



NOVA PROPERTY GROUP

Nova PropGrow Group Holdings Limited (2011/003964/06)

Communique – Nova Group Update

7 December 2021

Another Non-Executive Joins the Nova Board

It is with great pleasure that the Group welcomes the appointment of Mr Andre L Fourie to the Board as independent non-executive director.

Andre brings with him, apart from independence, experience in structuring and commercialising of diversified companies in addition to his technological expertise. His portfolio can be viewed on Nova's website.

Annual General Meeting (“AGM”) and KING IV

The Nova Property Group held its AGM for the year ended 28 February 2020 on 22 October 2021, where the Audited Consolidated Annual Financial Statements for the period were presented.

We thank all those who attended.

For the purposes of King IV, Nova promotes Corporate Governance through the exercising of ethical and effective leadership by its Governing Body towards the achievement of the following governance outcomes:

- Ethical culture
- Good performance
- Effective control
- Legitimacy

This is supported by the following, independently driven Board Committees of Nova, being –

- Audit, Risk and Compliance Committee
- Remuneration Committee

Address 105 Club Avenue, Waterkloof Heights, Pretoria **Postal Address** Private Bag 27067, Monument Park, 0105

Tel (+27) 12 425 5000 **Email** admin@novapropertygroup.co.za **Fax** (+27) 86 508 4317

www.novapropertygroup.co.za

Dominique Haese Chief Executive Officer, **Connie Myburgh** Chairman, **Matthew Osterloh** Property Director, **Nhlamulo Ndlhela** Non-Executive Director, **Jane Phiri** Non-Executive Director, **Andre Fourie** Non-Executive Director

- Risk & Corporate Governance Committee
- Nomination Committee
- Social & Ethics Committee
- Investment Committee

In order to effect leadership that results in achieving strategic objectives and positive outcomes over time, members of Nova’s Governing Body individually and collectively cultivate the following characteristics and exhibit them in their conduct –

- Integrity
- Competence
- Responsibility
- Accountability
- Fairness
- Transparency

Nova believes in Sustainable Development, in general, “development that meets the needs of the present without compromising the ability of future generations to meet their needs”.

As a Corporate Citizen, Nova recognises that its organisation is an integral part of the broader society in which it operates, affording the organisation standing as a juristic person in that society with rights but also responsibilities and obligations.

Nova understands that the positive consequences of its business activities and output on applying the above contexts in which Nova operates, and the capitals it uses and affects, will result in ultimate value creation.

Audited Consolidated Group Annual Financial Statements

The Nova Property Group Audited Consolidated Annual Financial Statements (“AFS”) for the year ended 28 February 2021 are available on Nova’s website.

Prior years’ auditors’ qualifications proven to be unjustified!

In 2019 and 2020 the Auditors raised a *Material Uncertainty as to Going Concern* paragraph in their Audit Report.

The content of the 2021 AFS demonstrates that the auditors’ concerns, as expressed in the 2019 and 2020 AFS, proved to be without merit and that the Group, during the financial year ended February 2021, not only traded under solvent circumstances, but generated a profit.

An extract of the Directors Report forming part of the 2021 Annual Financial Statements below elaborates on this position:

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 R15,6 million (2020: R1,7 million) and the cash utilised in operating activities in the amount of R10 million (2020: R1,2 million). Furthermore, the group holds cash and short-term deposits in the amount of R7,2 million (2020: R5,1 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.

	2021	2020
	R	R
Profit for the year	15 441 668	1 790 625
Adjustments:	39 996 767	19 432 836
- Accounting adjustments	31 385 779	7 370 201
- Non-recurring extraordinary items	8 610 988	12 062 635
Adjusted profit for the year	<u>55 438 435</u>	<u>21 223 461</u>

In the absence of the above adjustments and non-recurring items, the group would have achieved a profit of R55,4 million (2020: Profit R21,2 million).

The group's current assets exceed its current liabilities. 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 short-term deposits 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 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 R389,2 million have been disposed of until the current financial year (2020: R375,2 million). 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 to note 15).

The board of directors have taken note of the views expressed by the group's auditors in their audit opinion regarding the material uncertainty to continue as a going concern.

The board of 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.

