

CAVALIER  
CORPORATION

# **NOTICE OF SPECIAL MEETING**

17 SEPTEMBER 2020

Notice is hereby given that a special meeting of shareholders ('Special Meeting') of Cavalier Corporation Limited (the 'Company' or 'Cavalier') will be held online at [www.web.lumiagm.com](http://www.web.lumiagm.com) on Thursday, 17 September 2020, commencing at 10.00 am.





# IMPORTANT NOTE

This notice of meeting ('Notice of Meeting') is an important document and requires your attention. It should be read in its entirety. It has been prepared by Cavalier to advise you of the forthcoming Special Meeting of shareholders and to assist you in understanding the resolution to be put to shareholders for consideration at the Special Meeting.

The directors encourage you to read this Notice of Meeting and exercise your right to vote. If you do not understand any part of this document or are in doubt as to how to deal with it, you should consult your broker or other professional adviser as soon as possible.

# FORWARD-LOOKING STATEMENTS

This Notice of Meeting contains forward-looking statements.

As forward-looking statements are predictive in nature, they are subject to a number of risks and uncertainties relating to Cavalier, its operations, the markets in which it competes and other factors (some of which are beyond the control of Cavalier).

In particular, Cavalier's operations and results are significantly influenced by the level of activity in the flooring sectors of the economies in which it competes, particularly in New Zealand and Australia.

Fluctuations in commercial and residential construction activity, availability of capital, housing turnover and pricing, levels of repairs, remodelling and additions to existing homes, new housing starts, relative exchange rates, interest rates and general consumer confidence, can each have a substantial impact on Cavalier's results of operations and financial position.

Other risks include competitor activity, product demand, pricing and input costs and the ongoing impact of COVID-19 on the level of activity in the flooring sector in all markets.

As a result of the foregoing, actual results and conditions may differ materially from those expressed or implied by such statements.

Any estimates or projections as to events that may occur in the future (including the financial effects of the Company's transformation to the all-wool and natural materials business model) are based upon the best judgement of Cavalier from the information available as at the date of this Notice of Meeting.



# BUSINESS

**A** Chairman's address

**B** Chief Executive Officer's address

**C** Shareholder questions and discussion

**D** Ordinary resolution – Sale and leaseback of Auckland Property:

To consider and, if thought fit, to pass the following ordinary resolution (which requires the approval of a simple majority of the votes of those shareholders entitled to vote and voting on the resolution):

*That the sale and leaseback of the Auckland Property, details of which are set out in the Explanatory Statement, so as to enable the Company to execute its transformation to the all-wool and natural materials business model, while also providing it with the additional liquidity and funding, be approved.*

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#### Recommendation of the Board

The Board unanimously recommends the resolution to shareholders for approval and encourages all shareholders to vote in favour of the resolution.

#### Addresses by Chairman and Chief Executive Officer

Transcripts of the Chairman's and Chief Executive Officer's addresses to the Special Meeting, and any accompanying slide presentations, will be released to the NZX market announcement platform and posted on the Company's website at the same time as they are delivered to the Special Meeting.

#### NZX confirmation

NZX has confirmed that it has no objection to this Notice of Meeting, but takes no responsibility for any statement made in this Notice of Meeting.

#### Virtual Meeting

The Special Meeting will be held online at [www.web.lumiagm.com](http://www.web.lumiagm.com), Meeting ID 383-341-487.



**GEORGE ADAMS**  
CHAIRMAN  
1 SEPTEMBER 2020

# LETTER FROM THE CHAIRMAN

## Dear Shareholder

We are pleased to invite you to attend a Special Meeting of shareholders of Cavalier Corporation Limited online on Thursday, 17 September 2020 at 10.00 am. Given the uncertainty around the COVID-19 environment, the Special Meeting will be held virtually only. You can participate in the Special Meeting at [www.web.lumiagm.com](http://www.web.lumiagm.com). If you are unable to attend, we strongly encourage you to complete and lodge the proxy form in accordance with the instructions on the back of that form.

