



GEMGROW

PROPERTIES

Gemgrow Properties Limited

(previously Synergy Income Fund Limited)
(Incorporated in the Republic of South Africa)
(Registration number 2007/032604/06)

JSE share code: GPA

ISIN: ZAE0000223269

JSE share code: GPB

ISIN: ZAE0000223277

(Granted REIT status with the JSE)

(“**Gemgrow**” or the “**company**”)

NOTICE OF GENERAL MEETING OF A AND B SHAREHOLDERS

If you are in any doubt as to what action you should take arising from the following resolutions, please consult your stockbroker, banker, attorney, accountant or other professional advisor immediately.

Notice is hereby given that a general meeting of A and B shareholders of Gemgrow (the “**general meeting**”) will be held at the company’s registered office, 3rd Floor, 1 Sturdee Avenue, Rosebank, 2196, on Friday, 13 October 2017 at 10h00, for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions set out below.

IMPORTANT DATES TO NOTE

2017

Record date for receipt of notice purposes on	Friday, 8 September
Notice posted on	Thursday, 14 September
Last day to trade in order to be eligible to participate in and vote at the general meeting	Tuesday, 3 October
Record date for voting purposes (“ voting record date ”)	Friday, 6 October
General meeting at 10h00 on	Friday, 13 October
Results of general meeting released on SENS	Friday, 13 October

In terms of section 62(3)(e) of the Companies Act, 71 of 2008, as amended (the “**Companies Act**”):

- a shareholder who is entitled to attend and vote at the general meeting is entitled to appoint a proxy or two or more proxies to attend, participate in and vote at the meeting in the place of the shareholder; and
- a proxy need not be a shareholder of the company.

Kindly note that meeting participants (including proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate in a meeting. In this regard, all Gemgrow shareholders recorded in the register of the company on the voting record date will be required to provide identification satisfactory to the chairman of the general meeting. Forms of identification include valid identity documents, driver’s licences and passports.

Unless otherwise stated, in order for the ordinary resolutions to be adopted, the support of more than 50% of the total number of votes exercisable by shareholders, present in person or by proxy, is required and in order for special resolutions to be adopted, the support of at least 75% of the total number of votes exercisable by shareholders, present in person or by proxy, is required to pass such resolution.

The definitions commencing on page 5 of this notice apply *mutatis mutandis* to the notice of general meeting.

ORDINARY RESOLUTION NUMBER 1:

Adoption of the Gemgrow Properties Limited Share Purchase and Option Scheme

“RESOLVED THAT the Rules of the Gemgrow Properties Limited Share Purchase and Option Scheme, a copy of which has been tabled at this meeting and initialled by the Chairman for identification purposes, be and is hereby approved and adopted.”

In terms of the JSE Listings Requirements, in order for Ordinary Resolution Number 1 to be adopted, the support of at least 75% of the total number of votes exercisable by shareholders, present in person or by proxy, is required to pass this resolution.

Further information regarding the Gemgrow Properties Limited Share Purchase and Option Scheme is set out in Annexure 1 to this notice of general meeting.

SPECIAL RESOLUTION NUMBER 1:

Financial assistance to subscribe for shares

“RESOLVED THAT, to the extent required by section 44 of the Companies Act, the board of directors of the company may, subject to compliance with the company’s Memorandum of Incorporation, the Companies Act and the JSE Listings Requirements, each as presently constituted and as amended from time to time, authorise the company to provide financial assistance, as defined in the Companies Act, to purchase scheme participants on the terms and conditions contained within the rules of the Gemgrow Share Purchase and Option Scheme.

At the time of providing the financial assistance, as defined in the Companies Act, the board shall satisfy itself that immediately after providing the financial assistance, the company would satisfy the requirements of the solvency and liquidity test as set out in section 4 of the Companies Act, and the terms under which the financial assistance is given, are fair and reasonable to the company.”

Reason for and effect of special resolution number 1:

The reason for special resolution number 1 is to enable the company to provide financial assistance to purchase scheme participants. The effect of special resolution number 1, should it be passed by the requisite majority of shareholders, and assuming that all other requirements in this regard are met, will be that the company is able to provide financial assistance to purchase scheme participants.

ORDINARY RESOLUTION NUMBER 2:

Signature of documentation

“RESOLVED THAT, any director of the company or the company secretary be and is hereby authorised to sign all such documentation and do all such things as may be necessary for or incidental to the implementation of special resolution 1 and ordinary resolution 1 with and subject to the terms thereof.”

QUORUM

A quorum for purposes of considering the resolutions above shall consist of three shareholders of the company personally present or represented by proxy (and if the shareholder is a body corporate, the representative of the body corporate) and entitled to vote at the general meeting. In addition, a quorum shall comprise 25% of all the voting rights that are entitled to be exercised by Gemgrow shareholders in respect of each matter to be decided at the general meeting.

The date on which Gemgrow shareholders must be recorded as such in the register maintained by the transfer secretaries, Link Market Services Proprietary Limited, 13th Floor, 19 Ameshoff Street, Braamfontein, 2001 (PO Box 4844, Johannesburg, 2000), for the purposes of being entitled to attend, participate in and vote at the general meeting is Friday, 6 October 2017.

SHAREHOLDERS

General Instructions

Shareholders are encouraged to attend, speak and vote at the general meeting.

Electronic Participation

The company has made provision for Gemgrow shareholders or their proxies to participate electronically in the general meeting by way of telephone conferencing. Should shareholders wish to participate in the general meeting by telephone conference call as aforesaid, the shareholder or its proxy as the case may be, will be required to advise the company thereof by no later than 10h00 on Wednesday, 11 October 2017, by submitting by e-mail to the company secretary at Nthabiseng. Tlhapane@computershare.co.za or by fax to be faxed to +27 (0)11 688 5279, for the attention of Nthabiseng Tlhapane, relevant contact details, including an e-mail address, cellular number and landline as well as full details of the Gemgrow shareholder's title to securities issued by the company and proof of identity, in the form of copies of identity documents and share certificates (in the case of certificated Gemgrow shares) and (in the case of dematerialised Gemgrow shares) written confirmation from the Gemgrow shareholder's CSDP confirming the Gemgrow shareholder's title to the dematerialised Gemgrow shares. Upon receipt of the required information, the Gemgrow shareholder concerned will be provided with a secure code and instructions to access the electronic communication during the general meeting. Gemgrow shareholders must note that access to the electronic communication will be at the expense of the Gemgrow shareholders who wish to utilise the facility.

Gemgrow shareholders and their appointed proxies attending by conference call will not be able to cast their votes at the general meeting through this medium. Such shareholders, should they wish to have their vote counted at the general meeting must, to the extent applicable, complete the form of proxy or contact their CSDP or broker, in both instances as set out above.

Voting, proxies and authority for representatives to act

A shareholder of the company entitled to attend and vote at the general meeting is entitled to appoint one or more proxies (who need not be a shareholder of the company) to attend, vote and speak in his/her stead.

On a show of hands, every shareholder of the company present in person or represented by proxy shall have one vote only. On a poll, every shareholder of the company present in person or represented by proxy shall have one vote for every share held in the company by such shareholder.

A form of proxy is attached for the convenience of any Gemgrow shareholder holding certificated shares, who cannot attend the general meeting but wishes to be represented thereat. Forms of proxy may also be obtained on request from the company's registered office.