The extract of the Directors Report further elaborates on the impact of the COVID-19 Pandemic on the Group:

COVID-19 considerations

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, has resulted in various tenants not being able to trade with some tenants closing their shops indefinitely. It has further resulted in reduction of rentals, difficulty in collection of rentals and an increase in arrear rentals.

Due to the COVID-19 pandemic, the focus was and for the foreseeable future 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;
- Review moratorium on bond payments from financial institutions where necessary;
- Re-activate any residential planning and implementation processes and aggressive marketing thereof.

The directors have considered the consequences of COVID-19 and other events and conditions, and have determined that they do not create a material uncertainty that casts significant doubt upon the group's ability to continue as a going concern.

Financial Performance by the Group

Ratio analysis

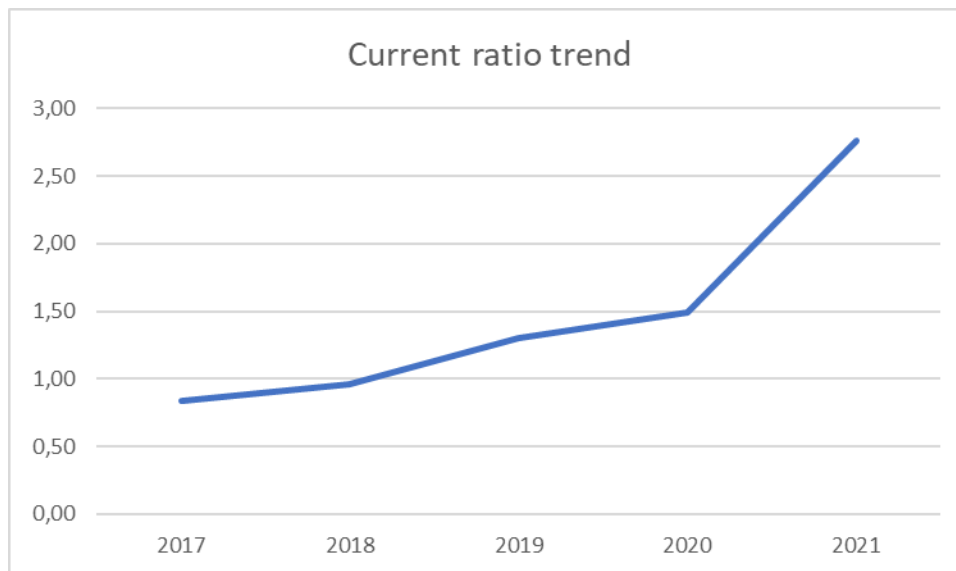
Current ratio

The current ratio is better explained by the company's ability to convert current assets to settle its current liabilities (a liability that falls due, payable, within 12 months after the financial year end).

Ideally a company would want its current ratio >1. It is industry norm that if a current ratio exceeds 2 then the company could investigate investment opportunities as this would indicate an excess of liquid assets.

To have a better understanding of how the company's liquidity has improved one would have to look at historical data:

Financial year	Current ratio
2017	0.84
2018	0.96
2019	1.30
2020	1.49
2021	2.76



As can be noted from the above; there has only been a positive growth in Nova's liquidity.

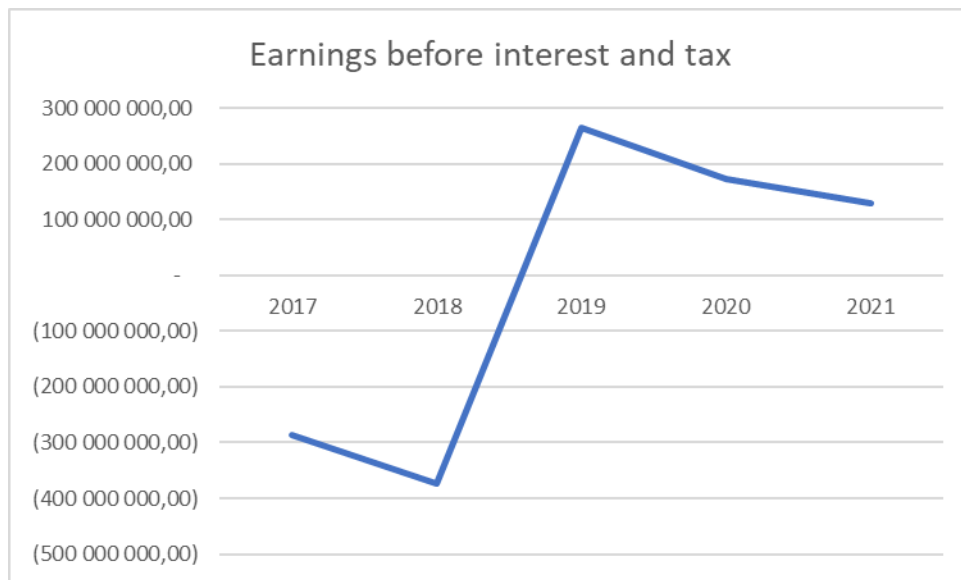
Nova has managed to improve its liquidity from below 1 to close to 3. This is an indication that not only is Nova Group liquid as at 28 February 2021, but the group is also able to sustain its liquidity in the foreseeable future.

