

Nova Property Group Holdings Limited and its Subsidiaries

(Registration number 2011/003964/06)

Annual Financial Statements for the year ended 29 February 2016

Notes to the Annual Financial Statements

3. Investment property

Reconciliation of investment property - Group - 2016

	Opening balance	Additions	Disposals	Reversal of provision included in purchase consideration	Fair value adjustments recognised in profit or loss	Total
Investment property	3 754 660 425	1 494 027	-	(300 000 000)	417 261 435	3 873 415 887

Reconciliation of investment property - Group - 2015

	Opening balance	Additions	Disposals	Reversal of provision included in purchase consideration	Fair value adjustments recognised in profit or loss	Total
Investment property	3 727 792 835	1 416 076	(116 652 144)	(123 882 267)	265 985 925	3 754 660 425

Property	2016			2015		
	Fair value for accounting purposes	Operating lease asset	Fair value of investment property	Fair value for accounting purposes	Operating lease asset	Fair value of investment property
Del Judor Mall	194 554 791	2 745 209	197 300 000	179 219 241	1 281 742	180 500 983
Magalieskruin Mall	35 643 658	189 821	35 833 479	33 123 268	76 732	33 200 000
Flora Centre	206 581 934	7 948 066	214 530 000	227 027 453	7 972 547	235 000 000
Silverwater Crossing Centre	102 514 717	1 118 435	103 633 152	98 968 154	731 846	99 700 000
Waterglen Shopping Centre	126 314 014	685 986	127 000 000	119 134 599	483 175	119 617 774
Carletonville Centre	47 328 535	282 219	47 610 754	44 443 534	226 466	44 670 000
Checkers Virginia	34 851 250	586 291	35 437 541	30 898 622	161 378	31 060 000
Benoni Hyper	67 300 000	-	67 300 000	75 049 397	-	75 049 397
De Marionette Shopping Centre	53 623 634	585 383	54 209 017	52 061 226	188 774	52 250 000
Shoprite Secunda	44 964 829	244 113	45 208 942	47 108 166	316 834	47 425 000
Athlone Park	49 609 655	950 069	50 559 724	44 241 102	1 398 898	45 640 000
Secunda Plaza	37 671 690	85 921	37 757 611	40 871 687	88 313	40 960 000
Carnival Centre	23 126 639	108 361	23 235 000	22 634 490	87 635	22 722 125
Amogela Mall	133 281 901	16 911	133 298 812	123 058 470	471 530	123 530 000
Town Square	52 961 993	273 007	53 235 000	45 620 833	513 022	46 133 855
Zambezi Retail Park	619 925 117	74 883	620 000 000	580 447 472	10 088	580 457 560
The Villa Retail Park	1 668 800 000	-	1 668 800 000	1 612 356 541	-	1 612 356 541
The Village Mall	47 437 159	496 577	47 933 736	46 525 911	324 089	46 850 000
Tarentaal Centre	60 179 335	300 665	60 480 000	63 566 661	274 023	63 840 684
Cold Creek Developments	266 745 036	-	266 745 036	268 303 598	-	268 303 598
	3 873 415 887	16 691 917	3 890 107 804	3 754 660 425	14 607 092	3 769 267 517

Pledged as security

Refer to note 17 for full security and suretyship details. The ranking of covering mortgage bonds registered over properties will automatically be relinquished to rank behind any other mortgage bonds required to be registered as security over properties for funding or other purposes as provided for in the Schemes of Arrangement.

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3. Investment property (continued)

Details of valuations

Investment property valued by an independent valuer - 2016 and 2015

The revaluations were performed by an independent valuer, Mrs A de Wet, [Registered as a Professional Valuer with the SA Council for Property Valuers Profession and a member of the SA Institute of Valuers], of Amanda de Wet Consultants and Investors CC. Mrs A de Wet is not connected to the group and has recent experience in the location and category of the investment properties being valued. The valuations (with exception to Zambezi Retail Park and The Villa Retail Park) were based on the opportunity cash flow method using open-market rentals, typical market operating costs, vacancies and capitalisation rates. These independent valuations with their respective valuation dates were:

Investment properties independently valued 2016:

