Court approves convening of Scheme Meeting and ASIC registers Scheme Booklet

Silk Logistics Holdings Limited (ASX:SLH) (**Silk**) refers to the proposed acquisition by DP World Australia Limited (**DP World Australia**) of all of the issued shares in Silk (holders of these shares being **Silk Shareholders**), by way of a scheme of arrangement (**Scheme**), pursuant to the Scheme Implementation Deed with DP World Australia as announced to the ASX on 11 November 2024.

First court hearing

The Supreme Court of New South Wales has today made the following orders in relation to the Scheme:

- that Silk convenes and holds a meeting of Silk Shareholders to consider and vote on the Scheme (**Scheme Meeting**) to be held on 7 March 2025 in person at the offices of Deloitte Touche Tohmatsu, 477 Collins Street, Melbourne, VIC, 3000, commencing at 10.00am; and
- approving the distribution of the scheme booklet providing information about the Scheme and a notice of Scheme Meeting (**Scheme Booklet**) to Silk Shareholders.

Scheme Booklet

Silk confirms that the Scheme Booklet has today been registered with the Australian Securities and Investment Commission (**ASIC**). A copy of the Scheme Booklet containing information about the Scheme, the Independent Expert's Report, and the notice convening the Scheme Meeting, is attached to Annexure A of this announcement and will also be made available for viewing and downloading at https://boardroomlimited.com.au/agm/slhscheme2025 .

Silk Shareholders should read the Scheme Booklet in its entirety, including the Independent Expert's Report, before deciding how to vote on the Scheme.

Dispatch of Scheme Booklet

Silk Shareholders who have nominated an electronic address for the purposes of receiving notices of meeting and proxy forms and made an election to receive meeting related documents will receive an email to their nominated email address which contains instructions about how to view or download a copy of the Scheme Booklet, and how to lodge their Proxy Form for the Scheme Meeting online.

Silk Shareholders who have elected to receive full hard copy notices of meeting and proxy forms via post will receive a printed copy of the Scheme Booklet together with a personalised Proxy Form for the Scheme Meeting and a reply-paid envelope to return that proxy form (sent by post to their registered address).

Silk Shareholders who have not nominated an electronic address for the purposes of receiving notices of meeting and proxy forms and have not elected to receive full hard copies of meeting related documents will receive a letter (which is attached to Annexure B of this announcement) that contains instructions on how to view and download a copy of the Scheme Booklet electronically, together with a personalised Proxy Form for the Scheme Meeting and a reply-paid envelope to return that proxy form (sent by post to their registered address).

It is expected that all hard copy correspondence will be dispatched to Silk Shareholders on 9 January 2025.

Independent Expert's Report

Silk appointed Kroll Australia Pty Ltd (**Independent Expert**) to prepare an independent expert's report to advise on whether the Scheme is in the best interests of Silk Shareholders (**Independent Expert's Report**). The Independent Expert has concluded that the Scheme is in the best interests of Silk Shareholders, in the absence of a Superior Proposal.

The reasons why the Independent Expert reached these conclusions are set out in the Independent Expert's Report, a copy of which is set out in Annexure A of the Scheme Booklet. The Silk Directors encourage Silk Shareholders to read the Independent Expert's Report carefully and in its entirety.

Scheme Consideration

If the Scheme is approved and implemented, Silk Shareholders will receive $2.14 cash for each Silk Share they hold on the Scheme Record Date.

Silk Directors' recommendation and voting intention

The Silk Directors consider that the Scheme is in the best interests of Silk Shareholders and unanimously recommend that Silk Shareholders vote in favour of the Scheme Resolution in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Silk Shareholders.

Each Silk Director who holds or controls Silk Shares intends to vote in favour of the Scheme Resolution in relation to all Silk Shares held or controlled by them, subject to these same qualifications.

Details of the Scheme Meeting

The Scheme Meeting to approve the Scheme Resolution is scheduled to be held on 7 March 2025 in person at the offices of Deloitte Touche Tohmatsu, 477 Collins Street, Melbourne, VIC, 3000, commencing at 10.00am (Sydney time).

Silk Shareholders registered on the Silk Share Register at 7.00pm (Sydney time) on 5 March 2025 will be eligible to vote at the Scheme Meeting.

All Silk Shareholders are encouraged to vote by attending the Scheme Meeting in person or by attorney or corporate representative, or alternatively by completing and ensuring the Proxy Form accompanying the Scheme Booklet is received by 10.00am (Sydney time) on Wednesday 5 March 2025.

Key Dates

EVENT	INDICATIVE DATE
First Court Date	Monday, 23 December 2024
Date of the Scheme Booklet	Monday, 23 December 2024

Last date and time for receipt of Proxy Forms The last date and time by which Proxy Forms (including proxies lodged online), powers of attorney or certificates of appointment of body corporate representative for the Scheme Meeting must be received by the Silk Registry	10.00am (Sydney time) on Wednesday, 5 March 2025
Scheme Meeting Record Time Time and date for determining eligibility to vote at the Scheme Meeting	7.00pm (Sydney time) on Wednesday, 5 March 2025
Scheme Meeting To vote on the Scheme Resolution	Friday, 7 March 2025
IF THE SCHEME RESOLUTION IS APPROVED BY THE REQUISITE MAJORITIES OF SILK SHAREHOLDERS:	
Court hearing to approve the Scheme (Second Court Date)	Tuesday, 11 March 2025
Effective Date Court order lodged with ASIC and Scheme becomes Effective Last day of trading in Silk Shares – Silk Shares will be suspended from trading on the ASX from close of trading	Wednesday, 12 March 2025
Scheme Record Date For determining entitlements to Scheme Consideration	7.00pm (Sydney time) on Monday, 17 March 2025
Implementation Date Provision of Scheme Consideration to Scheme Shareholders Transfer of Scheme Shares to DP World Australia	Monday, 24 March 2025

All times and dates in the above timetable are references to the time and date in Sydney, Australia and all such times and dates are subject to change. In particular, the date of the Scheme Meeting may be postponed or adjourned, including if a Condition Precedent (including FIRB Approval) has not been satisfied prior to the Scheme Meeting. Certain times and dates are conditional on the approval of the Scheme Resolution by Silk Shareholders and by the Court. Any changes will be announced by Silk to the ASX.

Further information

Silk encourages shareholders to note the key events and indicative dates that are set out in the Scheme Booklet. For further information in relation to the Scheme or the Scheme Booklet, please contact investor@silklogistics.com.au, or call the Silk Shareholder Information Line on 1300 118 942 (within

Australia) or +61 2 8023 5456 (outside Australia) between 9am and 5pm (Sydney time) Monday to Friday, excluding public holidays, or visit https://boardroomlimited.com.au/agm/slhscheme2025.

Unless otherwise indicated, capitalised terms used in this announcement have the meaning given to them in the Scheme Booklet.

Advisers

Barrenjoey Capital Partners is acting as financial adviser and Hamilton Locke as legal adviser to Silk in relation to the Scheme.

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

Contacts
Company Secretary
Melanie Leydin
investor@silklogistics.com.au

For more information, please visit https://www.silklogisticsholdings.com.au/

Annexure A: Scheme Booklet

Scheme Booklet

For a scheme of arrangement between Silk Logistics Holdings Limited ACN 165 867 372 (Silk) and its shareholders in relation to the proposed acquisition of all of the issued shares in Silk by DP World Australia Limited ACN 129 842 093 (DP World Australia) for $2.14 cash per share.

SILK LOGISTICS HOLDINGS

VOTE IN FAVOUR

The Silk Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Silk Shareholders, in the absence of a Superior Proposal.

The Independent Expert has concluded that the Scheme is in the best interests of Silk Shareholders, in the absence of a Superior Proposal.

Barrenjoey Partnering with BARCLAYS

Financial Adviser

Hamilton Locke

Legal Adviser

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION.

You should read it carefully and in its entirety before deciding how to vote on the Scheme Resolution.

If you are in any doubt about how to deal with this Scheme Booklet, you should contact your broker or financial, taxation, legal or other professional adviser immediately.

This Scheme Booklet has been provided to you because you are shown in the Silk Share Register as holding Silk Shares. If you have recently sold all of your Silk Shares, please disregard this Scheme Booklet.

If, after reading this Scheme Booklet, you have any questions in relation to this Scheme Booklet or the Scheme, please contact investor@silklogistics.com.au, the Silk Shareholder Information Line on 1300 118 942 (within Australia) or +61 2 8023 5456 (outside Australia) between 9.00am and 5.30pm (Sydney time) Monday to Friday, excluding public holidays, or visit https://boardroomlimited.com.au/agm/slhscheme2025.

Disclaimer and Important Notices

This Scheme Booklet contains important information

This Scheme Booklet includes the explanatory statement required to be sent to Silk Shareholders under Part 5.1 of the Corporations Act in relation to the Scheme.

The purpose of this Scheme Booklet is to explain the terms of the Scheme and the manner in which the Scheme will be considered and implemented (if approved by the Requisite Majorities of Silk Shareholders and by the Court and all other Conditions Precedent are satisfied or waived) and to provide information as prescribed, or which is otherwise material to the decision of Silk Shareholders as to whether or not to approve the Scheme Resolution.

This Scheme Booklet includes the explanatory statement for the Scheme required by section 412(1) of the Corporations Act. You should read this Scheme Booklet carefully and in its entirety before making a decision as to how to vote. Silk Logistics Holdings Limited (**Silk**) recommends that you consult your legal, financial, tax or other professional adviser.

This Scheme Booklet is not a disclosure document required by Chapter 6D of the Corporations Act. If you have sold all your Silk Shares, please disregard this Scheme Booklet.

Responsibility for information

The Silk Information has been prepared by Silk and is the responsibility of Silk. No member of the DP World Group nor any of their respective directors, officers, employees, Advisers or affiliates assumes any responsibility for the accuracy or completeness of the Silk Information or any part of it.

The DP World Australia Information has been prepared by DP World Australia and is the responsibility of DP World Australia. No member of the Silk Group (being Silk and each of its Subsidiaries), nor any of their respective directors, officers, employees, Advisers or affiliates assumes any responsibility for the accuracy or completeness of the DP World Australia Information or any part of it.

Hamilton Locke Pty Ltd (**Hamilton Locke**) has prepared the 'Australian tax implications' section contained in Section 8 of this Scheme Booklet and takes responsibility for that section.

Kroll Australia Pty Ltd (**Kroll**) has prepared the Independent Expert's Report in relation to the Scheme contained in Annexure A and takes responsibility for that report.

No member of the Silk Group or the DP World Group, nor any of their respective directors, officers, employees, Advisers or affiliates, assumes any responsibility for the accuracy or completeness of the information contained in the 'Australian tax implications' section contained in Section 8 of this Scheme Booklet or any part of it or the Independent Expert's Report or any part of it.

ASIC and ASX involvement

A copy of this Scheme Booklet has been registered by ASIC pursuant to section 412(6) of the Corporations Act. ASIC has been provided a copy of this Scheme Booklet and been given the opportunity to comment on this Scheme Booklet in accordance with section 411(2) of the Corporations Act. ASIC has been requested to provide a statement, in accordance with section 411(17)(b) of the Corporations Act, that it has no objection to the Scheme. If ASIC provides that statement, it will be produced to the Court on the Second Court Date. A copy of this Scheme Booklet has been provided to the ASX. Neither ASIC nor the ASX nor any of their respective officers takes any responsibility for the contents of this Scheme Booklet.

Forward looking statements

Certain statements in this Scheme Booklet relate to the future. These statements may not be based on historical facts and involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements to be materially different from expected future results, performance or achievements expressed or implied by those statements. These statements reflect only views held as at the Last Practicable Date and should not be taken to be forecasts or predictions that those events will occur. Additionally, statements of intention in this Scheme Booklet reflect present intentions as at the Last Practicable Date and may be subject to change.

Actual events or results may differ materially from events or results expressed or implied in any forward looking statement and deviations are both normal and to be expected. Other than as required by law, no member of the Silk Group, nor any of their respective directors, officers, employees, Advisers or affiliates, nor any other person gives any representation, assurance or guarantee that the events expressed or implied in any forward looking statements in this Scheme Booklet will actually occur and you are cautioned not to place undue reliance on any forward looking statement. Subject to any continuing obligations under law or the Listing Rules, the Silk Group and its respective directors, officers, employees, Advisers and affiliates disclaim any obligation or undertaking to disseminate after the Last Practicable Date any updates or revisions to any forward looking statements to reflect any change in expectations in relation to those statements or change in events, conditions or circumstances on which a statement is based.

Forward looking statements may generally be identified by the use of forward looking words such as "believe", "aim", "expect", "anticipate", "intending", "likely", "foreseen", "should", "planned", "may", "estimate", "potential" or other similar words. Statements that explain the objectives, plans, goals, intentions or expectations of any person may also be forward looking statements.

No financial product or investment advice

The information and recommendations contained in this Scheme Booklet do not constitute financial product advice. This Scheme Booklet has been prepared without taking into account the objectives, financial situation, tax position or particular needs of individual Silk Shareholders. It is important that you consider the information in this Scheme Booklet in light of your particular circumstances. This Scheme Booklet should not be relied on as the sole basis for any investment decision in relation to Silk Shares. You may also wish to consider consulting your legal, financial, tax or other professional adviser before making any investment decision or any decision on how to vote on the Scheme Resolution.

Important notice associated with Court order under section 411(1) of the Corporations Act

The fact that under section 411(1) of the Corporations Act the Court has ordered that a meeting be convened and has approved the explanatory statement required to accompany the notice of the meeting does not mean that the Court:

- has formed any view as to the merits of the proposed Scheme or as to how Silk Shareholders should vote (on this matter Silk Shareholders must reach their own decision);
- has prepared, or is responsible for the content of, the explanatory statement; or
- has approved or will approve the Scheme.

The order of the Court that the Scheme Meeting be convened is not, and should not be treated as, an endorsement by the Court of, or any other expression of opinion by the Court on, the Scheme.

Notice of Meetings

The Notice of Scheme Meeting (at which Silk Shareholders will be asked to vote on the Scheme Resolution) is set out in Annexure D.

Notice of Second Court Date

On the Second Court Date, the Court will consider whether to approve the Scheme following the vote on the Scheme Resolution at the Scheme Meeting. Any Silk Shareholder may appear at the hearing on the Second Court Date expected to be held on 11 March 2025 at the Supreme Court of New South Wales, Law Courts Building, 184 Phillip Street, Sydney New South Wales 2000, Australia.

Any Silk Shareholder who wishes to oppose approval of the Scheme on the Second Court Date may do so by filing with the Court and serving on Silk a notice of appearance in the prescribed form together with any affidavit that the Silk Shareholder proposes to rely on. Any change to the date of the Second Court Date will be announced by Silk through the ASX.

Shareholders outside Australia

This Scheme Booklet is subject to Australian disclosure requirements.

The release, publication or distribution of this Scheme Booklet in jurisdictions other than Australia may be restricted by law or regulation in those jurisdictions and persons who come into possession of it should seek advice on and observe any restrictions. Any failure to comply with those restrictions may constitute a violation of applicable laws or regulations.

This Scheme Booklet has been prepared solely in accordance with Australian law and the information contained in this Scheme Booklet may not be the same as that which would have been disclosed if this Scheme Booklet had been prepared in accordance with the laws and regulations of a jurisdiction outside of Australia. No action has been taken to register or qualify this Scheme Booklet or any other aspect of the Scheme in any jurisdiction outside of Australia.

Silk Shareholders resident outside Australia for tax purposes should also seek specific taxation advice in relation to the Australian and overseas tax implications of their participation in the Scheme. Please note that the Silk Group is not in the business of dealing in securities, and does not purport to hold itself out as carrying on a business of dealing in securities.

Tax implications of the Scheme

If the Scheme becomes Effective and is implemented, there may be tax consequences for Scheme Shareholders which may include tax being payable on any capital gain on disposal of Silk Shares.

For further detail regarding the general Australian tax implications of the Scheme, refer to the 'Australian Tax implications' section contained in Section 8 of this Scheme Booklet.

The tax implications of the Scheme may vary depending on the nature and characteristics of each Silk Shareholder and their specific circumstances, including whether they are a tax resident in a jurisdiction other than Australia. Accordingly, Silk Shareholders should seek professional tax advice on the consequences of the Scheme in relation to their particular circumstances.

Privacy

The Silk Group, the DP World Group and the Silk Registry may collect personal information in the process of implementing the Scheme. This information may include the names, contact details and security holdings of Silk Shareholders and the names of persons appointed by a Silk Shareholder to act as proxy, attorney or corporate representative of the Silk Shareholder at the Scheme Meeting.

The collection of some of this information is required or authorised by the Corporations Act. The primary purpose of collecting this information is to assist Silk in conducting the Scheme Meeting and in implementing the Scheme. Personal information of the type described above may be disclosed to the Silk Registry, print and mail service providers, authorised securities brokers and Related Bodies Corporate of Silk.

Silk Shareholders have certain rights to access personal information that has been collected. Silk Shareholders should contact investor@silklogistics.com.au, or the Silk Shareholder Information Line on 1300 118 942 (within Australia) or +61 2 8023 5456 (outside Australia) between 9.00am and 5.30pm (Sydney time) Monday to Friday, excluding public holidays, if they wish to access their personal information. Silk Shareholders who appoint a named person to act as their proxy, attorney or corporate representative should ensure that they inform that person of these matters.

Interpretation

Capitalised terms used in this Scheme Booklet are defined in the Glossary.

A reference to a Section or Annexure is a reference to a section of, or annexure to, this Scheme Booklet, unless otherwise stated.

Some of the documents reproduced in the annexures to this Scheme Booklet have their own defined terms, which are sometimes different from those in the Glossary.

Any diagrams, charts, graphs and tables appearing in this Scheme Booklet are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the Last Practicable Date. A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Scheme Booklet are subject to the effect of rounding. Accordingly, their actual calculation may differ from the calculations shown in this Scheme Booklet.

The financial amounts in this Scheme Booklet are expressed in Australian currency unless otherwise stated. A reference to $, A$ and AUD and cents is to Australian currency, unless otherwise stated. A reference to NZ$ and NZD is to the currency of New Zealand.

All times referred to in this Scheme Booklet are references to times in Sydney, Australia, unless otherwise stated.

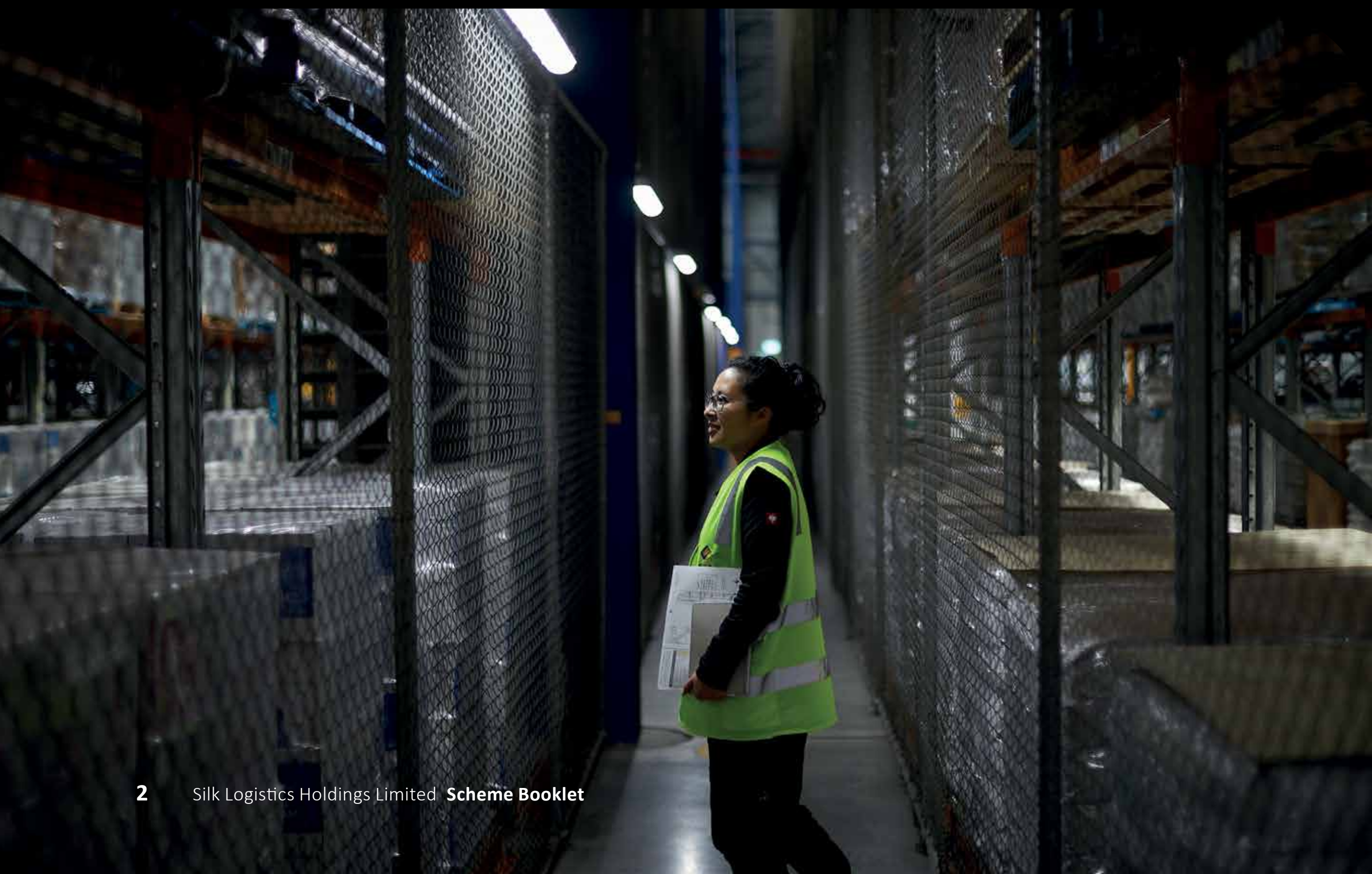
Silk's website

The content of Silk's website does not form part of this Scheme Booklet and Silk Shareholders should not rely on that content.

Date

This Scheme Booklet is dated 23 December 2024.

Contents



Letter from the Chair of Silk

SILK LOGISTICS HOLDINGS

23 December 2024

Dear Silk Shareholder

On behalf of the Silk Directors, I am pleased to present you with this Scheme Booklet containing important information in relation to the proposed acquisition of all of the issued shares in Silk by DP World Australia, by way of scheme of arrangement.

This Scheme Booklet contains important information about the Scheme, including:

- how to vote at the Scheme Meeting;
- the reasons why the Silk Directors have unanimously recommended that Silk Shareholders vote in favour of the Scheme Resolution, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Silk Shareholders, in the absence of a Superior Proposal; and
- the Independent Expert's Report, in which the Independent Expert has concluded that the Scheme is in the best interests of Silk Shareholders, in the absence of a Superior Proposal.

The Scheme Booklet also sets out some of the reasons why you may wish to vote against the Scheme Resolution.

Your vote is important. I encourage you to read this Scheme Booklet (including the Independent Expert's Report) carefully and in its entirety.

Background to DP World Australia's proposal

On 11 November 2024, Silk announced that it had entered into a Scheme Implementation Deed with DP World Australia, under which it is proposed that DP World Australia will acquire all of the issued share capital of Silk at a cash price of $2.14 per Silk Share by way of scheme of arrangement.

The Scheme is subject to several conditions including FIRB Approval, approval from Silk Shareholders by the Requisite Majorities and approval by the Court, together with other customary conditions.

Details of the Scheme Consideration

If the Scheme is implemented, and provided that you hold Silk Shares on the Scheme Record Date, you will receive the Scheme Consideration of $2.14 cash per Silk Share.

The Scheme Consideration is comprised of the Share Consideration (which is the amount paid for your Silk Shares) and any Further Dividend that is declared or paid before the Implementation Date. If a Further Dividend is declared or paid, the amount of the Share Consideration (being $2.14 per Silk Share) is reduced by the value of the Further Dividend, such that the total Scheme Consideration will remain $2.14 cash per Silk Share.

As at the Last Practicable Date, and having regard to the indicative timetable set out on page 6 of this Scheme Booklet, the Silk Board does not presently intend to declare or pay a Further Dividend. An announcement will be made through ASX at least 10 days prior to the Scheme Meeting if this position changes.

Scheme Consideration

The Scheme Consideration of $2.14 cash per Silk Share values Silk's equity at approximately $174.5 million[1], and represents:

- a 45.6% premium to the last closing price of a Silk Share of $1.47 on 8 November 2024 (being the last day on which Silk Shares traded before the proposed Scheme was announced);
- a 60.6% premium to the 1-month VWAP of a Silk Share of $1.33 up to and including 8 November 2024; and
- a 58.4% to the 3-month VWAP of a Silk Share of $1.35 up to and including 8 November 2024.

Silk Directors' recommendation

The Silk Directors consider that the Scheme is in the best interests of Silk Shareholders and unanimously recommend that you vote in favour of the Scheme Resolution in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Silk Shareholders, in the absence of a Superior Proposal.

Each Silk Director who holds or controls Silk Shares intends to vote in favour of the Scheme Resolution in relation to all Silk Shares held or controlled by them, subject to these same qualifications.

The interests of each Silk Director including the number and description of all securities in Silk held or controlled by them and the total value of the financial benefit that each Silk Director will receive if the Scheme is implemented are set out in Section 9 of this Scheme Booklet. When considering the recommendation of Silk Directors that you vote in favour of the Scheme

1. Based on 81,547,598 fully paid ordinary shares on issue.

Resolution, Silk Shareholders should have regard to the personal interests of each Silk Director. Each of your Silk Directors considers that despite their interests as described in Section 9, it is important and appropriate for them to make a recommendation to Silk Shareholders about how to vote on the Scheme Resolution.

In respect of the recommendation of Director John Sood, Shareholders should have regard to the fact that Mr Sood is currently employed as Chief Executive Officer of Silk and receives employment benefits in that capacity as disclosed to ASX on 22 May 2024. Mr Sood's employment status and his entitlement to receive those benefits will be unchanged if the Scheme is implemented, unless Silk and Mr Sood agree otherwise (with the exception that Mr Sood's Silk Performance Rights will be cancelled in the manner described in Section 9.3.2). Mr Sood has advised Silk that as at the Last Practicable Date he has not been offered any additional payment or entitlement if the Scheme is implemented. Mr Sood is not automatically entitled to receive New Rights as described in Section 9.3.2 as he did not hold his Silk Performance Rights as at 9 November 2024.

Major Shareholder voting

The following Silk Shareholders, who collectively hold or control approximately 46% of Silk Shares, have confirmed to the Silk Board that they intend to vote in favour of the Scheme Resolution, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Silk Shareholders:

- Tor Asia Credit Master Fund LP (18.707%);
- Karma Beverages Pty Ltd (13.185%) and JAS Logistics Consulting (0.307%) – entities associated with John Sood; and
- BBJJ Investments Pty Ltd (13.309%) – an entity associated with Brendan Boyd.

Each of these Silk Shareholders has consented to their intention being published in this Scheme Booklet.

Independent Expert's opinion

Silk has appointed Kroll as the Independent Expert to assess the merits of the Scheme. The Independent Expert has concluded that the Scheme is in the best interests of Silk Shareholders, in the absence of a Superior Proposal.

The Independent Expert has assessed the value of a Silk Share on a controlling interest basis to be in the range of $1.64 to $2.27. The Scheme Consideration of $2.14 cash per Silk Share is in the upper quartile of the Independent Expert's value range.

A complete copy of the Independent Expert's Report is set out in Annexure A. I encourage you to read it carefully and in its entirety.

Reasons why you may consider voting in favour of the Scheme Resolution

The key reasons for the Silk Directors' unanimous recommendation that Silk Shareholders should vote in favour of the Scheme Resolution are set out in Section 1.2 of this Scheme Booklet.

These include that:

- the Independent Expert has concluded that the Scheme is in the best interests of Silk Shareholders, in the absence of a Superior Proposal;
- the Scheme Consideration represents an attractive premium relative to recent trading prices of Silk Shares prior to (and including) 8 November 2024;
- the all cash Scheme Consideration means Silk Shareholders will receive certainty of value for their investment in Silk;
- if the Scheme is implemented you will no longer be exposed to certain risks associated with Silk's Business (these risks are summarised in Section 7 of this Scheme Booklet);
- Silk will need to refinance a number of its debt facilities in late FY25 and FY26. The risks associated with that refinancing are described in Section 7.3.4. You will not be exposed to those risks if the Scheme is implemented before the relevant refinancing date;
- no Superior Proposal has emerged;
- the Silk Share price will likely fall if the Scheme does not proceed and in the absence of a Superior Proposal;
- brokerage charges will not apply to the transfer of your Silk Shares under the Scheme; and
- Silk will incur an estimated $5 million (excluding GST) in transaction costs in relation to the Transaction. If the Scheme is implemented, these transaction costs will effectively be borne by DP World Australia. If the Scheme is not implemented, Silk will still incur an estimated $1.3 million (excluding GST) of one-off transaction costs which may not be recoverable.

Reasons you may consider voting against the Scheme Resolution

If the Scheme is not implemented, Silk will continue as an ASX-listed entity with management continuing to implement Silk's business plan and financial and operating strategies. In those circumstances, you will continue to be exposed to the risks and opportunities associated with an investment in Silk.

Although it is the unanimous recommendation of the Silk Directors that Silk Shareholders should vote in favour of the Scheme Resolution, there are also reasons why you may consider voting against the Scheme Resolution, including:

- you may disagree with the unanimous recommendation of the Silk Directors and with the Independent Expert's conclusion that the Scheme is in the best interests of Silk shareholders, in the absence of a Superior Proposal;
- you may prefer to participate in the future financial performance of Silk's Business and continue to be exposed to certain risks associated with Silk's Business (these risks are summarised in Section 7 of this Scheme Booklet);
- you may believe it is in your best interests to maintain your current investment and risk profile;
- you may believe that there is potential for a Superior Proposal to emerge (none has emerged as at the Last Practicable Date); and
- the tax consequences of transferring your Silk Shares pursuant to the Scheme may not be attractive to you[2].

The Silk Directors consider that the reasons to vote in favour of the Scheme outweigh the potential reasons to vote against the Scheme.

How to vote

For the Scheme to proceed, the Scheme Resolution must be approved by the Requisite Majorities of Silk Shareholders (the requirements of which are set out in Section 4.6 of this Scheme Booklet) and by the Court.

Your vote as a Silk Shareholder is important and I strongly encourage you to vote. You can vote by attending the Scheme Meeting in person, by lodging a Proxy Form, by appointing an attorney to attend and vote at the Scheme Meeting on your behalf or in the case of a body corporate which is a Silk Shareholder, by appointing a corporate representative to attend and vote at the Scheme Meeting on behalf of that Silk Shareholder. Further details on how to vote are included in Section 3 of this Scheme Booklet.

The Scheme Meeting to approve the Scheme Resolution is scheduled to be held in person on 7 March 2025 at the offices of Deloitte Touche Tohmatsu, 477 Collins Street, Melbourne, VIC, 3000, commencing at 10.00am (Sydney time).

If you wish for the Scheme to proceed, it is important that you vote in favour of the Scheme Resolution.

Timing of the Scheme and payment of the Scheme Consideration

If the Scheme is approved by Silk Shareholders and the Court, the Scheme will become Effective and therefore binding on Silk Shareholders on the Effective Date (currently expected to occur on 12 March 2025). If the Scheme becomes Effective, Silk Shareholders will be paid the Scheme Consideration on the Implementation Date (currently expected to occur on 24 March 2025).

Further information

I encourage you to carefully read this Scheme Booklet (including the Independent Expert's Report) in full and seek your own legal, financial or other professional advice as needed to determine what action you should take.

Silk Shareholders who have any questions relating to the Scheme should contact investor@silklogistics.com.au or visit https://boardroomlimited.com.au/agm/slhscheme2025.

On behalf of the Silk Directors, I would like to take this opportunity to thank you for your continued support of Silk.

Yours sincerely

Terry Sinclair
Chair, Silk Logistics Holdings Limited

2. Silk Shareholders should consult with their own independent taxation advisers regarding the tax implications of the Scheme.

Key Dates

EVENT	INDICATIVE DATE
First Court Date	Monday, 23 December 2024
Date of the Scheme Booklet	Monday, 23 December 2024
Last date and time for receipt of Proxy Forms The last date and time by which Proxy Forms (including proxies lodged online), powers of attorney or certificates of appointment of body corporate representative for the Scheme Meeting must be received by the Silk Registry	10.00am (Sydney time) on Wednesday, 5 March 2025
Scheme Meeting Record Time Time and date for determining eligibility to vote at the Scheme Meeting	7.00pm (Sydney time) on Wednesday, 5 March 2025
Scheme Meeting To vote on the Scheme Resolution	Friday, 7 March 2025

IF THE SCHEME RESOLUTION IS APPROVED BY THE REQUISITE MAJORITIES OF SILK SHAREHOLDERS:	
Court hearing to approve the Scheme (Second Court Date)	Tuesday, 11 March 2025
Effective Date Court order lodged with ASIC and Scheme becomes Effective Last day of trading in Silk Shares – Silk Shares will be suspended from trading on the ASX from close of trading	Wednesday, 12 March 2025
Scheme Record Date For determining entitlements to Scheme Consideration	7.00pm (Sydney time) on Monday, 17 March 2025
Implementation Date Provision of Scheme Consideration to Scheme Shareholders[3] Transfer of Scheme Shares to DP World Australia	Monday, 24 March 2025

All times and dates in the above timetable are references to the time and date in Sydney, Australia and all such times and dates are subject to change. In particular, the date of the Scheme Meeting may be postponed or adjourned, including if a Condition Precedent (including FIRB Approval) has not been satisfied. Certain times and dates are conditional on the approval of the Scheme Resolution by Silk Shareholders and by the Court. Any changes will be announced by Silk to the ASX.

3. The provision of the Scheme Consideration on the Implementation Date assumes that there is no payment of a Further Dividend. If the Silk Board determines to pay any Further Dividend, the date for payment will be determined by the Silk Board (which may differ to the Implementation Date).

1. Key Considerations Relevant to Your Vote

1. Key Considerations Relevant to Your Vote

1.1 Overview

This section sets out the reasons why the Silk Directors unanimously recommend that Silk Shareholders should vote in favour of the Scheme Resolution. Whilst the Silk Directors acknowledge that there may be reasons for Silk Shareholders to vote against the Scheme Resolution (see Section 1.3, 'Reasons why you might vote against the Scheme'), they believe that the reasons to vote in favour of the Scheme Resolution outweigh the reasons to vote against the Scheme Resolution.