Earnings before interest and tax

This is ideally used to measure the profitability of the company.

The board has managed to make significant changes in the group that effect the bottom line as can be seen from the earnings before interest and tax below:

Financial year	Earnings before interest and tax
2017	(285 456 484.81)
2018	(373 470 902.97)
2019	264 030 761.68
2020	172 006 133.56
2021	128 816 985.35



As can be seen from the above; it can be noted that there has been a marked improvement in the earnings from 2019 onwards.

The 2021 year took a bit of a dip but that was to be expected as a result of the global COVID-19 pandemic we are currently finding ourselves in.

Altman Z Score

Altman Z Score model is a numerical measurement that is used to predict the chances of bankruptcy. It is considered an effective method of predicting the state of financial distress of any organization by using multiple balance sheet values and income.

Usually the lower the Z-score the higher the odds that the company is heading for bankruptcy.

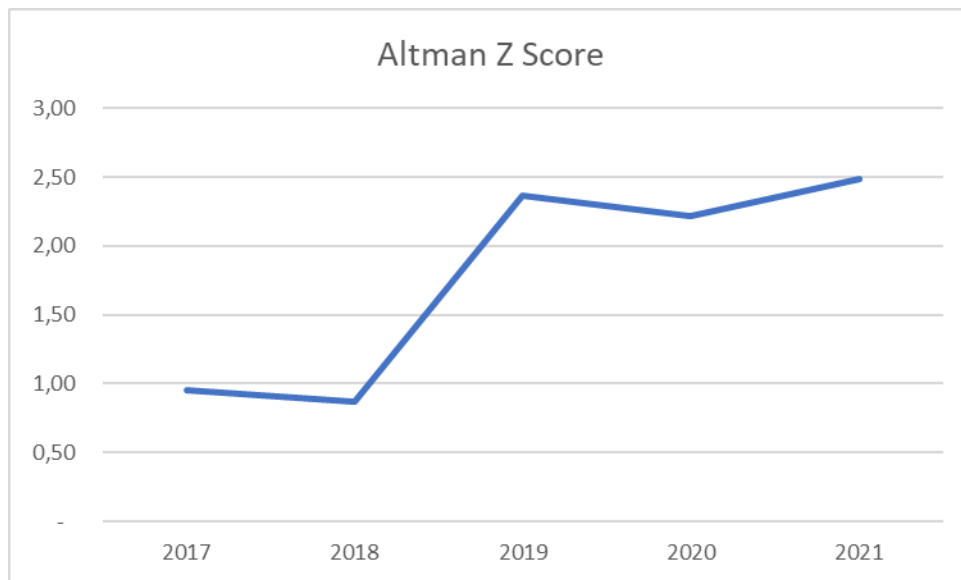
Industry norm suggests that a score lower than 1.8 means the company is in financial distress and with a higher probability of going bankrupt.

If the score is 3 and above it means that the company is considered to be in a safe zone.

Investors usually seek a Z-score closer to 3.

The Nova Group has been able to make a turnaround within the last 5 years:

Financial year	Altman Z Score
2017	0.95
2018	0.87
2019	2.37
2020	2.22
2021	2.49



Z-Score considers various ratios such as:

- Working Capital/Total Assets
- Retained Earnings/Total Assets
- Earnings before Interest and Tax/Total Assets
- Market value of Equity/Total Liabilities
- Total Sales/Total Assets

What can be concluded from the above results is that the Nova Group has improved in most, if not all, of the above ratios to achieve its current score of 2.49 as reported at 28 February 2021.