Del Judor Mall - valuation date 29 February 2016
Flora Centre - valuation date 29 February 2016
Waterlgen Shopping Centre - valuation date 29 February 2016
Benoni Hyper - valuation date 29 February 2016
Carnival Centre - valuation date 29 February 2016
Town Square - valuation date 29 February 2016
Zambezi Retail Park - valuation date 29 February 2016
The Villa Retail Park - valuation date 29 February 2016
Tarentaal Centre - valuation date 29 February 2016

Investment properties independently valued 2015:

Magalieskruin Mall - valuation date 28 February 2015
Silverwater Crossing Centre - valuation date 1 May 2015
Carletonville Centre - valuation date 28 February 2015
Checkers Virginia - valuation date 28 February 2015
De Marionette Shopping Centre - valuation date 28 February 2015
Shoprite Secunda - valuation date 28 February 2015
Athlone Park - valuation date 28 February 2015
Secunda Plaza - valuation date 28 February 2015
Liberty Mall - valuation date 28 February 2015
The Village Mall - valuation date 1 May 2015

Investment property valued by the board of directors - 2016 and 2015

In 2016 and 2015 all other investment properties' valuations were performed by the board of directors of Nova Property Group Investments Proprietary Limited based on a net income capitalisation method carried out at the date by taking into account prevailing market rentals, occupation levels and capitalisation rates. The valuation for Cold Creek Developments was based on current market related rates per square metre and opportunity rates per unit or stand of similar land and developments in the area of the property. Estimated rates per square metre ranges from R518,40 to R1 000,00 (2015: R346,51 to R1 367,25), estimated opportunity rates per unit ranges from R100 000 to R135 000 (2015: R100 000 to R135 000) per unit and opportunity rates per stand was estimated at R400 000 to R430 000 (2015: R430 000).

Investment property, Zambezi Retail Park has been disclosed at 100% of its fair value and investment property, The Villa Retail Park has been disclosed at 80% of its fair value. Refer to note 18 of the financial statements. These valuations for 2016 were based on a combination of the comparable sales and replacement method. These methods entail investigating recently sold properties that are similar in important respects to the properties being valued. The sales price and the physical, functional, and locational characteristics of each of the properties are compared to the properties being valued in order to arrive at an estimate of value. In conjunction with the above the cost of replacing the existing structure are also considered. Cost to completion for Zambezi Retail Park Investments Proprietary Limited was estimated at R80 000 000 (2015: R50 000 000) and for The Villa Retail Park Investments Proprietary Limited at R814 000 000 (2015: R740 000 000).

In terms of IFRS 13 adopted during the 2014 financial year, the highest and best values were taken into account with all valuations. Regard should however be had to notes 16 and 18.

Fair value hierarchy

The fair value hierarchy reflects the significance of the inputs used in making fair value measurements. The level within which the fair value measurement is categorised in its entirety shall be determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Input other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: Input for the asset or liability that is not based on observable market data (unobservable input)

All investment properties have been categorised as a Level 3 and there have been no significant transfers made between Level 1, 2 or 3 during the year under review.

The valuations have not been significantly adjusted for the purpose of the financial statements.

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3. Investment property (continued)

An increase of 1% in the capitalisation rate, while holding all other variables constant, would result in a decrease in the carrying amount of investment property by R132 533 670 (2015: R457 677 361). A decrease of 1% in the capitalisation rate, while holding all other variables constant, would result in an increase in the carrying amount of investment property of R165 944 837 (2015: R590 727 355).

An increase of 1% in the weighted average of the expense ratios used to calculate the long-term net operating income margin, while holding all other variables constant, would result in a decrease in the carrying amount of investment property. A decrease of 1% in the weighted average of the expense ratio used to calculate the long-term net operating income margin, while holding other variables constant, would result in an increase in the carrying amount of investment property.

Refer to note 30 for details of operating leases related to investment properties.

All revenues and expenses disclosed in the statement of comprehensive income relate to the investment properties.

As at 29 February 2016 and 28 February 2015, there were no restrictions on the realisability of investment property or the remittance of income and proceeds of disposal. There are currently no contractual obligations to construct or develop the existing investment properties, however revamping projects and tenant installations have commenced on various properties.

