

11 August 2021

Lease of new warehouse

Harris Group Technology Limited (**HT8**) is pleased to announce that it proposes to enter into an agreement for lease of a new warehouse in the suburb of Hallam, Victoria.

The warehouse will be leased from an entity controlled by the Managing Director of HT8, Garrison Huang. As a result, ASX listing rule 10.1 requires that approval of HT8 shareholders must be obtained in order to enter into the lease. Approval will be sought at the 2021 Annual General Meeting which is expected to be held in September 2021.

HT8 currently operates out of four separate warehouses in Hallam. The new warehouse, being 2,035 sqm, is sufficiently large that all HT8 operations can be consolidated into the new warehouse, providing significant operational efficiencies. The new warehouse will be able to accommodate HT8's medium to long-term warehousing and office space.

The four warehouses currently leased by HT8 will no longer be required and the leases are anticipated to expire concurrently with the date that the new warehouse is occupied.

The material terms of the proposed lease of the new warehouse are as follows:

1. The annual rent payable at commencement is \$170,000 plus GST per annum, payable monthly.
2. The lease will commence on 5 November 2021.
3. The period from 5 November 2021 to 5 February 2022 will be rent-free.
4. The initial term of the lease is five years followed by two further three-year extension periods at the option of HT8.
5. Harris to pay 100% of building outgoings.
6. Rent will increase by 2% on each anniversary of the commencement of the lease.
7. The lease is subject to HT8 obtaining the approval of the shareholders on or before 1 October 2021 or such later date as is otherwise agreed by the parties.

The proposed agreement for lease between HT8 and the landlord is the standard commercial property lease published by the Law Institute of Victoria. Accordingly, the terms of the agreement for lease in relation to items including outgoings, fixtures, rent reviews and insurance are in accordance with normal commercial terms for a lease of this kind.

Prior to agreeing to the proposed lease of the new warehouse, the directors of HT8 (excluding Garrison Huang) reviewed written market appraisals by two independent licensed real estate agents and valuers with experience in the Hallam/Dandenong area. The appraisals determined that the "fair rental price" for the new warehouse, being the rental which the owner of the new warehouse could expect to receive on the open market, was equivalent to or greater than the annual rent to be paid by HT8.

This announcement is authorised for release by the HT8 Chairman, Alan Sparks.