting.

The system will ensure that TUHF continues to meet reporting and governance requirements and enhance its product offering. Accountable and principled business practices throughout the Group promote the ethical behaviour and quick decision-making of the board, managers and employees.

The restructured TUHF Group has established itself as a more diverse, commercial enterprise. In accordance with this restructuring, the remuneration of non-executive directors, who were previously not remunerated, was amended and as of September 2009, in line with accepted commercial practice, non-executive board members are now remunerated for their services. These remuneration levels remain well below those of other large institutions. As TUHF continues to grow, the remuneration policy will be reviewed.

Fully conversant with the specialist business environment and market in which TUHF operates, the board shares a clear vision for the Group. The board possesses expertise across the development finance, banking and broader credit and financial institution spectrum. As the Group grows, investment from new shareholders is anticipated. As this occurs, the board intends to build its resources and capability by appointing additional members with development finance, asset and investment management backgrounds.

REMUNERATION COMMITTEE

TUHF's remuneration committee (Remco) aims to drive a high-performance culture that consistently delivers above average returns to shareholders through employees who are motivated and fully engaged. Remco also supports the attraction, development and retention of employees with specialised and critical skills who contribute to sustained business growth.

Meeting a minimum of twice a year, the main responsibilities of the remuneration committee are to:

- Review employee earnings (including benefits) to maintain best practice and ensure competitive remuneration packages
- Review, recommend and approve, on an individual basis, executive remuneration packages
- Review, recommend and approve salary and performance increments
- Review and recommend annual incentive bonuses.

Members: Mr S Moraba (committee chairman and Group chairman), Mr P Jackson (CEO), Mr C Coovadia (board member), Mr R Emslie (board member).

By invitation: Ms IL Roodt (group financial manager), Ms S Blaine (human resources consultant).

AUDIT AND RISK COMMITTEE

The audit and risk committee is responsible for the credible reporting of information, which informs and underpins corporate governance and risk management. The committee's role includes challenging and, where possible, improving the relevance and reliability of financial reporting.

The committee also seeks to enhance the effectiveness of internal controls.

Meeting a minimum of two to three times per year, the audit and risk committee was established to:

- Review Group accounting policy and practice and, when necessary, recommend changes
- Review Group financial, operational and, internal control systems and when required, make recommendations to the board
- Monitor management's compliance with reporting best practice
- Oversee reporting by internal and external auditors.

Members: Mr C Coovadia (committee chairman and board member), Mr S Moraba (group chairman), Mr R Emslie (board member), Ms M Mamatela (board member), Mr P Jackson (CEO).

By invitation: Ms IL Roodt (group financial manager).

The board has agreed that it is in the best interest of the Company to retain Mr S Moraba (group chairman) and Mr P Jackson (CEO) as full members of the audit committee until such time as the Company has increased in size.

RISK MANAGEMENT SUB-COMMITTEE

Effective execution of business strategy depends on the ability to take calculated risks without compromising stakeholders' interests. Although the committee is accountable to the board, each employee is responsible for risk management. The Group risk management process is carefully structured, implemented, monitored and reviewed to ensure that all associate companies within the Group operate within clearly defined parameters and objectives.

Quarterly meetings are scheduled to:

- Review risk management policy and processes
- Ensure risk management is integrated into business operations
- Ensure management considers and implements appropriate risk responses
- Evaluate the basis and adequacy of insurance cover
- Ensure internal audit is aligned with risk management processes
- Identify emerging areas of risk
- Ensure compliance with legislation, regulation and governance codes, including King III
- Identify areas of governance non-compliance and propose remedial action.

Major Group risks:

- Credit
- Liquidity
- Market
- Operational
- Compliance
- Investment management
- Solvency

Members: Ms IL Roodt (committee chairperson and group financial manager), Ms B Cooke (loan administration manager), Mr P Jackson (CEO), Ms R Valloo (national mortgage manager), Mr R Mmatli (loan officer), Mr K Chikomo (Eastern Cape regional manager: mortgages).

MANAGEMENT COMMITTEE

The board has delegated the management of TUHF to the CEO and the other members of the executive committee (EXCO). The CEO and, under his direction, the other members of EXCO, are responsible for the overall direction of the Group and the management of the business at a strategic level.

Weekly meetings are scheduled to:

- Assess and discuss key strategic business issues including liquidity and stakeholder relationships
- Review the Group's balanced scorecard and implementation of strategic issues
- Discuss progress on projects identified as high risk, including litigation matters
- Assess all operational aspects of projects, financing, development and implementation including procedures for project preparation and approval.
- Discuss any staff matters relevant to existing or new staff required.

Members: Mr P Jackson (CEO), Ms IL Roodt (group financial manager), Ms B Cooke (loan administration manager), Ms R Valloo (mortgage manager), Ms L Netshifhefhe (KwaZulu-Natal regional manager: mortgages), Mr K Chikomo (Eastern Cape regional manager: mortgages), Mr N Makwela (senior loan officer).

By invitation: Ms S Blaine (human resources consultant).

SOCIAL AND ETHICS COMMITTEE

The purpose of the committee is to monitor the Group's activities having regard to legislation, best practice, social and economic development, good corporate citizenship, environment, health and public safety as well as labour and employment. The committee reports to the board and to shareholders on any matters within its mandate.

The terms of reference of the committee have been approved and suitable candidates identified to be elected to the committee. The committee will comprise three non-executive directors or officers, at least one of whom is not involved in the day-to-day affairs of the Company.

Members: Ms J Strelitz (committee chairman and board member), Mr P Magula (board member), Mr P Jackson (CEO), Ms IL Roodt (prescribed officer – Company secretary).

By invitation: Ms S Blaine (human resources consultant).

JOBS FUND COMMITTEE

The jobs fund committee has been set up for a specific project and will provide an oversight role and act as a sounding board to TUHF's CEO and management in respect of the National Treasury's Jobs Fund Grant.

The committee will be set up for the duration of the Grant which is estimated to be at least 36 months plus an additional 12 months monitoring period.

Members: R Emslie (chairman), C Coovadia (board member), M Mamatela (board member).

By invitation: P Jackson (CEO), IL Roodt (group financial manager).

LOOKING FORWARD

The board will focus on the following six areas relating to governance during the next financial year:

- Review and evaluate the corporate governance structure and arrangements to ensure they operate effectively
- Maintain compliance with King III principles and monitor progress on sustainability and related matters, stakeholder relations, good corporate citizenship strategies and ensure that integrated reporting is contained in key management reports and embedded in the management report
- Ensure that the remuneration policies, processes and practices are compliant with King III and all relevant legislation
- Continue monitoring and improving IT governance
- Enhance governance and controls within Group subsidiary companies.
- Monitor and evaluate systems and processes to deliver on job creation and other development objectives.

OUR PROMISE

We create added value by appreciating the needs of our customers – with competitive and innovative solutions; the needs of our employees – by adhering to our Company values; the needs of our shareholders – by delivering above-average returns; and the needs of our environment – by acting sustainably.

DIRECTORS' RESPONSIBILITIES AND APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

In accordance with Companies Act 71 of 2008 requirements, the directors are responsible for the preparation of the annual financial statements which conform with International Financial Reporting Standards (IFRS) and which, in accordance with those standards, fairly present the state of affairs of the Company as at the end of the financial year, and the net income and cash flows for that period.

It is the responsibility of the independent auditors to report on the fair presentation of the financial statements.

Management enables the directors to meet these responsibilities. Standards and systems of internal control are designed and implemented by management to provide reasonable assurance as to the integrity and reliability of the financial statements in terms of IFRS and to adequately safeguard, verify and maintain accountability for group assets. Accounting policies supported by judgements, estimates and assumptions which comply with IFRS, are applied on a consistent and going concern basis. Systems and controls include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties.

Based on the information and explanations given by management, the directors are of the opinion that the controls are adequate and that the financial records may be relied upon for preparing the financial statements in accordance with IFRS and maintaining the Company's assets and liabilities. Nothing has come to the attention of the directors to indicate that any breakdown in the functioning of these controls, resulting in material loss to the Company, has occurred during the year and up to the date of this report.

The directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

The Company financial statements prepared in accordance with IFRS which appear on pages 31 to 67, were reviewed by the directors on 31 July 2014 who authorised the directors to sign on their behalf.

PGN Jackson
Director
Johannesburg
11 August 2014

C Coovadia
Director

COMPANY SECRETARY'S CERTIFICATE

In accordance with the provisions of the Companies Act 2008, I certify that in respect of the year ended 31 March 2014 the Company has lodged with the Registrar of Companies all returns prescribed by the Act and that all such returns are true, correct and up to date.

IL Roodt.

IL Roodt
Johannesburg
11 August 2014

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE TRUST FOR URBAN HOUSING FINANCE

We have audited the consolidated and separate financial statements of Trust for Urban Housing Finance set out on pages 31 to 67, which comprise the statement of financial position as at 31 March 2014, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the Notes, comprising a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's directors are responsible for the preparation and fair presentation of these 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 consolidated and separate financial statements that are free from material misstatements, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Trust for Urban Housing Finance as at 31 March 2014, and its consolidated and separate financial performance and its 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.

OTHER REPORTS REQUIRED BY THE COMPANIES ACT

As part of our audit of the consolidated and separate financial statements for the year ended 31 March 2014, we have read the Directors' Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: Stefan Beyers
Registered Auditor

11 August 2014

PricewaterhouseCoopers Inc
2 Eglin Road
Sunninghill
2157

REPORT OF THE DIRECTORS

TO THE MEMBERS OF THE TRUST FOR URBAN HOUSING FINANCE NPC

Your board of directors presents its report, together with the audited financial statements of the Company for the year ended 31 March 2014.

DATE OF INCORPORATION

The Company was incorporated on 18 January 1993.

NATURE OF ACTIVITIES

The Company and TUHF Holdings (Proprietary) Limited together with its subsidiaries are development finance organisations that provide short and long term finance to landlords, social housing institutions and tenant based collectives for the purchase, construction and improvement of property within South African inner city precincts, where the objective is to supply rental housing. The Company, TUHF Holdings (Proprietary) Limited and its subsidiaries offer loan funding for such projects by way of different products secured by the property asset or approved exit structures.

TRADING RESULTS

The results are fully disclosed in the attached financial statements.

LOAN IMPAIRMENT

It is the opinion of the board and management that the realisable values of collateral held in respect of advances exceed the book value of such advances. Advances always contain certain balances, that although not yet identified as a problem, will prove to be irrecoverable. Similarily certain clients and advances may display certain triggers such as late or non payment and an assessment of the project collateral must be considered. The Group does not have sufficient historical data to estimate with any accuracy what these losses may be. Management has conservatively, based on risk profiles, estimated the potential impairment of advances on a collective basis. Applying management's methodology a total loan impairment of R13,276,016 (2013 – R8,359,821) for the year under review has been provided. A risk rating of certain products has resulted in the general impairment provision of mortgage loans being increased to R29,839,998 (2013 – R23,277,435) and to R9,895,790 (2013 – R7,124,552) in respect of specific provisions. In respect of bridging finance loans, general impairment and specific provisions amounting to R3,121,745 (2013 – R1,787,317) have been provided. Note 27 of the Notes to the financial statements sets out how the Group manages credit risk.

