

Here is the third set of questions which the Nova directors did not answer: These questions were emailed to Dominique Haese, CEO of Nova, on 23 November 2016.

I have the following questions regarding the 2016 Nova AFS and the 2015 AGM

1. Dominique, in your RSG interview you stated that the salaries of the directors are around 70% of what an “industry norm salary would be, taking all the risk, taking the responsibility of this group”.
 - Please disclose what this “industry norm salary is” and who the source is of this apparent benchmarked salary structure?
 - Please disclose Nova’s remuneration policy, particularly pertaining to the targets and criteria set for each director which they must meet to qualify for bonuses? Such disclosure would comply with the King III codes and mirror international best practice for public companies.

2. You stated in our RSG interview that the figures I used, but which were disclosed in the AFS, are incorrect. You said that the directors were paid around R51 million and that this amount includes bonuses accrual. The 2016 AFS discloses accrued bonuses of R14.36 million.
 - Could you set this out in detail? There is an entry in the 2016 AFS of bonuses accrual of R14.36 million. Is the difference between the R66 million and the R51 million this amount of R14.36 million?
 - Have accrued bonuses earned in previous financial years ever been paid to directors in subsequent years?

3. Your amounts related to payments to debenture holders also seem to differ from the amounts I have calculated from the AFS. The table below shows my calculations:

	2012	2013	2014	2015	2016	Total
Capital payments to debenture holders	R-	R31 165 739	R-	R35 670 247		R66 835 986
Interest payments to debenture holders	R3 557 033	R39 738 278	R18 712 788	R10 496 891	R14 107 744	R86 612 734
						R153 448 720

In our interview you claimed that Nova has paid out R167 million to debenture holders. You agreed with my calculation of total interest payments of R86.6 million, but I cannot seem to calculate the capital payment of R80 million you refer to. The AFS states capital repayments of R66 million.

- Please reconcile this calculation.

4. The June communique to stakeholders states: "The Board is satisfied that its decision made in the middle of 2013, to reduce and/or cease projected monthly return payments to Nova Debenture Holders and instead, utilise internal funding to undertake necessary repairs and maintenance as well as to commence with smaller refurbishments in order to maintain and enhance value and trading income, thereby ensuring most optimal operations of shopping centres, in the absence of external funding, was a prudent decision."
 - How much less interest payments/monthly return payments were paid and how much money was invested to upgrade properties?
 - How do these interest and capital payments to debenture holders compare with the original payment plan as set forth in the Scheme of Arrangement documents?
 - Is Nova ahead or behind with payments according to this plan? Could you please provide the relevant amounts?
 - When do you foresee Nova will resume paying the full interest/monthly return payments to debenture holders?

5. It is evident that Nova has a serious cash flow problem. Since 2012 the company has seen a cash outflow of R177 million from operating activities and the company has never delivered a cash positive operational performance. This is due to very low cash receipts from your customers and high operational costs.
 - It seems as if the cash flow shortfall is financed by the selling of buildings and bank loans. Are you concerned about the cash flow situation at Nova?

6. During the 2015 AGM Mr Myburgh informed attending debenture holders that they would not be allowed to attend future AGMs.
 - Was this a board decision?
 - Were debenture holders allowed to attend the 2016 AGM?

7. I have been informed that during the 2015 AGM a debenture holder asked a question regarding the proxies Mr Myburgh held and voted with. I have also been informed that Mr Myburgh stated that he had proxies for 100% of the issued shares with voting rights. However, Mr Myburgh did not disclose the directors' shareholding even though it was an ideal opportunity to do so.
 - Did Mr Myburgh ask the debenture holder to leave the meeting, although he apparently did not leave?
 - Can you provide me with the minutes of any Nova AGM where the directors' shareholding was disclosed?

- Has the directors' shareholding ever been disclosed to debenture holders?
8. In the June Communique Nova states that: "A solution for the recommencement and the ultimate completion of The Villa Retail Park, as soon as practicably possible, continues to be actively sought, taking into account the above litigation, amongst other difficult circumstances and hurdles constantly being addressed by the Board."
- Could you not offer more information? Are you looking to find tenants and complete the project, or do you want to sell the whole development pending the outcome of the litigation with Capicol?
 - Why was the valuation methodology for the Villa changed from the comparable sales to the replacement value model as was disclosed in the 2015 and 2015 AFS?