As you will be aware, on 23 July 2020, we announced our exciting transformation to position Cavalier Bremworth with an all-wool and natural fibres business model. We have been delighted with the overwhelmingly positive feedback from our customers, retailers, industry partners and our shareholders. The Special Meeting is an opportunity for you to hear more on our new strategy, and we encourage you to attend and take this opportunity to share in the Board and management's enthusiasm for our future.

Our pivot to our new strategy will require investment, and shareholders are being asked to vote on a resolution to allow for the sale and leaseback of Cavalier's Auckland properties situated at 7-9 Grayson Avenue, 2 Brett Avenue and 9 Brett Avenue, Papatoetoe, Auckland ('Auckland Property'), in order to strengthen our balance sheet and facilitate our transformation.

## The background

Cavalier Bremworth is a loved and respected New Zealand brand. Over decades, it has built a reputation as a champion for quality New Zealand wool carpets. For the last 50+ years, we've been on a journey of exploration and have built up significant knowledge about the potential and performance of many different fibres from diverse sources for use in flooring.

In response to consumer demand, Cavalier Bremworth introduced synthetic carpets in the last decade. However, wool carpet was and remains the optimum offering for customers. Not only is it the best fibre for design, innovation and performance on the floor, it's also 100% natural, biodegradable and renewable.

## A changing world

Today, the long-term dangers posed by plastics are becoming clear. It's a global problem and manufacturers need to be part of the solution.

Consumers are starting to reject plastic, particularly single-use plastics, in favour of multi-use or more sustainable alternatives. Consumers are also becoming aware that plastic comes in many forms, including synthetic carpet, upholstery, curtains, clothing and more.

There is growing awareness and concern about microplastics in our homes, in our food chain and in the environment. The impact plastics have on human health is largely unknown, but early studies suggest that microplastics entering the body are unlikely to be good for people.

## A changing world brings new opportunities

Consumers subscribing to lifestyles of health and sustainability ('LOHAS') epitomise conscious consumerism and are one of the fastest growing consumer segments in the developed world, valued at more than US\$190 billion a year in the United States, A\$32 billion in Australia and an estimated NZ\$18 billion in New Zealand.<sup>1</sup> These consumers are seeking out products and experiences that align with their emotional and environmental priorities and are happy to pay to support these. They're a wealthier demographic who focus on personal health, wellbeing and ecological impact.

As a company, we cannot ignore that we are currently contributing to the plastic problem by manufacturing and selling synthetic carpets. While we consider recycling to be a positive step towards repurposing plastic that already exists, stopping it at source has to be the best solution. So, it makes sense for Cavalier to transform and transition out of synthetic carpet to natural materials and wool, knowing that in the process, we are committing to improving the wellbeing of our customers and the planet without compromising on design and performance attributes that our customers care about.

## We're transforming

The time is right for Cavalier to transform. To build on our heritage, better meet the changing needs of our customers and reduce our impact on the planet, while also improving the profitability of our Company.

We will be transitioning out of synthetic carpets and focusing on all-wool and natural materials.

We will be repositioning our brand and offer to better meet the needs of conscious consumers (LOHAS).

We will continue to focus on doing what's right – for people and the planet.

And as a result, we believe we will deliver better returns on investment for our shareholders.

<sup>1</sup> The figures are from the report to the Company prepared by The New Zealand Merino Company Limited dated 15 December 2019.

***The directors 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. It is in this light that the directors recommend you vote in favour of the resolution at the Special Meeting.***

Over the next ten years, our vision is to become a purpose-led global leader in designing and creating desirable, sustainable, safe and high performing interior products. While this transformation will take time and investment, we believe Cavalier has the infrastructure, capabilities and expertise to effectively manage the change and a strategy which will benefit from evolving consumer trends.

