

AVI

GROWING GREAT BRANDS

2016 NOTICE OF ANNUAL GENERAL MEETING





AVI LIMITED

ISIN: ZAE000049433 Share code: AVI
Registration number: 1944/017201/06
("AVI" or "the Group" or "the Company")

For more information, please visit our website:
www.avi.co.za

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NOTICE OF ANNUAL GENERAL MEETING

AVI Limited

(Incorporated in the Republic of South Africa)

(Registration number 1944/017201/06)

Share code: AVI

ISIN: ZAE000049433

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NOTICE OF ANNUAL GENERAL MEETING

INCORPORATING A FORM OF PROXY FOR THE USE OF HOLDERS OF CERTIFICATED ORDINARY SHARES AND DEMATERIALIZED ORDINARY SHARES WITH "OWN NAME" REGISTRATION ONLY.

Notice is hereby given that the seventy-second Annual General Meeting of members of the Company will be held at 2 Harries Road, Illovo, Johannesburg on Thursday, 3 November 2016 at 11:00 for the following purposes:

To consider and if deemed fit, to pass with or without modification, ordinary resolutions 1 to 9. In terms of the Companies Act No 71 of 2008, as amended ("the Companies Act"), for an ordinary resolution to be adopted, it must be supported by more than 50% of the total number of votes exercised on the resolution by the shareholders present or represented by proxy at this meeting and entitled to vote thereon.

1. "That the annual financial statements for the year ended 30 June 2016, together with the reports of the directors, the independent auditors, and the Audit and Risk Committee, be and are hereby adopted."
2. "That KPMG Inc. be and are hereby re-appointed as the external auditors of the Company."
3. "That Mrs NP Dongwana, who will retire by rotation in accordance with the Company's Memorandum of Incorporation and who, being eligible, offers herself for re-election, be and is hereby re-elected as a director of the Company."*
4. "That Mr JR Hersov, who will retire by rotation in accordance with the Company's Memorandum of Incorporation and who, being eligible, offers himself for re-election, be and is hereby re-elected as a director of the Company."*
5. "That Mr RJD Inskip, who will retire by rotation in accordance with the Company's Memorandum of Incorporation and who, being eligible, offers himself for re-election, be and is hereby re-elected as a director of the Company."*
6. "That Mr M Koursaris, who will retire by rotation in accordance with the Company's Memorandum of Incorporation and who, being eligible, offers himself for re-election, be and is hereby re-elected as a director of the Company."*
7. "That Mr MJ Bosman, be and is hereby elected as a member and the Chairman of the Audit and Risk Committee."*
8. "That Mrs NP Dongwana, be and is hereby elected as a member of the Audit and Risk Committee."*
9. "That Mr JR Hersov, be and is hereby elected as a member of the Audit and Risk Committee."*

**Brief CVs of the directors appear on page 60 of the Integrated Annual Report.*

To consider and if deemed fit, to pass with or without modification, special resolutions 10 to 20. In terms of the Companies Act for a special resolution to be adopted, it must be supported by at least 75% of the total number of votes exercised on the resolution by shareholders present or represented by proxy at this meeting and entitled to vote thereon.

10. "That with effect from 1 July 2016 the fees payable to the current non-executive directors, excluding the Chairman of the Board and the foreign non-executive director, Mr A Nühn, be increased from R263 000 per year to R284 040 per year."
11. "That with effect from 1 July 2016 the fees payable to the Chairman of the Board be increased from R818 000 per year to R916 160 per year."
12. "That with effect from 1 July 2016 the fees payable to the foreign non-executive director, Mr A Nühn, be increased from EUR44 700 per year to EUR45 594 per year."
13. "That with effect from 1 July 2016 the fees payable to the members of the Remuneration, Nomination and Appointments Committee, excluding the Chairman of this committee, be increased from R90 000 per year to R97 200 per year."

NOTICE OF ANNUAL GENERAL MEETING continued

14. "That with effect from 1 July 2016 the fees payable to the members of the Audit and Risk Committee, excluding the Chairman of this committee, be increased from R98 000 per year to R105 840 per year."
15. "That with effect from 1 July 2016 the fees payable to the members of the Social and Ethics Committee, excluding the Chairman of this committee, be increased from R66 300 per year to R71 604 per year."
16. "That with effect from 1 July 2016 the fees payable to the Chairman of the Remuneration, Nomination and Appointments Committee be increased from R196 000 per year to R211 680 per year. If the foreign non-executive director, Mr A Nühn, is Chairman of the Remuneration, Nomination and Appointments Committee, the fee will be increased from EUR14 700 per year to EUR14 994 per year with effect from 1 July 2016."
17. "That with effect from 1 July 2016 the fees payable to the Chairman of the Audit and Risk Committee be increased from R212 000 per year to R228 960 per year."
18. "That with effect from 1 July 2016 the fees payable to the Chairman of the Social and Ethics Committee be increased from R98 000 per year to R105 840 per year."

The increases in non-executive directors' fees proposed in terms of special resolutions 10 to 18 above are based on a detailed review and comparison of non-executive directors' fees to market-related benchmarks. Non-executive director's fees are paid as a combination of a fixed retainer and for attendance at formally convened meetings.