REASONS TO VOTE IN FAVOUR OF THE SCHEME RESOLUTION	
✔	The Independent Expert has concluded that the Scheme is in the best interests of Silk Shareholders, in the absence of a Superior Proposal.
✔	The Scheme Consideration represents an attractive premium relative to recent trading prices of Silk Shares prior to (and including) 8 November 2024. Specifically, the Scheme Consideration represents: • a 45.6% premium to the closing price of a Silk Share of $1.47 on 8 November 2024 (being the last day on which Silk Shares traded before the proposed Scheme was announced); • a 60.6% premium to the 1-month VWAP of a Silk Share of $1.33 up to and including 8 November 2024; and • a 58.4% to the 3-month VWAP of a Silk Share of $1.35 up to and including 8 November 2024.
✔	The all cash Scheme Consideration means that Silk Shareholders will receive certainty of value for their investment in Silk.
✔	If the Scheme is implemented you will no longer be exposed to certain risks associated with Silk's Business. These include the risks described in Section 7 of this Scheme Booklet.
✔	Silk will need to refinance a number of its debt facilities in late FY25 and FY26. The risks associated with that refinancing are described in Section 7.3.4. You will not be exposed to those risks if the Scheme is implemented before the relevant refinancing date.
✔	No Superior Proposal has emerged.
✔	The Silk Share price will likely fall if the Scheme does not proceed and in the absence of a Superior Proposal.
✔	Brokerage charges will not apply to the transfer of your Silk Shares under the Scheme.
✔	Silk will incur an estimated $5 million (excluding GST) in transaction costs in relation to the Transaction. If the Scheme is implemented, these transaction costs will effectively be borne by DP World Australia. If the Scheme is not implemented, Silk will still incur an estimated $1.3 million (excluding GST) of one-off transaction costs which may not be recoverable.

If the Scheme is not implemented, Silk will continue as an ASX-listed entity with management continuing to implement Silk's business plan and financial and operating strategies. In those circumstances, you will continue to be exposed to the risks and opportunities associated with an investment in Silk.

REASONS WHY YOU MAY CONSIDER VOTING AGAINST THE SCHEME RESOLUTION	
✘	You may disagree with the unanimous recommendation of the Silk Directors and with the Independent Expert's conclusion that the Scheme is in the best interests of Silk Shareholders, in the absence of a Superior Proposal.
✘	You may prefer to participate in the future financial performance of Silk's Business and continue to be exposed to certain risks associated with Silk's Business. These risks are described in Section 7 of this Scheme Booklet).
✘	You may believe that it is in your best interests to maintain your current investment and risk profile.
✘	You may believe that there is potential for a Superior Proposal to emerge (none has emerged as at the Last Practicable Date).
✘	The tax consequences of transferring your Silk Shares pursuant to the Scheme may not be attractive to you[4].

These reasons are discussed in more detail in Sections 1.2 and 1.3 below.

1.2 Reasons to vote in favour of the Scheme Resolution

The Silk Directors unanimously recommend that Silk Shareholders vote in favour of the Scheme Resolution, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Silk Shareholders, in the absence of a Superior Proposal.

Subject to those same qualifications, each Silk Director intends to vote all Silk Shares which they hold or control in favour of the Scheme Resolution.

The interests of each Director, including the number and description of all securities in Silk held or controlled by each of them and the total value of the financial benefit that each Silk Director will receive if the Scheme is implemented are set out in Section 9 of this Scheme Booklet. When considering the recommendation of Silk Directors that you vote in favour of the Scheme Resolution, Silk Shareholders should have regard to the personal interests of each Silk Director. Each of your Silk Directors considers that despite their interests as described in section 9, it is important and appropriate for them to make a recommendation to Silk Shareholders about how to vote on the Scheme Resolution.

In respect of the recommendation of Director John Sood, Shareholders should have regard to the fact that Mr Sood is currently employed as Chief Executive Officer of Silk and receives employment benefits in that capacity as disclosed to ASX on 22 May 2024. Mr Sood's employment status and his entitlement to receive those benefits will be unchanged if the Scheme is implemented, unless Silk and Mr Sood agree otherwise (with the exception that Mr Sood's Silk Performance Rights will be cancelled in the manner described in Section 9.3.2). Mr Sood has advised Silk that as at the Last Practicable Date he has not been offered any additional payment or entitlement if the Scheme is implemented. Mr Sood is not automatically entitled to receive New Rights as described in Section 9.3.2 as he did not hold his Silk Performance Rights as at 9 November 2024.

1.2.1 The Independent Expert has concluded that the Scheme is in the best interests of Silk Shareholders, in the absence of a Superior Proposal

Silk appointed Kroll to prepare an Independent Expert's Report to advise on whether the Scheme is in the best interests of Silk Shareholders. The Independent Expert has concluded that the Scheme is in the best interests of Silk Shareholders, in the absence of a Superior Proposal.

The Independent Expert has assessed the full underlying value of a Silk Share on a controlling interest basis at between $1.64 and $2.27 per Silk Share. The Scheme Consideration of $2.14 cash per Silk Share is in the upper quartile of the Independent Expert's value range.

The reasons why the Independent Expert reached these conclusions are set out in the Independent Expert's Report, a copy of which is included in Annexure A. The Silk Directors encourage you to read this report carefully and in its entirety.

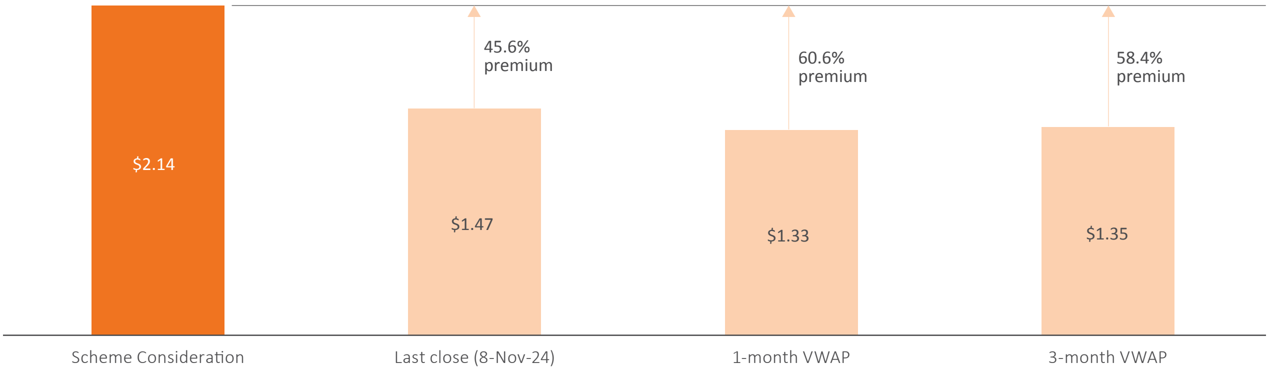
As at the Last Practicable Date, the Independent Expert has not changed or qualified its opinion in any way, and no Superior Proposal has emerged.

4. Silk Shareholders should consult with their own independent taxation advisers regarding the tax implications of the Scheme.

1.2.2 The Scheme Consideration represents an attractive premium relative to recent trading prices of Silk Shares prior to (and including) 8 November 2024

As set out in the chart below, the Scheme Consideration of $2.14 cash per Silk Share represents:

- a 45.6% premium to the closing price of a Silk Share of $1.47 on 8 November 2024 (being the last day on which Silk Shares traded before the proposed Scheme was announced);
- a 60.6% premium to the 1-month VWAP of a Silk Share of $1.33 up to and including 8 November 2024; and
- a 58.4% premium to the 3-month VWAP of a Silk Share of $1.35 up to and including 8 November 2024.



Source: IRESS market data

1.2.3 The all cash Scheme Consideration means that Silk Shareholders will receive certainty of value for their investment in Silk

The Scheme Consideration will be 100% cash. This provides Silk Shareholders with certainty of value and the opportunity to realise their investment in full for the Scheme Consideration. If the Scheme does not proceed, the amount that Silk Shareholders will be able to realise from their Silk Shares in terms of price and future dividends will be uncertain and subject in the usual way, to a number of risks and uncertainties, including those outlined in Section 7.

1.2.4 If the Scheme is implemented you will no longer be exposed to certain risks associated with Silk's Business

While the Silk Board has a positive outlook for Silk and is confident that the business is well positioned to achieve the strategic vision endorsed by the Silk Board, the successful implementation of that strategy is subject to certain risks, some of which are beyond the control of Silk.

The Scheme Consideration, with its significant premium, provides certainty against the risks associated with the execution of Silk's long term strategy. These risks include those described in Section 7 of this Scheme Booklet.

The Scheme removes these risks and uncertainties for Silk Shareholders and allows Silk Shareholders to exit their investment in Silk at a price that the Silk Directors consider attractive.

1.2.5 Silk will need to refinance a number of its debt facilities in the near term

Silk has a number of debt facilities due to expire in late FY25 and FY26 (Existing Facilities). The Silk Board proposes to reassess the company's capital mix prior to the expiry of the Existing Facilities, having regard to then prevailing debt and equity markets. The risks associated with that refinancing process are described in Section 7.3.4. You will not be exposed to those risks if the Scheme is implemented before the relevant refinancing date.

1.2.6 No Superior Proposal has emerged

Since the proposed Scheme was announced, up until the Last Practicable Date, no Superior Proposal has emerged.

The Silk Board is not aware, as at the Last Practicable Date, of any Superior Proposal that is likely to emerge.

The Scheme Implementation Deed contains customary provisions that regulate the way in which Silk can respond to Competing Proposals, details of which are summarised in Section 9.5.4 of this Scheme Booklet. Subject to DP World Australia's rights under the Scheme Implementation Deed in respect of any actual or potential Competing Proposal, the Silk Board will keep Silk Shareholders informed of any developments in respect of any Superior Proposal which may emerge after the date of this Scheme Booklet.

1.2.7 The Silk Share price will likely fall if the Scheme does not proceed and in the absence of a Superior Proposal

If the Scheme is not implemented, Silk Shares will continue to trade on the ASX and be exposed to market volatility, including general stock market movements, changes in economic conditions and the demand for listed securities.

On 8 November 2024, being the last trading day prior to announcement of the proposed Scheme, Silk's closing share price was $1.47.

Following announcement of the Offer, the Silk Share price has increased by 41.8% to $2.085 per Silk Share as at closing on the Last Practicable Date. That price reflects the terms of the Transaction (including the benefit of the Scheme Consideration) and includes a control premium.

While the Silk Directors are unable to predict the price at which Silk Shares will trade in the future they consider that, if the Scheme is not implemented and a Superior Proposal is not forthcoming, the price of Silk Shares will likely fall in the short term.

1.2.8 Brokerage charges will not apply to the transfer of your Silk Shares under the Scheme

You will not incur any brokerage charges on the transfer of your Silk Shares to DP World Australia under the Scheme.

It is possible that such brokerage charges (and, potentially GST on those charges) would be incurred if you dispose of your Silk Shares other than under the Scheme.

1.2.9 Silk will incur an estimated $1.3 million (excluding GST) of unrecoverable one-off transaction costs if the Scheme is not implemented

Silk will incur an estimated $5 million (excluding GST) in transaction costs in relation to the Transaction. If the Scheme is implemented, these transaction costs will effectively be borne by DP World Australia. If the Scheme is not implemented, Silk will still incur an estimated $1.3 million (excluding GST) of one-off transaction costs which may not be recoverable.

1.3 Reasons why you might vote against the Scheme Resolution

If the Scheme is not implemented, Silk will continue as an ASX-listed entity with management continuing to implement Silk's business plan and financial and operating strategies. In those circumstances, you will continue to be exposed to the risks and opportunities associated with an investment in Silk.

Although the Silk Directors unanimously recommend that you vote in favour of the Scheme Resolution, and the Independent Expert has concluded that the Scheme is in the best interests of Silk Shareholders, in the absence of a Superior Proposal, factors which might lead you to vote against the Scheme Resolution include:

1.3.1 You may disagree with the unanimous recommendation of the Silk Directors and with the Independent Expert's conclusion that the Scheme is in the best interests of Silk Shareholders, in the absence of a Superior Proposal

Although the unanimous recommendation of the Silk Directors to vote in favour of the Scheme Resolution and the conclusion of the Independent Expert that the Scheme is in the best interests of Silk Shareholders, in the absence of a Superior Proposal, you may believe that the Scheme is not in your best interests.

1.3.2 You may prefer to participate in the future financial performance of Silk's Business (and continue to be exposed to certain risks associated with Silk's Business (these risks are summarised in Section 7 of this Scheme Booklet)

If the Scheme is implemented, you will no longer be a Silk Shareholder and will forgo any future benefits that may result from being a Silk Shareholder.

This will mean that you will not participate in the future performance of Silk or retain any exposure to Silk's Business or assets or have the potential to share in the value that could be generated by Silk in the future. However, there is no guarantee as to Silk's future performance or what if any benefits may arise in the future. An overview of Silk's Business as well as historical financial information about Silk and current trading commentary of Silk is set out in Section 5 of this Scheme Booklet.

1.3.3 You may believe that it is in your best interests to maintain your current investment and risk profile

You may prefer to keep your Silk Shares to preserve your investment in a listed company with the specific characteristics of Silk.

In particular, you may consider that, despite the risk factors relevant to Silk's potential future operations (including those set out in Section 7 of this Scheme Booklet), Silk may be able to return greater value from its assets by remaining a standalone entity or by seeking alternative corporate transactions in the future.

You may also consider that it would be difficult to identify or invest in alternative investments that have a similar investment profile to that of Silk or that you may incur transaction costs in undertaking any new investment.

1.3.4 You may believe that there is potential for a Superior Proposal to emerge

You may consider that a Superior Proposal could emerge in the future. The Silk Directors are, as at the Last Practicable Date, not aware of, and have not received, any Superior Proposal.

1.3.5 The tax consequences of transferring your Silk Shares pursuant to the Scheme may not be attractive to you

The tax consequences of the Scheme will depend on your personal situation. You may consider that the tax consequences of transferring your Silk Shares to DP World Australia pursuant to the Scheme are not attractive to you.

Silk Shareholders should read the 'Australian tax implications' contained in Section 8 of this Scheme Booklet. However, Section 8 of this Scheme Booklet is general in nature, and Silk Shareholders should consult with their own independent taxation advisers regarding the tax implications of the Scheme.

1.4 Other relevant factors

Other factors that may be relevant to how you vote on the Scheme Resolution include:

1.4.1 Silk's Major Shareholders have indicated that they intend to vote in favour of the Scheme Resolution

Silk's Major Shareholders who collectively hold or control approximately 46% of Silk Shares have indicated that they intend to vote all of their Silk Shares in favour of the Scheme Resolution. Specifically, each of:

- Tor Asia Credit Master Fund LP (18.707% of all voting shares);
- Karma Beverages Pty Ltd (13.185% of all voting shares) and JAS Logistics Consulting (0.307% of all voting shares) – entities associated with John Sood; and
- BBJJ Investments Pty Ltd (13.309% of all voting shares) – an entity associated with Brendan Boyd,

(together, the **Major Shareholders**).

have advised the Silk Board that they intend to vote in favour of the Scheme Resolution and have consented to that intention being included in this Scheme Booklet.

1.4.2 The Scheme is subject to Conditions Precedent

In addition to the need to obtain the approval of Silk Shareholders to the Scheme Resolution by the Requisite Majorities and the need to obtain approval from the Court, the Scheme is subject to a number of other Conditions Precedent. The Scheme will not become Effective, and you will not receive the Scheme Consideration unless all of the Conditions Precedent are satisfied or waived in accordance with the Scheme Implementation Deed (where waiver is possible under the Scheme Implementation Deed). As at the Last Practicable Date, the Silk Directors are not aware of any reason why any Conditions Precedent might not be satisfied before the End Date. The Conditions Precedent and the current status of each condition are summarised in Sections 4.4 of this Scheme Booklet.

ACCC

FIRB Approval is a Condition Precedent to the Scheme. It is anticipated that FIRB will, before providing FIRB Approval and consistent with its usual practice, consult with the ACCC on the competitive impacts of the Transaction and seek confirmation that the ACCC does not object. On 9 December 2024, the ACCC commenced a public informal review of the Scheme and issued a market inquiries letter inviting submissions from interested parties.

The closing date for submissions to the ACCC is 5.30pm on 23 December 2024. The ACCC has set a provisional decision date for the announcement of the ACCC's findings on 13 March 2025, which may be a final decision that the ACCC will not oppose the Scheme or may be the release of a "Statement of Issues" setting out the ACCC's preliminary findings that require further investigation. However, the ACCC may change this provisional decision date.

If the outcome of DP World Australia's FIRB application or the ACCC public inquiries is not known before the Scheme Meeting, Silk may apply to the Court to adjourn the Scheme Meeting.

1.4.3 The Scheme may become Effective and your Silk Shares may be sold even if you do not vote or if you vote against the Scheme Resolution

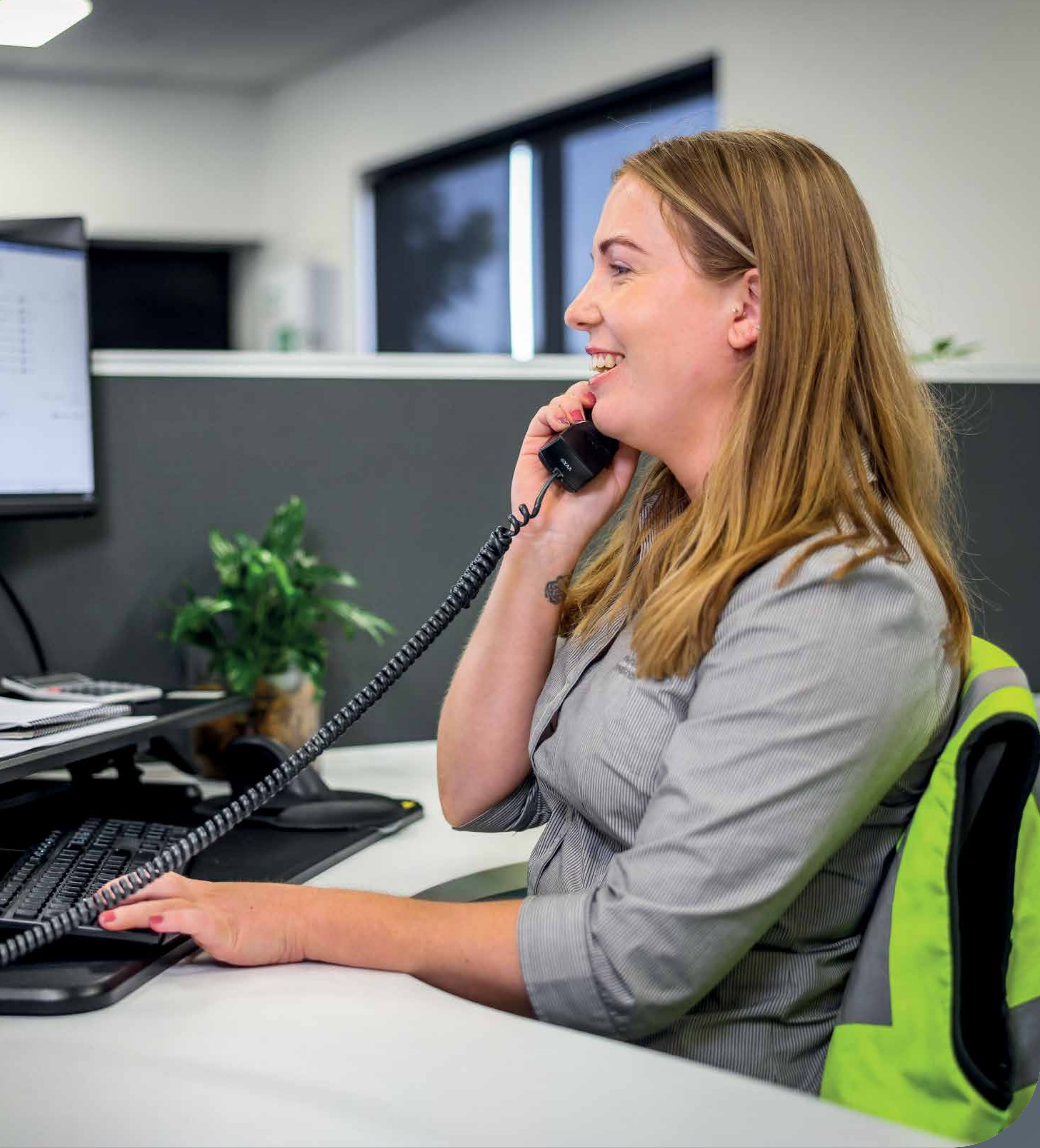
If the Scheme becomes Effective, you will be bound by the Scheme even if you did not vote in favour of the Scheme Resolution or you voted against the Scheme Resolution. In those circumstances, any Scheme Shares held by you on the Scheme Record Date (currently expected to be 7.00pm (Sydney time) on 17 March 2025) will be transferred to DP World Australia and you will receive the Scheme Consideration, despite not having voted or having voted against the Scheme Resolution.

1.4.4 Reimbursement Fee

The Scheme Implementation Deed requires Silk to pay DP World Australia a Reimbursement Fee (being $1,745,119 (excluding GST)), which is approximately 1% of the equity value of Silk) where the Scheme Implementation Deed is terminated in certain circumstances. The triggers for payment of the Reimbursement Fee are set out in Section 9.5.5 of this Scheme Booklet. No Reimbursement Fee is payable where the Scheme Implementation Deed is terminated because Silk Shareholders do not approve the Scheme Resolution by the Requisite Majorities.

1.4.5 Scheme Costs

The fees set out in Section 9.6.3 of this Scheme Booklet relate to fees and costs incurred by Silk in connection with the Transaction, including the preparation of this Scheme Booklet. If the Scheme is implemented, those fees will effectively be borne by DP World Group. If the Scheme is not implemented, Silk expects to pay approximately $1.3 million in transaction costs already incurred as at the Last Practicable Date or which will be incurred even if the Scheme is not implemented (which amount does not include any Reimbursement Fee that may be payable).



2. Frequently Asked Questions

2. Frequently Asked Questions

This Scheme Booklet contains detailed information on the proposed Transaction. This Section 2 provides summary answers to some of the questions that Silk Shareholders may have in relation to the Transaction and the Scheme and will assist them to locate further detailed information in this Scheme Booklet. This Section 2 should be read together with all other sections of this Scheme Booklet including the Independent Expert's Report.

QUESTION	ANSWER	MORE INFORMATION
Overview of the Scheme		
Why have I received this Scheme Booklet?	This Scheme Booklet has been provided to you because you are a Silk Shareholder and you are being asked to vote on the Scheme Resolution. This Scheme Booklet is intended to help you to consider and decide on how to vote on the Scheme Resolution at the Scheme Meeting.	Section 4
What is the Scheme?	The Scheme is a scheme of arrangement between Silk and the Scheme Shareholders. A "scheme of arrangement" is a statutory procedure in the Corporations Act that is commonly used in transactions in Australia that may result in a change of ownership or control of a company. In addition to requiring Court Approval, schemes of arrangement require a shareholder vote in favour of a resolution to implement the scheme of arrangement to be passed by the Requisite Majorities.	Section 4 and Annexure B
What is the effect of the Scheme?	If the Scheme becomes Effective, DP World Australia will acquire all of the Scheme Shares. You will receive the Scheme Consideration for each Silk Share that you hold and will cease to be a Silk Shareholder. Silk will be delisted from the ASX and become a wholly-owned Subsidiary of DP World Australia.	Section 4 and Annexure B
Who is DP World?	DP World is a provider of smart logistics solutions enabling the flow of trade across the globe. DP World is ultimately owned by the government of Dubai and controls DP World Australia. DP World employs over 100,000 people across its end-to-end supply chain logistics network operating in over 74 countries.	Section 6
Who is DP World Australia?	DP World Australia carries on a marine terminal and port services business in Australia. It manages and operates container terminals at Sydney, Melbourne, Brisbane and Fremantle ports and container parks at Sydney, Melbourne and Brisbane.	Section 6
Who is DP World Australia Holding?	DP World Australia Holding is the holding company of DP World Australia and has guaranteed DP World Australia's obligations under the Scheme Implementation Deed and executed the Deed Poll in favour of Silk Shareholders.	Section 6
Does DP World Australia or its Associates currently hold a Relevant Interest or voting power in any Silk Shares?	As at the Last Practicable Date, none of DP World Australia or its Associates has a Relevant Interest or voting power in any Silk Shares.	Section 6

2. Frequently Asked Questions

QUESTION	ANSWER	MORE INFORMATION
Recommendations and intentions		
What do the Silk Directors recommend?	The Silk Directors unanimously recommend that you vote in favour of the Scheme Resolution, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Silk Shareholders, in the absence of a Superior Proposal. The interests of each Silk Director, including the number and description of all securities in Silk held or controlled by each Silk Director and the total value of the financial benefit that each Silk Director will receive if the Scheme is implemented are set out in Section 9 of this Scheme Booklet. When considering the recommendation of Silk Directors that you vote in favour of the Scheme Resolution, Silk Shareholders should have regard to the personal interests of each Silk Director. Each of the Silk Directors considers that despite their interests as described in Section 9 of this Scheme Booklet, it is important and appropriate for them to make a recommendation to Silk Shareholders about how to vote on the Scheme Resolution. In respect of the recommendation of Director John Sood, Shareholders should have regard to the fact that Mr Sood is currently employed as Chief Executive Officer of Silk and receives employment benefits in that capacity as disclosed to ASX on 22 May 2024. Mr Sood's employment status and his entitlement to receive those benefits will be unchanged if the Scheme is implemented, unless Silk and Mr Sood agree otherwise (with the exception that Mr Sood's Silk Performance Rights will be cancelled in the manner described in Section 9.3.2). Mr Sood has advised Silk that as at the Last Practicable Date he has not been offered any additional payment or entitlement if the Scheme is implemented. Mr Sood is not automatically entitled to receive New Rights as described in Section 9.3.2 as he did not hold his Silk Performance Rights as at 9 November 2024. The Silk Directors encourage you to seek independent legal, financial, taxation or other appropriate professional advice in relation to this Scheme Booklet and how to vote on the Scheme Resolution.	Letter from the Chair of Silk and Section 9
What financial benefits will Silk Directors receive if the Scheme is implemented?	If the Scheme is implemented, the total value of the financial benefits that each Silk Director will receive (either directly or indirectly) in respect of their Silk Shares, Silk Options and Silk Performance Rights held as at the Last Practicable Date will be: (see table below)	Section 9.1

SILK DIRECTOR	TOTAL VALUE OF FINANCIAL BENEFIT
John Sood	$23,622,169.78
Brendan Boyd	$23,360,372.91
Terry Sinclair	$418,964.22
Stephen Moulton	$329,136.84
Louise Thurgood	$196,491.06
Cheryl Hayman	$107,000.00

QUESTION	ANSWER	MORE INFORMATION
What are the intentions of the Silk Directors?	Each Silk Director intends to vote, or procure the voting of, any Silk Shares held or controlled by them at the time of the Scheme Meeting in favour of the Scheme Resolution at the Scheme Meeting in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Silk Shareholders, in the absence of a Superior Proposal.	Letter from the Chair of Silk and Section 9
What is the conclusion of the Independent Expert?	The Independent Expert has concluded that the Scheme is in the best interests of Silk Shareholders, in the absence of a Superior Proposal. You should read the Independent Expert's Report which is contained in Annexure A, carefully and in its entirety. The Independent Expert has assessed the full underlying value of a Silk Share on a controlling interest basis at between \$1.64 and \$2.27 per Silk Share. The Scheme Consideration of \$2.14 cash per Silk Share is in the upper quartile of the Independent Expert's value range.	Annexure A
What choices do I have as a Silk Shareholder?	As a Silk Shareholder who is eligible to vote at the Scheme Meeting, you have the following choices in relation to your Silk Shares: • vote in favour of the Scheme Resolution at the Scheme Meeting; • vote against the Scheme Resolution at the Scheme Meeting; • sell your Silk Shares on the ASX before the Scheme Record Date; or • do nothing. If you vote against the Scheme Resolution or do nothing, and the Scheme becomes Effective and is implemented, your Silk Shares will be acquired by DP World Australia and you will receive the Scheme Consideration for each Silk Share acquired, notwithstanding that you did not vote in favour of the Scheme Resolution.	N/A

Overview of the Scheme Consideration

What is the Scheme Consideration?	The Scheme Consideration is \$2.14 cash per Silk Share. The Scheme Consideration is comprised of the Share Consideration (being the amount paid for your Silk Shares) and any Further Dividend that is declared or paid before the Implementation Date. If a Further Dividend is declared or paid, the amount of the Share Consideration (being \$2.14 per Silk Share) is reduced by the value of the Further Dividend, such that the total Scheme Consideration will remain \$2.14 cash per Silk Share. If the Scheme becomes Effective and is implemented, and provided that you hold Silk Shares on the Scheme Record Date you will receive the Scheme Consideration of \$2.14 cash per Silk Share.	Sections 4.2 and 4.3

2. Frequently Asked Questions

QUESTION	ANSWER	MORE INFORMATION
What is the Further Dividend?	Under the Scheme Implementation Deed, Silk may, but is not required to, declare and pay a dividend before the Implementation Date (the **Further Dividend**). If a Further Dividend is declared or paid, the Share Consideration (being $2.14 per Silk Share) is reduced by the value of the Further Dividend, such that the total Scheme Consideration will remain $2.14 cash per Silk Share. As at the Last Practicable Date, and having regard to the indicative timetable set out on page 6 of this Scheme Booklet, the Board does not presently intend to declare or pay a Further Dividend. An announcement will be made through ASX at least 10 days prior to the Scheme Meeting if this position changes.	
When and how will I receive my Scheme Consideration?	If the Scheme becomes Effective and is implemented, Scheme Shareholders will be sent the Scheme Consideration on the Implementation Date (currently expected to be 24 March 2025). The Scheme Consideration will be paid in Australian currency either (at Silk's absolute discretion) into a bank account nominated before the Scheme Record Date by the Scheme Shareholder, including bank accounts nominated to receive dividend payments, or alternatively will be sent by cheque to the Scheme Shareholder at their Registered Address. The Scheme Consideration payable to each Scheme Shareholder with a registered address in New Zealand will be paid in Australian currency to a bank account nominated by that Scheme Shareholder. If a Scheme Shareholder with a registered address in New Zealand has not nominated a bank account, Silk may hold payment of the Scheme Consideration until a valid bank account has been nominated.	Section 4.3
Will I have to pay brokerage?	You will not have to pay brokerage on the transfer of your Silk Shares to DP World Australia under the Scheme.	Section 1.2.8
What are the taxation implications of the Scheme?	The taxation implications of the Scheme will depend on your particular circumstances and on whether a Further Dividend is declared or paid. Section 8 of this Scheme Booklet provides a general description of the Australian tax implications for Scheme Shareholders who are Australian tax residents. You should seek independent professional taxation advice with respect to your particular circumstances.	Section 8

QUESTION	ANSWER	MORE INFORMATION
Conditions to the Scheme		
Are there any conditions to the Scheme?	Yes. The Conditions Precedent to the Scheme becoming Effective are summarised in Section 4.4 of this Scheme Booklet and set out in full in clause 3.1 of the Scheme Implementation Deed. These include amongst others: • receipt of various approvals, consents or relief from regulatory authorities, including FIRB, ASIC and ASX; • approval of the Scheme Resolution by the Requisite Majorities of Silk Shareholders at the Scheme Meeting; • the Independent Expert issuing an Independent Expert's Report which concludes that the Scheme is in the best interests of Silk Shareholders, in the absence of a Superior Proposal; • approval of the Scheme by the Court; • no order, injunction, decision or decree issued by any court or other Government Agency, or other material legal restraint or prohibition, that would prevent, make illegal or prohibit implementation of the Scheme; and • no Target Prescribed Occurrence, no Target Regulated Event and no Target Material Adverse Change having occurred. If any of the conditions remain outstanding by the End Date and the relevant condition has not been waived in accordance with the Scheme Implementation Deed (where the Scheme implementation Deed allows such a waiver) either Silk or DP World Australia can terminate the Scheme Implementation Deed in accordance with its terms, in which case the Scheme will not become Effective. As at the Last Practicable Date, all of the Conditions Precedent remain outstanding. Further detail on the status of the Conditions Precedent as at the Last Practicable Date are set out in Section 4.4. As at the Last Practicable Date, the Silk Directors are not aware of any reason why any Conditions Precedent to the Scheme will not be satisfied on or before the End Date. The Silk Board will continue to update Silk Shareholders on the progress in satisfying the Conditions Precedent until the date of the Scheme Meeting.	Section 4.4
What is required for the Scheme to become Effective?	The Scheme will become Effective if: • the Scheme Resolution is approved by the Requisite Majorities of Silk Shareholders at the Scheme Meeting to be held on 7 March 2025; • the Court approves the Scheme at the Second Court Date; and • all of the other Conditions Precedent are satisfied or waived.	N/A
When and where will the Scheme Meeting be held?	The Scheme Meeting to approve the Scheme Resolution is scheduled to be held in person on 7 March 2025 at the offices of Deloitte Touche Tohmatsu, 477 Collins Street, Melbourne, VIC, 3000, commencing at 10.00am (Sydney time).	Annexure D
What will Silk shareholders be asked to vote on at the Scheme Meeting?	At the Scheme Meeting, Silk Shareholders will be asked to vote on a resolution to approve the Scheme. No other business will be transacted at the Scheme Meeting.	Annexure D

2. Frequently Asked Questions

QUESTION	ANSWER	MORE INFORMATION
What is the Silk Shareholder approval threshold for the Scheme?	In order to become Effective, the Scheme must be approved by the Requisite Majorities of Silk shareholders, being: • unless the Court orders otherwise, a majority in number (more than 50%) of Silk Shareholders present and voting at the Scheme Meeting (either in person or by proxy, attorney or, in the case of corporate Silk Shareholders, body corporate representative); and • at least 75% of the total number of votes cast on the Scheme Resolution at the Scheme Meeting by Silk Shareholders present and voting (either in person or by proxy, attorney or, in the case of corporate Silk Shareholders, body corporate representative). Even if the Scheme is approved by the Requisite Majorities of Silk Shareholders at the Scheme Meeting, the Scheme is still subject to the approval of the Court. The Court has broad discretion as to whether to approve the Scheme and is not bound by the Scheme Resolution.	Section 4.6
Am I entitled to vote at the Scheme Meeting?	If you are registered as a Silk Shareholder on the Silk Share Register as at 7.00pm (Sydney time) on 5 March 2025 you will be entitled to attend and vote at the Scheme Meeting.	Annexure D
How can I vote if I can't attend the Scheme Meeting?	If you would like to vote but cannot attend the Scheme Meeting in person, you can vote by appointing a proxy (including by lodging your proxy online at https://boardroomlimited.com.au/agm/slhscheme2025) or attorney to attend and vote on your behalf. You may also vote by corporate representative if that option is applicable to you.	Annexure D
When will the results of the Scheme Meeting be known?	The results of the Scheme Meeting are expected to be available shortly after the conclusion of the Scheme Meeting and will be announced to the ASX (www.asx.com.au) once available.	N/A
What happens to my Silk Shares if I do not vote, or if I vote against the Scheme, and the Scheme becomes Effective and is implemented?	If you do not vote, or vote against the Scheme Resolution, and the Scheme becomes Effective and is implemented, any Scheme Shares held by you on the Scheme Record Date (currently expected to be 7.00pm (Sydney time) on 17 March 2025) will be transferred to DP World Australia and you will receive the Scheme Consideration, despite not having voted or having voted against the Scheme Resolution.	Section 4.7
Other questions		
What happens if a Competing Proposal is received?	If a Competing Proposal is received, the Silk Directors will carefully consider it. Silk must notify DP World Australia of that Competing Proposal in accordance with the requirements of the Scheme Implementation Deed. Silk Shareholders should note that Silk has agreed to certain exclusivity provisions in favour of DP World Australia under the Scheme Implementation Deed, including: • a no shop, no talk and no due diligence (the no talk and no due diligence being subject to a fiduciary 'out'); • notification right; and • matching rights. These obligations are described in detail in Section 9.5.4 of this Scheme Booklet.	Section 9.5.4

QUESTION	ANSWER	MORE INFORMATION
Is there a break fee or a reverse break fee?	The Scheme Implementation Deed requires Silk to pay DP World Australia a Reimbursement Fee equal to $1,745,119 (which is approximately 1% of the equity value of Silk) where the Scheme Implementation Deed is terminated in certain circumstances. The triggers for the Reimbursement Fee are set out in Section 9.5.5 of this Scheme Booklet. No Reimbursement Fee is payable where the Scheme Implementation Deed is terminated because Silk Shareholders do not approve the Scheme Resolution by the Requisite Majorities. The Scheme Implementation Deed does not contain a reverse break/reimbursement fee.	Section 9.5.5
Can I sell my Silk Shares now?	You can sell your Silk Shares on market at any time before the close of trading on the ASX on the Effective Date (currently expected to be 12 March 2025) at the then prevailing market price (which may vary from the Scheme Consideration). Silk must apply to the ASX for Silk Shares to be suspended from trading on the ASX from close of trading on the Effective Date. You will not be able to sell your Silk Shares on market after this date. If you sell your Silk Shares on market, you may pay brokerage on the sale, you will not receive the Scheme Consideration and there may be different tax consequences compared to those that would arise if you retain those shares until the Scheme is implemented.	N/A
What if I have further questions about the Scheme?	If you have any questions about the Scheme, please contact investor@silklogistics.com.au, or the Silk Shareholder Information Line on 1300 118 942 (within Australia) or +61 2 8023 5456 (outside Australia), or visit https://boardroomlimited.com.au/agm/slhscheme2025. The Silk Shareholder Information Line is open Monday to Friday from 9.00am and 5.30pm (Sydney time), excluding public holidays. For information about your personal circumstances, please consult with your legal, financial, tax and other professional advisers.	N/A
When will Silk release its half year report?	As at the Last Practicable Date, Silk's half year report (for the 6 months ending 29 December 2024) is expected to be released to the ASX on 27 February 2025. Silk's half year report will also be provided to the Independent Expert for the purposes of confirming that the half year report does not change the Independent Expert's conclusion that the Scheme is in the best interests of Silk Shareholders, in the absence of a Superior Proposal. Silk will seek to confirm the position of the Independent Expert as soon as practicable after the release of the half year report and will advise Silk Shareholders of that position by way of announcement on ASX once it has been confirmed.	N/A

3. What Should You Do?

3. What Should You Do?

3.1 Step 1: Read this Scheme Booklet

You should carefully read this Scheme Booklet in its entirety before deciding how to vote on the Scheme Resolution.

