



AVI Limited

AVI Response to the Announcement by Tiger Brands Limited of a Potential Offer for AVI

AVI Limited
(Incorporated in the Republic of South Africa)
(Registration number 1944/017201/06)
Share code: AVI
ISIN: ZAE000049433
("AVI" or "the Company")

AVI RESPONSE TO THE ANNOUNCEMENT BY TIGER BRANDS LIMITED OF A POTENTIAL OFFER FOR AVI

1. Introduction

AVI shareholders are referred to the cautionary announcement released by Tiger Brands Limited ("Tiger Brands") on SENS this morning setting out a potential offer by Tiger Brands for the entire issued share capital of AVI.

2. Background

The board of directors of AVI ("the Board") has to date received two unsolicited non-binding expressions of interest ("EOIs") from Tiger Brands on 8 October 2008 and 24 October 2008, respectively. In considering the EOIs, the Company appointed advisers and met with three of its key shareholders, previously approached by Tiger Brands, at such shareholders' request.

The Board responded to Tiger Brands in writing setting out its reasons as to why it was of the view that the potential offers were not in the best interests of AVI or its shareholders. The key concerns as articulated by the Board in the AVI letters to Tiger Brands and re-iterated in a subsequent discussion between the Chief Executives were as follows:

- the Board is of the view that any potential offer must adequately represent the future prospects of the Company and be accompanied by a 100% cash underpin supported by a confirmation of funding acceptable to the Board;
- the Board is unwilling to allow any form of due diligence, as was requested in the EOIs, that would allow a competitor access to confidential information;
- the Board is of the view that the potential offer has a high degree of execution risk; and
- the Board is unconvinced as to the commercial merits as set out by Tiger Brands in the EOIs.

3. Conclusion

The terms contained in the Tiger Brands announcement today are materially the same as those contained in the second EOI dated 24 October 2008 and as such do not address the concerns raised by the Board.

The Board wishes to re-iterate that it has not received a formal offer from Tiger Brands nor is it in discussions with Tiger Brands regarding such a potential offer.

In the event that a formal offer is received, the Board will consider such offer and provide the appropriate guidance to AVI shareholders.

Illovo
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Enquiries

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