TAXATION

In terms of section 10(1)(cc) of the Income Tax Act, the Company is exempt from taxation. However, with the introduction of section 30, the Company needed to re-apply for exemption as a public benefit organisation.

The Company has submitted such an application. The South African Revenue Services has advised that exemption will be granted in terms of paragraph 3(f) subparagraph (a) and (b) of the Ninth Schedule of the Income Tax Act. However this exemption is subject to conditions prescribed by the Minister of Finance which to date have not been promulgated. Notwithstanding this advice, the Company has been in contact with the SARS Tax Exemption Unit to seek further clarification on the Company's status concerning its changed business operations since the application was submitted in October 2003. We await final confirmation from SARS as to the requirements for compliance. For years after 2010, the income earned by the Company does not fall into the ambit of section 30 and consequently taxation is payable for years after 2010. Income tax in the current period amounted to R677,772 (2013 – R469,009).

The directors, however, believe that it would be prudent to provide for tax where the Company has taxable income. To this end some tax has been paid and the amount provided in respect of the Company has reduced to R8,220,278 (2013 – R8,225,334). An amount of R8,843,157 was paid by TUHF (Proprietary) Limited in respect of provisional tax payments. TUHF (Proprietary) Limited incurred normal taxation of R14,030,527 (2013 – R10,715,144) with the deferred taxation increasing by R5,631,208 (2013 – R2,180,089). TUHF Holdings (Proprietary) Limited's normal tax amounted to R2,433,479 (2013 – R1,982,595) and TUHF Bridge (Proprietary) Limited incurred taxation of R340,546 (2013 – R41,994). Intuthuko Equity Fund (Proprietary) Limited provided R1,496 (2013 – R95,918) and TUHF Properties (Proprietary) Limited reduced the deferred tax provision by R688 leaving an assessable loss of R66,087 (2013 – R66,775).

FUNDING

During the year under review TUHF (Proprietary) Limited secured the following funding facilities:

- R300 million from Futuregrowth Asset Management (Proprietary) Limited (acting on behalf of Old Mutual Life Assurance Company (South Africa) Limited)
- R10 million from Stanlib Asset Management Limited
- R60 million, consisting of thirty direct conditional and unsuboardinated promissory notes from Cadiz Asset Management.

Subsequent to the year end TUHF (Proprietary) Limited was awarded a grant of R200 million from the National Treasury's Jobs Fund.

In addition the Group is presently in the process of negotiating and setting up the the following facility:

ZAR 1,000,000,000 Domestic Medium Term Note Programme in respect of which formal contracting remains outstanding.

SUPPORT PROGRAMME FOR SOCIAL HOUSING

In terms of an agency agreement entered into in July 2004 the Company was appointed by the National Housing Finance Corporation as its agent and representative to manage the implementation and operations of the support programme for social housing, funding of which originated from the Commission of the European Community amounting to R23.1 million. The Company's duties of agent were concluded during June 2007. The Company, howerver, continues to act as agent in ongoing social housing funding transactions. Negotiations continue to extend the agency agreement as well as increasing the agency funds.

EQUITY FUNDING

One of the principles of the Company's lending approach is to support emerging entrepreneurs and black economic empowerment. To assist in the financial gearing of their projects, the Company provides emerging entrepreneurs, who qualify for debt support, equity type finance in the form of variable interest subordinated loans.

The initial R2 million received from the Gauteng Partnership Fund for this purpose has been fully committed and drawn down. Negotiations have been concluded for an additional R8 million which is fully committed.

An additional R10 million was approved by the Gauteng Partnership Fund during 2012. TUHF has concluded a facility with The New Housing Company for R5 million and is currently negotiating with other funders to increase equity funding on a national basis.

DIRECTORS AND SECRETARY

The following were directors during the period under review:

- SS Moraba (Chairman)*
- C Coovadia*
- T Adler*
- RR Emslie*
- PGN Jackson
- MJK Mamatela*
- JS Strelitz*

* *Non executive director*

Company Secretary during the period under review:

- IL Roodt

PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared by Ilona Roodt CA (SA) and audited in compliance with the requirements of the Companies Act, 2008.

AUDITORS

PricewaterhouseCoopers Inc. will continue in office in accordance with section 90 of the Companies Act of South Africa with Mr S Beyers as the designated auditor responsible for performing the functions of auditor.

INVESTMENTS

The Company holds 100% of the issued share capital of TUHF Properties (Proprietary) Limited and Intuthuko Equity Fund (Proprietary) Limited.

33.56% of the issued share capital of TUHF Holdings (Proprietary) Limited is held by the Company. The Company exercises control over the Group through a Voting Pool Agreement. TUHF (Proprietary) Limited and TUHF Bridge (Proprietary) Limited are wholly owned subsidaries of TUHF Holdings (Proprietary) Limited.

SPECIAL RESOLUTION

No special resolutions were considered by the shareholders of the Company during the financial year ended 31 March 2014.

In terms of section 66(9) of the Companies Act No 71 of 2008, TUHF (Proprietary) Limited was authorised to pay remuneration to non-executive directors for their services an amount in aggregate not exceeding R1,300,000.

GOING CONCERN

The financial statements have been prepared using appropriate accounting policies, supported by reasonable and prudent judgements and estimates. The directors have a reasonable expectation that the Group has adequate resources to continue as a going concern in the forseeable future.

POST STATEMENT OF FINANCIAL POSITION EVENTS

Subsequent to the year end the following events have taken place:

- TUHF (Proprietary) Limited has been awarded a R200 million grant from the National Treasury's Jobs Fund.
- The Company's Johannesburg offices at 209 Smit Street, Braamfontein have been decommissioned by a fire that occurred in the building on 20 June 2014. Office furniture, equipment and computer hardware have been damaged by smoke and soot and it is anticipated will need to be replaced. Negotiations with the insurers are taking place. The office relocated to another building in Braamfontein within a few days after the fire and notwithstanding the inconvenience such an event causes, the Company's recovery strategy has proved to be adequate with disruptions to operations being kept to a minimum. It is not possible at the date of this report to determine any losses that the Company could incur due to the disrumption of operations, but the directors are of the opinion that they will be minimal.

Other than what is reported above, the directors are not aware of any other matters arising since the end of the financial year to date and not dealt with in this report, that would significantly have any influence on the operations, the results and financial position of the Company.

SHARE BASED PAYMENT SCHEME

TUHF Holdings (Proprietary) Limited has a Conditional Share Plan (CSP) from which conditional share and cash awards are granted to employees of TUHF (Proprietary) Limited.

All awards granted are subject to a performance management system and is measured over a two or three year performance period. The performance condition of the awards are determined by the management of the employing companies (presently only TUHF (Proprietary) 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 (Proprietary) 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.

During the year under review the following transactions took place:

	2014	2013
– Conditional awards offered and accepted by participants	**1,900,084**	–
– Conditional awards to which employees became entitled to	**322,084**	373,252
– Conditional awards vested	**298,384**	222,796
– Conditional awards purchased by TUHF (Proprietary) Limited	**23,700**	150 456
As at 31 March 2014:		
– Total shares vested	**2,721,485**	2,423,101
– Treasury shares held by TUHF (Proprietary) Limited	**273,851**	250,151
– Total unvested awards	**2,202,638**	746,498
– Total shares reverted back to allocation pool	**124,110**	2,250

No awards have been forfeited during the period under review. Management estimate that all awards granted will be vested over the vesting periods. Conditional awards amounting to 202,861 Ordinary Shares will be vested in the financial year ending March 2015.

RESTATEMENT

A non-controlling shareholders' interest was previously disclosed in the TUHF 21 Group financial statements that included the minority interest applied to all the entities in the TUHF 21 Group. This disclosure was made to represent the share of equity in TUHF Holdings that did not belong to the ultimate parent, TUHF 21. This accounting treatment was not in compliance with IFRS 3 (The standard which deals with Business Combinations) as, on a consolidated set of financial statements, the non-controlling shareholders' interest disclosed should represent equity that is not owned by the holding company itself. As TUHF 21 does not own 100% of the equity of all its subsidiaries, all the equity in the Group at that level of consolidation is attributable to itself and there is only a non-controlling shareholder interest attributable to the subsidiaries not 100% owned.

Equity Capital and Reserves	2013	2013 (restated)
Owners reserves	53,132,392	68,482,344
Share scheme reserve	256,324	3,708,933
Non-controlling interest	104,398,291	83,645,840
Equity development fund reserve	368,620	368,620
Total	**158,155,627**	**156,205,737**

MEMBERS' FUNDS

The Company is a non-profit organisation and there are no members' funds in the Company.

MEMBERS' GUARANTEE

The Company is a company without share capital and is deemed to be incorporated as a non profit company (NPC) in terms of the transitional provisions of the Companies Act 71 of 2008. In terms of the Memorandum of Incoporation, each member of the Company guarantees to contribute R1 (one rand) in the event of the Company being wound up. At the Statement of Financial Position date the guarantee value amounted to R8 (2013 – R8).

SUBSIDIARY COMPANIES

Information regarding the Company's interest in companies whose main business is to provide commercial property finance to financial entrepreneurs and landlords for the purchase, construction and improvement of property for the purpose of the regeneration of South African inner cities.

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2014

		Group			Company	
	Note	**2014** **R**	2013 (restated) R	2013 R	**2014** **R**	2013 R
ASSETS						
Cash and cash equivalents	1	**25,138,644**	26,661,128	1,817,387	**117,739**	1,975,056
Money market assets	2	**27,206,286**	46,045,142	70,888,891	**–**	–
Advances	3	**1,867,468,406**	1,544,800,931	1,544,800,931	**–**	–
Other assets	5	**4,645,610**	4,758,323	4,755,251	**729**	4,986
Taxation	12	**–**	–	–	**–**	–
Deferred taxation	23	**14,168,834**	10,253,654	10,252,254	**–**	–
Amounts owing by related parties	6	**–**	–	–	**51,669,890**	34,765,988
Equipment and intangible assets	8	**3,114,539**	3,258,249	3,258,248	**–**	–
Total assets		**1,941,742,318**	1,635,777,427	1,635,772,961	**51,788,359**	36,746,030
LIABILITIES						
Taxation	12	**5,082,119**	7,680,499	7,860,635	**8,234,406**	8,240,170
Trade payables	9	**20,102,038**	6,018,751	5,806,994	**14,074,748**	1,208
Deferred taxation	23				**204**	204
Dividends accrued	10	**5,330,007**	6,194,747	6,194,747	**–**	–
Amounts owing to related parties	7	**–**	–	–	**–**	13,712
Raising fees deferred	10	**15,000,644**	12,324,896	12,324,897	**–**	–
Financial liabilities at fair value		**–**	–	1,749,956	**–**	–
Financial liabilities	13	**1,716,852,833**	1,445,430,063	1,443,680,106	**–**	–
Share based payment reserve	14	**1,927,099**	1,922,734	–	**–**	–
Total liabilities		**1,764,294,739**	1,479,571,690	1,477,617,335	**22,309,357**	8,255,294
EQUITY CAPITAL AND RESERVES						
Owners' reserves		**79,097,484**	68,482,344	53,132,392	**–**	–
Share scheme		**4,660,651**	3,708,933	–	**–**	–
Non-controlling shareholders' share of reserves		**93,503,598**	83,645,840	104,398,291	**–**	–
Reserves		**–**	–	–	**29,479,002**	28,490,736
Share based payment reserve		**–**	–	256,324	**–**	–
Equity development fund reserve		**185,846**	368,620	368,620	**–**	–
Total liabilities and reserves		**1,941,742,318**	1,635,777,427	1,635,772,961	**51,788,359**	36,746,030