If you have any questions, or require further information about the Scheme, you should contact

- investor@silklogistics.com.au;
- the Silk Shareholder Information Line on 1300 118 942 (within Australia) or +61 2 8023 5456 (outside Australia) between 9.00am and 5.30pm (Sydney time) Monday to Friday, excluding public holidays; or
- visit https://boardroomlimited.com.au/agm/slhscheme2025.

If you are in any doubt as to what you should do, please consult your legal, financial, tax or other professional adviser without delay.

3.2 Step 2: Vote on the Scheme Resolution

(a) Your vote is important

For the Scheme to proceed it is necessary that the Requisite Majorities of Silk Shareholders vote in favour of the Scheme Resolution.

(b) Who is entitled to vote?

If you are registered on the Silk Share Register at 7.00pm (Sydney time) on 5 March 2025, you will be entitled to vote on the Scheme Resolution.

(c) Details of the Scheme Meeting

The Scheme Meeting to approve the Scheme Resolution is scheduled to be held in person at the offices of Deloitte Touche Tohmatsu, 477 Collins Street, Melbourne, VIC, 3000, commencing at 10.00am (Sydney time).

Silk Shareholders and their proxies, attorneys or corporate representatives will be able to participate in person.

Further information about attending the Scheme Meeting can be found in the Notice of Scheme Meeting in Annexure D.

(d) How to vote?

You may vote:

- **in person**, by physically attending the Scheme Meeting in person held at the offices of Deloitte Touche Tohmatsu, 477 Collins Street, Melbourne, VIC, 3000, commencing at 10.00am (Sydney time) and voting during the meeting;
- **by proxy**, by appointing one or two proxies to attend and vote on your behalf, using the Proxy Form that accompanies this Scheme Booklet. To be valid, your Proxy Form must be received by the Silk Registry by 10.00am (Sydney time) on 5 March 2025;
- **by attorney**, by appointing an attorney to attend and vote at the Scheme Meeting on your behalf (in person), and providing a duly executed power of attorney to the Silk Registry by 10.00am (Sydney time) on 5 March 2025; or
- **by corporate representative**, in the case of a body corporate, appointing a corporate representative to attend the Scheme Meeting and vote on your behalf (in person), and providing a duly executed certificate of appointment (in accordance with section 250D of the Corporations Act) prior to the Scheme Meeting.

Further details on how to vote are contained in the Notice of Scheme Meeting in Annexure D.

4. Overview of the Scheme

4. Overview of the Scheme

4.1 Background on the Scheme

On 11 November 2024, Silk announced that it had entered into a Scheme Implementation Deed with DP World Australia Holding and DP World Australia, under which it is proposed that DP World Australia will acquire all of the issued share capital of Silk pursuant to the Scheme, subject to satisfaction or waiver of several Conditions Precedent.

A summary of the key terms of the Scheme Implementation Deed is set out in Section 9.5 of this Scheme Booklet. A copy of the full Scheme Implementation Deed was attached to Silk's announcement to the ASX relating to the Scheme on 11 November 2024 and can be obtained from the ASX website (www.asx.com.au).

4.2 Overview of the Scheme Consideration

If the Scheme is implemented, and provided you hold Silk Shares on the Scheme Record Date, you will receive the Scheme Consideration of $2.14 cash per Silk Share.

The Scheme Consideration is comprised of the Share Consideration (which is the amount paid for your Silk Shares) and any Further Dividend that is declared or paid before the Implementation Date. If a Further Dividend is declared or paid, the amount of the Share Consideration (being $2.14 per Silk Share) is reduced by the value of the Further Dividend, such that the total Scheme Consideration will remain $2.14 cash per Silk Share.

As at the Last Practicable Date, and having regard to the indicative timetable set out on page 6 of this Scheme Booklet, the Board does not presently intend to declare or pay a Further Dividend. An announcement will be made through ASX at least 10 days prior to the Scheme Meeting if this position changes.

4.3 Provision of the Scheme Consideration

If the Scheme becomes Effective and is implemented, each Silk Shareholder will receive the Scheme Consideration in respect of the Silk Shares held by them on the Scheme Record Date on the Implementation Date (currently expected to be 24 March 2025).

Where the calculation of the aggregate Scheme Consideration to be provided to a Scheme Shareholder would result in the Scheme Shareholder becoming entitled to a fraction of a cent, the fractional entitlement will be rounded down to the nearest whole cent.

Payment of Scheme Consideration

The Scheme Consideration will be paid in Australian currency either (at Silk's absolute discretion) into a bank account nominated before the Scheme Record Date by the Scheme Shareholder, including bank accounts nominated to receive dividend payments, or alternatively will be sent by cheque to the Scheme Shareholder at their Registered Address.

Silk Shareholders can review and update their bank account details online at https://www.investorserve.com.au/ before the Scheme Record Date.

The Scheme Consideration payable to each Scheme Shareholder with a registered address in New Zealand will be paid in Australian currency to a bank account nominated by that Scheme Shareholder. If a Scheme Shareholder with a registered address in New Zealand has not nominated a bank account, Silk may hold payment of the Scheme Consideration until a valid bank account has been nominated.

4. Overview of the Scheme

4.4 Conditions Precedent to the Scheme

The Scheme will not become Effective and you will not receive the Scheme Consideration unless all of the Conditions Precedent to the Scheme are satisfied or waived (if capable of being waived) in accordance with the Scheme Implementation Deed.

The Conditions Precedent to the Scheme are summarised in 9.4 of this Scheme Booklet and are set out in full in clause 3.1 of the Scheme Implementation Deed. These include but are not limited to:

CONDITION	STATUS
FIRB: one of the following has occurred: A. DP World Australia has received written notice under the FATA, by or on behalf of the Treasurer of the Commonwealth of Australia (**Treasurer**), stating or to the effect that the Commonwealth Government has no objections to the Transaction either unconditionally or on terms that are acceptable to DP World Australia acting reasonably and having regard to its obligations under clause 3.2 of the Scheme Implementation Deed; B. the Treasurer becomes precluded by the passage of time from making an order or decision under Part 3 of the FATA in relation to the Transaction and the Transaction is not prohibited by section 82 of the FATA; or C. where an interim order is made under section 68 of the FATA in respect of the Transaction, the subsequent period for making an order or decision under Part 3 of the FATA elapses without the Treasurer making such an order or decision; (**FIRB Approval**).	DP World Australia lodged the application for FIRB Approval on 11 November 2025. **ACCC** FIRB Approval is a Condition Precedent to the Scheme. It is anticipated that FIRB will, before providing FIRB Approval and consistent with its usual practice, consult with the ACCC on the competitive impacts of the Transaction and seek confirmation that the ACCC does not object. On 9 December 2024, the ACCC commenced a public informal review of the Scheme and issued a market inquiries letter inviting submissions from interested parties. The closing date for submissions to the ACCC is 5.30pm on 23 December 2024. The ACCC has set a provisional decision date for the announcement of the ACCC's findings on 13 March 2025, which may be a final decision that the ACCC will not oppose the Scheme or may be the release of a "Statement of Issues" setting out the ACCC's preliminary findings that require further investigation. However, the ACCC may change this provisional decision date. If the outcome of DP World Australia's FIRB application or the ACCC public inquiries is not known before the Scheme Meeting, Silk may apply to the Court to adjourn the Scheme Meeting.
ASIC and ASX: ASIC and ASX issue or provide all relief, waivers, confirmations, exemptions, consents or approvals, and do all other acts, necessary, or which Silk and DP World Australia agree are desirable, to implement the Scheme.	Silk has not applied for and does not expect to apply for any waivers or relief from ASIC which would constitute a Condition Precedent. Silk has applied for and has been granted a standard ASX waiver of Listing Rule 6.23.2 to allow Silk to cancel Silk Options for consideration (see Section 9.3 for a further explanation).
Silk Shareholder Approval: Silk Shareholders approve the Scheme Resolution at the Scheme Meeting by the Requisite Majorities under subparagraph 411(4)(a)(ii) of the Corporations Act.	The Scheme Meeting is scheduled for 7 March 2025.
Independent Expert: the Independent Expert issues an Independent Expert's Report which concludes that the Scheme is in the best interests of Silk Shareholders.	Kroll, in their capacity as Independent Expert has concluded that the Scheme is in the best interests of Silk Shareholders, in the absence of a Superior Proposal. A copy of the Independent Expert's Report is included in Annexure A.
Court Approval: the Court approves the Scheme in accordance with paragraph 411(4)(b) of the Corporations Act.	Silk will apply to the Court for the necessary orders if the Scheme Resolution is approved at the Scheme Meeting by the Requisite Majorities. It is currently expected that the Second Court Date will be 11 March 2025.

CONDITION	STATUS
Other conditions: none of the following occur before 8.00am on the Second Court Date: • any order, injunction, decision or decree issued by any court or other Government Agency, or other material legal restraint or prohibition, that would prevent, make illegal or prohibit implementation of the Scheme; • a Target Material Adverse Change; • a Target Prescribed Occurrence; or • a Target Regulated Event.	As at the Last Practicable Date, the Silk Directors are not aware of any reason why any of these Conditions Precedent might not be satisfied before the End Date.

As at the Last Practicable Date, the Silk Directors are not aware of any reason why any Conditions Precedent might not be satisfied before the End Date. An update on the status of the Conditions Precedent will be provided at the Scheme Meeting or earlier if required.

4.5 Implications if the Scheme does not become Effective

If the Scheme does not become Effective:

- unless Silk Shareholders choose to sell their Silk Shares, for example on the ASX, Silk Shareholders will continue to hold Silk Shares and will be exposed to general risks as well as risks specific to Silk, including those set out in Section 7 of this Scheme Booklet as well as potential future benefits in retaining exposure to Silk's Business and assets;
- Silk Shareholders will not receive the Scheme Consideration;
- the Silk Board may determine to declare and pay dividends in the future. However, there is no certainty that the Silk Board will do so;
- the Reimbursement Fee, being $1,745,119 (excluding of GST), may be payable by Silk to DP World Australia under certain circumstances. Those circumstances do not include the failure by Silk Shareholders to approve the Scheme Resolution at the Scheme Meeting. Further information on the Reimbursement Fee is set out in Section 9.5.5 of this Scheme Booklet;
- Silk will continue as an ASX-listed entity with management continuing to implement Silk's Business plan and financial and operating strategies; and
- the price of a Silk Share on the ASX will continue to be subject to market volatility and will likely fall in the absence of a Superior Proposal.

4.6 Intentions regarding the continuation of Silk's Business

The Corporations Regulations require a statement by the Silk Directors of their intentions regarding:

- the continuation of the business of Silk or how Silk's Business will be conducted;
- any major changes to be made to the business of Silk, including any redeployment of the fixed assets of Silk; or
- the future employment of the present employees of Silk.

4.6.1 If the Scheme is implemented

If the Scheme is implemented, DP World Australia will acquire and control Silk. Accordingly, it is not possible for the Silk Directors to provide a statement of their intentions after the Scheme is implemented regarding the matters listed above. DP World Australia's current intentions in relation to Silk and its directors and employees if the Scheme is implemented are outlined in Section 6 (Overview of DP World Australia).

4.6.2 If the Scheme is not implemented

If the Scheme is not implemented, the Silk Directors intend to continue to operate Silk in the ordinary course of business, including with respect to the matters listed above, and for Silk to remain listed on the ASX. For further information, also see Section 4.5 above.

4.7 Key steps in the Scheme

4.7.1 Preliminary steps

- **Scheme Implementation Deed:** On 9 November 2024, Silk, DP World Australia Holding and DP World Australia executed the Scheme Implementation Deed under which, among other things, Silk agreed to propose the Scheme to Silk Shareholders. A summary of the key terms of the Scheme Implementation Deed (including the Conditions Precedent, exclusivity, termination rights, and Reimbursement Fees) is set out at Section 9.5 of this Scheme Booklet.
- **Deed Poll:** DP World Australia Holding and DP World Australia have each executed the Deed Poll in favour of Scheme Shareholders. Subject to the Scheme becoming Effective, pursuant to the Deed Poll, DP World Australia covenants in favour of Scheme Shareholders to pay the Scheme Consideration and otherwise perform its obligations under the Scheme and DP World Australia Holding unconditionally and irrevocably guarantees performance by DP World Australia of those obligations to provide or procure the provision of the Scheme Consideration to each Scheme Shareholder. A copy of the Deed Poll is attached at Annexure C.

4.7.2 Scheme Meeting

The Court has ordered Silk to convene the Scheme Meeting at which Silk Shareholders will be asked to approve the Scheme.

The terms of the Scheme Resolution to be considered at the Scheme Meeting are contained in the Notice of Scheme Meeting in Annexure D. Instructions on how to vote at the Scheme Meeting (including how to appoint a proxy, attorney or corporate representative who may attend and vote on your behalf) are set out in Section 3.2 and are also contained in the Notice of Scheme Meeting in Annexure D.

In order to become Effective, the Scheme Resolution must be approved by the Requisite Majorities, being:

- unless the Court orders otherwise, a majority in number (more than 50%) of Silk Shareholders present and voting at the Scheme Meeting (either in person or by proxy, attorney or, in the case of corporate Silk Shareholders, body corporate representative); and
- at least 75% of the total number of votes cast on the Scheme Resolution at the Scheme Meeting by Silk Shareholders present and voting (either in person or by proxy, attorney or, in the case of corporate Silk Shareholders, body corporate representative), (**Requisite Majorities**).

The Court has the discretion to waive the first of these two requirements if it considers appropriate to do so.

If the Scheme Resolution is not approved by the Requisite Majorities of Silk Shareholders at the Scheme Meeting, the Scheme will not be implemented and, subject to its obligations under the Scheme Implementation Deed, Silk will not apply to the Court for any further orders in connection with the Scheme.

4.7.3 Second Court Date

If the Scheme is approved by the Requisite Majorities of Silk Shareholders at the Scheme Meeting and all other Conditions Precedent have been satisfied or remain capable of being satisfied, or waived (if applicable), Silk will apply to the Court for an order approving the Scheme.

The date on which the Court hears Silk's application is the Second Court Date, which is expected to be 11 March 2025. Any change to this date will be announced through the ASX.

ASIC has been asked to issue a written statement that it has no objection to the Scheme. ASIC would not be expected to issue such a statement until shortly before the Second Court Date. If ASIC does not produce a written statement that it has no objection to the Scheme, the Court may still approve the Scheme provided it is satisfied that section 411(17)(a) of the Corporations Act is satisfied.

Each Silk Shareholder has the right to appear at the hearing on the Second Court Date by filing with the Court and serving on Silk a notice of appearance in the prescribed form with any affidavit that the Silk Shareholder proposes to rely on.

The Court has discretion as to whether to grant the orders approving the Scheme, even if the Scheme Resolution is approved by the Requisite Majorities of Silk Shareholders.

4.7.4 Effective Date

If the Court order approving the Scheme is obtained in accordance with section 411(4)(b) of the Corporations Act, Silk will lodge with ASIC an office copy of the Court order approving the Scheme in accordance with subsection 411(10) of the Corporations Act by no later than the Business Day after the date on which the Court order was made (or such later date as agreed in writing by DP World Australia). The date the office copy of the Court Order is lodged with ASIC will be the Effective Date. Silk must apply to the ASX for Silk Shares to be suspended from official quotation on the ASX from close of trading on the Effective Date.

4.7.5 Further Dividend (if applicable)

If the Silk Board determines to pay any Further Dividend, those Silk Shareholders who are recorded on the Silk Register on a record date to be determined by the Silk Board will be entitled to receive the Further Dividend, in respect of the Silk Shares they hold at that time, on a payment date to be determined by the Silk Board.

4.7.6 Scheme Record Date and entitlement to the Share Consideration

Those Silk Shareholders who are recorded on the Silk Register on the Scheme Record Date (currently intended to be 7.00pm (Sydney time) on 17 March 2025) will be entitled to receive the Share Consideration in respect of the Silk Shares they hold at that time, on the Implementation Date (currently expected to be 24 March 2025).

4.7.7 Implementation Date

If the Scheme becomes Effective on the Implementation Date, currently anticipated to be 24 March 2025:

- DP World Australia will procure payment of the Scheme Consideration as described in Section 4.3 above; and
- subject to the payment of the Scheme Consideration as referred to in paragraph 4.3 above, all of the Silk Shares will be transferred to DP World Australia by Silk and Silk will enter the name of DP World Australia into the Silk Share Register in respect of all Silk Shares.

4.8 Warranties by Scheme Shareholders

Under the terms of the Scheme, each Scheme Shareholder is taken to have warranted to Silk and DP World Australia, and appointed and authorised Silk as its attorney and agent to warrant to DP World Australia, on the Implementation Date, that:

- all their Silk Shares (including any rights and entitlements attaching to those shares) which are transferred under the Scheme will, at the date of transfer, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth) and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind;
- they have full power and capacity to transfer their Silk Shares to DP World Australia together with any rights and entitlements attaching to those shares; and
- they have no existing right to be issued any Silk Shares, Silk Options, Silk Performance Rights, Silk convertible notes or any other Silk securities.

4.9 Delisting of Silk

Silk will apply for the termination of the official quotation of Silk Shares on the ASX and for Silk to be removed from the official list of the ASX, each to occur on a date after the Implementation Date.

5. Overview of Silk

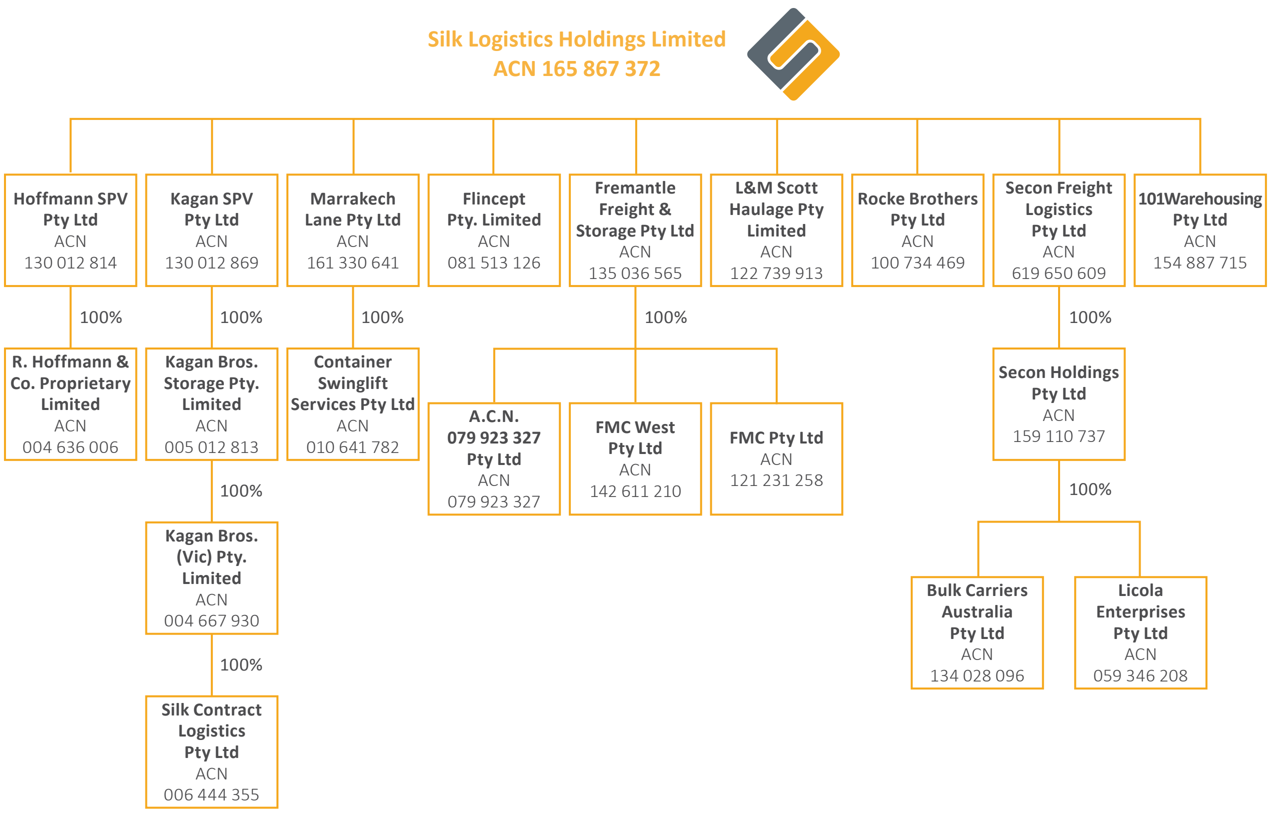
5. Overview of Silk

5.1 Introduction

Silk is an Australian-founded provider of port-to-door landside logistics services in Australia. Under its five brands (Silk Contract Logistics, Rocke Brothers, Fremantle Freight & Storage, Secon Freight Logistics and 101 Warehousing), Silk provides a suite of business-to-business ('B2B') and business-to-consumer ('B2C') supply chain solutions to a diverse range of customers.

Silk operates in 21 Port Logistics hubs and 25 warehousing sites across five states in Australia.

5.2 Corporate structure chart



KEY:

Directors
Terry Sinclaur, Brendan Boyd, Stephen Mouton, John Sood, Louise Thurgood and Cheryl Hayman

Directors
Brendan Boyd and John Sood

5. Overview of Silk

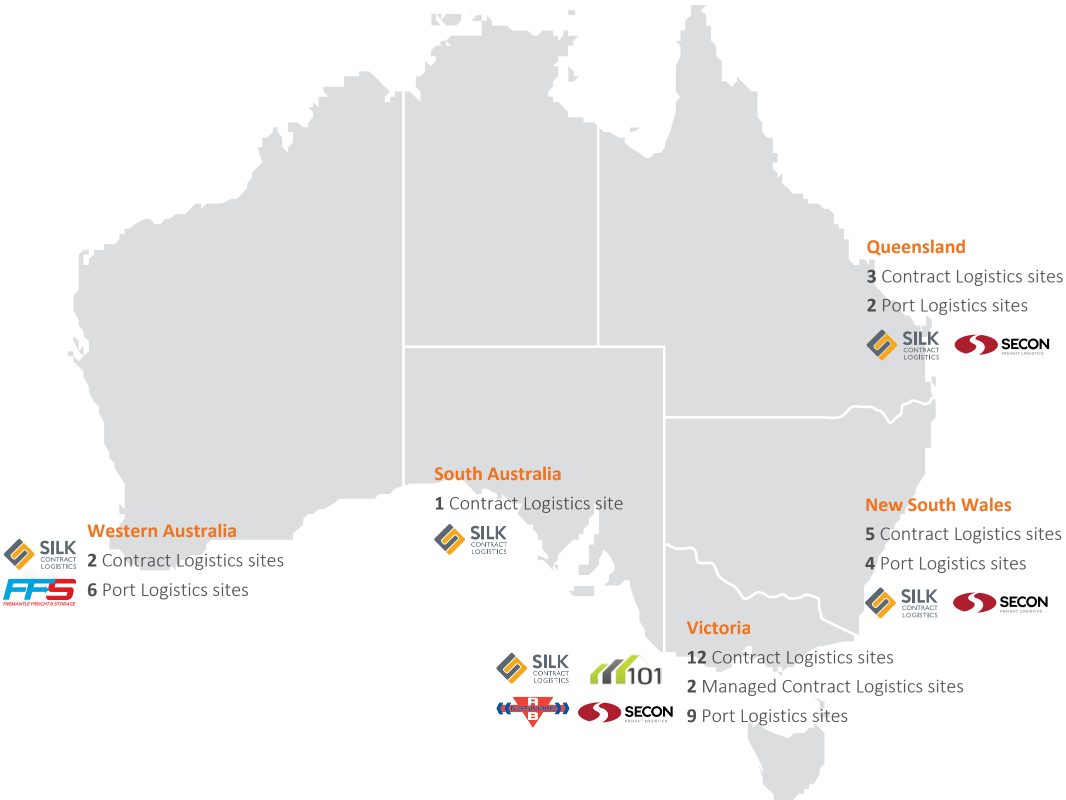
5.3 Overview of Silk's operations

5.3.1 Business model

Silk is a land-based Australian logistics company operating across two primary divisions and three distinct services. The Port Logistics division offering is wharf cartage, and the Contract Logistics division offering is warehousing, and distribution services.

5.3.2 Key locations

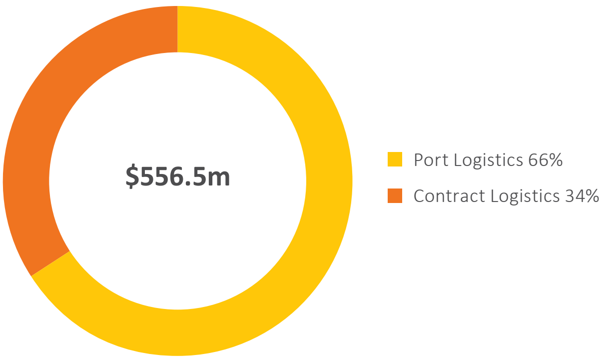
Positioned across all major Australian capital cities, Silk's facilities are located with access to the country's key container ports and rail terminals, allowing Silk to deliver services to its national customer base. Silk operates a total of 25 warehouse sites nationally, including five e-fulfilment warehouses (all in Victoria), eight with the necessary licenses and notifications to compliantly store dangerous goods, and 12 food-grade sites. Silk also has multiple container yard facilities in Victoria, New South Wales, Queensland and Western Australia.



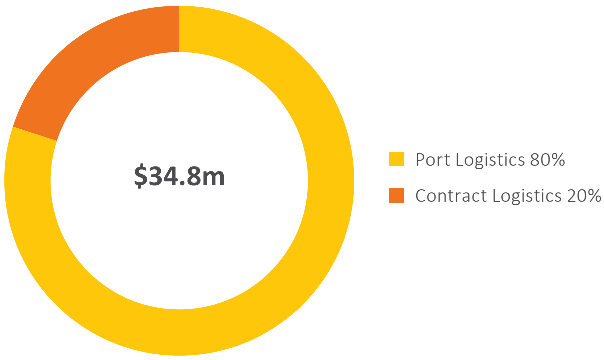
5.3.3 Segment overview

Silk operates in two key segments: Port Logistics and Contract Logistics. In FY24, Port Logistics contributed to 66% of Silk's revenue and 80% of Underlying EBIT.

FY24 Revenue



FY24 Underlying EBIT



5.3.4 Port Logistics

Port Logistics is Silk's largest service line, operating under four brands: Silk Contract Logistics, Rocke Brothers, Fremantle Freight & Storage and Secon Freight Logistics. The Port Logistics service line operates across four states within Australia, with South Australia serviced via a local agent.

In FY24, Silk's Port Logistics segment transported over 300,000 containers between major Australian ports and various facilities. Port Logistics revenue is generated through the provision of the following services:

- Road transport of import and export containers;
- Fumigation and quarantine-accredited services;
- Pack and unpack of containers;
- Full Container Load (FCL) and Less than Container Load (LCL) delivery;
- Bulk transfer of dry goods; and
- Project services.

The Port Logistics operation leverages rental assets and subcontractors to scale up and down as needed. The above services are charged on an activity-based costing model.

In FY24, following the acquisition of Secon, Port Logistics revenue grew 27.6% to $364.8 million on 14.9% higher billed container volumes compared to FY23. This acquisition introduced the capability to service the dry bulk sector, a growing market for Silk.

5.3.5 Contract Logistics

Silk's Contract Logistics business provides a logistics service offer aiming to optimise supply chain processes throughout the warehouse and distribution network. It operates across two brands: Silk Contract Logistics (B2B customers nationally) and 101 Warehousing (multi-channel fulfilment in Victoria).

Warehousing involves the management of facilities where goods are temporarily stored and services such as packing and unpacking occur. For warehousing services, revenue is driven by volume stored and the velocity moved through the warehouse. Customers are charged for activities such as container or pallet for receiving, unpacking, palletising, storage, picking, packing and despatch from the warehouse and other value adding services. These services are charged upon various commercial arrangements including cost plus and activity-based costing agreements. This also includes facilities under management whereby the properties are leased or owned by the customer with Silk providing the warehousing services.

The distribution service is run as a fourth party logistics (4PL) model whereby Silk collaborates with multiple carrier partners while maintaining overall control and management of the network. For distribution services, revenue is charged based on specific rate cards depending on the type of vehicle, freight loads and delivery locations. This capability allows Silk to link its customers with integrated third-party transport companies to provide an end-to-end logistics offering from wharf to last mile distribution.

Silk's Contract Logistics segment achieved FY24 revenue of $191.6 million, representing 34.4% of total revenue for the Silk Group.

5.3.6 Customer

Silk services a diverse customer base of over 800 customers. Silk's customers are predominantly FMCG and light industrial customers, with food, specialist retail and containerised agriculture also making major contributions.

Silk maintains long term customer relationships and contracted revenue with:

- 7.27 years average tenure of contracted customers; and
- 66% of revenue generated from customers with a tenure of greater than four years.

5.4 Summary of recent acquisitions

The below acquisitions allowed Silk to build out national coverage across its Port Logistics and Contract Logistics divisions.

BUSINESS	DATE ACQUIRED	ACQUISITION DETAILS
CONTAINER SWINGLIFT	July 2018	Acquisition of Container Swinglift Services, a Brisbane-based port logistics and distribution business.
CTC Transport Services	November 2018	Acquisition of CTC Transport, a port logistics and distribution business based in Sydney.
ROCKE BROTHERS	August 2019	Acquisition of Rocke Brothers, a Victorian-based port logistics business.
101	February 2022	Acquisition of 101 Warehousing, a Victorian-based e-commerce contract logistics business.
FFS FREMANTLE FREIGHT & STORAGE	September 2022	Acquisition of Fremantle Freight & Storage, a port logistics business based in Western Australia.
SECON FREIGHT LOGISTICS	September 2023	Acquisition of Secon Freight Logistics, a Victorian-based port logistics, bulk logistics, warehouse and distribution services provider.

5.5 Silk strategy

Horizon 1: Strengthening and building the core Silk business

Through Horizon 1 Silk has strengthened the core business to drive organic growth and bolt-on acquisitions of Fremantle Freight & Storage, 101 Warehousing and Secon. Other projects undertaken during Horizon 1 included:

- Delivery of phase one of the control tower roll-out strengthening their customer service;
- Opening a new warehouse and port logistics hub in Kenwick Western Australia; and
- Increased operational efficiencies in warehousing.

5. Overview of Silk

Horizon 2: Drive national business and accelerate organic growth

Silk has a road map of near and medium-term strategic priorities to be pursued in respect of each of its strategic pillars during FY25-26. These strategic priorities are focused on maximising organic growth and executing on efficiency initiatives. This includes:

1. Provide Market Leading Customer Experience

- Control tower roll-out for Warehousing & Distribution
- Advance customer centric culture
- Continue to drive NPS improvements

2. Extend Integrated Service Offering

- Grow share of customer wallet
- Targeted account management
- National distribution offering

3. Grow In Value-Add Services & Sectors

- Further investment and expansion of bulk offerings

4. Expand Site Network Capability & Footprint

- Drive efficiencies through consolidation of sites where commercially sensible
- Progress strategic planning for new intermodal logistics sites in the medium to long term

5. Drive Operational Efficiency Improvement

- Implement and deploy IT systems e.g. ERP
- Design and automation of core processes
- Deliver operating synergies of acquisitions to date including brand core system integration

These five pillars underpin the Silk strategy with FY25 initiatives well progressed.

