



**NOVA PROPGROW GROUP**

**Nova PropGrow Group Holdings Limited and its Subsidiaries**  
**(Registration number 2011/003964/06)**  
**Consolidated and Separate Annual Financial Statements**  
**for the year ended 29 February 2020**

# **Nova PropGrow Group Holdings Limited and its Subsidiaries**

(Registration number 2011/003964/06)

Consolidated And Separate Annual Financial Statements for the year ended 29 February 2020

## **General Information**

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<b>Country of incorporation and domicile</b>	South Africa
<b>Nature of business and principal activities</b>	Investing in commercial and residential property, the letting thereof and development of residential property
<b>Directors</b>	D Haese CF Myburgh MJ Osterloh J Phiri (Non-Executive) MY Sibisi (Non-Executive) N Ndhlela (Non-Executive)
<b>Registered office</b>	105 Club Avenue Waterkloof Heights 0181
<b>Business address</b>	105 Club Avenue Waterkloof Heights 0181
<b>Postal address</b>	Private Bag 27067 Monument Park 0105
<b>Bankers</b>	ABSA Bank Limited Bidvest Bank Mercantile Bank Limited Nedbank Limited Standard Bank Group Limited
<b>Auditors</b>	MKIVA Registered Auditors & Business Advisors
<b>Secretary</b>	Frontier Accounting and Secretarial Services Proprietary Limited
<b>Company registration number</b>	2011/003964/06
<b>Level of assurance</b>	These annual financial statements have been audited in compliance with Section 30(2)(a) of the Companies Act of South Africa as it is a public company
<b>Preparer</b>	The consolidated and separate annual financial statements were internally compiled by: M Henwood BAP (SA)
<b>Published</b>	26 February 2021

# **Nova PropGrow Group Holdings Limited and its Subsidiaries**

(Registration number 2011/003964/06)

Consolidated And Separate Annual Financial Statements for the year ended 29 February 2020

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# **Nova PropGrow Group Holdings Limited and its Subsidiaries**

(Registration number 2011/003964/06)

Consolidated And Separate Annual Financial Statements for the year ended 29 February 2020

## **Directors' Responsibilities and Approval**

The directors are required in terms of the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the consolidated and separate annual financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated and separate annual financial statements fairly present the state of affairs of the group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards and the requirements of the Companies Act of South Africa. The external auditors are engaged to express an independent opinion on the consolidated and separate annual financial statements.

The consolidated and separate annual financial statements are prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behavior are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated and separate annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the group's budget forecast for the foreseeable future and, in light of this review and the current financial position, they are satisfied that the group has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the group's consolidated and separate annual financial statements. The consolidated and separate annual financial statements have been examined by the group's external auditors and their report is presented on pages 13 to 17.

The consolidated and separate annual financial statements set out on pages 18 to 59, which have been prepared on the going concern basis, were approved by the board of directors on 26 February 2021 and were signed on their behalf by:

D Haese

MJ Osterloh

# **Nova PropGrow Group Holdings Limited and its Subsidiaries**

(Registration number 2011/003964/06)

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## **Directors' Report**

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The directors have pleasure in submitting their report on the consolidated and separate annual financial statements of Nova PropGrow Group Holdings Limited and its Subsidiaries for the year ended 29 February 2020.

### **1. Nature of business**

The group is engaged in investing in commercial and residential property, the letting thereof and development of residential property and operates principally in South Africa.

### **2. Review of financial results and activities**

The consolidated and separate annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the group are set out in these consolidated and separate annual financial statements.

### **3. Share capital**

There have been no changes to the authorised or issued share capital during the year under review.

### **4. Interests in subsidiaries**

Details of material interests in subsidiary companies are presented in the consolidated and separate annual financial statements in note 6.

On 22 November 2019, the company, Frontier Accounting and Secretarial Services Proprietary Limited, disposed of 100% of the shares held in subsidiary, Centro Property Group Proprietary Limited.

There were no other significant acquisitions or divestitures during the year ended 29 February 2020.

The interest of the group in the profits / (losses) of its subsidiaries for the year ended 29 February 2020 are as follows:

	2020	2019
	R	R
Enzi Construction and Projects Proprietary Limited	(25,540)	(39,658)
Geo Sphere Developments Proprietary Limited and its Subsidiaries	8,450,759	(40,699,599)
Nova Property Group Investments Proprietary Limited and its Subsidiaries	(5,324,099)	(28,590,041)

### **5. Directorate**

The directors in office at the date of this report are as follows:

Directors	Office	Designation	Changes
D Haese	Chief Executive Officer	Executive	
CF Myburgh	Chairperson	Executive	
MJ Osterloh	Property Director	Executive	
J Phiri (Non-Executive)		Non-executive	
LM Mbethe (Non-Executive)		Non-executive	Resigned 18 March 2020
JG Smit (Non-Executive)		Non-executive	Resigned 18 March 2020
N Adriaanse (Non-Executive)		Non-executive	Resigned 07 February 2020
MY Sibisi (Non-Executive)		Non-executive	Appointed 8 January 2021
N Ndhlela (Non-Executive)		Non-executive	Appointed 8 January 2021

### **6. Directors' indirect interests in shares**

As at 29 February 2020, the directors of the company held indirect interests in the issued ordinary A and B shares of the company, as set out in note 15.

To the extent to which any debentures were not exchanged into ordinary shares in the company, as a result of debenture holders electing not to exchange and to the extent to which debenture holders elect not to exchange their debentures into ordinary shares in the company, ordinary B shares equal to the quantum of ordinary shares not issued to non-electing debenture holders, but which would have been issued to non-electing shareholders had they elected to exchange their debentures into ordinary shares in the company, have been issued to the holders of the initial 70 founder shareholders ordinary A shares in the company (being the nominees of the directors of the company as at 11 November 2011), as such shareholders will have the responsibility to procure funding and other actions required for the repayment of the debentures of non-electing debenture holders over the time period over which the debentures of non-electing debenture holders need to be redeemed, through the business activities of the company and its subsidiary, Nova Property Group Investments Proprietary Limited.

# **Nova PropGrow Group Holdings Limited and its Subsidiaries**

(Registration number 2011/003964/06)

Consolidated And Separate Annual Financial Statements for the year ended 29 February 2020

## **Directors' Report**

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### **7. Directors' interests in contracts**

During the financial year, no contracts were entered into which directors or officers of the group had an interest and which significantly affected the business of the group.

### **8. Borrowing powers**

In terms of the Memorandum of Incorporation, the borrowing powers of the group are unlimited. However, all borrowings by the group are subject to board approval as required by the board delegation of authority.

### **9. Secretary**

The company secretary is Frontier Accounting and Secretarial Services Proprietary Limited.

Postal address: **Private Bag 27067  
Monument Park  
0105**

Business address: **105 Club Avenue  
Waterkloof Heights  
0181**

### **10. Auditors**

MKIVA Registered Auditors & Business Advisors was appointed as auditors for the group for 2020.

### **11. Going concern**

The directors have reason to believe that the group has adequate financial resources to continue in operation for the foreseeable future and accordingly, the consolidated and separate annual financial statements have been prepared on a going concern basis.

The board of directors have assessed the adequacy of adopting the going concern assumption in relation to the preparation of the annual financial statements. This includes consideration of historic financial results which indicate that the group incurred a net profit for the year in the amount of R1,9 million (2019: loss R71,2 million) and the cash utilised in operating activities in the amount of R1,2 million (2019: cash utilised R39,8 million). Furthermore, the group holds cash and cash equivalents in the amount of R5,1 million (2019: R5,5 million) at year end, the majority of which has been committed in terms of existing obligations.

The table below indicates the net profit for the year after being adjusted with certain accounting adjustments and non-recurring items such as fair value adjustments to the investment properties and debenture liabilities, net realisable value adjustments to inventory, bad debt, repairs and maintenance and legal fees.

	<b>2020</b>
	R
Profit for the year	1,970,625
Adjustments:	19,432,836
- Accounting adjustments	(2,362,345)
- Non-recurring extraordinary items	21,795,181
Adjusted profit for the year	<u>21,403,461</u>

In the absence of the above adjustments and non-recurring items, the group would have achieved a profit of R21,4 million (2019: Loss R18,3 million).

The ability of the group to continue as a going concern, is dependent on a number of factors such as:

- the generation of sufficient cash and cash equivalents available to cover day to day operational activities of the group;
- capital expenditure for the foreseeable future is dependent on the completion of planned property disposals and/or capital borrowings and/or capitalisation of the group;
- the settlement of borrowings becoming due and payable in the foreseeable future is dependent on the completion of planned property disposals or alternative cash resources availability.

# Nova PropGrow Group Holdings Limited and its Subsidiaries

(Registration number 2011/003964/06)

Consolidated And Separate Annual Financial Statements for the year ended 29 February 2020

## Directors' Report

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### 11. Going concern (continued)

The COVID-19 pandemic has developed rapidly in 2020, with a significant number of cases. Measures taken by various governments to contain the virus have affected economic activity and the group's business in various significant ways. The national lockdown announced on 23 March 2020, the extension of the lockdown announced on 9 April 2020 as well as the announcement of the different levels of the staged lockdown exit, has resulted in various tenants not being able to trade with some tenants closing their shops indefinitely and consequently gave rise to reduction of rentals, difficulty in collection of rentals and an increase in arrear rentals. In addition it has resulted in various development projects coming to a standstill, with limited or no service availability from Municipal and Government Institutions, construction companies and banking institutions.

Due to the COVID-19 pandemic, the focus after year-end and for the foreseeable future was and has been naturally to:

- Retain tenants and aggressively market vacancies, offering tenants and potential tenants favourable terms over the short to medium term;
- Closely monitor debtors and adopted a tailored approach to collection of arrears;
- Reduce expenditure to cover essential services and emergency work only;
- Obtaining moratorium on bond payments from financial institutions;
- Re-activate any residential planning and implementation processes and aggressive marketing thereof;

Depending on the duration of the COVID-19 crisis and continued negative impact on economic activity, the group might experience further restraints as described above.

The board of directors have reviewed the group's cash flow forecast and budgets and in considering the uncertainties described above, the board of directors have a reasonable expectation that the group has adequate resources to continue operations for the foreseeable future and the board therefore continues to adopt the going concern basis of accounting to prepare the financial statements. The board of directors have satisfied themselves that the group is in a sound financial position and that it has access to sufficient resources to meet its foreseeable cash requirements. The board of directors are not aware of any new material changes that may adversely impact the group. The board of directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the group.

The board of directors recognise that various properties amounting to the value of R375,2 million have been disposed of as at 29 February 2020. The corresponding debenture liabilities remain payable in accordance with the provisions of the Schemes of Arrangement. These debenture liabilities are recorded in the financial statements as part of non-current debentures (refer note 17).

### 12. Events after the reporting period

#### *De Marionette Centre Investments Proprietary Limited*

During the 2020 financial year the company entered into an agreement whereby the remaining part of the assets of the De Marionette Centre company, namely the investment property Erven 5052, 5053, 5054 and 5059, Secunda Extension 14, Mpumalanga, was sold and transferred on 7 October 2020.

#### *COVID-19 Pandemic*

The COVID-19 pandemic has developed rapidly in 2020, with a significant number of cases. Measures taken by various governments to contain the virus have affected economic activity and the group's business in various significant ways. The national lockdown announced on 23 March 2020, the extension of the lockdown announced on 9 April 2020 as well as the announcement of the different levels of the staged lockdown exit, has resulted in various tenants not being able to trade with some tenants closing their shops indefinitely and consequently gave rise to reduction of rentals, difficulty in collection of rentals and an increase in arrear rentals. In addition it has resulted in various development projects coming to a standstill, with limited or no service availability from Municipal and Government Institutions, construction companies and banking institutions.

Due to the COVID-19 pandemic, the focus after year-end and for the foreseeable future was and has been naturally to:

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- Closely monitor debtors and adopted a tailored approach to collection of arrears;
- Reduce expenditure to cover essential services and emergency work only;
- Obtaining moratorium on bond payments from financial institutions;
- Re-activate any residential planning and implementation processes and aggressive marketing thereof;

Depending on the duration of the COVID-19 crisis and continued negative impact on economic activity, the group might experience further restraints as described above.

The directors are not aware of any other material events which occurred after the reporting date and up to the date of this report not already dealt with elsewhere in the financial statements.

# **Nova PropGrow Group Holdings Limited and its Subsidiaries**

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Consolidated And Separate Annual Financial Statements for the year ended 29 February 2020

## **Directors' Report**

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### **13. Valuation of Investment Properties and Going Concern**

The board has taken note of the views expressed by the group's auditors in their audit opinion regarding the valuation of certain of the group's Income Plan Investments Properties and the Going Concern.

The group's Investment Properties are valued by Independent External Valuators, registered as Professional Valuers with the SA Council for the Property Valuers Profession and Members of the SA Institute of Valuers.

The directors have reason to believe that the group has and is actively managing the process of procuring adequate financial resources to continue in operation for the foreseeable future.

### **14. Reportable Irregularity**

For the financial year ended 29 February 2020, the Company contravened Section 30(1) of the Companies Act of South Africa, whereby the board of directors has not approved the annual financial statements for the company within six months after the end of its financial year, or such shorter period as may be appropriate to provide the required notice of an annual general meeting in terms of Section 61(7).

In accordance with their responsibilities in terms of Section 45 of the Auditing and Profession Act, the Company's Auditors have reported the above matter and the fact that the non-compliance is no longer continuing to the Independent Regulatory Board for Auditors.

# **Nova PropGrow Group Holdings Limited and its Subsidiaries**

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## **Company Secretary's Certification**

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The company Secretary certifies that the group has lodged with the Companies and Intellectual Property Commission, all such returns as are required by a public company, in terms of Section 88(2)(e) of the Companies Act, as amended, and that all such returns are true, correct and up to date to the extent that the Company Secretary has been informed.



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**D Haese**  
Frontier Accounting and Secretarial Services Proprietary Limited

# **Nova PropGrow Group Holdings Limited and its Subsidiaries**

(Registration number 2011/003964/06)

Consolidated And Separate Annual Financial Statements for the year ended 29 February 2020

## **Audit Committee Report**

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### **COMPOSITION OF THE COMMITTEE**

The committee comprised the following independent non-executive members during the year:

J Phiri (Acting Chairperson of the Audit Committee)	
MY Sibisi	Appointed 8 January 2021
N Ndhlela	Appointed 8 January 2021
JG Smit	Resigned 18 March 2020
LM Mbethe	Resigned 18 March 2020

The committee members were available on an ongoing basis to assist members of the Board and management in discharging their duties

### **INDEPENDENCE**

The reconstituted Audit Committee intends on working closely with the Court appointed Receivers for the Schemes and the Trustee of the Nova Group Debenture Trusts.

### **EXTERNAL AUDIT**

The Group's external auditors are MKIVA Registered Auditors & Business Advisors. Fees paid to the external auditors were approved by the Audit Committee and disclosed in the annual financial statements.

### **KEY FUNCTIONS AND RESPONSIBILITIES OF THE COMMITTEE**

The key functions and responsibilities of the committee are to:

assist the Board in its evaluation of the adequacy and efficiency of the internal control systems, accounting practices, information systems and auditing processes applied within the Group in the day-to-day management of its business;

facilitate and promote communication on issues that are the responsibility of the committee between the Board, management and the external auditors;

introduce such measures that in the committee's opinion may serve to enhance the credibility and objectivity of financial statements and reports prepared with reference to the affairs of the Group;

nominate for appointment as external auditors of the company registered auditors who, in the opinion of the committee, are independent of the Group;

determine the fees to be paid to the external auditors and the auditors' terms of engagement;

ensure that the appointment of the external auditors complies with the Companies Act of South Africa, as amended, and any other legislation relating to the appointment of auditors;

determine the nature and extent of any non-audit services to the Group;

receive and deal appropriately with any complaints (whether from within or outside the Group) relating either to the accounting practices and internal audit of the Group or to the content or auditing of its financial statements, or any other related matters; and

perform such further functions as may be prescribed.

The committee reports that it has adopted appropriate formal terms of reference to discharge its responsibilities, has regulated its affairs and has discharged all of its responsibilities.