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2014

		Group		Company	
	Note	**2014 R**	2013 R	**2014 R**	2013 R
Interest income	19	**204,329,288**	165,602,145	**822,087**	564,864
Interest expenses	20	**117,146,905**	97,925,589	**320,714**	143,709
Net interest income		**87,182,384**	67,676,556	**501,372**	421,155
Loan impairment	4	**13,276,016**	8,359,820	**–**	–
Income from lending activities		**73,906,368**	59,316,736	**501,372**	421,155
Non-interest income	21	**6,693,155**	6,196,408	**1,501,500**	1,501,500
Operating income		**80,599,523**	65,513,144	**2,002,872**	1,922,655
Operating expenditure	22	**40,440,331**	34,107,345	**336,834**	247,102
Profit/(Loss) before taxation		**40,159,192**	31,405,799	**1,666,038**	1,675,553
Taxation	23	**11,599,410**	8,909,315	**677,772**	469,213
Net profit for the year		**28,559,782**	22,496,484	**988,266**	1,206,340

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2014

	Share scheme	Owners' reserves	Minority interest	Total equity
GROUP				
Balance at 31 March 2012	**2,116,548**	**40,770,709**	**5,718,116**	**48,605,373**
Changes in equity				
Additional share capital issued	2,565,637	30,589,060	56,846,688	90,001,385
Dilution due to share capital issued	(1,511,839)	(6,165,781)	7,677,621	–
Share premium on additional share capital issued	267,249	3,186,306	5,921,430	9,374,985
Cost of investment in TUHF Holdings (Proprietary) Limited	–	(7,529,693)	–	(7,529,693)
Total recognised income and expenses for the year	617,266	8,202,485	13,676,733	22,496,484
Intuthuko Equity Fund transfer of funder margin	–	(368,620)	–	(368,620)
Sale of Consolidated Share Plan shares to TUHF (Proprietary) Limited	(345,928)	345,928	–	–
Dividends accrued	–	–	(6,194,747)	(6,194,747)
Subsidiary share based payment reserve – share issue	–	(548,050)	–	(548,050)
Subsidiary share based payment reserve – cost adjusted to equity settled	–	–	–	–
Balance at 31 March 2013	**3,708,933**	**68,482,344**	**83,645,840**	**155,837,117**
Additional share capital issued	1	11	20	32
Share premium on additional share capital issued	19,923	193,325	356,905	570,153
Total recognised income and expenses for the year	973,742	10,197,082	17,443,387	28,559,782
Intuthuko Equity Fund transfer of funder margin	–	182,774	–	182,774
Sale of Consolidated Share Plan shares to TUHF (Proprietary) Limited	(41,949)	41,949	–	–
Dividends accrued	–	–	(7,942,555)	(7,942,555)
Subsidiary share investment in Treasury shares – additional investment written back	–	–	–	–
Subsidiary share based payment reserve – adjustment to equity settled	–	–	–	–
Balance at 31 March 2014	**4,660,651**	**79,097,484**	**93,503,598**	**177,207,303**

	Members' reserves	Total
COMPANY		
Reserves		
Opening Balance at 31 March 2012	**27,284,396**	**27,284,396**
Total recognised income and expenses for the year	1,206,340	1,206,340
Balance at 31 March 2013	**28,490,736**	**28,490,736**
Total recognised income and expenses for the year	988,266	988,266
Balance at 31 March 2014	**29,479,002**	**29,479,002**

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2014

	Note	Group 2014 R	Group 2013 R	Company 2014 R	Company 2013 R
Cash flows from operating activities	26				
Interest received		**201,626,741**	155,824,240	**822,087**	(580,493)
Interest paid		**(117,146,905)**	(94,098,790)	**(3,352,374)**	(143,709)
Taxation paid		**(17,806,138)**	(11,137,073)	**(477,982)**	(480,791)
Cash received from clients		**–**	3,461,196	**–**	–
Cash paid to suppliers and employees		**(34,413,040)**	(34,368,167)	**(336,834)**	(247,102)
Net cash (outflow)/inflow from operating activities		**32,260,659**	19,681,406	**(3,345,104)**	(1,452,095)
Cash flows (utilised)/generated by investing activities		**(324,044,801)**	(227,750,106)	**–**	–
Advances to customers		**(322,667,475)**	(226,477,572)	**–**	–
Purchase of property, plant and equipment		**(1,377,326)**	(1,272,534)	**–**	–
		(324,044,801)	(227,750,106)		
Cash flows from financing activities		**271,422,802**	239,370,338	**(13,712)**	13,712
Proceeds from financial liabilities		**499,814,482**	369,996,830	**–**	–
Repayment of financial liabilities		**(228,391,712)**	(221,925,119)	**–**	–
Repayments to/proceeds from related party borrowings		**–**	–	**(13,712)**	13,712
Proceeds from share issue		**32**	99,376,370	**–**	–
Cost of share investment		**–**	(8,077,743)	**–**	–
Net increase in cash and cash equivalents for the period		**(20,361,340)**	31,301,638	**(3,358,816)**	(1,438,383)
Cash and cash equivalents at beginning of the period		**72,706,270**	41,404,632	**473,556**	1,911,939
Cash and cash equivalents at 31 March		**52,344,930**	72,706,270	**117,739**	473,556
Made up as follows:					
Cash and bank current accounts		**25,138,644**	26,661,128	**117,739**	1,975,056
Money market assets		**27,206,286**	46,045,142	**–**	–
		52,344,930	72,706,270	**117,739**	1,975,056

ACCOUNTING POLICIES

1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, available for sale financial assets, financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in the Note 6.

2 BASIS OF CONSOLIDATION

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of the potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest proportionate share of the acquiree's net assets.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair vale of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

3 EQUIPMENT

The cost or subsequent cost of 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.

Costs include costs incurred initially to acquire equipment and costs incurred subsequently to add to and replace part of it. Equipment is stated at cost less accumulated depreciation and any impairment losses.

The carrying amount of replaced parts is de-regognised. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Depreciation is calculated on the straight line method to write off the cost of assets to their residual values over their estimated useful lives at the following rates:

- Computer hardware – 25% per annum
- Office furniture – 20% per annum
- Office equipment – 25% – 33.33% per annum

The residual value of an asset is defined as the higher of an asset's value in use, and fair value less costs to sell.

The residual value and the useful life of an asset are reviewed on an annual basis and should expectations differ from previous estimates, changes are accounted for as a change in accounting estimates in accordance with IAS 8.

The gain or loss arising from the derecognition of an item of equipment is included in the statements of comprehensive income. The gain or loss arising from the derecognition of an item of equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

IMPAIRMENT

Assets that have an indefinite useful life – for example, goodwill or intangible assets not ready to use – are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

4 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 Group and the cost of the asset can be measured reliably. Intangible assets are initially recognised at cost.

An intangible asset arising from development is recognised when:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses. Amortisation is provided to write down the intangible assets on a straight line basis to their residual basis as follows:

- Computer software – 20% per annum

Other development expenditures that do not meet these criteria are recognised as an expense as incurred.

Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

5 FINANCIAL INSTRUMENTS

The Group classifies financial instruments on initial recognition as a financial asset or a financial liability in accordance with the substance of the contractual arrangement. Financial assets and liabilities are recognised on the Group's statements of financial position when the Group becomes party to the contractual provisions of the instrument. Financial assets and liabilities are recognised initially at fair value.

FINANCIAL ASSETS

Cash and cash equivalents

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 measured at fair value. Money market assets are disclosed separately and not included in cash.

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 on the bond and transfer registration. Cash and cash equivalents held in trust are initially measured at fair value and subsequently measured at amortised cost.

Advances and receivables

Advances and receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss. Refer to accounting policy on impairment.

Amounts owing by/(to) related parties

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.

Fees earned on financial assets are recognised in accordance with the loan agreements. These are capitalised to the value of the loan and credited to non-interest income as the fee is earned.

Financial assets: Recognition

Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the Statement of Comprehensive Income.

Financial assets are derecognised when the right to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss are presented in the Statement of Comprehensive Income within other (losses)/gains – net in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the Statement of Comprehensive Income as part of other income when the Group's right to receive payments is established.

OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

IMPAIRMENT OF FINANCIAL ASSETS

The Group assesses at the end of each reporting period whether their is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Derivative financial instruments and hedging:

The Group initially recognises derivative instruments, including interest rate swaps at fair value. Derivatives are subsequently measured at fair value. The fair value of non-traded derivatives is based on discounted cashflow models. The Group recognises derivatives as assets when the fair value is positive and as liabilities when the fair value is negative. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in the cash flow hedging reserve in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately as part of fair value income in non-interest income in the Statement of Comprehensive Income.

The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as, its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

6 SIGNIFICANT JUDGEMENTS

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Estimates are made using available information and the application of judgement. Actual results in the future could differ from these estimates which may be material to the financial statements.

The only area of estimation uncertainty where there is significant risk of material adjustment to the carrying value of assets and liabilities in the next accounting period is the impairment of financial assets. This is more fully dealt with in Accounting Policy Note 5 above.

LOANS AND ADVANCES

Impairment of performing loans can only be accounted for if there is objective evidence that a loss event has occurred after the initial recognition of the financial asset but before the statements of financial position date. In order to provide for latent losses in a portfolio of loans that have not yet been individually identified as impaired, a credit impairment for incurred but not yet reported losses is recognised based on management's assessment of risk. Management applies judgement to these balances based on the value of the underlying loan balance, the collateral held, arrears and past history.

TAXATION

The Group is subject to local income taxes and significant judgement is required in determining the worldwide provisions for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

7 INTEREST INCOME AND EXPENSES

Interest income and expense are recognised in the statements of comprehensive income for all interest bearing instruments on a time apportionment basis using the effective interest method. In terms of this method, interest receipts and payments are brought to account in proportion to the balance outstanding on a time proportional basis. Disclosed separately in the statements of comprehensive income is the notional interest on present valuing financial assets and liabilities carried at amortised cost.

8 NON-INTEREST INCOME

Revenue from the provision of services is recognised on an accrual basis, as the service is rendered by reference to the stage of completion in accordance with the substance of the relevant agreements.

9 TAXATION

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statements of financial position date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statements of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future profit will be available against which the temporary differences can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on an either the same taxable entity or different taxable entities where there is an intention to settle the balance on a net basis.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled.