Adverse Opinion by Auditors on certain Investment Properties' Valuations

As in previous years, the qualification on certain of the Groups' Investment Properties, again, turns around the assumptions used by various independent expert valuers in determining the Fair Values of some of the Investment Properties.

Auditors are careful in expressing an unmodified opinion when they cannot reach an adequate level of comfort as to the correctness of assumptions applied.

Ordinarily; auditors, as part of their pre-engagement audit process, would factor in the obtaining of their own independent experts, which come at a cost. Unfortunately, as was the case last year, the current auditors did not make use of such independent experts. The Group expressed their unhappiness in this regard, as this left the Auditors with no choice, as they are not property valuers themselves, nor do the current auditors have any basic property industry related knowledge or understanding, but to modify their audit opinion.

Be that as it may, Debenture Holders and Stakeholders should have regard to the Directors' Report, wherein the Board states that it is of the view that the Fair Values of properties are a true reflection of

their underlying values, that which market participants (independent buyers) would pay for a relevant property in the open market, which Fair Values have a direct link to the Debenture Fair Value.

The relevant extract of the Directors Report refers:

12. Valuation of Investment Properties

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.

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

The board of directors are of the opinion, guided by IFRS 13, that all judgments, estimates and methodologies used by both the Independent External Valuers and Directors valuations are reasonable, appropriate and in compliance with the International Financial Reporting Standards.

The values disclosed of the investment properties in the group's financial statements fairly represent what willing market participants are willing to pay at arm's length.

Appointment of a new Debenture Trust Deed Trustee

Notice have been issued to all debenture holders to notify them of meetings to be convened of the holders of debentures issued by Nova Property Group Investments (Pty) Ltd ("Investments") in January 2022 to approve the appointment of a new Trustee, Mr J Tromp, in terms of the Debenture Trust Deed concluded on 11 November 2011 between Investments, Nova PropGrow Group Holdings Ltd, the Receivers and the outgoing Trustee, Mr D Cohen, in circumstances where Mr Cohen's office as Trustee has been terminated.

Clause 15.3 of the Trust Deed provides that where the office of a Trustee has been terminated, Investments shall nominate a new Trustee, which nomination shall be approved by debenture holders at a meeting convened for this purpose.

Debenture Holder “Year 10” Exit

Below is an extract statement emanating from the Nova 9 April 2021 Communique, which statement has become rather topical and led to different interpretations since its release. The relevant statement had been grossly misinterpreted by the current Auditors. The Auditors, incorrectly, interpret this statement to render the long-term debenture liability in the Annual Financial Statements to suddenly be a current liability leading to the Auditors raising a material uncertainty paragraph in their audit report vis a vis the going concern of the Group. This misinterpretation spilled over to the CIPC and further having been fuelled on through the media outlet “Moneyweb”. The extract statement being:

“February 2021: The Nova Board takes prudent decision to start the process of exiting the rest of all Debentures!

Even though the Board has the discretion to postpone the payment of Debentures, beyond the projected 10-year Scheme of Arrangement period, the Board, in February 2021, made the decision to commence Debenture payment during 2021...

Further Fair Value enhancement would take many more years and as such, the Board felt it prudent to, in 2021, start the process of exiting the rest of the Group’s Debentures.”

For clarification, stakeholders are to have regard to the relevant paragraphs in the Directors Report under Events after the reporting period and the Note in the Annual Financial Statement regarding Debentures:

10. Events after the reporting period

After the reporting period, offers for the sale of investment properties, Amogela and Flora Centre, were accepted, subject however to suspensive conditions which are still unfulfilled at the date of issue of this report.

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

With reference to Notes 15 and 36 of the Annual Financial Statements, the Board of Directors of Nova PropGrow Group Holdings Limited and Nova Property Group Investments Proprietary Limited wish to elaborate and clarify as follows.

On 9 April 2021 the Board of Directors of Nova PropGrow Group Holdings Limited ("PropGrow") issued a Communique to the Shareholders and Debenture Holders of the Nova Group.

In the Communique it was stated that a decision was taken to start the process of exiting the remainder of all Debentures, to commence Debenture payment during 2021 and that the process is extensive and even properly co-ordinated, the process will take a year or two ("the statements").