19. "That the Company and/or any of its subsidiaries be and are hereby authorised, by way of a general approval in terms of the Listings Requirements of the JSE Limited ("the JSE"), to acquire ordinary shares issued by the Company, upon such terms and conditions and in such amounts as the directors of the Company may from time to time decide, provided that:
 - any such acquisition shall only be made in compliance with the provisions of sections 4 and 48 read with section 46 of the Companies Act;
 - any such acquisition of ordinary shares shall be effected on the open market through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counterparty (reported trades being prohibited);
 - any such acquisition of ordinary shares is authorised by the Company's Memorandum of Incorporation;
 - this general authority shall be valid until the Company's next Annual General Meeting, provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this special resolution;
 - the Company, may not, in any one financial year, acquire in excess of 10% of the Company's issued ordinary share capital as at the date of passing of this special resolution;
 - the Company's subsidiaries shall not be entitled to acquire, on a cumulative basis, in excess of 10% of the Company's issued ordinary share capital as at the date of passing this special resolution;
 - a resolution by the Board of directors that it has authorised the repurchase, that the Company and its subsidiary/ies have passed the solvency and liquidity tests and that, since the tests were performed, there have been no material changes to the financial position of the Group;
 - in determining the price at which ordinary shares issued by the Company are acquired by it or any of its subsidiaries in terms of this general authority, the maximum premium at which such ordinary shares may be acquired will be 10% of the weighted average of the market value at which such ordinary shares are traded on the JSE as determined over the five business days immediately preceding the date of repurchase of such ordinary shares by the Company or any of its subsidiaries;
 - at any point in time, the Company may only appoint one agent to effect any repurchase on the Company's behalf;
 - the Company and/or its subsidiaries may not repurchase any ordinary shares during a prohibited period as defined by the Listings Requirements unless they have in place a repurchase programme where the dates and quantities of ordinary shares to be traded during the relevant period are fixed and which has been submitted to the JSE in writing prior to the commencement of the prohibited period. The Company will instruct an independent third party, which makes its investment decisions in relation to the Company's securities independently of, and uninfluenced by, the Company, prior to the commencement of the prohibited period to execute the repurchase programme submitted to the JSE; and
 - shares held within the AVI Group (so called treasury shares) will not have their votes at general meetings taken account of for Listings Requirements resolution approval purposes."

The directors consider that such a general authority should be put in place in accordance with the Listings Requirements in order to enable the repurchase of the Company's shares should an opportunity to do so, which is in the best interests of the Company and its shareholders, present itself during the year.

Upon cumulatively repurchasing 3% of the initial number of ordinary shares in issue and for each 3% of ordinary shares repurchased thereafter, the Company will make an announcement to such effect not later than 08:30 on the second business day following the day on which the relevant threshold is reached or exceeded.

20. "That the Company be and is hereby authorised, in terms of section 45 of the Companies Act, to provide direct or indirect financial assistance by way of loan, guarantee, the provision of security or otherwise to any of its present or future subsidiaries and/or any other company or entity that is or becomes related or inter-related to the Company, for any purpose or in connection with any matter, including but not limited to, the subscription for any option, or any securities issued or to be issued by the Company or a related or inter-related company, or for the purchase of any securities of the Company or a related or inter-related company."

The directors consider that such a general authority should be put in place in order to assist the Company inter alia to make inter-company loans to subsidiaries as well as to grant letters of support and guarantees in appropriate circumstances. The existence of a general authority would avoid the need to refer each instance to shareholders for approval. This general authority would be valid up to and including the 2018 Annual General Meeting of the Company.

To consider and if deemed fit, to pass with or without modification, ordinary resolutions 21 to 25. In order to be effective for the purposes of the JSE Limited Listings Requirements ("Listings Requirements"), these resolutions must be approved by a 75% majority of the votes cast in respect of such resolutions by all shareholders present or represented by proxy at the Annual General Meeting. All shares held by AVI incentive and empowerment scheme trusts will not have their votes at the Annual General Meeting taken into account for resolutions proposed in terms of the JSE Listings Requirements.

21. "That the AVI Limited Deferred Bonus Share Plan, as set out in the rules tabled at this Annual General Meeting at which this ordinary resolution number 21 will be proposed and considered, and initialled by the Chairman of the meeting for the purposes of identification, be and it is hereby adopted by the Company. The directors of the Company be and are hereby authorised to do all such things and sign all documents, and take all such action as they consider necessary to give effect to and implement the AVI Limited Deferred Bonus Share Plan".

The reason for proposing this resolution is clarified in detail in annexure 1 to this notice and in summary is to address the imbalance identified in the long-term reward framework and align with leading local and global best practice. The AVI Limited Deferred Bonus Share Plan will be used as a vital tool to incentivise, motivate and retain eligible executive and senior management to deliver the Group's business strategy over the medium to long term and will encourage share ownership among executive and senior employees.

A copy of the rules of the AVI Limited Deferred Bonus Share Plan is available for inspection by shareholders at the Company's registered office at 2 Harries Road, Illovo, Johannesburg, during normal business hours.

22. "That, subject to ordinary resolution number 21 (to be considered at the meeting at which this resolution will be considered) being passed and becoming effective, 5 213 369 ordinary shares of R0,05 each in the authorised but unissued share capital of the Company, be and are hereby placed under the control of the directors of the Company as a specific authority to them to allot and issue all or any of such shares to participants under the AVI Limited Deferred Bonus Share Plan in accordance with the rules of the AVI Limited Deferred Bonus Share Plan".

NOTICE OF ANNUAL GENERAL MEETING continued

23. "That the Revised AVI Limited Executive Share Incentive Scheme, as set out in the rules tabled at this Annual General Meeting at which this ordinary resolution number 22 will be proposed and considered, and initialled by the Chairman of the meeting for the purposes of identification, be and it is hereby adopted by the Company. The directors of the Company be and are hereby authorised to do all such things and sign all documents, and take all such action as they consider necessary to give effect to and implement the Revised AVI Limited Executive Share Incentive Scheme."