10 OPERATING LEASES – OFFICE RENTAL

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit or loss on a straight-line basis over the period of the lease.

11 EMPLOYEE BENEFITS

SHORT-TERM EMPLOYEE BENEFITS

The costs of all short-term employee benefits are recognised during the period in which the employee renders the related service.

The accruals for employee entitlements to salaries, annual and sick leave represent the amount which the Group has a present obligation to pay as a result of employees' services provided up to the statements of financial position date. The accruals have been calculated at undiscounted amounts based on current wage and salary rates.

RETIREMENT BENEFITS

Contributions to defined contribution funds are charged against income as incurred.

A defined contribution plan is a pension 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.

12 SHARE-BASED PAYMENTS

The Group operates an equity-settled, share-based compensation plan under which the entity receives services from employees as consideration for equity instruments of the Group. The fair value of the employee services received in exchange for the grant of the shares is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the shares granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period);
- including the impact of any non-vesting conditions (for example, the requirement for employees to save);
- non-market vesting conditions are included in assumptions about the number of shares that are expected to be acquired. 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 entity 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; and
- when the shares are acquired, the Company issues new shares. The shares are acquired for no consideration and the actual consideration is compared to the amount provided over the vesting period and any adjustment is made where appropriate.

13 TRADE AND OTHER PAYABLES

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable 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). If not, they are presented as non-current liabilities.

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

14 STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

The following new standards, amendments and interpretations are not yet effective for the current financial year. The Group will comply with the new statements from the effective date or when the statement becomes applicable.

Title	New amendment to standard/interpretation	Annual period starting on or after
IFRS 9: Financial Instruments The new standard is the first phase of a three phase project to replace IAS 39 Financial Instruments: Recognition & Measurement: To date, the standard includes chapters for classification, measurement and derecognition of financial assets and liabilities. The following are the main changes from IAS 39: • Financial assets will be categorised as those subsequently measured at fair value or at amortised cost. • Financial assets at amortised cost are those financial assets where the business model for managing the assets is to hold the assets to collect contractual cash flows (where the cash flows represent payments of principal and interest only). All other financial assets are to be subsequently measured at fair value. • Under certain circumstances, financial assets may be designated as at fair value. • For hybrid contracts, where the host contract is an asset within the scope of IFRS 9, then the whole instrument is classified in accordance with IFRS 9, without separation of the embedded derivative. In other circumstances, the provisions of IAS 39 still apply. • Voluntary reclassification of financial assets is prohibited. Financial assets shall be reclassified if the entity changes its business model for the management of financial assets. In such circumstances, reclassification takes place prospectively from the beginning of the first reporting period after the date of change of the business model. • Financial liabilities shall not be reclassified. • Investments in equity instruments may be measured at fair value through other comprehensive income. When such election is made, it may not subsequently be revoked, and gains or losses accumulated in equity are not recycled to profit or loss on derecognition of the investment. The election may be made per individual investment. • IFRS 9 does not allow for investments in equity instruments to be measured at cost. • The classification categories for financial liabilities remains unchanged. However, where a financial liability is designated as at fair value through profit or loss, the change in fair value attributable to changes in the liabilities credit risk shall be presented in other comprehensive income. This excludes situations where such presentation will create or enlarge an accounting mismatch, in which case, the full fair value adjustment shall be recognised in profit and loss.	Standard Amendment	1 January 2018

Title	New amendment to standard/interpretation	Annual period starting on or after
IAS 32: Offsetting Financial Assets and Financial Liabilities Clarification of certain aspects concerning the requirements for offsetting financial assets and financial liabilities.	Standard Amendment	1 January 2014
IFRS 2: Share based payment This amendment clarifies the definition of a vesting condition and separately defines performance condition and service condition.	Standard Amendment	1 January 2014
IFRS 13: Fair value measurement When IFRS 13 was published, paragraphs B 5.4.12 of IFRS 9 and AG79 of IAS39 were deleted as consequential amendments. This led to a concern that entities no longer had the ability to measure short-term receivables and payables at invoice amounts where the impact of not discounting is immaterial. The IASB has amended the basis for conclusions of IFRS 13 to clarify that it did not intend to remove the ability to measure short-term receivables and payables at invoice amounts in such cases.	Standard Amendment	1 January 2014
IAS 24: Related party disclosures The standard is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity.	Standard Amendment	1 January 2014
IFRS 15: Revenue from contracts with customers This new standard, establishes new principles for reporting useful information to users of the financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.	New standard	1 January 2017
These amendments include all new standards and amendments issued before 31 March 2014 with an effective date after 1 April 2014. Further amendments require additional disclosure on transfer transactions of financial assets, including the possible effects of any residual risks that the transferring entity retains. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.		

		Group		Company	
		2014	2013	**2014**	2013
		R	R	**R**	R
1	CASH AND CASH EQUIVALENTS				
	Cash	**127,502**	127,850	**–**	–
	Current and call accounts	**25,011,142**	26,533,278	**117,739**	1,975,056
		25,138,644	26,661,128	**117,739**	1,975,056
2	MONEY MARKET ASSETS				
	Deposits for payment guarantees	**26,365,697**	45,693,643		
	Deposits pending property transfer registrations	**840,589**	351,499		
		27,206,286	46,045,142		
3	ADVANCES				
	Loan advances	**1,914,204,009**	1,580,364,993		
	Loan impairment (see Note 4)	**(42,857,534)**	(32,189,303)		
	Notional interest on present valuing advances	**(30,517)**	(21,995)		
	Suspended Interest	**(3,847,553)**	(3,352,764)		
		1,867,468,406	1,544,800,931		
	Maturity analysis				
	Within 1 year	**60,852,761**	47,280,656		
	Within 2 to 5 years	**265,418,866**	230,592,202		
	Within 6 to 10 years	**723,677,797**	606,352,157		
	Within 11 to 15 years	**864,254,586**	696,139,978		
		1,914,204,009	1,580,364,993		

	Group		Company	
	2014	2013	**2014**	2013
	R	R	**R**	R
3 ADVANCES continued				
Geographical analysis				
Auckland Park	**1,025,439**	–		
Bellevue	**80,315,392**	81,445,778		
Berea	**227,718,953**	211,556,371		
Bertrams	**7,670,028**	7,946,396		
Bez Valley	**9,321,522**	9,555,315		
Braamfontein	**45,696,279**	15,781,298		
Brakpan	**1,865,562**	1,920,001		
Brixton	**4,604,170**	2,863,105		
Bulwer	**7,435,060**	–		
Cleveden	**1,964,974**	1,834,376		
Denver	**527,451**	546,465		
Doornfontein	**22,567,590**	25,239,219		
Durban Bluff	**772,831**	–		
Durban	**87,175,889**	77,999,072		
Fairview	**3,876,201**	3,930,014		
Foresthill	**537,692**	559,732		
Germiston	**37,350,035**	31,415,973		
Glenwood	**3,861,142**	–		
Highlands North	**2,060,851**	2,190,534		
Hillbrow	**233,639,359**	246,834,866		
Johannesburg CBD	**510,098,862**	392,432,044		
Jeppestown	**69,548,874**	29,893,836		
Joubert Park	**156,719,273**	116,661,614		
Judithspaarl	**1,349,162**	1,381,977		
Kempton Park	**3,395,875**	–		
Kensington	**1,471,329**	436,889		
Krugersdorp	**2,215,848**	2,276,193		
La Rochelle	**1,974,930**	2,044,467		
Lorentzville	**9,712,157**	5,312,223		
Malvern	**3,033,046**	2,196,941		
Marshalltown	**37,008,058**	27,913,727		
Melville	**6,383,997**	6,548,924		
New Doornfontein	**8,510,449**	8,820,802		
Newtown	**1,473,320**	1,262,654		
North End	**564,797**	9,375,810		
Orange Grove	**11,169,556**	10,580,459		
Pietermaritzburg	**21,549,158**	15,144,498		
Pinetown	**19,809,231**	20,477,431		
Port Elizabeth	**59,863,014**	18,582,249		
Pretoria	**63,794,207**	46,608,304		
Primrose	**3,187,444**	3,276,305		
Rosettenville	**7,333,641**	5,167,328		
Rouxville	**3,228,245**	3,444,256		
Salt River	**834,039**	779,138		
Sasolburg	**7,484,006**	7,584,758		
Selby	**5,186,882**	5,618,046		
Sunnyside	**9,082,782**	–		
Troyeville	**11,764,511**	10,809,713		
Turf Club	**1,093,476**	1,174,838		
Turfontein	**16,186,355**	16,859,071		
Uitenhage	**2,571,381**	–		
Vanderbijlpark	**1,227,198**	1,300,226		
Westdene	**907,543**	–		
Witpoortjie	**404,813**	421,189		
Yeoville	**74,080,129**	84,360,568		
	1,914,204,009	1,580,364,993		

	Group		Company	
	2014 R	2013 R	**2014 R**	2013 R
4 LOAN IMPAIRMENT				
Balance at the beginning of the period	**32,189,303**	24,328,656		
Legal fees & loans written off against impairment provision	**(2,607,785)**	(499,173)		
Impairments raised during the year	**13,276,016**	8,359,820		
Balance at the end of the year	**42,857,534**	32,189,303		
Refer to Note 27 for further details				
5 OTHER ASSETS				
Interest on guarantee funds	**661,180**	898,627	**–**	–
Fixed asset accrual account	**–**	4,983	**–**	–
Deferred and prepaid expenses	**3,327,871**	3,582,461	**729**	729
Other receivables – staff debtors and other sundry debtors	**656,559**	272,252	**–**	4,257
	4,645,610	4,758,323	**729**	4,986
Terms: Amounts receivable are current				
6 AMOUNTS OWING BY RELATED PARTIES				
Balance at beginning of the year			**8,432,455**	1,657,471
Advances to related parties			**16,917,984**	6,774,984
Net amount owing by related parties (Note 28)			**25,350,439**	8,432,455
7 AMOUNTS OWING TO RELATED PARTIES				
Balance at the beginning of the year			**13,712**	11,448
Advance from subsidiaries			**370**	2,264
Advance from holding company			**–**	–
Net amount owing to related parties (Note 28)			**14,082**	13,712
The loan is a current facility payable on demand. Interest is charged at market related rates.				