Assumptions applied:

Property 2016	Market Rental Growth	Expense Inflation Rate	Market Rental Rate	Capitalisation Rate	Vacancy Rate	Net Income	Discount Rate
Del Judor Mall	8%	8%	82,28	8,5%	7,5%	16,688,739	13,5%
Magalieskruin Mall	6% - 10%	5% - 12%	111,77	9%	3%	3,225,013	n/a
Flora Centre	8%	8%	64,06	9%	10%	14,428,124	14%
Silverwater Crossing Centre	6% - 10%	5% - 12%	106,03	8%	1,5%	8,290,652	n/a
Waterglen Shopping Centre	8%	8%	88,39	8%	5%	9,074,049	13%
Carletonville Centre	6% - 10%	5% - 12%	57,02	9,5%	5%	4,523,022	n/a
Checkers Virginia	6,5% - 8%	5% - 12%	68,73	9%	3%	3,189,379	n/a
Benoni Hyper	8%	8%	76,28	10,5%	10%	12,165,384	15,5%
De Marionette Shopping Centre	6,5% - 10%	5% - 12%	101,22	9%	3%	4,878,812	n/a
Shoprite Secunda	6,5% - 10%	5% - 12%	73,06	10%	7,5%	4,520,894	n/a
Athlone Park	6% - 10%	5% - 12%	91,28	10%	5%	5,055,972	n/a
Secunda Plaza	7% - 8%	5% - 12%	79,91	10%	5%	3,775,761	n/a
Carnival Centre	8%	8%	88,53	9,5%	10%	2,247,779	14,5%
Amogela Mall	6% - 8%	5% - 12%	91,42	9,5%	7,5%	12,663,387	n/a
Town Square	8%	8%	86,47	8,5%	4%	4,354,561	13,5%
The Village Mall	6% - 10%	5% - 12%	101,36	9,25%	5%	4,433,871	n/a
Tarentaal Centre	8%	8%	94,76	9%	10%	5,548,216	14%

Zambezi Retail Park - An estimated value of R22 500/m² bulk and a GLA of 31 000m² was applied with the 2016 valuation.

The Villa Retail Park - An estimated value of R32 658/m² bulk and a GLA of 88 693m² was applied with the 2016 valuation.

Property 2015	Market Rental Growth	Expense Inflation Rate	Market Rental Rate	Capitalisation Rate	Vacancy Rate	Net Income	Discount Rate
Del Judor Mall	6% - 12%	5% - 12%	83,50	8,5%	6%	15,342,584	n/a
Magalieskruin Mall	8%	8%	93,29	9%	3%	3,003,588	14%
Flora Centre	6% - 15%	5% - 12%	79,26	9%	5%	16,297,964	n/a
Silverwater Crossing Centre	8%	8%	92,34	8%	2,5%	7,945,589	13%
Waterglen Shopping Centre	5% - 12%	5% - 12%	102,42	8,5%	5%	10,167,511	n/a
Carletonville Centre	8%	8%	53,08	9,5%	7,5%	4,224,022	14,5%
Checkers Virginia	8%	8%	61,07	9%	3%	2,795,155	14%
Benoni Hyper	8% - 9%	5% - 12%	62,64	11,5%	15%	8,630,681	n/a
De Marionette Shopping Centre	8%	8%	98,79	9%	5%	4,727,509	14%
Shoprite Secunda	8%	8%	71,30	9,5%	5%	4,458,217	14,5%
Athlone Park	8%	8%	92,35	10%	7,5%	4,558,735	12,8%
Secunda Plaza	8%	8%	81,86	10%	7,5%	4,131,045	15%
Carnival Centre	8% - 10%	5% - 12%	77,42	10%	3%	2,272,213	n/a
Amogela Mall	8%	8%	97,41	9,5%	10%	12,312,780	14,5%
Town Square	4% - 12%	5% - 12%	76,80	9%	2%	4,152,047	n/a
Zambezi Retail Park	8%	10%	150,00	8%	2%	50,436,605	n/a
The Villa Retail Park	8%	10%	180,00	7,4%	2%	203,902,980	n/a
The Village Mall	8%	8%	92,22	9%	7,5%	4,181,439	14%
Tarentaal Centre	7% - 12%	5% - 12%	96,04	9%	5%	5,745,662	n/a

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3. Investment property (continued)

