



MEDIA STATEMENT

CIPC STATEMENT ON REGULATORY ACTION IN THE NOVA MATTER

Pretoria - 23 October 2026

The CIPC issues this statement in response to the Moneyweb article published on 19 October 2026 titled *"CIPC saw the Nova disaster coming and failed to stop it"*. While the article highlights the unfortunate circumstances faced by affected investors, it presents an incomplete and grossly misleading account of the actions taken by the Commission in relation to Nova PropGrow Group Holding Ltd ("Nova") and the material developments relevant to those actions.

CIPC is concerned that Moneyweb's depiction presents a one-sided and materially incomplete account of the regulatory record. The Commission rejects the implication in the headline that it identified the risks at Nova but failed to act on them. That implication is incorrect: the record set out below includes statutory notices issued in 2021, further restrictions imposed in July 2022, and subsequent enforcement and investigative processes. Recognition of the risks must be considered together with the action taken in response. The publicly known facts reflect multiple regulatory interventions, while a substantial body of investigative, legal and inter-regulatory work occurred outside the public domain.

The chronology below addresses the allegation of regulatory failure by setting out the measures taken, their timing and the developments affecting their progression. The fact that Nova subsequently failed does not, without examination of this record, establish that CIPC failed to exercise its enforcement powers.

Regulatory Mandate and Identified Risks

A central flaw in the article's reasoning is its apparent assumption that because CIPC identified serious concerns regarding Nova, the Commission bears responsibility for the eventual outcome.

CIPC's regulatory role is to identify risks, investigate suspected contraventions and pursue enforcement within its statutory mandate.

The Commission's media release dated 04 June 2026 records its concerns and interventions in the Nova matter.

CIPC identified warning indicators, investigated and documented its concerns, escalated the matter and took enforcement action. Subsequent events were consistent with the risks the Commission had identified.

The Commission exercises its enforcement powers within the applicable legal framework. Its mandate does not confer unrestricted authority to override contractual arrangements or exercise powers assigned to another regulator.

Regulatory oversight and corporate governance carry distinct responsibilities. Those entrusted with Nova's governance and management remain responsible for the company's decisions.

The regulatory record includes concerns raised by CIPC, investigations, directives and enforcement measures. The roles of other stakeholders involved in the administration and enforcement of the Companies Act also form part of that record.

Statutory Notices, Investigation and Enforcement: 2021

The article creates the impression that intervention occurred too late. The facts establish otherwise.

On 21 February 2021, CIPC issued Nova with a Notice to Show Cause regarding reckless trading or trading under insolvent circumstances. Following an unsatisfactory response from the company, a Compliance Notice was issued on 25 October 2021 requiring Nova to demonstrate that it would not become financially distressed by the end of its financial year.

These measures were informed by the Commission's analysis of the company's annual financial statements and obligations arising from the Scheme of Arrangements.

Following assessment of Nova's response, the Commission concluded that reasonable grounds continued to exist to suspect contraventions of sections 22 and 29 of the Companies Act.

A regulator that issues statutory notices, undertakes investigations and initiates enforcement action years before the ultimate failure of a company cannot fairly be characterised as inactive.

Extension of the repayment period and the Debenture Trustee

The original repayment period under the Scheme of Arrangement was extended. CIPC disputed the extension as irregular.

The original arrangement envisaged a defined repayment framework for affected investors. The subsequent extension of that repayment horizon materially altered the circumstances under which accountability mechanisms would ordinarily have crystallised. Importantly, that decision was not taken by CIPC.

The Debenture Trustee's role in supporting or permitting the extension forms part of the factual chronology.

The extension deferred the original repayment deadlines while the existing governance and operational arrangements remained in place. It also changed the circumstances in which the Commission's regulatory concerns were being addressed.

The extension therefore affected the timing, sequencing and practical effectiveness of available interventions.

Any balanced assessment of causation should consider the extent to which the extension altered the trajectory of repayment obligations, investor expectations and subsequent investor outcomes.

That assessment must distinguish CIPC's response to identified risks from the decisions that deferred the original repayment obligations and affected subsequent events.

The Trustee's role and the dispute concerning the appointment of a new Trustee at the Debenture Holders' meeting are also relevant. The appointment remains contested by attendees of that meeting.

The Article Omits Significant Enforcement Measures

The article places considerable emphasis on concerns identified by investigators while paying insufficient attention to the enforcement actions that followed.

In July 2022, CIPC issued a further compliance notice that imposed a temporary cessation of certain business activities and prohibited the disposal of immovable property while investigations continued. The Commission further warned that attempts to circumvent these restrictions could result in severe enforcement consequences, including potential personal liability for directors. These are not the actions of a regulator standing idle. They are the actions of a regulator actively seeking to preserve assets, protect stakeholders and discharge their statutory mandate.

