

From: conniem [mailto:conniem@cmbiz.co.za]
Sent: 31 October 2016 03:10 PM
To: Dominique Haese <dominique@novapropertygroup.co.za>
Subject: Fwd: More Moneyweb questions

Sent from my Samsung Galaxy smartphone.

----- Original message -----

From: Ryk van Niekerk <ryk@moneyweb.co.za>
Date: 2016/10/31 13:27 (GMT+02:00)
To: Connie Myburgh <conniem@cmbiz.co.za>
Subject: More Moneyweb questions

Hi Connie

Thanks for the answers you have sent through. I have a few follow-up questions to clarify a few things.

Would it be possible for you to answer these questions before close of business tomorrow?

Question 1:

As regards the identity of the seven founding shareholders, whilst I am aware of your role as executive chairman, and the management roles of Ms Haese and Messrs. Badenhorst and Koekemoer, I understand you to say that Messrs. Osterloh, Van Zyl and Van Rooyen were also senior management in the Nova Group. Are they still with Nova and were there any founder shareholders who were not expected to fulfil executive/ employment functions within the Nova group?

Answer:

Mr Nel van Zyl is no longer with the Nova Group.

All 7 shareholders were expected to fulfil executive functions within the Nova Group, none were excluded.

Please refer again to our answer to your previous set of questions, question 1.

Question 2:

When was the Nova scheme/schemes finalised and by what date did the debenture holders have to make their elections. Is it correct they had 90 days from the date of finalisation of the scheme, or was there an extension or grace period?

Answer:

The scheme related documentation were finalized and signed on 11 November 2011.

Debenture Holders could make their elections within 90 days after the date of sanctioning of the schemes, 20 January 2012, until 20 April 2012.

Yes, an extension period in-excess of 4 months was granted, until 31 August 2012.

Question 3:

Is the Nova Nominee company a true nominee company? Is it holding the B shares as nominee for the founder shareholders who are the true beneficial owners? If not, on what basis do you say the shares are held by a Nominee company and on what basis is Nova Nominees a nominee company?

Answer:

No, Nova Nominees is not a “true nominee company”.

Yes, it is holding the B shares as nominee for the 7 shareholders as the beneficial owners.

As stated before, the 7 shareholders decided to hold their shares in a company selected by them, called Nova Nominees. Please take note of the 3rd last paragraph in our answer to your first set of questions, question 3 and to the last paragraph in our answer to your 1st set of questions, question 4.

The 7 shareholders of Nova Nominees, have the responsibility, as provided for in Appendix ARR8, of procuring funding and other actions required for the repayment of the debentures of non-electing Debenture Holders, through the business activities of Public Newco and Private Newco. It follows that the aforesaid must have taken place prior to any one of the shareholders in Nova Nominees receiving any benefit.

Question 4:

How do you envisage that the B shares could be used to procure funding for Nova to repay the debt to debenture holders?

Answer:

This will depend on the nature of a possible funding transaction i.e to form the subject matter of security or the basis for funding to flow through to the Nova Group.

Question 5:

As regards the zero value of the B shares at the time of their issue, were the B shares allotted and issued before the conversion of the debentures? When were the B shares actually issued?

Answer:

No. The Class B shares were issued post the finalisation of the conversion process/period. All shares were issued with effect from the day after the date on which the Court Orders sanctioning the schemes were registered by the Registrar of Companies, being 30 January 2012, but the actual issuing process needed to wait until the closing date of the extended election process/period, on 31 August 2012, after which all ordinary shares were issued on 1 September 2012.

On checking the administrative process, following receipt of your question, it was noted that the date of issue of the Class B shares was recorded as 1 August 2012 instead of 1 September 2012. This was a mere administrative error.

Question 6:

Given that the debenture holders had debentures equal to the net asset value of the company when debenture holders elected to swap their debentures for equity and their debentures were cancelled, did the converting debenture holders receive an equivalent value in ordinary shares? Asked another way, did the converting debenture holders receive a number of ordinary shares giving them a participation in the equity value of the company equal to the value of the debentures which they sacrificed?

Answer:

The converting debenture holders received an equivalent value in ordinary shares.

Please refer to our answers to your previous set of questions, question 8.

Question 7:

I want to confirm your answer to my previous question regarding Appendix ARR8. You have provided references to various paragraphs in various documents that refer to Appendix ARR8. I have read these paragraphs again and in all cases the references to Appendix ARR8 are only related to the formula which will calculate the number of shares debenture holders will receive if they elect to receive shares. There is no indication from these references that the allocation to founding shareholders is part of the formula. Is the provision that the founding shareholders would receive the shares that are available to debenture holders, but which the debenture holders decided not to take up, explained anywhere else in the scheme documents other than in the clause that appears below the formula in Appendix ARR8?

Answer:

In our view, the documentation and facts provided to you, are being interpreted incorrectly.

This question was dealt with and answered in our answer to your previous set of questions, question 3.

Question 8:

Was the number of shares that were issued to the founding shareholders via Nova Nominees ever disclosed to Nova stakeholders?

Answer:

The number of the Class B shares are disclosed in the Annual Financial Statements.

Kind regards

Ryk van Niekerk

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