# **Nova PropGrow Group Holdings Limited and its Subsidiaries**

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## **Audit Committee Report**

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### **EFFECTIVENESS OF INTERNAL CONTROL**

The committee monitors the Group's internal controls for effectiveness, for pragmatic and consistent application, as these form the foundation of successful risk management.

The emphasis on risk governance is based on placing weight on accountability, responsibility, independence, reporting, communication and transparency, both internally and with all key external stakeholders.

Specific responsibilities of the committee include the following:

#### **Internal control**

Monitoring management's success at creating and maintaining an effective internal control environment throughout the Group and at demonstrating and stimulating the necessary respect for this control environment.

Monitoring the identification and correction of weaknesses and breakdowns of systems and internal controls.

#### **Financial control, accounting and reporting**

Monitoring the adequacy and reliability of management information and the efficiency of management information systems.

Satisfying itself of the expertise, resources and experience of the finance function.

Reviewing quarterly, interim and final financial results and statements and reporting for proper and complete disclosure of timely, reliable and consistent information.

Evaluating on an ongoing basis the appropriateness, adequacy and efficiency of accounting policies and procedures, compliance with International Financial Reporting Standards and overall accounting standards as well as any changes thereto.

Discussing and resolving any significant or unusual accounting issues.

Reviewing and monitoring capital expenditure throughout the Group for adequate control, monitoring and reporting.

Reviewing the effectiveness and efficiency of the credit-monitoring process, exposures and related impairments and adequacy of impairment provisions to discharge its Board obligations satisfactorily.

Reviewing and monitoring the effectiveness and efficiency and the management and reporting of tax-related matters.

Monitoring the management and effectiveness of accounting and taxation risks.

Reviewing and monitoring all key performance indicators to ensure that appropriate high-level decision making capabilities are maintained at industry levels.

Reporting annually to the Board on the effectiveness of the Group's internal financial reporting controls.

#### **External audit**

Recommending to the Board the selection of the external auditor and approving their audit fees.

Approving the external auditor's annual plan and related scope of work.

Monitoring the effectiveness of the external auditor in terms of their skills, independence, execution of the audit plan, reporting and overall performance.

Approving non-audit services to be rendered by the external auditor in terms of the Group's board approved non-audit services policy, and monitoring potential conflicts of interest.

# **Nova PropGrow Group Holdings Limited and its Subsidiaries**

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## **Audit Committee Report**

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Considering whether the extent of reliance placed on internal audit by the external auditors is appropriate and whether there are any significant gaps between the internal and external audits.

Obtaining assurance from the external auditors that their independence has not been impaired.

### **Regulatory reporting**

Reviewing the adequacy of the regulatory reporting processes and the adequacy of systems and people to perform these functions.

Consider the findings of any audited regulatory reports as relates to the key responsibility of the committee and the monitoring of management actions to resolve any issues identified.

### **Recommendation of reappointment of external auditors.**

Having considered, analyzed, reviewed and debated information provided by management and external audit, the committee confirmed that:

the internal controls of the group have been effective in all material aspects throughout the year under review;

these controls have ensured that the Group's assets have been safeguarded;

proper accounting records have been maintained;

resources have been utilized efficiently;

the skills, independence, audit plan, reporting and overall performance of the external auditors were acceptable; and

the committee did not recommend the reappointment of the external auditors for the 2020 reporting period.

### **COMPANIES ACT REQUIREMENTS**

In terms of the Companies Act of South Africa, the committee is responsible, as set out above, for all subsidiary companies without their own audit committees, which responsibilities include:

reviewing the formalised process used for performing functions on behalf of subsidiaries; and

ratifying annually the list of subsidiaries for which responsibility is assumed.

### **ANNUAL FINANCIAL STATEMENTS**

The committee met on 26 February 2021. The Committee prior to meeting:

reviewed and discussed the audited annual financial statements included in the integrated report with the external auditors;

reviewed the external auditors' management letter and management's response thereto;

reviewed significant adjustments resulting from external audit queries and accepted any unadjusted audit differences.

# **Nova PropGrow Group Holdings Limited and its Subsidiaries**

(Registration number 2011/003964/06)

Consolidated And Separate Annual Financial Statements for the year ended 29 February 2020

## **Audit Committee Report**

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### **VALUATION OF INVESTMENT PROPERTIES AND GOING CONCERN**

The Committee has taken note of the views expressed by the group's external auditors in their audit opinion regarding the valuation of certain of the group's Income Plan Investment Properties as well as the appropriateness of the going concern assumption ('the qualifications').

The Audit Committee is aware that the group's Investment Properties were valued by Independent External Valuators, registered as Professional Valuers with the SA Council for the Property Valuers Profession and Members of the SA Institute of Valuers. The directors valuation in relation to investment property, Flora Centre, is supported by an independent valuator in the first instance and an independent calculation by architects which includes an appropriate value given to remaining bulk. The directors valuation of Del Judor Mall is on the face thereof supported by upgrades, an expected increase in demand for space and a renewal of the lease agreement by an anchor tenant with an expressed intention to take up additional space.

The Audit Committee has reason to believe that the group has been actively managing the process of procuring adequate financial resources to continue in operation for the foreseeable future.

### **REPORTABLE IRREGULARITY**

For the financial year ended 29 February 2020, the Company contravened Section 30(1) of the Companies Act of South Africa, whereby the board of directors has not approved the annual financial statements for the company within six months after the end of its financial year.

In accordance with their responsibilities in terms of Section 45 of the Auditing and Profession Act, the Company's Auditors have reported the above matter and the fact that the non-compliance is no longer continuing to the Independent Regulatory Board for Auditors upon the board approving the annual financial statements.

The Audit Committee did not concur with the external auditors' report on the annual financial statements as set out above and has recommended the approval of the annual financial statements to the Board. The Board has subsequently approved the annual financial statements, which will be open for discussion at the forthcoming Annual General Meeting.



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**J Phiri**  
Group Audit Committee Chairperson  
26 February 2021

## Independent Auditor's Report

To the shareholders of Nova PropGrow Group Holdings Ltd

### Report on the Consolidated and Separate Financial Statements

#### Qualified Opinion

We have audited the Consolidated and Separate Financial Statements of Nova PropGrow Group Holdings Ltd set out on pages 17 to 58, which comprise the statement of financial position as at 29 February 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the Consolidated and Separate Financial Statements, including a summary of significant accounting policies.

In our opinion, except for the possible effect of the matter described in the Basis for Qualified Opinion section of our report, the Consolidated and Separate Financial Statements present fairly, in all material respects, the financial position of the group as at 29 February 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

#### Basis for Qualified Opinion

##### Investment Properties – Witbank Highveld & Waterglen Shopping Centre

The valuation of investment properties as determined by the directors are dependent on key assumptions which include the long-term term vacancy factors, capitalisation rates and open market rentals. Having assessed the various key assumptions applied and the impact of COVID-19 in the valuation process for the properties, we were unable to satisfy ourselves on the assumptions used by directors to value the properties and we could not determine the reasonability of the assumptions used in the valuation.

The value of these investment properties in the consolidated and separate financial statement is currently disclosed at R 414 866 506 (2019: R 410 239 941) and its related deferred tax liabilities of R 61 201 685 (2019: R 60 174 295) as disclosed in the statement of financial position, note 3 and note 6 respectively and other non-operating gains of R 4 586 565 (2019: R 81 773 830) as disclosed in the statement of profit and loss and other comprehensive income and note 28 to the consolidated financial statements.

##### Investment Properties – Flora Centre Investments (Pty) Ltd

We were unable to satisfy ourselves with the reasonability of the addition of the bulk portion of R62 326 530 as per the valuation report of the investment properties. We could not determine the reasonability of the floor area currently used vs the available area as there was no substantive evidence such as surveyors report, plans of the bulk area, or evidence of how the bulk floor area used to support the figures used to calculate areas occupied. Furthermore, we could not determine the reasonability of the rate per square meters used as there's no substantive evidence to support its validity.

Consequently, we are unable to determine the assumptions used on the valuation of the investment properties of R 187 315 541 (2019: R 173 457 532) and its related deferred tax (liabilities)/assets of R (3 104 194) (2019: R 14 229 556) as disclosed in the statement of financial position, note 3 and note 6 respectively and other non-operating gains/(losses) of R 13 858 009 (2019: R (63 524 804)) as

disclosed in the statement of profit and loss and other comprehensive income and note 28 to the consolidated financial statements.

### **Investment Properties – The Villa Retail Park Investments & Zambezi Retail Park Investments**

Valuation of investment properties are dependent on key assumptions which include the valuation method, capitalisation rates and completion rates. Having assessed the various key assumptions applied and the impact of COVID-19 in the valuation process for the properties, we were unable to satisfy ourselves that, based on information at our disposal, the assumptions applied appropriately reflect the existing conditions of these investment properties.

Consequently, we are unable to determine the extent of any changes in the above-mentioned assumptions may have on the valuation of these investment properties of R 1 327 998 653 (2019: R 1 327 996 341) as disclosed in the statement of financial position, note 3 and other non-operating gains of R 2 312 (2019: R 147 656 667) as disclosed in the statement of profit and loss and other comprehensive income and note 28 to the consolidated financial statements.

### **Investment Properties – Tarentaal Centre Investments & The Village Mall Investments**

Valuation of investment properties are dependent on key assumptions which include the long-term term vacancy factors, short term vacancy factors, capitalisation rates and open market rentals.

Having assessed the various key assumptions applied and the impact of COVID-19 in the valuation process for the properties, we were unable to satisfy ourselves that, based on information at our disposal, the assumptions applied appropriately reflect independently the existing conditions of these investment properties.

Consequently, we are unable to determine the assumptions used on the valuation of these investment properties of R 112 826 281 (2019: R 121 406 227) and its related deferred tax liabilities of R 14 838 207 (2019: R 16 796 726) as disclosed in the statement of financial position, note 3 and note 4 respectively and other non-operating losses of R 8 579 947 (2019: R 38 739 611) as disclosed in the statement of profit and loss and other comprehensive income and note 28 to the consolidated financial statements.

### **Investment in Subsidiaries**

The carrying value of investments in subsidiaries is determined based on net asset value of the subsidiaries, these investments are stated in the group separate financial statement at R 371 397 543 (2019: R 369 081 734) as disclosed in the statement of financial position and Note 6 of the Separate Financial Statements. Due to the possible misstatements in the investment property values as disclosed above, the investment in subsidiaries balance in the separate Financial Statements may also be further impacted. Consequently, we were unable to determine the full extent of any adjustments required to the valuation of the investments in subsidiaries.

### **Material Uncertainty Related to Going Concern**

We draw your attention to the consolidated and separate Statement of Financial Position and Note 37 to the consolidated and separate financial statements, which indicates that the group incurred net profit/(loss) of R 1 970 625 (2019: R 71 207 779) for the year ended 29 February 2020 and that the groups utilised cash operating activities are financed through disposal of capital assets, and holds cash and cash equivalents in the amount of R 5 118 645 (2019: R 5 548 868). These events or conditions, along with other matters as set forth in Note 37, indicate the existence of a material uncertainty that may cast significant doubt on the group's ability to continue as a going concern.

MKIVA

Registration number: 2014/110005/21

IRBA Practise number: 933244

SAICA Practise number: 30696092

The company's registered address is 1st Floor, D101 Northview Centre Cnr Malibongwe Drive & Olivenhout Avenue Northwold where a list of directors' names is available for inspection. MKIVA is a South African Level 1 B-BBEE Contributor in terms of Generic Scorecard – B-BBEE Codes of Good Practice.



Network  
Member

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the group in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of Consolidated and Separate Financial Statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated and Separate Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated and Separate Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Matter	Audit response
<b>Impact of outbreak of COVID-19 on the Consolidated and Separate Financial Statements (Note 38)</b> <p>The South-African economy has been deeply impacted by the COVID-19 pandemic and the resulting nation-wide lockdown which has been in effect since 27 March 2020. The lack of a clear timeline on the lifting of the lockdown causes further socio-economic uncertainty and will negatively impact on the business operations of the group and its tenants in South Africa.</p> <p>The directors' consideration of the impact on the Consolidated and Separate Financial Statements are disclosed in Note 38. Whilst the situation is still evolving, the directors have assessed the impact of COVID-19 on the business and have concluded that adopting the going concern basis of preparation is appropriate.</p> <p>As per Note 38 to the Consolidated and Separate Financial Statements, the directors' have also concluded that COVID-19 is a non-adjusting post balance sheet event.</p>	<p>We assessed the directors' conclusion that the matter be treated as a non-adjusting post balance sheet event and that adopting the going concern basis for preparation of the Consolidated and Separate Financial Statements is appropriate. We considered:</p> <ul style="list-style-type: none"> <li>• The timing of the development of the outbreak across the world and in South Africa; and</li> <li>• How the Consolidated and Separate Financial Statements and business operations of NOVA PropGrow Group Holdings Limited have been impacted by the disruption.</li> </ul> <p>In forming our conclusions over going concern, we evaluated how the directors' going concern assessment considered the impacts arising from COVID-19 as follows:</p> <ul style="list-style-type: none"> <li>• We reviewed the directors' going concern assessment including COVID-19 implications based on a 'most likely'</li> </ul>

scenario. We made enquiries of directors to understand the period of assessment considered by directors, the completeness of the adjustments taken into account and implication of those when assessing the 'most likely' scenario on the companies' future financial performance;

- We evaluated the key assumptions in the 'base case' forecast and the 'worst case scenario' forecast and assessed the reasonableness of the assumptions used given the information existing at the date of the audit procedures;
- We examined the minimum cash inflow/committed facility headroom under the 'base case' monthly cash flow forecasts as disclosed in the Consolidated and Separate Financial Statements and evaluated whether the directors' conclusion that liquidity headroom remained in all events was reasonable; and
- We evaluated the adequacy and appropriateness of the directors' disclosure in respect of COVID-19 implications, in particular disclosures within principal risks & uncertainties, post balance sheet events and going concern.

Based on the work performed, we are satisfied that the matter has been appropriately reflected in the Consolidated and Separate Financial Statements.

## Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act of South Africa. The other information does not include the Consolidated and Separate Financial Statements and our auditor's report thereon.

Our opinion on the Consolidated and Separate Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated and Separate Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated and Separate Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed,

we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of the Directors for the Consolidated and Separate Financial Statements**

The directors are responsible for the preparation and fair presentation of the 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 misstatement, whether due to fraud or error.

In preparing the Consolidated and Separate Financial Statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Consolidated and Separate Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated and Separate Financial Statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated and Separate Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated and Separate Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated and Separate Financial Statements, including the disclosures, and whether the Consolidated and Separate

Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that MKIVA Registered Auditors & Business Advisors has been the auditor of Nova PropGrow Group Holdings Ltd for 1 year.

In accordance with our responsibilities in terms of sections 44(2) and 44(3) of the Auditing Profession Act, we report that we have identified a reportable irregularity in terms of the Auditing Profession Act. We have reported such matter to the Independent Regulatory Board for Auditors. The matter pertaining to the reportable irregularity relates to the board of directors not approving the consolidated and separate annual financial statements within six months after the end of its financial year in accordance with Section 30(1) of the Companies Act of South Africa.