### **Our journey starts now**

We have identified four strategic pathways and have a detailed plan of activity to build our sales and extend our reach.<sup>2</sup> We will be seeking to change consumer mindsets and grow demand for beautiful, sustainable, safe and high performing wool and natural material interior products. We will be positioning Cavalier Bremworth as the preferred choice for all homes, targeting new consumer groups and key influencers, investing in marketing, expanding our retail base and launching new ranges to make our beautiful wool carpets accessible to more consumers. Longer term, we will be looking at other adjacent opportunities to create desirable, sustainable and safe interior products.

We expect to see a return to profitable growth from FY23 onwards, following an initial 12 to 24 months of investment as we reset our business and commence our new strategy, and as the economy recovers from COVID-19. The full benefits are expected to be realised from FY25 onwards as Cavalier's strategy bears fruit.

### **Next steps**

To facilitate our transformation to an all-wool and natural materials strategy will require capital and investment. The Board has taken extensive external independent advice on the options available to us and has shortlisted options including the sale and leaseback of the Auckland Property, debt funding and an equity raise.

In the first instance, we are looking at the sale and leaseback of the Auckland Property, which represents the most effective way of accessing capital at this time. We are also considering capital options to further strengthen our balance sheet and allow us to fully execute our transformation strategy. We will keep investors informed on this.

The net proceeds of the Auckland Property sale of approximately \$24.0 million would be used by the Company in the first instance to deleverage our balance sheet by fully repaying bank debt of approximately \$14.5 million. We are then proposing to apply the balance of the net proceeds to strengthening the balance sheet and providing the financial resources to facilitate our strategic transformation to an all-wool and natural materials business model.

Further information on the rationale for the directors' recommendation, the new strategy and the sale and leaseback of the Auckland Property can be read in the Explanatory Statement of this Notice of Meeting. The sale and leaseback is subject only to OIO approval and shareholder approval, with settlement expected to occur within a month of becoming unconditional.

### **Directors' Recommendation**

The directors have considered and taken independent advice on alternatives for the future of Cavalier and 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. It is in this light that the directors recommend you vote in favour of the resolution at the Special Meeting.

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. I encourage all shareholders to read this Notice of Meeting in its entirety and, if at all possible, attend the Special Meeting online to hear further from the Board and management as we share our new strategy with you.

### **It's worth it**

We believe the step change we are making is good for our people, our shareholders, our business, our customers, New Zealand and our planet. Nothing feels better than premium wool carpet under your feet on a cold winter morning, or a hot summer evening. Nothing feels better than living with beautiful, natural materials, rich with integrity, quality and design. Nothing feels better than being ahead of the curve, in a moral and practical sense. Nothing feels better than doing something that's both smart and good. We warmly welcome our shareholders to join us on our journey.

Thank you for your patience and continued support.

Yours sincerely



**GEORGE ADAMS**

CHAIRMAN  
CAVALIER CORPORATION LIMITED

<sup>2</sup> For further details, please refer to Cavalier's market release and strategy presentation released to NZX on 23 July 2020.

# EXPLANATORY STATEMENT

**The purpose of this explanatory statement ('Explanatory Statement') is to provide shareholders with information on the matter to be considered at the Special Meeting.**

## Proposed transaction

Cavalier Bremworth Limited, a wholly-owned subsidiary, has entered into an agreement with Kinleith Land & Infrastructure Limited (and/or nominee) for the sale and leaseback of the Auckland Property. The purchase price for the Auckland Property is \$24.6 million. After real estate agent commission and other expenses such as legal costs, the net proceeds are expected to be \$24.0 million.

Kinleith Land & Infrastructure is a New Zealand real estate investor that is focused on core industrial real estate in the Upper North Island, specialising in manufacturing and heavy industry tenants. At the centre of its strategy is recognising tenants' need for its properties to have access to industrial infrastructure to efficiently reach domestic and export markets for their products.

The initial term of the leaseback is 14 years plus one right of renewal of six years, with net rent at commencement date of \$1,600,000 per annum and a 2.5% increase in rent per annum on each anniversary of the commencement date (except where that anniversary coincides with a market rent review date). Market rent reviews will take place on the sixth anniversary of the commencement date and on renewal date, with market rent to be no less than 90% or greater than 110% of the annual rent immediately preceding the relevant rent review date.