The reason for proposing this resolution is clarified in detail in annexure 2 to this notice and in summary is to include an additional performance condition to address shareholder concerns and to align to current best practice. The existing AVI Limited Executive Share Incentive Scheme will be amended to a share appreciation right plan, namely the Revised AVI Limited Executive Share Incentive Scheme, which will limit the dilution impact of share issuances. The Revised AVI Limited Executive Share Incentive Scheme will be used as a vital tool to incentivise, motivate and retain eligible executive and senior management to deliver the Group's business strategy over the long term and encourage share ownership among executive and senior employees.

A copy of the rules of the Revised AVI Limited Executive Share Incentive Scheme is available for inspection by shareholders at the Company's registered office at 2 Harries Road, Illovo, Johannesburg, during normal business hours.

24. "That, subject to ordinary resolution number 23 (to be considered at the meeting at which this resolution will be considered) being passed and becoming effective:
- the specific authority previously granted to the directors of the Company to allot and issue ordinary shares of R0,05 each in the authorised but unissued share capital of the Company for the purposes of the AVI Limited Share Executive Incentive Scheme be and is hereby rescinded to the extent that the shares have not, as at the date of the passing of this resolution, been utilised; and
 - 5 213 369 ordinary shares of R0,05 each in the authorised but unissued share capital of the Company, be and are hereby placed under the control of the directors of the Company as a specific authority to them to allot and issue all or any of such shares to participants under the Revised AVI Limited Executive Share Incentive Scheme in accordance with the rules of the Revised AVI Limited Executive Share Incentive Scheme."
25. "That, subject to ordinary resolutions numbers 22 and 24 (to be considered at the meeting at which this resolution will be considered) being passed and becoming effective:
- the specific authority previously granted to the directors of the Company to allot and issue ordinary shares of R0,05 each in the authorised but unissued share capital of the Company for the purposes of the AVI Limited Out-Performance Scheme be and is hereby rescinded to the extent that the shares have not, as at the date of the passing of this resolution, been utilised; and
 - 6 915 158 ordinary shares of R0,05 each in the authorised but unissued share capital of the Company, be and are hereby placed under the control of the directors of the Company as a specific authority to them to allot and issue all or any of such shares to participants under the AVI Limited Out-Performance Scheme in accordance with the rules of the AVI Limited Out-Performance Scheme."

The reason for proposing this resolution is to align the total authority for all share schemes to 5% of the Company's total issued share capital as set out in the following table:

Scheme name	New authority	% of total issued share capital*
AVI Deferred Bonus Share Plan	5 213 369	1,5%
Revised AVI Executive Incentive Share Scheme	5 213 369	1,5%
AVI Out-Performance Scheme	6 915 158	2%
Total		5%

* As at 30 June 2016.

To consider the non-binding ordinary resolution 26.

26. "That, by way of a non-binding advisory ordinary resolution, the Company's remuneration policy as set out in the Remuneration Report contained in the Integrated Annual Report of which this notice forms part, be and is hereby endorsed."

King III, dealing with boards and directors, requires companies to table their remuneration policy every year to shareholders by way of a non-binding advisory vote at the Annual General Meeting. This vote enables shareholders to express their views on the remuneration policy adopted.

The changes proposed in resolutions 21 to 25 above are noted in the Remuneration Report and shareholders are requested to consider the Company's remuneration policy including these changes.

To consider any other business.

27. To transact such other business as may be transacted at an Annual General Meeting.

Directors' statement

The directors, having considered the effects of special resolutions 19 and 20 above, consider that for a period of 12 (twelve) months after the date of this notice:

- the Company and the Group will be able, in the ordinary course of business, to pay their debts;
- the assets of the Company and the Group, fairly valued in accordance with generally accepted accounting practice, will exceed the liabilities of the Company and the Group; and
- the Company and the Group's ordinary share capital, reserves and working capital will be adequate for ordinary business purposes.

General information

The following additional information, some of which may appear elsewhere in the Integrated Annual Report of which this notice forms part, is provided in terms of the Listings Requirements of the JSE for purposes of the general authority to repurchase shares (resolution 19):

- major beneficial shareholders – pages 129 and 140; and
- share capital of the Company – page 115.

Directors' responsibility statement

The directors, whose names appear on pages 60 and 61 of the Integrated Annual Report, collectively and individually accept full responsibility for the accuracy of the information pertaining to resolution 19 above and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this notice contains all information required by law and the Listings Requirements of the JSE.

Material changes

Other than the facts and developments reported on in the Integrated Annual Report, there have been no material changes in the affairs or financial position of the Company and its subsidiaries since the date of signature of the annual report and up to the date of this notice.

Record date

The directors have determined in accordance with sections 59 (1) (a) and (b) of the Companies Act that:

- the record date for the purposes of receiving notice of the Annual General Meeting shall be the close of business on Friday, 30 September 2016; and
- the record date for the purposes of the Annual General Meeting (being the date on which a shareholder must be registered in the Company's share register in order to participate in and vote at the Annual General Meeting) shall be the close of business on Friday, 28 October 2016.

NOTICE OF ANNUAL GENERAL MEETING continued

Identification

In terms of section 63(1) of the Companies Act, before any person may attend or participate in an Annual General Meeting, that person must present reasonably satisfactory identification and the person presiding at the Annual General Meeting must be reasonably satisfied that the right of the person to participate in and vote at the Annual General Meeting, either as a shareholder, or as a proxy for a shareholder, has been reasonably verified.

