

Nova board agrees to fairness opinion

By [Hanna Ziady](#)

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The directors of Nova Property Group, which arose from the failed Sharemax scheme, have agreed to seek an independent "fairness opinion" on the structure of their proposal to list the group's R2.25bn property portfolio on the JSE.



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Under pressure from angry debenture holders in Nova, the board said on Friday it would seek the opinion of independent auditors. This would give a view on whether Nova properties had been correctly valued and whether it is reasonable that Nova's seven directors receive a 43.1% stake in the listed entity while 19,700 debenture holders receive 34.45%.

Nova took on Sharemax's property assets in 2012, after the Reserve Bank shut Sharemax for unlawfully taking deposits. By that time, about 20,000 people, most of whom would become debenture holders in Nova, had invested nearly R5bn into Sharemax properties.

The debenture holders, most of them pensioners, met in Pretoria on Friday to debate the merits of a proposal to convert their debentures into shares in a new company holding Nova's property assets, which is to list on the JSE.

This would not only capitalise their claims against Nova, which total R1.68bn, but potentially give them more liquid, valuable

instruments.

The listed entity would have a net asset value per share on listing of about 52c.

Attorney Graeme Polson, who chaired Friday's meeting, repeatedly asked debenture holders, many of who lost millions in Sharemax investments, to refrain from making emotional statements or attacking the morality of Nova's directors.

"There are people in their graves without money and their children are here fighting for what you've stolen from them," retorted one debenture holder.

MD Dominique Haese and chairman Connie Myburgh have faced criticism from debenture holders over the handsome salaries they have paid themselves, as well as the 97% stake in Nova that they bagged in 2012 at no cost.

This was due to the decision by most Sharemax investors to receive debentures rather than shares in Nova.

This arrangement was made clear to then Sharemax investors at investor meetings and in the scheme circular, Haese said on Friday.

But debenture holders again took issue with the historical arrangement at the meeting, suggesting that it was a sleight of hand on the part of Nova's directors and that they were not aware of it at the time.

Voting on the proposed listing has been postponed to March 2018, before which time the fairness opinion would be made available.

An investor that is to inject R400m of equity into the group was still undertaking a due diligence, said Myburgh.

Source: Business Day

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