The attached form of proxy is only to be completed by those shareholders who:

- hold shares in certificated form; or
- are recorded on the company's sub-register in dematerialised electronic form with "own name" registration.

All other beneficial owners who have dematerialised their shares through a Central Securities Depository Participant ("CSDP") or broker and wish to attend the general meeting, must instruct their CSDP or broker to provide them with the necessary letter of representation, or they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker. These shareholders must not use a form of proxy.

Forms of proxy must be deposited at the transfer secretaries, Link Market Services Proprietary Limited at 13th Floor, 19 Ameshoff Street, Braamfontein, 2001 or by fax on 086 674 2450. For administrative purposes we request that all proxy forms are received no later than 10h00 on Thursday, 12 October 2017. Alternatively, the form of proxy may be handed to the chairman of the general meeting at the general meeting at any time prior to the commencement of the general meeting. Any shareholder who completes and lodges a form of proxy will nevertheless be entitled to attend, speak and vote in person at the general meeting should the shareholder decide to do so.

A company that is a shareholder, wishing to attend and participate at the general meeting should ensure that a resolution authorising a representative to so attend and participate at the general meeting on its behalf is passed by its directors.

Resolutions authorising representatives in terms of section 57(5) of the Companies Act must be lodged with the company's transfer secretaries prior to the general meeting.

Gemgrow does not accept responsibility and will not be held liable for any failure on the part of the CSDP or broker of a dematerialised shareholder to notify such shareholder of the general meeting or any business to be conducted thereat.

By order of the Board

GEMGROW PROPERTIES LIMITED

14 September 2017

Address of registered office

3rd Floor
1 Sturdee Avenue
Rosebank
Johannesburg
2196

Address of transfer secretaries

Link Market Services South Africa Proprietary Limited
13th Floor, 19 Ameshoff Street, Braamfontein, 2001 (PO Box 4844, Johannesburg, 2000)

Directors

Gregory Kinross (chairman), Mark Kaplan (CEO)*, Junaid Limalia (CFO)*, Alon Kirkel (COO)*, Clifford Abrams^, Ayesha Rehman^, Arnold Basserbie^ (* executive director) (^ independent non-executive director)



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FORM OF PROXY

For use by the holders of the company's dematerialised shares held through a Central Securities Depository Participant ("CSDP") or broker who have selected "own-name" registration ("**own-name dematerialised shareholders**"), at the general meeting of A and B shareholders of the company to be held at the company's registered office, 3rd Floor, 1 Sturdee Avenue, Rosebank, Johannesburg, on Friday, 13 October 2017 at 10h00, or at any adjournment thereof if required. Additional forms of proxy are available from the company's registered office.

Not for use by dematerialised shareholders who have not selected "own-name" registration. Such shareholders must contact their CSDP or broker timeously if they wish to attend and vote at the general meeting and request that they be issued with the necessary Letter of Representation to do so, or provide the CSDP or broker timeously with their voting instructions should they not wish to attend the general meeting in order for the CSDP or broker to vote in accordance with their instructions at the general meeting.

I/We _____ (name/s in block letters)

of _____ (address)

being the registered holder of A ordinary shares and B ordinary shares in the capital of the company do hereby appoint:

1 _____ or failing him/her,

2 _____ or failing him/her,

3 the chairman of the general meeting.

as my/our proxy to act for me/us on my/our behalf at the general meeting to be held on Friday, 13 October 2017 at 10h00 or any adjournment thereof, which will be held for purposes of considering and, if deemed fit, passing, with or without modification, the ordinary and special resolutions to be proposed thereat as detailed in the notice of general meeting; and to vote for and/or against such resolutions and/or to abstain from voting for and/or against the resolutions in respect of the shares registered in my/our name in accordance with the following instructions:

	Number of votes		
	For	Against	Abstain
ORDINARY RESOLUTION 1: Adoption of the Rules of the Gemgrow Properties Limited Share Purchase and Option Scheme			
SPECIAL RESOLUTION 1: Provision of financial assistance			
ORDINARY RESOLUTION 2: Signature of documentation			

(Indicate instructions to proxy in the spaces provided above). Unless otherwise instructed, my proxy may vote as he/she thinks fit.

Signed at _____ on _____ 2017

Signature _____

Assisted by (where applicable) _____

NOTES TO THE FORM OF PROXY

1. Any alteration or correction made to this form of proxy must be initialled by the signatory(ies).
2. Members that are own-name dematerialised shareholders or hold ordinary shares in certificated form are entitled to attend and vote at the general meeting may insert the name of a proxy or the names of two alternative proxies of the member's choice in the space(s) provided, with or without deleting "the chairperson of the general meeting", but any such deletion must be initialled by the shareholder(s). Such proxy(ies) may participate in, speak and vote at the general meeting in the place of that shareholder at the general meeting. The person whose name stands first on the form of proxy and who is present at the meeting will be entitled to act as proxy to the exclusion of those whose names follow. If no proxy is named on a lodged form of proxy the chairperson shall be deemed to be appointed as the proxy.
3. A member's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by the member in the appropriate box(es) provided. Failure to comply with the above will be deemed to authorise the proxy, in the case of any proxy other than the chairperson, to vote or abstain from voting as deemed fit and in the case of the chairperson to vote in favour of the resolution.
4. A member or his/her proxy is not obliged to use all the votes exercisable by the member, but the total of the votes cast or abstained may not exceed the total of the votes exercisable in respect of the shares held by the member.
5. A shareholder may revoke the proxy appointment by (i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and (ii) delivering a copy of the revocation instrument to the proxy, and to the company. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as at the later of the date stated in the revocation instrument, if any; or the date on which the revocation instrument was delivered in the required manner.
6. A vote given in terms of an instrument of proxy shall be valid in relation to the general meeting notwithstanding the death of the person granting it or the transfer of the shares in respect of which the vote is given, unless an intimation in writing of such death or transfer is received by the company secretary not less than 48 hours before the commencement of the general meeting.
7. The chairperson of the general meeting may reject or accept any form of proxy which is completed and/or received otherwise than in compliance with these notes, provided that, in respect of acceptances, the chairperson is satisfied as to the manner in which the member concerned wishes to vote.
8. The completion and lodging of this form of proxy will not preclude the relevant member from attending the meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such member wish to do so.
9. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by the company or the company secretary or waived by the chairperson of the general meeting.
10. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her capacity are produced or have been registered by the company or the company secretary.
11. Where there are joint holders of shares, the vote of the first joint holder who tenders a vote, as determined by the order in which the names stand in the register of members, will be accepted and only that holder whose name appears first in the register in respect of such shares need to sign this form of proxy.

Forms of proxy should be delivered to the transfer secretaries, Link Market Services South Africa (Pty) Ltd, 13th Floor, 19 Ameshoff Street, Braamfontein, 2001 (PO Box 4844, Johannesburg, 2000).

