



Opuke Thermal Pools & Spa update

Our Information Memorandum (IM) has been in circulation for close to six months so it is timely to provide a status update on the hot pools project.



Project Timing

We always accepted our initial target capital raise date of 31st March to be extremely ambitious – particularly with the Christmas / January holiday break occurring soon after our IM was issued. The March date was set around the timing of a land sale agreement with Methven Trotting Club and we have recently negotiated an extension to the agreement so that we may continue our conversations with investors.

Capital Raise

We have made some significant progress and are delighted to announce that we have a new cornerstone investor on board (investment > \$1m). This key investor has undertaken a comprehensive due diligence exercise and sees great potential in our value proposition – particularly our use of solar energy to reduce ongoing heating costs and Methven’s location relative to other hot pools in the South Island – and is very keen to see the development go ahead.

We have also secured support from a strong base of local investors and are expecting to close out negotiations and discussions with further interested parties in the coming months.

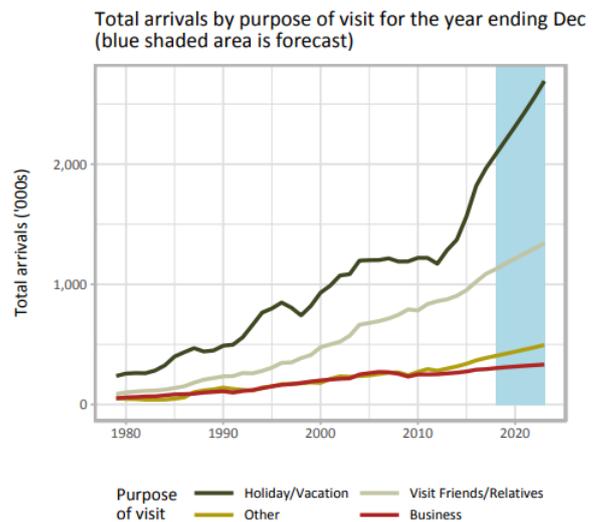
It has always been our preference to draw a significant fraction of the capital raise from local investors. Whilst there remains the potential for new local investors to come in and for investors who have already expressed

interest to increase the amount they have pledged to the project, we are now exploring the prospect of overseas investment. We have forged a great working relationship with New Zealand Trade and Enterprise who, through their network of contacts, have connected us with an overseas investor who is interested in hot springs/spas in NZ. It will be really interesting to see how these discussions unfold in the weeks ahead.

Additionally, we have lodged an expression of interest in the recently announced Provisional Development Fund. Our project appears to be very well positioned in terms of its value proposition, community support and alignment with the objectives of the fund so we are cautiously optimistic that we will make headway with some form of central government support moving forward.

Tourism growth

Tourism growth is one of the key market opportunities identified in our IM and whichever way you look at it, the NZ domestic and international tourism industry sector continues to perform strongly and shows no sign of slowing down. Christchurch/Canterbury tourism spend in March has jumped 20% compared to a year ago (source Ministry of Business, Innovation and Employment: Monthly Regional Tourism Estimates).



Source: Statistics New Zealand - International Travel and Migration, MBIE - New Zealand Tourism Forecasts 2017 to 2023

Encouraged by discussions with investors and strong tourism sector performance, Methven Adventures have had the confidence to move into the concept design phase of the project which we previously planned to commence following completion of the capital raise. By keeping the project moving, we can present increasing levels of detail and assurance to potential investors and minimise time to market once we have secured funding.

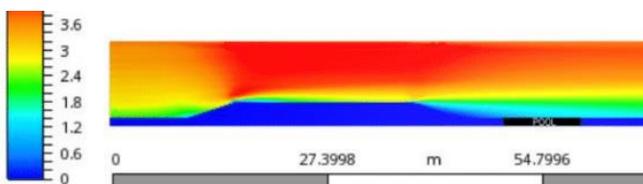
Energy Study

Our vision at Methven Adventures is to maximise the use of renewable energy to heat the pools and build a sustainable tourism attraction that we can all be proud of. With our large site and high annual sunshine hours we felt strongly compelled to build our business case around solar energy and recently commissioned Beca to undertake a study to validate the underlying energy assumptions in our IM.



We are very excited to report that our proposed solar solution for pool water heating has been fully validated (by Beca). We have also considered options for our secondary heat source – needed during protracted periods of cloud coverage – and have identified a very innovative and efficient solution for this. Energy savings using our proposed heating system compared to non-renewable forms of heating are substantial and will quickly pay back the capital cost of solar heating infrastructure.

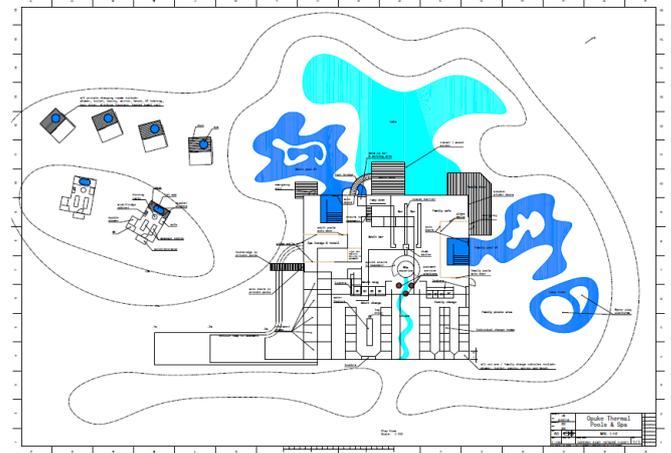
Beca also performed computational fluid dynamic analyses (as pictured below) to investigate the impact of embankments and screens on pool heat losses. The findings are compelling and show that careful use of landscaping and other forms of wind mitigation can reduce heat losses by up to 50%.



We are now working with Beca and our Landscape Architect, Dan Rivers, to further refine the pool layout and heating system design.

Concept Layout

We have continued to develop the concept layout of the pools and buildings along with the functional specification. During this process we have paid particular attention to providing an experience that we will entice guests to return time and again. We are confident we can now provide sufficient detail to enable our architect to hit the ground running.



Architect Selection

With support from our project management team, Joseph and Associates, we are about to launch an architect selection competition. Joseph's have used this competitive format very successfully in the past to choose the lead architect for projects and we expect to be reviewing a range of the resulting concepts that will be submitted for consideration in the next 4 to 6 weeks.

If you want to know more about Opuke Thermal Pools and Spa, please do not hesitate to contact any one of the MAL directors directly:

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Methven Adventures directors (from left) Andrew Cartwright, James McKenzie & Lloyd Robinson (photo credit: Ashburton Guardian)