

TUHF launches Sustainable Bond Framework, first social bonds

TUHF, with the assistance of Standard Bank, has launched its Sustainable Bond Framework and first social bonds. TUHF is a non-bank financial services company that borrows money from the capital markets and invests it in inner-city areas, extending finance to small scale property entrepreneurs who want to grow their rental businesses. In particular, TUHF targets property entrepreneurs in the affordable housing market who develop, own and operate buildings in inner-city areas.

“In the 18-years that we’ve been operating in this niche market segment, sustainability, and in terms of financial, environmental, and social aspects, has emerged as a key determinant of our long-term business success,” says Ilona Roodt, chief financial officer at TUHF. “And we consider these to be important long-term measures of success for property finance and a key differentiator to attract investors active in the capital markets.”



Ilona Roodt, chief financial officer at TUHF

The Sustainable Bond Framework allows TUHF and its associated structured finance vehicles to issue green and social bonds that support its lending to qualifying projects and ensures that the relevant impact that TUHF has, such as providing funding in the affordable housing space and providing access to finance for small-scale property entrepreneurs, is recognised. The framework can be referenced to all TUHF’s funding going forward as it will provide investors with a measurable and reportable way to demonstrate green and social impact in its funding. The widening gap in housing supply versus demand, particularly for affordable inner-city rental housing, highlights an opportunity to support emerging entrepreneurs who want to make a developmental and sustainable contribution in this market and Roodt believes illustrates an important role for sustainable and other bonds in the market going forward.

“In 2019, we introduced the TUHF Luhlaza Initiative, which formalised our green building approach to provide investors and developers, alike, with a measurable blueprint around which to drive energy-efficient ways of building and getting value from their residential projects,” says Sqniseko Mbatha, financial analyst at TUHF. “Now, our Sustainable Bond Framework builds on that achievement with a similarly measurable blueprint that captures TUHF’s overall development impact.”



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Michael Ridley 2 Sep 2020



First social bonds

TUHF has since also issued its first social bonds, which are also a first for South Africa. Listed on the JSE Sustainability Segment, the bonds were issued by Urban Ubomi 1, an asset-backed security structure administered by TUHF and issued in line with TUHF's Sustainable Bond Framework, which was developed with the assistance of Standard Bank and which has subsequently been independently verified by ISS ESG.

"Sustainability, transformation and inclusive growth has been part of the TUHF business model since this since inception – providing financial inclusion, developing affordable housing and supporting sustainable building. This framework allows us to articulate TUHF's development impact in a more formalised, internationally recognisable way," Mbatha concludes.

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