

1 September 2021

Failure to seek approval under Listing Rule 10.1 in relation to the exercise of options to renew a number of leases with related parties

The MotorCycle Holdings Ltd (**MTO**) group leases several premises from related parties.

The Ahmet Leases

Since 2011, the group has leased 11 premises which are 50% owned by Director David Ahmet or an entity controlled by him under 13 separate leases (**Ahmet Leases**).

These leases were disclosed in the group's initial public offer prospectus in 2016, and in the Company's annual reports since then.

MTO obtained a waiver of LR 10.1 in 2016 so that shareholder approval was not required for the exercise of options to renew the Ahmet Leases in 2016.

MTO has exercised options to renew the Ahmet Leases for a further period of 5 years from 1 July 2021. The Ahmet Leases contain one further option of 5 years.

ASX typically assesses whether or not a lease is a 'substantial asset' by reference to whether the rent over the term (including any options to renew) exceeds 5% of MTO's equity interests as set out in the most recent accounts lodged with ASX.

The rent payable by the MTO group under each individual Ahmet Leases over the new term and the option term does not exceed 5% of MTO's equity interests. However, in aggregate, the rent does exceed 5% of the equity interests.

As the Ahmet Leases are for the same term and the options were exercised at the same time, ASX has formed the view that they form part of the same transaction and so should be aggregated.

Therefore, shareholder approval was required under Listing Rule 10.1 for MTO to exercise the options for the Ahmet Leases.

The Cassons Lease

The MTO group also has a lease with an entity in which entities controlled by Director Rob Cassen have a 50% interest. This lease expired on 30 June 2021 and new lease has been signed for 10 years from 1 July 2021 (with no further options).

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This lease has previously been disclosed in the annual report.

The total rent for this lease over its term exceeds 5% of the equity interests, and so shareholder approval should have been obtained to exercise this option.

Remedy for breaches of Listing Rule 10.1

To remedy these breaches, ASX requires MTO to seek shareholder approval for the Ahmet Leases and for the Cassons Lease at the 2021 Annual General Meeting, which is scheduled for 26 November 2021.

In addition, MTO will seek shareholder approval at the 2021 Annual General Meeting to exercise options to renew two additional leases with entities in which entities controlled by Director Rob Cassen have a 50% interest.

This announcement was authorised for release by the Company Secretary.

For further information please contact:

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