

EXECUTIVE SUMMARY

The missing R 414,694,327

This Executive Summary presents a high-level overview of the alarming shortfall of R 414,694,327, which poses a serious threat to the investments of thousands of Debenture Holders.

1. Debentures with no underlying asset

According to the audited AFS for the year ended 29 February 2024, approximately R 415 million in Debentures remains outstanding and payable to Debenture Holders, despite the fact that the associated properties have already been sold. Moreover, the proceeds from these sales, amounting to at least R 370 million, were not preserved in a trust or savings account for the benefit of the Debenture Holders

2. Proceeds utilised within the Group

Instead of distributing the proceeds from the sale of Debenture-linked properties to the respective Debenture Holders, or safeguarding the funds in a trust account for their benefit, the Board '*utilised the proceeds within the Group.*' This appears to indicate that the funds were redirected to cover operational expenses, including director remuneration.

3. Absence of re-investment plan to ensure capital growth

Because the proceeds from the disposal of Debenture-linked properties were used to finance operating expenses, a substantial liability of R 415 million remains, with no underlying assets available to repay the affected Debenture Holders. The Board's previous assertion that these funds would be redeployed to generate '*capital growth*' is not substantiated by any evidence in the AFS. In reality, the funds are no longer available.

4. The 'fairy funding godmother'

Given that no assets remain to support the R 415 million liability, this Memorandum concludes that 12 classes of Debenture Holders face a total loss of their initial investment. The only conceivable avenue for repayment would be through an external funding source, such as a '*fairy funding godmother*', highlighting the extreme improbability of such a scenario.

5. **Conclusion.**

The current situation raises serious concerns about the actions of the Board and its ongoing lack of transparent communication with Debenture Holders. It also calls into question the oversight roles of the Nova Audit Committee, the independent auditors, and other Regulatory Authorities.

The abovementioned facts, highlights the conclusion that there is a real possibility that the Board has acted in a **negligent and reckless manner** by failing to safeguard these proceeds from the sale of Debenture-linked properties.

A more detailed disclosure of the aforementioned facts, along with references to the underlying supporting documentation, is provided in the annexures attached to this Executive Summary.

Kind regards

 J. Tromp

Jean-Pierre Tromp

In my capacity as Trustee of the Debenture Trust