Enforcement was Significantly Affected by Litigation and Procedural Dependencies

The progression of enforcement proceedings became intertwined with adjudicative processes before the Companies Tribunal. These proceedings were not solely within the control of the Commission.

The enforcement process was further complicated when parallel litigation considerations arose, including representations that related High Court proceedings had either been instituted or were imminent. These developments affected the progression of proceedings before the Tribunal and ultimately contributed to the matter being struck from the hearing roll.

Litigation developments, jurisdictional questions and decisions by adjudicative bodies affected the sequence and timing of enforcement proceedings.

These procedural developments extended the administrative process by approximately three years in aggregate.

CIPC's enforcement action remains subject to judicial processes, procedural safeguards and the requirements of administrative justice.

State Litigation Processes Necessarily Influence Regulatory Timelines

CIPC pursued enforcement through the applicable state litigation framework.

Enforcement action of this magnitude required compliance with state litigation processes, including engagements with functionaries such as the Office of the State Attorney, preparation of extensive evidentiary records, legal review, consultation processes and the procurement of specialist legal advice and Senior Counsel where appropriate.

These steps support the evidentiary and legal basis required for enforcement proceedings and judicial scrutiny.

Constitutional, administrative law and litigation requirements governed the progression of the matter, including steps involving other state functionaries. These requirements formed part of the enforcement process and its timeline.

To suggest that CIPC could simply have acted more aggressively without regard to these obligations misunderstands the legal framework within which all regulators must operate.

Much of the Enforcement Effort Occurred Outside Public View

The Commission's enforcement work also included investigative and inter-institutional processes conducted outside the public domain.

Given the national significance of the matter, CIPC expanded the investigation beyond Nova and engaged regulatory, law-enforcement and oversight institutions. This work sought to establish a comprehensive factual and legal account of events contributing to the collapse of significant portions of the property syndication sector.

The engagements included evidence gathering, legal analysis and inter-regulator coordination, with due regard to procedural fairness.

Corporate Governance and Accountability

CIPC's responsibility for enforcing the law is distinct from the responsibilities of those who govern and manage Nova.

Nova's business model, board decisions, operations and management of company assets were matters of corporate governance and management, not functions performed by CIPC.

Primary responsibility for governance, stewardship of assets, fulfilment of repayment commitments and compliance with fiduciary obligations rests with those entrusted with the management and control of the company.

Accountability must be assessed against the respective obligations and conduct of each relevant party.

Summary of Regulatory Interventions

The CIPC's media releases record the following actions:

- Initiated and conducted a formal investigation into Nova;
- Issued a Notice to Show Cause regarding reckless trading and possible insolvency;
- Undertook extensive inspections, analysis and enforcement assessments;
- Issued compliance notices when responses proved unsatisfactory;
- Restricted company activities and prohibited the disposal of immovable property;
- Expanded the matter into a broader inter-regulator investigation;
- Engaged multiple state institutions in pursuit of accountability; and
- Continued pursuing enforcement through complex administrative and litigation processes despite significant procedural challenges.

These measures refute any suggestion that CIPC merely observed the deterioration at Nova without intervening. The July 2022 prohibition on the disposal of immovable property also demonstrates that the Commission took measures directed at asset preservation. The Tribunal and litigation chronology does not support treating the entire elapsed period as regulatory inactivity: enforcement measures were subject to adjudicative proceedings, jurisdictional questions and related litigation developments. These facts are essential to an accurate assessment of the Commission's conduct.

Commitment to Accountability and Investor Protection

CIPC fully appreciates the hardship experienced by thousands of affected investors and recognises the legitimate public interest in ensuring that every relevant fact is properly examined.

The Commission does not suggest that any individual, institution or stakeholder bears sole responsibility for the outcome experienced by investors. Determinations regarding legal liability remain matters for the appropriate courts, tribunals and competent authorities.

The assessment of accountability must address all material decisions, actions and omissions that affected the course of the matter.

The narrative advanced by the article overlooks critical developments that shaped the course of events, including decisions affecting repayment obligations, procedural barriers arising from litigation, adjudicative delays, dependencies associated with state litigation processes and the extensive enforcement work undertaken outside the public domain.

Findings on causation and responsibility must be based on the complete factual record, including the regulatory interventions set out above.

The Commission remains committed to finalising outstanding processes and pursuing remedial action and legal redress on the basis of the complete factual record. This includes the Nova matter and related cases within the inter-regulator investigation, which is approaching a Closed Inquiry.

ENDS.

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