**MKIVA Registered Auditors & Business Advisors**

Audit Partner

Per: Unathi Mkiva CA(SA)

Registered Auditor

26 February 2021

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**MKIVA**

Registration number: 2014/110005/21

IRBA Practise number: 933244

SAICA Practise number: 30696092

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# Nova PropGrow Group Holdings Limited and its Subsidiaries

(Registration number 2011/003964/06)

Consolidated And Separate Annual Financial Statements for the year ended 29 February 2020

## Statement of Financial Position as at 29 February 2020

Figures in Rand	Note(s)	Group		Company		
		2020	2019	2020	2019	
<b>Assets</b>						
<b>Non-Current Assets</b>						
Investment property		2,212,166,213	2,255,342,579	-	-	
Fair value for accounting purposes	3	2,204,727,602	2,245,698,071	-	-	
Straight line lease adjustment		7,438,611	9,644,508	-	-	
Property, plant and equipment	4	33,563	559,544	-	-	
Intangible assets	5	547,962	821,942	-	-	
Investments in subsidiaries	6	-	-	371,397,543	369,081,734	
Loans to group companies	7	-	-	40,132,235	50,840,706	
Other financial assets	8	19,315,386	-	-	-	
Deferred tax	9	43,333,443	45,679,855	-	-	
		<b>2,275,396,567</b>	<b>2,302,403,920</b>	<b>411,529,778</b>	<b>419,922,440</b>	
<b>Current Assets</b>						
Other financial assets	8	202,660	425,337	-	-	
Inventories	10	265,783,444	260,766,612	-	-	
Trade and other receivables	11	19,087,492	16,070,271	3,252	2,700	
Current tax receivable		-	49,130	-	-	
Cash and short-term deposits	12	5,118,645	5,548,868	-	1,235	
		<b>290,192,241</b>	<b>282,860,218</b>	<b>3,252</b>	<b>3,935</b>	
Non-current assets held for sale	13	-	30,868,817	-	-	
<b>Total Assets</b>		<b>2,565,588,808</b>	<b>2,616,132,955</b>	<b>411,533,030</b>	<b>419,926,375</b>	
<b>Equity and Liabilities</b>						
<b>Equity</b>						
Share capital	15	100,012,552	100,012,552	100,012,552	100,012,552	
Accumulated loss		(95,077,855)	(97,048,480)	(50,236,045)	(51,421,357)	
		<b>4,934,697</b>	<b>2,964,072</b>	<b>49,776,507</b>	<b>48,591,195</b>	
<b>Liabilities</b>						
<b>Non-Current Liabilities</b>						
Loans from group companies	7	-	-	360,308,018	369,733,733	
Deferred tax	9	107,067,731	107,148,483	-	-	
Borrowings	16	92,191,116	111,383,275	-	-	
Debentures	17	2,212,011,385	2,213,621,478	-	-	
		<b>2,411,270,232</b>	<b>2,432,153,236</b>	<b>360,308,018</b>	<b>369,733,733</b>	
<b>Current Liabilities</b>						
Loans from group companies	7	-	-	1,072,108	1,089,221	
Borrowings	16	31,966,325	74,277,164	-	-	
Current tax payable		30,640,938	20,891,819	-	-	
Trade and other payables	18	86,776,616	85,846,664	376,397	512,226	
		<b>149,383,879</b>	<b>181,015,647</b>	<b>1,448,505</b>	<b>1,601,447</b>	
<b>Total Liabilities</b>		<b>2,560,654,111</b>	<b>2,613,168,883</b>	<b>361,756,523</b>	<b>371,335,180</b>	
<b>Total Equity and Liabilities</b>		<b>2,565,588,808</b>	<b>2,616,132,955</b>	<b>411,533,030</b>	<b>419,926,375</b>	

**Nova PropGrow Group Holdings Limited and its Subsidiaries**

(Registration number 2011/003964/06)

Consolidated And Separate Annual Financial Statements for the year ended 29 February 2020

**Statement of Profit or Loss and Other Comprehensive Income**

Figures in Rand	Note(s)	Group		Company	
		2020	2019	2020	2019
Revenue	21	63,849,322	68,827,582	-	-
Cost of sales	22	(1,928,462)	(2,383,363)	-	-
<b>Gross profit</b>		<b>61,920,860</b>	<b>66,444,219</b>	-	-
Other operating income	23	73,028,862	68,827,306	6,447	-
Other operating losses	24	(2,133,010)	(4,217,147)	-	-
Other operating expenses		(130,111,035)	(158,971,384)	(804,197)	(1,617,013)
<b>Operating profit / (loss)</b>	25	<b>2,705,677</b>	<b>(27,917,006)</b>	<b>(797,750)</b>	<b>(1,617,013)</b>
Investment income	26	19,547,670	782,214	17,025,809	16,923,323
Finance costs	27	(15,398,085)	(36,618,786)	(17,358,556)	(17,364,518)
Other non-operating gains / (losses)	28	6,795,461	(7,910,723)	2,315,809	(10,350,855)
<b>Profit / (loss) before taxation</b>		<b>13,650,723</b>	<b>(71,664,301)</b>	<b>1,185,312</b>	<b>(12,409,063)</b>
Taxation	29	(11,680,098)	456,522	-	-
<b>Profit / (loss) for the year</b>		<b>1,970,625</b>	<b>(71,207,779)</b>	<b>1,185,312</b>	<b>(12,409,063)</b>

# Nova PropGrow Group Holdings Limited and its Subsidiaries

(Registration number 2011/003964/06)

Consolidated And Separate Annual Financial Statements for the year ended 29 February 2020

## Statement of Changes in Equity

Figures in Rand

	Share capital	Accumulated loss	Total equity
<b>Group</b>			
<b>Balance at 01 March 2018</b>	<b>100,012,552</b>	<b>(25,840,701)</b>	<b>74,171,851</b>
Loss for the year	-	(71,207,779)	(71,207,779)
<b>Balance at 01 March 2019</b>	<b>100,012,552</b>	<b>(97,048,480)</b>	<b>2,964,072</b>
Profit for the year	-	1,970,625	1,970,625
<b>Balance at 29 February 2020</b>	<b>100,012,552</b>	<b>(95,077,855)</b>	<b>4,934,697</b>
Note		15	
<b>Company</b>			
<b>Balance at 01 March 2018</b>	<b>100,012,552</b>	<b>(39,012,294)</b>	<b>61,000,258</b>
Loss for the year	-	(12,409,063)	(12,409,063)
<b>Balance at 01 March 2019</b>	<b>100,012,552</b>	<b>(51,421,357)</b>	<b>48,591,195</b>
Profit for the year	-	1,185,312	1,185,312
<b>Balance at 29 February 2020</b>	<b>100,012,552</b>	<b>(50,236,045)</b>	<b>49,776,507</b>
Note		15	

# Nova PropGrow Group Holdings Limited and its Subsidiaries

(Registration number 2011/003964/06)

Consolidated And Separate Annual Financial Statements for the year ended 29 February 2020

## Statement of Cash Flows

Figures in Rand	Note(s)	Group		Company	
		2020	2019	2020	2019
<b>Cash flows utilised in operating activities</b>					
Cash receipts from customers		61,562,526	73,478,212	-	-
Cash paid to suppliers and employees		(68,224,075)	(79,504,538)	(934,131)	(1,226,330)
Cash used in operations	30	(6,661,549)	(6,026,326)	(934,131)	(1,226,330)
Interest income		19,547,670	782,214	-	-
Finance costs		(14,413,610)	(33,796,054)	-	-
Tax (paid) / received	31	240,118	(719,222)	-	-
<b>Net cash utilised in operating activities</b>		<b>(1,287,371)</b>	<b>(39,759,388)</b>	<b>(934,131)</b>	<b>(1,226,330)</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	4	(78,146)	(57,882)	-	-
Proceeds on disposal of property, plant and equipment	4	2,170	221,300	-	-
Proceeds on disposal of investment property	3&13	79,533,637	174,472,897	-	-
Loans to group companies repaid		-	-	13,587,501	1,269,315
Loans advanced		(20,089,590)	-	-	-
Repayment of loans advanced		-	391,810	-	-
Disposal of subsidiary		2,612,245	-	-	-
<b>Net cash from investing activities</b>		<b>61,980,316</b>	<b>175,028,125</b>	<b>13,587,501</b>	<b>1,269,315</b>
<b>Cash flows from financing activities</b>					
Repayment of borrowings	36	(61,123,169)	(85,002,210)	-	-
Repayment of debentures	36	-	(50,435,196)	-	-
Repayment of loans from group companies		-	-	(12,654,605)	(42,415)
<b>Net cash from financing activities</b>		<b>(61,123,169)</b>	<b>(135,437,406)</b>	<b>(12,654,605)</b>	<b>(42,415)</b>
<b>Total cash movement for the year</b>		<b>(430,224)</b>	<b>(168,669)</b>	<b>(1,235)</b>	<b>570</b>
Cash at the beginning of the year		5,548,869	5,717,537	1,235	665
<b>Total cash at end of the year</b>	12	<b>5,118,645</b>	<b>5,548,868</b>	<b>-</b>	<b>1,235</b>

# **Nova PropGrow Group Holdings Limited and its Subsidiaries**

(Registration number 2011/003964/06)

Consolidated And Separate Annual Financial Statements for the year ended 29 February 2020

## **Accounting Policies**

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### **1. Significant accounting policies**

The principal accounting policies applied in the preparation of these consolidated and separate consolidated and separate annual financial statements are set out below.

#### **1.1 Basis of preparation**

The consolidated and separate consolidated and separate annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and the Companies Act of South Africa.

The consolidated and separate annual financial statements have been prepared on the historical cost convention, except for the measurement of investment properties, investment in subsidiaries and certain financial instruments at fair value, and incorporate the principal accounting policies set out below. These accounting policies are consistent with the previous period, except for the adoption of the IFRS 16: Leases. They are presented in South African Rands.

No impact was adjusted for as at 1 March 2019 due to the fact that the new standard had no material impact on the group. The accounting policy for Leases has been disclosed accordingly and clearly notes the current and prior year accounting policy.

#### **1.2 Consolidation**

##### **Basis of consolidation**

The consolidated annual financial statements incorporate the annual financial statements of the company and all subsidiaries which are controlled by the group.

The group has control of an entity when it is exposed to or has rights to variable returns from involvement with the entity and it has the ability to affect those returns through use of its power over the entity.

The results of subsidiaries are included in the consolidated and separate annual financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the consolidated and separate annual financial statements of subsidiaries to bring their accounting policies in line with those of the group.

All inter-company transactions, balances, income and expenses are eliminated in full on consolidation.

#### **1.3 Significant judgements and sources of estimation uncertainty**

The preparation of consolidated and separate annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

##### **Critical judgements in applying accounting policies**

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

##### **Taxation**

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company 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 income tax and deferred tax provisions in the period in which such determination is made.

The company recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the company to realise the net deferred tax assets recorded at the balance sheet date could be impacted.

# **Nova PropGrow Group Holdings Limited and its Subsidiaries**

(Registration number 2011/003964/06)

Consolidated And Separate Annual Financial Statements for the year ended 29 February 2020

## **Accounting Policies**

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### **1.3 Significant judgements and sources of estimation uncertainty (continued)**

#### **Key sources of estimation uncertainty**

##### **Financial Assets**

The group assesses its other financial assets and trade receivables at the end of each reporting period. In determining whether a credit loss should be recorded in profit or loss, the group makes judgements as to whether there is observable data indicating a decrease in expected future cash flows or a measurable increase in the life time expected credit losses.

##### **Investment in subsidiaries**

The fair value of investment in subsidiaries are based on directors valuations performed on an annual basis estimating the fair value of the underlying assets and liabilities of the property investment and development subsidiaries. The fair value of other income-based subsidiaries are based on an income multiplier method using actual or forecasted cash flows.

##### **Debentures**

In the application of the accounting policies which are described in note 1.8, the board of directors are required to make judgements, estimates and assumptions about the fair value of debentures. Actual results may differ from these estimates.

The fair value of debentures are determined with reference to the fair market values of the investment property and inventory of the relevant subsidiary companies, from time to time, but limited to the lesser of the relevant fair market values and original syndication values.

##### **Investment property**

In the application of the accounting policies which are disclosed in note 1.4, the board of directors are required to make judgements, estimates and assumptions about the fair value of investment properties that are not readily apparent from other sources.

The fair value of investment properties are based on:

- external valuations obtained from three independent valuers which values were determined by using the opportunity cash flow method (a combination of the discounted cash flow method and income capitalisation valuation method) and depreciated replacement cost / cost to complete valuation method, using assumptions that are based on market conditions existing at the period-end date;
- directors' valuations based on purchase offers received from third parties in an arm's length transaction and;
- directors' valuations based on current market related rates per square meter and opportunity rates per unit or stand of similar land and developments in the area of the property.

Further assumptions are used in the valuation of investment property. The estimated fair value would increase / (decrease) if the expected market rental growth was higher / (lower), expected expense growth was lower / (higher), the vacant periods were shorter / (longer), the occupancy rate was higher / (lower), the rent-free periods were shorter / (longer) and / or discount rate was lower / (higher).

##### **Inventories**

In the application of the accounting policies which are described in note 1.11, the board of directors are required to make judgements, estimates and assumptions about the net realisable value of inventories.

The estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

##### **Classification of investment property and inventories**

Property held for capital appreciation and earning rental income is classified as investment property. This includes property under construction.

Property held for development of residential and commercial use is classified as inventory when the carrying amount will be recovered through sale in the ordinary course of business.

#### **1.4 Investment property**

Investment property is property, a building or part of a building, held by the owner to earn rentals or for capital appreciation or both, rather than for:

- (a) use in the production or supply of goods or services or for administrative purposes; or
- (b) sale in the ordinary course of business.

Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the enterprise, and the cost of the investment property can be measured reliably.

# **Nova PropGrow Group Holdings Limited and its Subsidiaries**

(Registration number 2011/003964/06)

Consolidated And Separate Annual Financial Statements for the year ended 29 February 2020

## **Accounting Policies**

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### **1.4 Investment property (continued)**

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Subsequent to initial measurement investment property is measured at fair value. A gain or loss arising from a change in fair value is included in net profit or loss for the period in which it arises.

### **1.5 Property, plant and equipment**

An item of property, plant and 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.

Property, plant and equipment is initially measured at cost.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is based on the cost of the asset less its residual value and recognised on a straight-line basis, over the current estimated useful lives of the assets. The useful lives of items of property, plant and equipment have been assessed as follows:

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Item	Depreciation method	Average useful life
Leasehold property	Straight line	Lease period
Furniture and fixtures	Straight line	1 - 8 years
Motor vehicles	Straight line	4 - 5 years
Office equipment	Straight line	1 - 5 years
IT equipment	Straight line	1 - 5 years
Computer software	Straight line	2 - 3 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

### **1.6 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 entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Architectural drawings	10 years

### **1.7 Investments in subsidiaries**

In the company's separate annual financial statements, investments in subsidiaries are carried at fair value with fair value changes recognised in profit or loss.

# **Nova PropGrow Group Holdings Limited and its Subsidiaries**

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## **Accounting Policies**

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### **1.8 Financial instruments**

#### **Classification**

The group classifies financial assets and financial liabilities into the following categories:

- Financial assets at fair value through profit or loss - designated;
- Financial assets held at amortised cost;
- Financial liabilities at fair value through profit or loss - designated;
- Financial liabilities measured at amortised cost.

The group classifies financial assets on initial recognition as measured at amortised cost as the group's business model and objective is to hold the financial asset in order to collect the contractual cash flow and the contractual terms allows for cash flows on specified dates for the payment of the principal amounts outstanding.

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss.

The financial liabilities are classified at amortised cost.

#### **Initial recognition and measurement**

Financial instruments are recognised initially when the group becomes a party to the contractual provisions of the instruments.

The group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

#### **Subsequent measurement**

Financial assets held at amortised cost are subsequently measured at amortised cost using the effective interest method, less any impairment losses.

Financial assets held at fair value through profit or loss are subsequently measured at fair value through profit or loss.

Financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities held at fair value through profit or loss are subsequently measured at fair value through profit or loss.

#### **Derecognition**

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

Financial liabilities are derecognised when their contractual obligations are discharged, cancelled or expired.

#### **Fair value determination**

The fair value 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).

#### **Impairment of Financial Assets not carried at Fair value**

The group calculates its allowance for credit losses as expected credit losses (ECLs) for financial assets measured at amortised cost. ECLs are a probability weighted estimate of credit losses. To calculate ECLs the group segments/groups trade receivables and other financial assets by customer type and ageing. The group applies the simplified approach to determine the ECL for trade receivables and other financial assets. This results in calculating lifetime expected credit losses for trade receivables and other financial assets.

# **Nova PropGrow Group Holdings Limited and its Subsidiaries**

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Consolidated And Separate Annual Financial Statements for the year ended 29 February 2020

## **Accounting Policies**

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### **1.8 Financial instruments (continued)**

#### **Loans to / (from) group companies**

These include loans to and from holding companies and subsidiaries and are recognised initially at fair value plus direct transaction costs.