8 EQUIPMENT, COMPUTER SOFTWARE AND HARDWARE

	Office furniture and equipment R	Intangible assets/ computer software R	Computer hardware and fax R	Total R
Book value at 31 March 2013	**397,593**	**2,310,794**	**549,862**	**3,258,249**
Cost	1,072,790	6,312,561	1,506,455	8,891,806
Accumulated depreciation	(675,197)	(4,001,767)	(956,593)	(5,633,557)
Additions during the year	164,574	1,058,629	154,123	1,377,326
Disposals and scrapping during the year	–	–	(246)	(246)
Depreciation for the year	(162,349)	(1,136,351)	(222,089)	(1,520,789)
Book value at 31 March 2014	**399,817**	**2,233,073**	**481,649**	**3,114,539**
Cost	1,237,363	7,371,190	1,570,994	10,179,547
Accumulated depreciation	(837,546)	(5,138,118)	(1,089,345)	(7,065,009)
Book value at 31 March 2012	**285,191**	**2,936,641**	**274,737**	**3,496,569**
Cost	848,455	5,803,027	1,137,093	7,788,575
Accumulated depreciation	(563,264)	(2,866,386)	(862,356)	(4,292,006)
Additions during the year	257,226	509,534	505,774	1,272,534
Disposals and scrapping during the year	–	–	(616)	(616)
Depreciation for the year	(144,825)	(1,135,381)	(230,032)	(1,510,238)
Book value at 31 March 2013	**397,593**	**2,310,794**	**549,862**	**3,258,249**
Cost	1,072,790	6,312,561	1,506,455	8,891,806
Accumulated depreciation	(675,197)	(4,001,767)	(956,593)	(5,633,557)

		Group		Company	
		2014	2013	**2014**	2013
		R	R	**R**	R
9	**TRADE PAYABLES**				
	Derivative at fair value	**(9,570)**	33,451	**–**	–
	Payroll accruals	**–**	3,072	**–**	–
	Creditors	**15,092,247**	1,195,192	**14,074,748**	1,208
	Operating lease accruals	**73,033**	67,636	**–**	–
	Bonus remuneration	**3,797,923**	3,746,170	**–**	–
	Leave pay	**1,148,406**	973,230	**–**	–
		20,102,038	6,018,751	**14,074,748**	1,208
	Creditors are settled within 30 days of invoice date.				
10	**SHAREHOLDERS FOR DIVIDENDS**				
	Dividends Accrued	**5,330,007**	6,194,747		
11	**DEFERRED INCOME**				
	Raising fees deferred over nine year average loan period	**15,000,644**	12,324,896		
12	**TAXATION**				
	Amount owing to revenue authorities	**(4,997,688)**	(7,651,237)	**(8,220,278)**	(8,225,335)
	Amount owing to revenue authorities: VAT	**(84,431)**	(29,262)	**(14,128)**	(14,835)
		(5,082,119)	(7,680,499)	**(8,234,406)**	(8,240,170)
13	**FINANCIAL LIABILITIES**				
	The loan from the Gauteng Partnership Fund (GPF) which has a nominal value of R2 million is unsecured and interest free and to be repaid by March 2015. The facility is to fund low collateral projects identified by the Group where emerging entrepreneurs are involved.	**2,000,000**	2,000,000		
	Notional interest on present valuing financial liabilities.	**(132,846)**	(250,044)		
		1,867,154	1,749,956		

	Group 2014 R	Group 2013 R	Company 2014 R	Company 2013 R
13 FINANCIAL LIABILITIES continued				
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 is repaid over the remaining term and will be repaid by September 2024. The loan is secured by a cession of all the rights, title 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 from this facility.	**32,952,411**	35,080,492		
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 is repaid over the remaining term and will be repaid by April 2028. The loan is secured by a cession of all the rights, title 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 are financed from this facility.	**39,932,289**	41,600,684		
The loan of R150 million from the Standard Bank of South Africa Limited is at an interest rate of prime minus 0.8%. The loan is to be repaid in full by 15 May 2020 with a repayment profile that matches that imposed on the end users to whom this facility has been onward lent. The loan is secured by a cession of all the rights, title 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 are financed from this facility.	**76,808,903**	87,251,948		
The loan of R50 million from the Development Bank of South Africa SOC Limited is at an interest rate of prime minus 2.0%. Interest and capital is repaid over the remaining term and will be repaid by September 2022. The loan is secured by a cession of all the rights, title 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 are financed from this facility.	**32,586,293**	35,367,270		
The loan of R100 million from the Development Bank of South Africa Limited is at an interest rate of prime minus 2.0%. Drawdowns from the facility are made as and when the collateral security in respect of the project is registered. Interest and capital is repaid over the remaining term and must be repaid in full by 31 March 2023. The loan is secured by a cession of all the rights, title 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 are financed from this facility.	**75,255,419**	80,260,100		

	Group		Company	
	2014	2013	**2014**	2013
	R	R	**R**	R
13 FINANCIAL LIABILITIES continued				
The loan of R100 million from Futuregrowth Asset Management is at an average interest rate of prime minus 0.9%. Drawdowns are made as and when the collateral security in respect of the project is registered. Interest is payable on the 15th of each month. Capital is repaid by February 2022. The loan is secured by a cession of all the rights, title 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 are financed from this facility.	**73,476,991**	79,925,061		
The loan of R100 million from the National Housing Finance Corporation is at an interest rate of prime minus 2%. Drawdowns from the facility are made as and when the collateral security in respect of the project is registered. Interest and capital repayments are made over the remaining term. The loan is secured by a cession of all the rights, title 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 are financed from this facility.	**85,741,386**	89,258,717		
The loan of R25 million from the National Housing Finance Corporation is at an interest rate of prime minus 2%. Drawdowns from the facility are made as and when the collateral security in respect of the project is registered. Interest and capital repayments are made over the remaining term. The loan is secured by a cession of all the rights, title 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 are financed from this facility.	**18,223,565**	18,902,451		
The loan of R120 million from the National Housing Finance Corporation is at an interest rate of prime minus 0.5%. Drawdowns from the facility are made as and when the collateral security in respect of the project is registered. Interest & capital repayments are made over the remaining term and will be repaid in full by December 2025. The loan is secured by a cession of all the rights, title 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 are financed from this facility.	**108,960,777**	114,369,681		

	Group		Company	
	2014	2013	**2014**	2013
	R	R	**R**	R
13 FINANCIAL LIABILITIES continued				
The loan of R200 million from the Development Bank of South Africa Limited is at an interest rate of prime minus 1.0%. Drawdowns from the facility are made as and when the collateral security in respect of the project is registered. Interest and capital is repaid over the remaining term and must be repaid in full by 31 December 2024. The loan is secured by a cession of all the rights, title 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 are financed from this facility.	**168,217,222**	178,039,635		
The loan of R40 million from Cadiz Life and R10 million from Cadiz Asset Management is at an interest rate of prime minus 0.5%. Drawdowns from the facility are made as and when the collateral security in respect of the project is registered. Interest and capital is repaid over the remaining term and must be repaid in full within 60 months by January 2015. The loan is secured by a cession of all the rights, title 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 are financed from this facility.	**44,039,497**	45,806,292		
The loan of R250 million from Futuregrowth Asset Management is at an interest rate of prime plus 0.5%. The loan is secured by a cession of all rights, title and/or interests the Group holds or which it may acquire in future, arising out of, or in connectionwith the end user agreements which are financed from this facility. The facility is fully drawn and interest and capital is paid monthly and is repayable in full by July 2021.	**216,645,807**	230,523,673		
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 is paid monthly. The facility is repayable in full by July 2025.	**14,307,287**	14,957,771		
The loan of R30 million from the Gauteng Partnership Fund is at an interest rate of prime minus 4.0%. Interest payments commence on 15 September 2008. Capital was repaid on 10 September 2013. The facility was only invested in bridging finance projects.	**–**	29,639,904		

	Group		Company	
	2014	2013	**2014**	2013
	R	R	**R**	R
13 FINANCIAL LIABILITIES continued				
The loan from the National Housing Finance Corporation Limited is at an interest rate of prime plus 10%. Interest payments have been deferred. The intention is that the loan is in place for an indefinite period and any repayment of the facility within a five year period is subject to TUHF Holdings (Proprietary) Limited's board approval. The loan is subordinated in favour of all unsecured loans.	**6,533,403**	6,533,403		
The loan of R300 million from The Public Investment Corporation SOC Limited is at an interest rate of prime less 2.00%. Interest and capital are repayable in monthly instalments and is repayable in full by June 2027. The loan is secured by a cession of all rights, title 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 are financed from this facility.	**290,070,609**	300,140,736		
The loan of R20 million from Standard Bank of South Africa Limited is available over five years. The facility is at an interest rate of prime plus 0.2% and monthly capital and interest payments commence from the commencement of the loan. The loan is secured by a cession of rights, title 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 are financed from this facility.	**18,635,579**	11,683,222		
The loan of R300 million from Futuregrowth Management (Proprietary) Limited acting as facility agent on behalf of Senior Lenders is at an interest rate of prime plus 20 basis points. R200 million is repayable in equal monthly instalments of capital 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 on 15 January 2024. The loan is secured by a cession of rights, title and/or interests the Group holds, or which in may acquire in future, arising out of, or in connection with the end user agreements which are financed from this facility.	**293,088,321**			

	Group 2014 R	Group 2013 R	Company 2014 R	Company 2013 R
13 FINANCIAL LIABILITIES continued				
The loan of R10 million from Stanlib Asset Management Limited is at at an interest rate of prime less 0.5%. The facility is fully drawn. Interest is paid monthly and capital will be repaid over a 15 year amortising profile the balance to be repaid by August 2018.	**10,072,192**			
Thirty direct, unconditional and unsubordinated promissory notes issued at a nominal value of R2 million each by Cadiz Asset Management, ranking equally in security being loans made to property developers funded by the issue of the notes. The coupon is prime plus 0.25% and the final redemtion date is 1 January 2019.	**60,273,284**			
The preference shares that are issued to the National Housing Finance Corporation Limited are at an interest rate of prime less the corporate tax rate, currently 6.72%. Dividend payments have been accrued. The preference shares are redeemable in 2017 and rank after secured loans for repayment.	**35,000,000**	35,000,000		
The loan of R8 million from the Gauteng Partnership Fund is at an interest rate of prime minus 4.16%. Interest payments are paid monthly. The repayment of capital was due in September 2013 but has been deferred to a date still to be determined. The facility may only be vested in equity funding projects.	**7,805,722**	7,802,389		
The loan facility of R5 million from The New Housing Company NPC is at an interest rate of prime less 2%. Drawdowns from the facility are made when an advance request has been submitted in terms of the loan contractual agreement. Security is by means of a second mortgage bond. The repayment of the capital will be made in November 2019. The facility may only be vested in equity funding projects.	**2,675,981**	1,536,678		
The loan of R10 million from Gauteng Partnership Fund is at an interest rate of prime less 2%. Drawdowns from the fund are made as and when advance requests are submitted in terms of the contractual agreement. Interest is paid monthly. The repayment of capital will be made in September 2020. The facility may only be vested in equity funding projects.	**3,682,742**			
	1,716,852,833	1,453,143,252		
Repayable within 12 months	**140,483,164**	102,601,894		
Repayable 1 to 3 years	**215,687,327**	164,623,094		
Repayable 3 to 5 years	**244,054,552**	120,142,471		
Repayable >5 years	**1,116,627,790**	1,075,328,138		
	1,716,852,833	1,453,143,252		

	Group		Company	
	2014	2013	**2014**	2013
	R	R	**R**	R
14 SHARE-BASED PAYMENT RESERVE				
Capital contribution for ESS share issue opening balance	**1,922,734**	1,921,089		
Additional cost contribution	**1,096,052**	864,981		
Cumulative consolidation cost adjustment	**(1,091,687)**	(2,529,746)		
Closing balance	**1,927,099**	1,922,734		

TUHF Conditional Share Plan

As an incentive for current and prospective employees of TUHF (Proprietary) Limited, a Conditional Share Plan (CSP) has been established by its holding company, TUHF Holdings (Proprietary) Limited, to which 4,858,000 ordinary shares of a par value of R0.0001 each has been allocated.