Voting and proxies

On a show of hands, every shareholder who is present in person or by proxy at the Annual General Meeting shall have one vote, and on a poll, every shareholder who is present in person or by proxy at the Annual General Meeting or which (being a company or body corporate) is represented, shall have one vote for every ordinary share in the Company of which such shareholder is the holder.

Dematerialised shareholders (who are not "own name" dematerialised shareholders) who wish to attend the Annual General Meeting or to vote by way of proxy, must contact their Central Securities Depository Participant ("CSDP") or broker who will furnish them with the necessary authority to attend the Annual General Meeting or they must provide their CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and their CSDP or broker.

Shareholders entitled to attend and vote at the Annual General Meeting may appoint one or more persons as such shareholder's proxy to attend, speak and vote in their stead. A proxy need not be a shareholder of the Company.

A form of proxy is attached for the convenience of certificated shareholders and "own name" dematerialised shareholders only, who are unable to attend the Annual General Meeting, but who wish to be represented thereat. In order to be valid, duly completed forms of proxy must be received by the transfer secretaries of the Company, Computershare Investor Services 2004 Proprietary Limited, 70 Marshall Street, Johannesburg 2001 (PO Box 61051, Marshalltown, 2107) by not later than **11:00 on Tuesday, 1 November 2016**.

By order of the Board

Sureya Naidoo
Company Secretary
2 Harries Road, Illovo
4 October 2016

ANNEXURE 1 FOR AGM RESOLUTION PURPOSES

SALIENT FEATURES OF THE NEW AVI LIMITED DEFERRED BONUS SHARE PLAN (“DBSP”)

Introduction

During FY16 the AVI Limited (“AVI” or “the Company”) Remuneration Committee instructed PwC to assist the Company with a comprehensive review and benchmarking of the Company’s short and long-term reward frameworks. This exercise identified that the long-term framework, in particular, was behind relevant PwC benchmarks and that this presented a potential risk to the retention of talented and high impact Company employees. Pursuant thereto the Company, with endorsement by PwC, proposes to shareholders the implementation of a deferred bonus share plan.

Short-term bonuses will continue to be paid in cash (in terms of the Company’s existing short-term bonus schemes as approved by the Remuneration Committee) while deferred bonus shares will be settled in equity and subject to a further holding period before vesting, during which period the bonus shares remain restricted. The value of the awards allocated will be determined with reference to each eligible participant’s annual bonus earned under the Group’s short-term bonus incentive framework (as approved by the Remuneration Committee from time to time).

In addition to the proposed DBSP, AVI will continue to use its existing approved option plan, the AVI Executive Share Incentive Scheme (to be replaced by the proposed Revised AVI Limited Executive Share Incentive Plan as set out in annexure 2 to the Notice of Annual General Meeting to which this annexure 1 is attached), and the approved Out-Performance Scheme, to encourage out-performance; hold senior executive management to the highest standard of performance through peer review and the benchmarking of minimum performance standards to be attained to remain competitive; and align the performance of senior executive management with the best interests of shareholders.

The awarding of the bonus shares will be regulated in terms of the rules of the DBSP, the salient features of which are set out below.

Purpose

The DBSP will be used as a tool to incentivise, motivate and retain eligible executive and senior management to deliver the Group’s business strategy over the medium to long term and will encourage share ownership among executive and senior employees.

The type of instrument proposed is deferred bonus shares whereby a portion of the annual short-term incentive is deferred and delivered as bonus shares. The bonus shares are registered in the name of the participant shortly after the award date but the shares are subject to disposal and forfeiture restrictions until the vesting date. The award of bonus shares is linked to the achievement of the entry criteria for the Company’s short-term bonus scheme during the relevant financial year and vesting is subject to the employment condition, namely the requirement for continued employment of the participant by AVI for the duration of a certain number of years from the award date.

Participants

Eligible employees will include executive directors, prescribed officers, senior management and high impact employees of any Group company within AVI. Participation in the DBSP is not a condition of employment, and the Remuneration Committee has the absolute discretion to make an award to any employee in terms of the share plans.

Rights of participants

Under the DBSP, participants will become owners of the bonus shares from the settlement date, shortly after the award date, and will immediately benefit from dividends and have shareholder voting rights in respect of the bonus shares over the vesting period. The bonus shares cannot be disposed of by the participant prior to the vesting date and will be subject to forfeiture and disposal restrictions until the vesting date. In order to effect any forfeiture of awards, the bonus shares will be held by an escrow agent on behalf of the participant until they vest.

Basis of awards and award levels

Annual awards of bonus shares will be made on a consistent basis to ensure long-term shareholder value creation. The number of bonus shares awarded to participants will be based on a percentage of the annual bonus that is deferred and delivered as bonus shares, and the market value of the shares at the time of the award. Therefore, if no bonus is received in a particular year, the employee will not be eligible to receive an award.

ANNEXURE 1 FOR AGM RESOLUTION PURPOSES

continued

Performance conditions and vesting

Bonus shares will be dependent on the quantum of the annual bonus earned based on the Company's financial and non-financial results modified by the individual's performance, and will be linked to performance in this manner. In addition, bonus shares will vest subject to the satisfaction of the employment condition, which shall not be earlier than the third anniversary of the award date.

Manner of settlement

Following the making of an award of bonus shares, settlement shall take place within 10 (ten) days of the award date. The rules of the share plan are flexible in order to allow for settlement in any of the following manners:

- by way of a market purchase of shares;
- use of treasury shares;
- issue of shares.