SUMMARY OF THE PRINCIPAL TERMS OF THE RULES OF THE GEMGROW PROPERTIES LIMITED SHARE PURCHASE AND OPTION SCHEME

1. INTERPRETATION AND PRELIMINARY

- 1.1 the following terms shall have the meanings assigned to them hereunder and cognate expressions shall have corresponding meanings, namely –
- 1.1.1 “**A** share” means an “A” ordinary share of no par value in the share capital of the company;
- 1.1.2 “**applicable laws**” – in relation to any person or entity, all and any statutes, subordinate legislation and common law, regulations, ordinances and by-laws; accounting standards directives, codes of practice, circulars, guidance notices, judgments and decisions of any competent authority, compliance with which is mandatory for that person or entity;
- 1.1.3 “**auditors**” means the auditors for the time being of the company;
- 1.1.4 “**B** share” means a “B” ordinary share of no par value in the share capital of the company;
- 1.1.5 “**capitalisation issue**” means the issue of shares on a capitalisation of the company’s profits and/or reserves;
- 1.1.6 “**capitalisation share**” means a fully paid share allotted, in a capitalisation issue, in respect of a purchase scheme share during the time that the share to which it is linked in terms of rule 11 is a purchase scheme share;
- 1.1.7 “**Companies Act**” means the Companies Act No 71 of 2008, as amended;
- 1.1.8 “**company**” means Gemgrow Properties Limited (Registration number 2007/032604/06), a public company duly incorporated in accordance with the laws of South Africa;
- 1.1.9 “**designated employee**” means the relevant employee to which a qualifying juristic person contemplated in rule 1.1.42.1 to 1.1.42.3, as the case may be, relates;
- 1.1.10 “**directors**” or “**board**” means the board of directors for the time being of the company acting either itself or through any committee thereof to or upon whom the powers of the directors in respect of this scheme are delegated or are conferred;
- 1.1.11 “**discretion**” means a sole, absolute and unfettered discretion;
- 1.1.12 “**employee**” means –
- 1.1.12.1 for purposes of the purchase scheme, an executive director, senior manager and/or employee of any member company of the group, including any present or future executive holding or to be holding employment or office; and
- 1.1.12.2 for purposes of the option scheme, a senior manager and/or employee of any member company of the group, including any present or future senior manager and/or employee holding or to be holding employment or office with any member company of the group;
- 1.1.13 “**exercise**” means the exercising by an option scheme participant of all or any of his vested options in terms of rule 16.1;
- 1.1.14 “**exercise notice**” means the written notice given by an option scheme participant to exercise as provided for in rule 16.2;
- 1.1.15 “**funder company**” means the company in the group that extends credit to a purchase scheme participant in terms of rule 5.3;
- 1.1.16 “**group**” means the company and its subsidiaries;
- 1.1.17 “**immediate relations**” means, in relation to a participant, a person who is:
- 1.1.17.1 that participant’s spouse; and/or
- 1.1.17.2 a descendant (including an adopted child) of that participant;

- 1.1.18 “**issued shares**” means all shares issued by the company;
- 1.1.19 “**JSE**” means the securities exchange of that name operated by the JSE Limited in terms of a licence issued under the Financial Markets Act, 19 of 2004 as amended;
- 1.1.20 “**JSE Listings Requirements**” means the Listings Requirements of the JSE applicable from time to time;
- 1.1.21 “**option**” means an option to acquire shares in terms of the scheme;
- 1.1.22 “**option date**” means the date on which an option offer is made to an option offeree;
- 1.1.23 “**option letter**” means a letter containing the information specified in rule 14 sent to an employee informing him of the option offer;
- 1.1.24 “**option offer**” means an offer made under the scheme to an option offeree to acquire an option, on acceptance of which an option shall arise;
- 1.1.25 “**option offeree**” means an employee nominated in terms of the provisions of the scheme to receive an option offer;
- 1.1.26 “**option scheme**” means the option scheme as contained in Part III of these Rules;
- 1.1.27 “**option scheme participant**” means any option offeree or his/her assignee who has accepted an option offer;
- 1.1.28 “**option scheme shares**” means any shares acquired in terms of the option scheme;
- 1.1.29 “**option scheme share purchase price**” means at any relevant time in respect of shares settled to an option scheme participant, the purchase price in respect of such shares;
- 1.1.30 “**ordinary shares**” means ordinary shares of no par value in the share capital of the company;
- 1.1.31 “**share**” means –
- 1.1.31.1 an “A” ordinary share; and/or
- 1.1.31.2 a “B” ordinary share,
- as the case may be;
- 1.1.32 “**participants**” means purchase scheme participants and option scheme participants, and “**participant**” means any one of them;
- 1.1.33 “**payment date**” means the date on which shareholders recorded as such on the record date are paid distributions by the company;
- 1.1.34 “**purchase offer**” means an offer made under the scheme to a purchase offeree to either purchase or subscribe for purchase scheme shares;
- 1.1.35 “**purchase offer date**” means the date on which a purchase offer is made to a purchase offeree;
- 1.1.36 “**purchase offeree**” means a qualifying juristic person of an employee nominated in terms of the provisions of the scheme to receive a purchase offer;
- 1.1.37 “**purchase scheme**” means the purchase scheme as contained in Part II of these Rules;
- 1.1.38 “**purchase scheme participant**” means any purchase offeree or his/her assignee who has accepted a purchase offer;
- 1.1.39 “**purchase scheme share debt**” means at any relevant time the amount lent to a participant pursuant to rule 5.3, being the original purchase price at which a particular tranche of shares were purchased or subscribed for pursuant to a purchase offer;
- 1.1.40 “**purchase scheme shares**” means any shares acquired by the participant, whether by way of subscription or purchase, in terms of the purchase scheme;
- 1.1.41 “**purchase price**” means the volume weighted average price of a share (as shown by the official price list published by the JSE) on the trading day immediately preceding the purchase offer date or the option offer date, as the case may be;
- 1.1.42 “**qualifying juristic person**” means –
- 1.1.42.1 a trust (i) with three or more trustees who are individuals; or (ii) with at least one trustee who is a juristic person, established only for the benefit of the relevant employee or his immediate relations;

- 1.1.42.2 any company, all the shares of which are, and continue to be held or beneficially owned by the relevant employee or his immediate relations; or
- 1.1.42.3 any close corporation, the full member's interest of which is held or beneficially owned by the relevant employee or his immediate relations;
- 1.1.43 "**record date**" means the close of business on the day the register of the company will be closed to determine entitlement to participate in a rights or capitalisation issue, as the case may be;
- 1.1.44 "**REIT**" means a Real Estate Investment Trust, as contemplated in the JSE Listings Requirements;
- 1.1.45 "**rights issue**" means the offer of any securities of the company to all shareholders of the company *pro rata* to their holdings at the record date;
- 1.1.46 "**rights issue shares**" means, in relation to purchase scheme shares, in the case of a rights issue, those shares offered in terms of such rights issue by virtue of being a purchase scheme participant;
- 1.1.47 "**rules**" means these scheme rules, as amended from time to time in terms of rule 21;
- 1.1.48 "**scheme**" means the Gemgrow Share Purchase and Option Scheme to which these rules apply;
- 1.1.49 "**scheme allocation**" means –
 - 1.1.49.1 2 367 610 "A" shares; and
 - 1.1.49.2 20 035 523 "B" shares;
- 1.1.50 "**scheme shares**" means purchase scheme shares and/or option scheme shares, and "**scheme share**" means any one such share;
- 1.1.51 "**secretary**" means the secretary of the company for the time being;
- 1.1.52 "**settled**" in relation to exercised options, shall mean the subscription of option scheme shares by the option scheme participant and the subsequent allotment, issue and listing of the option scheme shares in accordance with rule 16.1, and the words "**settlement**" and "**settle**" shall be construed accordingly;
- 1.1.53 "**specific purchase scheme share debt**" means the credit granted to an employee in terms of an offer for purposes of subscribing for a tranche of shares as detailed in an offer. The amount of credit granted under each offer shall be separately recorded and shall relate specifically to the tranche of shares the subscription of which was funded by such specific purchase scheme share debt;
- 1.1.54 "**tax**" means any present or future tax or other charge of any kind or nature whatsoever imposed, levied, collected, withheld or assessed by any competent authority in respect of the transaction in question;
- 1.1.55 "**Tax Act**" means the Income Tax Act 58 of 1962, as amended or substituted;
- 1.1.56 "**shareholder**" means the holder of shares in the company;
- 1.1.57 "**statutes**" means any statute affecting the company and the scheme;
- 1.1.58 "**subsidiary**" means a company which is a subsidiary of the company;
- 1.1.59 "**vest**", "**vesting**" and "**vested**" when used in relation to an option, shall mean that a vesting date has occurred and the option became capable of being exercised in accordance with rule 16;
- 1.1.60 "**vesting date**" means in relation to an option, the date from which the option may be exercised by participants as described in rule 15; and
- 1.1.61 "**year**" means the company's financial year.