It is to be noted, that the statements do not involve a specific decision, taken by a resolution of the Board of Directors ("the Board") of Nova Property Group Investments Proprietary Limited ("Nova Investments") to specifically effect any redemption of any specific Class of Debentures of Nova Investments at any date, including during 2021.

The Communique and the statements do no more than indicate an official, proactive communication, by PropGrow, to the Shareholders and Debenture Holders of the Nova Group about the strategic path the Nova Group has engaged upon regarding the redemption of Debentures.

The Communique is a communication by PropGrow and not a formal resolution of the Board of Nova Investments and cannot and should not be interpreted as a "written initiation", by the Board of Nova Investments, of redemption of any Class of Debentures by Nova Investments. What is said in the Communique is not said as a resolution of the Board of Nova Investments.

The actual commencement and becoming effective of any process of redemption of any Class of Debentures and the commencement of any obligation on Nova Investments to redeem any Class of Debentures, requires the fulfilment of specific suspensive conditions in terms of the Debenture Trust Deed ("the Deed"), by the Board of Nova Investments and other individuals.

In terms of the Deed, it is necessary (as a suspensive condition to the becoming effective of any obligation on the part of Nova Investments to redeem any Class of Debentures) for the Board of Nova Investments, to specifically elect, by formal Board resolution, to pay any Class of the Debentures.

The election to redeem any Class of Debentures is within the sole discretion of the Board of Nova Investments, as, in terms of the Deed, the redemption of Debentures is at the sole discretion of Nova Investments.

After the Board of Nova Investments has, by way of an election, decided to redeem any particular Class of Debentures, the Receivers and the Trustee are (as a suspensive condition to the becoming effective of the election) required to give their written approval to such election.

In Summary, absent a specific election by the Board of Nova Investments to redeem a specific Class of Debentures, by way of a specific Board resolution by Nova Investments in this regard, followed by the written approval of such election by the Receivers and Trustee, no act or process of redemption of any Debentures has commenced or taken place, and no obligation to redeem any Debentures has arisen for Nova Investments.

As at 28 February 2021 and as at the date of this report, the Board of Nova Investments has not adopted any resolution to elect to redeem any Class of Debentures and the Receivers and the Trustee have not had the need to approve any election of the Board of Nova Investments.

It follows that there exists, as at 28 February 2021 and as at the date of this report, no obligation on Nova Investments to redeem any Class of Debentures and until such time as the discretion of the Board of Nova Investments to elect to redeem any Class of Debentures is exercised, and the Receivers and the Trustee have approved, in writing, the exercise of such discretion to elect by the Board of Nova Investments, there exists no liability for Nova Investments to redeem any Class of Debentures and there are no liabilities of Nova Investments to Debenture Holders that can be categorised as current liabilities.

The way forward post the initial “Year 10” Scheme Projection

The Board has in detail disclosed the future Debenture redemption process in the Debenture Note in the Annual Financial Statements, which reads:

15. Debentures

Debentures were issued in 2012 by Nova Property Group Investments Proprietary Limited (“Nova Investments”) in terms of Schemes of Arrangement whereby the historical group of companies' affairs were restructured. Nova Investments obtained a 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 is to be determined with reference to the fair market values of the assets of the relevant subsidiary companies, 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 redeemable by Nova Investments in terms of the Schemes of Arrangement read with the Debenture Trust Deed, on any date within a projected period of 10 years from the date of the sanctioning of the Schemes of Arrangement on 20 January 2012, or on any date after such projected 10 year period, when the board of directors of Nova Investments, in its discretion, elects to redeem some or all of the Debentures as contemplated in the Schemes of Arrangement read with the Debenture Trust Deed. Any such decision to redeem, either before or after the projected 10 year period requires, in addition, the written approval of the Receivers and the Trustee.

Investment returns on Debentures are payable at the discretion of the board of directors of Nova Investments taking into account relevant determining factors in terms of the Schemes of Arrangement read with the Debenture Trust Deed.

On 25 February 2021 the boards of directors of the Nova Property Group decided that a process will be commenced to redeem debentures that had not as yet been redeemed. The decision to commence the process was however not an act of redemption which required a resolution by the board of directors of Nova Investments to redeem some or all of the Debentures, in accordance with the Schemes of Arrangement read with the Debenture Trust Deed, but merely a proactive step to commence the formal process required to redeem Debentures in accordance with the provisions of the Schemes of Arrangement read with the Debenture Trust Deed.