The exact method of settlement will be determined by the Remuneration Committee on a case-by-case basis.

Limits and adjustments

Company limit

The number of shares which may at any one time be allocated in terms of the DBSP shall not exceed 5 213 369 (five million two hundred and thirteen thousand three hundred and sixty nine), which equates to approximately 1,5% (one comma five percent) of the number of issued shares as at 30 June 2016.

In calculating the limit for the DBSP, new shares allotted and issued by the Company or shares held by a subsidiary in treasury account which have been used by the Company for settlement will be included in the Company limit. This limit will be calculated to exclude shares purchased in the market in settlement and awards which do not subsequently vest.

Shareholders in general meeting may, where required, adjust the Company limit, to take account of a sub-division or consolidation of the shares of the Company.

The issue of shares as consideration for an acquisition, and the issue of shares for cash or a vendor consideration placing will not be regarded as a circumstance that requires any adjustment to the Company or individual limit.

Bonus shares allocated under this DBSP which are not subsequently settled to a participant, or which have been forfeited, shall revert back to the DBSP.

Individual limit

The maximum number of shares held by any single participant in respect of bonus shares under the DBSP, together with any other shares or options held by that participant under any other approved incentive scheme established by the Company, shall not exceed 6 951 158 (six million nine hundred and fifty one thousand one hundred and fifty eight) shares, which equates to approximately 2% (two percent) of the number of issued shares at 30 June 2016.

For the avoidance of doubt, bonus shares which are forfeited will not be included in the limit.

Shareholders in general meeting may, where required, adjust the individual limit to take account of a capitalisation issue, a special distribution, a rights issue or reduction in capital of the Company.

The auditors, or other independent adviser acceptable to the JSE, shall confirm to the JSE in writing that any adjustment made in terms of this paragraph has been properly calculated on a reasonable and equitable basis, in accordance with the rules of the share plans and must be reported on in the Company's financial statements in the year during which the adjustment is made.

The issue of shares as consideration for an acquisition, and the issue of shares or a vendor consideration placing will not be regarded as a circumstance that requires any adjustment to the Company limit and the individual limit.

Consideration

The participants will give no consideration for an award of bonus shares.

Termination of employment

In the following circumstances participants will forfeit all unvested awards of bonus shares: resignation; dismissal on grounds of misconduct, poor performance, dishonest behaviour or fraudulent conduct; or abscondment.

In the following circumstances a portion of the award(s) not vested shall vest on the date of termination of employment: death; ill-health; disability; injury; retrenchment; retirement or mutual agreement. This portion will reflect the number of months served since the award date to the date of termination of employment over the total number of months in the employment period. The remainder of the award will lapse.

Change of control

In the event of a change of control of the Company occurring before the vesting date of any award, a portion of the award will vest. The portion of the award which shall vest will reflect the number of complete months served since the award date to the change of control date, over the total number of months in the employment period.

The portion of the award which does not vest as a result of the change of control will continue to be subject to the terms of the award letter, unless the Remuneration Committee determines otherwise.

Awards will not vest as a consequence of an internal reconstruction or similar event which is not a change of control as defined in the rules of the share plan. In this case the Remuneration Committee shall make such adjustment to the number of awards or convert awards into awards in respect of shares in one or more of the other companies, provided the participants are no worse off.

Variation of share capital

In the event of a variation in share capital such as a capitalisation issue, sub-division of shares, consolidation of shares, the Company entering into a scheme of arrangement, and the Company making distributions, participants shall continue to participate in the share plan. The Remuneration Committee may make such adjustment to the award or take such other action to place participants in no worse a position than they were prior to the happening of the relevant event and to provide that the fair value of the award immediately after the event is materially the same as the fair value of the award immediately before the event.

In the event of a rights issue, a participant shall be entitled to participate in any rights issue in respect of his bonus shares in accordance with the terms and conditions of the right issue.

The issuing of shares as consideration for an acquisition, and the issuing of shares or a vendor consideration placing, will not be regarded as a circumstance that requires any adjustment to the awards.

Liquidation

If the Company is placed into liquidation, other than for purposes of reorganisation, any awards of bonus shares shall *ipso facto* lapse as from the liquidation date. Therefore, any unvested bonus shares will lapse.

ANNEXURE 1 FOR AGM RESOLUTION PURPOSES

continued

Amendment

The Remuneration Committee may alter or vary the rules of the share plan as it sees fit, however, in the following instances the share plan may not be amended without the prior approval of the JSE and a resolution by the shareholders adopted with the support of 75% of the voting rights exercised thereon by shareholders entitled to vote on resolution:

- the category of persons who are eligible for participation in the share plans;
- the number of shares which may be utilised for the purpose of the share plans;
- the individual limitations on benefits or maximum entitlements;
- the basis upon which awards are made;
- the amount payable upon the award, settlement or vesting of an award and, if applicable, the period in which payments, or loans to provide the same, may be paid;
- the voting, dividend, transfer and other rights attached to the awards, including those arising on a liquidation of the Company;
- the adjustment of awards in the event of a variation of capital of the Company or a Change of Control of the Company; and
- the procedure to be adopted in respect of the vesting of awards in the event of termination of employment.

General

The rules of the DBSP are available for inspection from **4 October 2016** to **2 November 2016** at the Company's registered office, being 2 Harries Road, Illovo, Johannesburg.

