

Termination of Agreement for Lease - Kemp's Creek

Silk Logistics Holdings Limited (ASX: SLH) ("Silk" or "the Company") announces that it has elected to terminate its Agreement for Lease ("AFL") with ESR Australia ("ESR") for the 11-hectare greenfield site in Kemp's Creek, NSW.

As announced on 4 November 2021, Silk entered into a contract to acquire the greenfield site and outlined plans to identify a take-out party to transfer the land purchase contract and development risk of the site. As further announced on 28 April 2022, Silk novated the land purchase contract to ESR and entered into an AFL.

The AFL was subject to the satisfaction of a number of conditions, including ESR acquiring the land which was the subject of the novation together with certain adjacent land as well as the customary planning, building and development approvals ("Lease Conditions"). The AFL was also capable of termination if the final proposed cost of the building works exceeded a prescribed amount ("Commercial Position") and the parties could not agree to these new final proposed costs.

Despite working in good faith, the parties have been unable to satisfy all the Lease Conditions and/or agree on a revised Commercial Position. As a result, the Company has chosen to terminate the AFL and as a consequence forego likely future lease incentives of up to \$28.88 million that would have been recognised over the term of the property leases which were anticipated to commence mid to late FY25.

There are no termination costs payable by Silk under the AFL. Further, as a result of the termination, there is no financial impact related to the reported FY23 trading result nor the expected trading result of the group for the FY24 financial period.

Silk CEO, Mr Brendan Boyd, stated that *"...stepping away from the Kemp's Creek development, whilst disappointing, does allow the Company to adapt to the current market conditions and mitigate any exposure to escalating construction and property costs. We retain a robust and "fit-for-purpose" property portfolio in NSW and nationally, and will continue to investigate new property opportunities as and when needed to support Silk's growing customer base."*

This announcement is authorised for release by the Board of Directors of Silk Logistics Holdings Limited.

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