

5 October 2021

Dear Ms Haese, CEO of the Nova Property Group

Please acknowledge receipt of this communication. Please respond before Thursday at midday.

I am on the verge of publishing an article about Nova's acquisition of Convey Assist. I still require some clarification regarding the disclosure of the transaction in Nova's Annual Financial Statements.

1. In Nova's 2013 AFS, it is not disclosed that Nova acquired Convey Assist. Convey Assist is listed as a subsidiary. Under the description Convey Assist, details of the development and the valuation are disclosed as part of Nova's investment portfolio. Why did Nova not disclose clearly that Convey Assist was not part of the Sharemax properties and newly acquired?
2. Why did Nova not disclose the fact that Mr Myburgh was a director of Convey Assist?
3. The 2013 AFS discloses that Mr Myburgh was a director of Cold Creek Investments 144. Nova did not disclose any information regarding Cold Creek Investments 144 in the 2013 AFS. Why was it not disclosed that Cold Creek Investments 144 relates to Convey Assist?
4. Please clarify the entity(ies) Nova acquired and the shareholding structure of the companies.
5. RMB closed Convey Assist's credit facility on 3 February 2014.
  - a. On what date did Nova acquire Convey Assist?
  - b. If Convey Assist was acquired after 1 March 2013, why was it disclosed as an acquisition in the 2013 AFS?
6. The objective of IAS 24 is:

If an entity has had related party transactions during the periods covered by the financial statements, IAS 24 requires it to disclose the nature of the related party relationship as well as information about those transactions and outstanding balances, including commitments, necessary for users to understand the potential effect of the relationship on the financial statements.

  - a. Do you believe that the disclosure of the transaction adheres to the prescriptions and intent of IAS 24, especially for "users to understand the potential effect of the relationship on the financial statements?"

7. In your response to questions dated 22 June, you state: "Nova elected, without any provocation from Mr Myburgh, to investigate, of its own volition, whether the acquisition of the development was a viable commercial proposition so as to add value to Nova's balance sheet to the benefit of Nova's stakeholders." (My emphasis)
  - a. You state that there was no provocation from Mr Myburgh to acquire the development. This is irrelevant under the King 4 code. The code defines threats to independence as both actual or perceived – that which a reasonably informed third party would recognise as a threat – to this end, the directors/board ought to have satisfied themselves around this and in the spirit of King disclosed this judgement in its directors' report. Why was it not disclosed in the directors' report?
  - b. You also state that the development was a viable commercial proposition. How was the viability determined and why was it not disclosed in the directors' report?
8. Why did Nova not disclose any information related to the transaction in the directors' report?
9. Do you think Nova acted to the highest corporate governance standard in terms of the disclosure of the acquisition?

Kind regards  
Ryk van Niekerk  
Moneyweb  
083 408 9477  
ryk@moneyweb.co.za

**RE: Moneyweb questions 5 October 2021**

1 message

**Dominique Haese** <dominique@novapropertygroup.co.za>  
To: Ryk van Niekerk <ryk@moneyweb.co.za>

11 October 2021 at 06:58

Dear Mr van Niekerk,

Your email of 7 October refers and your disrespect toward my timeline is noted.

Please receive my responses to your attached Questions of 5 October 2021, to be printed verbatim should you wish to publish.

1. In Nova's 2013 AFS, it is not disclosed that Nova acquired Convey Assist. Convey Assist is listed as a subsidiary. Under the description Convey Assist, details of the development and the valuation are disclosed as part of Nova's investment portfolio. Why did Nova not disclose clearly that Convey Assist was not part of the Sharemax properties and newly acquired?

Apart from complying with the IFRS disclosure requirements regarding the property and subsidiary, there exists no requirement in any Act or Regulation requiring that Assets acquired separately than those through the "Sharemax historical portfolio, need separately disclosure.

2. Why did Nova not disclose the fact that Mr Myburgh was a director of Convey Assist?

As previously communicated, there has been full compliance with the necessary disclosure requirements. The Related Parties Note discloses all and any directors' relationships vis a vis related companies, including the fact that Mr Myburgh is a director of Cold Creek Investments

(the old Convey Assist: name changed some 9 years ago). Again there is no requirement in any Act or Regulation that previous directors' relationships should be disclosed.



3. The 2013 AFS discloses that Mr Myburgh was a director of Cold Creek Investments 144. Nova did not disclose any information regarding Cold Creek Investments 144 in the 2013 AFS. Why was it not disclosed that Cold Creek Investments 144 relates to Convey Assist?

As previously articulated, there has been full compliance with the necessary IFRS disclosure requirements. The Related Parties Note discloses all and any directors' relationships vis a vis all and any related companies i.e, whereby Cold Creek Investments 144 (the old Convey Assist)



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... was disclosed under "Entities with similar directors" as well as a separate mentioned under the "Directors" section.



4. Please clarify the entity(ies) Nova acquired and the shareholding structure of the companies.

As disclosed in the Annual Financial Statements.

5. RMB closed Convey Assist's credit facility on 3 February 2014.

a. On what date did Nova acquire Convey Assist?

Cold Creek Investments 144 (old Convey Assist) was included in the Group Annual Financial Statements from 1 November 2012.

5. RMB closed Convey Assist's credit facility on 3 February 2014.

- a. On what date did Nova acquire Convey Assist?
- b. If Convey Assist was acquired after 1 March 2013, why was it disclosed as an acquisition in the 2013 AFS?

N/A, as acquired before 1 March 2013.

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If an entity has had related party transactions during the periods covered by the financial statements, IAS 24 requires it to disclose the nature of the related party relationship as well as information about those transactions and outstanding balances, including commitments, necessary for users to understand the potential effect of the relationship on the financial statements.

- a. Do you believe that the disclosure of the transaction adheres to the prescriptions and intent of IAS 24, especially for "users to understand the potential effect of the relationship on the financial statements?"

As previously elaborated, all IAS 24 Related Party Disclosures have been fully complied with in the Group Annual Financial Statements.

selected, without any

7. In your response to questions dated 22 June, you state: "Nova elected, without any provocation from Mr Myburgh, to investigate, of its own volition, whether the acquisition of the development was a viable commercial proposition so as to add value to Nova's balance sheet to the benefit of Nova's stakeholders." (My emphasis)
- You state that there was no provocation from Mr Myburgh to acquire the development. This is irrelevant under the King 4 code. The code defines threats to independence as both actual or perceived – that which a reasonably informed third party would recognise as a threat – to this end, the directors/board ought to have satisfied themselves around this and in the spirit of King disclosed this judgement in its directors' report. Why was it not disclosed in the directors' report?
  - You also state that the development was a viable commercial proposition. How was the viability determined and why was it not disclosed in the directors' report?

Directors' Report disclosure is at the discretion of the directors.

8. Why did Nova not disclose any information related to the transaction in the directors' report?

Directors' Report disclosure is at the discretion of the directors.  
Required and sufficient disclosures in the Notes to the Annual Financial Statements had been done.



NOVA PROPERTY GROUP

## **Dominique Haese**

Chief Executive Officer

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