The Company has estimated the present value of the rental obligation in respect of the Auckland Property to be around \$16.0 million, based on the initial term of the leaseback of 14 years and the net rent during that initial term (but ignoring the market rent review to take place on the sixth anniversary of the commencement date), discounted at the rate of 7.5% per annum<sup>3</sup>. No rental amounts are being set off against the purchase price.

Bayleys Real Estate ('Bayleys'), who assisted Cavalier with the sale and leaseback, have confirmed that the terms of the sale and leaseback are typical for those entered into for large industrial sites in the Auckland region and that the triple-net lease<sup>4</sup> is typical after having regard to the age and condition of the Auckland Property.

As part of the sale and leaseback process, Bayleys conducted a comprehensive marketing campaign outlining the indicative details of the proposed sale and leaseback. The campaign ran over a five-week period to ensure that all potential purchasers were identified. Over 50 enquiries were received during the campaign, with multiple offers received at the conclusion of the sale and leaseback process. The proposed transaction represents the best offer received.

## Reasons for the proposed transaction

As shareholders would be aware from recent announcements by the Company, Cavalier has been investigating a range of opportunities to realise additional funds to support the business in light of the impact of COVID-19 as well as facilitate the transformation strategy to an all-wool and natural materials business model.

These funding opportunities include, to a large extent, the sale and leaseback of the Auckland Property in respect of which shareholder approval is now being sought. The Company is also considering other funding options and details will be provided to shareholders in due course.

The net proceeds of this transaction of approximately \$24.0 million will be used by the Company in the first instance to deleverage its balance sheet by fully repaying bank debt of approximately \$14.5 million.

<sup>3</sup> NZ IFRS 16 Leases requires lease liabilities to be measured at the present value of the lease payments over the lease term, with these lease payments discounted using a discount rate that approximates the Company's incremental borrowing rate where the interest rate implicit in the lease is not readily available.

<sup>4</sup> In a triple-net lease, the lessee assumes direct responsibility for all costs payable in respect of the property (including rates, insuring the premises, and maintaining the premises (including structural repairs and capital works)). While the lessee assumes those liabilities, ownership in the building rests with the lessor (save for those items specified as remaining owned by the lessee, including specialist plant and machinery required for Cavalier Bremworth's operations).



The balance of the net proceeds will be used to provide the Company with:

- additional liquidity and funding during the current uncertain and difficult operating environment;
- a sound financial footing to better capitalise on the expected eventual recovery in the carpet market; and
- the financial resources to undertake its strategic transformation to its all-wool and natural materials business model.

In the meantime, all non-essential capital and operational spends are continuing to be deferred and all other costs closely monitored.

Cavalier is not at this stage considering a sale and leaseback of its other properties but, if it was to do so, it would seek shareholder approval to such a transaction if required by the NZX Listing Rules.

### **The transformation to the all-wool and natural materials business model**

The Company's business includes the manufacture and sale of carpets. It traditionally focused on wool carpets, however, in the last decade, there began a shift in the market away from wool carpets towards alternative forms of flooring, including synthetic carpets and hard flooring.

While woollen carpet remained Cavalier's focus over that time, it sought to adapt to this market change by also diversifying into synthetic carpets, undertaking significant rationalisation of its woollen carpet manufacturing base and reducing its operating costs in the process.

The synthetic segment of the carpet market has become very price competitive and increasingly challenging for Cavalier in its main New Zealand and Australian markets, particularly with no barriers to entry and with local synthetic carpet manufacturers having to compete with global manufacturers who produce very large volumes of these carpets at very low costs.

At the same time, Cavalier has been seeing growing demand for top end, high quality, textured wool carpets, with consumers starting to consider the social, environmental and health impacts of the products they purchase. In parallel, there is also growing awareness of the negative impact of synthetics, particularly plastic pollution, and the use of potentially harmful chemicals, on the environment and on our health. That awareness is changing how and what consumers choose.