2. PURPOSE

- 2.1 The purpose of the scheme is to align the interests of the group's employees with those of the shareholders of the company by providing such persons an opportunity to acquire shares in the company.

SHARE PURCHASE SCHEME

3. ELIGIBILITY

- 3.1 An employee shall be eligible to and shall participate in the share purchase scheme only if and to the extent that purchase offers are made to and are accepted by a qualifying juristic person of such employee.
- 3.2 The directors, in their sole discretion, but subject to the provisions of the statutes and of the provisions of these rules including rules 5.1 and 6.1 may from time to time by resolution offer shares and grant credit to purchase offerees, provided that such offers have been approved by the company's remuneration committee.

4. SHARES AVAILABLE FOR THE PURCHASE SCHEME

- 4.1 Subject to rule 4.2 and rule 4.3, the aggregate maximum number of shares –
- 4.1.1 which may be utilised in terms of the purchase scheme, shall not in aggregate exceed 1 894 088 A shares and 16 028 418 B shares; and
- 4.1.2 in respect whereof any one purchase offeree shall be entitled to accept an offer pursuant to the purchase scheme shall not exceed 947 044 A shares and 8 014 209 B shares in the company.
- 4.2 The directors may determine that the limits in rule 4.1.1 shall be adjusted in such manner as the auditors certify to be in their opinion fair and reasonable as a result of a sub-division or consolidation of shares.
- 4.3 The directors may determine that the limits in rule 4.1.2 shall be adjusted in such manner as the auditors certify to be in their opinion fair and reasonable as a result of any (i) issue of additional shares whether by way of a capitalisation of the company's profits and/or reserves (including the share premium account and the capital redemption reserve fund); or (ii) rights issue.
- 4.4 Any adjustment in terms of rule 4.2 or rule 4.3 should give a purchase offeree entitlement to the same proportion of shares as that to which he was entitled before the event in rule 4.2 or rule 4.3 which gave rise to the adjustment.
- 4.5 Upon finalisation of the adjustment in terms of rule 4.2 or rule 4.3, the auditors shall confirm to the JSE, in writing, that such adjustment was made in accordance with the terms of the scheme.
- 4.6 In the determination of the number of shares which may be acquired by purchase scheme participants in terms of rule 4.1, shares purchased through the JSE or off-market shall not be taken into account. The rolling over of shares (including the arrangement which assumes that purchase scheme shares which have already been issued to purchase scheme participants in terms of the scheme, and which then revert back to the number referred to in rule 4.1.1) is prohibited.

5. OFFERS OF PURCHASE SCHEME SHARES

- 5.1 The directors may from time to time offer shares to qualifying juristic persons of employees for subscription in terms of a purchase offer at the purchase price.
- 5.2 Those shares referred to in rule 5.1 shall be allotted and issued subject to the provisions of these rules and each such allotment shall, without limiting the generality of the foregoing, be upon the following terms, namely that –
- 5.2.1 the full purchase price due to the funder company by a participant on account of his accepting an offer shall be paid as provided in rule 8; and
- 5.2.2 they will constitute purchase scheme shares.
- 5.3 Provided that the directors comply with section 44 and 45 of the Companies Act (to the extent applicable), and subject to rule 5.4, the directors shall be entitled to procure that the funder company, or any subsidiary of the company, extend to a purchase offeree credit to enable such purchase scheme participant to subscribe for purchase scheme shares to be held by such purchase scheme participant as owner and the terms of credit shall be as reflected in rule 8, the provisions of which shall apply *mutatis mutandis*. Such credit may be repaid at any time by the employee but not later than 10 (ten) years from the making of the loan.
- 5.4 Any credit extended to a purchase scheme offeree in terms of rule 5.3 shall be for an amount of not less than R250,000 (two hundred and fifty thousand rand).

6. OFFERS

6.1 A purchase offer –

6.1.1 shall be made at the purchase price determined as at the purchase offer date;

6.1.2 shall specify –

6.1.2.1 the name of the purchase offeree;

6.1.2.2 the number of shares offered;

6.1.2.3 the purchase price payable in respect of such purchase scheme shares (the amount of credit granted under each offer shall be separately recorded as a share debt);

6.1.2.4 the purchase offer date;

6.1.2.5 the time period within which a purchase offer shall be accepted which shall be no later than 2 (two) days after it is actually made or granted; and

6.1.2.6 any other relevant terms and conditions;

6.1.3 shall be governed by the provisions of these rules and shall, without limiting the generality of the foregoing, be subject to rule 8 and the following provisions, namely, that until the specific purchase scheme share debt has been paid to the funder company in respect of the corresponding tranche of purchase scheme shares (which for purposes of this rule 6.1.3 shall include the rights issue shares and capitalisation shares linked thereto) –

6.1.3.1 ownership in such purchase scheme shares shall vest in the relevant purchase scheme participants but such purchase scheme share/s shall be pledged to the funder company as required in terms of rule 6.1.3.3 and accordingly may not in any way be mortgaged, pledged or otherwise encumbered, unless the board in its discretion consent thereto in writing;

6.1.3.2 the purchase scheme participant shall be entitled to all dividends and other distributions (including distributions *in specie*) made on such purchase scheme shares subject to rule 8.1;

6.1.3.3 such purchase scheme shares shall be pledged to the funder company as security for the payment of the specific purchase scheme share debt payable by such purchase scheme participant to the funder company in respect of such purchase scheme shares, subject to release from such pledge in terms of rule 6.1.3.5;

6.1.3.4 those purchase scheme shares may be freely sold or transferred by the purchase scheme participant, provided that the purchase scheme participant is obliged to utilise such portion of the proceeds of such sale or transfer as may be required firstly to settle the specific purchase scheme share debt in respect of such sold or transferred shares;

6.1.3.5 as and when repayment of the specific purchase scheme share debt in whole or in part occurs by virtue of early repayment by the purchase scheme participant, the purchase scheme participant shall be entitled to the release of a *pro rata* number of purchase scheme shares in respect of such specific purchase scheme share debt from the pledge;

6.1.3.6 the purchase scheme participant is entitled to extinguish the oldest specific purchase scheme share debt in its entirety prior to his being able to effect repayment of any later specific purchase scheme share debt, provided that the board may allow the repayment of any specific purchase scheme share debt other than the oldest specific purchase scheme share debt;

6.1.3.7 the purchase scheme shares and rights issue shares and capitalisation shares linked thereto may be re-acquired in terms of rule 9;