Horizon 3: Ongoing acceleration of growth

The timing of Horizon 3 by the end of FY27 requires additional acquisitions. However, in the current environment and with ongoing external challenges, this is not a core focus. Rephasing acquisitions in the medium term extends Horizon 3 out to FY30 based on historical run-rates for organic growth only.

Silk will continue to invest in its future growth, which is necessary to support its ambition to grow to $1 billion in sustainable revenue.

5.6 Silk Board and Senior Executives

5.6.1 Silk Board

NAME	POSITION
Mr Terry Sinclair	Chair, Non-Executive Director
Mr Brendan Boyd	Non-Executive Director (since 1 July 2024) Previously Executive Director (23 May 2024 to 30 June 2024) and Managing Director, Chief Executive Officer (until 22 May 2024)
Mr John Sood	Managing Director and Chief Executive Officer (since 22 May 2024) Previously Executive Director and Chief Commercial Officer (until 22 May 2024)
Mr Stephen Moulton	Non-Executive Director
Ms Louise Thurgood	Non-Executive Director
Ms Cheryl Hayman	Non-Executive Director

5.6.2 Executive Management Team

NAME	POSITION
Mr James Nicholias	Chief Financial Officer
Ms Dani Aquilina	Chief Corporate Services Officer (since 1 July 2024) Previously Chief Operating Officer (until 30 June 2024)

5.7 Historical Financial Information

5.7.1 Basis of Preparation

This Section sets out a summary of historical financial information in relation to Silk for the purpose of this Scheme Booklet. The financial information has been derived from Silk's financial statements for the financial years ended 26 June 2022 (**FY22**), 25 June 2023 (**FY23**) and 30 June 2024 (**FY24**) which were audited.

The historical financial information of Silk is presented in an abbreviated form and does not contain all the disclosures, presentation, statements or comparatives that are usually provided in an annual report prepared in accordance with the Corporations Act. Silk considers that for the purposes of this Scheme Booklet the historical financial information presented in an abbreviated form is more meaningful to Silk Shareholders.

Further detail on Silk's financial performance can be found in:

- the financial statements for the year ended 26 June 2022 (included in the Annual Report released to the ASX on 25 August 2022);
- the financial statements for the year ended 25 June 2023 (included in the Annual Report released to the ASX on 22 August 2023); and
- the financial statements for the year ended 30 June 2024 (included in the Annual Report released to the ASX on 27 August 2024),

each of which can be found on Silk's website (www.silklogisticsholdings.com.au) and the ASX website (www.asx.com.au).

5.7.2 Historical Consolidated Statement of Profit or Loss and Other Comprehensive Income

	CONSOLIDATED		
$'000s	52 WEEKS ENDED 26 JUNE 2022	52 WEEKS ENDED 25 JUNE 2023	53 WEEKS ENDED 30 JUNE 2024
Revenue	**394,731**	**488,576**	**556,400**
Other income	4,893	1,383	1,765
Expenses			
Other transport & warehousing expenses	(73,707)	(84,607)	(112,888)
Fleet and material handling equipment expenses	(26,398)	(34,686)	(43,042)
Employee benefits expense	(79,787)	(98,299)	(118,814)
Depreciation and amortisation expense	(40,065)	(50,485)	(62,235)
Finance costs	(8,238)	(12,377)	(20,071)
Subcontractors and labour agency expenses	(124,585)	(152,856)	(154,535)
Occupancy expense	(10,602)	(15,107)	(16,408)
Administration expense	(10,906)	(20,132)	(19,769)
Change in measurement of deferred consideration	–	2,220	–
Change in measurement of financial instrument	476	–	–
IPO related expenses	(5,421)	–	–
Profit before income tax expense	**20,391**	**23,630**	**10,403**
Income tax expense	(7,034)	(7,228)	(2,988)
Profit after income tax expense for the period attributable to the owners of Silk Logistics Holdings Limited	**13,357**	**16,402**	**7,415**
Other comprehensive income for the period, net of tax	–	–	–
Total comprehensive income for the period attributable to the owners of Silk Logistics Holdings Limited	**13,357**	**16,402**	**7,415**

	CENTS	CENTS	CENTS
Basic earnings per share	17.42	20.79	9.15
Diluted earnings per share	17.29	20.71	9.14

5.7.3 Historical Consolidated Statement of Financial Position

	CONSOLIDATED		
$'000s	26 JUNE 2022	25 JUNE 2023	30 JUNE 2024
Assets			
Current assets			
Cash and cash equivalents	31,964	30,479	27,164
Trade and other receivables	63,179	63,058	70,242
Current tax assets	–	1,003	2,350
Other current assets	4,309	7,302	6,225
Total current assets	99,452	101,842	105,981
Non-current assets			
Property, plant and equipment	12,584	22,237	41,481
Right-of-use assets	148,892	163,036	301,465
Intangible assets	41,090	62,140	95,677
Deferred tax assets	13,116	13,113	9,266
Total non-current assets	**215,682**	**260,526**	**447,889**
Total assets	**315,134**	**362,368**	**553,870**
Liabilities			
Current liabilities			
Trade and other payables	39,795	39,775	47,336
Borrowings	2,313	13,872	12,352
Lease liabilities	39,167	48,177	49,269
Current tax liabilities	5,173	–	–
Provisions	13,157	14,453	16,381
Other financial liabilities	4,200	5,580	6,328
Total current liabilities	103,805	121,857	131,666
Non-current liabilities			
Borrowings	9,594	17,094	38,450
Lease liabilities	130,552	142,345	282,087
Provisions	4,296	5,665	9,983
Other financial liabilities	–	–	9,293
Total non-current liabilities	144,442	165,104	339,813
Total liabilities	**248,247**	**286,961**	**471,479**
Net assets	**66,887**	**75,407**	**82,391**
Equity			
Issued capital	73,762	74,370	79,453
Reserves	(23,577)	(22,948)	(23,718)
Retained profits	16,702	23,985	26,656
Total equity	**66,887**	**75,407**	**82,391**

5.7.4 Historical Consolidated Statement of Cash Flows

$'000s	CONSOLIDATED 52 WEEKS ENDED 26 JUNE 2022	52 WEEKS ENDED 25 JUNE 2023	53 WEEKS ENDED 30 JUNE 2024
Cash flows from operating activities			
Receipts from customers (inclusive of GST)	419,795	542,550	615,102
Payments to suppliers and employees (inclusive of GST)	(355,073)	(456,243)	(511,157)
	64,722	86,307	103,945
Interest received	2	93	22
Interest and other finance costs paid	(8,170)	(12,377)	(19,295)
Income tax paid	(8,779)	(13,538)	(5,655)
Initial public offer costs	(4,690)	–	–
Net cash from operating activities	**43,085**	**60,485**	**79,017**
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	164	(17,300)	(29,301)
Payments for property, plant and equipment and intangibles	(2,325)	(8,847)	(13,442)
Deferred consideration paid	–	(4,200)	(6,500)
Deposit paid to acquire land and associated development related costs	(10,122)	–	–
Proceeds from novation of contract to acquire land	13,550	–	–
Proceeds from disposal of property, plant and equipment	2,057	1,745	1,449
Net cash used in investing activities	**3,324**	**(28,602)**	**(47,794)**
Cash flows from financing activities			
Proceeds from issue of equity	70,000	–	–
Share issue transaction costs	(782)	–	–
Payments for share-buy back	(60,000)	–	–
Dividends paid	(11,722)	(9,119)	(4,744)
Proceeds from borrowings	10,907	22,915	37,583
Repayment of borrowings	(15,000)	(3,856)	(17,747)
Repayment of lease liabilities	(33,112)	(43,308)	(49,630)
Net cash used in financing activities	**(39,709)**	**(33,368)**	**(34,538)**
Net decrease in cash and cash equivalents	6,700	(1,485)	(3,315)
Cash and cash equivalents at the beginning of the financial period	25,264	31,964	30,479
Cash and cash equivalents at the end of the financial period	**31,964**	**30,479**	**27,164**

5.8 Material changes in financial position

As at the Last Practicable Date, to the knowledge of the Silk Directors, the financial position of Silk has not materially changed since 30 June 2024, as reported in the Silk 2024 Annual Report to Silk Shareholders for the year ended 30 June 2024.

5.9 Capital structure

TYPE OF SECURITY	NUMBER ON ISSUE AS AT THE LAST PRACTICABLE DATE
Silk Shares	81,547,598
Silk Options at various dates and exercise prices	5,388,656
Silk Performance Rights	1,319,162

5.10 Substantial shareholders in Silk Shares

Substantial shareholders as disclosed in the last substantial holder notices given to Silk under the Corporations Act.

SUBSTANTIAL HOLDER	NUMBER OF SILK SHARES AS AT THE LAST PRACTICABLE DATE	VOTING POWER IN SILK AS AT THE LAST PRACTICABLE DATE[5]	DATE OF LAST SUBSTANTIAL HOLDER NOTICE
Tor Asia Credit Master Fund LP, Tor Asia Credit Fund GP Ltd., Tor Investment Management, L.P. and Tor Investment Management (Hong Kong) Limited	15,255,430[6]	18.71%	20 May 2022
BBJJ Investments Pty Ltd <The Boyd Family A/C>	10,853,294	13.31%	9 July 2021
Karma Beverages Pty Ltd <John Sood Family A/C>	10,751,794	13.18%	9 July 2021
Copia Investment Partners Ltd	5,575,000	6.84%	15 March 2024
Harvest Lane Asset Management Pty Ltd	4,949,568	6.07%	25 November 2024
The Goldman Sachs Group, Inc.	4,108,182	5.04%	11 December 2024

5. The voting power in Silk (as at the Last Practicable Date) has been calculated based on current issued capital, and may be different to the voting power specified in the last substantial holder notice.
6. This number is as at 9 November 2024, based on the voting intention statement provided by Tor Asia Credit Master Fund LP, Tor Asia Credit Fund GP Ltd., Tor Investment Management, L.P. and Tor Investment Management (Hong Kong) Limited.

5.11 Silk Share price history

Silk is listed on the ASX under the code 'SLH'. On 8 November 2024, being the last trading day prior to the announcement of the Transaction:

- the closing price of Silk Shares on the ASX was $1.470 per Silk Share;
- the highest recorded daily closing price for Silk Shares on the ASX in the previous three months was $1.470 on 8 November 2024; and
- the lowest recorded daily closing price for Silk Shares on the ASX in the previous three months was $1.285 on 20 September 2024.

At the Last Practicable Date:

- the closing price of Silk Shares on the ASX was $2.085 per Silk Share;
- the highest recorded daily closing price for Silk Shares on the ASX in the previous three months was $2.090 on 13 December 2024; and
- the lowest recorded daily closing price for Silk Shares on the ASX in the previous three months was $1.285 on 20 September 2024.

Silk Share price history from 9 July 2021 to the Last Practicable Date

Source: IRESS market data

5.12 Publicly available information about Silk

Silk is a listed disclosing entity for the purpose of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Specifically, as a company listed on the ASX, Silk is subject to the Listing Rules which require (subject to some exceptions) continuous disclosure of any information that Silk has, and which a reasonable person would expect to have a material effect on the price or value of Silk Shares.

ASX maintains files containing publicly disclosed information about all entities listed on the ASX. Information disclosed to the ASX by Silk is available on the ASX website (www.asx.com.au) and also available on Silk's website (www.silklogisticsholdings.com.au).

Silk's announcements to ASX from 30 June 2024 to the Last Practicable Date are listed in the table below.

DATE	ANNOUNCEMENT
1 July 2024	Notification regarding unquoted securities – SLH
31 July 2024	Becoming a substantial shareholder
13 August 2024	FY24 Full Year Results Webinar
27 August 2024	FY24 Appendix 4E
27 August 2024	FY24 Annual Report
27 August 2024	Dividend/Distribution – SLH
27 August 2024	FY24 Results Media Release
27 August 2024	FY24 Results Investor Presentation
27 August 2024	Appendix 4G
27 August 2024	Corporate Governance Statement
28 August 2024	Notification of cessation of securities – SLH
2 September 2024	Change of Director's Interest Notice – JS
2 September 2024	Change of Director's Interest Notice – BB
21 October 2024	Notice of Annual General Meeting/Proxy Form
21 October 2024	Notification regarding unquoted securities – SLH
30 October 2024	Change in substantial holding
6 November 2024	Change in substantial holding
11 November 2024	Silk enters into Scheme Implementation Deed with DP World
19 November 2024	Ceasing to be a substantial holder
21 November 2024	AGM – Chair Address
21 November 2024	AGM – CEO Address
21 November 2024	AGM Presentation
21 November 2024	Results of Annual General Meeting
25 November 2024	Becoming a substantial holder
27 November 2024	Notification regarding unquoted securities – SLH
27 November 2024	Change of Director's Interest Notice – JS
11 December 2024	Becoming a substantial holder

In addition, Silk is required to lodge various documents with ASIC. Copies of documents lodged with ASIC by Silk may be obtained from an ASIC office. Silk Shareholders may obtain a copy of Silk's 2024 Annual Financial Report from the ASX website (www.asx.com.au), from Silk's website (www.silklogisticsholdings.com.au) or by calling the Silk Shareholder Information Line on 1300 118 942 (within Australia) or +61 2 8023 5456 (outside Australia) between 9.00am and 5.30pm (Sydney time) Monday to Friday, excluding public holidays.

6. Overview of DP World Australia

6. Overview of DP World Australia

The information contained in this Section 6 has been prepared by DP World Australia. The information concerning DP World Australia and its group companies and the intentions, views and opinions contained in this Section 6 are the responsibility of DP World Australia. Silk and its officers and Advisers do not assume any responsibility for the accuracy or completeness of this information.

6.1 Overview of DP World

6.1.1 Overview of DP World

DP World, which controls DP World Australia, is a leading provider of smart logistics solutions, enabling the flow of trade across the globe. DP World offers smart end-to-end supply chain logistics through a global network of 500 business units in over 74 countries across six continents, with a significant presence in both high-growth and mature markets. These business units are across seaports and marine terminals, economic zones, marine services and rail and logistics.

DPW Group is a leading enabler of global trade and an integral part of the global supply chain. The Group operates multiple yet related businesses spanning marine and inland terminals, marine services, logistics and ancillary services and technology-driven trade solutions. The Group organises its business into four divisions: (i) ports and terminals; (ii) logistics; (iii) marine services; and (iv) digital solutions:

- Ports and Terminals business: The ports and terminals division aims to meet the needs of dynamic global supply chains, as the Group develops and operates trade-enabling, strategically located, state of the art infrastructure and services, including marine terminals, inland terminals, and cruise terminals;
- Logistics division: The core capabilities of the Group's logistics division are freight management, contract logistics, freight forwarding, parks and economic zones and market access;
- Marine and logistics services division: This division aims to complement the Group's global trade services by providing marine solutions through a wide portfolio of specialist vessels, river barging, chartering and port services and delivering end-to-end integrated solutions to its customers across the value chain; and
- Digital solutions: The Group's digital suite of tech services and products aims to provide improved transparency and to reduce inefficiency in the supply chain.

Further information about DP World and its operations is available on its website https://www.dpworld.com.

6.1.2 Ownership information

DP World is ultimately owned by the Government of Dubai.

6.1.3 Directors of DP World

As at the Last Practicable Date, the board of directors of DP World comprises the following directors.

NAME	POSITION
H.E. Sultan Ahmed bin Sulayem	Group Chairman and Chief Executive Officer The profile for H.E. Sultan Ahmed bin Sulayem can be found at https://www.dpworld.com/about-us/leadership/board-of-directors/sultan-ahmed-bin-sulayem
Yuvraj Narayan	Group Deputy Chief Executive Officer and Chief Financial Officer The profile for Yuvraj Narayan can be found at https://www.dpworld.com/about-us/leadership/board-of-directors/yuvraj-narayan

6.2 Overview of DP World Australia

6.2.1 Overview of DP World Australia

DP World Australia is an Australian public company limited by shares. DP World Australia is an Australian entity which carries on a marine terminal and port services business in Australia. DP World Australia's operations are headquartered in Sydney and employs approximately 2,000 people. DP World Australia operates the country's leading container terminal network with terminals and container parks located in:

- Port of Brisbane, Queensland;
- Port Botany, New South Wales;
- Port of Melbourne, Victoria; and
- Fremantle Port, Western Australia.

DP World Australia has a track record of investment in new terminal infrastructure and technology which has helped facilitate global trade in Australia. The business has made strategic investments across the supply chain, thereby expanding its national footprint beyond container terminals and container parks.

More detailed information on DP World Australia's operations can be obtained by visiting the DP World website at https://www.dpworld.com/australia.

6.2.2 Ownership information

DP World Australia is the sole operating company of a group of companies of which DP World Australia Holding is the holding company and is 100% indirectly owned by DP World Australia Holding.

6.2.3 DP World Australia Holding

DP World Australia Holding is ultimately owned by Investcorp Corsair Infrastructure Partners (39.75%), DP World (33.14%) and Caisse de dépôt et placement du Québec (**CDPQ**) (27.11%). DP World controls and consolidates DP World Australia under the IFRS accounting principles and is the key decision maker on the day to day business activities pertaining to DP World Australia.

Investcorp Corsair Infrastructure Partners is a global infrastructure equity sponsorship and investment management business focused on the transportation and logistics sector and its adjacencies.

CDPQ is one of Canada's largest institutional asset management firms with extensive capabilities across different asset classes and has assets under management valued at circa CAD$452 billion.

6.2.4 Directors of DP World Australia

As at the Last Practicable Date, the board of directors of DP World Australia comprises the following directors:

NAME	POSITION	PROFILES
Glen Hilton	Chief Executive Officer & Managing Director, Asia Pacific at DP World	Glen Hilton is the Chief Executive Officer and Managing Director for DP World Asia Pacific, Glen oversees the company's operations across several countries including Australia, China, Hong Kong SAR, the Philippines, South Korea, Thailand, and Vietnam. Based in Singapore, Glen leads a team of 7500 employees in developing and implementing DP World's commercial and operations strategies to accelerate growth across the region. Glen also previously served as the CEO of Malaysia's largest container terminal at the Port of Tanjung Pelepas and was General Manager of international cargo handling for an airline in Australia.

NAME	POSITION	PROFILES
Tiemen Meester	Group Chief Operating Officer, Port Terminals at DP World	Tiemen is the Group Chief Operating Officer, Ports & Terminals at DP World. Prior to joining DP World, Tiemen held several business positions at Sea-Land, Maersk, and APM Terminals, including Senior Vice President for New Business at Maersk, VP of Human Resources at APM Terminals, and Regional Manager at Sea-Land. Tiemen has over 16 years' experience involving large scale multi-port acquisitions, greenfield and brownfield port projects, and ports and logistics responsibility over a large portfolio of ports and terminals. Tiemen has educational qualifications from Columbia, Cornell, IMD and Harvard and was a naval officer for five years at Merchant Maritime.
Anil Mohta	Group Executive Vice President, Corporate Finance & Business Development at DP World	Anil Mohta is the Group EVP for Corporate Finance & Business Development at DP World. He is responsible for the company's global Corporate Finance and Business Development activities. Anil has over 25 years of experience in infrastructure finance, development, and operations, delivering growth, strengthening balance sheets, and improving returns. He has led several key initiatives at DP World, including the creation of a logistics and marine transportation division, establishing partnerships with strategic partners, and monetising assets while retaining management control. In addition to his role at DP World, Anil sits on the boards and committees of several DP World Group companies. Prior to his current role, Anil served as the regional finance head for DP World's Americas operation, and previously worked with a joint venture between APM Terminals and Government of Oman in Salalah, Oman. He is qualified Chartered Accountant.
Jason Varsamidis	Chief Financial Officer, Asia Pacific & Australasia Region at DP World	Jason Varsamidis is the Chief Financial Officer of the DP World Asia Pacific & Australasia region and is a Director for DP World in Australia. Jason has over 25 years of experience with DP World and P&O previously in corporate finance, mergers and acquisitions, business development, infrastructure projects, operational improvement initiatives, IT and joint venture management. Jason holds a Master of Applied Finance and is an executive graduate of the Maritime Academy in New York.
Hari Rajan	Managing Partner at Investcorp Corsair	Mr. Rajan is the Managing Partner of Investcorp Corsair and serves as Chairman of the Investment Committee. He joined Corsair in 1999 and is based in New York. Mr. Rajan is a board member of Investcorp Corsair companies DP World Australia, Itínere Infraestructuras, Kelda Holdings, JFK Millenium Partners, and Vantage Group. He serves as Lead Director of both DP World Australia and Vantage Group, and is also a board member of Kyobo Life Insurance Company. Mr. Rajan holds a B.A. in Economics and Applied Mathematics from Yale University and an M.B.A. with honours from the Wharton School of the University of Pennsylvania.

6. Overview of DP World Australia

NAME	POSITION	PROFILES
Mark Lorkin	Managing Director at Investcorp Corsair	Mr. Lorkin is a Managing Director of Investcorp Corsair. He joined Corsair in 2015 and is based in Sydney. He is a board member of Investcorp Corsair company DP World Australia. Prior to joining Corsair, Mr. Lorkin served as a Managing Director of Citi for 15 years, which included eight years in London. While at Citi he held a number of roles across Mergers & Acquisitions, Debt Capital Markets, Acquisition Finance, and Private Equity. Mr. Lorkin holds a BCom with honours from The University of Melbourne, where he graduated with a first class distinction.

6.3 Rationale for the proposed acquisition of Silk

DP World Australia's strategy is based upon providing an integrated end-to-end supply chain solution to beneficial cargo owners in the Oceania region. The acquisition of Silk is complementary to DP World Australia's strategy of obtaining ready access to a nationwide network of warehousing and landside logistics capabilities, which would require considerable time and resources for DP World Australia to build organically.

The proposed acquisition would provide:

- DP World Australia with access to a national network of warehousing, distribution and port logistics capabilities and assets;
- DP World Australia with access to Silk-developed technology systems for managing warehousing and distribution operations;
- Opportunities for Silk businesses to benefit from the global DP World portfolio; and
- Opportunities to increase throughput for both DP World Australia and Silk.

6.4 Funding arrangements for the Scheme Consideration

6.4.1 Share Consideration

The Share Consideration will be paid wholly in cash. If the Scheme Resolution is approved and implemented, each Silk Shareholder will be entitled to receive Share Consideration of $2.14 less the value any Further Dividend for each Scheme Share they own as at the Scheme Record Date.

The maximum consideration payable by DP World Australia in connection with the Scheme will be $174,511,860 (based on the maximum number of Silk Shares permitted to be on issue on the Scheme Record Date under the SID, and assuming no Further Dividend is paid).

The cash required to fund the Share Consideration and all costs of DP World Australia associated with the Scheme will be sourced from existing cash reserves and cash equivalents (**DP World Australia Cash Reserves**) and funds drawn from DP World Australia's existing facility with a consortium of lenders led by Australia and New Zealand Banking Group, Commonwealth Bank of Australia and National Australia Bank (**DP World Australia Facility**).

As at the Last Practicable Date, the DP World Cash Reserves totalled approximately A$175 million and there are currently approximately $70 million of undrawn amounts under the DP World Australia Facility that are permitted to be utilised to fund the acquisition of Silk on a "certain funds" basis until 30 September 2025 (which date may be extended by agreement between DP World Australia and the lenders under the facility).

During the certain funds period the lenders have agreed that:

- any duly completed funding request under the DP World Australia Facility for the purpose of completing the acquisition of Silk will be complied with; and
- any rights which exist in favour of the lenders to terminate, rescind, cancel or not provide the DP World Australia Facility, and any right of set-off against the drawing under the DP World Australia Facility to fund the acquisition of Silk, will not be exercised,

but only to the extent that none of the following events has occurred and is subsisting on the proposed funding date:

- an event of insolvency has occurred in respect of DP World Australia Holding, any obligor under the DP World Australia Facility, Silk or any of its Subsidiaries;
- the aggregate of advances for the DP World Australia Facility exceed the total commitments for that facility at that time as a result of the proposed drawing;

- any required material authorisation required to implement the Transaction has not been obtained or DP World Australia is not otherwise obliged to complete the Transaction;
- any "Major Representation" (being certain representations and warranties) is untrue or misleading or unable to be made;
- any "Major Default" is subsisting or would result from the drawing being advanced to fund the acquisition of Silk;
- in relation to the participation of a lender in the drawing being advanced to fund the acquisition of Silk, it is unlawful for that lender to perform any of its obligations under the finance documents or that lender reasonably suspects that the funding is likely to breach any laws or regulations in Australia or any other country (including anti-money laundering and counter-terrorism financing laws) or the transaction involves any sanctioned person; or
- a change of control occurs amongst certain DP World Australia entities without the consent of all lenders.

The DP World Australia Cash Reserves and DP World Australia Facility exceed the maximum amount of the Scheme Consideration and associated transaction costs. On that basis, DP World Australia is of the opinion that it has a reasonable basis for holding the view, and holds the view, that it will be able to satisfy its obligations to provide the Scheme Consideration under the terms of the Scheme. The Scheme is not subject to any financing condition precedent.

Pursuant to the Deed Poll, DP World Australia has undertaken in favour of each Scheme Shareholder to deposit, or procure the deposit of, an amount equal to the Share Consideration payable to all Scheme Shareholders into a trust account operated by Silk as trustee for the Scheme Shareholders on or by the Business Day prior to the Implementation Date. DP World Australia Holding has undertaken in favour of each Scheme Shareholder that, in the event that DP World Australia will not or does not fulfil its obligations to pay the Share Consideration into the trust account in accordance with the terms of the Deed Poll, DP World Australia Holding will perform that obligation.

For further details regarding DP World Australia and DP World Australia Holding's obligations under the Deed Poll, see Section 9.5.7 of this Scheme Booklet. A copy of the Deed Poll is reproduced in Annexure C.

6.5 Intentions if the Scheme is implemented

This Section 6.5 sets out the current intentions of DP World Australia in relation to:

- the continuation of the operations and business of Silk;
- the delisting of Silk from the ASX;
- changes to the Silk Board; and
- the future employment of the present employees of Silk,

assuming DP World Australia acquires the Scheme Shares as a result of implementation of the Scheme.

The statements made in this Section 6.5 regarding DP World Australia's current intentions are based on the information concerning Silk (including certain non-public information made available by Silk to DP World Australia prior to the entry into the Scheme Implementation Deed), and the general business environment which is known to DP World Australia at the time of the preparation of this Scheme Booklet. DP World Australia does not currently have full knowledge of all material information, facts and circumstances that are necessary to assess the operational, commercial, tax and financial implications of its current intentions. If the Scheme is implemented, DP World Australia intends to undertake a detailed review of Silk's Business, assets and operations. DP World Australia will only make final decisions following the completion of its review of Silk's Business and based on the facts and circumstances at the relevant time.

Accordingly, it is important to recognise that the statements made in this Section 6.5 are statements of present intention only and may change as new information becomes available or circumstances change.

6.5.1 Business, operations and assets

If the Scheme is implemented, DP World Australia intends to undertake a detailed review of Silk's Business, assets, organisational structure, and operations, including to evaluate its performance, prospects and strategic relevance. DP World Australia will only make final decisions regarding these matters following the completion of its review of Silk's Business and based on the facts and circumstances at the relevant time.

If the Scheme is implemented, subject to the completion of the review noted in this sub-Section 6.5.1 and except as otherwise disclosed in this Section 6.5, DP World Australia currently intends to operate Silk's Business substantially in its current form in the near term. If the Scheme is implemented, DP World Australia expects to work with Silk's management team to optimise the prospects and operating performance of the business.

6.5.2 Silk's removal from the ASX

If the Scheme is implemented, DP World Australia has agreed with Silk that Silk will request ASX to remove Silk from the official list of the ASX. It is also intended that, at some time following delisting, DP World Australia will seek to have Silk converted from a public to a proprietary company limited by shares.

6.5.3 Silk Board

If the Scheme is implemented, DP World Australia will reconstitute the Silk Board to be more appropriate for a wholly owned Subsidiary of DP World Australia. As at the Last Practicable Date, the directors have not been identified and the final composition of the Silk Board following implementation has not been determined.

6.5.4 Employees and management team

DP World Australia recognises that the Silk employees and management team are an integral part, and key to the success, of Silk's Business. DP World Australia believes that the acquisition of Silk will offer opportunities for Silk's employees and management team as part of a larger global enterprise.

DP World Australia will undertake a review to ensure that Silk has the appropriate mix and level of employees and skills to enhance the business going forward. DP World Australia may seek to make limited changes to employee and management roles as a result of Silk no longer being a listed entity and to eliminate duplication of some roles arising from Silk becoming part of the DP World Group. However, no specific plans in relation to any potential changes to the employees or management team at Silk have been determined. Final decisions on these matters will, if necessary, only be made by DP World Australia following the completion of its review noted in this sub-Section 6.5.4 above and will be based on all material facts and circumstances at the relevant time.

6.5.5 Constitution

DP World Australia intends to have Silk's constitution replaced with a constitution appropriate for a proprietary company limited by shares (consistent with the intention expressed in sub-Section 6.5.2).

6.6 DP World Australia's interests in Silk Shares

6.6.1 No interest in Silk Shares

As at the Last Practicable Date, none of DP World Australia or its Associates has a Relevant Interest or voting power in any Silk Shares.

6.6.2 No dealings in Silk Shares in previous four months

As at the Last Practicable Date, none of DP World Australia, or to DP World Australia's knowledge, any of its Associates has provided, or agreed to provide, consideration for Silk Shares under any purchase or agreement during the four months before the date of this Scheme Booklet.

6.6.3 No inducing benefits to Silk Shareholders given during previous four months

During the period of four months before the date of this Scheme Booklet, none of DP World Australia or any of its Associates gave, or offered to give, or agreed to give a benefit to another person and the benefit was likely to induce the other person, or an Associate of the other person, to:

- vote in favour of the Scheme Resolution; or
- dispose of Silk Shares,

where the benefit was not offered to all Silk Shareholders otherwise than as contemplated by the Scheme.

6.6.4 No benefits to current Silk officers

Other than as disclosed in this Scheme Booklet, none of DP World Australia or any of its Associates will be making any payment or giving any benefit to any current director, secretary or executive officer of Silk or any of its Related Bodies Corporate as compensation or consideration for, or otherwise in connection with, their resignation from their respective officers if the Scheme is implemented.

6.7 No other material information

Other than as disclosed in this Section 6, there is no information regarding DP World Australia or its intentions regarding Silk, that is material to the making of a decision by a Silk Shareholder on whether or not to vote in favour of the Scheme that is within the knowledge of any director of DP World Australia as at the Last Practicable Date that has not been previously disclosed to Silk Shareholders.

7. Risks

7. Risks

7.1 Introduction

In considering the Scheme, Silk Shareholders should be aware that there are a number of risk factors, both general and specifically relating to Silk, which may affect the future operating and financial performance of Silk and the price and/or value of Silk Shares.

If the Scheme proceeds, Silk Shareholders who hold their Silk Shares on the Scheme Record Date will receive the Scheme Consideration, will cease to hold Silk Shares and will also no longer be exposed to the risks set out in Sections 7.2, 7.3 and 7.4 (and other risks to which Silk may be exposed).

If the Scheme does not proceed, Silk Shareholders will continue to hold Silk Shares and continue to be exposed to risks associated with an investment in Silk.

In deciding whether to vote in favour of the Scheme Resolution, Silk Shareholders should read this Scheme Booklet carefully and consider the following risk factors. These risk factors do not take into account the individual investment objectives, financial situation, position or particular needs of Silk Shareholders. In addition, this Section 7 is a summary only and does not purport to list every risk that may be associated with an investment in Silk now or in the future. There may also be additional risks and uncertainties that are not currently known to Silk but which may have a material adverse effect on Silk's operating and financial performance and the value of Silk Shares.

Whilst the Silk Directors unanimously recommend that Silk Shareholders vote in favour of the Scheme Resolution in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Silk Shareholders, in the absence of a Superior Proposal, Silk Shareholders are encouraged to make their own independent assessment as to whether to vote in favour of the Scheme Resolution.

7.2 General risks

Silk is exposed to a number of general risks that could materially adversely affect its assets and liabilities, financial position, profits, prospects and potential to make further distributions to Silk Shareholders, and the price and/or value of Silk Shares. General risks that may impact on Silk or the market for Silk Shares include:

- changes in general business, industry and economic conditions and cycles (including inflation, interest rates, exchange rates, commodity prices and consumer demand) which could impact both supply and demand dynamics relevant to Silk's business or which could impact on the availability of or the cost of inputs required to operate Silk's business (including fuel costs);
- changes to government policy, legislation or regulation which could impact on Silk's ability to conduct its business as it is presently conducted and potentially lead to higher costs of doing business or impact the prices at which Silk provides its services;
- interruptions in global or local supply chains which could lead to reduced levels of international trade and a consequent reduction in demand for Silk's services or which could impact on the availability of or the cost of inputs required to operate Silk's business (including fuel costs);
- natural disasters, acts of war and hostilities, civil disturbance, pandemic and other force majeure risks which could impact both supply and demand dynamics relevant to Silk's business or which could impact on the availability of or the costs of inputs required to operate Silk's business (including fuel costs) or could otherwise interfere with Silk's operations;
- variations in Silk's operating results which could negatively impact on investor perceptions of Silk;
- recommendations by broker research analysts, changes in investor sentiment. the operating and trading price performance of other comparable listed entities and overall performance of the Australian and international stock markets, any of which might negatively investor perceptions of Silk the price at which Silk Shares trade or Silk's ability to raise further capital from investors; and
- changes to accounting standards and reporting standards which could impact on Silk's reported financial results and on investor perceptions of Silk.

Some of these factors could affect the price of Silk Shares regardless of Silk's underlying operating performance.

7.3 Risks relating to the business and operations of Silk

Like all businesses, Silk is exposed to certain risks that are inherent to the nature of Silk's operations or to the commercial environment in which Silk operates. These risks may have an impact on the future operations or performance of Silk and/or the value of Silk Shares.

This Section sets out some of the key risks associated with Silk's Business and operations. They are not listed in order of importance, and it is not an exhaustive list of all risks involved in Silk's Business.

While Silk takes steps to manage each of these risks and to mitigate against their possible impacts (including by way of putting in place appropriate policies, reporting systems, training procedures or insurances), you should be aware that some of these risks and their potential consequences may be partly or wholly outside of the control of Silk, its management and directors, or may not be successfully or fully mitigated by the mitigation steps that have been put in place. In those circumstances Silk's Business, operational performance and financial results may be materially adversely affected by the relevant risk.

7.3.1 Competitive position

Increased competition in the markets in which Silk operates (e.g. arising from the actions by competitors, the entry of new competitors into the market or existing customers deciding to undertake contract logistics or port logistics activities themselves) could result in price reductions, decreased margins, underutilisation of Silk's assets or people and/or loss of market share.