Property Descriptions

Del Judor Mall - Remainder of Portion 35 and 45 of the Farm Klipfontein No. 322 and Erf 1521, Del Juro Extension 16 Township, Mpumalanga.
Magalieskruin Mall - Erf 21 Magalieskruin Extension 1 Township, Pretoria, Gauteng.
Flora Centre - Erf 319 Florida North Township, Roodepoort, Gauteng.
Silverwater Crossing Centre - Erf 2132, Silverton Extension 17 and Portion 38 of Farm 328, Meyerspark, Pretoria, Gauteng.
Waterglen Shopping Centre - Erf 777, Waterkloof Glen Extension 5, Waterkloof Glen, Pretoria, Gauteng.
Carletonville Centre - Portion 3 of Erf 2976, Carletonville Extension 8, Gauteng.
Checkers Virginia - Erf 2203 in the Township Virginia, Free State.
Benoni Hyper - Erf 7940 Benoni Extension 47 and remaining extent of Portion 385 of Farm Kleinfontein No. 67, Gauteng.
De Marionette Shopping Centre - Erf 2169, Meyersdal Extension 19, Alberton, Gauteng.
Shoprite Secunda - Erven 5052, 5053, 5054 and 5059, Secunda Extension 14, Mpumalanga.
Athlone Park - Erf 382, Athlone Park, Amanzimtoti, KwaZulu Natal.
Secunda Plaza - Portion 1 of Erf 8349 Secunda Extension 25, Mpumalanga.
Carnival Centre - Erf 1294, Dalpark Extension 11, Brakpan, Gauteng.
Amogela Mall - Erf 10038, Welkom, Free State.
Town Square - Erf 3355, Portion 7 of Erf 80 and Portion 9 of Erf 81, Lydenburg, Mpumalanga.
Zambezi Retail Park - Sections 6, 7, 8 and 9 as shown more fully described on section diagram D2024/2007 situated on Erf 5, Derderpoort Township, Local Authority City of Tshwane Metropolitan Municipality.
The Villa Retail Park - A full description of the properties are available for inspection at the registered office of the company.
The Village Mall - Erf 3383 and remaining extent of Erf 1496, Nelspruit Extension 2, Mpumalanga.
Tarentaal Centre - Portion 56 of Farm Besters Last No. 311, Nelspruit, Mpumalanga.
Cold Creek Developments - Portion 179, 180/RE, 183, 359, 360, 361 and 363 of the Farm Tweefontein 915 LS, Polokwane, Capricorn District.

4. Property, plant and equipment

Group	2016			2015		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	2 372 534	(1 829 593)	542 941	2 328 180	(1 641 069)	687 111
Motor vehicles	36 088	(21 989)	14 099	36 088	(14 771)	21 317
Office equipment	13 452	(13 449)	3	13 452	(12 884)	568
IT equipment	876 701	(724 808)	151 893	702 615	(591 454)	111 161
Computer software	166 091	(133 198)	32 893	108 756	(65 409)	43 347
Leasehold improvements	713 024	(539 624)	173 400	713 024	(180 439)	532 585
Total	4 177 890	(3 262 661)	915 229	3 902 115	(2 506 026)	1 396 089

Reconciliation of property, plant and equipment - Group - 2016

	Opening balance	Additions	Additions through business combinations	Depreciation	Total
Furniture and fixtures	687 111	44 355	-	(188 525)	542 941
Motor vehicles	21 317	-	-	(7 218)	14 099
Office equipment	568	-	-	(565)	3
IT equipment	111 161	174 086	-	(133 354)	151 893
Computer software	43 347	57 335	-	(67 789)	32 893
Leasehold improvements	532 585	-	-	(359 185)	173 400
	1 396 089	275 776	-	(756 636)	915 229

Reconciliation of property, plant and equipment - Group - 2015

	Opening balance	Additions	Acquired through business combinations	Depreciation	Total
Furniture and fixtures	645 692	156 949	113 711	(229 241)	687 111
Motor vehicles	-	-	28 534	(7 217)	21 317
Office equipment	-	-	1 922	(1 354)	568
IT equipment	-	97 600	110 234	(96 673)	111 161
Computer software	-	-	76 995	(33 648)	43 347
Leasehold improvements	-	-	532 585	-	532 585
	645 692	254 549	863 981	(368 133)	1 396 089

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Figures in Rand	Group		Company	
	2016	2015	2016	2015
15. Share capital (continued)				
Reconciliation of number of shares issued:				
Reported as at 01 March	2 341 655 585	2 341 655 585	2 341 655 585	2 341 655 585
Issue of shares / conversion of debentures	(1 762 819)	-	(1 762 819)	-
	2 339 892 766	2 341 655 585	2 339 892 766	2 341 655 585

- unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.
- all shares has the same rights to dividends and equity of the company.