Taking into consideration the current adverse market conditions brought on by COVID-19, the board of directors of Nova Investments have declined to redeem any Debentures not yet redeemed, before the end of the financial year ending 28 February 2022 and future redemptions of Debentures will only take place after the expiry of the 10 year period from the sanctioning of the Schemes of Arrangement. Clause 6.3.1.2 of the Debenture Trust Deed allows the board of directors of Nova Investments to do this.

The relevant portions of the Trust Deed dealing with the foregoing issue read as follows:

4. *The company binds itself to pay to the debenture holders or to the trustee on behalf of and in trust for such holders, the respective sums which, **at the company's option**, shall become due to such debenture holders for capital and the EBDTA on the debentures in terms of this deed.*
5.
- 6.1 *The debentures shall become repayable in full **at the election of the company**, together with the receiver's approval within 1(ONE) to 10(TEN) years of the effective date.*
- 6.2
- 6.3 *Subject to clause 8.4 below, the debentures shall be redeemable as follows:*
 - 6.3.1 *All or some of the debentures shall be redeemable, either in whole or in part, **at the written instance of the company**, with the written approval of the receivers and the trustee notwithstanding the date on which any of the debentures are issued before*
 - 6.3.1.1 *the 10th (TENTH) anniversary of the election date **by the company**, with the receiver's approval in respect of such redemption; or*
 - 6.3.1.2 ***any date upon which the company elects** with the receivers and the trustee's written approval, **to redeem some or all of the debentures**".*

(emphasis added)

Resolutions to redeem Debentures will be taken in due course by the board of directors of Nova Investments, when circumstances permit.

The CIPC Notices Issued

Following the Auditors' raising in their 2019/2020 Audit Report of a material uncertainty paragraph in relation to the Group's ability to continue as a going concern and the CIPC incorrectly coming to the conclusion that the Group, in a Communique dated 9 April 2021, stated that it had taken a decision to commence the process of exiting debenture holders, the CIPC, during 2012, issued in this regard, two separate Notices to Nova PropGrow Group Holdings Limited, which Notices the Group is addressing with the CIPC. The aforesaid two issues causing the CIPC to issue the Notices have been addressed above in this Communique. As stated elsewhere in this Communique, the statements in the 9 April 2021 Communique amounted to merely a decision to commence a process, which decision was not intended to amount to, nor did it amount to, an act of redemption. An act of redemption can only occur by way of a specific resolution by the board of directors of Nova Property Group Investments Proprietary Limited to redeem (exit) a portion or all of the debentures as contemplated by the Debenture Trust Deed, followed by the written approval of such act of redemption by the Receivers and the Trustee. No act of redemption of any debentures have taken place since the decision was taken.

Commercial Property Portfolio

The below assets comprise a balanced mix of commercial properties, both retail and office space, throughout South Africa.

In various instances where properties are under economic and tenant pressure, various strategies are being implemented including, but not limited to, disposal, refurbishment, reconfiguration of the tenant mix and reconsidering the use of the property. In the case of disposals, the capital will be mainly redeployed into the development of residential properties within Nova to increase the potential return to all debenture holders.

AMOGELA MALL

- Choppies Supermarket
 - The tenant vacated the premises on 31 May 2021 and handed the premises back to the landlord as a white shell on 31 July 2021.
The reasons behind Choppies closing, was that as a group, they hit troubled times and they were suspended from the Johannesburg Stock Exchange in November 2018. They resumed trade on the JSE in November 2020 but have battled to recover from legal and accounting indignities. They will be focusing on more profitable operations in Botswana; Zambia; Zimbabwe and Namibia.
- Assessment Rates
 - All council accounts are paid up to date.
- Sale of building
 - An offer to purchase the property was received and was accepted.
 - The decision was made from an asset management point of view, as the property was not performing as well as it should.

ATHLONE PARK

- Security Complement
 - Due to the high volume of cars being stolen the tenants are insisting that the guard complement be increased from two day-guards and one night-guard to three day guards and two night-guards
 - The fact that the shopping centre is spread over levels is the reason for the request for the increase in guard complement.
- Offer to purchase
 - The offers to purchase that were received, were declined for various reasons.
- Leasing
 - There is an active interest in the building from retail tenants for the front section of the centre especially after the violence and looting experienced in July 2021.
- Repairs and Maintenance
 - The roof needs extensive repair work.