7.3.2 Customer relationships

Silk's ability to maintain relationships with major customers is integral to its financial performance. This in turn depends on Silk's ability to offer competitive service standards and pricing. The failure to hold, maintain or renew contracts with major customers on the same or more favourable terms could have a material adverse effect on Silk's Business, operational performance and financial results. Most of Silk's customer volumes are uncommitted. Customers may elect to cease using Silk's services or to reduce the volume of business that they do with Silk, including as a response to the announcement of the Scheme. There is no guarantee that historical customer volumes will be retained if the Scheme does not become effective.

7.3.3 Deterioration in economic conditions

Silk is exposed to the general risks associated with operating in the transport and logistics sectors including the risk of a prolonged reduction in freight volumes. Freight volumes can be adversely affected by general economic conditions such as inflation, currency fluctuations, interest rates and government monetary policy. Factors such as legislative changes, industrial disruption and weather events can also adversely impact on freight volumes.

7.3.4 Access to capital

Silk requires access to capital in order to continue to operate and to grow its business in accordance with its strategic plans. A deterioration in debt and/or equity markets could adversely impact on Silk's ability to raise the necessary capital on reasonable commercial terms as and when it is required. Silk has a number of debt facilities due to expire in late FY25 and FY26 (**Existing Facilities**). The Silk Board proposes to reassess the company's capital mix prior to the expiry of the Existing Facilities having regard to then prevailing debt and equity markets. There is no assurance that replacement debt will be available on terms which are as favourable to Silk as the Existing Facilities. To the extent that Silk elects to raise equity capital, there is a risk that the price at which that equity capital is able to be raised may dilute existing shareholdings.

7.3.5 Acquisitions and investment risk

The successful implementation of Silk's growth strategies will depend on Silk identifying and successfully executing on appropriate acquisition and investment opportunities. All such opportunities carry inherent risks based on a range of factors including potential funding strategies and challenges associated with integrating and adding value to a business which is acquired. Any corporate opportunity that Silk pursues could have a material adverse effect on Silk if it is not successfully implemented.

7.3.6 Geopolitical risks

The performance of Silk's Business is highly dependent upon the Australian, Asian and global economies, in particular bilateral trade between Australia and China and between Australia and the United States of America. Any increase in political or economic tensions in international relationships (including war) and government responses to any such tensions (such as the introduction of new or increased tariffs) may impact on trade volumes into Australia and, consequently, on the financial performance of Silk's Business.

7.3.7 Government policy

Legislative or policy changes of governments, especially in customs, tariff, taxation and quarantine policies, may have a material adverse effect on Silk. Silk's operations depend upon the continued maintenance and provision of government maintained public infrastructure including roads, seaports and associated infrastructure. As at the Last Practicable Date, Silk was not aware of any changes to government policy that would have a material adverse effect on the Silk Group's business, operational performance or financial results. Changes in tax, excise or duties laws or the way that such laws are interpreted may have an adverse impact on Silk or its customers. The availability of tax losses and other beneficial tax attributes will depend on future circumstances which may be outside of Silk's control.

7.3.8 Climate risk and sustainability

Silk's operations and supply chains generally may be disrupted by severe weather events such as storms, flood, earthquakes, landslides, bushfire and other climate related events. Such disruptions could have a material adverse effect on Silk's operations and financial performance. National and local environmental laws set standards to which Silk's operations are required to comply in terms of health and environmental quality (including as regards the remediation of contaminated sites) and establish penalties for any failure to comply. Silk incurs costs in complying with those laws and regulations. Any changes to these laws or regulations may impact Silk's asset values, operating costs, or investment decisions. Any failure to comply with those laws may lead to material fines and prosecutions which may damage Silk's financial performance and reputation.

Sustainability risk exists if the Silk Group isn't sufficiently proactive in setting strategy, planning for, resourcing and delivering upon existing and emerging environmental, social and governance (**ESG**) reporting standards and investor requirements, or that Silk fails to meet targeted improvements (particularly environmental challenges, such as decarbonisation), leading to significant reputational damage and potential negative financial outcomes. Silk's long-term success will be driven by the ability to adapt to an ever-evolving world while ensuring we deliver on our commitments to our customers, employees, community and shareholders. The Silk Group has developed an ESG roadmap for the next five years across assets, facilities, service offers and systems. Silk continues to focus on its stated diversity goals. As the business grows, deliverables and progress will remain aligned with the United Nations Sustainability Development Goals.

7.3.9 Employee relations and industrial disputes

A significant proportion of Silk's operational workforce are covered by single-enterprise bargaining agreements which are periodically renewed and renegotiated. A proportion of Silk's employees belong to labour unions. Silk's enterprise agreements have been approved by Fair Work Australia. Silk has no existing enterprise agreements that have reached their nominal expiry. The process for negotiating enterprise bargaining agreements can be complex and various bargaining-related issues may arise during the enterprise bargaining. The failure to resolve these issues in a timely manner may lead to industrial action or delay implementation of a new enterprise agreement, either of which could adversely impact on Silk's Business, operational performance and financial results. In order to mitigate the risks and financial implications associated with the bargaining period, Silk complements its permanent workforce with access to a significant pool of agency labour and subcontractors who are not covered by the relevant enterprise bargaining agreements.

7.3.10 Disruption to Port Operations

Silk's Port Logistics operations may be adversely affected by operational disruptions at container ports that are beyond Silk's control, including:

- security breaches, terrorist acts or cyber-attacks;
- adverse weather events or natural disasters (such as cyclones, earthquakes, landslides, floods, explosions, fire);
- major plant breakdown, pipeline or electricity rupture or other events that damage or prevent the use of port facilities;
- an inability of the port operator to operate the port facilities as required due to factors including employee strikes, industrial disputes, labour shortages or financial difficulty;
- technical difficulties, including with respect to automated systems and information technology; and
- disruptions in third-party infrastructure and operations relating to rail and shipping.

The interruption of port operations for an extended period could have a material adverse effect on Silk's Business, operational performance and financial results.

7.3.11 Counterparty risk

Any failure of third parties, including Silk's key customers and key suppliers, to comply with their contractual commitments may have a material adverse effect on Silk's Business, operational performance and financial results.

7.3.12 Business permits, approvals and licences

Silk requires certain licences and approvals to conduct its business. These licences are granted at the discretion of the relevant Australian authorities. The criteria for eligibility for relevant licences may change in a manner that is adverse to Silk. Silk's growth plans are in part reliant on Silk obtaining new or varied licences and approvals which may not be obtained in the time contemplated in Silk's Business plan or at all. Adverse regulatory outcomes may materially impact Silk's future revenues and reputation.

7.3.13 Information technology

Silk is reliant on the operational capability and reliability of its information technology systems and staff across its business operations. Disruptions to Silk's information technology systems, including computer hardware, software and communications equipment, could lead to security breaches or other operational difficulties, which could have a material adverse effect on Silk's Business, reputation, operational performance and financial results.

Cyber-attacks or malicious hacking activity that breach Silk's information technology environment or any third-party system on which Silk relies could lead to operational disruption or to theft of data (including commercially sensitive information). While Silk has data protection systems in place, as is the case with all organisations, it is possible that these may not be sufficient to detect or prevent unauthorised access to, or disclosure of, personal or confidential information about Silk, its customers, employees or third parties. Any compromise or breach involving personal or confidential information, whether accidental or intentional, may result in loss of data integrity as well as subject Silk to reputational damage, claims from those affected, loss of customers, legal action, increased regulatory scrutiny or regulatory action.

7.3.14 Key management and employees

The successful operation and growth of Silk's Business depends upon Silk's ability to attract and retain skilled management and staff. The loss or unavailability of key management could materially impact Silk's Business, operational performance and financial results.

7.3.15 Access to property and plant and equipment

Silk leases a significant amount of its plant and equipment. It has also entered into a number of agreements to lease warehouse spaces which are critical to Silk's Business and operations. The loss of any of these arrangements, a failure to renew them on terms which are favourable to Silk, or the inability to pass on any increased costs to customers could have a material adverse effect on Silk's Business, operational performance and financial results. The majority of Silk's warehouse leases are long term leases, and none of Silk's warehouse leases are due for renewal in the short term.

7.3.16 Occupational health and safety (OH&S)

Silk recognises that it operates in a high-risk environment as regards occupational health and safety and has put in place a safety framework and policies designed to ensure that a safe workplace is maintained at all times. Any failure by Silk or responsible third parties to safely conduct operations or to otherwise comply with the necessary occupational health and safety requirements across the jurisdictions in which Silk operates could result in death or injury to staff, contractors and/or members of the public, criminal prosecution, fines, penalties and compensation for damages as well as reputational damage to Silk.

7.3.17 Insurance

Silk is not insured against all foreseeable risks for its business. The ability to claim under any existing insurance policies will depend on the terms of the relevant policy and, in particular, any exclusions or deductible. There is a risk that Silk's insurance policies will not be sufficient to cover Silk's losses when they arise.

7.3.18 Litigation

Silk may become involved in litigation or disputes the outcome of which could adversely affect Silk's financial position or reputation.

7. Risks

7.4 Risks relating to the Scheme

7.4.1 Risk relating to implementing the Scheme

The Scheme is subject to various Conditions Precedent that must be satisfied or waived (if capable of being waived under the Scheme Implementation Deed) in order for the Scheme to be implemented. These Conditions Precedent are outlined in Section 4.4 of this Scheme Booklet and set out in full in clause 3.1 of the Scheme Implementation Deed. The failure of a Condition Precedent to be satisfied or waived (if capable of being waived under the Scheme Implementation Deed) by the End Date may also give rise to a right of either Silk or DP World Australia to terminate the Scheme Implementation Deed.

The Conditions Precedent include FIRB Approval and approval by the Court and Silk Shareholders. There is a risk that Silk Shareholders might not approve the Scheme by the Requisite Majorities. There is also the risk that FIRB Approval may not be obtained before the End Date or that the Court may not approve the Scheme, or that either FIRB or the Court may only be willing to give the relevant approval subject to conditions that Silk and/or DP World Australia (as applicable) are not required to accept under the Scheme Implementation Deed. There is also a risk that some or all of the aspects of the Silk Shareholder and Court and regulatory Approvals required for the Scheme to proceed may be delayed.

7.4.2 Implications for Silk and Silk Shareholders if the Scheme is not implemented

If the Scheme does not become Effective and is not implemented, Silk Shareholders will not receive the Scheme Consideration and Silk will continue, in the absence of a Superior Proposal, to operate as a standalone entity and remain listed on the ASX.

Unless Silk Shareholders choose to sell their Silk Shares on the ASX, Silk Shareholders will continue to hold Silk Shares and be exposed to both the risks (including those set out in this Section 7 of this Scheme Booklet) and potential future benefits in retaining exposure to Silk's Business and assets.

The Silk Share price will also remain subject to market volatility and will likely fall in the absence of a Superior Proposal.

8. Australian Tax Implications

8. Australian Tax Implications

8.1 Introduction

The following is a general summary of the Australian income tax, GST and Stamp Duty consequences of the Scheme (assuming it becomes Effective) for Silk Shareholders. Whilst the Silk Board does not currently intend to pay a Further Dividend, as this position may change, the following also includes a general summary of the Australian income tax consequences for Silk Shareholders of receiving the Further Dividend. It does not constitute tax advice and should not be relied upon as such. The comments set out below are relevant only to those Silk Shareholders who hold their Silk Shares on capital account.

This summary is based upon the Australian tax law and administrative practice in effect as at the Last Practicable Date, but is general in nature and is not intended to be an authoritative or complete statement of the laws applicable to the particular circumstances of a Silk Shareholder. Silk Shareholders should seek independent professional advice in relation to their own particular circumstances.

The summary does not address the Australian tax consequences for Silk Shareholders who:

- hold their Silk Shares for the purposes of speculation or in carrying on a business of dealing in securities (e.g. as trading stock or on revenue account for tax purposes);
- acquired their Silk Shares pursuant to an employee share, option or rights plan;
- are not Australian tax residents who hold their Silk Shares in carrying on a business at or through an Australian permanent establishment;
- acquired, or are taken to have acquired, their Silk Shares before 20 September 1985;
- may be subject to special tax rules, including insurance companies, partnerships, tax-exempt organisations or entities subject to the Investment Manager Regime under Subdivision 842-I of the *Income Tax Assessment Act 1997* (**ITAA 1997**) in respect of their Silk Shares; or
- are subject to the taxation of financial arrangements rules in Division 230 of the ITAA 1997 in relation to gains and losses on their Silk Shares.

This Section 8 is based on Australian tax laws and regulations, interpretations of such laws and regulations and administrative practices as at the Last Practicable Date. The law is complex and subject to change periodically as it is interpreted by the courts and the ATO. This summary does not address any tax consequences arising under the laws of jurisdictions other than Australia.

Silk Shareholders who are tax residents of a country other than Australia (whether or not they are also residents, or are temporary residents, of Australia for tax purposes) should take into account the tax consequences of the Scheme under the laws of their country of residence, as well as under Australian law.

8.2 Silk Shareholders that are Australia residents

8.2.1 Capital gains tax (CGT) on disposal of Silk Shares

Under the Scheme, Silk Shareholders will dispose of their Silk Shares to DP World Australia in exchange for the Share Consideration. This disposal will constitute a CGT event A1 for Australian CGT purposes for Silk Shareholders and may result in a capital gain or loss for the Silk Shareholder.

The time of the CGT event will be the Implementation Date.

8.2.2 Calculation of capital gain or loss

Silk Shareholders may make a capital gain on the disposal of Silk Shares to the extent that the capital proceeds from the disposal of the Silk Shares are more than the cost base of those Silk Shares. Conversely, Silk Shareholders will make a capital loss to the extent that the capital proceeds are less than their reduced cost base of those Silk Shares.

A Silk Shareholder who makes a capital gain or loss will be required to include the net capital gain (if any) for that income year in their assessable income. In this regard, capital gains and capital losses of a taxpayer from the disposal of Silk Shares and any other relevant CGT events in the same year of income are aggregated to determine whether the taxpayer has a net capital gain or net capital loss.

8.2.3 Cost base and reduced cost base

The cost base of the Silk Shares of a Silk Shareholder generally includes the amount paid (or value of property given), to acquire the Silk Shares, plus certain non-deductible incidental costs of acquisition and disposal (e.g. brokerage fees and legal costs). The reduced cost base of the Silk Shares will be determined in a similar manner, although some differences in calculation may arise depending on the relevant Silk Shareholder's circumstances.

The cost base and reduced cost base of a Silk Shareholder's Silk Shares will depend on their own specific circumstances. Silk Shareholders should consult with their own professional tax adviser regarding their particular circumstances.

8.2.4 Capital proceeds

The capital proceeds received in respect of the disposal of each Silk Share should be the amount of the Share Consideration.

As at the Last Practicable Date, the Silk Board does not intend to declare or pay a Further Dividend. However, even if a Further Dividend is paid, the capital proceeds for the disposal of the Silk Shares should not include this Further Dividend.

Nonetheless, it is possible the ATO may reach a different conclusion and include the Further Dividend (if paid) in the capital proceeds. Silk has not applied for a Class Ruling in relation to the taxation treatment of the Further Dividend. Accordingly, if the Further Dividend is paid, Silk Shareholders will not have the benefit of a Class Ruling.

If the ATO concludes the Further Dividend should be included in the capital proceeds, Silk Shareholders should take this into account in calculating any capital gain or capital loss. An 'anti-overlap' rule applies to reduce any capital gain made by a Silk Shareholder to the that extent the Further Dividend is otherwise included in assessable income.

However, if a Silk Shareholder makes a capital loss, the 'anti-overlap' rule does not restore the capital loss that would otherwise have been made if the Further Dividend did not form part of the capital proceeds. Similarly, if a Silk Shareholder makes a capital gain because the Further Dividend is included in the capital proceeds and that capital gain is less the amount of the Further Dividend, the 'anti-overlap' rule will reduce the capital gain to zero but will not provide a capital loss for the difference between the capital proceeds and the Further Dividend.

8.2.5 CGT discount

Silk Shareholders who are individuals, complying superannuation entities or trustees that have held (or are deemed to have held) Silk Shares for at least 12 months before the Implementation Date (not counting the day of acquisition or disposal) (but have not chosen to index the cost base of the Silk Shares) may be entitled to reduce the amount of the capital gain (after application of carry forward and current year capital losses, if any) from the disposal of Silk Shares by the applicable CGT discount rate. The CGT discount rate for eligible individuals and trustees is 50%, and for complying superannuation trustees, it is 33 1/3%. The ultimate availability of the CGT discount for beneficiaries of a trust will depend on the individual circumstances of the beneficiaries.

There is no CGT discount available for Silk Shareholders that are companies, are otherwise considered a corporate tax entity or Silk Shareholders who have held their Silk Shares for less than 12 months.

8.2.6 Taxation consequences of the Further Dividend

As at the Last Practicable Date, and having regard to the indicative timetable set out on page 6 of this Scheme Booklet, the Silk Board does not presently intend to declare or pay the Further Dividend. An announcement will be made through ASX at least 10 days prior to the Scheme Meeting if this position changes.

If the Silk Board does determine to pay any Further Dividend, Silk Shareholders who are Australian tax residents and who receive the Further Dividend should include the amount of the Further Dividend and the attached franking credits in their assessable income. It is expected that any Further Dividend will be fully franked.

DP World Australia will not be funding the payment of any Further Dividend, and the Further Dividend, if declared, will be funded by Silk from existing cash reserves of Silk, or by Silk drawing down on existing debt facilities. If debt is drawn by Silk to fund the Further Dividend, the debt will be repaid from Silk's trading profits such that the Further Dividend will not be directly or indirectly funded from the proceeds of an equity raise.

If certain requirements are met, the Silk Shareholders who receive the Further Dividend would be:

- required to include the amount of the attached franking credits in their assessable income; and
- entitled to a tax offset equal to amount of the franking credits attached to the Further Dividend.

These requirements include:

- the Silk Shareholder being a 'qualified person' in relation to the Further Dividend; and
- whether certain dividend franking integrity measures apply.

In order for a Silk Shareholder to be a 'qualified person' they must hold their Silk Shares 'at-risk' for a continuous period of not less than 45 days (not including the day of the share's acquisition or disposal) during a prescribed period in relation to the Further Dividend.

Silk Shareholders would not be treated as holding their Silk Shares 'at-risk' on any days on which Silk Shareholders held positions that reduced their exposure to gains and losses below 30 per cent.

Silk Shareholders would cease to be considered to hold their shares 'at-risk' from the Scheme Record Date.

As the Further Dividend, if paid, would be taken into account in determining the amount of the Scheme Consideration, the 'related payments' rule would apply to Silk Shareholders. Accordingly, the prescribed period within which Silk Shareholders would need to hold their Silk Shares 'at risk' for a continuous period of 45 days is expected to be a continuous period starting from 44 days before the record date for the Further Dividend and ending on the day before the Scheme Record Date in respect of the Further Dividend.

Silk Shareholders should seek independent professional advice regarding the application of the 'qualified person' rule to their particular circumstances.

If you are an individual or complying superannuation entity and your tax liability for the income year is less than the amount of the franking credits attached to the Further Dividend, you may be entitled to a refund for the excess franking credits. This does not extend to companies.

8.3 Silk Shareholders that are non-residents of Australia

8.3.1 General

For a Silk Shareholder who:

- is not a resident of Australia for Australian tax purposes; and
- does not hold their Silk Shares in carrying on a business through a permanent establishment in Australia;

the disposal of Silk Shares will generally only result in Australian CGT implications if:

- the Silk Shareholder together with its associates held 10% or more of the Silk Shares (referred to as a 'non portfolio interest') at the time of the CGT event or for any continuous 12 month period within two years preceding the CGT event; and
- more than 50% of Silk's value is due to direct or indirect interests in 'taxable Australian real property' (as defined in the ITAA 1997). Taxable Australian real property generally refers to Australian land that is owned or leased.

Unless the above two conditions are satisfied, non-resident Silk Shareholders should be able to disregard any Australian capital gain or loss from the disposal of their Silk Shares.

If you are a non-resident who holds a 'non-portfolio interest' in Silk, you should obtain independent advice as to the tax implications of sale, and whether any protection will be available under a relevant double tax treaty.

A non-resident Silk Shareholder who has previously been a resident of Australia and chose to disregard a capital gain or loss on ceasing to be a resident will be subject to Australian CGT consequences on disposal of their Silk Shares.

As part of the 2024-25 Federal Budget, the Federal Government indicated that it will introduce reforms to the non-resident CGT regime which will commence starting 1 July 2025. These reforms include measures that seek to expand the types of assets to which foreign residents are subject to Australian CGT. As at the Last Practicable Date, draft legislation for these reforms has not been introduced and accordingly, it is unclear whether the new law will impact Silk Shareholders who are non-residents of Australia for taxation purposes. However, provided that the Implementation Date occurs before 1 July 2025, then the existing tax law outlined above will continue to apply in any event.

Silk Shareholders who are not residents of Australia should not be subject to income tax in Australia in respect of the Further Dividend (if paid), provided they do not hold the Silk Shares through an Australian permanent establishment. As any Further Dividend (if paid) would be fully franked, such shareholders should receive the full amount of the Further Dividend free of any Australian dividend withholding tax.

8.3.2 Foreign resident capital gains withholding tax

The capital gains withholding tax regime may apply to the Silk Shareholders whose Silk Shares are subject to Australian CGT because they satisfy the two conditions outlined above at Section 8.3.1 of this Scheme Booklet.

DP World Australia, in cooperation with Silk, may seek to clarify the status of particular Silk Shareholders and require these Silk Shareholders to provide DP World Australia with either:

- a declaration that they are an Australian tax resident or that their Silk Shares are not an 'indirect Australian real property interest' (**Declaration Form**); or
- a notice of variation granted by the ATO varying the amount or rate of tax to be withheld (**Variation Notice**).

Unless a signed Declaration Form or Variation Notice is provided to DP World Australia for these particular Silk Shareholders, DP World Australia may withhold 15% of the Share Consideration payable to the Silk Shareholder and pay that amount to the Commissioner of Taxation.

Non-resident Silk Shareholders should consult with a professional tax adviser regarding their particular circumstances.

8.4 GST

Silk Shareholders should not be liable to GST in respect of a disposal of those Silk Shares.

Silk Shareholders may be charged GST on costs (such as advisor fees relating to their participation in the Scheme) that relate to the Scheme. Silk Shareholders that are registered for GST may be entitled to input tax credits or reduced input tax credits for GST incurred on such costs, but should seek independent advice in relation to their individual circumstances.

8.5 Stamp Duty

Silk Shareholders should not be liable for any Stamp Duty on disposal of their Silk Shares.

9. Additional Information

9. Additional Information

9.1 Financial benefits of Silk Directors

If the Scheme is implemented, the Silk Directors will sell their Silk Shares and will receive the Scheme Consideration for those Silk Shares in the same way as all other Silk Shareholders. In addition, those Silk Directors who hold Silk Options will receive consideration for the cancellation of their Silk Options in the manner described in Section 9.3.1 below if the Scheme becomes Effective. The total number of Silk Shares and of Silk Options in respect of which each Silk Director has a relevant interest is set out in Sections 9.2.1 and 9.2.2 respectively.

Any Silk Performance Rights held by a Silk Director will be cancelled for zero consideration subject to the Scheme becoming Effective, as described in Section 9.3.2.

The total value of the financial benefits that each Silk Director will receive (either directly or indirectly) in respect of their Silk Shares, Silk Options and Silk Performance Rights held as at the Last Practicable Date will be:

SILK DIRECTOR	TOTAL VALUE OF FINANCIAL BENEFIT
John Sood	$23,622,169.78
Brendan Boyd	$23,360,372.91
Terry Sinclair	$418,964.22
Stephen Moulton	$329,136.84
Louise Thurgood	$196,491.06
Cheryl Hayman	$107,000.00

9.2 Interests of Silk Directors in Silk Shares, Silk Options and Performance Rights

9.2.1 Interests in Silk Shares

As at the Last Practicable Date, the Silk Directors have the following Relevant Interests in Silk Shares:

SILK DIRECTOR	NUMBER OF SILK SHARES
John Sood	10,751,794 Silk Shares held by Karma Beverages Pty Ltd as trustee for John Sood Family Trust No. 2 250,000 Silk Shares held by Jas Logistics Consulting Pty Ltd as trustee for Jas Super Fund A/C
Brendan Boyd	10,853,294 Silk Shares held by BBJJ Investments Pty Ltd as trustee for Boyd Family Trust
Terry Sinclair	90,000 Silk Shares (held by Auxco Pty Ltd as trustee for Sinclair Super Fund)
Stephen Moulton	90,000 Silk Shares
Louise Thurgood	90,000 Silk Shares (held by Teya Pty Ltd as trustee for The Phillips Family S/F)
Cheryl Hayman	50,000 Silk Shares held by Mr Philip Ross Hayman & Mrs Cheryl Loretta Hayman as trustees for The Hayman Family Super A/C

Silk Directors who hold Silk Shares will be entitled to vote at the Scheme Meeting and, if the Transaction is implemented, will receive the Scheme Consideration for their Silk Shares along with the other Scheme Shareholders.

Each Silk Director intends to vote or procure the voting of their Silk Shares in favour of the Scheme Resolution at the Scheme Meeting in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of the Silk Shareholders, in the absence of a Superior Proposal.

No Silk Director acquired or disposed of a Relevant Interest in any Silk Shares during the four months before the date of this Scheme Booklet.

9.2.2 Interests in Silk Options

As at the Last Practicable Date, the Silk Directors have the following Relevant Interests in Silk Options:

SILK DIRECTOR	SILK OPTIONS
John Sood	239,421 unvested unlisted Silk Options exercisable at $2.1028 per option expiring 28 June 2027 held by Karma Beverages Pty Ltd as trustee for John Sood Family Trust No. 2 534,032 unvested unlisted Silk Options exercisable at $2.01 per option expiring 25 June 2028 held by Karma Beverages Pty Ltd as trustee for John Sood Family Trust No. 2
Brendan Boyd	499,024 unvested unlisted Silk Options exercisable at $2.1028 per option expiring 28 June 2027 890,462 unvested unlisted Silk Options exercisable at $2.01 per option expiring 25 June 2028 held by BBJJ Investments Pty Ltd as trustee for Boyd Family Trust
Terry Sinclair	419,193 vested unlisted Silk Options exercisable at $1.60 per option expiring 9 July 2025 (held by Auxco Pty Ltd as trustee for Sinclair Super Fund)
Stephen Moulton	252,846 vested unlisted Silk Options exercisable at $1.60 per option expiring 9 July 2025
Louise Thurgood	194,553 vested unlisted Silk Options exercisable at $2.12 per option expiring on 15 November 2025
Cheryl Hayman	Nil

If the Scheme becomes Effective, all Silk Options will be cancelled for a cash amount equal to $2.14 (being the equivalent of the Scheme Consideration) less the applicable exercise price of the relevant Silk Option, as further described in Section 9.3 below.

No Silk Director acquired or disposed of a Relevant Interest in any Silk Options during the four months before the date of this Scheme Booklet.

9.2.3 Interests in Silk Performance Rights

As at the Last Practicable Date, the Silk Directors have the following Relevant Interests in the Silk Performance Rights:

SILK DIRECTOR	SILK PERFORMANCE RIGHTS
John Sood	303,507 Silk Performance Rights held by Karma Beverages Pty Ltd as trustee for John Sood Family Trust No. 2
Brendan Boyd	Nil
Terry Sinclair	Nil
Stephen Moulton	Nil
Louise Thurgood	Nil
Cheryl Hayman	Nil

The Silk Performance Rights held by John Sood were issued on 27 November 2024 following approval by Silk Shareholders at the annual general meeting of the company. If the Scheme becomes Effective, the Silk Performance Rights will be cancelled for zero consideration, as further described in Section 9.3 below.

9.3 Treatment of Silk Options and Silk Performance Rights

Clause 4.5(a) of the Scheme Implementation Deed provides that Silk must procure that no performance rights, options, warrants or any other securities or rights to receive shares, other than Silk Shares, are in existence on the Scheme Record Date, conditional on the Scheme becoming Effective. Clause 4.5(b) of the Scheme Implementation Deed provides that the Silk Options and Silk Performance Rights will be treated in the manner agreed by the parties. Sections 9.3.1 and 9.3.2 reflect that agreement.

As at the Last Practicable Date, Silk has the following Silk Options on issue:

EXPIRY DATE	EXERCISE PRICE	NO. OF SILK OPTIONS	NO. OF THOSE SILK OPTIONS WHICH REMAIN UNVESTED
9 July 2025	A$1.60	672,039	0
15 November 2025	A$2.12	194,553	0
28 June 2027	A$2.1028	1,556,348	1,556,348
25 June 2028	A$2.01	2,965,716	2,965,716
TOTAL		**5,388,656**	**4,522,064**

The Silk Options were issued to Silk Directors and employees of Silk, under the terms of the Silk Incentive Plans.

As at the Last Practicable Date, Silk has 1,319,162 Silk Performance Rights on issue.

The Silk Performance Rights were issued to employees of Silk, under the terms of the Silk Executive Incentive Plan Rules. All Silk Performance Rights remain unvested.

Each Silk Option and Silk Performance Right entitles the holder to be allocated one Silk Share, subject to the satisfaction of certain conditions (if applicable) set out in the relevant offer letter.

9.3.1 Treatment of Silk Options

The parties have agreed and the Silk Board has resolved in accordance with the Silk Incentive Plans, that subject to the Scheme becoming Effective and noting that the ASX granted a waiver from Listing Rule 6.23.2, all Silk Options will be cancelled in exchange for a cash payment made by Silk to each holder of a Silk Option equal to the Scheme Consideration less the relevant exercise price for that Silk Option as follows:

EXPIRY DATE	EXERCISE PRICE	NO. OF SILK OPTIONS	PROPOSED CANCELLATION PRICE
9 July 2025	A$1.60	672,039	A$0.54 per Silk Option
15 November 2025	A$2.12	194,553	A$0.02 per Silk Option
28 June 2027	A$2.1028	1,556,348	A$0.0372 per Silk Option
25 June 2028	A$2.01	2,965,716	A$0.13 per Silk Option
TOTAL		**5,388,656**	

The aggregate proposed cancellation price payable by Silk to cancel all Silk Options is $810,231.35.

The ASX has granted a standard waiver from ASX Listing Rule 6.23.2 to the extent necessary to permit the Silk Options to be cancelled for consideration without requiring the approval of Silk Shareholders.

9.3.2 Treatment of Silk Performance Rights

The parties have agreed and the Silk Board has resolved in accordance with the Silk Executive Incentive Plan Rules, that subject to the Scheme becoming Effective, all Silk Performance Rights will be cancelled without entitlement to receive any Silk Shares or any form of payment.

The Silk Board considers this to be the appropriate course of action having regard to the fact that the Silk Performance Rights were issued in recent months and are subject to vesting conditions which are over a period of three years from 1 July 2024 to 27 July 2027 and are themselves subject to significant uncertainty.

Silk understands that following implementation of the Scheme, DP World Australia will put in place a new unlisted company incentive plan and offer rights (**New Rights**) to existing Silk Performance Right holders on such terms and conditions as DP World Australia considers desirable or necessary (acting reasonably), including by having regard to the following principles:

(a) each Silk Performance Right holder will receive one New Right for each Silk Performance Right held at 9 November 2024;

(b) the vesting date for each New Right is intended to be 30 November 2027; and

(c) subject to satisfaction of the performance hurdles and other conditions (including continued employment, satisfactory performance ratings and no breach of employment contract by the relevant employee), the New Rights are intended to vest into a cash payment of up to $1.39 per New Right.

9.4 Other benefits and arrangements

9.4.1 Interests of Silk Directors in any DP World Group Member securities

No Silk Director has a Relevant Interest in any securities in a DP World Group Member.

No Silk Director has acquired or disposed of a Relevant Interest in any securities in a DP World Group Member during the four months before the date of this Scheme Booklet.

9.4.2 Interest of Silk Directors in contracts with any DP World Group Member

No Silk Director has any interest in any contract entered into by a DP World Group Member.

9.4.3 Benefits in connection with retirement from office

There is no payment or other benefit that is proposed to be made or given to any director, secretary or executive officer of Silk (or any of its Related Bodies Corporate) as compensation for the loss of, or consideration for or in connection with their retirement from, office in Silk (or any of its Related Bodies Corporate) in connection with the Scheme.

9.4.4 Deeds of indemnity, insurance and access

Silk has entered into deeds of indemnity, insurance and access with the directors and officers of the Silk Group, on customary terms (**D&O Deeds**). The D&O Deeds include terms that provide for Silk to indemnify each of its directors against all liability arising as a result of such persons acting as a director or officer, to the extent permitted by law.

The Silk Group also pays a premium in respect of directors' and officers' insurance cover for the benefit of the directors and officers of the Silk Group. If the Scheme is implemented, Silk will enter into an arrangement to provide run-off insurance coverage for all current Silk Directors and officers for seven years from the Implementation Date. The entry into such arrangements by Silk is permitted by clause 7.3 of the Scheme Implementation Deed. In addition, under clause 7.3 of the Scheme Implementation Deed, DP World Australia must, subject to certain conditions, ensure that directors' and officers' run-off insurance cover is maintained for a period of seven years from the retirement of each director and officer.

9.4.5 Benefits from DP World Australia

No Silk Director has agreed to receive, or is entitled to receive, any benefit from DP World or DP World Australia, or any of its Related Bodies Corporate, which is conditional on, or is related to, the Scheme.

Director John Sood is currently employed as Chief Executive Officer of Silk and receives employment benefits in that capacity as disclosed to ASX on 22 May 2024. Mr Sood's employment status and his entitlement to receive those benefits will be unchanged if the Scheme is implemented, unless Silk and Mr Sood agree otherwise (with the exception that Mr Sood's Silk Performance Rights will be cancelled in the manner described in Section 9.3.2). Mr Sood has advised Silk that as at the Last Practicable Date he has not been offered any additional payment or entitlement if the Scheme is implemented. Mr Sood is not automatically entitled to receive New Rights as described in Section 9.3.2 as he did not hold his Silk Performance Rights as at 9 November 2024.

9.4.6 Agreements connected with or conditional on the Scheme

Other than as disclosed in Section 9.3 of this Scheme Booklet, there are no agreements or arrangements made between any Silk Director and any other person in connection with, or conditional on, the outcome of the Scheme.

9.5 Scheme Implementation Deed

On 9 November 2024, Silk, DP World Australia Holding and DP World Australia entered into a Scheme Implementation Deed which sets out the rights and obligations of Silk, DP World Australia Holding and DP World Australia in connection with the implementation of the Scheme, including an obligation for Silk to propose the Scheme to Silk Shareholders. The key terms of the Scheme Implementation Deed are summarised in this Section 9.5.