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.

The Company does not consider that the proposed property transaction will significantly change the nature of its business, with Cavalier continuing to be a manufacturer and distributor of carpets. It will also be looking to significantly increase its marketing and sales profile and presence and focus not just on manufacturing but on the customers' needs.



## Giving effect to the transformation

To give effect to the transformation, Cavalier will: (a) exit its non-wool carpet business so that it can focus on its woollen carpet operations; and (b) raise the funding required for the transformation, while also providing Cavalier with additional liquidity and funding during the current uncertain and difficult operating environment, by redeploying the capital tied up in the Auckland-based manufacturing site (subject to entering into lease back arrangements in relation to it).

## Financial implications of the proposed transaction, the repayment of bank debt and the transformation

The cash flow implications of the transaction, together with the repayment of bank debt and the execution of the strategic transformation to the all-wool and natural materials business model, as explained earlier, for FY21 are summarised below:

	\$ million
Net proceeds of proposed transaction <sup>1</sup>	24.0
Repayment of bank debt	(14.5)
Transformation-related cash flows:	
Restructuring	(1.5)
Capital expenditure <sup>2</sup>	(2.2)
Marketing and people <sup>3</sup>	(8.2)
FY21 net cash flows <sup>4</sup>	11.9
<b>Surplus cash as at end of FY21</b>	<b>\$9.5</b>

<sup>1</sup> sale proceeds are net of real estate agent commission and other expenses such as legal costs

<sup>2</sup> including new display stands at retail

<sup>3</sup> including launch of the transformation and focus on sustainability

<sup>4</sup> including proceeds of sale of non-wool inventory

The Board expects that all of the surplus cash from the transaction as at the end of FY21 would also be required in FY22 for the ongoing transformation.

The Board remains very focused on total shareholder value, with annual dividends an integral part of shareholder value creation, and the Board is fully committed to the resumption of payment of annual dividends as soon as possible - subject to dividend payments being sustainable and supported by consistent earnings and a strong balance sheet.

Five-year modelling of Cavalier's future financial performance and the investment needed to bring about the transformation has been undertaken by management and external advisers. In summary:

- Total sales revenue for FY20 and FY21 will reduce as Cavalier exits its non-wool carpet business and as a consequence of COVID-19;
- Investment costs, including restructuring of its operations, will be incurred as the business adjusts its manufacturing and sales base to reflect the new sales focus, with these costs also inclusive of new display stands at retail to expand its market presence;
- Marketing spend and people costs will increase as Cavalier will be investing in a number of initiatives to enhance its market presence and ensure its strategy is successfully communicated, understood and implemented – in the process growing the wool flooring market while also growing its share of the wool market;
- As Cavalier's strategy bears fruit and sales of higher margin, higher value woollen carpets replace and eclipse the previous synthetic carpet sales, this will be reflected in Cavalier's financial performance, with growing revenues expected from FY23 and FY24 onwards as the business builds woollen carpet sales and as the economy recovers from COVID-19;
- The full benefits from the transformation are expected from FY25 onwards.



As part of its assessment of funding and the new strategic direction, Cavalier's Board considered the long term risks and rewards of various alternatives (such as debt funding, an equity raise or asset sales) and believe that the current funding proposal and strategy is the most advantageous pathway for the Company and will provide long term value for shareholders, while preserving jobs, protecting local supply chains and supporting New Zealand's primary industry.

### **Risks of proposed transaction**

The principal risk with a sale and leaseback transaction is if the facility is critical to the operations of the business and the Company is unable to find suitable alternative premises at the end of the lease term.

However, the Company is comfortable given the 14-year term of the lease, and the further right of renewal of six years, that it will be able to find suitable alternative premises at the required time. The Board also notes that the purchaser is a significant industrial property investor and there may be the opportunity to relocate to another facility owned by the purchaser and purpose-built for the Company at the appropriate time in the future.