- The estimated cost is R6m.
- There is slight movement on the ramp leading to the parking at the back of the building.
- New leases were signed on 200 sqm of retail space, with offers drafted over 514 sqm of retail space.
- Leases were renewed over 419 sqm of retail space.

CARLETONVILLE

- Offer to purchase
There was an offer to purchase on the property, but the offer lapsed as the potential buyer could not secure a loan.
- Leasing
 - There is a very strong community support for the centre
 - Based on the figures from Facebook and other marketing campaigns, the centre proves to be very popular, with mainly people in Carletonville showing interest in the property
 - Shoprite renewed their lease agreement for another period of three years. Further renewals over 236 sqm of retail space were concluded.
 - There are offers pending over 48 sqm of retail space.
- Repairs and maintenance
 - The roof needs extensive repair work.
 - The public and tenant toilets need an urgent facelift.
 - The building needs to be painted on the outside.
- Assessment Rates
 - All the council accounts are paid up to date.
- Solar Installation
The landlord is in the process of installing a solar panel system at the shopping centre. The project will be completed in two phases, where phase one will involve the installation of the solar system. When commercially and practically feasible, phase two will commence. This phase will comprise of the installation of backup batteries and the potential reselling of the surplus energy into the national grid. The sole purpose of the solar installation at this point is to unlock immediate monthly savings. These savings will benefit all tenants and will be passed directly to their utility accounts. Furthermore, the shopping centre will no longer be exposed to the annual tariff increases imposed by Eskom, as the landlord negotiated a fixed annual increase of 7%.

CARNIVAL CENTRE

- Leasing
 - There is a strong demand for retail space at the shopping centre, which means a solid focus on optimizing the tenant mix.
 - There is only 426 sqm of vacant space with offers to lease on 80 sqm of the available space.

COURTSIDE CENTRE

- Leasing
 - The legal battle with The Spar Group was settled.
 - The relocation and expanding of existing tenants (Tops Liquor; The Bean Tree Café and Drop Zone) is still on-going.
 - The possibility to convert the offices on the top floor into retail space is still being investigated.
 - 37.89% of the total rentable space is currently vacant, with offers to lease on 562.47 sqm
 - 579 sqm of space was renewed and new leases were signed over 122 sqm.
- Solar Installation

The landlord is in process of installing a solar panel system at the shopping centre. The project will take place in two phases, where phase one will involve the installation of the solar system. When commercially and practically feasible, phase two will commence. This phase will comprise of the installation of backup batteries and the potential reselling of the surplus energy into the national grid. The sole purpose of the solar installation at this point is to unlock immediate monthly savings. These savings will benefit all tenants and will be passed directly to their utility accounts. Furthermore, the shopping centre will no longer be exposed to the annual tariff increases imposed by Eskom, as the landlord negotiated a fixed annual increase of 7%.

DEL JUDOR MALL

- Repairs and Maintenance
 - The parking area in front Standard Bank needs to be resurfaced as there are quite a few potholes.
 - The inside of the shopping centre needs attention (Toilets; tiles and lighting)
 - Offices needs a revamp.
 - The road is an ongoing issue with Emalahleni Council.
- Leasing
 - There is currently only 14.18% of the total rentable space vacant.
 - 339 sqm of retail space are currently under offer with new leases signed over 2,608.75 sqm since the date of the last communique.
 - Renewals were done over 1,732 sqm.
- Other opportunities
 - The office floor is being considered to be turned into residential units.
- Solar Installation

The landlord is in process of installing a solar panel system at the shopping centre. The project will take place in two phases, where phase one will involve the installation of the solar system. When commercially and practically feasible, phase two will commence. This phase will comprise of the installation of backup batteries and the potential reselling of the surplus energy into the national grid. The sole purpose of the solar installation at this point is to unlock immediate monthly savings. These savings will benefit all tenants and will be passed directly to their utility accounts. Furthermore, the shopping centre will no longer be exposed to the annual tariff increases imposed by Eskom, as the landlord negotiated a fixed annual increase of 7%.

