**Schedule : Authorised Shares**

[Insert the Company Name here] is authorised to issue the following shares:

1. **“Ordinary shares”**
   1. Maximum number of ordinary par value shares:

Maximum number of ordinary no par value shares:

* 1. The following terms shall attach to the no par value ordinary shares in the share capital of the Company
     1. Each ordinary share is identical to every other ordinary share and ranks *pari passu* with the other ordinary shares in respect of all rights including, but not limited to, with regards to:
        1. voting on any matter to be decided by a vote of Shareholders of the Company
        2. participating in any distribution of profit to the Shareholders; and
        3. sharing in the distribution of the Company residual value upon the dissolution of the Company;
     2. Every holder of an ordinary share shall have one vote in respect of each share that he or she holder and shall be entitled to vote at every Shareholders’ meeting or annual general meeting of the Company in person or by proxy.

1. **“Preference shares”**
   1. Maximum number of preference par value shares:

Maximum number of preference no par value shares:

* 1. The following terms shall attach to the no par value redeemable, convertible preference shares in the share capital of the Company
     1. Definitions
        1. The following words and expressions shall, when used in this preamble to the Memorandum of Incorporation, bear the meanings assigned to them below and cognate words and expressions shall bear corresponding meanings.

“conversion” means the conversion of a portion of the preference shares into ordinary shares in accordance with the provisions of item 2.2.4;

“conversion and redemption date” means the date upon which the Company shall effect the conversion and the redemption, being the 10th (tenth) business day after the occurrence of the conversion and redemption event;

“conversion and redemption event” means the earliest of the following:

* in the case of a participant who dies prior to the long stop date, the earlier of (i) the anniversary of the subscription date which first succeeds the deceased participant’s date of death; and (ii) the long stop date; or
* if a take-over occurs, the date upon which the affected transaction in question is implemented, unless otherwise noted by the Board of Directors of the Company; or
* if the Company is wound up, the date of winding-up of the Company; or
* the occurrence of the long stop date by the effluxion of time;

“deeds” means the Trust deeds constituting the Trusts;

“entry market price” means the market price on the subscription date;

“exit market price” means the market price on the conversion and redemption date;

“group” means the Company and its subsidiaries;

“initial notional loan” means the notional amount which is deemed to attach to the preference shares on the subscription date, the amount of which shall be determined in accordance with the provisions of item 2.2.4.1;

“long stop date” means the seventh anniversary of the subscription date;

“market price” means the 30-day volume weighted average price of an ordinary share;

“member retailers” means members of the Company ABC who are members on the subscription date or at any time thereafter and who elect for their employees to participate in the Company BBBEE Retailer Employee Scheme;

“notional dividends” means the amounts equal to the aggregate of any and all dividends per ordinary share declared and paid by the Company to its Shareholders for the period from the subscription date to the conversion and redemption date;

“notional interest” means the amount equal to the aggregate of the interest deemed to have accrued on the initial notional loan for the period from the subscription date to the conversion and redemption date, calculated on a nominal annual compounded monthly basis, at a rate of 80% of the prime rate;

”notional loan” means the notional amount deemed to be owing by each preference shareholder to the Company on the conversion and redemption date which notional loan shall be equal to the initial notional loan increased by the notional interest and decreased by the notional dividends as determined in accordance with the provisions of item 2.2.4.1;

“ordinary shares” means no par value ordinary shares in the capital of the Company;

“participants” means those employees of the Company and/or the employees of the member retailers who, from time to time, are allocated preference shares by the preference shareholders pursuant to the provisions of the deeds;

“preference shareholders” means the holders of the preference shares from time to time, and for the time being the Trusts;

“preference shares” means the no par value redeemable, convertible, preference shares in the capital of the Company, which preference shares shall have the rights, privileges and conditions set out in this preamble to the Memorandum of Incorporation.