Issued

Ordinary A Shares

70 Ordinary shares of R1 each

70

70

70

70

Ordinary B Shares

2 239 969 079 Ordinary no par value shares with one vote each

-

-

-

-

Ordinary D Shares

99 923 617 (2015: 101 686 436) Ordinary no par value shares with no voting rights

100 012 482

99 505 786

100 012 482

99 505 786

100 012 552

99 505 856

100 012 552

99 505 856

16. Debentures

Debentures were issued in 2012 by the company, Nova Property Group Investments Proprietary Limited ("the company") in terms of Schemes of Arrangement whereby the historical group of companies' affairs were restructured. The company obtained 100% interest in the subsidiaries of the group of companies and in exchange issued exchangeable debentures to scheme shareholders (the historical shareholders of the restructured companies). The value of the debentures are to be determined with reference to the fair market values of the assets of the relevant subsidiary companies ("Nova Investments subsidiaries"), from time to time, but limited to the lesser of relevant fair market values and original syndication values, original syndication values aggregating an amount of R4,350,486,000. The debentures are repayable in terms of the Schemes of Arrangement, in varying portions of the aggregate, within a period of 10 years starting from the date of sanctioning of the Schemes of Arrangement on 20 January 2012. This period/s may be extended in the discretion of the board of directors. Investment returns on debentures are calculated with reference to EBDTA, being the nett pro-rata monthly income, nett of expenses (and nett of any provisions) before taxation, depreciation and amortisation of each subsidiary company, and are payable at the discretion of the board of directors of the relevant company as and when such EBDTA is available for distribution, given the financial requirements of the Nova Investments subsidiaries in respect of the need to procure value enhancement.

In terms of the Schemes of Arrangement debenture holders had the option to elect to exchange their debentures for shares in a newly established ultimate holding company, Nova Property Group Holdings Limited ("Nova Holdings"). This election and exchange process was duly completed. 4,14% of the debenture holders elected to exchange their debentures for shares and their shares in Nova Property Group Holdings Limited were issued to them.

Fair value hierarchy

The fair value hierarchy reflects the significance of the inputs used in making fair value measurements. The level within which the fair value measurement is categorised in its entirety shall be determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Input other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: Input for the asset or liability that is not based on observable market data (unobservable input)

Debentures have been categorised as a Level 3 and there have been no significant transfers made between Level 1, 2 or 3 during the year under review.