9.5.1 Conditions Precedent

Implementation of the Scheme is subject to a number of conditions which must be satisfied or waived (where capable of waiver under the Scheme Implementation Deed) before the Scheme can become Effective. Those conditions are set out in clause 3.1 of the Scheme Implementation Deed and are summarised in Section4.4. Each party is under an obligation to use reasonable endeavours to procure that the Conditions Precedent for which they are responsible are satisfied as soon as practicable after the date of the Scheme Implementation Deed and continues to be satisfied at all times until the last time that the relevant clause provides that it is to be satisfied.

9.5.2 Conduct of business

Clause 5.4 of the Scheme Implementation Deed sets out the obligations Silk must comply with from the date of the Scheme Implementation Deed up to and including the Implementation Date with respect to the conduct of its businesses. Among other things, Silk must and must procure that each Silk Group Member does:

- conduct the business and operations of the Silk Group substantially in the ordinary and usual course generally consistent with the preceding 12 month period and in accordance with all applicable laws and regulations and formal regulatory directions;
- keep DP World Australia reasonably informed of material developments concerning the conduct of its business and provide DP World Australia with certain agreed information.
- comply, and must procure that each Silk Group Member complies, in all material respects, with all Material Contracts to which it is a party;
- provide regular reports on the financial affairs and operational key-performance indicators of the Silk Group;
- take all reasonable steps within its power to ensure that no Target Prescribed Occurrence, no Target Regulated Event and no Target Material Adverse Change occurs;
- make all reasonable efforts, and procure that each other Silk Group Member makes all reasonable efforts, to:
  (1) preserve and maintain the value of the businesses and assets of the Silk Group;
  (2) keep the services of its directors, officers, and management;
  (3) maintain and preserve their relationships with Government Agencies, key customers and suppliers;
  (4) maintain (and where necessary, use reasonable efforts to renew) each of its authorisations, that are material to the operations of the Silk Group, and promptly notify DP World Australia if any such renewal is refused by a relevant Government Agency or if a member of the Silk Group receives any notice of termination, revocation or material adverse variation of any such material authorisations; and
  (5) not do anything that would result in a change in the members of the Target Consolidated Tax Group.

The restrictions and obligations listed above are subject to a number of exceptions, including exceptions which allow Silk to take any action:

- which is required or expressly permitted by the Scheme Implementation Deed or the Scheme;
- which has been agreed to in writing by DP World Australia (which agreement must not unreasonably be withheld or delay);
- which is required by any applicable law (except where the requirement arises as a result of an action by a Silk Group Member which it was not required to take as a matter of law or contract);
- which is fairly disclosed in the business plan as being an action the Silk Group will take prior to Implementation, an announcement made by Silk to ASX in the previous 12 months or a publicly available document lodged by Silk with ASIC in the previous 12 months;
- to reasonably and prudently respond to an emergency or disaster (subject to limitations); or
- in connection with an actual, proposed or potential Competing Proposal as permitted by clause 10 of the Scheme Implementation Deed.

9.5.3 Representation and warranties

Silk, DP World Australia Holding and DP World Australia have each given representations and warranties customary for a transaction of this nature. These representations and warranties are set out in Schedule 2 of the Scheme Implementation Deed (in the case of DP World Australia Holding and DP World Australia) and Schedule 3 of the Scheme Implementation Deed (in the case of Silk).

9.5.4 Exclusivity

The Scheme Implementation Deed provides that, subject to certain exceptions, Silk and its Related Persons are subject to the following exclusivity obligations during the Exclusivity Period:

- **'no shop' obligation:** Silk and its Related Persons must not directly or indirectly solicit, invite, encourage, initiate or facilitate any Competing Proposal, or any approaches, proposals, enquiries, offers, negotiations or discussions with any Third Party in relation to, or that may reasonably be expected to encourage or lead to, any actual, proposed or potential Competing Proposal;
- **'no talk' obligation:** Silk and its Related Persons must not enter into, continue or participate in negotiations or discussions with, or enter into any agreement, arrangement or understanding with, any Third Party in relation to, or that may reasonably be expected to encourage or lead to, any actual, proposed or potential Competing Proposal; and
- **'no due diligence' obligation:** Silk and its Related Persons must not directly or indirectly solicit, invite, encourage, initiate, facilitate or permit any Third Party to undertake due diligence investigations on Silk or any member of the Silk Group for the purpose of formulating, developing or finalising a Competing Proposal.

In addition, during the Exclusivity Period, Silk is required to notify DP World Australia in writing as soon as possible (and in any event within 24 hours) if it or any of its Related Bodies Corporate or their respected Related Persons become aware of any actual, proposed or potential Competing Proposals, whether direct or indirect, solicited or unsolicited, in writing or otherwise.

Silk is also required to provide DP World Australia with a matching right if a Superior Proposal is received by Silk. As at the Last Practicable Date, no such Superior Proposal or Competing Proposal has been received.

The 'no talk' and 'no due diligence' restrictions are subject to the fiduciary carve out set out at clause 10.5 of the Scheme Implementation Deed. If the Silk Board determines, acting in good faith and after consulting with its financial and legal advisers, that complying with the 'no talk' or' no due diligence' restrictions in respect of an unsolicited Competing Proposal would be likely to constitute a breach of the fiduciary or statutory duties owed by the Silk Board, it need not do so, and in those circumstances Silk would be permitted to take action in response to that Competing Proposal.

The full text of the exclusivity provisions are set out in clause 10 of the Scheme Implementation Deed.

9.5.5 Reimbursement Fee

Clause 11 of the Scheme Implementation Deed sets out the circumstances with respect to which Silk has agreed to pay a Reimbursement Fee (being $1,745,119 (excluding GST)) to DP World Australia. The Reimbursement Fee will be payable if a party has terminated the Scheme Implementation Deed and the Transaction does not complete and one of the following applies:

- during the Exclusivity Period, one or more Silk Board Members withdraws, adversely changes, adversely modifies or adversely qualifies their support of the Scheme or their recommendation that Silk Shareholders vote in favour of the Scheme or fails to recommend that Silk Shareholders vote in favour of the Scheme, subject to certain exceptions;
- during the Exclusivity Period, one or more Silk Board Members recommends that Silk Shareholders accept or vote in favour of, or otherwise supports or endorses a Competing Proposal that is announced (whether or not such proposal is stated to be subject to any pre-conditions), subject to certain exceptions, or Silk enters into any legally binding agreement in relation to a proposed or potential Competing Proposal;
- a Competing Proposal of any kind is announced during the Exclusivity Period (whether or not such proposal is stated to be subject to any pre-conditions) and, within 12 months of the date of such announcement, the proponent completes a Competing Proposal which results in the proponent:
  (1) (directly or indirectly) acquiring control of or merging with Silk; or
  (2) acquiring (either alone or in aggregate) a Relevant Interest in more than 50% of the Silk Shares or otherwise acquires (either alone or in aggregate) Control of Silk;
- DP World Australia terminates the Scheme Implementation Deed pursuant to a material breach of the Scheme Implementation Deed by Silk and the consequences of the breach are or are reasonably likely to be material in the context of the Transaction taken as a whole;
- DP World Australia terminates the Scheme Implementation Deed due to Silk entering into a legally binding agreement in relation to a Competing Proposal;

- DP World Australia terminates the Scheme Implementation Deed due to any Silk Director:
  (1) failing to recommend the Scheme;
  (2) withdrawing or adversely changing, modifying or qualifying their support of the Scheme or their recommendation that Silk Shareholders vote in favour of the Scheme; or
  (3) making a public statement indicating that he or she no longer recommends the Transaction or recommending, supporting or endorsing another transaction.
- DP World Australia terminates the Scheme Implementation Deed due to a breach of a Target Representation and Warranty, subject to certain conditions;
- Silk terminates the Scheme Implementation Deed pursuant to the Silk Board having changed, withdrawn, modified or qualified its recommendation due to the Independent Expert concluding that the Scheme is not in the best interests of the Silk Shareholders or due to Silk having received a Superior Proposal;
- DP World Australia terminates the Scheme Implementation Deed due to the occurrence of a Target Prescribed Occurrence or Target Regulated Event;
- Silk breaches the matching rights set out in clause 10.7 of the Scheme Implementation Deed; or
- the Court fails to approve the terms of the Scheme for which the approval of the requisite Silk Shareholders has been obtained as a result of a material non-compliance by Silk with any of its obligations under the Scheme Implementation Deed.

No Reimbursement Fee is payable as a result of the Scheme Resolution not being approved by the Requisite Majorities of Silk Shareholders at the Scheme Meeting.

Despite anything to the contrary in the Scheme Implementation Deed, the Reimbursement Fee will not be payable to DP World Australia if the Scheme becomes Effective. If the Reimbursement Fee has already been paid it must be refunded by DP World Australia within 10 Business Days after the Effective Date.

The maximum aggregate liability of Silk to DP World Australia Holding and DP World Australia collectively under or in connection with the Scheme Implementation Deed is the Reimbursement Fee amount.

The Scheme Implementation Deed does not include a reverse reimbursement fee payable by DP World Australia Holding or DP World Australia to Silk.

Full details of the Reimbursement Fee are set out in clause 11 of the Scheme Implementation Deed.

9.5.6 Termination rights

Clause 12 of the Scheme Implementation Deed sets out the termination rights of each party. These are summarised below.

Termination by Silk or DP World Australia

Either Silk or DP World Australia may terminate the Scheme Implementation Deed by written notice to the other parties:

- at any time before 8.00am on the Second Court Date, if:
  1. in the case of Silk as the terminating party, DP World Australia Holding or DP World Australia has materially breached the Scheme Implementation Deed and the consequences of the breach are or are reasonably likely to be material in the context of the Transaction taken as a whole; or
  2. in the case of DP World Australia as the terminating party, Silk has materially breached the Scheme Implementation Deed and the consequences of the breach are or are reasonably likely to be material in the context of the Transaction taken as a whole,

  other than in respect of a breach of a representation or warranty, if the party entitled to terminate has provided written notice to the party in breach and the other party has failed to remedy the breach within five Business Days (or any shorter period ending at 5.00pm on the Business Day before the Second Court Date) after the date on which the notice is given;
- there is a failure of satisfaction of a Condition Precedent in the time required by the Scheme Implementation Deed and the parties are unable to reach agreement within 5 Business Days to proceed with the Scheme following good faith negotiations; or
- if the Effective Date for the Scheme has not occurred, or will not occur, on or before the End Date.

Termination by DP World Australia

DP World Australia may terminate the Scheme Implementation Deed by written notice to Silk at any time before 8.00am on the Second Court Date if:

- any Silk Board Member fails to recommend the Scheme, withdraws, adversely changes, adversely modifies or adversely qualifies their support of the Scheme or their recommendation that Silk Shareholders vote in favour of the Scheme, or otherwise makes a public statement indicating that he or she no longer recommends the Transaction or recommends, supports or endorses another transaction, other than where any Silk Board Member is required or requested by a court or Government Agency to do so;
- Silk enters into any legally binding agreement in relation to a Competing Proposal; or
- DP World Australia has given notice to Silk of a breach of a Target Representation and Warranty stating an intention to terminate or allow the Scheme to lapse, the relevant breach continues to exist 5 Business Days (or any shorter period ending at 5.00pm on the Second Court Date) later and the relevant breach is material in the context of the Scheme as a whole.

Termination by Silk

Silk may terminate the Scheme Implementation Deed by written notice to DP World Australia at any time before 8.00am on the Second Court Date if:

- the Silk Board or a majority of the Silk Board has changed, withdrawn, modified or qualified its recommendation due to the Independent Expert providing a report to Silk that concludes that the Scheme is not in the best interests of Silk Shareholders or Silk receiving a Superior Proposal, and, if applicable, Silk has paid the Reimbursement Fee to DP World Australia; or
- Silk has given notice to DP World Australia Holding or DP World Australia of a breach of a Bidder Representation and Warranty stating an intention to terminate or allow the Scheme to lapse, the relevant breach continues to exist 5 Business Days (or any shorter period ending at 5.00pm on the Second Court Date) later and the relevant breach is material in the context of the Scheme as a whole.

9.5.7 Deed Poll

DP World Australia Holding and DP World Australia have executed the Deed Poll in favour of the Scheme Shareholders which requires them to perform their obligations under the Scheme Implementation Deed or attributed to them under the Scheme and under which DP World Australia undertakes (and DP World Australia Holding guarantees), to provide or procure the provision of the aggregate amount of the Scheme Consideration payable to all Scheme Shareholders to a trust account maintained by Silk as trustee for Silk Shareholders by no later than two Business Days before the Implementation Date. A copy of the Deed Poll is attached at Annexure C.

9.6 Consents, disclosures and fees

9.6.1 Consents

This Scheme Booklet contains statements made by, or statements said to be based on statements made by:

- DP World Australia in respect of the DP World Australia Information only;
- Kroll as the Independent Expert; and
- Hamilton Locke, in its capacity as Silk's tax adviser, in respect of Section 8 of this Scheme Booklet.

Each of those persons named above has consented to the inclusion of each statement it has made in the form and context in which the statements appear and has not withdrawn that consent at the date of this Scheme Booklet.

The following parties have given and have not, before the time of registration of this Scheme Booklet with ASIC, withdrawn their consent to be named in this Scheme Booklet in the form and context in which they are named:

- Barrenjoey as financial adviser to Silk;
- Hamilton Locke as legal adviser to Silk; and
- Boardroom Pty Limited as the Silk Registry.

9.6.2 Disclosures and responsibility

Each person named in Section 9.6.1:

- has not authorised or caused the issue of this Scheme Booklet;
- does not make, or purport to make, any statement in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based, other than:
  - DP World Australia in respect of the DP World Australia Information only;
  - Hamilton Locke in relation to the information contained in Section 8 of this Scheme Booklet ('Australian Tax Implications');
  - Kroll in relation to its Independent Expert's Report, and

to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part of this Scheme Booklet other than a reference to its name and the statement (if any) included in this Scheme Booklet with the consent of that party as specified in this Section 9.6.2.

9.6.3 Fees

The fees set out in this Section 9.6.3 only relate to fees paid or payable by Silk in connection with the Transaction and the preparation of this Scheme Booklet.

Each of the persons named in Section 9.6.1 as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Scheme Booklet will be entitled to receive professional fees charged in accordance with their normal basis of charging.

In aggregate, if the Scheme is implemented, Silk expects to pay approximately $5 million (excluding GST) in transaction costs that relate to the Scheme. This includes advisory fees and expenses for professional services provided to Silk (including for financial, legal and tax advisers), the Independent Expert's fees, court fees, Silk Registry fees, printing and mailing costs and expenses associated with convening and holding the Scheme Meeting.

In aggregate, if the Scheme is not implemented, Silk expects to pay approximately $1.3 million (excluding GST) in transaction costs, being costs that have already been incurred as at the Last Practicable Date or will be incurred even if the Scheme is not implemented (but excluding any Reimbursement Fee that may be payable).

9.7 ASIC and ASX relief

Silk has sought and received from ASX a standard waiver of Listing Rule 6.23.2 to allow Silk to terminate the Silk Options for consideration without obtaining shareholder approval to do so.

9.8 No unacceptable circumstances

The Silk Directors believe that the Scheme does not involve any circumstances in relation to the affairs of Silk that could reasonably be characterised as constituting 'unacceptable circumstances' for the purposes of section 657A of the Corporations Act.

9.9 Conflicts of interest

Silk was initially approached by DP World in relation to a possible transaction in May 2024. Given that directors Brendan Boyd and John Sood are associated with substantial shareholders of Silk, the Silk Board considered it appropriate to establish an independent board committee (**IBC**) to respond to that proposal, make a recommendation to the full Silk Board in relation to that proposal and negotiate the terms of the Scheme Implementation Deed. The IBC was chaired by independent non-executive director Stephen Moulton and comprised independent non-executive directors Louise Thurgood and Cheryl Hayman. The IBC unanimously recommended to the full Silk Board that Silk should enter into the Scheme Implementation Deed.

9.10 No other information

Except as set out in this Scheme Booklet, there is no other information material to the making of a decision in relation to the Scheme, being information that is within the knowledge of any Silk Director, at the time of lodging this Scheme Booklet with ASIC for registration, which has not previously been disclosed to Silk Shareholders.

9.11 Supplementary disclosure

Silk will issue a supplementary document to this Scheme Booklet if it becomes aware of any of the following between the date of this Scheme Booklet and the date of the Scheme Meeting:

- a material statement in this Scheme Booklet is false or misleading in a material respect;
- a material omission from this Scheme Booklet;
- a significant change affecting a matter included in this Scheme Booklet; or
- a significant new matter has arisen and it would have been required to be included in this Scheme Booklet if it had arisen before the date of this Scheme Booklet.

Depending on the nature and timing of the changed circumstances, and subject to obtaining any relevant approvals, Silk may circulate and publish any supplementary document by:

- making an announcement to the ASX;
- placing an advertisement in a prominently published newspaper which is circulated generally throughout Australia;
- posting the supplementary document to Silk Shareholders at their address shown on the Silk Share Register; and/or
- posting a statement on Silk's website at www.silklogisticsholdings.com.au,

as Silk, in its absolute discretion, considers appropriate.

10. Glossary and Interpretation

10. Glossary and Interpretation

10.1 Glossary

TERM	MEANING
ACCC	the Australian Competition and Consumer Commission.
Adviser	in relation to an entity, a financier, financial adviser, corporate adviser, legal adviser, or technical or other expert adviser, or consultant who provides advisory services in a professional capacity and who has been engaged by that entity in connection, directly or indirectly, with the Transaction.
ASIC	the Australian Securities and Investments Commission.
Associate	has the meaning given to that term in section 12 of the Corporations Act.
ASX	ASX Limited ABN 98 008 624 691 and, where the context requires, the financial market that it operates.
ATO	the Australian Taxation Office.
Barrenjoey	Barrenjoey Advisory Pty Limited ACN 636 976 228.
Bidder Representations and Warranties	the representations and warranties of DP World Australia Holding and DP World Australia set out in Schedule 2 of the Scheme Implementation Deed.
Business	the business of the Silk Group, carried on from time to time (and **Silk's Business** has the same meaning).
Business Day	a day other than a Saturday, Sunday or public holiday in Sydney, Australia.
B2B	business to business.
B2C	business to consumer.
CGT	capital gains tax.
Comparator Period	the meaning set out in paragraph 1 of the definition of Target Material Adverse Change.
Competing Proposal	any expression of interest, proposal, offer, transaction or arrangement (other than the Transaction) by or with any person pursuant to which, if the expression of interest, proposal, offer, transaction or arrangement is entered into or completed substantially in accordance with its terms, would lead to: 1. a Third Party acquiring a Relevant Interest in 15% or more of the shares in, or voting power of 15% or more in, Silk; 2. a Third Party directly or indirectly acquiring, obtaining a right to acquire, or otherwise obtaining an economic interest in, all or a substantial part of the assets or business of Silk or the Silk Group; 3. a Third Party otherwise acquiring Control of Silk; 4. a Third Party otherwise directly or indirectly acquiring, merging or amalgamating with, or acquiring a controlling shareholding or majority economic interest in, Silk or in all or substantially all of its assets or business; or 5. the Transaction not proceeding, whether structured by way of takeover offer, scheme of arrangement, shareholder approved acquisition, capital reduction, share buyback or repurchase, sale or purchase of assets, joint venture, reverse takeover, dual-listed company structure, recapitalisation, establishment of a new holding company for Silk or other synthetic merger or any other transaction or arrangement.
Condition Precedent	each of the conditions set out in clause 3.1 of the Scheme Implementation Deed.

TERM	MEANING
Contract Logistics	when used in relation to Silk, the contract logistics segment of the Business.
Control	has the meaning given in section 50AA of the Corporations Act.
Corporations Act	the *Corporations Act 2001* (Cth), as modified or varied by ASIC.
Corporations Regulations	the *Corporations Regulations 2001* (Cth).
Court	the Supreme Court of New South Wales or such other court of competent jurisdiction under the Corporations Act agreed to in writing by Silk and DP World Australia.
Court Approval	the Court approves the Scheme in accordance with paragraph 411(4)(b) of the Corporations Act.
Deed Poll	a deed poll substantially in the form of Annexure C under which DP World Australia Holding and DP World Australia covenant in favour of the Silk Shareholders to perform the obligations attributed to DP World Australia Holding and DP World Australia under the Scheme.
DP World	DP World FZE.
DP World Australia	DP World Australia Limited ACN 129 842 093.
DP World Australia Holding	DP World Australia (Holding) Pty Ltd ACN 147 892 715.
DP World Australia Information	information regarding DP World Group, provided by DP World Australia to Silk in writing for inclusion in this Scheme Booklet which includes the information in Section 6 and the “ACCC” sections in Sections 1.4.2 and 4.4. For the avoidance of doubt, the DP World Australia Information excludes the Silk Information, the Independent Expert’s Report and any description of the taxation effect of the Transaction on Silk Shareholders prepared by an external Adviser to Silk.
DP World Group	DP World FZE and each of its Subsidiaries.
DP World Group Member	any member of the DP World Group.
Duty	any stamp, transaction or registration duty or similar charge imposed by any Government Agency and includes any interest, fine, penalty, charge or other amount imposed in respect of the above, but excludes any Tax.
EBIT	earnings before interest and tax.
Effective	when used in relation to the Scheme, the coming into effect, under subsection 411(10) of the Corporations Act, of the order of the Court made under paragraph 411(4)(b) of the Corporations Act in relation to the Scheme.
Effective Date	the date on which the Scheme becomes Effective.
End Date	30 June 2025, or such other date as agreed in writing by the parties.
Exclusivity Period	the period from and including the date of the Scheme Implementation Deed to the earlier of: 1. the date of termination of the Scheme Implementation Deed; 2. the End Date; and 3. the Effective Date.
FATA	*Foreign Acquisitions and Takeovers Act 1975* (Cth).
Financial Adviser	any financial adviser retained by a party in relation to the Transaction or a Competing Proposal from time to time.

10. Glossary and Interpretation

TERM	MEANING
FIRB	Foreign Investment Review Board.
FIRB Approval	has the meaning given to that term in Section 4.4 of this Scheme Booklet.
First Court Date	the first day on which an application made to the Court for an order under subsection 411(1) of the Corporations Act convening the Scheme Meeting is heard or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application is heard.
Further Dividend	Any dividend paid to Silk Shareholders in accordance with the Scheme Implementation Deed.
FY	financial year.
Government Agency	any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity, or any minister of the Crown in right of the Commonwealth of Australia or any State, and any other federal, state, provincial, or local government whether foreign or Australian.
GST	has the meaning defined in section 195-1 of the GST Act.
GST Act	the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).
Hamilton Locke	Hamilton Locke Pty Ltd ACN 621 047 247.
IFRS	the International Financial Reporting Standards.
Implementation Date	the fifth Business Day after the Scheme Record Date, or such other date after the Scheme Record Date as the parties agree in writing.
Independent Expert	Kroll Australia Pty Ltd ACN 116 738 535.
Independent Expert's Report	the report from the Independent Expert in respect of the Transaction, a copy of which is set out in Annexure A.
Key Management Personnel	the meaning in section 9 of the Corporations Act
Kroll	Kroll Australia Pty Ltd ACN 116 738 535.
Last Practicable Date	16 December 2024, being the last practicable trading day prior to finalising the information in this Scheme Booklet.
Listing Rules	the official listing rules of ASX.
Major Shareholder	has the meaning given to that term in Section 1.4 of this Scheme Booklet.
Material Contract	has the meaning given to that term in the Scheme Implementation Deed.
New Rights	has the meaning given to that term in Section 9.3.2.
Notice of Scheme Meeting	the Notice of Scheme Meeting and the explanatory notes that form part of that notice as set out at Annexure D.
Port Logistics	when used in relation to Silk, the port logistics segment of the Business.
Proxy Form	the proxy form that is dispatched to Silk Shareholders in accordance with the orders of the Court or is available from the Silk Registry.
Registered Address	in relation to a Silk Shareholder, the address shown in the Silk Share Register as at the Scheme Record Date.

TERM	MEANING
Regulatory Approval	a clearance, waiver, ruling, approval, relief, confirmation, exemption, consent or declaration set out in clause 3.1(a) of the Scheme Implementation Deed.
Reimbursement Fee	$1,745,119 (excluding GST).
Related Bodies Corporate	has the meaning given to that term in section 50 of the Corporations Act.
Related Person	• in respect of a party or its Related Bodies Corporate, each director, officer, employee, adviser, agent or representative of that party or Related Body Corporate; and • in respect of a Financial Adviser, each director, officer, employee or contractor of that Financial Adviser.
Relevant Interest	has the meaning given to that term by sections 608 and 609 of the Corporations Act.
Requisite Majorities	has the meaning given to that term in Section 4.7.2 of this Scheme Booklet.
Scheme	the scheme of arrangement under Part 5.1 of the Corporations Act between Silk and the Scheme Shareholders, the form of which is attached as Annexure B, subject to any alterations or conditions made or required by the Court under subsection 411(6) of the Corporations Act and agreed to in writing by DP World Australia and Silk.
Scheme Booklet	this document being the explanatory statement in respect of the Scheme, which has been prepared by Silk in accordance with section 412 of the Corporations Act.
Scheme Consideration	$2.14 cash per Silk Share, which is comprised of the Share Consideration plus any Further Dividend.
Scheme Implementation Deed	the Scheme Implementation Deed dated 9 November 2024 between Silk, DP World Australia Holding and DP World Australia, a copy of which was released to the ASX on 11 November 2024.
Scheme Meeting	the meeting of Silk Shareholders ordered by the Court to be convened under subsection 411(1) of the Corporations Act to consider and vote on the Scheme and includes any meeting convened following any adjournment or postponement of that meeting.
Scheme Record Date	7.00pm (Sydney time) on the third Business Day after the Effective Date, or such other time and date as the parties agree in writing.
Scheme Meeting Record Time	7.00pm (Sydney time) on the date that is 48 hours before the date of the Scheme Meeting.
Scheme Resolution	the resolution under section 411(4)(a)(ii) of the Corporations Act to approve the Scheme, as put to the Silk Shareholders at the Scheme Meeting.
Scheme Shares	all Silk Shares held by the Scheme Shareholders as at the Scheme Record Date.
Scheme Shareholder	a holder of Silk Shares recorded in the Silk Share Register as at the Scheme Record Date.
Second Court Date	the first day on which an application made to the Court for an order under paragraph 411(4)(b) of the Corporations Act approving the Scheme is heard or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application or appeal is heard.
Section	a section of this Scheme Booklet.
Share Consideration	the consideration to be provided by DP World Australia to each Scheme Shareholder for the transfer to DP World Australia of each Scheme Share, being for each Silk Share held by a Scheme Shareholder as at the Scheme Record Date an amount of $2.14 cash per Silk Share, less the amount of any Further Dividend that may be declared or paid by Silk on or before the Implementation Date.

10. Glossary and Interpretation

TERM	MEANING
Silk	Silk Logistics Holdings Limited ACN 165 867 372
Silk Board	the board of directors of Silk and **Silk Board Member** means any director of Silk comprising part of the Silk Board.
Silk Director	a director of Silk.
Silk Group	Silk and its Subsidiaries.
Silk Group Member	any member of the Silk Group.
Silk Incentive Plans	the incentive plans established under the Executive Incentive Plan Rules and Non-Employee Incentive Plan Rules, released to ASX on 7 July 2021, together.
Silk Information	information regarding the Silk Group prepared by Silk for inclusion in the Scheme Booklet that explains the effect of the Scheme and sets out the information prescribed by the Corporations Act and the Corporations Regulations, and any other information that is material to the making of a decision by Silk Shareholders whether or not to vote in favour of the Scheme Resolution, being information that is within the knowledge of each of the Silk Board Members, which for the avoidance of doubt comprises the entirety of the Scheme Booklet other than the DP World Australia Information and the Independent Expert's Report.
Silk Option	an option to acquire a Silk Share, awarded or granted under the Silk Incentive Plans.
Silk Performance Right	a right to acquire a Silk Share, awarded or granted under the Executive Incentive Plan Rules, released to ASX on 7 July 2021.
Silk Registry	Boardroom Pty Limited ACN 003 209 836.
Silk Share	a fully paid ordinary share in the capital of Silk.
Silk Shareholder	each person who is registered as the holder of a Silk Share in the Silk Share Register.
Silk Share Register	the register of members of Silk maintained under the Corporations Act.
Stamp Duty	any stamp, transfer or transaction duty or similar charge imposed by the laws of an Australian state or territory.
Subsidiary	has the meaning given in Division 6 of Part 1.2 of the Corporations Act, provided that an entity will also be taken to be a subsidiary of another entity if it is controlled by that entity (as 'control' is defined in section 50AA of the Corporations Act) and, without limitation: 1. a trust may be a subsidiary, for the purposes of which a unit or other beneficial interest will be regarded as a share; and 2. an entity may be a subsidiary of a trust if it would have been a subsidiary if that trust were a corporation.

TERM	MEANING
Superior Proposal	a bona fide Competing Proposal that: 1. is received by Silk in writing on an unsolicited basis; and which 2. the Silk Board, acting reasonably and in good faith and after having taken advice from Silk's external legal and financial advisers determines: • is reasonably capable of being valued and implemented taking into account all aspects of the Competing Proposal, including any timing considerations, its conditions, the identity, reputation and financial condition of the person making such proposal, the nature of any consideration offered and all other relevant legal, regulatory and financial matters, in each case, to the extent known by the Silk Board; and • would be reasonably likely, if completed substantially in accordance with its terms, to be more favourable overall to Silk Shareholders than the latest proposal provided by DP World Australia or any of its Related Persons, taking into account all aspects of the Competing Proposal and the latest proposal provided by DP World Australia or any of its Related Persons that the Silk Board considers to be relevant, including the identity, reputation and financial condition of the person making such proposal, legal, regulatory and financial matters, conditionality, certainty and any other matters affecting the probability of the relevant proposal being completed in accordance with its terms.
Target Consolidated Tax Group	the consolidated group of which Silk is the head company (where 'consolidated group' and 'head company' have the same meaning as in the Tax Act).
Target Material Adverse Change	has the meaning given to that term in the Scheme Implementation Deed.
Target Prescribed Occurrence	has the meaning given to that term in the Scheme Implementation Deed.
Target Regulated Event	has the meaning given to that term in the Scheme Implementation Deed.
Target Representations and Warranties	the representations and warranties of Silk set out in Schedule 3 of the Scheme Implementation Deed, as each is qualified by clause 6.5 of the Scheme Implementation Deed.
Tax	any past, present or future tax, levy, charge, impost, fee, deduction, goods and services tax (including GST) or withholding, that is assessed, levied, imposed or collected by any Government Agency and includes any interest, fine, penalty, charge, fee or any other amount imposed on, or in respect of any of the above, but excludes Duty.
Tax Act	the *Income Tax Assessment Act 1997* (Cth) or *Income Tax Assessment Act 1936* (Cth) or *Taxation Administration Act 1953* (Cth) (as appropriate).
Third Party	a person other than DP World Australia, DP World Australia Holding, or their respective Related Bodies Corporate or their other Associates.
Transaction	the acquisition of the Scheme Shares by DP World Australia through implementation of the Scheme in accordance with the terms of the Scheme Implementation Deed.
Underlying EBIT	EBIT excluding the impact of significant items, which are profit or loss items associated with mergers and acquisitions activity, capital restructures or certain one-off events included in reporting periods that are not reflective of underlying business activities.
VWAP	volume weighted average price.

10.2 Interpretation

In this Scheme Booklet, unless expressly stated or the context otherwise appears:

(a) headings and bold type are for convenience only and do not affect the interpretation of this Scheme Booklet;

(b) the singular includes the plural and the plural includes the singular;

(c) words of any gender include all genders;

(d) other parts of speech and grammatical forms of a word or phrase defined in Scheme Booklet have a corresponding meaning;

(e) a reference to a person includes any company, partnership, joint venture, association, corporation or other body corporate and any Government Agency, as well as an individual;

(f) a reference to a clause, section, party, schedule, attachment or exhibit is a reference to a clause of, section of and a party, schedule, attachment or exhibit to this Scheme Booklet;

(g) a reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re-enactments of any of them (whether passed by the same or another Government Agency with legal power to do so);

(h) a reference to a document (including this Scheme Booklet) includes all amendments or supplements to, or replacements or novations of, that document;

(i) a reference to '$', 'A$' or 'dollar' is to the lawful currency of Australia;

(j) a reference to any time is, unless otherwise indicated, a reference to that time in Sydney time;

(k) a term defined in or for the purposes of the Corporations Act, and which is not defined in Section 10.1, has the same meaning when used in this Scheme Booklet;

(l) a reference to a party to a document includes that party's successors and permitted assignees;

(m) no provision of this Scheme Booklet will be construed adversely to a party because that party was responsible for the preparation of this Scheme Booklet or that provision;

(n) any agreement, representation, warranty or indemnity in favour of two or more parties (including where two or more persons are included in the same defined term) is for the benefit of them jointly and severally;

(o) a reference to a body (including an institute, association or authority), other than a party to this Scheme Booklet, whether statutory or not:

  (i) which ceases to exist; or

  (ii) whose powers or functions are transferred to another body,

  is a reference to the body which replaces it or which substantially succeeds to its powers or functions;

(p) a reference to an agreement other than this Scheme Booklet includes a deed and any legally enforceable undertaking, agreement, arrangement or understanding, whether or not in writing;

(q) a reference to liquidation or insolvency includes appointment of an administrator, a reconstruction, winding up, dissolution, deregistration, assignment for the benefit of creditors, bankruptcy, or a scheme, compromise or arrangement with creditors (other than solely with holders of securities or derivatives),or any similar procedure or, where applicable, changes in the constitution of any partnership or Third Party, or death;

(r) if a period of time is specified and dates from a given day or the day of an act or event, it is to be calculated exclusive of that day;

(s) a reference to a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later;

(t) if an act prescribed under this Scheme Booklet to be done by a party on or by a given day is done after 5.00pm on that day, it is taken to be done on the next day;

(u) a reference to the Listing Rules includes any variation, consolidation or replacement of these rules and is to be taken to be subject to any waiver or exemption granted to the compliance of those rules by a party; and

(v) a reference to something being "reasonably likely" (or to a similar expression) is a reference to that thing being more likely than not to occur when assessed objectively.

Annexure A:
Independent
Expert's Report

Annexure A: Independent Expert's Report

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The Directors
Silk Logistics Holdings Limited
Unit 3, 850 Lorimer Street,
Port Melbourne VIC 3207

23 December 2024

Dear Directors

Part One – Independent Expert's Report

1 Introduction

On 11 November 2024, Silk Logistics Holdings Limited (**Silk** or the **Company**) announced it had entered into a Scheme Implementation Deed with DP World Australia (Holding) Pty Ltd (**DP World Holding**) and DP World Australia Limited (**DP World Australia**) under which DP World Australia would acquire 100% of the issued share capital of Silk by way of a scheme of arrangement (**Scheme**) (**Transaction**).