Loans to group companies are classified at amortised cost.

Loans from group companies are classified as financial liabilities measured at amortised cost.

#### **Trade and other receivables**

Trade 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 when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

#### **Trade and other payables**

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

#### **Cash and short-term deposits**

Cash comprise cash balances on hand, cash deposited with financial institutions and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

#### **Debentures and borrowings**

Debentures are classified as financial liabilities at fair value through profit or loss.

Borrowings are classified as financial liabilities at amortised cost.

### **1.9 Tax**

#### **Current tax assets and liabilities**

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities / (assets) for the current and prior periods are measured at the amount expected to be paid to / (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

# **Nova PropGrow Group Holdings Limited and its Subsidiaries**

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## **Accounting Policies**

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### **1.9 Tax (continued)**

#### **Deferred tax assets and liabilities**

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit / (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit / (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

#### **Tax expenses**

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

### **1.10 Leases**

#### **Leases IFRS 16**

The group assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### **Group as lessor**

Leases for which the group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Lease classification is made at inception and is only reassessed if there is a lease modification.

#### **Group as lessee**

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the group is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the group recognises the lease payments as an operating expense (note 25) on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

#### **Operating leases**

Lease payments from operating leases are recognised on a straight-line basis over the term of the relevant lease, or on another systematic basis if that basis is more representative of the pattern in which the benefits from the use of the underlying asset are diminished. Operating lease income is included in revenue (note 21).

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and are expensed over the lease term on the same basis as the lease income.

Modifications made to operating leases are accounted for as a new lease from the effective date of the modification. Any prepaid or accrued lease payments relating to the original lease are treated as part of the lease payments of the new lease.

# **Nova PropGrow Group Holdings Limited and its Subsidiaries**

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Consolidated And Separate Annual Financial Statements for the year ended 29 February 2020

## **Accounting Policies**

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### **1.10 Leases (continued)**

#### **Comparatives under IAS 17**

The following accounting policy applies to the comparative disclosures of leases. The group has adopted IFRS 16 in the current year, but has not restated the comparatives. These accounting policies are prepared on the basis of IAS 17.

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in the arrangement. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

#### **Operating leases - lessor**

Operating lease income is recognised as an income on a straight-line basis over the lease term.

The difference between the amounts recognised as an income and the contractual rentals are recognised as an operating lease asset.

Income for leases is disclosed under revenue in profit or loss.

#### **Operating leases - lessee**

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Any contingent rents are expensed in the period they are incurred.

### **1.11 Inventories**

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory property and is measured at the lower of cost and net realisable value (NRV).

Cost includes:

- Freehold and leasehold rights for land;
- Amounts paid to contractors for construction; and
- Borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

Net realisable value is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date less estimated costs of completion and the estimated costs necessary to make the sale, taking into account the time value of money if material.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

### **1.12 Share capital and equity**

Ordinary shares are classified as equity.

### **1.13 Contingencies**

Contingent liabilities of the Group are not recognised but disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent liabilities represent possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. They are not recognised because it is not probable that an outflow of resources will be required to settle the obligation and the amount of the obligation cannot be measured with sufficient reliability. Inevitably, the determination that the possibility that an outflow of resources embodying economic benefits is remote and that the occurrence or non-occurrence of one or more uncertain future events is not wholly within the control of the Group requires significant judgement. Contingencies are disclosed in note 19.

# **Nova PropGrow Group Holdings Limited and its Subsidiaries**

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## **Accounting Policies**

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### **1.14 Revenue**

#### **Revenue other than from contracts with customers**

Rental income from investment property is recognised on a straight-line bases over the lease term where escalations are fixed. Turnover-based rental is recognised when it is due in terms of the lease agreement and the amount can be measured reliably.

Interest is recognised, in profit or loss, using the effective interest rate method.

#### **Revenue from Contracts with Customers**

The group is required to recognise revenue when or as the entity satisfies a performance obligation by transferring a promised service or good to a customer.

The group continuously assess the requirements of IFRS 15 based on the five-step process below:

- The contract is an agreement signed between the client and the group, and is the legally enforceable contract identifying the rights of each party;
- The performance obligation in the contract is to deliver goods and services.
- The contract specifies the transaction price to deliver the goods and services.
- The goods and services are separately identifiable to each obligation, and therefore no estimation will be required in allocation of the revenue to the performance obligation.
- The group only recognises the revenue when it has satisfied the promised obligation of providing the goods and services.

The group's revenue streams consists of providing administration, management, accounting and secretarial services to various other entities.

The group's revenue is measured based on the consideration received excluding value added tax, and discounts provided.

The group applies the practical expedient and does not adjust the promised amount of consideration for the effects of financing as the period of time between customer payment and performance will always be one year or less.

### **1.15 Recoveries**

Income arising from cost recharged to tenants is recognised in the period in which the cost can be contractually recovered.

### **1.16 Borrowing costs**

All borrowing costs are recognised as an expense in the period in which they are incurred.

There were no qualifying borrowing costs capitalised during the period.

### **1.17 Non-current assets held for sale**

Non-current assets classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets held for sale are measured at fair value less costs to sell.

### **1.18 Impairment of assets**

The group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the group also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

# **Nova PropGrow Group Holdings Limited and its Subsidiaries**

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## **Accounting Policies**

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### **1.18 Impairment of assets (continued)**

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

### **1.19 Employee benefits**

#### **Short-term employee benefits**

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

#### **Defined contribution plans**

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

### **1.20 Cash flow**

The group has adopted the direct method for preparing the statement of cash flow.

# Nova PropGrow Group Holdings Limited and its Subsidiaries

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## Notes to the Consolidated And Separate Annual Financial Statements

Figures in Rand	Group	Company
	2020	2019
	2020	2019

### 2. New Standards and Interpretations

#### 2.1 Standards and interpretations effective and adopted in the current year

In the current year, the group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none"> <li>IFRS 16 Leases</li> </ul> <p>The new standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance leases.</p>	01 January 2019	The adoption of this standard has not had a material impact on the results of the group, but has resulted in more disclosure than would have previously been provided in the financial statements

#### 2.2 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 01 March 2020 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none"> <li>IFRS 16 Leases</li> </ul> <p><b>COVID-19 Related Rent Concessions:</b> Amendment providing lessees with an exemption from assessing whether a COVID-19 related rent concession (a rent concession that reduces lease payments due on or before 30 June 2021) is a lease modification.</p>	01 June 2020	Impact is currently being assessed
<ul style="list-style-type: none"> <li>IAS 1 Presentation of Financial Statements:</li> </ul> <p><b>Definition of Material:</b> The amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards.</p>	01 January 2020	Unlikely there will be a material impact
<ul style="list-style-type: none"> <li>IAS 1 Presentation of Financial Statements:</li> </ul> <p><b>Classification of Liabilities as Current or Non-current:</b> Narrow-scope amendments to IAS 1 to clarify how to classify debt and other liabilities as current or non-current.</p>	01 January 2023	Impact is currently being assessed
<ul style="list-style-type: none"> <li>IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors:</li> </ul> <p><b>Definition of Material:</b> The amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards.</p>	01 January 2020	Unlikely there will be a material impact

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## Notes to the Consolidated And Separate Annual Financial Statements

### 3. Investment property

Property	Fair value for accounting purposes	2020		2019	
		Straight line lease adjustment	Fair value of investment property	Fair value for accounting purposes	Straight line lease adjustment
Del Judor Mall	183,871,326	2,839,122	186,710,448	178,778,719	3,617,025
Flora Centre	187,315,541	1,510,989	188,826,530	173,457,532	1,501,068
Waterglen Shopping Centre	230,955,180	1,544,820	232,500,000	231,461,222	1,002,778
Carletonville Centre	19,741,702	258,298	20,000,000	21,414,164	185,836
De Marionette Shopping Centre	-	-	-	39,556,625	443,375
Shoprite Secunda	14,094,260	105,740	14,200,000	13,914,278	285,722
Athlone Park	29,801,457	198,543	30,000,000	28,392,466	207,534
Secunda Plaza	-	-	-	9,767,905	1,032,095
Carnival Centre	15,438,357	261,643	15,700,000	16,523,274	176,726
Amogela Mall	26,575,610	124,390	26,700,000	26,920,083	79,917
Zambezi Retail Park	479,998,653	1,347	480,000,000	479,996,341	3,659
The Villa Retail Park	848,000,000	-	848,000,000	848,000,000	-
The Village Mall	43,107,428	332,572	43,440,000	44,961,674	463,326
Courtside Centre	69,718,853	261,147	69,980,000	76,444,553	645,447
Cold Creek Developments	56,109,235	-	56,109,235	56,109,235	-
	<b>2,204,727,602</b>	<b>7,438,611</b>	<b>2,212,166,213</b>	<b>2,245,698,071</b>	<b>9,644,508</b>
					<b>2,255,342,579</b>

### Detail of fair value of investment property

	2020	2019
Purchase price	2,964,849,511	3,025,049,511
Additions since purchase or valuation	19,436,773	19,436,773
Reversal of provision included in purchase consideration	(463,074,637)	(463,074,637)
Cumulative fair value adjustments recognised in profit or loss	(316,484,045)	(335,713,576)
Straight line lease adjustment	7,438,611	9,644,508
	<b>2,212,166,213</b>	<b>2,255,342,579</b>

### 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.

*Flora Centre* - Erf 319 Florida North Township, Roodepoort, 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.

*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.

*Zambezi Retail Park* - Sections 6, 7, 8 and 9 as shown more fully described on section diagram D2024/2007 situated on Erf 5, Derdepoort 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.

*Courtside 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.

### Pledged as security

Refer to note 16 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 reported on previous financial years.

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## Notes to the Consolidated And Separate Annual Financial Statements

### 3. Investment property (continued)

#### Reconciliation of investment property - Group - 2020

	Opening balance	Additions	Disposals	Transfer (to) / from non-current assets held for sale	Transfer (to) / from inventory at fair value	Fair value adjustments recognised in profit or loss	Total
Investment property	2,245,698,071	-	(49,324,530)	-	-	8,354,061	2,204,727,602

#### Reconciliation of investment property - Group - 2019

	Opening balance	Additions	Disposals	Transfer (to) / from non-current assets held for sale	Transfer (to) / from inventory at fair value	Fair value adjustments recognised in profit or loss	Total
Investment property	2,178,314,443	-	(91,850,900)	(26,254,199)	-	185,488,727	2,245,698,071

#### Details of valuations

##### Investment property valued by independent valuers - 2020 and 2019

Three independent valuers were appointed to perform external valuations on a portion of the property portfolio.

The independent valuers appointed were:

- 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.
- Mr R Gouveia, [BCom (HONS) | NDPV | Wine Diploma (CWA) | MIVSA] of Valuetec Property Valuations.
- Mr S K Alberts, of Realworx, Mr H Sarkhot and Mr B van Niekerk of Sarkhot and Associates (Pty) Ltd [Professional Associate Valuers with SA Council for Property Valuers Profession and members of the SA Institute of Valuers].

The independent valuers are not connected to the group and has recent experience in the location and category of the investment properties being valued. The valuations (except Waterglen Shopping Centre, Zambezi Retail Park and The Villa Retail Park) were based on a combination of the discounted cash flow method and income capitalisation valuation method using open-market rentals, typical market operating costs, vacancies and capitalisation rates existing at the period-end date. The valuations for Zambezi Retail Park and The Villa Retail Park were based on the depreciated replacement cost / cost to complete valuation method, which method entails the replacement cost of the improvements; depreciation of such replacement cost to allow for obsolescence, depreciation or loss of value in one form or another and the market value of the land postulated as being vacant. The 2020 valuation for Waterglen Shopping Centre was based on the market approach, i.e. the direct comparison of recent sales of similar properties. This is based on the fact that zoned and serviced land in this location is limited and has shown to be in high demand. The property measures 29,058m<sup>2</sup> and was conservatively valued at R 8,000/m<sup>2</sup>.

The valuation models in accordance with those recommended by the International Valuation Standards Committee have been applied and are consistent with the principles in IFRS 13.

Zambezi Retail Park has been disclosed at 100% of its fair value and The Villa Retail Park has been disclosed at 80% of its fair value. Refer to note 19 of the financial statements.

These independent valuations with their respective valuation dates were:

Waterglen Shopping Centre -29 February 2020 (Mr R Gouveia)

Carletonville Centre - valuation date 31 May 2020 and 31 May 2019 (Mr S K Alberts)

Athlone Park - valuation date 1 March 2020 (Mr H Sarkhot and Mr B van Niekerk) and valuation date 1 June 2019 (Mr H Sarkhot)

Carnival Centre - valuation date 31 May 2020 and 31 May 2019 (Mr S K Alberts)

Amogela Mall - valuation date 31 May 2020 and 31 May 2019 (Mr S K Alberts)

Zambezi Retail Park - valuation date 1 August 2019 (Mr S K Alberts)

The Villa Retail Park - valuation date 1 August 2019 (Mr S K Alberts)

The Village Mall - valuation date 29 February 2020 and 28 February 2019 (Mrs A de Wet)

Courtside Centre - valuation date 29 February 2020 and 28 February 2019 (Mrs A de Wet)

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## Notes to the Consolidated And Separate Annual Financial Statements

### 3. Investment property (continued)

#### Investment property valued by the board of directors - 2020 and 2019

The 2020 valuation for Shoprite Secunda and the 2019 valuations for De Marionette Shopping Centre, Shoprite Secunda and Secunda Plaza were based on purchase offers received from third parties in an arm's length transaction.

The 2020 and 2019 valuation for Del Judor Mall was 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 2020 and 2019 valuations for Flora Centre were based on a combination of the discounted cash flow method and income capitalisation valuation method using open-market rentals, typical market operating costs, vacancies and capitalisation rates existing at the period-end date performed by independent valuer, Mr R Gouveia. The board of directors have additionally included with the independent valuation described, additional bulk value of 28,266 m<sup>2</sup> at R2 205 / m<sup>2</sup> (2019: R2 100 / m<sup>2</sup>).

The 2019 valuation for Waterglen Shopping Centre was performed by the board of directors of Nova Property Group Investments Proprietary Limited based on land value. After receiving advice from an independent valuer, the board of directors decided to value the property on land value and not on income. This is based on the fact that zoned and serviced land in this location is limited and has shown to be in high demand. The property measures 29,058m<sup>2</sup> and was conservatively valued at R 8,000/m<sup>2</sup>.

The 2020 and 2019 valuations for Cold Creek Developments were based on current market related rates per square metre of similar land and developments in the area of the property. Rates per square metre were estimated at R250 / m<sup>2</sup> - R3 000 / m<sup>2</sup>.

#### Other

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.

An increase of 100 basis points in the capitalisation rate, while holding all other variables constant, would result in a decrease in the carrying amount of investment property by R47 768 886 (2019: R55 703 707). A decrease of 100 basis points in the capitalisation rate, while holding all other variables constant, would result in an increase in the carrying amount of investment property of R59 001 694 (2019: R49 743 247).

An increase of 100 basis points in the net operating income margin, while holding all other variables constant, would result in an increase in the carrying amount of investment property. A decrease of 100 basis points in the net operating income margin, while holding other variables constant, would result in a decrease in the carrying amount of investment property. Refer to note 32 for details of operating leases related to investment properties.

All revenues and expenses disclosed in the statement of profit or loss relate to the investment properties.

As at 29 February 2020 and 28 February 2019, 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 2020	Market Rental Growth	Expense Inflation Rate	Market Rate	Rental Capitalisation Rate	Long-term Vacancy Rate	Net Income	Discount Rate
Del Judor Mall	6% - 8%	7%	98,49	10%	5%	18,671,045	N/A
Flora Centre	5%	6% 40,00 - 370,00		9,50%	5%	12,964,540	14,50%
Carletonville Centre	5% - 8%	N/A	50,72	12,50%	20%	2,514,285	N/A
Athlone Park	5% - 8%	N/A 65,00 - 120,00		12,75%	20%	3,821,797	N/A
Carnival Centre	7% - 15%	N/A	90,03	12,25%	17,50%	1,929,200	N/A
Arnogela Mall	6% - 12%	N/A	53,41	13%	25%	3,475,540	N/A
The Village Mall	8%	8%	77,77	9%	7,50%	2,946,071	14%
Courtside Centre	8%	8%	97,55	8%	5%	5,622,010	13%

**Zambezi Retail Park 2020** - An estimated building cost value for retail and offices of R12 500 / m<sup>2</sup> bulk with a GLA of 30 000m<sup>2</sup> and parking of R3 800 / m<sup>2</sup> bulk with a GLA of 50 000 m<sup>2</sup> and deducting additional cost to completion to the value of R149 854 000.