6.1.3.8 the voting rights attaching to all purchase scheme shares owned by participants in terms of this scheme and all rights issue shares and capitalisation shares linked thereto shall at all times vest in the participants and be exercised by the participants provided that purchase scheme shares will not have their votes at general meetings or annual general meetings of the company taken into account for the purposes of resolutions proposed in terms of the Listings Requirements of the JSE, nor will scheme shares be taken into account for purposes of determining categorisations of transactions in terms of section 9 of the Listings Requirements of the JSE;

- 6.1.3.9 on a winding-up of the company, the proceeds payable in respect of the purchase scheme shares shall first be applied in discharging the amount due to the funder company;
 - 6.1.3.10 shall be personal to and only accepted by the purchase offeree to whom it is addressed, subject to rule 6.4;
 - 6.1.3.11 shall, unless otherwise specified in it, be accepted by notice in writing in such form as the directors may stipulate, delivered to the secretary within 24 (twenty-four) hours after it is made, failing which the purchase scheme shares which are the subject of the purchase offer shall revert back to the scheme;
 - 6.1.3.12 may be accepted in part or in full.
- 6.2 Each acceptance of a purchase offer shall –
- 6.2.1 specify the number of shares in respect of which the purchase offer is accepted;
 - 6.2.2 be regarded as complete upon the company's receipt of the acceptance of the purchase offer in writing within the period specified in the offer;
 - 6.2.3 be in terms of and be subject to and governed by the provisions of these rules;
 - 6.2.4 specify an address.
- 6.3 Notwithstanding anything to the contrary herein the risk in and benefits attaching to the purchase scheme shares will pass to the purchase scheme participant on the acceptance of a purchase offer.
- 6.4 A purchase scheme participant may on-sell his purchase scheme shares, whether prior to or after registration of the purchase scheme shares into the name of such participant, to another qualifying juristic person, provided that –
- 6.4.1 any such trust, company or close corporation agrees in writing to be bound by the provisions of these rules (including, without limitation, being jointly and severally liable with the purchase scheme participant for the payment of any purchase scheme share debt) as though it were the purchase scheme participant, *mutatis mutandis*;
 - 6.4.2 the relevant purchase scheme participant furnishes a suretyship or guarantee, in favour of the funder company to the satisfaction of the directors for the obligations of the qualifying juristic person concerned;
 - 6.4.3 for so long as the purchase scheme shares are subject to the pledge and security provisions contained in rule 6.1.3.3, such qualifying juristic person must remain a qualifying juristic person and, if there is a breach of the provisions of this rule 6.4.3, then, on the date of such breach coming to the knowledge of the company (the “**termination date**”) the following provisions shall apply in respect of those of the purchase scheme participant's purchase scheme shares which have purchase scheme share debt outstanding in respect thereof on the termination date –
 - 6.4.3.1 the purchase scheme share debt outstanding in respect of such purchase scheme shares shall become payable immediately after the termination date; and
 - 6.4.3.2 as soon as the purchase scheme share debt has been paid in full, those shares shall immediately be released from pledge or other security provided for in rule 6.1.3.3,
 - 6.4.4 provided that if the purchase scheme share debt is not repaid in accordance with the above then the company may, by resolution to that effect, purchase and/or procure the sale of all of the purchase scheme shares of that purchase scheme participant at the then market value and the provisions of rule 9 shall apply, *mutatis mutandis*, as if contained herein.

7. FUNDING OF PURCHASE SCHEME SHARES

- 7.1 The costs of issuing purchase scheme shares and making a loan to a participant as contemplated in rule 5.3, and issuing option scheme shares shall, at the discretion of the directors, be borne by the company or a subsidiary of the company.

8. PAYMENT OF PURCHASE PRICE

8.1 *Distributions*

8.1.1 The outstanding balance on the specific purchase share debt shall, while the balance due remains unpaid, bear interest at a variable rate such that the amount of interest payable in respect of the specific purchase scheme share debt shall be equal to the amount of the distributions payable by the company on the corresponding purchase scheme shares at each payment date which payment date shall also be the date for the payment of interest on the specific purchase scheme debt and the company is authorised to utilise the income distribution amounts payable to a participant in respect of the purchase scheme shares as payment of the interest amounts payable by the participant to the company in respect of specific purchase scheme debt.

8.2 *Prepayment of outstanding balance*

8.2.1 Subject to the provisions of rule 9 which provides for the company, in certain circumstances, to repurchase purchase scheme shares, a participant shall be entitled to pay the outstanding balance of the purchase scheme share debt before the due date of payment thereof. In the event of the repayment of the purchase scheme share debt before the date of payment of the dividend in respect of the purchase scheme shares, the interest on the purchase scheme share debt shall be calculated on a *pro rata* basis with effect from the first day of the quarter to which the interest payment relates up to and including the date of repayment of the purchase scheme share debt, based on the forecast dividend for the purchase scheme shares for the quarter in question ("**pro rata interest**"). The necessary adjustment between the amount of interest actually paid by the purchase scheme participant as aforesaid and the *pro rata* interest payable shall be calculated on the date of declaration of the dividend by the directors for the quarter in question and either the purchase scheme participant will refund to the company the excess amount paid by it in respect of the *pro rata* interest, or *vice versa*. The aforesaid shall apply *mutatis mutandis* if part but not all of the purchase scheme share debt is to be repaid.

8.3 *Dismissal or resignation*

8.3.1 If the designated employee of a purchase scheme participant ceases to be an employee by reason of such employee's resignation (whether to circumvent a dismissal or in instances where such employee has resigned in order to join a direct competitor of the company), or the dismissal of such employee due to misconduct, then, in respect of such of the purchase scheme share debt that has not been repaid as at the date of such cessation of employment, the following provisions shall apply –

8.3.1.1 the purchase scheme share debt outstanding in respect of such shares shall become payable within 60 (sixty) days after the date of such cessation of employment; and

8.3.1.2 as soon as the purchase scheme share debt has been paid in full, those shares shall be released from pledge or other security as provided for in rule 6.1.3.3.

8.4 *Other Reasons for Cessation of Employment*

8.4.1 If the designated employee of a purchase scheme participant ceases to be an employee by reason of any circumstances other than those set out in rule 8.3 above, including death/disability, retirement and/or cessation of employment of a purchase scheme participant as a result of a takeover in terms of rule 20, then the following provisions shall apply –

8.4.1.1 no further purchase scheme offer shall be made to such purchase scheme participant, and any purchase scheme offers made but not yet accepted shall automatically lapse and be of no further force or effect; and

8.4.1.2 the purchase scheme share debt outstanding in respect of such shares shall become payable within 12 (twelve) months after the date of such cessation of employment; and

8.4.1.3 as soon as the purchase scheme share debt has been paid in full, those shares shall be released from pledge or other security as provided for in rule 6.1.3.3.

8.5 *Right to demand payment after 10 (ten) years*

8.5.1 Subject to rule 8.6, the funder company shall be entitled to demand payment of the purchase scheme share debt outstanding in respect of any purchase scheme shares then outstanding, at any time after the expiration of 10 (ten) years from the relevant date of acceptance of the purchase offer.

8.6 *Procedure after purchase scheme shares fully paid*

- 8.6.1 At any time after a purchase scheme participant has, in respect of any purchase scheme shares, paid the purchase scheme share debt and any interest thereon, such purchase scheme shares shall be released to the purchase scheme participant or his nominee.
- 8.6.2 The company may reach alternative arrangements with purchase scheme participants or the legal representative in the case of cessation of employment pursuant to the provisions of rules 8.3 or 8.4.

