11. EQUITY COMPENSATION BENEFIT

Forfeitable shares

During the year 1 261 973 (2014: 1 140 180) forfeitable shares were granted to executive directors and qualifying employees (participant). The participant will forfeit the forfeitable shares if he/she ceases to be an employee of an employer company before the vesting date or if the specified performance conditions have not been met, unless otherwise specified by the rules or determined by the Board. In the event that the participant is not in the employ of the Group, or the performance conditions are not met, the shares allocated to the participant will be forfeited and will either be sold on the open market by the escrow agent and the proceeds will be returned to the participating employer, or may be retained by the Group for future awards.

Dividends declared in respect of these forfeitable shares are held in escrow until such time as the performance conditions are met and the shares have vested. Shares forfeited during the vesting period will forfeit any dividends pertaining to such shares. A dividend of 27 cents (2014: 25 cents) per ordinary share was declared on 19 August 2014 (2014: 18 August 2013).

The performance condition for the fourth award of forfeitable shares vesting on 31 August 2014 was as follows:

- 25% of the shares constituting the allocation are awarded for retention purposes and shall vest if the employee is still employed within the Group at the vesting date (31 August 2014).
- 25% of the shares constituting the allocation will vest on the achievement by individual employees of their individual key performance indicators.
- 50% of shares constituting the allocation will vest if the Group's core HEPS are equal to or exceed the core HEPS per ordinary share at the beginning of the performance period, 1 June 2011, by the percentage change in the CPI over the performance period, plus 15%. There is no linear vesting to this portion of the allocation.

The performance condition for the fifth award vesting on 31 August 2015 of forfeitable shares is as follows:

- 40% of the awards are allocated towards retention. In order to receive this portion of the allocation the employee is required to be employed within the Group at the vesting date (31 August 2015).
- 60% of the awards are allocated on the basis of 50% for growth in core headline earnings per share and 10% for shareholder returns.

The 50% for growth in core headline earnings will be based on the following achievements.

- If growth is 5% above CPI over three years, then 20% of the 50% will vest.
- If growth is 10% above CPI over three years, then an additional 50% (i.e. a total of 70%) of the 50% will vest.
- If growth is 25% above CPI over three years, then a further 30% (i.e. a total of 100%) of the 50% will vest.

The 10% for shareholder return will be based on a 10% compounded growth in the share price over the three-year vesting period measured with reference to the weighted average price per share during the month of the commencement of the allocation and the weighted average share price for the month during which the vesting takes place, plus dividends over the three-year period.

11. EQUITY COMPENSATION BENEFIT continued

Forfeitable shares continued

The performance condition for the sixth award vesting on 31 August 2016 of forfeitable shares is as follows:

- 40% of the awards are allocated towards retention. In order to receive this portion of the allocation the employee is required to be employed within the Group at the vesting date (31 August 2016).
- 60% of the awards are allocated on the basis of 50% for growth in core headline earnings per share and 10% for shareholder returns.

The 50% for growth in core headline earnings will be based on the following achievements:

- If growth is 5% above CPI over three years, then 20% of the 50% will vest.
- If growth is 10% above CPI over three years, then an additional 50% (i.e. a total of 70%) of the 50% will vest.
- If growth is 25% above CPI over three years, then a further 30% (i.e. a total of 100%) of the 50% will vest.

The 10% for shareholder return will be based on a 10% compounded growth in the share price over the three-year vesting period measured with reference to the weighted average price per share during the month of the commencement of the allocation and the weighted average share price for the month during which the vesting takes place, plus dividends over the three-year period.

The performance condition for the seventh award vesting on 31 August 2017 of forfeitable shares is as follows:

- 40% of the awards are allocated towards retention. In order to receive this portion of the allocation the employee is required to be employed within the Group at the vesting date (31 August 2017).
- 60% of the awards are allocated on the basis of 50% for growth in core headline earnings per share and 10% for shareholder returns.

The 50% for growth in core headline earnings will be based on the following achievements:

- If growth is 5% above CPI over three years, 20% of the 50% will vest.
- If growth is 10% above CPI over three years, an additional 50% (i.e. a total of 70%) of the 50% will vest.
- If growth is 25% above CPI over three years, a further 30% (i.e. a total of 100%) of the 50% will vest.

The 10% for shareholder return will be based on a 10% compounded growth in the share price over the three-year vesting period measured with reference to the weighted average price per share during the month of the commencement of the allocation and the weighted average share price for the month during which the vesting takes place, plus dividends over the three-year period.

11. EQUITY COMPENSATION BENEFIT continued

Forfeitable shares continued

Movements in the number of forfeitable shares outstanding during the year are as follows:

	Grant date	Vesting date	Number of shares	Fair value of grant R'000
At 31 May 2013			5 379 330	27 792
Third award			1 888 167	8 874
Fourth award			2 039 590	9 178
Fifth award			1 451 573	9 740
Granted during the year			1 140 180	9 977
Sixth award	2 September 2013	31 August 2016	1 140 180	9 977
Shares forfeited during the year			(461 206)	(2 449)
Third award			(70 875)	(333)
Fourth award			(227 595)	(1 024)
Fifth award			(162 737)	(1 092)
Shares vested during the year			(1 817 292)	(8 541)
Third award		31 August 2013	(1 817 292)	(8 541)
At 31 May 2014			**4 241 011**	**26 779**
Fourth award			**1 811 995**	**8 154**
Fifth award			**1 288 836**	**8 648**
Sixth award			**1 140 180**	**9 977**
Granted during the year			**1 261 973**	**11 232**
Seventh award	3 September 2014	31 August 2017	**1 261 973**	**11 232**
Shares vested during the year			**(1 811 995)**	**(8 154)**
Fourth award		31 August 2014	**(1 811 995)**	**(8 154)**
At 31 May 2015			**3 690 989**	**29 857**
Fifth award			**1 288 836**	**8 648**
Sixth award			**1 140 180**	**9 977**
Seventh award			**1 261 973**	**11 232**

Refer to note 14 for the expense recognised in the statement of comprehensive income relating to the equity compensation benefits.

The fair value of the shares is based on the value paid for the shares on the open market at grant date.

The total number of forfeitable shares issued to executive directors during the period is 955 617 (2014: 1 010 060).

The share-based payment expense in relation to these executive directors is R8.9 million (2014: R5.6 million).

Included in this is R659 000 (2014: R659 000) paid by subsidiaries.

Refer to note 30 of the Group annual financial statements for details per Director.