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Figures in Rand	Group		Company		
	2016	2015	2016	2015	
16. Debentures (continued)					
Assumptions applied in determining the fair value of debentures					
Where the fair value of the relevant subsidiary's investment and development property was the greater between the fair value of the relevant subsidiary's investment and development property and the syndication value, discounted syndication values were used to determine the fair value of the debenture of the relevant subsidiary. Refer to the table below indicating the current floating rates, discounted rates and periods used.					
Where the table indicates "n/a", the fair value of the relevant subsidiary's investment and development property was used to determine the fair value of the specific class of debenture. This is due to the fact that the fair value of the relevant subsidiary's investment and development property was the lesser between the fair value of the investment and development property and the syndication value. Refer to note 3 - Investment properties, which note discloses investment property assumptions per the relevant subsidiary. The assumptions used to determine fair values of development property was based on current market related rates per opportunity to sell or develop land and units of similar land and developments in the area of the property. Estimated opportunity rates ranges from R80 000 to R395 000 per unit depending on the zoning and area of the property to be developed.					
Building	Current Interest Rate 2016	Discount Rate 2016	Discount period 2016		
148 Leeuwpoort Street	3%	n/a	n/a	7 000 000	7 000 000
Oxford Gate	0%	n/a	n/a	26 930 591	26 930 591
Witbank Highveld	0%	8%	4 years	102 566 370	94 705 856
Magalieskruin	0%	8%	5 years	27 544 316	25 433 383
Flora Centre	0%	8%	5 years	108 097 948	99 557 701
Silverwater Crossing	4,5%	3,5%	3 years	74 549 000	74 549 000
Waterglen Shopping Centre	0%	8%	6 years	68 210 312	62 982 796
Carletonville Shopping Centre	0%	8%	3 years	38 809 234	38 809 234
Shopmakers Village	0%	n/a	n/a	41 223 764	36 920 729
Benoni Hyper	0%	n/a	n/a	66 293 799	73 927 335
De Marionette Centre	0%	8%	7 years	66 670 772	61 561 244
Athlone Park Shopping Centre	0%	n/a	n/a	66 574 819	61 811 424
Range View Shopping Centre	0%	n/a	n/a	20 733 365	20 275 710
Parkside Plaza	0%	n/a	n/a	55 427 708	58 461 841
Liberty Mall	0%	n/a	n/a	130 121 787	120 584 144
Rivonia Square	3%	n/a	n/a	108 430 312	108 250 690
Nelspruit Hyper	5%	n/a	n/a	51 652 037	51 652 037
Zambezi Retail Park	0%	n/a	n/a	579 044 161	543 649 409
The Villa Retail Park	0%	12%	10 years	714 557 395	634 133 418
Town Square	0%	8%	3 years	13 256 408	13 266 408
Dainfern Shopping Centre	0%	n/a	n/a	10 002 902	10 002 902
Whale Rock Residential Estate	0%	n/a	n/a	2	2
Mont Rouge Residential Estate	0%	8,5%	4 years	24 387 877	22 407 300
Stonewood Country Estate	0%	n/a	n/a	17 946 539	13 011 241
Berg & Dal Residential Estate	0%	8,5%	3 years	35 309 362	35 309 362
Waterfall Estate	0%	n/a	n/a	69 330 080	69 330 080
Bay Estate	0%	8,5%	7 years	53 949 752	49 604 419
Country View Retirement Village	0%	n/a	n/a	33 848 937	33 848 937
Therapark Retirement Village	0%	8,5%	6 years	35 298 169	32 431 529
Steenbok Crossing	0%	8,5%	7 years	14 873 194	13 665 316
				2 662 640 912	2 494 074 038
Non-current debentures					
Fair value through profit or loss				2 649 384 504	2 494 074 038
Current debentures					
Fair value through profit or loss				13 256 408	-

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	2016	2015	2016	2015
17. Borrowings (continued)				
WA van Zyl	623 729	1 023 729	-	-
This loan is unsecured, bears interest at rates determined from time to time with no fixed terms of repayment.				
CF Myburgh	7 827 345	11 312 758	-	-
This loan is unsecured, bears interest at rates determined from time to time with no fixed terms of repayment.				
Trust creditor balances	206 147	2 364 528	-	-
	209 011 737	155 045 575	-	-

Additional surety - Silverwater Crossing

Additional surety was provided by the directors of the company, RP Badenhorst, D Haese, DR Koekemoer and CF Myburgh, to an amount of R10 million each, plus interest and costs, a deed of cession on all of the subsidiary's rights in and to all income generated from the property where "all income" shall, without limitation, include the amount generated by the sale of the property, or any part thereof after the deduction of VAT, agents' commission and transfer fees, rental or interest income or income from any other contract and a deed of cession on all of the subsidiary's rights in and to insurance policies.

Additional surety - Magalieskruin

Additional surety was provided by the company to the amount of R4 million, plus interest and costs, a deed of cession on all of the subsidiary's rights in and to all income generated from the property where "all income" shall, without limitation, include the amount generated by the sale of the property, or any part thereof after the deduction of VAT, agents' commission and transfer fees, rental or interest income or income from any other contract and a deed of cession on all of the subsidiary's rights in and to insurance policies.

Additional surety - Witbank Highveld

Additional surety was provided by Nova Property Group Investments Proprietary Limited, limited to an amount of R40 million plus interest and costs. Joint and several deeds of suretyship by directors, RP Badenhorst, D Haese, DR Koekemoer and CF Myburgh limited to an amount of R40 million plus interest and costs. A deed of cession on all of the subsidiary company's rights in and to all income generated from the property where "all income" shall, without limitation, include the amount generated by the sale of the property, or any part thereof after the deduction of VAT, agents' commission and transfer fees, rental or interest income or income from any other contract and a deed of cession on all of the subsidiary company's rights in and to insurance policies.

Non-current liabilities

At amortised cost	188 653 684	123 237 341	-	-
Current liabilities				
At amortised cost	20 358 053	31 808 234	-	-
	209 011 737	155 045 575	-	-

The directors are of the opinion that the carrying amount of financial instruments above approximates their fair value.