**The Villa Retail Park 2020** - An estimated building cost value for retail and offices of R12 250 / m<sup>2</sup> bulk with a GLA of 60 000 m<sup>2</sup>, parking of R3 800 / m<sup>2</sup> bulk with a GLA of 191 459 m<sup>2</sup>, amusement areas of R9 500 / m<sup>2</sup> and other circulation areas of R8 500 / m<sup>2</sup> bulk with a GLA of 51 286 m<sup>2</sup>, deducting additional cost to completion to the value of R885 383 408 and 60% completion as per QS reports.

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### 3. Investment property (continued)

Property 2019	Market Rental Growth	Expense Inflation Rate	Market Rate	Rental Capitalisation Rate	Long-term Vacancy Rate	Net Income	Discount Rate
Del Judor Mall	6% - 8%	7%	96,33	10%	5%	18,239,574	N/A
Flora Centre	7%	6,5% - 40,00 - 350,00		9%	5%	10,349,938	17,44%
Carletonville Centre	6% - 9%	N/A	53,00	12,75%	20%	2,751,596	N/A
Athlone Park	5% - 8%	N/A	65,00 - 120,00	12,75%	20%	3,648,742	N/A
Carnival Centre	8%	N/A	87,49	12,75%	15%	2,125,665	N/A
Amogela Mall	8%	N/A	49,60	12,75%	20%	3,436,523	N/A
The Village Mall	8%	8%	76,82	9%	5%	3,222,793	12,50%
Courtside Centre	8%	8%	102,73	8%	3%	6,216,433	13%

**Zambezi Retail Park 2019** - An estimated building cost value for retail and offices of R12 000 /m<sup>2</sup> bulk with a GLA of 30 000m<sup>2</sup> and parking of R3 800 /m<sup>2</sup> bulk with a GLA of 50 000 m<sup>2</sup> and deducting additional cost to completion to the value of R149 854 000.

**The Villa Retail Park 2019** - An estimated building cost value for retail and offices of R12 250 /m<sup>2</sup> bulk with a GLA of 60 000 m<sup>2</sup>, parking of R3 800 /m<sup>2</sup> bulk with a GLA of 191 459 m<sup>2</sup>, amusement areas of R9 500 /m<sup>2</sup> and other circulation areas of R8 500 /m<sup>2</sup> bulk with a GLA of 51 286 m<sup>2</sup>, deducting additional cost to completion to the value of R885 383 408 and 60% completion as per QS reports.

### 4. Property, plant and equipment

Group	2020			2019		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Leasehold property	-	-	-	713,024	(713,023)	1
Furniture and fixtures	1,991,000	(1,986,091)	4,909	2,134,151	(2,056,399)	77,752
Motor vehicles	36,088	(36,087)	1	440,964	(63,079)	377,885
Office equipment	-	-	-	16,373	(15,089)	1,284
IT equipment	506,153	(484,141)	22,012	992,051	(909,890)	82,161
Computer software	149,753	(143,112)	6,641	185,629	(165,168)	20,461
<b>Total</b>	<b>2,682,994</b>	<b>(2,649,431)</b>	<b>33,563</b>	<b>4,482,192</b>	<b>(3,922,648)</b>	<b>559,544</b>

#### Reconciliation of property, plant and equipment - Group - 2020

	Opening balance	Additions	Disposals	Disposal of subsidiary	Depreciation	Total
Leasehold property	1	-	-	(1)	-	-
Furniture and fixtures	77,752	7,177	-	(22,624)	(57,396)	4,909
Motor vehicles	377,885	-	-	(377,884)	-	1
Office equipment	1,284	-	-	(1,284)	-	-
IT equipment	82,161	60,534	-	(84,233)	(36,450)	22,012
Computer software	20,461	10,435	-	(20,438)	(3,817)	6,641
<b>Total</b>	<b>559,544</b>	<b>78,146</b>	<b>-</b>	<b>(506,464)</b>	<b>(97,663)</b>	<b>33,563</b>

#### Reconciliation of property, plant and equipment - Group - 2019

	Opening balance	Additions	Disposals	Disposal of subsidiary	Depreciation	Total
Leasehold property	12,386	-	-	-	(12,385)	1
Furniture and fixtures	224,289	6,456	-	-	(152,993)	77,752
Motor vehicles	181,094	404,875	(141,340)	-	(66,744)	377,885
Office equipment	1,831	179	-	-	(726)	1,284
IT equipment	155,412	29,359	(4)	-	(102,606)	82,161
Computer software	11,655	21,888	-	-	(13,082)	20,461
<b>Total</b>	<b>586,667</b>	<b>462,757</b>	<b>(141,344)</b>	<b>-</b>	<b>(348,536)</b>	<b>559,544</b>

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	2020	2019	2020	2019

### 5. Intangible assets

Group	2020			2019		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Architectural drawings	2,739,807	(2,191,845)	547,962	2,739,807	(1,917,865)	821,942

#### Reconciliation of intangible assets - Group - 2020

Architectural drawings	Opening balance	Amortisation	Total
	821,942	(273,980)	547,962

#### Reconciliation of intangible assets - Group - 2019

Architectural drawings	Opening balance	Amortisation	Total
	1,095,923	(273,981)	821,942

### 6. Investments in subsidiaries

#### Company

Subsidiary	100	100
Enzi Construction and Projects Proprietary Limited	203,577,791	195,127,033
Geo Sphere Developments Proprietary Limited	167,819,652	173,954,601
Nova Property Group Investments Proprietary Limited	371,397,543	369,081,734

The company has 100% shareholding in all subsidiaries listed above.

All investment in subsidiaries 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 major part of the assets (consisting of investment in subsidiaries, loans and receivables) and the major part of the liabilities (consisting of debentures and borrowings) in the subsidiaries listed above are recognised at fair value. Therefore the directors have based the fair value of investment in subsidiaries on the net asset value of the relevant subsidiary.

### 7. Loans to / (from) group companies

#### Subsidiaries

<b>Nova Property Group Investments Proprietary Limited</b>			
Non-interest bearing loan	-	(243,512,544)	(229,365,766)
Notional interest receivable	-	(65,867,504)	(80,014,283)
Non-current interest bearing loan	-	(309,380,048)	(309,380,049)
This portion of the loan is unsecured, bears interest at prime plus 1% and is repayable within a period of 10 years (the Schemes of Arrangement 10th Anniversary Date), or any date on which the company elects repayment post the 10th Anniversary Date, as contemplated by the Schemes of Arrangement.		(6,310,913)	31,759,900
	-	(315,690,961)	(277,620,149)
<b>Brookfield Investments 255 Proprietary Limited</b>			
This loan is unsecured, bears interest at prime less 1% and is repayable within a period of 10 years (the Schemes of Arrangement 10th Anniversary Date), or any date on which the company elects repayment post the 10th Anniversary Date, as contemplated by the Schemes of Arrangement.	-	(26,439,253)	(24,374,473)

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	2020	2019	2020	2019
<b>7. Loans to / (from) group companies (continued)</b>				
<b>Cold Creek Developments Proprietary Limited</b>	-	-	15,774,812	13,844,076
This loan is unsecured, bears interest at prime plus 1% and is repayable within a period of 10 years (the Schemes of Arrangement 10th Anniversary Date), or any date on which the company elects repayment post the 10th Anniversary Date, as contemplated by the Schemes of Arrangement.				
<b>Enzi Construction and Projects Proprietary Limited</b>	-	-	(1,072,108)	(1,089,221)
This loan is unsecured, bears interest at rates determined from time to time with no fixed terms of repayment.				
<b>Geo Sphere Developments Proprietary Limited</b>	-	-	5,727,387	5,236,730
This loan is unsecured, bears interest at prime plus 1% and is repayable within a period of 10 years (the Schemes of Arrangement 10th Anniversary Date), or any date on which the company elects repayment post the 10th Anniversary Date, as contemplated by the Schemes of Arrangement.				
<b>Tarentaal Centre Investments Proprietary Limited</b>	-	-	18,630,036	(20,903,377)
This loan is unsecured, bears interest at prime plus 1% and is repayable within a period of 10 years (the Schemes of Arrangement 10th Anniversary Date), or any date on which the company elects repayment post the 10th Anniversary Date, as contemplated by the Schemes of Arrangement.				
<b>The Village Mall Investments Proprietary Limited</b>	-	-	(18,177,804)	(15,075,834)
This loan is unsecured, bears interest at prime less 1% and is repayable within a period of 10 years (the Schemes of Arrangement 10th Anniversary Date), or any date on which the company elects repayment post the 10th Anniversary Date, as contemplated by the Schemes of Arrangement.				
	-	-	(321,247,891)	(319,982,248)

**Nova Property Group Investments Proprietary Limited** - The non-interest bearing and notional interest receivable loans are carried at amortised cost using an effective interest rate of 6% (2019: 6%).

<b>Non-current assets</b>	-	-	40,132,235	50,840,706
<b>Non-current liabilities</b>	-	-	(360,308,018)	(369,733,733)
<b>Current liabilities</b>	-	-	(1,072,108)	(1,089,221)
	-	-	(321,247,891)	(319,982,248)

The directors are of the opinion that the carrying amount of financial instruments shown above approximates their fair value, due to the market related interest rate applied.

### 8. Other financial assets

#### Loans and receivables

<b>Clidet 677 Proprietary Limited and Clidet 696 Proprietary Limited</b>	76,000,000	76,000,000	-	-
Allowance for impairment	(76,000,000)	(76,000,000)	-	-
<b>Emnambithi Property Holdings Proprietary Limited</b>	202,660	202,560	-	-
Trust bank balances	-	222,777	-	-
<b>Beneficio Developments Proprietary Limited</b>	19,315,386	-	-	-
	19,518,046	425,337	-	-

**Clidet 677 Proprietary Limited and Clidet 696 Proprietary Limited** - This loan is secured by a joint second mortgage bond over the property to the value of R150 000 000, subordinated to the claims of the first mortgage bond holder, Nedbank Limited. The loan currently bears interest at 0% per annum. The loan became repayable on 24 October 2012. Legal proceedings were instituted against the Clidet companies and certain sureties for payment of the debt. These proceedings are ongoing, with the appropriate allowance for credit loss having been recognised in relation to the outstanding amount receivable.

**Beneficio Developments Proprietary Limited** - This amount emanates from an overpayment in the process of settling the loan. There is a virtual certainty that the amount will be recovered.

All other loans and receivables are unsecured, bears no interest and has no fixed terms of repayment.

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	2020	2019	2020	2019
<b>8. Other financial assets (continued)</b>				
<b>Non-current assets</b>				
Loans and receivables	19,315,386		-	-
<b>Current assets</b>				
Loans and receivables	202,660	425,337	-	-
	19,518,046	425,337	-	-
The fair value of other financial assets have been assessed, taking into account their respective interest rates and maturity periods. None of the fair values differ materially from the corresponding carrying values.				
The maximum exposure to credit risk at the reporting date is the fair value of each class of loan mentioned above. The group does not hold any collateral as security.				
<b>Loans and receivables impaired</b>				
As of 29 February 2020, loans and receivables of R 76,000,000 (2019: R 76,000,000) were impaired and provided for.				
<b>9. Deferred tax</b>				
<b>Deferred tax asset</b>				
Accrued leave pay	50,732	121,621	-	-
Allowance for credit losses	1,023,199	1,431,550	-	-
Deposits received	979,430	1,350,098	-	-
Deferred tax balance from temporary differences other than unused tax losses	2,053,361	2,903,269	-	-
Tax losses available for set off against future taxable income	41,280,082	42,776,586	-	-
<b>Total deferred tax asset</b>	<b>43,333,443</b>	<b>45,679,855</b>	-	-
<b>Deferred tax liability</b>				
Fair value of investment property	(105,250,909)	(103,145,871)	-	-
Non-current assets held for sale		(1,494,155)	-	-
Operating lease asset	(1,816,822)	(2,498,540)	-	-
Property plant and equipment		(9,917)	-	-
<b>Total deferred tax liability</b>	<b>(107,067,731)</b>	<b>(107,148,483)</b>	-	-
Deferred tax asset	43,333,443	45,679,855	-	-
Deferred tax liability	(107,067,731)	(107,148,483)	-	-
<b>Total net deferred tax liability</b>	<b>(63,734,288)</b>	<b>(61,468,628)</b>	-	-
<b>Reconciliation of deferred tax asset / (liability)</b>				
At beginning of year	(61,468,628)	(75,142,199)	-	-
Accrued leave pay	7,804	44,338	-	-
Allowance for credit losses	(190,509)	759,304	-	-
Fair value of investment property	(1,361,373)	15,076,332	-	-
Deposits received	29,061	(161,510)	-	-
Non-current assets held for sale	541,214	6,456,564	-	-
Operating lease asset	273,424	811,192	-	-
Property, plant and equipment	9,917	33,434	-	-
Tax losses available for set off against future taxable income	(1,575,198)	(9,346,083)	-	-
	<b>(63,734,288)</b>	<b>(61,468,628)</b>	-	-

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	2020	2019	2020	2019
<b>9. Deferred tax (continued)</b>				
<b>Recognition of deferred tax asset</b>				
The group has recognised a deferred tax asset on the accumulated assessed losses when it is probable that future taxable profits in the foreseeable future will be available to set-off against assessed losses.				
<b>Unrecognised deferred tax asset</b>				
Allowance for credit losses	915,172	906,814	-	-
Assessed losses	148,145,220	138,295,647	1,672,463	1,362,924
Deposits received	376,914	503,808	-	-
Write-down of inventory	30,044,046	34,964,738	-	-
Negative fair value adjustments	182,603,731	178,545,925	-	-
	<b>362,085,083</b>	<b>353,216,932</b>	<b>1,672,463</b>	<b>1,362,924</b>

### Use and sales rate

According to IAS 12, a deferred tax liability or asset arises from investment property that is measured using the fair value model in IAS 40, there is a rebuttable presumption that the carrying amount of the investment property will be recovered through sale. Accordingly, the measurement of the deferred tax liability or deferred tax asset shall reflect the tax consequences of recovering the carrying amount of the investment property entirely through sale.

### 10. Inventories

#### Development property

Berg & Dal Residential Estate - Right to develop on Portion 87 of the Farm Langlaagte 186, Heidelberg, Gauteng Province	42,330,853	41,215,762	-	-
Country View Retirement Village - Portion 286 (a portion of portion 44) of Hartbeesfontein, Gauteng Province	42,497,875	42,870,747	-	-
Mont Rouge Residential Estate - Portion 68 of the Farm Hartebeestpoort 482, North-West Province	28,289,632	28,064,658	-	-
Steenbok Crossing - Portion 19 of the Farm Theunispan 293, Limpopo Province	2,565,000	2,115,000	-	-
Stonewood Country Estate - Portion 61 and 62 of the farm Grootswikerbosch 124, Mpumalanga Province	25,480,000	24,940,000	-	-
Theresapark Retirement Village - Portion 129 of Farm Witfontein 301, Gauteng Province	40,195,000	41,470,000	-	-
Waterfall Estate - Farm Waterkloof 305, North-West Province	51,975,000	51,975,000	-	-
Cold Creek Developments - Portion 179, 180/RE, 183, 359, 360, 361 and 363 of the Farm Tweefontein 915 LS in Polokwane, Capricorn District.	32,450,084	28,115,445	-	-
	<b>265,783,444</b>	<b>260,766,612</b>	-	-
Carrying value of inventories carried at fair value less costs to sell	<b>462,628,228</b>	<b>469,493,228</b>	-	-

The ranking of covering mortgage bonds in favor of the company 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 reported on in previous financial years.