Under the Scheme, Silk shareholders (**Silk Shareholders**) who hold Silk Shares[1] on the Scheme Record Date[2] (**Scheme Shareholders**) will receive cash consideration of $2.14 for each Silk Share held (**Scheme Consideration**), less any Further Dividend[3] that is declared or paid before the Implementation Date.[4,5]

Silk is an Australian founded third-party logistics (**3PL**) business that offers port logistics, warehousing and distribution services in all major Australian capital cities. As at 8 November 2024, the last trading day prior to the announcement of the Scheme, Silk had a market capitalisation of $119.9 million.[6]

DP World Australia carries on a marine terminal and port services business in Australia. It primarily manages and operates container terminals at Sydney, Melbourne, Brisbane and Fremantle ports. DP World Australia is controlled by DP World FZE, a provider of smart logistics solutions enabling the flow of trade across the globe. DP World FZE is ultimately owned by the government of Dubai and is part of the DP World Group[7]. The DP World Group employs over 100,000 people across its end-to-end supply chain logistics network and operates in over 74 countries.

The Scheme is subject to approval by Silk Shareholders at a meeting (**Scheme Meeting**) to be held on 10:00am (Sydney time) on 7 March 2025. For the Scheme to proceed, the Scheme Resolution[8] must be approved by at least 75% of the total number of votes cast by Silk's Shareholders at the Scheme Meeting (in person or by proxy) and by more than 50% of Silk Shareholders present and voting (in person or by proxy) at the Scheme Meeting.

Certain Silk Shareholders who collectively held or controlled approximately 46% of Silk's ordinary shares outstanding as at 11 November 2024, including long term financing partner and investor, Tor Asia Credit

1 A fully paid ordinary share in the capital of Silk.
2 As defined in the Scheme Booklet.
3 As defined in the Scheme Booklet.
4 As defined in the Scheme Booklet.
5 As at the 16 December 2024, the Silk Board does not presently intend to declare or pay a Further Dividend. An announcement will be made through Australian Securities Exchange (**ASX**) at least 10 days prior to the Scheme Meeting if this position changes.
6 Calculated as closing price on 8 November 2024 of $1.47 multiplied by 81,547,598 Silk Shares.
7 DP World FZE and each of its subsidiaries.
8 As defined in the Scheme Booklet.

Master Fund LP (**Tor**) and entities related to Silk Non-Executive Director Brendan Boyd and Silk Chief Executive Officer John Sood, have confirmed their intention to vote in favour of the Scheme Resolution, in the absence of a Superior Proposal and subject to an independent expert concluding (and continuing to conclude) that the Scheme is in the best interest of Silk Shareholders.

The Scheme is subject to a number of conditions as set out in Section 5.2 of this report, including approval of the Foreign Investment Review Board (**FIRB**) and receipt of customary consents and waivers from the Australian Securities and Investments Commission (**ASIC**) and ASX. As at the date of the Scheme Booklet, all of the Conditions Precedent remain outstanding, however the Silk Directors are not aware of any reason why any condition to the Scheme will not be satisfied on or before the End Date.[9]

In order to assist Silk Shareholders in assessing the Scheme, the directors of Silk (**Silk Directors**) have appointed Kroll Australia Pty Ltd (**Kroll**) to prepare an independent expert's report setting out whether, in our opinion, the Scheme is in the best interests of Silk Shareholders, in the absence of a Superior Proposal.

This report will be included in the Scheme Booklet (**Scheme Booklet**) issued by Silk in respect of the Scheme.

Further information regarding Kroll, as it pertains to the preparation of this report, is set out in Appendix 1 of this report.

Kroll's Financial Services Guide is contained in Part Two of this report.

2 Scope of report

The Transaction involves a scheme of arrangement under Section 411 of the *Corporations Act 2001* (Cth) (**Corporations Act**) and requires approval of Silk Shareholders. Section 412(1) of the Corporations Act requires, among other requirements, that an explanatory statement issued in relation to a proposed scheme of arrangement, includes information that is material to the making of a decision by a member as to whether or not to approve the scheme.

Even where an independent expert's report is not strictly required by the law or ASIC policy, it is not uncommon for directors of a company to commission one to ensure they are providing the information that is material to the making of a decision by a member. As set out in the Scheme Implementation Deed, a condition precedent to the Scheme becoming Effective[10] is the independent expert concluding and continuing to conclude that the Scheme is in the best interest of Silk Shareholders until the Second Court Date[11].

In undertaking our work, we have referred to guidance provided by ASIC in its Regulatory Guides in particular, Regulatory Guide 111 'Content of expert reports' (**RG 111**) which outlines the principles and matters which it expects a person preparing an independent expert report to consider.

Further details of the relevant technical requirements and the basis of assessment in forming our opinion are set out in Section 6 of this report.

3 Opinion

3.1 Background

Silk listed on the ASX on 9 July 2021 at $2.00 and raised $70 million[12] to repay debt and provide Tor with an opportunity to realise some of their investment in Silk. The co-founders remain active in leading the company and retain a substantial ownership interest together with Tor.

Between FY21 and FY24, Silk's revenue and underlying earnings have grown at CAGRs of 14.5% and 9.4%, respectively,[13] driven by organic growth and M&A activity. In 2022 and 2023, Silk invested over $88 million[14] in three further acquisitions which broadened Silk's e-commerce fulfilment and bulk logistics

9 30 June 2025, or such other date as agreed in writing by the parties.
10 As defined in the Scheme Implementation Deed.
11 As defined in the Scheme Implementation Deed.
12 $10 million in proceeds from the primary offer and $60 million in proceeds to be paid to Tor.
13 Silk FY24 Annual Report, p.6. These three year CAGRs can alternatively be calculated as 19.8% and 12.7% respectively.
14 Silk acquired 101 Warehousing Pty Ltd for $11.6 million (including earn out) in February 2022, Fremantle Freight and Storage Pty Ltd for $27.1 million (including contingent consideration) in September 2022, and Secon Freight Logistics Pty Ltd for $49.7 million (including contingent consideration) in September 2023.

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capabilities, and footprint in Western Australia and Victoria. The acquisitions aligned with Silk's strategic objectives and were funded with debt and cash reserves.

Despite Silk's positive financial and operational achievements, Silk's share price remained broadly aligned with its listing price of $2.00 until June 2023, then subsequently declined to close at a low of $1.20 on 25 June 2024.

At the time Silk listed, container volumes across the sector had recovered strongly following the COVID-19 pandemic, and to levels higher than in FY19 despite ongoing supply chain disruptions. Sector container volumes continued to increase through FY22, however fell in FY23 as higher inflation impacted consumer confidence and spending, and businesses increasingly used inventory stores accumulated during the COVID-19 pandemic. These industry conditions together with broader macroeconomic conditions of rising interest rates and labour shortages created substantial headwinds for smaller Australian logistics companies from 2H23 through to FY24.

Whilst Silk's financial performance was in line with guidance for FY23 and FY24, industry conditions continued to impact on its financial performance with underlying earnings margins across both of Silk's operating segments declining from the prior comparative period. Earnings in Silk's Contract Logistics segment have also been impacted by diluted warehouse occupancy levels following the opening of a new warehouse in Kenwick, Western Australia

Net leverage[15] has also increased from nil in FY22 to 0.6 times in FY23, and from 1.3 times following the acquisition of Secon Freight Logistics Pty Ltd (**Secon**) to 2.0 times as at 30 June 2024. As a consequence, whilst the most recent acquisitions have been funded by debt, future acquisitions would likely require additional capital.

Silk also announced that it had delayed its $1 billion revenue target from FY27 to FY30 as the company needed to direct its short term focus towards organic growth amidst ongoing challenging global economic and market conditions.

In evaluating the Scheme, we have considered benefits expected from Silk's organic growth and future expansion, as well as the risks and costs associated with achieving those benefits including the increasing need for scale within the logistics services industry. Our assessment of the Scheme is based on current market conditions and the inherent risk associated with a logistics services company.

3.2 Summary of opinion

In our opinion, the Scheme is in the best interests of Silk Shareholders, in the absence of a Superior Proposal.

In arriving at this opinion, we have assessed whether the Scheme is:

- **fair**, by comparing the Scheme Consideration to our assessed value of a Silk Share on a controlling interest basis. This approach is in accordance with the guidance set out in RG 111; and
- **reasonable**, by assessing the implications of the Scheme for Silk Shareholders, the alternatives to the Scheme that are available to Silk, and the consequences for Silk Shareholders of not approving the Scheme.

We have assessed the Scheme to be fair and reasonable. Consequently, consistent with RG 111, we have concluded that the Scheme is in the best interests of Silk Shareholders, in the absence of a Superior Proposal.

We have assessed the value of a Silk Share on a controlling interest basis to be in the range $1.64 to $2.27. As the Scheme Consideration of $2.14 falls within our assessed value range for a Silk Share, the Scheme is fair.

In forming our view as to the value of Silk, we have considered a range of factors which may impact earnings growth including container volume growth, ramp up of Silk's new Kenwick site, further operational efficiencies and organic growth opportunities through cross-selling and bulk logistics as well as uncertainty facing Silk in the near-term given available capital and broader macroeconomic uncertainty around inflation and interest rates. As required under RG 111, we have considered the synergies available to a pool of potential acquirers. Our analysis of the fairness of the Scheme is detailed further in Section 3.3 of this report.

[15] Net Leverage has been defined in Silk's FY24 Full Year Results Presentation as equal to (corporate debt, bank guarantees and hire purchase liabilities) less cash / underlying pre-AASB16 Leases EBITDA over preceding 12 months (measured in accordance with bank finance facility covenant).

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In accordance with RG 111, an offer is reasonable if it is fair. As we have assessed the Scheme to be fair, it is also reasonable. Regardless of this requirement, we have considered a range of other factors that are relevant to an assessment of the reasonableness of the Scheme, including:

- the Scheme Consideration represents a substantial premium to undisturbed trading prices of Silk Shares;
- the Scheme Consideration is in cash and provides certainty of the pre-tax amount that Silk Shareholders will receive;
- Silk Shareholders will not participate in any future increases in value of Silk, however, they will no longer be exposed to the risks facing the business;
- in the event that the Scheme is not approved or any other conditions precedent prevent the Scheme from being implemented, Silk will continue to operate in its current form and its share price is likely to fall to levels consistent with the undisturbed trading price of Silk Shares, subject to any future financial achievements in the subsequent period, industry developments and the impact of broader trends in equity markets; and
- no Superior Proposal has emerged since the announcement of the Transaction.

Other matters which Silk Shareholders should consider in assessing the Scheme include:

- Silk will incur transaction costs if the Scheme does not proceed;
- the outstanding conditions precedent which, if not satisfied, will result in the Scheme not being implemented; and
- the tax implications of the Scheme.

Our analysis of the reasonableness of the Scheme is detailed further in Section 3.4 of this report. The decision to approve the Scheme is a matter for individual Silk Shareholders based on their views as to value, expectations about future market conditions and their particular circumstances, including investment strategy and portfolio, risk profile and tax position. If in doubt, Silk Shareholders should consult their own professional adviser regarding the action they should take in relation to the Scheme.

3.3 The Scheme is fair

3.3.1 Valuation of Silk

Kroll has assessed the value of Silk's equity to be in the range of $134.1 million to $185.4 million, which corresponds with a concluded value per Silk Share in the range of $1.64 to $2.27 on a fully diluted basis.[16] Our range of assessed values reflects 100% ownership of Silk and, therefore, incorporates a control premium. The value of a Silk Share has been determined by estimating the market value of Silk's operating business, together with consideration of non-operating liabilities and adjusted net debt to determine the value of equity. The valuation is summarised as follows.

Silk Summary of Value ($ millions)

	Section Reference	Valuation Range Low	Valuation Range High
Value of Silk's operating business (100% control basis)	9.3.1	**500.0**	**551.3**
Other assets / (liabilities) (net)	9.5	(15.6)	(15.6)
Enterprise value (100% control basis)		**484.4**	**535.7**
Adjusted net debt (including lease liabilities)	9.6	(350.3)	(350.3)
Value of Silk's equity (100% control basis)		**134.1**	**185.4**
Number of shares outstanding – diluted (millions)[1]	8.7.4	81.5	81.5
Value per Silk Share (100% control basis) ($)		**1.64**	**2.27**

Source: Kroll analysis.
Note 1: Includes the 81,547,598 ordinary shares on issue and assumes cash settlement of outstanding options, and cancellation of performance rights on issue.

[16] This includes the 81,547,598 ordinary shares on issue and assumes cash settlement of outstanding options, and cancellation of performance rights on issue.

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In assessing the value of Silk's operating business, Kroll has adopted a market approach as the primary methodology utilising multiples of EBITDA (refer to Section 9.3 of this report). The value derived from the market approach has been cross-checked using a high-level discounted cash flow (**DCF**) analysis (refer to Section 9.4 of this report). The DCF analysis results in a value range for Silk's equity of $154.1 million to $194.0 million, which is equivalent to $1.89 to $2.38 per Silk Share. This is broadly supportive of Kroll's valuation range of $1.64 to $2.27 per Silk Share under the primary market approach (refer to Section 9.1 of this report).

The range of values per Silk Share is relatively wide, which reflects Silk's substantial financial leverage whereby net debt is between 63.5% and 70.0% of enterprise value on a control basis. The substantial financial leverage includes the significant impact of lease liabilities which at 30 September 2024 comprised over 90% of net debt.

Our valuation range of $1.64 to $2.27 per Silk Share reflects a premium over the closing price of Silk Shares on 8 November 2024, the last close prior to announcement of the Scheme, of between 11.9% and 54.6%, and a premium to the three-month VWAP in the range of 21.8% to 68.3%. A portion of this premium reflects that our valuation of Silk includes a control premium, rather than a valuation of a minority interest in the company as traded on the ASX. The premium straddles the spectrum of premiums observed in completed transactions, which are broadly in the range of 25% to 40% depending on the individual circumstances[17] and likely reflects a combination of the following:

- that our valuation of Silk includes a control premium, rather than a valuation of a minority interest in the company as treaded on the ASX. We note that synergies available to strategic buyers of Silk are potentially material, with the potential to derive savings from corporate overheads and other operational synergies as well as listed public company costs (refer to Section 9.2.3 of this report);
- that our value range attributes value to the ramp up of Silk's warehouse occupancy and other opportunities for growth, whilst also reflecting the inherent risk associated with achieving those opportunities given current broader sector and macroeconomic uncertainty; and
- the substantial decline in the Silk share price in the year leading up to the announcement of the Transaction.

In forming our view as to the value of Silk Shares, we have considered a series of factors including:

- Silk's position as a provider of integrated logistics services, including wharf cartage, warehousing and distribution, with facilities across all major capital cities and key container ports;
- Silk's existing long-standing customer base which includes blue-chip companies, and associated internal cross-selling opportunities;
- continued revenue and underlying earnings growth driven by organic growth and acquisitions, albeit at declining rates of growth and margins in FY24, impacted by subdued import volumes, easing of warehouse occupancy, and continued elevation in inflation and input costs, and interest rates;
- opportunities for organic growth through cross-selling and bulk logistics and further operational efficiencies;
- the outlook for the logistics sector of a continuation of challenging macroeconomic and supply chain conditions in the short term with demand improving in the longer term;
- the broker consensus, which forecasts Silk's Underlying EBITDA margin (post-AASB 16 Leases) to remain at 17.2% in FY25, in line with FY24, before increasing slightly and remaining steady at approximately 17.4% in FY26 and 17.8% in FY27. Total Underlying EBITDA is forecast to grow at a CAGR of 5.9% between FY25 and FY27;
- the current level of borrowings and lease liabilities, following the acquisition of Secon, with a number of debt facilities due to expire in FY25;
- key risks including uncertainty regarding container volumes and the ramp up of warehouse occupancy levels, as well as broader risks around supply chain disruptions and macroeconomic uncertainty;
- Silk's other liabilities including deferred consideration and contingent guarantees; and
- synergies available to a pool of potential acquirers.

[17] Source: 2023 Mergerstat Review. Range represents median premium from 2013 to 2022. Premiums are calculated based on the seller's closing price five business days before the initial announcement. The calculations exclude negative premiums and premiums over 250%.

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It should be noted that a valuation of Silk in the current macroeconomic and geopolitical environment is complex and requires judgement as to the outlook for markets and the global economy.

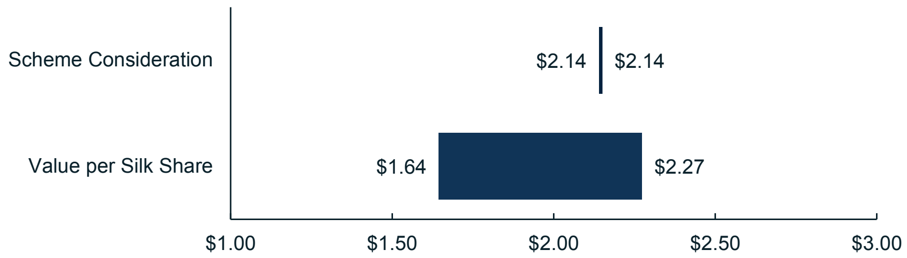
Further Dividend

The Scheme Consideration is comprised of the Share Consideration and any Further Dividend that is declared or paid before the Implementation Date. As at the 16 December 2024, the Silk Board does not presently intend to declare or pay a Further Dividend. An announcement will be made through the ASX at least 10 days prior to the Scheme Meeting if this position changes.

3.3.2 Assessment of fairness

A comparison of our assessed value per Silk Share, on a control basis, to the Scheme Consideration is illustrated as follows.

Fairness Assessment



Source: Kroll analysis.

As the Scheme Consideration falls within the range of values for a Silk Share, **the Scheme is fair.**

The above analysis is based on Kroll's primary valuation approach, being the market approach. Our DCF cross-check results in a value per Silk Share of $1.89 to $2.38, which also overlaps the Scheme Consideration of $2.14 per Silk Share.

3.4 The Scheme is reasonable

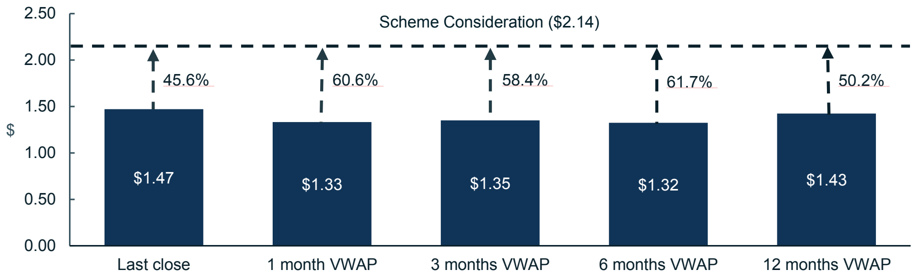
In accordance with RG 111, an offer is reasonable if it is fair. **As we have assessed the Scheme to be fair, it is also reasonable.** However, irrespective of the requirement to conclude the Scheme is reasonable, we have also considered a range of other factors that are relevant to an assessment of the reasonableness of the Scheme.

3.4.1 The Scheme Consideration represents a significant premium to the undisturbed trading prices of Silk Shares

The Scheme Consideration of $2.14 in cash per Silk Share represents a significant premium to Silk's closing share price and VWAP calculated over a range of periods up until 8 November 2024, the last close prior to the announcement of the Scheme.

The following chart presents the premium of the Scheme Consideration relative to the Silk share price trading benchmarks.

Premium of Scheme Consideration over the Silk Share Price



Source: IRESS; Kroll analysis.
Note 1: The premiums illustrated above have been calculated based on Silk's closing share price and VWAP up until close on 8 November 2024, the last trading day prior to the announcement of the Scheme.

The Scheme Consideration represents significant premiums over recent Silk share prices and above the range of premiums typically observed. We note that:

- observations from transaction evidence indicates that control premiums are broadly in the range of 25% to 40% for completed transactions depending on the individual circumstances.[18] However, in transactions where it was estimated the combined entity would be able to achieve significant synergies, the premium was frequently estimated to be in excess of this range. A number of the comparable transactions involving logistics companies that Kroll has observed occurred at a control premium in excess of this range.

  Control Premiums

Announcement Date	Target (Country, Percentage acquired) / Acquiror	Premium to Unaffected Share Price
18-Feb-15	Toll (A, 100.0%)/ Japan Post	48.7%
21-Mar-23	US Xpress (US, 100.0%)/ Knight-Swift	352.7%
14-Oct-24	Clasquin (France, 57.4%)/ SAS	59.9%
28-Mar-24	Clasquin (France, 42.1%)/ SAS	59.9%

  Source: S&P Capital IQ, Mergermarket, Company financial statements, ASIC company filings; Kroll analysis.

  Furthermore, while Factset does not include a specific logistics industry classification, average premiums for the transport industry for 2018 to 2022 were in the range of 45.9% to 52.8%.

  The control premium implied by the Scheme Consideration sits above the range of premiums that are typically observed (25% to 40%) but is consistent with other transactions in the logistics industry where unique synergies were expected to be achieved and consistent with and above the Factset data for transactions in the transport industry;

- DP World Australia is a natural acquirer of Silk given the complementary infrastructure and strategic alignment. In addition to the synergies available to a range of trade buyers that are reflected in Kroll's valuation of Silk, including savings from corporate overheads and other operational synergies and listed public company costs, DP World Australia may be able achieve certain synergies not generally available to many other purchasers from combining Silk's network of warehousing and landside logistics capabilities with DP World Australia's infrastructure to deliver value-added services across a broader customer base; and

- Silk shares have not traded above $2.14 since 5 July 2023.

[18] Source: 2023 Mergerstat Review. Range represents median premium from 2013 to 2022. Premiums are calculated based on the seller's closing price five business days before the initial announcement. The calculations exclude negative premiums and premiums over 250%.

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3.4.2 Certainty of value

The Transaction offers Silk Shareholders an opportunity to exit their investment in Silk at a price that is certain and which, as noted above, incorporates a significant premium to Silk's undisturbed trading prices over the previous 12 months. Whilst trading of Silk Shares is sufficient to give Silk Shareholders confidence that they would be able to exit their investment at a time of their choosing, there is no certainty as to the price at which Silk Shareholders would realise their investment at that time, particularly given the current challenges in Silk's operating environment including risk associated with deterioration in economic conditions and trade volumes, supply chain disruptions, warehouse occupancy and financing risk as discussed in Section 3.4.3 of this report and Section 7 of the Scheme Booklet.

We note also that in order to grow its business in accordance with its strategic plans Silk requires access to capital. To the extent that Silk elects to raise equity capital, there is a risk that the price at which that equity capital is able to be raised may dilute existing shareholdings.

Furthermore, any future on-market sale by Silk Shareholders would likely incur brokerage costs, which would be avoided if the Scheme is approved.

3.4.3 By exiting their investment in Silk, whilst Silk Shareholders will not participate in any future growth in the value of Silk they will no longer be exposed to the risks associated with the business

By exiting their investment in Silk, shareholders will not participate in any future growth in the value of Silk. Furthermore, Kroll's valuation of Silk, which overlaps with the Scheme Consideration, already includes potential benefits from organic growth opportunities. On the other hand, shareholders will no longer be exposed to the risks associated with the business as discussed in Section 7 of the Scheme Booklet, including:

- deterioration in economic conditions and the risk of prolonged reduction in freight volumes;
- increased competition in key markets;
- risk associated with access to capital and refinancing Silk's existing debt facilities on favourable terms, some of which expire in late FY25;
- potential failure to hold, maintain or renew contracts with major customers on the same or more favourable terms. Most of Silk's customer volumes are uncommitted;
- potential failure to renew warehouse, plant and equipment leases which are critical to Silk's business and operations; and
- disruption to port operations as a result of events including adverse weather or geopolitical events, labour issues including industrial disputes and occupational health and safety, technical difficulties, disruptions to third-party infrastructure and operations relating to rail and shipping or security breaches.

3.4.4 Silk's share price will likely fall in the absence of the Transaction

The current Silk share price reflects the terms of the Transaction and, therefore, includes a significant control premium. As such, in the absence of the Transaction, a Superior Proposal or speculation concerning a Superior Proposal, the Silk Share price is likely to fall to levels consistent with Silk's undisturbed trading prices, with an allowance for:

- subsequent announcements in relation to company specific initiatives or financial performance which the market may assess as value enhancing or diminishing;
- any industry developments (e.g. concerning broader supply chain disruptions, economic growth and interest rates). In this regard, Kroll is not aware of any significant industry developments since 8 November 2024; and
- the impact of trends in broader equity markets. In this regard, from 8 November 2024 (the last trading day prior to the announcement of the Scheme) until 16 December 2024, the S&P/ASX 200 Index (**ASX 200 Index**) has decreased by 0.6%.

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3.4.5 Likelihood of a Superior Proposal

Since the announcement of the Scheme on 11 November 2024, no alternative bidder has emerged. Whilst there will continue to be an opportunity for a Superior Proposal, we consider the likelihood of a Superior Proposal to be impacted by the following:

- the Scheme Consideration represents a significant premium to Silk's undisturbed trading prices over the last 12 months, which ranges from 45.6% to 61.7%, likely reflecting that DP World Australia has placed significant strategic value on Silk and expects to generate substantial synergies. This is likely to limit the range of potential acquirers, given the need for a competing bid to exceed this offer price;
- shareholders who collectively held or controlled approximately 46% of Silk's ordinary shares outstanding as at 11 November 2024, including entities associated with Silk Executive Director Brendan Boyd and Silk CEO John Sood, have confirmed their intention to vote in favour of the Scheme. An alternative bidder would need the support of these shareholders. In the event that a Superior Proposal emerges, DP World Australia has a matching right. Should DP World Australia choose not to match a Superior Proposal, these shareholders would have the right to vote against the Scheme;
- it is open for Silk Shareholders to vote against the Scheme in the hope that the Silk Directors will be able to extract a higher offer from DP World Australia. However, the Transaction is a consequence of a period of due diligence and negotiations between the Silk Directors and DP World Australia with the Directors supporting the Transaction in its current form (in the absence of a Superior Proposal). It is therefore unlikely that Silk would be able to obtain a higher offer from DP World Australia; and
- in certain circumstances, Silk may be required to pay a break fee to DP World Australia. Although these provisions may be influential, we do not consider that they would prevent a Superior Proposal being made.

3.4.6 Other considerations

In forming our opinion, we have also considered a number of other factors. Whilst we do not necessarily consider these factors to impact our assessment of the reasonableness of the Scheme, we have addressed them as follows.

One-off transaction costs

If the Scheme is implemented, DP World Australia will bear all fees and costs incurred by Silk in connection with the Transaction. If the Scheme is not implemented, Silk expects that external transaction costs will be approximately $1.3 million (excluding GST), being costs that have already been incurred or will be incurred even if the Scheme is not implemented.

The Scheme is subject to the satisfaction of a number of conditions

There are a number of conditions which, if not satisfied, will result in the Scheme not being implemented including regulatory approvals from the FIRB, ASIC and ASX. If any conditions precedent prevent the Scheme from being implemented, Silk Shareholders will continue to hold their existing Silk Shares.

Taxation implications for Silk Shareholders

A general summary of the Australian income tax, GST and Stamp Duty consequences of the Scheme (if it becomes Effective) and the Further Dividend (if paid) for Silk Shareholders are outlined in Section 8 of the Scheme Booklet.

Section 8.2 of the Scheme Booklet considers the Australian resident taxation implications of the Scheme. In particular, this section indicates that the disposal of Silk Shares to DP World Australia will trigger a capital gains tax event for Australian tax purposes which may result in a capital gain or capital loss for the Silk Shareholder.

Sections 8.2.3 to 8.2.5 of the Scheme Booklet consider the cost base, capital proceeds, applicable capital gains tax discount and implications for Australian Silk Shareholders. The capital proceeds received in respect of the disposal of each Silk Share should be the amount of the Scheme Consideration, excluding the Further Dividend (if paid), subject to ATO confirmation.

Section 8.2.6 of the Scheme Booklet considers the taxation consequences of the Further Dividend. If the Silk Directors determine to pay any Further Dividend, and subject to certain requirements, Silk Shareholders who are Australian tax residents and who receive the Further Dividend will be required to include the amount of the attached franking credits in their assessable income, and entitled to a tax offset equal to amount of the franking credits attached to the Further Dividend. As the Further Dividend is taken into account in

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determining the amount of the Scheme Consideration, the 'related payments' rule will apply to Silk Shareholders.

Section 8.3 of the Scheme Booklet considers the tax implications for Silk Shareholders that are non-residents of Australia.

In accordance with Sections 8.4 and 8.5 of the Scheme Booklet, Silk Shareholders should not be liable to GST or stamp duty, however each Silk Shareholder should seek independent advice in relation to their individual circumstances.

We note that Silk Shareholders should consider their individual taxation circumstances and review Section 8 of the Scheme Booklet for further information where it applies to their circumstances. Silk Shareholders should obtain their own independent professional advice on the tax consequences of disposing of their Silk Shares under the Scheme.

3.4.7 Consequences if the Scheme does not proceed

In the event that the Scheme is not approved or any conditions precedent prevent the Scheme from being implemented:

- Silk will continue as an ASX-listed entity with management continuing to implement Silk's business plan and financial and operating strategies;
- Silk Shareholders will continue to be exposed to the risks and opportunities associated with an investment in Silk;
- the Silk Share price will likely fall. The current price of Silk Shares reflects the terms of the Transaction (including the benefit of the Scheme Consideration offered by DP World Australia) and includes a control premium. As such, in the absence of the Transaction, a Superior Proposal or speculation concerning a Superior Proposal, the Silk Share price is likely to fall (refer to Section 3.4.4 of this report);
- Silk will have a number of debt facilities that will require refinancing in late FY25;
- Silk will incur an estimated $1.3 million (excluding GST) of one-off transaction costs in relation to the Transaction; and
- a reimbursement fee of $1,745,119 (excluding GST) may be payable by Silk to DP World Australia in certain circumstances.

4 Other matters

Our report has also been prepared in accordance with the relevant provisions of Corporations Act and other applicable Australian regulatory requirements and has been prepared solely for the purpose of assisting Silk Shareholders in considering the Scheme. We do not assume any responsibility or liability to any other party as a result of reliance on this report for any other purpose.

This report constitutes general financial product advice and has been prepared without taking into consideration the individual circumstances of Silk Shareholders. This advice, therefore, does not consider the financial situation, objectives or needs of individual Silk Shareholders.

The decision of Silk Shareholders as to whether or not to approve the Scheme is a matter for individual shareholders who should, therefore, consider the appropriateness of our opinion to their specific circumstances. As an individual's decision to vote for or against the proposed resolutions may be influenced by their particular circumstances, we recommend that individual Silk Shareholders, including residents of foreign jurisdictions, seek their own independent professional advice.

Our opinion is based solely on information available as at the date of this report. This information, and our limitations and reliance on information section, are set out in Appendix 2. We have not undertaken to update our report for events or circumstances arising after the date of this report other than those of a material nature which would impact upon our opinion.

References to financial years have been abbreviated to 'FY' and references to half years have been abbreviated to 'HY'. For Silk, the financial year is the 12 months to 30 June and half years are the six months to 31 December. All currencies are Australian dollars unless otherwise specified.

Kroll has prepared a Financial Services Guide as required by the Corporations Act. The Financial Services Guide is included at the end of this report.

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The above opinion should be considered in conjunction with, and not independently of, the information set out in the remainder of this report, including the appendices.

Yours faithfully

Ian Jedlin
Authorised Representative

Celeste Oakley
Authorised Representative

Independent Expert's Report
and
Financial Services Guide
in relation to the proposed acquisition of Silk Logistics Holdings Limited
by DP World Australia Limited

Annexure A: Independent Expert's Report

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5 The Scheme

5.1 Overview

On 11 November 2024, Silk announced it had entered into a Scheme Implementation Deed with DP World Holding and DP World Australia under which DP World Australia would acquire 100% of the issued share capital of Silk by way of the Scheme.

Under the Scheme, Scheme Shareholders will receive the Scheme Consideration of $2.14 in cash for each Silk Share held at the Scheme Record Date, less any Further Dividend that is declared or paid before the Implementation Date.[19] As at the 16 December 2024, the Silk Board does not presently intend to declare or pay a Further Dividend. An announcement will be made through ASX at least 10 days prior to the Scheme Meeting if this position changes.

The Scheme is subject to a number of conditions which are summarised in Section 5.2 of this report.

If the Scheme is implemented, Silk will apply for the termination of the official quotation of Silk Shares on the ASX and for Silk to be removed from the official list of the ASX, each to occur on a date after the Implementation Date.

The Silk Directors unanimously recommend that Silk Shareholders vote in favour of the Scheme Resolution, in the absence of a Superior Proposal and subject to an Independent Expert continuing to conclude that the Scheme is in the best interests of Silk Shareholders. The following shareholders, who collectively hold or control approximately 46% of Silk's ordinary shares, have confirmed their intention to vote in favour of the scheme, in the absence of a Superior Proposal and subject to an independent expert concluding (and continuing to conclude) that the Scheme is in the best interests of Silk Shareholders:

- Tor Asia Credit Master Fund LP (18.707%);
- Karma Beverages Pty Ltd (13.185%) and JAS Logistics Consulting (0.307%) – entities associated with John Sood; and
- BBJJ Investments Pty Ltd (13.309%) – an entity associated with Brendan Boyd.

5.2 Conditions precedent

Implementation of the Scheme is subject to customary conditions precedent as set out in Clause 3.1 of the Scheme Implementation Deed, including:

- approval of the Scheme Resolution by Silk Shareholders at the Scheme Meeting by the requisite majorities;
- approval of the Supreme Court of New South Wales;
- FIRB approval;
- receipt of customary consents and waivers from ASIC and ASX;
- the independent expert concluding that the Scheme is in the best interests of Silk Shareholders (and not changing or withdrawing that conclusion prior to the Second Court Date[20]);
- no prescribed occurrence, regulated event or material adverse change; and
- no order, injunction, decision or decree issued by any court or other Government Agency, or other material legal restraint or prohibition, that would prevent, make illegal or prohibit implementation of the Scheme.

As at the date of the Scheme Booklet, all of the Conditions Precedent remain outstanding, however the Silk Directors are not aware of any reason why any condition to the Scheme will not be satisfied on or before the End Date.

The Scheme Implementation Deed contains customary exclusivity provisions, including 'no shop', 'no talk' and 'no due diligence', notification obligation and a matching right. A reimbursement fee of $1,745,119 will be payable by Silk to DP World Australia in certain circumstances.

[19] As defined in the Scheme Booklet.
[20] As defined in the Scheme Booklet.

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5.3 Transaction costs

If the Scheme is implemented, all fees and costs incurred by Silk in connection with the Transaction will ultimately be borne by DP World Australia. If the Scheme is not implemented, Silk expects that external transaction costs will be approximately $1.3 million (excluding GST).

6 Scope of the report

6.1 Purpose

The Transaction is to be implemented by way of a scheme of arrangement under Section 411 of the Corporations Act and requires approval of Silk Shareholders. Section 412(1) of the Corporations Act requires, among other requirements, that an explanatory statement issued by a company in relation to a proposed scheme of arrangement includes information that is material to the making of a decision by a member as to whether or not to approve the scheme.