18. Provisions

Reconciliation of provisions - Group - 2016

	Opening balance	Utilised during the year	Reversed during the year	Total
The Villa - Capicol 1 Proprietary Limited	300 000 000	-	(300 000 000)	-

Reconciliation of provisions - Group - 2015

	Opening balance	Utilised during the year	Reversed during the year	Total
The Villa - Capicol 1 Proprietary Limited	344 000 000	-	(44 000 000)	300 000 000
Zambezi Retail - Capicol Proprietary Limited	86 233 375	(6 351 108)	(79 882 267)	-
	430 233 375	(6 351 108)	(123 882 267)	300 000 000
Non-current liabilities	-	300 000 000	-	-

Nova Property Group Holdings Limited and its Subsidiaries

(Registration number 2011/003964/06)

Annual Financial Statements for the year ended 29 February 2016

Notes to the Annual Financial Statements

Figures in Rand	Group		Company	
	2016	2015	2016	2015

18. Provisions (continued)

The Villa Retail Park Investments Proprietary Limited - Capicol 1 Proprietary Limited

The Villa Retail Park Investments Proprietary Limited (The Villa) entered into a settlement agreement with Capicol 1 Proprietary Limited ('Capicol 1') whereby The Villa acquired an 80% undivided share in the Villa Mall property as disclosed in note 3. Payment for the first 30% undivided share acquired by The Villa was settled with prior payments made. As all amounts remaining due to have been paid by The Villa, to all parties other than GD Irons Construction referred to below, to obtain transfer of the additional 50% undivided share in the property, were made during the financial year ending 28 February 2015, and as any possible claims for any amounts to be paid had in any event become prescribed prior to the 28 February 2015 year-end, no further provisions were required in respect of any payments due to any party other than GD Irons Construction. The provision in respect of The Villa represented an amount possibly due to GD Irons Construction, in respect of an alleged lien over The Villa property, strictly in accordance with the terms of the settlement agreement. This provision has been reversed, as no longer necessary, as no amounts are payable to Capicol 1 in respect of any claims of GD Irons Construction against Capicol 1 and as any claims which GD Irons Construction may have had against The Villa, have in any event become prescribed. The property has accordingly been disclosed at 80% of its fair value. Disputes and litigation is ongoing with Capicol 1, regarding the aforesaid transfer to The Villa.

Zambezi Retail Park Investments Proprietary Limited - Capicol Proprietary Limited

Zambezi Retail Park Investments Proprietary Limited (Zambezi) entered into a settlement agreement with Capicol Proprietary Limited ('Capicol') whereby Zambezi acquired a 100% undivided share in the Zambezi Mall property as disclosed in note 3. Payment for the first 50% undivided share acquired by Zambezi was settled with prior payments made. As all amounts remaining due to have been paid by Zambezi to obtain transfer of the additional 50% undivided share in the property, during the financial year ending 28 February 2015, and as any possible claims for any amounts to be paid had in any event become prescribed prior to the 28 February 2015 year-end, no further provisions are required in respect of any payments due, strictly in accordance with the terms of the settlement agreement. The property has accordingly been disclosed at 100% of its fair value. Disputes and litigation is ongoing with Capicol, regarding the aforesaid transfer to Zambezi.

19. Trade and other payables

Trade payables	40 683 292	49 937 484	229	229
VAT	1 948 365	818 188		
Other payables	7 012 366	2 529 225		
Accrued bonuses	14 364 922	11 739 998		
Accrued leave pay	154 788	304 487		
Accrued expenses	1 151 672	1 151 672		
Accrued audit fees	25 000	25 000		
Deposits received	5 954 821	5 054 180		
	71 295 226	71 560 234	229	229

The directors are of opinion that the carrying amount of financial instruments above approximates their fair value.

20. Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

Group - 2016

	Financial liabilities at amortised cost	Fair value through profit or loss - designated	Total
Debentures	-	2 662 640 912	2 662 640 912
Borrowings	209 011 737	-	209 011 737
Trade and other payables	69 346 861	-	69 346 861
	278 358 598	2 662 640 912	2 940 999 510

Group - 2015

	Financial liabilities at amortised cost	Fair value through profit or loss - designated	Total
Debentures	-	2 494 074 038	2 494 074 038
Borrowings	155 045 575	-	155 045 575
Trade and other payables	70 742 046	-	70 742 046
	225 787 621	2 494 074 038	2 719 861 659