The net realisable values of the development properties were based on the residual value-model (with the exception of Steenbok Crossing, in which case the comparable sales method was used). Opportunity rates ranges from R20 000 to R850 000 (2019: R10 000 - R500 000) per unit/stand and discounting the future value applying discount rates from 15% to 17,50% over a period of 4 to 6 years.

The group has recognised a write-down of R2 918 461 (2019: R5 920 972) and reversal of write-down of R990 000 (2019: R3 537 608) on certain development properties. These adjustments were made in order for the value of the development properties to assimilate with the market values of other properties in the area.

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	2020	2019	2020	2019
<b>11. Trade and other receivables</b>				
Trade receivables	19,318,909	19,726,298	-	-
Allowance for credit losses	(9,545,850)	(10,931,907)	-	-
Deposits	2,066,001	2,098,750	-	-
VAT	5,848,459	4,360,860	-	-
Other receivables	1,399,973	816,270	3,252	2,700
	<b>19,087,492</b>	<b>16,070,271</b>	<b>3,252</b>	<b>2,700</b>
<b>Financial instrument and non-financial instrument components of trade and other receivables</b>				
At amortised cost	13,239,033	11,709,411	3,252	2,700
Non-financial instruments	5,848,459	4,360,860	-	-
	<b>19,087,492</b>	<b>16,070,271</b>	<b>3,252</b>	<b>2,700</b>

### Exposure to credit risk

Trade receivables inherently expose the group to credit risk, being the risk that the group will incur financial loss if customers fail to make payments as they fall due.

Trade receivables are well controlled. Before accepting an offer to lease on any new tenant the group uses three external credit scoring systems to assess the potential tenant's credit quality. The group also ensures that the tenant is FICA compliant before the draft offer to lease is presented. The group also comply to these procedures with the renewal of leases. Stringent policies and procedures are followed on the collection of rentals. An accredited credit bureau is used to assist with the collection of rentals past due.

Trade and other receivables which are less than 30 days past due are not considered to be impaired. Trade receivables past due and not impaired are considered to be recoverable as these were customers with no default history.

The loss allowance provision is determined as follows:

Group Expected credit loss:	2020			2019		
	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)	Total	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)	Total
Not past due	4,564,330	(1,143,156)	3,421,174	3,715,526	(2,167,824)	1,547,702
Less than 30 days past due	2,518,224	(1,101,767)	1,416,457	1,223,285	(715,829)	507,456
31 - 60 days past due	1,477,259	(788,740)	688,519	1,778,875	(1,101,784)	677,091
61 - 90 days past due	976,865	(715,638)	261,227	1,638,606	(878,726)	759,880
91 - 120 days past due	9,782,231	(5,796,549)	3,985,682	11,370,006	(6,067,744)	5,302,262
<b>Total</b>	<b>19,318,909</b>	<b>(9,545,850)</b>	<b>9,773,059</b>	<b>19,726,298</b>	<b>(10,931,907)</b>	<b>8,794,391</b>

### Reconciliation of the credit loss allowance

Opening balance in accordance with IFRS 9	10,931,907	5,994,597
Increase in allowance	8,858,294	10,244,351
Amounts written off as uncollectable	(5,667,831)	(1,528,932)
Unused amounts reversed	(4,576,520)	(3,778,109)
<b>Closing balance</b>	<b>9,545,850</b>	<b>10,931,907</b>

# Nova PropGrow Group Holdings Limited and its Subsidiaries

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	2020	2019	2020	2019

### 11. Trade and other receivables (continued)

The creation and release of allowance for credit loss have been included in operating expenses in operating profit / (loss) (note 25).

The group considers to provide for trade receivables over 60 days based on estimated irrecoverable amounts, determined by reference to past default experience.

Further, in determining the recoverability of trade receivables, the group considers any change in the credit quality of the trade receivables from the date the tenant applied and credit ratings were completed up to the reporting date. The concentration of credit risk is limited due to the unrelated widespread customer base. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for credit losses.

Other classes of financial assets included within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables mentioned above.

The group does not hold any collateral as security.

The directors are of the opinion that the carrying amount of trade and other receivables shown above approximates their fair value, due to the short-term nature thereof.

### 12. Cash and short-term deposits

Cash and short-term deposits consist of:

Cash on hand	16,217	8,572	-	-
Bank balances	1,578,203	3,607,518	-	1,235
Short-term deposits	3,524,225	1,932,778	-	-
	<b>5,118,645</b>	<b>5,548,868</b>	<b>-</b>	<b>1,235</b>

#### Credit quality of cash and short-term deposits

Cash and short-term deposits are held with reputable financial institutions with no historic default as management considers their credit quality to be high.

#### Cash and short-term deposits pledged as collateral

##### *Born Free Investments 552 Proprietary Limited*

Short-term deposits encumbered to secure two guarantees issued in favour of Rustenburg Local Municipality for R1 307 871 and R434 070 respectively.

##### *Planet Waves 120 Proprietary Limited*

Bank balances encumbered to secure a guarantee issued in favour of Madibeng Municipality for R421 000.

##### *Liberty Mall Investments Proprietary Limited*

Bank balances encumbered to secure a guarantee issued in favour of the Matjabeng Municipality for R350 000.

##### *Rivonia Square Shopping Mall Investments Proprietary Limited*

Bank balances encumbered to secure a guarantee issued in favour of Eskom for R57 700.

##### *Flora Centre Investments Proprietary Limited*

Bank balances encumbered to secure a guarantee issued in favour of City of Johannesburg Metropolitan Municipality for R443 000.

##### *The Village Mall Investments Proprietary Limited*

Bank balances include encumbered to secure a guarantee issued in favour of Mombela Local Municipality for R46 000 and Silulumanzi for R25 000.

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### 13. Non-current assets held for sale

The investment properties classified as non-current assets held for sale are properties that the directors have decided will be recovered through sale rather than through use, and meets the requirements as per the accounting standards.

Non-current assets held for sale during the 2019 financial period under review related to investment properties, Cold Creek Developments and Magalieskruin Mall.

#### *Cold Creek Developments*

The directors entered into an agreement to sell an erf with rights to develop a filling station. The property was sold and transferred on 13 June 2019.

#### *Magalieskruin Mall*

The directors entered into an agreement to sell Erf 21, Magalieskruin, Extension 1, Township Pretoria, Gauteng. The property was sold and transferred on 11 April 2019.

The assets and liabilities of the non-current assets held for sale are set out below.

#### Assets and liabilities

##### Non-current assets held for sale

Cold Creek Developments  
Magalieskruin Mall

-	3,650,000	-	-
-	27,218,817	-	-
-	<b>30,868,817</b>	-	-

### 14. Financial assets by category

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

#### Group - 2020

	Amortised cost	Total
Cash and short-term deposits	5,118,645	5,118,645
Other financial assets	19,518,046	19,518,046
Trade and other receivables	13,239,033	13,239,033
	<b>37,875,724</b>	<b>37,875,724</b>

#### Group - 2019

	Amortised cost	Total
Cash and short-term deposits	5,548,868	5,548,868
Other financial assets	425,337	425,337
Trade and other receivables	11,709,411	11,709,411
	<b>17,683,616</b>	<b>17,683,616</b>

#### Company - 2020

	Amortised cost	Fair value through profit or loss - designated	Total
Investments in subsidiaries		371,397,543	371,397,543
Loans to group companies	40,132,235	-	40,132,235
Trade and other receivables	3,252	-	3,252
	<b>40,135,487</b>	<b>371,397,543</b>	<b>411,533,030</b>

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	2020	2019	2020	2019

### 14. Financial assets by category (continued)

Company - 2019

	Amortised cost	Fair value through profit or loss - designated	Total
Investments in subsidiaries	-	369,081,734	369,081,734
Loans to group companies	50,840,706	-	50,840,706
Trade and other receivables	2,700	-	2,700
Cash and short-term deposits	1,235	-	1,235
	<b>50,844,641</b>	<b>369,081,734</b>	<b>419,926,375</b>

### 15. Share capital

Authorised				
Ordinary A Shares				
1 000 Ordinary shares of R1 each	1,000	1,000	1,000	1,000
Ordinary B Shares	-	-	-	-
4 500 000 000 Ordinary no par value shares with one vote each	-	-	-	-
Ordinary C Shares				
3 000 000 000 Ordinary no par value shares with one vote each	-	-	-	-
Ordinary D Shares				
4 500 000 000 Ordinary no par value shares with no voting rights	-	-	-	-

#### Reconciliation of number of shares issued:

Reported as at 01 March

2,338,921,336 2,338,921,336 2,338,921,336 2,338,921,336

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				
98 952 187 Ordinary no par value shares with no voting rights	100,012,482	100,012,482	100,012,482	100,012,482
	<b>100,012,552</b>	<b>100,012,552</b>	<b>100,012,552</b>	<b>100,012,552</b>

#### Directors' indirect interest in shares

	Number of shares issued			
Ordinary A Shares	70	70	70	70
Ordinary B Shares	2,239,969,079	2,239,969,079	2,239,969,079	2,239,969,079
	<b>2,239,969,149</b>	<b>2,239,969,149</b>	<b>2,239,969,149</b>	<b>2,239,969,149</b>

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<b>16. Borrowings</b>				
<b>Held at amortised cost</b>				
<b>Mercantile Bank - medium term loan - Flora Centre</b> 1st Continuing covering mortgage bond for R70 000 000 and 2nd Continuing covering mortgage bond for R30 000 000 over investment property (refer to note 3) Erf 319 Florida North with a carrying value of R188 826 530. Unlimited pledge and cession for all present and future lease agreements, unlimited pledge and cession of material damage policy sufficient to cover the full replacement value, subordination of loans from Nova Property Group Investments Proprietary Limited. Further, unlimited suretyship by Range View Shopping Centre Proprietary Limited supported by a 1st continuing covering mortgage bond for R16 700 000 over Erf 1294, Dalpark Extension 11, Brakpan, Gauteng, and Carletonville Centre Investments Proprietary Limited supported by a 1st continuing covering mortgage bond for R21 600 000 over Portion 3 of Erf 2976, Carletonville Extension 8, Gauteng. The loan is repayable in monthly instalments over a period of 6 years and bears interest at prime plus 3%.	66,283,912	79,143,068	-	-
<b>Standard Bank Group Limited - Waterglen Shopping Centre</b> This loan is secured over a first continuing covering mortgage bond in the amount R40 million (restricted to payment of R20 million) over investment property (refer to note 3), Erf 777, Waterkloof Glen Extension 5, Pretoria, Gauteng with a carrying amount of R232 500 000. The loan is repayable in monthly instalments over a period of 10 years and bears interest at prime plus 0,25%.	15,744,749	16,981,596	-	-
<b>Standard Bank Group Limited - Magalieskruin</b> This loan was secured over a first continuing covering mortgage bond in the amount R4 million over investment property (refer to note 3), Erf 21, Magalieskruin Extension 1 Township, Pretoria, Gauteng with a carrying amount of R28 500 000. The loan was repayable in monthly instalments over a period of 10 years and bears interest at prime plus 0,50%, however the loan was settled in 2020 on disposal of the property.	-	3,024,833	-	-
<b>Standard Bank Group Limited - Del Judor Mall</b> This loan is secured over a first continuing covering mortgage bond in the amount R40 million over investment property (refer to note 3), Remainder of Portion 35 and 45 of the Farm Klipfontein No. 322 and Erf 1521, Del Juro Extension 16 Township, Mpumalanga with a carrying amount of R186 710 448. The loan is repayable in monthly instalments over a period of 10 years and bears interest at prime plus 0,25%.	29,525,155	32,233,905	-	-
<b>Ford Credit - Centro Property Group</b> Instalment sale agreement secured over a motor vehicle (refer to note 4), bearing interest at prime plus 1% and payable in monthly instalments over a period of 6 years.	-	405,998	-	-
<b>Beneficio Developments Proprietary Limited</b> The loan is secured over first continuing covering mortgage bonds registered over investment properties (refer to note 3), Portion 56 of Farm Besters Last No. 311, Nelspruit, Mpumalanga, for an amount of R30 000 000 and Erf 3383 and remaining extent of Erf 1496, Nelspruit Extension 2, Mpumalanga, for an amount of R20 000 000. The loan bore interest at 1% per week and was settled during the 2020 period.	-	39,833,088	-	-
<b>Montana Crossing Holdings Limited</b> This loan is unsecured, bears interest at 6% and is repayable within a period of 12 months.	2,114,062	1,991,441	-	-

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<b>16. Borrowings (continued)</b>				
Northpark Mall Holdings Limited This loan is unsecured, bears interest at 6% and is repayable within a period of 12 months	2,782,406	2,620,957	-	-
C-Max Holdings Limited This loan is unsecured, bears interest at 6% and is repayable within a period of 12 months.	223,803	210,995	-	-
Comaro Crossing Holdings Limited This loan is unsecured, bears interest at 6% and is repayable within a period of 12 months.	1,114,012	1,049,484	-	-
Centurion Home Front Holdings Limited This loan is unsecured, bears interest at 6% and is repayable within a period of 12 months.	304,684	286,983	-	-
Centurion Office Park Holdings Limited This loan is unsecured, bears interest at 6% and is repayable within a period of 12 months.	187,483	176,883	-	-
Olive Wood Holdings Limited This loan is unsecured, bears interest at 6% and is repayable within a period of 12 months.	201,395	189,888	-	-
Tyger Valley Omniplace Holdings Limited This loan is unsecured, bears interest at 6% and is repayable within a period of 12 months.	383,529	361,439	-	-
Van Riebeekshof Holdings Limited This loan is unsecured, bears interest at 6% and is repayable within a period of 12 months.	491,607	463,237	-	-
Centurion Highveld Park Holdings Limited This loan is unsecured, bears interest at 6% and is repayable within a period of 12 months.	340,703	320,910	-	-
St George Square Holdings Limited This loan is unsecured, bears interest at 5,75% and is repayable within a period of 12 months.	38,259	36,228	-	-
The Bluff Holdings Limited This loan is unsecured, bears interest at 5,75% and is repayable within a period of 12 months.	254,188	239,421	-	-
Davenport Square Holdings Limited This loan is unsecured, bears interest at 6% and is repayable within a period of 12 months.	425,850	401,301	-	-
Sharemax Property Development Fund Limited This loan is unsecured, bears interest at 5,75% and is repayable within a period of 12 months.	110,940	104,495	-	-
Midway Mews Holdings Limited This loan is unsecured, bears interest at 6% and is repayable within a period of 12 months.	59,148	56,040	-	-
Clubview Holdings Limited This loan is unsecured, bears interest at 6% and is repayable within a period of 12 months.	287,374	270,871	-	-
Canterbury Crossing Holdings Limited This loan is unsecured, bears interest at 6% and is repayable within a period of 12 months.	736,644	694,089	-	-
Groenkloof Plaza Holdings Limited This loan is unsecured, bears interest at 5,75% and is repayable within a period of 12 months.	75,908	71,498	-	-
Glen Gables Holdings Limited This loan is unsecured, bears interest at 5,75% and is repayable within a period of 12 months.	60,531	57,015	-	-
CM Coetze This loan is unsecured, bears interest at rates determined from time to time with no fixed terms of repayment.	80,360	80,360	-	-
CF Myburgh This loan is unsecured, bears interest at rates determined from time to time with no fixed terms of repayment.	2,330,739	4,131,639	-	-
Trust creditor balances		222,777	-	-
	124,157,441	185,660,439	-	-

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<b>16. Borrowings (continued)</b>				
<i>Additional surety - Witbank Highveld</i>				
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.				
<i>Additional surety - Waterglen Shopping Centre</i>				
Additional surety was provided by the company, limited to an amount of R20 million plus interest, costs and any cash-flow shortfalls. 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	92,191,116	111,383,275	-	-
Current liabilities	31,966,325	74,277,164	-	-
	124,157,441	185,660,439	-	-

The directors are of the opinion that the carrying amount of financial instruments above approximates their fair value, due to the market related interest rate charged.

### 17. 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 payable 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, or any date on which the company elects to repay post this period, as contemplated by the Schemes of Arrangement. Investment returns on debentures are payable at the discretion of the board of directors of the company taking into account relevant determining factors in terms of the Schemes of Arrangement.