In terms of the JSE Listings Requirements, the passing of ordinary resolution number 21 requires the approval of a 75% majority of the voting rights exercised on the resolution.

ANNEXURE 2 FOR AGM RESOLUTION PURPOSES

SALIENT FEATURES OF THE REVISED AVI LIMITED EXECUTIVE SHARE INCENTIVE SCHEME

Introduction

During FY16 the AVI Limited ("AVI" or "the Company") Remuneration Committee instructed PwC to assist the Company with a review and benchmarking of the Company's short and long-term reward frameworks. In particular PwC were instructed to consider shareholder concerns that have been raised regarding the existing approved AVI Limited Executive Share Incentive Scheme. Pursuant to the review it was recommended, with the endorsement of PwC, to the Remuneration Committee that the existing approved AVI Limited Executive Share Incentive Scheme be replaced with a revised scheme to:

- include an additional performance condition (beyond the implicit requirement of share price appreciation over the vesting period), namely an equally weighted Return on Capital Employed target ahead of the Company's Weighted Average Cost of Capital, to address shareholder concerns and to align to current best practice; and
- convert from an option-type scheme to a share appreciation rights scheme for all future awards, which will, in the interests of all shareholders, limit the dilution impact of share issuances.

Over and above the two changes mentioned above there will be no material changes to the scheme.

Existing option awards under the existing scheme will, however, continue to be governed by the rules of such scheme.

The awarding of the share appreciation rights will be regulated in terms of the rules of the Revised AVI Limited Executive Share Incentive Scheme ("the revised executive share scheme"), the salient features of which are set out below.

Purpose

The revised executive share scheme will primarily be used as a tool to incentivise, motivate and retain eligible executive and senior management to deliver the Group's business strategy over the long term. In addition, the scheme will encourage share ownership among executive and senior employees.

The type of instrument proposed is annual awards of rights to receive shares equal to the increase in the value of a certain number of shares between the award date and the exercise date, the vesting of which is subject to the satisfaction of performance conditions and continued employment ("employment condition").

The performance condition(s) applicable to the revised executive share scheme will be approved annually by the Remuneration Committee and included in the award letter to participants. The employment condition is the requirement for continued employment of the participant by AVI for the duration of a certain number of years from the award date.

Participants

Eligible employees will include executive directors, prescribed officers and senior management of any Group company within AVI. Participation in the revised executive share scheme is not a condition of employment, and the Remuneration Committee has the absolute discretion to make an award to any employee in terms of the share plans.

Rights of participants

In terms of the revised executive share scheme, the participants will not be entitled to any shareholder rights before the settlement of the shares. Settlement would only occur after exercise of the share appreciation rights ("SARs").

Basis of awards and award levels

Annual awards of SARs will be made on a consistent basis to ensure long-term shareholder value creation. Award levels will be aligned with market benchmarks.

Overall award levels will be decided by the Remuneration Committee each time that awards are made by taking into account the particular circumstances at that time, e.g. Company affordability, retention considerations, and exceptional Company performance. Annual awards will be benchmarked and set to a market-related level of remuneration whilst considering the overall affordability thereof to the Company.

The base value of the shares on which the gains will be calculated will be the market value at the time of the award.

ANNEXURE 2 FOR AGM RESOLUTION PURPOSES

continued

Performance conditions and vesting

All SARs awards will be subject to performance conditions ("performance period"). The Remuneration Committee will set appropriate performance conditions, as relevant, for each award, taking into account the business environment at the time of making the awards.

The SARs will vest and become exercisable on the later of the Remuneration Committee establishing if the performance conditions have been met and the third anniversary of the award date.

Manner of settlement

Following the exercise of the SARs, settlement shall take place within 10 (ten) days of the exercise date. The rules of the share plan are flexible in order to allow for settlement in any of the following manners:

- by way of a market purchase of shares;
- use of treasury shares;
- issue of shares.

The exact method of settlement will be determined by the Remuneration Committee on a case-by-case basis.

Limits and adjustments

Company limit

The number of shares which may at any one time be allocated in terms of the revised executive share scheme shall not exceed 5 213 369 (five million two hundred and thirteen thousand three hundred and sixty nine) shares to all participants, which equates to approximately 1,5% (one comma five percent) of the number of issued shares as at 30 June 2016.

In calculating the limit for the revised executive share scheme, new shares allotted and issued by the Company or shares held by a subsidiary in treasury account which have been used by the Company for settlement, will be included in the Company limit. This limit will be calculated to exclude shares purchased in the market in settlement and awards which do not subsequently vest.

Shareholders in general meeting may, where required, adjust the Company limit to take account of a sub-division or consolidation of the shares of the Company.

The issue of shares as consideration for an acquisition, and the issue of shares for cash or a vendor consideration placing will not be regarded as a circumstance that requires any adjustment to the Company or individual limit.

SARs which are allocated under this revised executive share scheme which are not subsequently settled to a participant, or which have been forfeited, shall revert back to the revised executive share scheme.

Individual limit

The maximum number of shares held by any single participant in respect of share appreciation rights under the revised executive share scheme, together with any other shares or options held by that participant under any other approved incentive scheme established by the Company, shall not exceed 6 951 158 (six million nine hundred and fifty one thousand one hundred and fifty eight) shares, which equates to approximately 2% (two percent) of the number of issued shares at 30 June 2016.

For the avoidance of doubt SARs which are forfeited will not be included in the limit.

Shareholders in general meeting may, where required, adjust the individual limit to take account of a capitalisation issue, a special distribution, a rights issue or reduction in capital of the Company.