Conditional awards made are subject to the TUHF Group's Performance Management System and are measured over a two or three year performance period. Conditional awards that employees become entitled to as a result of the Remuneration Committee and managements' deliberations are vested into their name equally over a three year period.

Following the vesting of conditional awards, TUHF (Proprietary) Limited is required to procure the settlement of the shares to be vested from TUHF Holdings (Proprietary) Limited. Such shares are allotted and issued at the market value per share.

In terms of the rules of the CSP, if an employee should leave the employment of the TUHF (Proprietary) Limited, it will be entitled to be given the right of first refusal to purchase those shares registered in the employee's name at the current market value.

During the year, share awards granted amounted to 322,084 (2013 – 373,252) of which 298,384 (2013 – 222,796) were exercised. The remaining 23,700 (2013 – 150,456) were sold to TUHF (Proprietary) Limited to fund certain employees' tax obligations or due to resignations from TUHF (Proprietary) Limited.

At 31 March 2014 2,721,485 shares had been vested while TUHF (Proprietary) Limited held 273,851 Treasury Shares.

	Group		Company	
	2014	2013	**2014**	2013
	R	R	**R**	R

16 CONTINGENCIES

The rules of TUHF Holdings (Proprietary) Limited's Conditional Plan requires all participants who leave the employ of any Group company for any reason whatsoever, to sell their shares to TUHF (Proprietary) Limited.

Should TUHF (Proprietary) Limited not accept this offer, the participant must offer to sell the shares to other participants in the Plan and failing this being accepted, the offer must be extended to all other shareholders in TUHF Holdings (Proprietary) Limited.

Notwithstanding the fact that TUHF (Proprietary) Limited is not required to purchase all shares held by participants on leaving the Group's employ, the Company has a potential contingency amounting to R5,442,570 (2013: R4,288,889)

17 POST STATEMENT OF FINANCIAL POSITION EVENTS

Refer to the Report of the Directors for details.

18 COMMITMENTS

	Group 2014 R	Group 2013 R	Company 2014 R	Company 2013 R
Advances				
Advances for refurbishment of buildings	**24,280,955**	70,646,549	–	–
Advances pending contractual compliances	**230,269,733**	224,783,691	–	–
	254,550,688	295,430,240	–	–
Future aggregate minimum lease payments under non-cancellable leases are as follows:				
Operating leases:				
Office rental payable within 1 year	**992,726**	1,007,060	–	–
Office rental payable between 2 to 5 years	**158,532**	1,157,182	–	–
	1,151,258	2,164,242	–	–

TUHF (Proprietary) Limited is negotiating the extension of the lease agreements.

19 INTEREST INCOME

	Group 2014 R	Group 2013 R	Company 2014 R	Company 2013 R
Interest on advances	**201,481,228**	163,206,670	**–**	–
Interest on advances to related company	**–**	–	**813,833**	337,943
Interest on tax refunds	**137,614**	–	**(22,980)**	–
Interest on staff loans	**1,555**	60	**–**	–
Interest on guarantee deposits	**1,707,406**	1,124,673	**–**	–
Interest on call deposits	**988,828**	1,314,153	**31,234**	226,921
Hedging costs offset against interest received	**12,657**	(43,411)	**–**	–
	204,329,288	165,602,145	**822,087**	564,864

	Group		Company	
	2014	2013	**2014**	2013
	R	R	**R**	R
20 INTEREST EXPENSES				
Interest on borrowings	**117,145,895**	97,930,022	**320,704**	143,697
Interest on advances from related company	**–**	–	**–**	–
Interest and fees on current account	**1,009**	(4,433)	**11**	12
	117,146,905	97,925,589	**320,714**	143,709
21 NON-INTEREST INCOME				
Agency fee income	**1,501,500**	1,501,500	**1,501,500**	1,501,500
Raising fee	**4,253,209**	4,298,892	**–**	–
Profit on sale of fixed assets	**4,192**	3,984	**–**	–
Sundry income	**934,253**	392,032	**–**	–
	6,693,155	6,196,408	**1,501,500**	1,501,500
22 OPERATING EXPENDITURE				
Auditors' fees	**1,482,214**	1,274,522	**102,215**	–
Consulting fees	**2,104,557**	1,107,228	**74,200**	62,743
Depreciation	**1,520,789**	1,510,238		
Computer equipment	**189,771**	210,089	**–**	–
Intangible assets	**1,136,351**	1,135,381	**–**	–
Office furniture and equipment	**194,667**	164,768	**–**	–
Information technology costs	**945,484**	1,025,413	**–**	–
Directors' emoluments – executive director in respect of services rendered	**3,586,107**	2,853,983	**–**	–
– bonus	**1,335,580**	725,150	**–**	–
– cash component	**1,729,338**	1,690,142	**–**	–
– pension	**346,630**	285,000	**–**	–
– other	**174,559**	153,691	**–**	–
Marketing	**921,813**	531,890	**–**	–
Non-executive directors' remuneration	**847,333**	637,600	**–**	–
Project management	**805,258**	875,012	**–**	7,600
Share based payment expense	**797,305**	864,981	**–**	–
Staff costs	**18,025,275**	14,019,543	**–**	–
Office rental	**1,159,435**	1,115,762	**–**	–
VAT written off	**1,751,286**	2,246,628	**13,350**	6,733
Valuations	**284,337**	451,965		
Other expenses	**6,209,139**	5,592,580	**57,336**	(81,145)
	40,440,331	34,107,345	**247,102**	(4,069)

	Group 2014 R	Group 2013 R	Company 2014 R	Company 2013 R
23 TAXATION				
South African normal tax – current	**15,515,990**	11,088,235	**677,772**	469,009
Other taxes: STT				
South African deferred tax – current	**(3,916,580)**	(2,178,920)	**–**	204
	11,599,410	8,909,315	**677,772**	469,213
Reconciliation between expected tax charge to actual tax charge:				
Profit before tax	**40,159,192**	31,405,799	**1,666,038**	1,675,553
Tax at 28% on the above	**11,244,574**	8,793,624	**466,491**	469,213
Prior year	**–**	–	**190,153**	–
Factors affecting the tax rate:				
Disallowable expenditure	**67,156**	65,940	**–**	–
Permanent differences	**287,680**		**21,128**	–
Actual tax current charge	**11,599,410**	8,909,315	**677,772**	469,213
The movement of deferred tax is as follows:				
Balance transferred in/opening balance	**10,253,654**	7,943,444	**(204)**	–
Deferred taxation timing differences	**3,916,580**	2,178,920	**–**	(204)
Creation/(utilisation) of tax losses	**(1,400)**	131,290	**–**	–
Balance at end of period	**14,168,834**	10,253,654	**(204)**	(204)
Comprising:				
Provisions	**766,999**	703,459		
Accelerated depreciation	**(715,459)**	(737,221)		
Loan impairment	**9,484,781**	6,653,093		
Rental equalisation	**10,315**	8,804		
Deferred income	**4,200,180**	3,450,971		
S 24 J accrual	**803,664**	625,072		
Deferred and prepaid expenses	**(917,808)**	(988,889)	**204**	204
Share incentive reserve	**536,162**	538,365		
	14,168,834	10,253,654	**204**	204
24 EMPLOYEE BENEFITS				
TUHF (Proprietary) Limited has a defined contribution provident plan governed by the Pensions Act, 1956, as amended, to which all permanent employees are required to join.				
Payments to the provident plan are charged as an expense as they fall due.	**2,203,330**	1,996,217		
The Company has no obligations for post-retirement health.				

	Group		Company	
	2014	2013	**2014**	2013
	R	R	**R**	R
25 BORROWING CAPACITY				
In terms of the Company's Memorandum of Incorporation the borrowing powers of the Company and subsidiaries are unlimited except for the Company where any indebtedness, other than trade debt in the ordinary course of business, is limited to R20 million. The Group has also undertaken to certain lenders of maintaining a debt to capital ratio of 90%.				
26 CASH GENERATED FROM OPERATIONS				
Reconciliation of profit before tax to cash generated from operations:				
Profit for the period	**40,159,192**	31,405,799	**1,666,038**	1,675,553
Adjusted for:				
Bad Debts	**–**	–	**–**	–
Depreciation of equipment	**1,520,789**	1,510,238	**–**	–
Notional interest	**125,719**	89,884		
Loan impairment	**13,276,016**	8,359,820	**–**	–
Provisions	**–**	–	**–**	–
Raising fees	**(4,253,209)**	(4,298,892)	**–**	–
Other non-cash items	**(18,463,674)**	(18,363,342)	**(3,512,691)**	42,667
Operating profit/(deficit) before working capital changes	**32,364,833**	18,703,507	**(1,846,653)**	1,718,220
Working capital changes	**(104,174)**	977,899	**3,049**	(1,668,815)
(Increase)/Decrease in accounts receivable	**(112,713)**	1,739,291	**4,257**	(1,653,083)
Increase/(Decrease) in accounts payable	**8,539**	(761,392)	**(1,208)**	(15,732)
Cash generated/(utilised) by operating activities	**32,260,659**	19,681,406	**(1,843,604)**	(1,452,095)

27 RISK MANAGEMENT

FINANCIAL RISKS

Financial risks are identified and managed on a group basis. These risks are identified in the risk matrix which is reported to the boards.

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 are established on a comprehensive organisation wide basis by senior management and reviewed with, and where appropriate, approved by the boards of directors.

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

CAPITAL 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 shareholders and benefits for other stakeholders and to maintain an optimal capital structure and reduce the cost of capital.

The Group monitors capital on a gearing ratio basis together with a debt service cover ratio. The Group debt to capital ratio must not exceed 90:10 and the debt service cover ratio, being the Group's free cash flow divided by the total sum of all amounts payable for all indebitedness, must be at least 1.1 times.

Capital as defined in the relevant agreements with shareholders is included in the calculation and may 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 plus interest bearing debt.

27 RISK MANAGEMENT continued

	2014 R	2013 R
Interest bearing debt		
Loans excluding shareholder loans and preference shares	**1,675,319,430**	1,411,609,849
Equity	**218,980,982**	197,739,140
Tier 1	**177,447,579**	156,205,737
Tier 2	**41,533,403**	41,533,403
Total capital	**1,894,300,412**	1,609,348,989
Debt capital ratio	**88%**	88%

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 Group faces arises mainly from commercial loans and advances. The Group 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 Group may be exposed to credit risk arising from other financial assets. 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 Group's major sources of income and is therefore one of the most significant risks, and the Group 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, fully compliant with the National Credit Act.

The following represents the maximum exposure, at Statement of Financial Position date, to credit risk taking into account any collateral held and is stated after the allowance for impairment.

