

MARKET RELEASE

2 September 2020

Cavalier Announces Conditional Sale and Leaseback of Auckland Property and Special Meeting

New Zealand wool and carpet company, Cavalier Corporation Limited (NZX: CAV) advises that it has entered into a sale and leaseback agreement for its Auckland Property. The agreement is conditional upon shareholder approval which will be sought at a Special Meeting of shareholders, to be held online on 17 September 2020. A Notice of Special Meeting has been provided with this announcement. While the Notice of Special Meeting stated that the agreement is also conditional on OIO approval, this condition has now been satisfied.

On 23 July 2020, Cavalier unveiled a new transformational strategy that firmly positions the Company with an all-wool and natural fibres business model. As stated at the time, the pivot to the new strategy will require capital and investment and the Company has been evaluating a range of opportunities to fund the transformation.

The Board has taken extensive external independent advice on the options available. In the first instance, Cavalier is looking at the sale and leaseback of the Auckland Property, which represents the most effective way of accessing capital at this time.

The Company has entered an agreement with Kinleith Land & Infrastructure Limited and/or nominee for the sale and leaseback of the Auckland Property for net proceeds of approximately \$24 million. The proceeds will be used to strengthen Cavalier’s balance sheet and facilitate the transformation to an all-wool and natural fibres business model.

The Company sees the increasing consumer shift back to using natural and environmentally sustainable materials as a significant opportunity. Cavalier proposes to capitalise on its strengths and the move towards conscious consumerism, and again focus on woollen carpets, taking advantage of the growing interest in natural materials and sustainable products and assuming the environmental responsibilities customers are looking for.

Chair of Cavalier, George Adams, said: “Cavalier is fortunate to have significant holdings of land and buildings and the ability to unlock and redeploy some of this capital to support its strategy for change. We consider that the pivot to an all-wool and natural materials business is the most advantageous strategy for the Company and will provide long-term value for shareholders. We recommend shareholders vote in favour of the resolution at the Special Meeting.”

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