### **Sale and leaseback**

The Board has determined that the sale and leaseback of the Auckland Property represents the most effective way of accessing capital during the current uncertain and difficult operating environment while also providing its carpet manufacturing operation with ongoing security of tenure.

The Auckland Property, with land area of 20,363 square metres (more or less) and lettable area of approximately 15,375 square metres, houses Cavalier's carpet tufting operation as well as its head office, finance and administration, information services, sales service and other support functions.

### **Recommendation of the Board**

The Board unanimously recommends the resolution to shareholders for approval and encourages all shareholders to vote in favour of the resolution.

In the Board's opinion, the proposed transaction is in the best interests of the Company and its shareholders. The directors intend to vote all shares in the Company held or controlled by them in favour of the resolution to approve the transaction.

### **Consequences if resolution is not approved**

If shareholders do not approve the resolution, then the proposed transaction the subject of the resolution will not proceed, requiring the Board to consider other options that may be available to the Company to enable the Company to execute the transformation.

### **Listing Rules requirements – sale and leaseback of property**

Under NZX Listing Rule 5.1.1, a listed issuer must obtain shareholder approval for an acquisition, sale or lease of assets in respect of which the "Gross Value" exceeds 50% of the issuer's "Average Market Capitalisation" (each as defined in the NZX Listing Rules), or where an acquisition, sale or lease of assets would significantly change the nature of the issuer's business.

The Gross Value of the asset that is subject to the transaction being contemplated (including leaseback) exceeds 50% of the Company's Average Market Capitalisation<sup>5</sup> and, therefore, shareholder approval by ordinary resolution is required under NZX Listing Rule 5.1.1.

<sup>5</sup> The Company's Average Market Capitalisation as at 25 August 2020, being the latest practical date prior to the printing of the Notice of Meeting, was approximately \$23.5 million.

# IMPORTANT INFORMATION

## VIRTUAL SPECIAL MEETING

In light of the current uncertainty around COVID-19, the Company has made the decision to hold the Special Meeting online, via the online platform at [www.web.lumiagm.com](http://www.web.lumiagm.com).

Shareholders attending and participating in the virtual Special Meeting will be able to view the presentations, vote on the resolution to be put to shareholders and submit questions, by using their own computers or mobile devices. Shareholders will still be able to appoint a proxy to vote for them as they otherwise would, by following the instructions on the proxy form and this Notice of Meeting.

Shareholders will require the meeting ID – which is **383-341-487** – as well as your Username (CSN or Holder Number which can be found on your proxy form), and your postcode for verification purposes.

Virtual meetings are accessible on both desktop and mobile devices. In order to participate remotely shareholders will need to visit [www.web.lumiagm.com](http://www.web.lumiagm.com) on your desktop or mobile device. Ensure that your browser is compatible – Lumi AGM supports the latest version of Chrome, Safari, Internet Explorer, Edge or Firefox.

Audio will stream through the selected device, so shareholders will need to ensure that they have the volume control on their headphones or device turned up.

If you have any questions, or need assistance with the online process, please contact Computershare on +64 9 488 8777 between 8.30am and 5.00pm Monday to Friday.

Details of how to participate ‘virtually’ are provided in the accompanying Virtual Meeting Guide, with instructions for accessing the virtual meeting. Shareholders are encouraged to review this guide.

## VOTING

As required by NZX Listing Rule 6.1.1, the Chairman of the Special Meeting will be calling a poll in relation to the resolution to be put to shareholders at the Special Meeting so that the results will be determined on the basis of one vote per share held.

No shareholder is prohibited from voting on the proposed resolution and all shareholders will vote together as one class.

### Persons entitled to vote

For the purposes of voting at the Special Meeting, only those shareholders registered as such as at 5.00 pm on Tuesday, 15 September 2020 shall be entitled to attend and exercise the right to vote at the Special Meeting and only the shares registered in those shareholders’ names at that time may be voted at the Special Meeting.

### Directors’ intention to vote

Where shareholders appoint the directors of the Company, including the Chairman, as their proxy and leave the directors to decide how to cast their votes, the directors have advised that they intend to vote in favour of the resolution.