	Group		Company	
	2014 R	2013 R	2014 R	2013 R
27.1 ASSETS: CREDIT EXPOSURES				
Balances with local banks	**25,138,644**	26,661,128	**117,739**	1,975,056
Cash and short-term assets (Note 1)	**25,138,644**	26,661,128	**117,739**	1,975,056
Deposits for payment guarantees	**26,365,697**	45,693,643	**–**	–
Deposits for payment guarantees: legal fees and transfer duty	**840,589**	351,499	**–**	–
Money market assets (Note 2)	**27,206,286**	46,045,142	**–**	–
Loans and advances to clients	**1,914,204,009**	1,580,364,993		–
Loan impairment	**(42,857,534)**	(32,189,303)	**–**	
Notional interest and other interest adjustments	**(3,847,553)**	(3,352,764)	**–**	–
Advances (Note 3)	**1,867,498,923**	1,544,822,926	**–**	–
Deferred and prepaid expenses	**3,327,871**	3,582,461	**729**	729
Interest on guarantees	**661,180**	898,627	**–**	–
Staff and sundry debtors	**656,559**	272,252	**–**	4,257
Other assets (Note 5)	**4,645,610**	4,753,340	**729**	4,986
Gross amount owing: related parties (Note 6)	**–**	–	**51,669,890**	34,765,988
Total assets subject to credit risk	**1,924,489,462**	1,622,282,536	**51,788,359**	36,746,030
Assets not subject to credit risk	**17,283,372**	13,511,903	**–**	–
Total assets	**1,941,772,835**	1,635,794,439	**51,788,359**	36,746,030
Undrawn commitments (Note 18)				
Advances for refurbishment of buildings	**24,280,955**	70,646,549		
Advances pending contractual compliances	**230,269,733**	224,783,691		
	254,550,688	295,430,240		

	Cash and short-term assets	Money market	Advances	Other assets
27 RISK MANAGEMENT continued				
27.2 FINANCIAL ASSETS SUBJECT TO CREDIT RISK – GROUP: 2014				
For the purpose of the Group's disclosure regarding credit quality the exposure to credit risk has been analysed as follows:				
Neither past due nor impaired	25,138,644	27,206,286	1,747,755,241	4,645,610
Past due but not impaired			94,554,046	–
Impaired			71,894,721	–
Carrying value before impairment	**25,138,644**	**27,206,286**	**1,914,204,009**	**4,645,610**
Less: Impairment allowance			(34,291,346)	–
Identified impairments			(3,847,553)	–
Identified Individual			(12,413,740)	–
Identified collective			(3,847,553)	–
Unidentified impairments			(30,443,793)	–
Carrying value of financial assets per Note 27.1	**25,138,644**	**27,206,286**	**1,879,912,663**	**4,645,610**
FINANCIAL ASSETS SUBJECT TO CREDIT RISK – GROUP: 2013				
Neither past due nor impaired	26,661,128	46,045,142	1,473,798,576	4,758,323
Past due but not impaired			87,923,164	–
Impaired			15,290,489	–
Carrying value before impairment	28,780,715	5,958,134	1,577,012,229	1,154,701
Less: Impairment allowance			(35,542,067)	–
Identified impairments			(12,062,076)	–
Identified individual			(8,709,312)	–
Identified collective			(3,352,764)	–
Unidentified impairments			(23,479,991)	–
Carrying value of financial assets per Note 27.1	**26,661,128**	**46,045,142**	**1,541,470,162**	**4,758,323**
FINANCIAL ASSETS SUBJECT TO CREDIT RISK – COMPANY: 2014				
Neither past due nor impaired	117,739	–	–	729
Carrying value of financial assets per Note 27.1	**117,739**	**–**	**–**	**729**
FINANCIAL ASSETS SUBJECT TO CREDIT RISK – COMPANY: 2013				
Neither past due nor impaired	1,975,056	–	–	4,986
Carrying value of financial assets per Note 27.1	**1,975,056**	**–**	**–**	**4,986**

Credit Risk Exposures relating to assets

Financial assets neither past due nor impaired are considered to be fully recoverable.

Financial Assets Renegotiated
In respect of financial assets or advances to customers that have been re-negotiated funds received are first applied to any past due amounts.

27 RISK MANAGEMENT continued

	30 days	60 days	> 90 days	120 days +
27.2 Financial Assets that are past due but not impaired – Group: 2014 The mortgage loan amounts past due but not impaired relate to the overdue installment portion in respect of loans amounting to R94,554,046. The loan balances have not been impaired or renegotiated as clients are part paying amounts and the value of the collateral exceeds the loan balance.	1,756,239	1,533,230	1,329,660	15,759,544
Financial Assets that are past due but not impaired – Group: 2013 The mortgage loan amounts past due but not impaired relate to the overdue installment portion in respect of loans amounting to R44,189,995. The loan balances have not been impaired or renegotiated as clients are part paying amounts and the value of the collateral exceeds the loan balance.	1,308,059	1,053,520	426,571	4,218,388

27.3 ANALYSIS OF ASSETS

At each Statement of Financial Position date an assessment is made whether there is an indication that an asset may be impaired.

Loans and advances are stated net of impairment. Where carrying values of individual loans and advances are less than discounted amounts realisable or net of recoveries from collateral, a provision is made for the differences as loan impairment. 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 6.

	Carrying amount	Impairment	Revised carrying amount
a. Analysis of assets individually assessed as impaired			
Group – 2014			
Mortgage loans	71,431,197	(13,279,819)	58,151,378
Bridging finance	2,517,950	(2,517,950)	–
Equity loan finance	463,524	(463,524)	–
	73,949,147	**(16,261,293)**	**58,151,378**
Group – 2013			
Mortgage loans	44,189,995	(6,660,826)	37,529,169
Bridging finance	1,969,192	(1,584,760)	384,432
Equity loan finance	463,725	(463,725)	–
	46,159,187	**(8,709,311)**	**37,913,601**
Company – 2014			
No assets individually assessed as impaired			
Company – 2013			
No assets individually assessed as impaired			

27 RISK MANAGEMENT continued

27.3 ANALYSIS OF ASSETS continued

b. Reconciliation of total impairments (identified and unidentified)

	Carrying amount	Impairment	Loans impaired	Revised carrying amount
Group – 2014				
Mortgage loans				
Identified individual	6,660,826	4,850,000	(2,078,560)	9,432,266
Unidentified collective	23,244,536	6,565,021	–	29,809,557
	29,905,362	**11,415,021**	**(2,078,560)**	**39,241,823**
Bridging finance				
Identified individual	1,584,760	933,190	–	2,517,950
Unidentified collective	202,556	401,239	–	603,795
	1,787,316	**1,334,429**	**–**	**3,121,745**
Deferred sale loans				
Identified individual	–	–	–	–
Unidentified collective	32,899	(2,458)		30,441
	32,899	**(2,458)**	**–**	**30,441**
Equity finance loans				
Identified individual	463,725	529,024	(529,226)	463,523
Unidentified collective	–	–	–	–
	463,725	**529,024**	**(529,226)**	**463,523**
Total (per Note 27.1)	**32,189,302**	**13,276,016***	**(2,607,786)**	**42,857,532**
Group – 2013				
Mortgage loans				
Identified individual	4,760,000	2,400,000	(499,173)	6,660,827
Identified collective	17,846,902	5,397,634		23,244,536
	22,606,902	**7,797,634**	**(499,173)**	**29,905,363**
Bridging finance				
Identified individual	1,282,605	302,156	–	1,584,761
Identified collective	403,535	(200,979)	–	202,556
	1,686,140	**101,177**	**–**	**1,787,317**
Deferred sale loans				
Identified individual	–	–	–	–
Identified collective	35,616	(2,716)	–	32,900
	35,616	**(2,716)**	**–**	**32,900**
Equity finance loans				
Identified individual	–	463,725	–	463,725
Identified collective	–	–	–	–
	–	**463,725**	**–**	**463,725**
Total (per Note 27.1)	**24,328,658**	**8,359,820**	**(499,173)**	**32,189,305**

**Per Statement of Comprehensive Income*

27 RISK MANAGEMENT continued

27.3 ANALYSIS OF ASSETS continued

b. Reconciliation of total impairments (identified and unidentified)

Company – 2014

No impairment (identified or unidentified)

Company – 2013

No impairment (identified or unidentified)

	2014 R	2013 R
Valuation of collateral		
The Group follows the principle of registering a mortgage bond to the value of 120% of the loan facility amount. In addition, another 30% of this amount is provided for legal costs in the total bond registered. The amounts stated below are stated exclusive of the legal costs provided for in the registered mortgage bond.		
Group loans and advances		
Mortgage loans – registered mortgage bond	**2,454,231,813**	2,660,143,409
– loans past due and not impaired	**144,374,769**	47,097,255
– loans individually impaired	**95,241,596**	19,187,738
	2,693,848,178	2,726,428,402
Bridging finance loans – unsecured lending	**–**	–
Deferred sale loans	**28,246,896**	24,140,846
Equity finance 2nd bond	**11,907,271**	8,261,344
Total	**2,734,002,345**	2,758,830,592

27.4 MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Currency risk: the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

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

Other price risk: The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market process (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Group does not have exposure to currency risk as all transactions are rand denominated. Money market assets do not bear price risk as they include mainly cash, call funds and deposits in interest bearing accounts.

The Group is exposed to cashflow interest rate risk on both loan advances and interest bearing borrowings that are linked to the prime interest rate. Loans and advances, cash and cash equivalents and money market assets as well as interest bearing liabilities are stated at amortised cost derived from a fair rate of return or fair cost of borrowings.

Analysis of loan book advances interest rate risk exposure

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

The market risk exposure is further exacerbated by the fact that some loan advances have six monthly fixed interest rate periods delaying the impact of a change in interest rates on the positive margin. The Group has tried to match this exposure in its loan profile and the exposure in relation to the total book has declined to less than 10%.

Where clients request fixed rates applicable to loans, the interest rate risk is mitigated by management entering into an interest rate swap contract to swap the fixed interest rate for a floating interest rate. In this way, the Group ensures that no interest rate risk is taken on.

27 RISK MANAGEMENT continued

27.4 MARKET RISK continued

	Currency	Interest rate	2014 R	2013 R
Hedge accounting applied in respect of interest rate risk				
As at 31 March 2014, the Group had the following designated cash flow hedge interest rate swap contract:				
Fair value of asset – designated cash flow hedge ZAR interest rate swap contract	ZAR	prime plus 4.5% for 5 months and prime plus 3.5% thereafter	**511,325,00**	1,202,644
Fair value of liability – designated cash flow hedge ZAR interest rate swap contract	ZAR	12.63%	**(501,755)**	(1,236,115)
The notional amount in respect of the prior year swap over the period of the contract and at 31 March 2013 is R6,249,496.				
The notional amount in respect of the current year swap of the contract and at 31 March 2014 is R6,341,492.				
The contract is for 24 months, maturing in November 2014.				
Total			**9,570**	**(33,471)**
Gains and losses on interest rate swaps are recognised in profit and loss				
REVENUE SENSITIVITY				
Interest rate sensitivity: Group				
Increase in basis points (prime rate)			**100**	100
Sensitivity of annual net interest income			**1,654,743**	2,120,679
Loan balances and impairment: Group				
Loan book balance and impairment provisions differ by 10%				
Sensitivity of net interest income			**(693,336)**	(786,065)
Income tax estimates sensitivity: Group				
Cash flow estimates differ by 10%				
Sensitivity of income tax liability			**(1,132,805)**	(627,084)

27 RISK MANAGEMENT continued

27.5 LIQUIDITY RISK

Liquidity risk: 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 its obligations to repay commitments to funders.