9. CONSEQUENCE OF NO OR PARTIAL REPAYMENT

- 9.1 If any amount in respect of the purchase scheme share debt of any purchase scheme shares becomes payable by virtue of the provisions of rule 8 and if any such amount is not paid by the due date thereof, then, subject to the provisions of the Companies Act and the JSE Listings Requirements, the board shall be entitled (but not obliged), by resolution to that effect, to purchase, procure the purchase by a subsidiary of the company, and/or procure the sale of all of the purchase scheme shares of that purchase scheme participant, at the then market value and, thereupon –
- 9.1.1 the purchase consideration paid and received in respect of the purchase/sale of the participant's purchase scheme shares shall be paid in cash towards the reduction of the outstanding balance of the purchase scheme share debt;
- 9.1.2 if the purchase consideration paid and received in respect of the purchase/sale of the participant's purchase scheme shares is less than the purchase scheme share debt outstanding at the time of such purchase/sale, then the difference between the purchase consideration paid and received and the purchase scheme share debt outstanding shall be payable by such purchase scheme participant in cash upon written demand therefor being delivered to that purchase scheme participant by the funder company;
- 9.1.3 if, however, the purchase consideration paid and received in respect of the purchase/sale of the participant's purchase scheme shares exceeds the purchase scheme share debt outstanding at the time of such purchase/sale, then such excess shall, as soon as it has been determined, be made available to the purchase scheme participant;
- 9.1.4 that purchase scheme participant shall cease to have any interest in the purchase scheme shares in respect of which the balance of the purchase scheme share debt was due to be paid and in all capitalisation shares and rights issue shares linked thereto;
- 9.1.5 the purchase scheme participant concerned shall be liable to the funder company for damages suffered in consequence thereof.
- 9.2 Should the purchase scheme participant fail and/or refuse to comply with its obligations, the board shall be empowered to authorise and direct (and the participant, by accepting an offer of scheme shares, similarly authorises irrevocably and *in rem suam*) the secretary to do all such things necessary and sign all or any documents on behalf of that purchase scheme participant necessary to give effect to the provisions of these rules, but without prejudice to any other rights which the company may enjoy under these rules or the common law.

10. RIGHTS ISSUES

- 10.1 Each purchase scheme participant shall be entitled to participate in any rights issue in accordance with the terms thereof (which participation for the avoidance of doubt shall include the entitlement of the purchase scheme participant to sell any letter of allocation arising therefrom for the purchase scheme participant's benefit provided that the net proceeds, if any, of such sale shall be applied to reduce the purchase scheme share debt owing in respect of the purchase scheme shares of the purchase scheme participant, if any) to the extent that those scheme shares and all rights issue and capitalisation shares linked thereto in respect of which an offer was accepted, as if those shares were not purchase scheme shares.
- 10.2 The board may, in its discretion but subject to the statutes, lend to a purchase scheme participant monies to enable the purchase scheme participant to follow his rights under a rights issue and the amount so lent shall be deemed to form part of the outstanding balance of the purchase scheme share debt payable by the participant for his purchase scheme shares.

11. CAPITALISATION ISSUES

- 11.1 Subject to the provisions of rule 11.4, every purchase scheme participant to the extent of those purchase scheme shares and all rights issue and capitalisation shares linked thereto in respect of which a purchase scheme offer has been accepted shall participate in any capitalisation issue in respect of such shares, as if the purchase scheme share debt of those purchase scheme shares was, at the record date, already paid in full.
- 11.2 No purchase scheme participant shall be entitled to renounce his rights to any capitalisation shares, or dispose thereof in any other way (save that the purchase scheme participant and/or the company shall be entitled to sell any capitalisation share for the sole purpose of applying the net proceeds of such sale to reduce the purchase scheme share debt owing in respect of the corresponding purchase scheme shares of the participant) and all such shares –
- 11.2.1 shall be allotted and issued subject to the restrictions and provisions of these rules; and
- 11.2.2 shall, for so long as the purchase scheme share debt of the purchase scheme shares in respect of which they are issued is not paid in full, be linked to those shares and shall *mutatis mutandis* be subject in all respects to the same restrictions and provisions as are attached to the purchase scheme shares.
- 11.3 Without prejudice to anything contained in this rule 11, the scheme allocation shall be adjusted to take account of any capitalisation issue in such manner as the auditors (acting as experts and not as arbitrators) certify as being fair and reasonable in the circumstances. If any determination is manifestly unjust, but the court exercises its general power, if any, to correct such determination, the parties shall be bound thereby.
- 11.4 For the avoidance of doubt, all capitalisation shares issued in respect of scheme shares shall, on issue, be deemed to be scheme shares “purchased” by the purchase scheme participant and accordingly shall be pledged to the funder company in accordance with the provisions of rule 6.1.3.3.

OPTION SCHEME

12. ELIGIBILITY

- 12.1 An employee shall be eligible to and shall participate in the option scheme only if and to the extent that option offers are made to and are accepted by such employee.

13. SHARES AVAILABLE FOR THE OPTION SCHEME

The aggregate maximum number of shares –

- 13.1 which may be utilised in terms of the option scheme, together with the number of shares used in terms of the purchase scheme, shall not in aggregate exceed 473 522 A shares and 4 007 105 B shares; and
- 13.2 in respect whereof any one option offeree shall be entitled to accept an offer pursuant to the option scheme shall not exceed 236 761 A shares and 2 003 553 B shares in the company.
- 13.3 The provisions of rules 4.2, 4.3, 4.6 and 4.5 shall apply *mutatis mutandis* to this rule 13.

14. OFFER

- 14.1 The board may, in its sole and absolute discretion, from time to time resolve to make an option offer to employees on the terms and conditions set out in these rules, provided that such option offers have been approved by the company’s remuneration committee.
- 14.2 On exercise, option scheme shares shall be issued by the company to option scheme participants.
- 14.3 An option offer –
- 14.3.1 shall be made at the purchase price determined as at the option offer date;
- 14.3.2 shall specify –
- 14.3.2.1 the name of the option offeree;
- 14.3.2.2 the number of option scheme shares offered;
- 14.3.2.3 the option date;
- 14.3.2.4 the vesting dates;

- 14.3.2.5 the purchase price;
 - 14.3.2.6 the time period within which the option offer shall be accepted which shall be no later than 14 (fourteen) days after the option date;
 - 14.3.2.7 any other relevant terms and conditions.
- 14.4 Acceptance by an employee of an option offer shall be communicated to the board by not later than 14 (fourteen) days after the option date. An option offer which is not accepted by an employee as aforesaid shall automatically be deemed to have been cancelled, and the option scheme shares which are the subject of the option offer shall revert back to the scheme, provided that the board shall be entitled to extend or re-instate such offer by written notice to the participant.
- 14.5 Subject to rights accruing on the death of an option scheme participant and rule 14.12, an option is personal to an option scheme participant and shall not be capable of being ceded, assigned, transferred or otherwise disposed of or encumbered by an option scheme participant.
- 14.6 There shall be no consideration payable for an option at the time of the option offer.
- 14.7 An option scheme participant shall not be entitled to any dividends (or other distributions made) and shall have no right to vote in respect of shares forming part of an option, unless and until the shares under the option are exercised and are settled to the option scheme participant in accordance with the provisions of this scheme.
- 14.8 For the sake of clarity and the avoidance of any doubt, it is recorded that until the settlement of option shares to an option scheme participant, such option scheme participant shall not –
- 14.8.1 have any ownership interest in; or
 - 14.8.2 receive any dividends and/or exercise any voting rights attached to; or
 - 14.8.3 have acquired,
- such option scheme shares, or be entitled to the proceeds from any sale of the option scheme shares.
- 14.9 An option may be cancelled at any time after the date of acceptance thereof if the board and the participant so agree in writing.
- 14.10 The board and the option scheme participants may by agreement in writing amend the terms and conditions of any option offer subject to any limitations in these Rules, including rule 21 and Schedule 14 of the JSE Listings Requirements.
- 14.11 An option scheme participant may, with the prior written consent of the board, and subject to such conditions as the board may in its discretion determine, cede, assign or transfer the participant's rights in and to an option to a qualifying juristic person. The rules of the scheme will in such event apply equally to the qualifying juristic person. Without derogating from the generality of the foregoing, the board may impose a condition that the participant bind himself or herself as surety for, and co-principal debtor *in solidum* with, the qualifying juristic person for the fulfilment of its obligations in terms of this scheme.

