

MARKET RELEASE

9 November 2020

Update on Sale and Leaseback of Auckland Property

Cavalier Corporation Limited (NZX: CAV) advises that its wholly-owned subsidiary, Cavalier Bremworth Limited, has served a settlement notice on Kinleith Land and Infrastructure Limited, following Kinleith's failure to settle the sale and purchase of Cavalier's Auckland property on 6 November 2020.

Kinleith is in default under the sale and purchase agreement and now has 12 working days to remedy the default.

In the meantime, Cavalier will be exploring all options, including the legal remedies that are available to it should Kinleith fail to remedy the default within the stipulated timeframe. Despite the disappointing development, Cavalier is confident that it will be able to sell the Auckland property, especially with the buoyant property market and the level of interest expressed by other interested parties. The Company will keep shareholders updated on developments.

Sufficient headroom to continue execution of transformational strategy

Given the stronger than anticipated trading, the release of funds from the sell-down of synthetic stocks and the significant reduction in bank debt, the Board is comfortable there is sufficient headroom for the Company to continue the implementation of its transformational strategy.

As advised on 4 November 2020, trading for the first quarter of FY21 has been stronger than anticipated with sales revenue up 3% on the same time last year.

Net debt has continued to decrease significantly - from \$14.5m as at the end of June to \$1.4m as at the end of October – putting the Company in a strong position from which to continue to execute its transformation.

Chair of Cavalier, George Adams, said: "There remains continued interest from a number of parties in the Auckland property, and while it is disappointing and inconvenient that this transaction has not settled yet, we are moving ahead with the implementation of our strategy, including the rollout of the new Bremworth brand which was unveiled last week.

"While the future economic environment remains uncertain, our near term outlook has improved. Cavalier is ideally placed to meet the growing consumer demand for desirable, high performing, safe and sustainable interior products and we are excited about the opportunities for our Company."

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