The board is responsible for the management of the liquidity risk of the Group but they have delegated the day to day responsibility to the Group Financial Manager. The key focus in managing this risk is the use of a cash flow model that monitors loan and funders cashflows for a 12 month window period.

A summary of the undiscounted liquidity profile is reflected in the following tables:

	Within 1 year	1 to 5 years	> 5 years	Discounting	Total
Liabilities: Group 2014					
Other liabilities and accruals	25,432,045	–	–	–	25,432,045
Non-interest bearing liablities	–	1,867,154	–	–	1,867,154
Interest bearing liabilities	274,193,632	1,000,793,582	1,347,802,723	(907,804,258)	1,714,985,679
Liabilities per Statement of Financial Position	**299,625,677**	**1,002,660,736**	**1,347,802,723**	**(907,804,258)**	**1,742,284,878**
Liabilities: Group 2013					
Other liabilities and accruals	12,213,498	–	–	–	12,213,498
Non-interest bearing liablities	–	1,749,956	–	–	1,749,956
Interest bearing liabilities	158,587,959	479,131,608	1,931,810,593	(1,125,418,761)	1,443,680,106
Liabilities per Statement of Financial Position	**170,801,457**	**480,881,564**	**1,931,810,593**	**(1,125,418,761)**	**1,457,643,560**
Liabilities: Company 2014					
Other liabilities and accruals	14,074,748	–	–	–	14,074,748
Non-interest bearing liablities	–	–	–	–	–
Interest bearing liabilities	–	–	–	–	–
Liabilities per Statement of Financial Position	**14,074,748**	**–**	**–**	**–**	**14,074,748**
Liabilities: Company 2013					
Other liabilities and accruals	14,920	–	–	–	14,920
Non-interest bearing liablities	–	–	–	–	–
Interest bearing liabilities	–	4,704,000	60,335,615	(7,735,134)	57,304,481
Liabilities per Statement of Financial Position	**14,920**	**4,704,000**	**60,335,615**	**(7,735,134)**	**57,319,401**

27 RISK MANAGEMENT continued

27.6 CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Group: 2014	Loans and receivables	Other	Total carrying amount	Fair value
Financial assets				
Cash and short-term assets	25,138,644	–	25,138,644	25,138,644
Money market assets	27,206,286	–	27,206,286	27,206,286
Loan advances	1,867,468,406	–	1,867,468,406	1,867,468,406
Group companies	–	–	–	–
Other assets: excluding prepayments	1,317,739	–	1,317,739	1,317,739
	1,921,131,075	**–**	**1,921,131,075**	**1,921,131,075**

	Amortised cost	Other	Total carrying amount	Fair value
Financial liabilities				
Other liabilities	25,184,157	–	25,184,157	25,184,157
Dividends accrued	5,330,007	–	5,330,007	5,330,007
Related parties	–	–	–	–
Raising fees deferred	15,000,644	–	15,000,644	15,000,644
Interest bearing liabilities	1,714,985,679	–	1,714,985,679	1,714,985,679
	1,760,500,486	**–**	**1,760,500,486**	**1,760,500,486**

Group: 2013	Loans and receivables	Other	Total carrying amount	Fair value
Financial assets				
Cash and short-term assets	26,661,128	–	26,661,128	26,661,128
Money market assets	46,045,142	–	46,045,142	46,045,142
Loan advances	1,544,800,931	–	1,544,800,931	1,544,800,931
Related parties	–	–	–	–
Other assets: excluding prepayments	1,175,862		1,175,862	1,175,862
	1,618,683,063	**–**	**1,618,683,063**	**1,618,683,063**

	Amortised cost	Other	Total carrying amount	Fair value
Financial liabilities				
Other liabilities	13,699,250	–	13,699,250	13,699,250
Dividends accrued	6,194,747		6,194,747	6,194,747
Related parties	–	–	–	–
Raising fees deferred	12,324,896	–	12,324,896	12,324,896
Interest bearing liabilities	1,443,680,107	–	1,443,680,107	1,443,680,107
	1,475,899,000	**–**	**1,475,899,000**	**1,475,899,000**

27 RISK MANAGEMENT continued

27.6 CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES continued

Company: 2014	Loans and receivables	Other	Total carrying amount	Fair value
Financial assets				
Cash and short-term assets	117,739	–	117,739	117,739
Other assets	729	–	729	729
Related parties	51,669,890	–	51,669,890	51,669,890
	51,788,359	**–**	**51,788,359**	**51,788,359**

	Amortised cost	Other	Total carrying amount	Fair value
Financial liabilities				
Other liabilities	22,309,153	–	22,309,153	22,309,153
Dividends accrued	–	–	–	–
Related parties	–	–	–	–
Interest bearing liabilities	–	–	–	–
	22,309,153	**–**	**22,309,153**	**22,309,153**

Company: 2013	Loans and receivables	Other	Total carrying amount	Fair value
Financial assets				
Cash and short-term assets	1,975,056	–	1,975,056	1,975,056
Other assets	4,986	–	4,986	4,986
Related parties	34,765,988	–	34,765,988	34,765,988
	36,746,030	**–**	**36,746,030**	**36,746,030**

	Amortised cost	Other	Total carrying amount	Fair value
Financial liabilities				
Other liabilities	8,241,378	–	8,241,378	8,241,378
Dividends accrued	–	–	–	–
Related parties	13,712	–	13,712	13,712
Interest bearing liabilities	–	–	–	–
Total liabilities	**8,255,090**	**–**	**8,255,090**	**8,255,090**

		Investment in shares		Indebtedness	
		2014 R	2013 R	**2014 R**	2013 R
28 INVESTMENTS IN SUBSIDIARIES					
The Company owns 100% of the issued share capital of:					
TUHF Holdings (Proprietary) Limited		**26,333,333**	26,333,333	**23,850,676**	6,854,966
TUHF Properties (Proprietary) Limited	*	**100**	100	**1,485,681**	1,577,489
Intuthuko Equity Fund (Proprietary) Limited	**	**100**	100		
		26,333,533	**26,333,533**	**25,336,357**	**8,432,455**
Total investment and indebtedness (Refer to Note 6)				**51,669,890**	**34,765,988**
Nature of business:					
* Property deferred sales					
** Equity funding					
TUHF (Proprietary) Limited					
Loan – no interest is charged					
No repayment terms				**10,000,000**	10,000,000
Loan – interest received at 75% of the Prime Rate				**–**	–
No repayment terms				**53,974,028**	52,495,054
Loan – interest received at the Prime Rate minus 2%				**–**	–
No repayment terms				**81,353,479**	79,002,012
Loan – interest paid at market call rates				**–**	–
No repayment terms				**(2,702,217)**	–
Current Account payable within 30 days				**2,345,185**	1,465,270
TUHF Bridge (Proprietary) Limited					
Interest received at market call rates				**–**	–
Repayable within 12 months				**–**	29,607,816
TUHF MBS (Proprietary) Limited					
Current Account payable within 30 days				**(100)**	–
				144,970,376	172,570,152

	Investment in shares		Indebtedness	
	2014	2013	**2014**	2013
	R	R	**R**	R
29 RELATED PARTIES: COMPANY				
Related parties:				
Subsidiary companies as disclosed in Note 28				
Amount due to and from related parties:				
(Refer to Notes 6 and 7)				
Related parties transactions:				
Amounts paid to and received from major shareholders				
Trust for Urban Housing Finance NPC				
Interest paid			**695,641**	207,925
Management fees			**(145,030)**	(149,406)
National Housing Finance Corporation SOC Limited				
Interest paid			**20,870,431**	24,191,051
Amounts paid to and received from related parties:				
Company				
TUHF Properties (Proprietary) Limited: Subsidiary				
Interest received			**–**	–
Interest paid			**118,191**	130,018
Management fees paid			**–**	–
Intuthuko Equity Fund (Proprietary) Limited: Subsidiary				
Interest paid			**–**	–
Interest received			**–**	–
TUHF (Proprietary) Limited: Sub Subsidiary				
Interest received			**(8,633,142)**	(6,518,579)
Interest paid			**29,217**	–
Management fees paid			**–**	–
TUHF Bridge (Proprietary) Limited: Sub Subsidiary				
Interest paid			**283**	
Interest received			**(1,058,312)**	(1,899,568)
Key management:				
All members of the board are considered key management. For remuneration refer to Note 22.				
S Moraba, a director of the Company, is the chief executive officer of the National Housing Finance Corporation SOC Limited (NHFC). This company has granted the Company's subsidiary wholesale loan facilities amounting to R386.5 million (2013 – R386.5 million)				
Total NHFC debt facilities: capital advanced			**337,003,305**	345,000,000
Interest paid			**20,670,432**	24,191,051
Interest and capital repayments			**34,272,030**	87,637,976

30 RESTATEMENTS

The consolidated group accounts for 2013 have been restated to reflect the correct treatment under IFRS 3 (Business Combinations). For more details refer to the Report of the Directors Note on Restatements.

TRUST FOR URBAN HOUSING FINANCE CORPORATE INFORMATION

COUNTRY OF INCORPORATION AND DOMICILE	Republic of South Africa
NATURE OF BUSINESS	A development finance organisation providing finance for the purchase, construction, conversion and improvement of residential property within South African inner city precincts
DIRECTORS	S Moraba* (Chairman) C Coovadia* (Deputy Chairman) PGN Jackson (CEO) T Addler* (appointed 17 May 2013) R Emslie* M Mamatela* JS Strelitz* **Non-executive director*
SECRETARY	IL Roodt
BUSINESS ADDRESS	Seventeenth Floor 222 Smit Street Braamfontein, 2001
POSTAL ADDRESS	PO Box 30872 Braamfontein 2017
BANKERS	The Standard Bank of South Africa Limited
AUDITORS	PricewaterhouseCoopers Inc. will continue in office in accordance with section 90 of the Companies Act of South Africa with Mr S Beyers as the designated auditor responsible for performing the functions of auditor.
ATTORNEYS	Cliffe Dekker Hofmeyr Inc.
COMPANY REGISTRATION NUMBER	1993/000217/08

“WE ARE GRATEFUL FOR THE SUPPORT OF OUR FUNDERS WHO HAVE ASSISTED US IN THE REJUVENATION OF THE INNER CITIES ACROSS SOUTH AFRICA.”

PAUL JACKSON
CEO TUHF

TUHF NPC IS A REGISTERED CREDIT PROVIDER
Registration number 1993/000217/08 and NCR number NCRCP1709

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