15. VESTING OF OPTIONS

- 15.1 25% (twenty-five percent) of the total number of options as set out in an option offer in terms of rule 14.3.2.2 shall vest on each of the first and second anniversary of the option date and 50% on the third anniversary of the option date in respect of such options.
- 15.2 The vesting of options is conditional on the option scheme participants being employed by the group by the relevant vesting dates in rule 15.1.
- 15.3 Notwithstanding rule 15.1, the participant shall pay in such manner as the board may from time to time prescribe any amount in respect of any deduction on account of tax as may be required by applicable laws which may arise on the vesting of the participant's option scheme shares.

16. EXERCISE AND SETTLEMENT OF VESTED OPTIONS

- 16.1 An option scheme participant shall be entitled, on or after the vesting thereof but prior to the expiry of a period of 10 (ten) years from the relevant option date, to exercise one or more of the option scheme participant's vested options.
- 16.2 Every exercise shall be initiated by way of an exercise notice which shall –
- 16.2.1 be given by the option scheme participant in the form which the board may from time to time prescribe;
 - 16.2.2 be delivered to the board; and
 - 16.2.3 specify the number of shares in respect of which the option participant exercises the option.
- 16.3 Subject to rule 16.4 and board approval, which shall not be unreasonably withheld, the participant shall be settled for each vested option exercised.
- 16.4 A participant shall only be settled if:
- 16.4.1 the option scheme purchase price has been paid in full together with any amount in respect of deduction in respect of tax as may be required by applicable laws which may arise on the exercise of the participant's option scheme shares; and
 - 16.4.2 all or any conditions which attach to the option have been met.
- 16.5 It is recorded that any option scheme shares which have been settled to an option scheme participant in terms of this scheme shall rank *pari passu* with all other issued shares in all respects.
- 16.6 If a participant elects not to exercise any options on or after the vesting thereof, then settlement shall not take place, and the provisions of rules 16.4 and 17 shall continue to apply.
- 16.7 On the expiry of the period contemplated in rule 16.1 in respect of any option, the shares which are the subject of the option, and have vested in the participant, but have not yet been exercised by the option scheme participant, shall be forfeited and cancelled.

17. TERMINATION OF EMPLOYMENT

17.1 *Dismissal or resignation*

If an option scheme participant ceases to be an employee by reason of such option scheme participant's resignation, or the dismissal of such option scheme participant due to misconduct –

- 17.1.1 any options which have not vested as at the date of such cessation of employment shall be forfeited and cancelled;
- 17.1.2 after the vesting of any of his options, such vested options shall become exercisable within 30 (thirty) days after the date of such cessation of employment.

17.2 *Other Reasons for Cessation of Employment*

If an option scheme participant ceases to be an employee by reason of any circumstances other than those set out in rule 8.3 above, then the following provisions shall apply –

- 17.2.1 prior to the vesting of his options, the options available to vest in the participant or his estate in terms of an option offer shall immediately vest, and shall become exercisable within 30 (thirty) days after the date of such cessation of employment; or
- 17.2.2 after the vesting of his options, such vested options shall become exercisable within 30 (thirty) days after the date of such cessation of employment.

17.3 *Applicability of Provisions to Corporate Offeree*

If and to the extent that an option offer has been made (on behalf of an option scheme participant), or assigned, to a trust or private company or close corporation as contemplated in rule 14.12, those provisions of the option scheme which makes reference to or which are triggered by the death, incapacity, retirement, resignation, dismissal or other cessation of employment of the option offeree shall be read contextually with reference to the assignor employee.

GENERAL

18. OBLIGATIONS OF PARTICIPANT

Every participant shall, in addition to and without prejudice to any obligation imposed elsewhere in these rules, whether express or implied at all times strictly observe the provisions of these rules.

19. ADJUSTMENTS ON REORGANISATION OF COMPANY OR SHARE CAPITAL

19.1 If the company, at any time before the loan owing by a participant on any purchase scheme shares has been paid in full, or before settlement of any options –

19.1.1 is put into liquidation for the purpose of reorganisation of the company's assets, liabilities or share capital; or

19.1.2 is a party to a scheme of arrangement affecting the structure of its share capital; or

19.1.3 reduces its capital or redeems any of its shares; or

19.1.4 makes a distribution, whether by way of the declaration of a distribution or by way of a disposal at less than fair value, of a capital asset of the company; or

19.1.5 sub-divides or consolidates its shares; or

19.1.6 is a party to a reorganisation of the company's assets, liabilities or share capital,

the directors shall be entitled to effect such adjustments to the purchase price in respect of those shares and/or the number of purchase scheme shares and/or option scheme shares as the auditors, acting as experts and not as arbitrators, certify as being fair and reasonable in the circumstances and subject (where necessary) to the sanction of the court. If any determination is manifestly unjust, but the court exercises its general power, if any, to correct such determination, the parties shall be bound thereby.

19.2 Upon finalisation of the adjustment in terms of rule 19.1, the auditors shall confirm to the JSE, in writing, that such adjustment was made in accordance with the terms of the scheme.

19.3 If the company is placed in liquidation otherwise than in terms of rule 19.1.1 –

19.3.1 the full amount owing by each participant shall forthwith become due and payable, provided that the directors may release a participant from any balance owing by him to the company or the funder company;

19.3.2 all options which have not been settled shall forthwith be cancelled and lapse; and

19.3.3 save as provided in rule 19.3.1, this scheme shall *ipso facto* lapse as from the date of liquidation.

19.4 For the purposes hereof “**date of liquidation**” shall mean the date upon which any application (whether provisional or final) for the liquidation of the company is lodged at the relevant court.

20. TAKEOVER OF COMPANY OR BUSINESSES

20.1 Purchase scheme

20.1.1 Should control of the company pass to another person or company as a result of a takeover or reconstruction or amalgamation or scheme of arrangement, the purchase scheme participant shall be entitled and obliged to dispose of all purchase scheme shares owned by him on the terms and conditions of the scheme of arrangement, disposal or offer.