FLORA CENTRE

- Offer to Purchase
An offer to purchase was received and accepted. The potential buyer is busy conducting their due diligence.
- Repairs and Maintenance
 - The parking slab needs to be opened. A lot of income is being lost as tenants have rent reductions with special conditions that they will only pay their normal rent once the slab is operational again
 - The ramp into the building at Wimpy. The slab needs to be addressed due to water flooding into the building during the rainy season.
- Assessment Rates
 - An acknowledgement of debt that was signed with the City of Johannesburg for the arrear assessment rates, to be paid up in full.
 - Unfortunately, another AOD was entered into with the City of Johannesburg for the payment of an electricity account that fell in arrears.
- Leasing
 - Currently only 8.41% of the total lettable area is vacant. New leases were signed over 1,792 sqm since the date of the last communique and 2,425 sqm were renewed.
 - Nedbank closed the branch and vacated the shopping centre on 31 October 2021.
- Other opportunities
 - Sectional title is a good proposition. There will be 6 units (5 for each office floor and then the shopping centre)
- Solar Installation
The landlord is in process of installing a solar panel system at the shopping centre. The project will take place in two phases, where phase one will involve the installation of the solar system. When commercially and practically feasible, phase two will commence. This phase will comprise of the installation of backup batteries and the potential reselling of the surplus energy into the national grid. The sole purpose of the solar installation at this point is to unlock immediate monthly savings. These savings will benefit all tenants and will be passed directly to their utility accounts. Furthermore, the shopping centre will no longer be exposed to the annual tariff increases imposed by Eskom, as the landlord negotiated a fixed annual increase of 7%.

THE VILLAGE

- Leasing
 - Vacancies over the total lettable area of the shopping centre and office block is standing at 59.74%, with new leases signed over 203.4 sqm and renewals were done over 277 sqm.
- Sectional Title
 - The possibility to convert this space into residential units is being investigated.
- Repairs and Maintenance
 - The parking slab is leaking into the walkway to Spar.
 - The building needs to be painted.
 - Gutters are overflowing in the rainy season.

- **Solar Installation**

The landlord is in process of installing a solar panel system at the shopping centre. The project will take place in two phases, where phase one will involve the installation of the solar system. When commercially and practically feasible, phase two will commence. This phase will comprise of the installation of backup batteries and the potential reselling of the surplus energy into the national grid. The sole purpose of the solar installation at this point is to unlock immediate monthly savings. These savings will benefit all tenants and will be passed directly to their utility accounts. Furthermore, the shopping centre will no longer be exposed to the annual tariff increases imposed by Eskom, as the landlord negotiated a fixed annual increase of 7%.

WATERGLEN

- **Leasing**

- The lease with Pick 'n Pay was finalised and they did complete the store revamp, but Pick 'n Pay did not take up any additional space.
- Office floor can only be used for self-storage due to parking ratio constraints
- Currently 24.88% of the total lettable area is vacant and from the date of the last communique, new leases were signed over 901 sqm with renewals done over 359 sqm.

- **Solar Installation**

The landlord is in process of installing a solar panel system at the shopping centre. The project will take place in two phases, where phase one will involve the installation of the solar system. When commercially and practically feasible, phase two will commence. This phase will comprise of the installation of backup batteries and the potential reselling of the surplus energy into the national grid. The sole purpose of the solar installation at this point is to unlock immediate monthly savings. These savings will benefit all tenants and will be passed directly to their utility accounts. Furthermore, the shopping centre will no longer be exposed to the annual tariff increases imposed by Eskom, as the landlord negotiated a fixed annual increase of 7%.

ZAMBESI MALL

- **General**

- Under the Head Lease Tenant there appears to be much mismanagement, including some vandalism and lack of repairs and maintenance.
- This is unacceptable to the Landlord.
- A plan of action will be drafted to take back full control of the shopping centre.

Conclusion

The Nova Board is committed to continuing building on the positives achieved over the past decade. Nova is confident that it has done everything in its power, to securing for its Debenture Holders and Stakeholders the best possible value creation. Nova is looking forward to completing the *historic restructuring process*, with maximum benefit to its Debenture Holders and Stakeholders.

Nova is here because we fundamentally believe we can succeed in getting as much of people's historical money invested back to them; we work tirelessly in achieving this goal; we have been and are their best chance to getting it done!