#### 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 specific class of debenture. Refer to the table on page 47 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 which note discloses investment property assumptions per the relevant subsidiary and note 10 for assumptions used to determine the fair values of the development properties.

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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### 17. Debentures (continued)

Class of debenture	Current Interest Rate 2020	Discount Rate 2020	Discount period 2020	2020	2019	2020	2019
148 Leeuwpoort Street	0%	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	102,566,370	-	-
Flora Centre	0%	8%	5 years	117,070,000	117,070,000	-	-
Waterglen Shopping Centre	0%	8%	6 years	80,003,000	80,003,000	-	-
Carletonville Shopping Centre	0%	n/a	n/a	20,564,722	22,151,201	-	-
Shopmakers Village	0%	n/a	n/a	42,268,140	42,268,140	-	-
Benoni Hyper	0%	n/a	n/a	39,175,400	39,175,400	-	-
De Marionette Centre	0%	n/a	n/a	53,417,481	53,417,481	-	-
Athlone Park Shopping Centre	0%	n/a	n/a	46,668,399	45,312,886	-	-
Range View Shopping Centre	0%	n/a	n/a	14,009,633	14,901,967	-	-
Parkside Plaza	0%	n/a	n/a	28,681,296	28,681,296	-	-
Liberty Mall	0%	n/a	n/a	26,649,358	26,888,558	-	-
Rivonia Square	0%	n/a	n/a	108,750,327	108,424,820	-	-
Nelspruit Hyper	0%	n/a	n/a	51,652,037	51,652,037	-	-
Zambezi Retail Park	0%	n/a	n/a	448,292,253	448,292,253	-	-
The Villa Retail Park	0%	n/a	n/a	780,143,918	780,143,918	-	-
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	24,387,877	-	-
Stonewood Country Estate	0%	n/a	n/a	22,863,891	22,379,335	-	-
Berg & Dal Residential Estate	0%	8,5%	3 years	35,309,362	35,309,362	-	-
Waterfall Estate	0%	n/a	n/a	48,303,363	48,303,363	-	-
Bay Estate	0%	n/a	n/a	39,519,447	39,866,187	-	-
Country View Retirement Village	0%	n/a	n/a	35,428,198	36,551,994	-	-
Theresapark Retirement Village	0%	n/a	n/a	2,353,418	1,940,538	-	-
Steenbok Crossing	0%	n/a	n/a	<b>2,212,011,385</b>	<b>2,213,621,478</b>	-	-
<b>Non-current debentures</b>							
Fair value through profit or loss				<b>2,212,011,385</b>	<b>2,213,621,478</b>	-	-

### 18. Trade and other payables

Trade payables	49,830,813	42,304,852	376,397	512,226
Income received in advance	7,846,655	10,346,335	-	-
VAT	7,601,829	4,350,852	-	-
Other payables	5,888,076	3,366,006	-	-
Accrued leave pay	181,187	434,360	-	-
Accrued expenses	1,151,672	1,151,672	-	-
Accrued consulting fees	9,432,298	9,432,298	-	-
Accrued audit fees	-	53,000	-	-
Deposits received	4,844,086	14,407,289	-	-
	<b>86,776,616</b>	<b>85,846,664</b>	<b>376,397</b>	<b>512,226</b>

The directors are of the opinion that the carrying amount of financial instruments above approximates their fair value, due to the short term nature thereof.

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	2020	2019	2020	2019

### 19. Contingencies

#### *Nova Property Group Investments Proprietary Limited*

Mr Bright instituted a claim in the amount of R6,8 million against the Nova Property Group Investments Proprietary Limited in respect of an alleged commission payable. The matter is being defended and is ongoing. The Group's legal advice indicates that the claim has no prospect of success.

Mr Pienaar unsuccessfully instituted legal proceedings against the Group. Two costs orders, in excess of R1,3 million, were granted by the Court against Mr Pienaar. Mr Pienaar has been found to still have no assets or means and continues to be unable to pay the costs orders granted against him.

#### *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. All amounts remaining due to have been paid by The Villa, to all parties, to obtain transfer of the additional 50% undivided share in the property, were made prior to the financial year end 28 February 2015. The board of directors, based on legal advice, are of the opinion that no provisions were required. The property has accordingly been recognised at 80% of its fair value, as the Villa has complied with the requirements as set out in the settlement agreement, entitling it to the undivided share of 80% in the Villa Mall property. Disputes and litigation is ongoing with Capicol 1, regarding the aforesaid transfer of the remaining 50% undivided share from Capicol 1.

#### *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. All amounts remaining due to have been paid by Zambezi, to obtain transfer of the additional 50% undivided share in the property, were made prior to the financial year end 28 February 2015. As Zambezi has full management control and assumes all financial obligations in respect of Zambezi Mall and Capicol is not entitled to receive any income or payment from Zambezi by virtue of its ownership from the effective date of the settlement agreement, the property has accordingly been recognised at 100% of its fair value. Disputes and litigation is ongoing with Capicol, regarding the aforesaid transfer of the remaining 50% undivided share from Capicol, as well as damages claimed from Capicol in the amount of R79 million, which amount, upon its final determination, falls to reduce the amount of R62,9 million otherwise payable to Capicol, which in any event has become prescribed. The board of directors, based on legal advice, are of the opinion that no provisions were required.

### 20. Financial liabilities by category

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

#### Group - 2020

	Financial liabilities at amortised cost	Fair value through profit or loss - designated	Total
Borrowings	(124,157,441)	-	(124,157,441)
Debentures	-	(2,212,011,385)	(2,212,011,385)
Trade and other payables	(71,328,132)	-	(71,328,132)
	<b>(195,485,573)</b>	<b>(2,212,011,385)</b>	<b>(2,407,496,958)</b>

#### Group - 2019

	Financial liabilities at amortised cost	Fair value through profit or loss - designated	Total
Borrowings	(185,660,439)	-	(185,660,439)
Debentures	-	(2,213,621,478)	(2,213,621,478)
Trade and other payables	(71,149,477)	-	(71,149,477)
	<b>(256,809,916)</b>	<b>(2,213,621,478)</b>	<b>(2,470,431,394)</b>

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	2020	2019	2020	2019
<b>20. Financial liabilities by category (continued)</b>				
<b>Company - 2020</b>				
Loans from group companies			Financial liabilities at amortised cost	Total
Trade and other payables	(361,380,126)	(376,397)	(361,380,126)	(361,756,523)
	<u>(361,756,523)</u>	<u>(361,756,523)</u>		
<b>Company - 2019</b>				
Loans from group companies			Financial liabilities at amortised cost	Total
Trade and other payables	(370,822,954)	(512,226)	(370,822,954)	(371,335,180)
	<u>(371,335,180)</u>	<u>(371,335,180)</u>		
<b>21. Revenue</b>				
Administration fees	164,400	148,000	-	-
Rendering of services	1,629,317	300,023	-	-
Rental Income - Investment Property	62,727,466	67,939,114	-	-
Rental Income - Development Property	58,564	127,776	-	-
Straight-line lease asset	(730,425)	312,669	-	-
	<u>63,849,322</u>	<u>68,827,582</u>		
<b>22. Cost of sales</b>				
Property Development				
Opening inventory	(260,766,612)	(261,591,888)	-	-
Additions to development property	(6,945,294)	(1,558,087)	-	-
Closing inventory	265,783,444	260,766,612	-	-
Inventory write-down	<u>1,928,462</u>	<u>2,383,363</u>		
<b>23. Other operating income</b>				
Recoveries	73,028,862	68,772,408	6,447	-
Seta grant received	-	13,128	-	-
Sundry income	-	41,770	-	-
	<u>73,028,862</u>	<u>68,827,306</u>	<u>6,447</u>	
<b>24. Other operating (losses) / gains</b>				
(Losses) / gains on disposals				
Investment property	(2,004,022)	(4,297,103)	-	-
Property, plant and equipment	2,170	79,956	-	-
Non-current assets held for sale	(131,158)	-	-	-
	<u>(2,133,010)</u>	<u>(4,217,147)</u>		

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## Notes to the Consolidated And Separate Annual Financial Statements

Figures in Rand	Group		Company	
	2020	2019	2020	2019
<b>25. Operating profit / (loss)</b>				
Operating profit / (loss) for the year is stated after charging (crediting) the following, amongst others:				
<b>Employee costs</b>				
Salaries, wages, bonuses and other benefits	26,126,533	28,036,847	618,200	1,226,200
<b>Leases</b>				
Operating lease charges				
Premises	1,342,407	1,656,794	-	-
Depreciation and amortisation				
Depreciation of property, plant and equipment	97,663	348,536	-	-
Amortisation of intangible assets	273,981	273,981	-	-
<b>Total depreciation and amortisation</b>	<b>371,644</b>	<b>622,517</b>	-	-
Other				
Bad debts	9,732,546	7,003,226	-	-
Legal fees	2,045,321	7,773,460	-	6,004
Repairs and maintenance	8,776,595	14,681,319	-	-
<b>26. Investment income</b>				
<b>Interest income</b>				
Subsidiaries - Amortised interest	-	-	14,146,779	13,324,926
Subsidiaries - Related to loans to group companies	-	-	2,879,030	3,598,397
Bank and other cash	274,520	447,837	-	-
Other financial assets - Loans and receivables	2,772	2,772	-	-
Other interest	18,700,592	20,520	-	-
South African Revenue Service	-	11,047	-	-
Trade and other receivables	569,786	300,038	-	-
<b>Total interest income</b>	<b>19,547,670</b>	<b>782,214</b>	<b>17,025,809</b>	<b>16,923,323</b>
<b>27. Finance costs</b>				
Bank overdraft	35,147	41,491	-	-
Group companies - Notional interest paid	-	-	14,146,779	13,324,926
Group companies - Related to loans from group companies	-	-	3,211,777	4,039,592
Non-current borrowings	13,659,836	35,351,601	-	-
Other related parties	594,872	558,500	-	-
Tax authorities	721,305	641,684	-	-
Trade and other payables	386,925	25,510	-	-
<b>Total finance costs</b>	<b>15,398,085</b>	<b>36,618,786</b>	<b>17,358,556</b>	<b>17,364,518</b>
<b>28. Other non-operating gains / (losses)</b>				
Loss on disposals				
Investments in subsidiaries	(3,168,691)	-	-	-
Fair value gains / (losses)				
Investment property	8,354,059	185,488,727	-	-
Investment in subsidiaries	-	-	2,315,809	(10,350,855)
Debentures	1,610,093	(193,399,450)	-	-
<b>Total other non-operating gains / (losses)</b>	<b>9,964,152</b>	<b>(7,910,723)</b>	<b>2,315,809</b>	<b>(10,350,855)</b>

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Figures in Rand	Group		Company	
	2020	2019	2020	2019
<b>29. Taxation</b>				
<b>Major components of the tax (income) / expense</b>				
<b>Current</b>				
Local income tax - current period	9,509,001	13,081,380	-	-
Local income tax - recognised in current tax for prior periods	-	135,668	-	-
	<b>9,509,001</b>	<b>13,217,048</b>	-	-
<b>Deferred</b>				
Accrued leave pay	21,760	(44,337)	-	-
Allowance for credit losses	408,352	(759,305)	-	-
Deposits received	370,667	161,509	-	-
Fair value of investment property	2,105,038	(15,076,331)	-	-
Non-current assets held for sale	(1,494,155)	(6,456,564)	-	-
Operating lease asset	(681,718)	(811,192)	-	-
Property, plant and equipment	(9,917)	(33,434)	-	-
Tax losses available for set off against future taxable income	1,451,070	9,346,084	-	-
	<b>2,171,097</b>	<b>(13,673,570)</b>	-	-
	<b>11,680,098</b>	<b>(456,522)</b>	-	-
<b>Reconciliation of the tax expense</b>				
<b>Reconciliation between accounting profit / (loss) and tax expense.</b>				
Accounting profit / (loss)	13,650,723	(71,664,301)	1,185,312	(12,409,063)
Tax at the applicable tax rate of 28% (2019: 28%)	3,822,202	(20,066,004)	331,887	(3,474,538)
<b>Tax effect of adjustments on taxable income</b>				
148 Leeupoort Street Property Investment Trust at 45% (2019: 45%)	42,006	(1,143,526)	-	-
Bad debts group	(1,588,050)	(1,790,790)	-	-
Capital gains tax	3,554,774	(11,255,629)	-	-
Deferred tax not raised on allowance for credit losses	14,531	306,342	-	-
Deferred tax not raised on inventory write-down	539,969	667,342	-	-
Deferred tax not raised on negative fair value adjustment	(545,994)	(54,347,158)	-	-
Deferred tax not raised on assessed loss	5,638,668	27,938,397	-	-
Deferred tax not raised on tenants deposits	61,144	212,649	-	-
Disallowable charges	1,075,429	4,765,745	7,000	-
Income tax recognised in current tax for prior periods	-	135,668	-	-
Non deductible (Fair value adjustment on debentures and investment in subsidiaries)	(450,826)	54,151,846	(648,426)	2,898,240
Non deductible (Notional interest paid)	-	-	3,961,098	3,730,979
Non taxable (Amortised interest)	-	-	(3,961,098)	(3,730,979)
Non taxable (Disposal of subsidiary)	(483,755)	-	-	-
Tax loss utilised	-	(31,404)	-	-
Tax losses carried forward	-	-	309,539	576,298
	<b>11,680,098</b>	<b>(456,522)</b>	-	-

The estimated tax loss available for set off against future taxable income for the group is R 663 991 695 (2019: R 649,101,407) and for the company R 5 973 084 (2019: R 4 867 587).

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Figures in Rand	Group		Company	
	2020	2019	2020	2019
<b>30. Cash used in operations</b>				
Profit / (loss) before taxation	13,650,723	(71,664,301)	1,185,312	(12,409,063)
Adjustments for:				
Depreciation and amortisation	371,644	622,517	-	-
Loss on disposal of investment property	2,135,180	4,217,147	-	-
Interest income	(19,547,670)	(782,214)	(17,025,809)	(16,923,323)
Finance costs	15,398,085	36,618,786	17,358,556	17,364,518
Fair value adjustments	(9,964,152)	7,910,723	(2,315,809)	10,350,855
Movements in operating lease assets	730,428	(312,669)	-	-
Assets recovered reversed	-	7,000,000	-	-
Changes in working capital:				
Inventories	(5,016,832)	825,276	-	-
Trade and other receivables	(6,022,272)	4,963,299	(552)	-
Trade and other payables	1,603,317	4,575,110	(135,829)	390,683
	<b>(6,661,549)</b>	<b>(6,026,326)</b>	<b>(934,131)</b>	<b>(1,226,330)</b>
<b>31. Tax (paid) / received</b>				
Balance at beginning of the year	(20,842,689)	(8,344,863)	-	-
Current tax for the year recognised in profit or loss	(9,509,001)	(13,217,048)	-	-
Disposal of subsidiary	(49,130)	-	-	-
Balance at end of the year	30,640,938	20,842,689	-	-
	<b>240,118</b>	<b>(719,222)</b>	<b>-</b>	<b>-</b>
<b>32. Commitments</b>				
Operating leases - as lessor (income)				
Minimum lease payments due				
- within one year	46,952,569	55,185,592	-	-
- in second to fifth year inclusive	95,790,993	114,410,620	-	-
- later than five years	17,383,550	31,518,958	-	-
	<b>160,127,112</b>	<b>201,115,170</b>	<b>-</b>	<b>-</b>

Certain of the group's property is held to generate rental income. Rental of investment property is expected to generate rental yields of 5% - 13% on an ongoing basis. Lease agreements are non-cancellable and have terms from 1 to 20 years.

Tenant leases have redevelopment clauses which allows the landlord of the group to change the terms of the agreement if/when redevelopment occurs.

Both the contracted rental amounts receivable and payable as at year-end, are undiscounted.

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Figures in Rand	Group		Company	
	2020	2019	2020	2019

### 33. Related parties

The group entered into transactions and had balances with related parties as listed below. These include directors and members of key management. The transactions that are eliminated on consolidation are not included. Transactions with related parties are effected on a commercial basis and related party debts are repayable on a commercial basis.