### Proxies and corporate representatives

Any shareholder who is entitled to attend and vote at the Special Meeting may appoint a proxy (or representative in the case of a corporate shareholder) to attend and vote instead of him or her. A proxy need not be a shareholder of the Company. A shareholder may appoint the Chairman of the Special Meeting or any other director as his or her proxy if he or she wishes.

In addition, where a shareholder does not name a person as their proxy but otherwise completes the proxy and postal voting form in full, or where a shareholder’s named proxy does not attend the Special Meeting, the Chairman of the Special Meeting will act as that shareholder’s proxy and will vote in accordance with that shareholder’s express direction and, if expressly granted a discretion on how to vote, will vote in favour of the resolution.



To appoint a proxy, shareholders should complete the relevant sections of the proxy and postal voting form accompanying this Notice of Meeting which must be deposited with the Company using one of the methods outlined on the proxy and postal voting form by 10.00 am on Tuesday, 15 September 2020 (being 48 hours before the start of the meeting). These methods include:

1. lodging the proxy appointment online on the website of the Company's share registrar [www.investorvote.co.nz](http://www.investorvote.co.nz) or
2. returning the signed proxy and postal voting form to the Company's share registrar
  - (a) using the reply-paid envelope provided; (b) by faxing to +64 9 488 8787 or (c) by e-mailing to [corporateactions@computershare.co.nz](mailto:corporateactions@computershare.co.nz).

### Postal voting

Shareholders entitled to attend and vote at the Special Meeting may cast a postal vote instead of attending in person or appointing a proxy to attend. Victor Tan, the Company Secretary has been authorised by the Board to receive and count postal votes at the Special Meeting.

To cast a postal vote, shareholders should complete the relevant sections of the proxy and postal voting form accompanying the Notice of Meeting which must be deposited with the Company using one of the methods outlined on the proxy and postal voting form by 10.00 am on Tuesday, 15 September 2020 (being 48 hours before the start of the meeting). These methods include:

1. lodging the postal vote online on the website of the Company's share registrar [www.investorvote.co.nz](http://www.investorvote.co.nz) or
2. returning the signed proxy and postal voting form to the Company's share registrar
  - (a) using the reply-paid envelope provided; (b) by faxing to +64 9 488 8787 or (c) by e-mailing to [corporateactions@computershare.co.nz](mailto:corporateactions@computershare.co.nz).

### Online proxy appointment and postal voting

To lodge proxy appointments and postal voting online, shareholders will need to follow the prompts online at [www.investorvote.co.nz](http://www.investorvote.co.nz). Shareholders will require their CSN/Securityholder Number and postcode (if in New Zealand) or country of residence (if outside New Zealand) and the secure access control number, all of which can be found on the proxy and postal voting form accompanying the Notice of Meeting.

Alternatively, shareholders can scan the QR code that appears on their proxy and postal voting form with their smartphone or tablet and follow the directions provided. To scan the code, shareholders need to have already downloaded a free QR code reader to their tablet or smartphone. When scanned, the QR code will take them directly to the mobile voting site.

### SHAREHOLDER QUESTIONS

Shareholders present at the Special Meeting will have the opportunity to ask questions when invited to during the Special Meeting. Alternatively, shareholders can submit questions ahead of the Special Meeting by writing to the Board and submitting it to the Company in the reply-paid envelope or by email to [kmain@cavbrem.co.nz](mailto:kmain@cavbrem.co.nz).

Motions will not be allowed from the floor.

## KEY DATES

All times given are New Zealand times

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10.00am  
Tuesday  
15 September  
2020

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Latest time for receipt  
of proxy appointments  
and postal votes

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5.00pm  
Tuesday  
15 September  
2020

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Record date for  
determining voting  
entitlements at  
the Special Meeting  
of shareholders

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10.00am  
Thursday  
17 September  
2020

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Special Meeting  
of shareholders

CAVALIER  
CORPORATION