The auditors, or other independent adviser acceptable to the JSE, shall confirm to the JSE in writing that any adjustment made in terms of this paragraph has been properly calculated on a reasonable and equitable basis, in accordance with the rules of the share plans and must be reported on in the Company's financial statements in the year during which the adjustment is made.

The issue of shares as consideration for an acquisition, and the issue of shares or a vendor consideration placing will not be regarded as a circumstance that requires any adjustment to the Company limit and the individual limit.

Consideration

The participant will give no consideration for an award of SARs.

Termination of employment

Participants terminating employment owing to resignation; dismissal on grounds of misconduct, poor performance, dishonest behaviour or fraudulent conduct; or abscondment, forfeit all unvested SARs as at date of termination. Furthermore, in the case of dismissals, all vested but unexercised SARs will immediately be forfeited.

For participants terminating employment owing to death, ill-health, disability, injury, retrenchment, retirement, mutual agreement, or the sale of a subsidiary company, the following treatment will apply:

- for vested but unexercised SARs on the date of termination of employment, the participant may exercise such SARs within a maximum period of 24 months (death, retirement, ill-health or injury) or a maximum period of six months (other termination);
- unvested SARs will vest proportionally. The portion which shall vest on date of termination of employment will reflect the number of months served since the award date to the date of termination of employment over the total number of months in the employment period, pro-rated to the extent to which the performance conditions have been met with reference to the nearest financial year results. The participant will have a maximum period of 24 months (in the case of termination by death, retirement, ill-health or injury) and a maximum period of six months (other terminations) from early vesting date to exercise the SARs. The remainder of the award will lapse.

Change of control

In the event of a change of control of the Company occurring before the vesting date of any award, a portion of the award will vest.

The Remuneration Committee will calculate the portion of the award which shall vest by determining whether and the extent to which the performance conditions have been satisfied with reference to the immediately preceding financial year and the number of complete months served since the award date to the change of control date, over the total number of months in the employment period.

The portion of the award which does not vest as a result of the change of control will continue to be subject to the terms of the award letter, unless the Remuneration Committee determines otherwise.

Awards will not vest as a consequence of an internal reconstruction or similar event which is not a change of control as defined in the rules of the share plan. In this case the Remuneration Committee shall make such adjustment to the number of awards or convert awards into awards in respect of shares in one or more of the other companies, provided the participants are no worse off.

Variation of share capital

In the event of a variation in share capital such as a capitalisation issue, subdivision of shares, consolidation of shares, the Company entering into a scheme of arrangement and the Company making distributions, participants shall continue to participate in the share plans. The Remuneration Committee may make such adjustment to the award or take such other action to place participants in no worse a position than they were prior to the happening of the relevant event and to provide that the fair value of the award immediately after the event is materially the same as the fair value of the award immediately before the event.

In the event of a rights issue, a participant shall be entitled to participate in any rights issue in respect of his bonus shares in accordance with the terms and conditions of the right issue.

The issuing of shares as consideration for an acquisition, and the issuing of shares or a vendor consideration placing, will not be regarded as a circumstance that requires any adjustment to the awards.

ANNEXURE 2 FOR AGM RESOLUTION PURPOSES

continued

Liquidation

If the Company is placed into liquidation, other than for purposes of reorganisation, any awards of SARs shall *ipso facto* lapse as from the liquidation date. Therefore, any unvested SARs or vested and unexercised SARs will lapse.

Amendment

The Remuneration Committee may alter or vary the rules of the share plans as it sees fit, however, in the following instances the share plans may not be amended without the prior approval of the JSE and a resolution by the shareholders adopted with the support of 75% of the voting rights exercised thereon by shareholders entitled to vote on the resolution:

- the category of persons who are eligible for participation in the share plans;
- the number of shares which may be utilised for the purpose of the share plans;
- the individual limitations on benefits or maximum entitlements;
- the basis upon which awards are made;
- the amount payable upon the award, vesting or exercise of an award and, if applicable, the period in which payment or loans to provide the same, may be paid;
- the voting, dividend, transfer and other rights attached to the awards, including those arising on a liquidation of the Company;
- the adjustment of awards in the event of a variation of capital of the Company or a change of control of the Company; and
- the procedure to be adopted in respect of the vesting of awards in the event of termination of employment.

General

The rules of the Revised AVI Limited Executive Share Incentive Scheme are available for inspection from **4 October 2016** to **2 November 2016** at the Company's registered office, being 2 Harries Road, Illovo, Johannesburg.

In terms of the JSE Listings Requirements, the passing of ordinary resolution number 23 requires the approval of a 75% majority of the voting rights exercised on the resolution.

FORM OF PROXY

AVI Limited

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

For use only by shareholders holding certificated shares, nominee companies of a Central Securities Depository Participants ("CSDP"), brokers' nominee companies and shareholders who have dematerialised their shares and who have elected own-name registration at the seventy-second Annual General Meeting of the Company, to be held at 2 Harries Road, Illovo, Johannesburg, 2196 at 11:00 on Thursday, 3 November 2016 ("Annual General Meeting").

Shareholders who have already dematerialised their shares through a CSDP or broker must not complete this form of proxy but must provide their CSDP or broker with their voting instructions.

Holders of dematerialised shares, other than those with "own name" registration, who wish to attend the Annual General Meeting must inform their CSDP or broker of such intention and request their CSDP or broker to issue them with the necessary authorisation to attend the meeting.