Relationships				
Ultimate holding company				Nova Nominees Proprietary Limited (96% shareholding)
Subsidiaries				Refer to note 6
Entities under the control and management of the directors				Canterbury Crossing Holdings Limited Centurion Office Park Holdings Limited Clubview Holdings Limited C-Max Holdings Limited Comaro Crossing Holdings Limited Connie Myburgh Proprietary Limited (Only director CF Myburgh) Davenport Square Holdings Limited Midway Mews Holdings Limited Montana Crossing Holdings Limited Northpark Mall Holdings Limited Olive Wood Holdings Limited Sharemax Property Development Fund Limited St Georges Square Holdings Limited Tyger Valley Omniplace Holdings Limited Van Riebeekshof Holdings Limited
Directors				D Haese CF Myburgh MJ Osterloh J Phiri (Non-Executive)

### Related party balances and transactions

Entities under the control and management of the directors				
Amounts included in trade payable regarding related parties	(9,432,298)	(9,432,298)	-	-
Interest paid to related parties	594,872	558,500	-	-
Interest received from related parties	(2,772)	(2,772)	-	-
Loan accounts - Owing to related parties	(9,156,512)	(8,627,349)	-	-
Subsidiaries				
Amortised interest received from related parties	-	-	(14,146,779)	(13,324,926)
Interest paid to related parties	-	-	3,211,777	4,039,592
Interest received from related parties	-	-	(2,879,030)	(3,598,397)
Loan accounts - Owing to related parties	-	-	(321,247,891)	(319,982,248)
Notional interest paid to related parties	-	-	14,146,779	13,324,926
Directors				
CF Myburgh	(2,330,739)	(4,131,637)	-	-
Compensation to directors and other key management of the group				
Directors' emoluments	18,655,140	18,824,985	618,200	1,226,200

The group's key management personnel, and persons connected with them, are also considered to be related parties for disclosure purposes. Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the group and comprise the board of directors and management of the various service lines.

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## Notes to the Consolidated And Separate Annual Financial Statements

### 34. Directors' emoluments

#### Executive

2020

	Gross salary for services as director related to subsidiary companies	Gross 13th payment paid related to subsidiary companies	Commission paid related to subsidiary companies	Taxation paid related to subsidiary companies	Other deductions	Net salaries related to subsidiary companies
D Haese	4,274,835	359,370	-	(1,891,988)	(29,328)	2,712,889
CF Myburgh	4,312,440	359,370	-	(1,937,342)	(1,785)	2,732,683
MJ Osterloh	2,592,000	216,000	-	(1,090,881)	(1,785)	1,715,334
	<b>11,179,275</b>	<b>934,740</b>	-	<b>(4,920,211)</b>	<b>(32,898)</b>	<b>7,160,906</b>

2019

	Gross salary for services as director related to subsidiary companies	Gross 13th payment paid related to subsidiary companies	Commission paid related to subsidiary companies	Taxation paid related to subsidiary companies	Other deductions	Net salaries related to subsidiary companies
D Haese	4,035,695	332,750	-	(1,736,414)	(105,721)	2,526,310
CF Myburgh	4,038,042	332,750	-	(1,781,849)	(46,827)	2,542,116
MJ Osterloh	2,427,605	286,000	543,594	(997,434)	(29,390)	2,230,375
	<b>10,501,342</b>	<b>951,500</b>	<b>543,594</b>	<b>(4,515,697)</b>	<b>(181,938)</b>	<b>7,298,801</b>

#### Company - Non-executive

2020

	Directors' fees for services as directors' of holding company	Board meeting fees related to holding company	Total
N Adriaanse	46,000	156,000	202,000
CNS Rembe	-	26,000	26,000
JG Smit	52,900	209,300	262,200
J Phiri	46,000	82,000	128,000
	<b>144,900</b>	<b>473,300</b>	<b>618,200</b>

2019

	Directors' fees for services as directors' of holding company	Board meeting fees related to holding company	Total
N Adriaanse	46,000	208,000	254,000
LM Mbethe	46,000	156,000	202,000
CNS Rembe	46,000	208,000	254,000
JG Smit	52,900	209,300	262,200
J Phiri	46,000	208,000	254,000
	<b>236,900</b>	<b>989,300</b>	<b>1,226,200</b>

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## Notes to the Consolidated And Separate Annual Financial Statements

### 35. Risk management

#### Financial risk management

The board of directors has overall responsibility for the oversight of the group's risk management framework.

The group's risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect the changes in market conditions and the group's activities.

The board oversees how management monitors compliance with the group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the group.

The financial instruments of the group consists mainly of cash and cash equivalents, including deposits with banks, long term borrowings, trade and other receivables, trade and other payables. The group purchases or issues financial instruments in order to finance operations and to manage the interest rate risks that arise from these operations and the source of funding.

The group has exposure to the following risks from its use of financial instruments:

- Liquidity risk
- Interest rate risk
- Credit risk
- Capital risk.

#### Liquidity risk

Liquidity risk is the risk that funds will not be available to settle obligations as they fall due. The group manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and borrowing facilities are monitored.

Interest bearing borrowings are being serviced from sufficient rental income of the underlying properties.

The table below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual capital undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

#### Group

	At 29 February 2020	Less than 1 year	Between 2 and 5 years	Over 5 years
Borrowings		(43,745,851)	(101,173,245)	(11,919,146)
Debentures			(2,212,011,385)	-
Trade and other payables		(71,328,132)	-	-
	At 28 February 2019	Less than 1 year	Between 2 and 5 years	Over 5 years
Borrowings		(88,272,550)	(123,707,044)	(21,854,960)
Debentures			(2,213,621,478)	-
Trade and other payables		(71,149,477)	-	-

#### Company

	At 29 February 2020	Less than 1 year	Between 2 and 5 years	Over 5 years
Loans from group companies		(1,072,108)	(360,308,018)	-
Trade and other payables		(376,397)	-	-
	At 28 February 2019	Less than 1 year	Between 2 and 5 years	Over 5 years
Loans from group companies		(1,089,221)	(369,733,733)	-
Trade and other payables		(512,226)	-	-

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### 35. Risk management (continued)

#### Interest rate risk

The group's interest rate risk arises from long-term borrowings from financial institutions and loans to / (from) group companies. Borrowings from financial institutions and loans to / (from) group companies issued and linked to the prime rate expose the group to cash flow interest rate risk.

Interest paid to debenture holders is substantially dependent on the net cash flow of the subsidiaries which is not linked to the repo / prime rates.

At 29 February 2020, if interest rates on Rand-denominated borrowings and loans to / (from) group companies had been 1% higher/lower with all other variables held constant, post-tax loss for the year would have been R 1,075,319 (2019: R 1,441,490) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings and loans to / (from) group companies.

#### Interest rate profile

	Carrying amount		Carrying amount	
	Group	2019	Company	2019
<b>Variable rate instruments:</b>				
<b>Assets</b>				
Loans to group companies			40,132,235	50,840,706
Other financial assets	19,315,386	222,777		
Cash and short-term deposits	5,118,645	5,548,868		1,235
	<b>24,434,031</b>	<b>5,771,645</b>	<b>40,132,235</b>	<b>50,841,941</b>
<b>Liabilities</b>				
Loans from group companies			361,380,126	370,822,954
Borrowings	124,157,441	145,827,351		
	<b>124,157,441</b>	<b>145,827,351</b>	<b>361,380,126</b>	<b>370,822,954</b>
<b>Fixed rate instruments:</b>				
<b>Liabilities</b>				
Borrowings		39,833,088		

#### Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations timeously.

Credit risk consists mainly of short-term deposits, cash, trade debtors, loans receivable and other financial assets.

#### Cash and short term deposits

The group only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party. Cash and cash equivalents include R2 mil cash held on call account as security for municipal guarantees which amounts are not available for use by the group.

#### Trade debtor

The group's exposure to credit risk is mainly in respect of tenants and is influenced by the individual characteristics of each tenant.

Management evaluated credit risk relating to customers on an ongoing basis. Trade receivables comprise mainly of a widespread customer base. The placement of tenants is controlled by application with compliance on credit quality and FICA requirements. The collection of receivables are controlled by stringent collection procedures and the use of an accredited credit bureau. Provision is made for impairments and at year-end the directors did not consider there to be any material credit risk exposure.

The group allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections and available press information about customers) and applying experienced credit judgement

An expected credit loss (ECL) rate is calculated for each category of rental debtors, which is based on delinquency status and actual credit losses experienced in the past. The Group uses an allowance matrix to measure the ECLs of rental debtors from individual customers, which comprises a very large number of small balances. Current debtors under 90 days past due is classified as Level 1, current debtors that have a significant increase in risk of default as level 2 and current debtors that are credit impaired as Level 3. Refer to note 11 for additional information.

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## Notes to the Consolidated And Separate Annual Financial Statements

### 35. Risk management (continued)

The maximum exposure to the credit risk is the carrying amount in the Statement of Financial Position and at year end were as follows:

Financial instrument	Group - 2020	Group - 2019	Company - 2020	Company - 2019
Cash	5,118,645	5,548,868	-	1,235
Loans to group companies	-	-	40,132,235	50,840,706
Other financial assets	19,518,046	425,337	-	-
Trade and other receivables	13,239,033	11,709,411	3,252	2,700

#### Capital risk 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 to reduce the cost of capital. The capital structure of the group consists of debt, which includes debentures and borrowings disclosed in note 16 and 17. In order to maintain or adjust the capital structure, the group may adjust the amount of investment returns and repayment of debentures, and dividends to shareholders.

Consistent with others in the industry, the group monitors capital on the basis of the debt: equity ratio.

### 36. Cash flow on borrowings and debentures

#### Borrowings

Opening balance	185,660,439	267,435,041	-	-
Proceeds from borrowings	774,104	15,410,775	-	-
Repayment of borrowings	(63,261,578)	(101,317,823)	-	-
Interest accrued on borrowings	14,251,936	35,915,788	-	-
Interest paid on borrowings	(13,267,460)	(33,093,056)	-	-
Fees and other charges	-	1,309,714	-	-
Closing balance	124,157,441	185,660,439	-	-

#### Debentures

Opening balance	2,213,621,478	2,078,943,338	-	-
Fair value adjustment	(1,610,093)	193,399,450	-	-
Repayment of debentures	-	(50,435,197)	-	-
Reclassified to trade and other payables	-	(8,286,113)	-	-
Closing balance	2,212,011,385	2,213,621,478	-	-

### 37. Going concern

The board of directors have assessed the adequacy of adopting the going concern assumption in relation to the preparation of the annual financial statements. This includes consideration of historic financial results which indicate that the group incurred a net profit for the year in the amount of R1,9 million (2019: loss R71,2 million) and the cash utilised in operating activities in the amount of R1,2 million (2019: R39,8 million). Furthermore, the group holds cash and cash equivalents in the amount of R5,1 million (2019: R5,5 million) at year end, the majority of which has been committed in terms of existing obligations.

The table below indicates the net profit for the year after being adjusted with certain accounting adjustments and non-recurring items such as fair value adjustments to the investment properties and debenture liabilities, net realisable value adjustments to inventory, bad debt, repairs and maintenance and legal fees.

	2020
	R
Profit for the year	1,970,625
Adjustments:	
- Accounting adjustments	19,432,836
- Non-recurring extraordinary items	(2,362,345)
Adjusted profit for the year	21,795,181
	<u>21,403,461</u>

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Figures in Rand	Group		Company	
	2020	2019	2020	2019

### 37. Going concern (continued)

In the absence of the above adjustments and non-recurring items, the group would have achieved a profit of R21,4 million (2019: Loss R18,3 million).

The ability of the group to continue as a going concern, is dependent on a number of factors such as:

- the generation of sufficient cash and cash equivalents available to cover day to day operational activities of the group;
- capital expenditure for the foreseeable future is dependent on the completion of planned property disposals and/or capital borrowings and/or capitalisation of the group;
- the settlement of borrowings becoming due and payable in the foreseeable future is dependent on the completion of planned property disposals or alternative cash resources availability.

The COVID-19 pandemic has developed rapidly in 2020, with a significant number of cases. Measures taken by various governments to contain the virus have affected economic activity and the group's business in various significant ways. The national lockdown announced on 23 March 2020, the extension of the lockdown announced on 9 April 2020 as well as the announcement of the different levels of the staged lockdown exit, has resulted in various tenants not being able to trade with some tenants closing their shops indefinitely and consequently gave rise to reduction of rentals, difficulty in collection of rentals and an increase in arrear rentals. In addition it has resulted in various development projects coming to a standstill, with limited or no service availability from Municipal and Government Institutions, construction companies and banking institutions.

Due to the COVID-19 pandemic, the focus after year-end and for the foreseeable future was and has been naturally to:

- Retain tenants and aggressively market vacancies, offering tenants and potential tenants favourable terms over the short to medium term;
- Closely monitor debtors and adopted a tailored approach to collection of arrears;
- Reduce expenditure to cover essential services and emergency work only;
- Obtaining moratorium on bond payments from financial institutions;
- Re-activate any residential planning and implementation processes and aggressive marketing thereof;

Depending on the duration of the COVID-19 crisis and continued negative impact on economic activity, the group might experience further restraints as described above.

The board of directors have reviewed the group's cash flow forecast and budgets and in considering the uncertainties described above, the board of directors have a reasonable expectation that the group has adequate resources to continue operations for the foreseeable future and the board therefore continues to adopt the going concern basis of accounting to prepare the financial statements. The board of directors have satisfied themselves that the group is in a sound financial position and that it has access to sufficient resources to meet its foreseeable cash requirements. The board of directors are not aware of any new material changes that may adversely impact the group. The board of directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the group.

The board of directors recognise that various properties amounting to the value of R375,2 million have been disposed of as at 29 February 2020. The corresponding debenture liabilities remain payable in accordance with the provisions of the Schemes of Arrangement. These debenture liabilities are recorded in the financial statements as part of non-current debentures (refer note 17).

### 38. Events after the reporting period

#### *De Marionette Centre Investments Proprietary Limited*

During the 2020 financial year the company entered into an agreement whereby the remaining part of the assets of the De Marionette Centre company, namely the investment property Erven 5052, 5053, 5054 and 5059, Secunda Extension 14, Mpumalanga, was sold and transferred on 7 October 2020.

#### *Cold Creek Developments Proprietary Limited*

On 11 November 2019, the shareholder of Cold Creek Developments Proprietary Limited, Geo Sphere Developments Proprietary Limited, entered into a sale agreement to sell 100% of the shares held in Cold Creek Developments Proprietary Limited.

#### *COVID-19 Pandemic*

The COVID-19 pandemic has developed rapidly in 2020, with a significant number of cases. Measures taken by various governments to contain the virus have affected economic activity and the group's business in various significant ways. The national lockdown announced on 23 March 2020, the extension of the lockdown announced on 9 April 2020 as well as the announcement of the different levels of the staged lockdown exit, has resulted in various tenants not being able to trade with some tenants closing their shops indefinitely and consequently gave rise to reduction of rentals, difficulty in collection of rentals and an increase in arrear rentals. In addition it has resulted in various development projects coming to a standstill, with limited or no service availability from Municipal and Government Institutions, construction companies and banking institutions.

# **Nova PropGrow Group Holdings Limited and its Subsidiaries**

(Registration number 2011/003964/06)

Consolidated And Separate Annual Financial Statements for the year ended 29 February 2020

## **Notes to the Consolidated And Separate Annual Financial Statements**

	<b>Group</b>		<b>Company</b>	
<b>Figures in Rand</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>

### **38. Events after the reporting period (continued)**

Due to the COVID-19 pandemic, the focus after year-end and for the foreseeable future was and has been naturally to:

- Retain tenants and aggressively market vacancies, offering tenants and potential tenants favourable terms over the short to medium term;
- Closely monitor debtors and adopted a tailored approach to collection of arrears;
- Reduce expenditure to cover essential services and emergency work only;
- Obtaining moratorium on bond payments from financial institutions;
- Re-activate any residential planning and implementation processes and aggressive marketing thereof;

Depending on the duration of the COVID-19 crisis and continued negative impact on economic activity, the group might experience further restraints as described above.

The directors are not aware of any other material events which occurred after the reporting date and up to the date of this report not already dealt with elsewhere in the financial statements.