



NZX Release

10 July 2017

AWF MADISON GROUP LIMITED (NZX: AWF) - EXPLANATORY MEMORANDUM

Following a request from a shareholder for additional information regarding proposed Resolution 3 – Director Fee Pool (Ordinary Resolution), we provide shareholders with the following additional information in relation thereto:

AWF Madison has a Board of five Directors and notwithstanding the Group's ongoing growth objectives, we propose maintaining that number. Provision needs to be made however, for generational shift in the mix of Directors over the next two to three years, whilst retaining skill mix and industry knowledge. In practical terms, this means carrying the cost of the equivalent of an extra Director through that process.

As at the end of the 31 March 2017 Year, Directors were each paid \$52,000 per annum and the Chair \$94,000. Examination of various independent reports indicates that the level of fees paid to our Directors was falling behind the mid-range of individual Director fees for companies comparable in size to AWF Madison Group.

Accordingly, an adjustment to Directors' Fees to \$60,000 per annum and Chairman to \$115,000, was made effective 1 July 2017.

In order to provide guidance, the Board commissioned an Independent Recommendation from Strategic Pay Ltd., as to appropriate fee range for Director fees moving forward. This report is now available and a summary of recommendations is attached.

This Explanatory Memorandum should be read in conjunction with the note contained in Resolution3, in the Notice of Meeting dated 28 June 2017.

Ross B Keenan

Chairman

021 685 655