

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.

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
<p>Impact of outbreak of COVID-19 on the Consolidated and Separate Financial Statements (Note 38)</p> <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"> • The timing of the development of the outbreak across the world and in South Africa; and • How the Consolidated and Separate Financial Statements and business operations of NOVA PropGrow Group Holdings Limited have be impacted by the disruption. <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"> • We reviewed the directors' going concern assessment including COVID-19 implications based on a 'most likely'

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