“prime rate” means the publicly quoted basic rate of interest per annum at which the Company bankers will lend on unsecured overdraft to its most favoured corporate customers, from time to time, as certified by any manager of such bank whose authority, appointment or designation it shall not be necessary to prove;

“redemption” means the redemption of a portion of the preference shares in accordance with the provisions of item 2.2.5;

“redemption amount” means the amount payable by the Company for the redemption of the preference shares, which amount shall be ……..cents per preference share;

“scheme” means the Company BBBEE Employee Scheme and the Company BBBEE Retailer Employee Scheme constituted by the deeds;

“subscription agreements” means the Preference Share Subscription Agreements entered into between the Company and the preference shareholders;

“subscription date” means the date on which the preference shareholders subscribe for the preference shares;

“subscription price” means the amount in respect of each preference share paid by each subscriber of the preference shares;

“subsidiary” means a company which is a subsidiary of the Company within the meaning given to it by Section 1 of the Act;

“take-over” means an “Affected Transaction” in respect of the Company, as defined in Section 117 of the Act; and

“Trusts” means the Company BBBEE Employee Trust and the Company BBBEE Retailer Employee Trust.

* + 1. Allotment and issue

The preference shares shall be allotted and issued to the preference shareholders, against payment of the subscription price by the preference shareholders to the Company, in accordance with the provisions of the subscription agreements.

* + 1. Dividends

The preference shares shall not confer upon the preference shareholders the right to receive any dividends which, after the date of issue of the preference shares, may be declared from time to time by the Company.

* + 1. Conversion
       1. On the conversion and redemption date and in respect of each preference shareholder, the number of preference shares which will be converted into ordinary shares shall be calculated in accordance with the following formulae:

e.g.:

E = A/C

and

A = (Y\*C) – U

Where:

* “E” is the number of preference shares to be converted by the Company into ordinary shares;
* “A” is the value calculated to accrue to the Trust in respect of the number of preference shares to be converted into ordinary shares, subject to “A” having a minimum value of zero;
* “Y” is the applicable number of preference shares held by the Trust which are to be converted and/or redeemed on the applicable conversion and redemption date (“Applicable Preference Shares”);
* “C” is the exit market price; and
* “U” is the notional loan, calculated in accordance with the following formula:

W = (X \* Y)