I/We

of (address)

being the holder/s of _____ ordinary shares in the Company, do hereby appoint:

1. _____ or failing him/her,

2. _____ or failing him/her,

3. the Chairman of the Annual General Meeting,
as my/our proxy to act for me/us at the Annual General Meeting which will be held for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at each adjournment thereof and to vote or abstain from voting on such resolutions in respect of the ordinary shares in the issued capital of the Company registered in my/our name/s in accordance with the following instructions (see note 2):

Resolution number		Number of votes (one vote per share)		
		In favour of	Against	Abstain
1.	Adoption of the financial statements for the year ended 30 June 2016			
2.	Re-appointment of KPMG Inc. as the external auditors of the Company			
3.	Re-election of Mrs NP Dongwana as a director			
4.	Re-election of Mr JR Hersov as a director			
5.	Re-election of Mr RJD Inskip as a director			
6.	Re-election of Mr M Koursaris as a director			
7.	Appointment of Mr MJ Bosman as a member and Chairman of the Audit and Risk Committee			
8.	Appointment of Mrs NP Dongwana as a member of the Audit and Risk Committee			
9.	Appointment of Mr JR Hersov as a member of the Audit and Risk Committee			
10.	Special resolution (increase in fees payable to non-executive directors, excluding the Chairman of the Board and the foreign non-executive director)			
11.	Special resolution (increase in fees payable to the Chairman of the Board)			
12.	Special resolution (increase in fees payable to the foreign non-executive director)			
13.	Special resolution (increase in fees payable to members of the Remuneration, Nomination and Appointments Committee)			
14.	Special resolution (increase in fees payable to members of the Audit and Risk Committee)			
15.	Special resolution (increase in fees payable to members of the Social and Ethics Committee)			
16.	Special resolution (increase in fees payable to the Chairman of the Remuneration, Nomination and Appointments Committee)			
17.	Special resolution (increase in fees payable to the Chairman of the Audit and Risk Committee)			
18.	Special resolution (increase in fees payable to the Chairman of the Social and Ethics Committee)			
19.	Special resolution (general authority to buy back shares)			
20.	Special resolution (financial assistance to Group entities)			
21.	The adoption of the AVI Limited Deferred Bonus Share Plan			
22.	Subject to ordinary resolution 21 being passed, placing 5 213 369 ordinary shares, in the authorised but unissued share capital of the Company, under the control of the directors to allot and issue such shares in terms of the AVI Limited Deferred Bonus Share Plan			
23.	The adoption of the Revised AVI Limited Executive Share Incentive Scheme			
24.	Subject to ordinary resolution 23 being passed, placing 5 213 369 ordinary shares, in the authorised but unissued share capital of the Company, under the control of the directors to allot and issue such shares in terms of the Revised AVI Limited Executive Share Incentive Scheme			
25.	Subject to ordinary resolutions 22 and 24 being passed, placing 6 915 158 ordinary shares, in the authorised but unissued share capital of the Company, under the control of the directors to allot and issue such shares in terms of the AVI Limited Out-Performance Scheme			
26.	Ordinary resolution to endorse the remuneration policy (non-binding advisory vote)			

Insert an "X" in the relevant space above according to how you wish your votes to be cast, however, if you wish to cast your votes in respect of less than all of the ordinary shares that you own in the Company, insert the number of ordinary shares held in respect of which you desire to vote.

Signed at _____ on _____ 2016

Signature _____

Assisted by me (where applicable) _____

Each shareholder is entitled to appoint one or more proxies (none of whom need be a member of the Company) to attend, speak and, on a poll, vote in place of that shareholder at the Annual General Meeting.

Please read the notes on the reverse side hereof.

NOTES TO THE FORM OF PROXY

1. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space/s provided, with or without deleting "the Chairman of the Annual General Meeting", but any such deletion must be initialled by the shareholder concerned. The person whose name stands first on the form of proxy and who is present at the Annual General Meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. Please insert an "X" in the relevant spaces according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of shares than you own in the Company, insert the number of ordinary shares held in respect of which you wish to vote. Failure to comply with the above will be deemed to authorise the Chairman of the Annual General Meeting, if he is the proxy, to vote in favour of and any other proxy to vote or to abstain from voting in respect of the resolutions to be considered at the Annual General Meeting as he/she deems fit, in either case, in respect of all the shareholder's votes exercisable thereat. A shareholder or the proxy is not obliged to exercise all the votes exercisable by the shareholder or by the proxy, but the total of the votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the shareholder or by the proxy.
3. Duly completed forms of proxy must be received at the office of the transfer secretaries, Computershare Investor Services 2004 Proprietary Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 or posted to PO Box 61051, Marshalltown, 2107 to be received by not later than 11:00 on Tuesday, 1 November 2016.
4. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the Annual General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof. The appointment of a proxy or proxies is furthermore revocable, in which case a shareholder may revoke the proxy appointment by cancelling it in writing or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the Company.
5. 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's transfer secretaries or waived by the Chairman of the Annual General Meeting.
6. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
7. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries of the Company.
8. The Chairman of the Annual General Meeting may reject or accept a form of proxy which is completed and/or received other than in accordance with these notes if he is satisfied as to the manner in which the shareholder wishes to vote.
9. If the instrument appointing a proxy or proxies has been delivered to the Company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the Company's Memorandum of Incorporation to be delivered by the Company to the shareholder must be delivered by the Company to the shareholder, or to the proxy or proxies, if the shareholder has directed the Company to do so in writing and paid any reasonable fee charged by the Company for doing so.
10. The appointment of a proxy or proxies remains valid only until the end of the Annual General Meeting subject to any revocation thereof.



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