20.1.2 If the consideration payable for the shares in terms of the takeover or reconstruction or amalgamation or scheme of arrangement is payable in –

- 20.1.2.1 cash, the purchase scheme participant, to the extent necessary, irrevocably authorises the company to (i) sign any transfer declaration or other document which may require signature in order to implement any such disposal; and (ii) apply such portion of the proceeds of such sale as may be required to discharge the participant's purchase scheme share debt in full, provided that if the aggregate proceeds of such sale is less than the participant's purchase scheme share debt, and provided that the purchase scheme participant voted against the shareholder resolution(s) (if any) proposed to authorise such takeover or reconstruction or amalgamation or scheme of arrangement, then the proceeds of such sale shall be paid to the company in full and final settlement of the participant's purchase scheme share debt; or
 - 20.1.2.2 securities ("**consideration securities**"), these rules shall continue to apply to the purchase scheme participants on the basis that all provisions applicable to such purchase scheme participant's purchase scheme shares shall forthwith apply to the consideration securities issued in consideration for such purchase scheme shares. Without limiting the generality of the aforesaid, the consideration securities issued in consideration for such purchase scheme shares shall be pledged to the funder company *mutatis mutandis* in accordance with rule 6.1.3.3. The purchase scheme participant, to the extent necessary, irrevocably authorises the company to sign any transfer declaration or other document which may require signature in order to implement any such disposal and pledge; or
 - 20.1.2.3 a combination of cash and securities, the provisions of rule 20.1.2.1 shall apply in respect of those purchase scheme shares for which the consideration are paid in cash, and the provisions of rule 20.1.2.2 shall apply in respect of those purchase scheme shares for which the consideration is paid in consideration securities.
- 20.1.3 Nothing in this rule 20.1 shall prevent a purchase scheme participant from paying, in accordance with rule 8.1.1, the outstanding balance of the purchase scheme share debt at any time before the due date of payment thereof and for the purchase scheme shares to be released to the participant in accordance with rule 8.6.1, subject to applicable laws.

20.2 Option scheme

- 20.2.1 Should an offer be made to the shareholders of the company or a scheme of arrangement between the company and its shareholders (or any class of them) be proposed, by virtue of which control of the company would pass to another person or company, the directors will use their best endeavours to procure, insofar as they are able, that the same or a similar offer be made or scheme of arrangement proposed, as the case may be, to all option scheme participants in respect of all option scheme shares, and the option scheme participant shall, subject to payment of the option scheme share debt to the company in full, be entitled to the transfer of those scheme shares pursuant to such offer.
- 20.2.2 Should control of the company pass to another person or company as a result of a takeover or reconstruction or amalgamation or scheme of arrangement which makes provision for option participants in respect of whom option scheme offers have been made and accepted, to receive securities issued by such other person or in such other company ("**replacement securities**") on terms which, in the opinion of the auditors (such opinion being given by them as experts and not as arbitrators and whose decision shall be final and binding), are not less favourable than those on which those option scheme participants are entitled to option scheme shares, they shall be obliged to accept such replacement securities in such other company on such terms; provided that if any such determination of the auditors is manifestly unjust, but the court exercises its general power, if any, to correct such determination, the parties shall be bound thereby.
- 20.2.3 Should control of the company pass to another person or company as a result of a takeover or reconstruction or amalgamation or scheme of arrangement which does not provide for the substitution of scheme shares with replacement securities or, where such takeover or reconstruction or amalgamation or scheme of arrangement makes provision for option scheme participants to receive replacement securities on terms which, in the opinion of the auditors (such opinion being given by them as experts and not as arbitrators and whose decision shall be final and binding), place a participant in a worse position than that in which he is under this scheme, each option scheme participant shall be entitled to exercise any option within 7 (seven) days of the date upon which he is notified of the transaction (failing which the options shall lapse), and each option scheme participant shall be obliged and entitled to dispose of all option scheme shares acquired as a result of the exercise of the option on the terms and conditions of the scheme of arrangement, disposal or offer and to the extent necessary irrevocably authorises the company to sign any transfer declaration or other document which may require signature in order to implement any such disposal.

20.3 Notwithstanding anything to the contrary herein contained, no term shall be implied to prevent the company from disposing of any of its subsidiaries or losing control thereof, or any of the company or the subsidiaries from disposing of their businesses at any time and each participant waives any claims he may have as a result thereof.

21. AMENDMENTS TO THESE RULES

21.1 These rules may be amended from time to time by the directors, but –

21.1.1 the terms or conditions of allotment of any scheme shares or of any offer may not be altered without such consent on the part of the participants concerned;

21.1.2 no amendment in respect of the following matters shall operate unless such amendment has been approved by equity security holders passing an ordinary resolution (requiring a 75% (seventy-five percent) majority of the votes cast in favour of such resolution by all equity security holders present or represented by proxy at the general meeting to approve such resolution) –

21.1.2.1 the basis upon which offers are made to purchase offers or option offers are made;

21.1.2.2 the persons who may become participants under the scheme;

21.1.2.3 the voting, distribution, transfer and other rights (including those arising on the liquidation of the company) attaching to scheme shares;

21.1.2.4 the total number of the securities which may be utilised for purposes of the scheme;

21.1.2.5 a fixed maximum entitlement for any one participant;

21.1.2.6 the basis for determining the purchase or subscription price of scheme shares which is a fixed mechanism for all participants under the scheme;

21.1.2.7 the terms of any loan as set out in these rules, including, without limitation, the term after which the loan must be repaid and the rate of interest accruing on the loan;

21.1.2.8 the treatment of options (vested and unvested) in instances of mergers, takeovers or corporate actions; and

21.1.2.9 the procedure to be adopted on termination of employment, retirement or death of a participant.

21.2 Notwithstanding the provisions of rule 21.1, but subject to the Listings Requirements of the JSE, if it should become necessary or desirable by reason of the enactment of any new Act or regulation at any time after the signing of these rules, to amend the provisions of these rules so as to preserve the substance of the provisions contained in these rules but to amend the form so as to achieve the objectives embodied in these rules in the best manner having regard to such new legislation and without prejudice to the participants concerned, then the directors may amend these rules accordingly.

22. DISCLOSURE BY THE COMPANY IN ITS ANNUAL FINANCIAL STATEMENTS

The company shall disclose in its annual financial statements such disclosures as may be required in terms of the Listings Requirements of the JSE and such other securities exchange on which the company's shares are listed from time to time.

23. DISPUTES

Any dispute arising under or in respect of this scheme shall be referred to the decision of the auditors, acting as experts and not as arbitrators, whose decision thereon shall be final and binding on the parties to the dispute. The party to bear the costs payable in respect of any such dispute shall be as determined by the auditors. If any determination is manifestly unjust, but the court exercises its general power, if any, to correct such determination, the parties shall be bound thereby.

24. ISSUE OF SHARES TO ANY PARTY

None of the participants (nor their representatives nor their successors-in-title) shall have any action of whatsoever nature (including an action based on an alleged oppression or fraud on minority shareholders) arising from any issue of shares to any party by the company from time to time, provided that such issue was in accordance with all applicable laws and regulations, including the Listings Requirements of the JSE and/or any other securities exchange on which the shares of the company may be listed from time to time.

25. DISTRIBUTION POLICY

The decision as to whether or not any distributions are to be declared and paid to shareholders of the company, and the amount of any distributions which may be declared and paid by the company, shall (subject to the company's memorandum of incorporation) vest in the directors of the company in their absolute discretion.

26. TERMINATION OF SCHEME

The scheme shall terminate as soon as all of the following events have taken place –

26.1 the directors resolve that the scheme shall terminate; and

26.2 the company has received payment in full of all amounts owed to it by the participants which are recoverable; and

26.3 if applicable, when the company has discharged all its obligations to the participants.