And

U = W + I – V

Where

* “W” is the total initial notional loan which attached to the preference shares;
* “X” is the entry market price;
* “U” is the notional loan;
* “I” is the notional interest which is deemed to have accrued on the initial notional loan in respect of the preference shares; and
* “V” is the notional dividends which are deemed to have been earned on the preference shares.
  + - 1. As soon as practical after the conversion and redemption date, the Company shall be obliged to convert the number of preference shares which have been calculated to be converted, in accordance with the provisions of item 2.2.4.1 (“E”), on a one-to-one basis, into ordinary shares, and the preference shareholders shall be obliged to accept such conversion.
      2. Any of the preference shares which are not converted on the applicable conversion and redemption date will be redeemed by the Company in accordance with the provisions of item 2.2.5.
      3. On the occurrence of a conversion and redemption event:
         1. the Company shall give notice thereof to the relevant preference shareholders and will forward to a registered address of each such shareholder, a Form of Surrender in the form of Form 1 (“Form of Surrender”); and
         2. the preference shareholders shall complete and sign the Form of Surrender in respect of all the applicable preference shares and shall deliver preference share certificates in respect of all such applicable preference shares together with the completed and signed Form of Surrender to the Company at its registered office.
      4. Provided that the Company has received the preference share certificates and Form of Surrender in terms of item 2.2.4.4, on the conversion and redemption date, the Company shall issue and allot to and in favour of the preference shareholders or their nominee, that number of ordinary shares which is equivalent to the number of preference shares calculated to be converted in accordance with the provisions of item 2.2.4.1 (“E”). Any fractions arising from this calculation will be excluded.
      5. In the event that the preference shareholders should fail to surrender the necessary preference share certificates for whatever reason, the number of preference shares which have been calculated to be converted in accordance with the provisions of item 2.2.4.1 shall nevertheless be converted against receipt by the Company of an undertaking by the preference shareholders in accordance with the provisions of item 2.2.8.4.3.
      6. All ordinary shares issued in terms of item 2.2.4.5 shall:
         1. be issued on a fully paid-up basis; and
         2. rank *pari passu* with all other ordinary shares in the capital of the Company.
    1. Redemption
       1. the Company shall be obliged to redeem those of the preference shares which have not been converted into ordinary shares in accordance with the provisions of item 2.2.4, on the conversion and redemption date, subject to the provisions of the applicable laws by paying the redemption amount to the preference shareholders within seven business days of the conversion and redemption date, in the manner agreed between the parties in writing.
       2. For the purpose of giving effect to any redemption of the preference shares in terms of item 2.2.5.1:
          1. the Company shall deliver to a registered address of each relevant preference shareholder, a completed Form of Surrender (Form 1) and a Notice of Redemption (Form 2) on or prior to the redemption date, and
          2. the preference shareholders shall complete the Form of Surrender and immediately return it to the Company at its registered office together with the preference share certificate in question. the Company shall, forthwith after the later of the conversion or redemption date and the date of receipt of such documents, in respect of the preference shares to be redeemed, deliver and/or pay to the preference shareholders, and in such manner agreed between the parties in writing, the redemption amount due in respect of the redemption and shall then be entitled to cancel the issue of such preference shares.
       3. In the event that the preference shareholders fail to surrender the necessary preference share certificate for whatever reason, the relevant number of preference shares shall nevertheless be redeemed against receipt by the Company of an undertaking by the preference shareholders in accordance with the provisions of item 2.2.8.4.3.
    2. Cancellation of preference shares
       1. After receipt of all of the preference share certificates and the conversion in terms of item 2.2.4.5 and/or the redemption in terms of item 2.2.5.1, as the case may be, of all of the preference shares:
          1. the Company shall cancel the issue of the preference shares; and
          2. provided all requisite special and ordinary resolutions have been passed, the Company shall effect an amendment to this Memorandum of Incorporation, whereby the preference shares are removed from the Company authorised share capital.
    3. Notices, meetings and voting
       1. The registered holder of each preference share shall be given due notice of, and shall be entitled to be present and to vote at, all Shareholders’ meetings of the Company.
       2. At every shareholders’ meeting of the Company the preference shareholders shall be entitled to exercise one vote for every preference share held. In this regard the preference shares shall rank *pari passu* with all other shares in the issued share capital of the Company.
       3. the Company shall be obliged to give the preference shareholders notice of any meeting of any other class of shareholders.
       4. The provisions of this Memorandum of Incorporation relating to meetings of ordinary shareholders and the quorum required therefore shall apply, *mutatis mutandis*, to any meeting of the preference shareholders.
       5. A preference shareholder shall be entitled to that proportion of the total votes in the Company which the total number of preference shares held by him bears to the total number of shares issued by the Company, provided that if, at a shareholders’ meeting, the aggregate votes exercisable by all the preference shareholders present or represented at the meeting exceed 25% less one vote of the total votes exercisable by all shareholders present or represented at that meeting, a preference shareholder shall be entitled to the aforesaid proportion of the total votes at that meeting in respect of one quarter only of its preference shares and, in respect of the other three quarters, such lower proportion as will result in the total number of votes exercisable by all the preference shareholders being reduced to 25% less one vote of the aggregate votes exercisable at the meeting concerned.
    4. General
       1. Any payment due by the Company to the preference shareholders shall be made without set-off, deduction or any form of withholding whatsoever and shall be made by electronic funds transfer into a bank account nominated in writing by the preference shareholders.
       2. The preference shareholders shall be entitled to transfer the preference shares to any other shareholders of the Company on notice to the Company. If any such transfer occurs, then the Company undertakes to give effect to, and to abide by, such transfer.
       3. All notices given by the Company or the preference shareholders in terms of this preamble to the Memorandum of Incorporation. shall be in writing.
       4. If any certificate issued in respect of the preference shares is defaced, lost or destroyed, it shall be replaced by the Company upon receipt by company of either:
          1. the defaced certificate; or
          2. an affidavit by the preference shareholder in question to the effect that such certificate has been lost or destroyed; and
          3. a written undertaking by the preference shareholder to indemnify the Company against any loss, liability, damage, cost or expense which the Company may suffer as a result of issuing such replacement certificate.