Even where an independent expert's report is not strictly required by the law or ASIC policy, it is not uncommon for directors of a company to commission one to ensure they are providing the information that is material to the making of a decision by a member. It is a condition to the Scheme becoming effective that an Independent Expert concludes, and continues to conclude, that the Scheme is in the best interests of Silk Shareholders.

6.2 Basis of assessment

We have referred to guidance provided by ASIC in its Regulatory Guides in particular, RG 111, which outlines the principles and matters which it expects a person preparing an independent expert's report to consider when providing an opinion on whether a scheme of arrangement is in the best interests of shareholders.

RG 111 distinguishes between the analysis required for control transactions and other transactions. RG 111.18 states that where a scheme of arrangement is used as an alternative to a takeover bid, the form of analysis undertaken by the expert should be substantially the same as for a takeover bid. That form of analysis considers whether the transaction is 'fair and reasonable' and, as such, incorporates issues as to value. In relation to control transactions. RG 111.10-12 states:

- 'fair and reasonable' is not regarded as a compound phrase;
- an offer is 'fair' if the value of the offer price or consideration is equal to or greater than the value of the securities subject to the offer;
- the comparison should be made assuming 100% ownership of the 'target' and irrespective of whether the consideration is scrip or cash;
- the expert should not consider the percentage holding of the bidder or its associates in the target when making this comparison; and
- an offer is 'reasonable' if it is 'fair'. An offer might be 'reasonable' if, despite being 'not fair', the expert believes that there are sufficient reasons for shareholders to accept the offer in the absence of any higher bid before the close of the offer.

RG 111.13 sets out the factors an expert might consider in assessing whether an offer is reasonable:

- the bidder's pre-existing voting power in securities in the target;
- other significant shareholding blocks in the target;
- the liquidity of the market in the target's securities;
- taxation losses, cash flow or other benefits through achieving 100% ownership of the target;
- any special value of the target to the bidder, such as particular technology, etc;
- the likely market price if the offer is unsuccessful; and
- the value to an alternative bidder and likelihood of an alternative offer being made.

RG 111.20 states that if an expert would conclude that a proposal was 'fair and reasonable' if it was in the form of a takeover bid, it will also be able to conclude that the scheme is 'in the best interests' of the members of the company.

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RG 111.21 states that if an expert would conclude that a proposal was 'not fair but reasonable' if it was in the form of a takeover bid, it is still open to the expert to also conclude that the scheme is 'in the best interests' of the members of the company.

RG 111.11 provides that an offer is fair if the value of the consideration is equal to or greater than the value of the securities subject to the offer. This comparison can be made assuming 100% ownership of the target and irrespective of whether the consideration is scrip or cash and without regard to the percentage holding of DP World Australia or its associates in the target entity. That is, RG 111.11 requires the value of the target to be assessed as if the bidder was acquiring 100% of the issued equity in the target (i.e. on a controlling interest basis). In addition, any special value of the target to a particular bidder (e.g. synergies that are not available to other bidders) should not be taken into account under the comparison.

Accordingly, when assessing the full underlying value of Silk, we have considered those synergies and benefits which would be available to more than one potential purchaser (or a pool of potential purchasers) of Silk. As such, we have not included the value of special benefits that may be unique to DP World Australia.

7 The Australian logistics services industry

The following section provides an overview of the Australian logistics services industry.

7.1 Logistics in Australia

7.1.1 Overview

Logistics involves the planning, implementation and control of the efficient and effective forward and reverse flow and storage of goods, services and related information between the point of origin and the point of consumption.[21] It is a key element of the supply chain.

Logistics is also critical to the productivity and overall well-being of the Australian economy. As an island nation, one which is highly dispersed in terms of the locations of its major capital cities, Australia is relatively geographically isolated. The efficient movement of goods and information is central to the nation's ability to compete in international markets, and to compete with imports to the domestic market.[21]The performance of the logistics industry impacts the cost and revenue structures of producers, their competitiveness in relation to reach, delivery times and product quality,[22] and also impacts consumers, by way of choice and prices. It is estimated that a 1 per cent improvement in the efficiency of the industry generates $2 billion of gains to the economy each year.[21]

7.1.2 Industry structure

The Australian logistics services industry, as relevant to Silk, broadly comprises the following key services:

- port logistics;
- warehousing; and
- distribution.

Port logistics involves the transportation of containerised and bulk freight to and from ports. Containerised freight is transported between ports and inland locations such as warehouses, distribution centres and factories, where it is packed or unpacked.[23] In Australia, this is primarily handled via trucks, with a much smaller share handled by rail.[24] On the other hand, the transportation of bulk freight, a service which has traditionally provided higher margins to operators, involves the movement of commodities between the source or production facility and the port. Bulk freight is typically not individually packaged or containerised.[25] Port logistics operators also conduct various other ancillary services such as fumigation, quarantine inspections and customs related activities.

Warehousing involves the management of facilities where goods are temporarily stored. These facilities may be located within the port, outside port areas or at factories. Warehouses are used for services such as packing and unpacking, receiving road loads (full truckload (**FTL**) and less-than-truckload (**LTL**)), storage, other value adding services and load consolidation prior to onward movement. Providers of

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[21] Australian Logistics Council. The Economic Significance of the Australian Logistics Industry, 2014.
[22] Bureau of Transport Economics. Logistics in Australia, *A preliminary analysis,* 2001.
[23] Silk Prospectus, 2021.
[24] Australian Competition and Consumer Commission (ACCC). Container stevedoring monitoring report. 2022-23.
[25] Hutchinson. Exploring Bulk Transportation: What is Bulk Transport and How Does it Work? 5 March 2024.

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warehouse services may own the facility, or provide management services in a facility owned by a third party.[26]

Distribution involves the final transportation of goods, predominately by road, from warehouses to delivery points such as retail premises, factories and households. This is often referred to as 'last-mile' delivery and utilises transport such as vans and trucks carrying goods generally in pallet form.[27]

These key services can either be performed 'in-house' or, alternatively, outsourced to specialist logistics service providers (**LSPs**) such as:[28]

- second party logistics (**2PL**) providers, which are the actual carriers (i.e. freight forwarder) and are responsible for the method of transportation;
- 3PL providers, which typically offer integrated fulfilment, warehousing and transportation services; and
- fourth-party logistics (**4PL**) providers, which manage all aspects of the supply chain, going beyond physical logistics including elements of IT, procurement and finance.

7.2 Key drivers and trends

7.2.1 Primary growth drivers

The primary growth drivers of the key logistics services (as outlined in Section 7.1.2 of this report) are as follows:[29]

- port logistics: increasing volume of containerised freight handled through Australian ports;
- warehousing: overall economic growth and increasing trend to outsource warehouse operations;
- distribution: overall economic growth, increasing trend to outsource distribution services and eCommerce growth.

The following section provides an overview of these key drivers as well as an analysis of other trends impacting the Australian logistics services industry.

Gross Domestic Product (GDP) and trade growth

Growth in Australian trade volumes, and consequently, demand for logistics services, is closely tied to economic indicators such as GDP. GDP drives trade volumes in both directions, firstly via the export of local Australian products and commodities, and also indirectly via higher Australian income, which drives demand for imported goods.

In 2023-24, the Australian economy grew by 1.5%, representing the weakest annual growth (excluding the COVID-19 pandemic) since 1991-92. The weak growth reflected subdued household demand due to reduced discretionary spending.[30]

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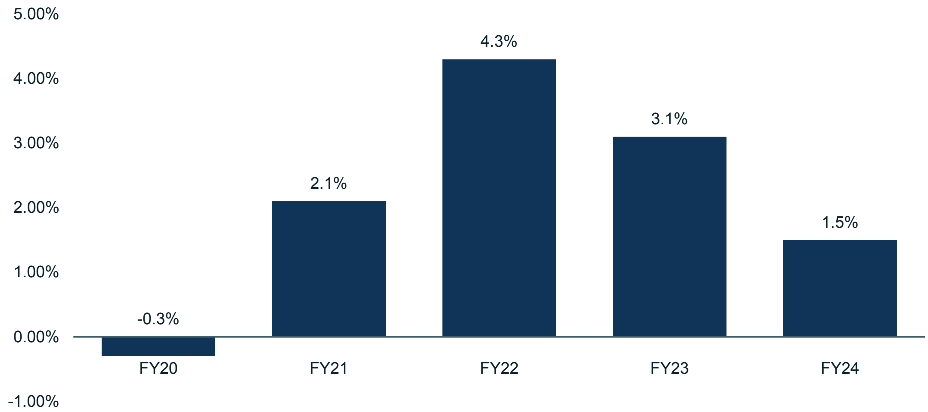
[26] Silk Prospectus, 2021.
[27] Silk Prospectus, 2021.
[28] DCL. Comparing Logistics Providers. The Main Differences Between a 1PL, 2PL, 3PL, 4PL and 5PL.
[29] Silk Prospectus, 2021.
[30] Australian Bureau of Statistics. Australian National Accounts: National Income, Expenditure and Product.

Australia's annual GDP growth since FY20 is depicted as follows.

Australia Annual GDP Growth, FY20 to FY24 (%)

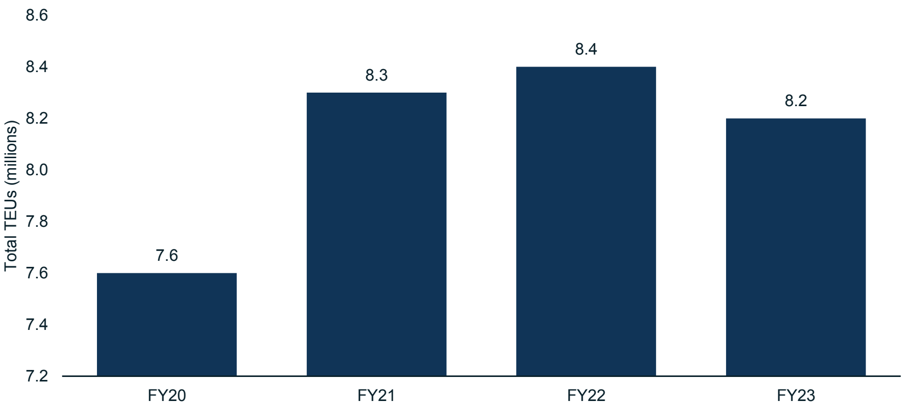


Source: Australian Bureau of Statistics.

Containerised freight volumes

Since FY02, the volume of containers passing through Australia's five major international container ports[31] has increased by an average of 4.7% each year.[32] This trend, however, has evidenced some volatility in recent times, largely due to global supply chain disruptions and broader economic conditions, as evidenced in the following chart.

Total annual twenty-foot equivalent (TEU) throughput of Australia's five major international container ports, FY20-FY23



Source: Various ACCC stevedoring monitoring reports.
Note 1: ACCC FY24 data is not yet available.

Following the onset of the COVID-19 pandemic, TEU container volumes contracted by 4.0% in FY20, representing the largest decrease observed over the preceding ten year period.[33] Signification congestion and delays caused by persistently low schedule reliability, increase in the size of ships visiting Australian container ports and labour shortages,[34] underpinned supply chain disruption in FY21 and FY22.

[31] Includes ports of Adelaide, Brisbane, Fremantle, Melbourne and Sydney.
[32] ACCC Container stevedoring monitoring report, 2022-23.
[33] ACCC Container stevedoring monitoring report, 2019-20.
[34] ACCC Container stevedoring monitoring report, 2021-22.

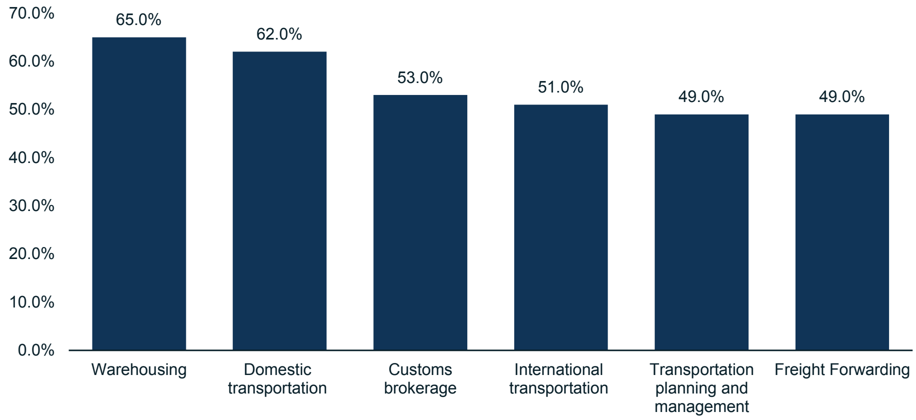
Notwithstanding this, annual TEU volumes recovered by approximately 9.2% to 8.3 million in FY21 and 1.2% to 8.4 million in FY22 (3.3% higher than pre-pandemic levels in FY19).[35] In FY23, however, the number of TEU's passing through the five ports fell by approximately 2.4%. This likely reflected:[36]

- softer domestic economic conditions, whereby high inflation and lower consumer confidence led to weaker demand for imports and lower container volumes; and
- reports that businesses had increasingly used up inventory that had been accumulated during the COVID-19 pandemic and as such, did not need to import as much.

Outsourcing of logistics services

A recent global study indicated that whilst the average total logistics expenditure[37] directed towards outsourcing had declined since 2020 (noting that, this was likely due to a decrease in volumes and may not be representative of a true decline[38]), demand for outsourced logistics services continued to trend upwards in 2024. The most commonly outsourced activities were warehousing, domestic transportation, customer brokerage, international transportation, transportation planning and management and freight forwarding.[39,40] This has been depicted as follows.

Most Outsourced Logistics Services 2024 (Global) (%)



Source: NTT Data. Third-Party Logistics Study, 2024.

The growing trend for organisations to outsource their logistics services to LSPs has been partially driven by the increasing complexity of supply chains, which stems from a number of factors including:[41]

- increased use of digital technology;
- increased outsourcing by manufacturing companies, leading to greater dispersion in production processes, which drives a need for increased transport both domestically and internationally;
- growth in e-commerce;
- increased domestic and international regulation (refer to Section 7.4 of this report); and
- increased use of 'just-in-time' inventory management approaches, which drives emphasis on fast and highly reliable logistics services.

In addition to the above, outsourcing logistics services also allows organisations to reduce costs, improve supply chain efficiencies and focus on their core competencies.

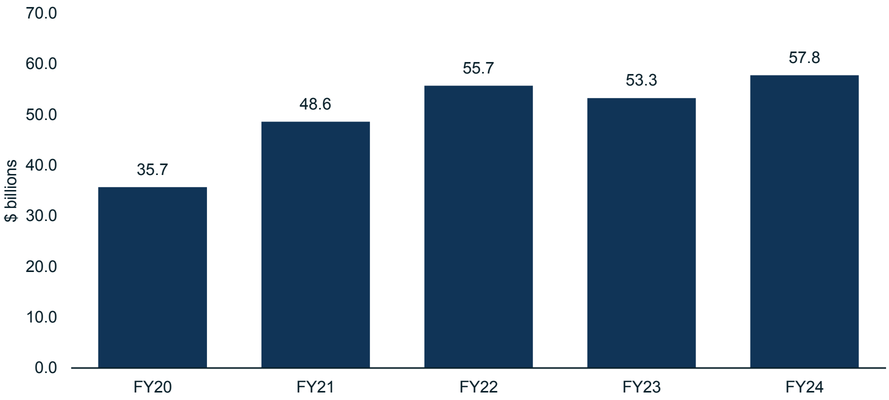
[35] ACCC Container stevedoring monitoring report, 2021-22.
[36] ACCC Container stevedoring monitoring report, 2022-23.
[37] Total logistics expenditure per NTT Data's Third Party Logistics Study includes transportation, distribution, warehousing and value-added services.
[38] NTT Data. Third Party Logistics Study, 2023.
[39] NTT Data. Third Party Logistics Study, 2024.
[40] NTT Data. Third Party Logistics Study, 2023.
[41] Silk Prospectus, 2021.

Rise of eCommerce

A key growth driver for the Australian logistics industry has been the rise of eCommerce, a trend which was accelerated during the COVID-19 pandemic. The increase in online retail activity has led to an uplift in parcel volumes, resulting in stronger demand for efficient, scalable logistics solutions and particularly, distribution services such as courier delivery and pick-up services.

As illustrated in the following chart, online retail expenditure in Australia has evidenced an overall upward trend over the last five years (increasing by a CAGR of 12.8%), albeit with a decline in activity in FY23, as Australian consumers adapted to rising interest rates, inflation and cost of living pressures.

Online Retail Expenditure in Australia, FY20 to FY24 ($ billions)



Source: NAB Online Retail Sales Index.

7.2.2 Industry trends

In addition to the primary growth drivers discussed in Section 7.2.1 of this report, there are a number of trends currently influencing the demand for Australian logistics services and, more broadly, the performance of the industry. The following is a summary of these key trends.

Supply chain disruption

Since 2020, a number of major global events have caused significant disruption to supply chains and consequently, the Australian logistics services industry. These include the COVID-19 pandemic, the ongoing Russia-Ukraine conflict and more recently, political events in the Red Sea (**Red Sea Crisis**) (and associated shipping disruptions in the Suez Canal) as well as the prolonged drought in Panama (which has led to a significant decline in shipping activity through the Panama Canal). The impact of these events have been far reaching, broadly resulting in rising fuel prices, labour shortages, lower international trade volumes, increased shipping costs, significant congestion, delays and reduced vessel schedule reliability.

Infrastructure investment

The Australian government is committed to a 10-year, over $120 billion infrastructure investment pipeline, ensuring a rolling program of sustainable land transport infrastructure projects.[42] Investment in ports (such as the expansion of the ports of Brisbane and Melbourne) and intermodal infrastructures are also expected.

Globalisation

The globalisation of supply chain is a trend supporting demand for reliable, transparent and efficient logistics services.[43] Australia has linkages with global supply chains via:

- 18 Free Trade Agreements (**FTAs**) with over 20 countries, which are currently in place;[44]

[42] Department of Infrastructure, Transport, Regional Development, Communications and the Arts.
[43] Silk Prospectus, 2021.
[44] Australian Trade and Investment Commission.

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- the Regional Comprehensive Economic Partnership Agreement (**RCEP**), which accounts for approximately 30% of the world's GDP[45]; and
- continued technology enhancements driving greater cross-border accessibility.

Increased digitisation and technology adoption

The increasing digitisation of supply chains has been an important source of demand for logistics services in recent years as customers seek greater efficiency, transparency and also navigate complexities.

There has also been an increase in investment in warehouse automation, as LSPs look to address a combination of increasing demand for value-added services, labour shortages, reduce costs, expand capacity and improve the overall service offering.

7.3 Competition

7.3.1 Key industry participants

Participants in the Australian logistics services industry comprise both multinational LSPs and domestic based LSPs. It is noted that some participants offer an integrated logistics solution, whilst others specialise in a particular service line.

As such, we have broadly categorised the key participants of the Australia logistics services industry into the following three segments:[46]

- port logistics market participants include segments of major 3PLs such as Mainfreight and Qube Logistics, port logistics specialists such as ACFS and smaller players with operations in individual ports such as JJ Lawson and SE Queensland Hauliers;
- warehousing market participants include multinational 3PLs, namely DHL, Kuehne + Nagel and DB Schenker, domestic 3PLs such as Toll Group, Linfox, Qube Logistics, CTI Logistics, Mainfreight and other industry specialists; and
- distribution market participants primarily comprise major 3PLs such as Toll Group, Linfox, K&S Corporation and CTI Logistics. However, smaller LSPs are also active.

In addition, major port operators such as Flinders Port also generate earnings via logistics, warehousing and distribution services.

7.3.2 Sources of competitive advantage

The Australian logistics services industry is highly fragmented, with participants competing across a range of parameters including price, location, technology, sustainability, scale and efficiency.

Scale, however, is the primary source of competitive advantage. Typical benefits available to larger LSPs include the ability to:

- offer a more integrated port-to-door service, which in turn, provides various efficiency and cost benefits;
- broaden their service offering in terms of:
  - types of goods (i.e. bulk and containerised goods);
  - types of services (i.e. specialised services such as cold storage facilities);
  - modes of transport (i.e. both road and rail services);
  - geographic coverage (i.e. expanding their national network by acquiring or leasing more operational facilities and increasing the size of the fleet);
- invest in sophisticated technology solutions such as robotics, automation and digital tracking systems which are designed to improve the transparency and efficiency of their service;
- absorb increasing regulatory requirements and associated costs; and
- negotiate contract terms with customers.

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[45] Baker McKenzie. Understanding the Regional Comprehensive Economic Partnership Agreement.
[46] Silk Prospectus, 2021.

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Consequently, this has resulted in increasing consolidation within the industry, a trend which is expected to continue.

7.3.3 Barriers to entry

There are a number of barriers to entry for potential industry participants. These include:

- **start-up costs:** the cost of establishing a logistics business can be significant and generally requires substantial capital investment in infrastructure, technology, vehicles and labour;
- **operational costs:** many industry participants operate on low margins largely due to the significant operational costs including, but not limited to, labour, capital expenditure (**capex**), fuel, maintenance, equipment, insurance and regulatory costs;
- **competition:** as previously discussed in Section 7.3.2 of this report, the industry is highly fragmented with larger players generally having a competitive advantage;
- **legal:** as discussed in Section 7.4 of this report, the industry is subject to various regulations and compliance standards, which can be timely and costly for participants; and
- **differentiation:** the adoption of sophisticated technology solutions is becoming increasingly important to remain competitive. Investment in, and maintenance of, these systems can be complex and expensive.

7.4 Regulatory environment

The Australia logistics services industry is subject to various regulatory and compliance requirements which cover a range of areas such as workplace health and safety (**WHS**), record keeping, environmental impact, customs, employment, vehicle maintenance, driver safety and supply chain security.[47]

Two key regulations include:

- **Heavy Vehicle National Law (HVNL):** regulates the use of heavy vehicles that have a gross vehicle mass of more than 4.5 tonnes and applies nationally except for Western Australia and the Northern Territory.[48] The HVNL includes provisions for fatigue management, vehicle standards, mass, dimension and loading requirements and registration. It also manages the impact of heavy vehicles on the environment via emission control requirements; and
- **WHS**: State and territory laws place a duty of care on employers to provide and maintain a work environment that is without risk to health and safety and to monitor the health of workers and the conditions of the workplace for the purpose of preventing illness or injury.[49]

In addition, LSPs are also required to adhere to Australian Road Rules, Competition and Consumer Act 2010, Australian Privacy Act 1988 and Australia Dangerous Goods Code (**ADG Code**), amongst others.

These laws and compliance requirements are governed by a number of regulatory bodies including the Australian Federal Government, Department of Infrastructure, Transport, Regional Development, Communications and the ARTS (**DITRDCA**), the National Heavy Vehicle Regulator (**NVHR**) and state based authorities such as VicRoads and Transport For NSW.

7.5 Outlook

Ongoing shipping disruption in two of the world's most vital maritime chokepoints, the Suez Canal and Panama Canal, alongside challenging macroeconomic conditions, continues to negatively impact global supply chains and international trade. This, in turn, is expected to weigh on the short term outlook of the Australian logistics services industry. In the long term, however, the outlook of the industry is expected to improve, with demand for logistics services supported by key growth drivers, such as those outlined in Section 7.2.1 and 7.2.2 of this report.

Key Risks

The following is a summary of the key risks that apply to the outlook of the Australian logistics industry.

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[47] Law Compliance. Sectors: Transport and Logistics.
[48] National Transport Commission.
[49] Silk Prospectus, 2021.

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- **economic and geopolitical and risk:** there are potential risks which may arise in the event of a deterioration in economic conditions in Australia or its key trading partners, as well as the emergence or continuation of geopolitical tensions (such as the Red Sea Crisis);
- **lease renewal risk:** many LSPs lease their warehouses, equipment and vehicles. Failure to renew these leases, may have adverse operational impacts;
- **disruption to port operations:** operational disruption at ports, which are responsible for approximately 99% of Australia's international trade by volume,[50] can have a material effect on supply chains and the industry;
- **employee risk:** the Australian logistics services industry is labour intensive and highly unionised. This presents substantial risk in the case of labour shortages, or, if industrial disputes occur;
- **customer risk:** there are customer risks which arise from long-term contracts typically agreed to with warehouse customers. Since the industry is highly fragmented (as previously discussed in Section 7.3.2 of this report), if contracts are not renewed, LSPs may face a loss of a material customer group;
- **competition risk**: there are significant competition risks, particularly for smaller LSPs, given the ongoing trend of consolidation within the industry and advantages available to larger players;
- **IT related risks:** the increasing usage of IT presents a number of operational, cyber-security and privacy related risks; and
- **government, legal and regulatory**: the industry is subject to an increasing number of regulatory and compliance requirements. The increasing propensity of regulatory bodies to enforce these requirements may impose additional costs on LSPs. There is also risk inherent with government intervention in export and import markets, sanction controls and tariff policies.

8 Profile of Silk

8.1 Background

Silk began over a century ago in Victoria, Australia, with the establishment of two businesses: Hoffman Transport and Kagan Logistics. In 2008, these entities merged to form Silk Logistics Group, before being acquired in 2014 by management shareholders, Brendan Boyd (Co-Founder and Managing Director) and John Sood (Co-Founder and Chief Customer Officer), and private investment partners (the **Management Buyout** or **MBO**). Since the Management Buyout, the Company has been largely committed to a three-stage strategic plan which prioritised customer satisfaction, growth and a robust M&A strategy to leverage the existing platform, while simultaneously expanding capabilities, scale and geographical presence.

Silk listed on the ASX on 9 July 2021 following an initial public offering (**IPO**). Since listing, the Company has executed several strategic initiatives, including the acquisitions of:

- 101Warehousing Pty Ltd (**101W**) in February 2022 for $11.6 million,[51] which extended Silk's business-to-business (**B2B**) model into the realm of e-commerce fulfilment;
- Fremantle Freight & Storage Pty Ltd (**FFS**) in September 2022 for $27.1 million,[52] which reinforced its port logistics capabilities in Western Australia; and
- Secon in September 2023 for $49.7 million,[53] which broadened the Company's capabilities in port logistics, specifically with the complimentary addition of a bulk logistics offering.

These acquisitions align with Silk's current strategic roadmap (refer to Section 8.2 of this report).

8.2 Strategy

Silk's ambition is to grow to $1 billion in sustainable revenue by FY30. In order to achieve this target, the Company is currently focused on executing its strategy, which was established during FY22.

Silk's strategy encompasses three growth horizons:

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50 Ports Australia.
51 Including earn out.
52 Including contingent consideration.
53 Including contingent consideration.

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- Horizon 1 (FY23): strengthen the core, drive organic growth and bolt-on acquisitions;
- Horizon 2 (FY25): drive national business and accelerate organic growth; and
- Horizon 3 (FY30): ongoing acceleration of growth.

Horizon 1 was executed between FY22 and FY24 via the acquisitions, and subsequent growth of, 101W, FFS and Secon. During this time, Silk also expanded Secon's bulk logistics services interstate, delivered phase one of the control tower roll-out, opened a new warehouse and port logistics hub in Kenwick, Western Australia and increased operational efficiencies in warehousing.

As it moves into Horizon 2, Silk's focus is to maximise organic growth and execute efficiency initiatives. The Company has identified five key strategic priorities as part of this pursuit. These include:

- market leading customer experience, which entails the implementation of a transformed customer service experience as well as the control tower roll-out for warehousing and distribution;
- extend the integrated service offering, which includes growing the share of the customer wallet, targeted account management and national distribution offering;
- grow value-add services and sectors, through further investment and expansion of bulk, which offers higher margins, and fulfilment offerings;
- expand site network capability and footprint, by driving efficiencies through the consolidation of sites in specific areas and identifying new logistics hubs in the medium to long term; and
- drive operational efficiency, via the implementation and deployment of IT systems (i.e. new transport management (TMS)) and through the design and automation of core processes.

The timing of Horizon 3 by the end of FY27, required additional acquisitions. However, given the current macroeconomic environment and ongoing external challenges, the Company has paused acquisitions and is instead, focused on internal efficiencies. Rephasing acquisitions in the medium term extends Horizon 3 out to FY30 based on historical run rates for organic growth only.

8.3 Operations

8.3.1 Overview

Silk provides integrated port-to-door landside logistics services in Australia. The Company currently operates under five market leading brands (Silk Contract Logistics (**SCL**), 101W, Rocke Brothers, FFS and Secon), offering a comprehensive suite of B2B, business-to-consumer (**B2C**) and e-commerce supply chain solutions. Earnings from these brands are attributable to two primary operating segments:

- **Port Logistics**, which provides wharf cartage and container value-added services; and
- **Contract Logistics**, which offers warehousing, e-commerce fulfilment and distribution services.

Port Logistics is Silk's largest segment by both revenue and earnings, albeit with lower EBITDA margins. In FY24, it contributed approximately 65.6% of revenue and 53.8% of underlying EBITDA (post-AASB[54] 16 Leases).

[54] Australian Accounting Standards Board.

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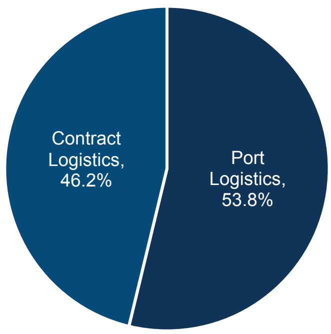
Silk FY24 Revenue by Operating Segment

Silk FY24 Underlying EBITDA by Operating Segment



Source: Silk Annual Reports and Results Presentations; Kroll analysis.
Note 1: Underlying EBITDA is post-AASB 16 Leases.

The following table provides a summary of each of Silk's brands.

Silk's Operating Brands

Brand	Operating Segment	Description
SILK CONTRACT LOGISTICS	Contract Logistics Port Logistics	SCL provides specialist port logistics, warehousing and distribution in all major Australian capital cities.
101 101WAREHOUSING.com.au	Contract logistics	101W provides a range of 3PL warehousing and fulfillment in Victoria.
ROCKE BROTHERS	Port Logistics	Rocke Brothers offers a range of port related services including, but not limited to, container transport, container storage and handling, packing and unpacking of containers and AQIS. Its depots are located in the inner west of Melbourne and Geelong regions.
FFS FREMANTLE FREIGHT & STORAGE	Port Logistics	FFS offers container cartage services, storage and the delivery of less than container load (**LCL**), fumigation, AQIS inspection and cold room storage in Perth.
SECON FREIGHT LOGISTICS	Port Logistics	Secon offers a comprehensive range of services including port logistics, warehouse logistics, distribution logistics and bulk logistics. It operates two depots, both of which are located in Melbourne.

Source: Various company websites.

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8.3.2 Port Logistics

As discussed in Section 8.3.1 of this report, Port Logistics operates under four brands: SLC, Rocke Brothers, FFS and Secon. Revenue is generated from the following services:

- road transport of import and export containers;
- fumigation and quarantine-accredited services;
- pack and unpack of containers;
- Full Container Load (**FCL**) and Less than Container Load (**LCL**) delivery;
- fitting of liners to containers;
- bulk transfer of dry goods; and
- project services.

The level of revenue generated from Port Logistics is driven by container volumes in and out of major Australian ports, international trade and global economics conditions. In FY24, Port Logistics transported 331,910 containers between major Australian ports and various facilities.[55]

8.3.3 Contract Logistics

Operating under the brands of SCL and 101W, Contract Logistics provides customised, technology-enabled warehouse storage, handling and distribution services. Its aim is to optimise the supply chain process and ensure the seamless flow of goods for its customer base.

In relation to warehousing services, revenue is driven by volume and velocity through the warehouse, with customers charged specified rates per container or pallet for receiving, unpacking, palletising, storage, picking, packing, dispatch and other value-add services. These services are charged upon various commercial arrangements including cost plus and activity-based costing arrangements.

Meanwhile, for distribution services, Silk currently collaborates with multiple carrier partners (86 as at 30 June 2024) whilst maintaining overall control and management of the network. Revenue is charged based on specific rate cards depending on the type of vehicle, freight loads and delivery location. In FY24, billed consignments were 69,951, representing a 17.9% decrease on FY23. [56]

8.3.4 Key locations and assets

Silk's operational facilities comprise 21 Port Logistics sites and 25 Contract Logistics sites positioned across all major Australia capital cities and strategically located with access to the country's key container ports. The facilities consist of:

- 25 warehouse sites, including five e-fulfilment warehouses (in Victoria only), eight with the necessary licenses and notifications to compliantly store dangerous goods and 12 food-grade sites. As at 30 June 2024, total warehouse area was 505,499 square metres (**sqm**)[57] (a 19.7% increase from 30 June 2023) and average leased warehouse occupancy was 75.1% (down from 89.0% as at 30 June 2023); and
- multiple container yard facilities in Victoria, New South Wales and Western Australia. As at 30 June 2024, total container hardstand area was 295,725 sqm, a 17.0% decrease from 30 June 2023.

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[55] Silk Annual Report 2024.
[56] Silk FY24 Full Year Results Presentation.
[57] Includes both leased and managed sites.

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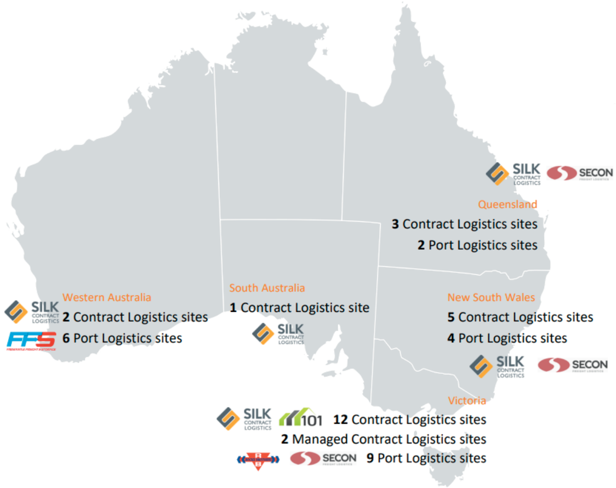
The location of Silk's Port Logistics and Contract Logistics sites are illustrated as follows.

Location of Silk's Port Logistics and Contract Logistics Sites



Source: Silk FY24 Full Year Results Presentation.

Fleet and materials handling equipment (MHE)

Silk maintains an asset-light approach to the ownership of fleet and MHE. It rents or leases much of its general-purpose fleet from major equipment suppliers, including its prime movers, warehouse forklifts and trailers. Leases include cyclical periods to ensure Silk operates on an optimal mix of modern and efficient fleet of assets. Conversely, where specialist equipment is required such as side loaders, or equipment is operated on or near a 100% utilisation basis, Silk will acquire the assets.

Property

Silk's warehouse facilities are leased, with racking and other fit-out primarily owned by the landlord.

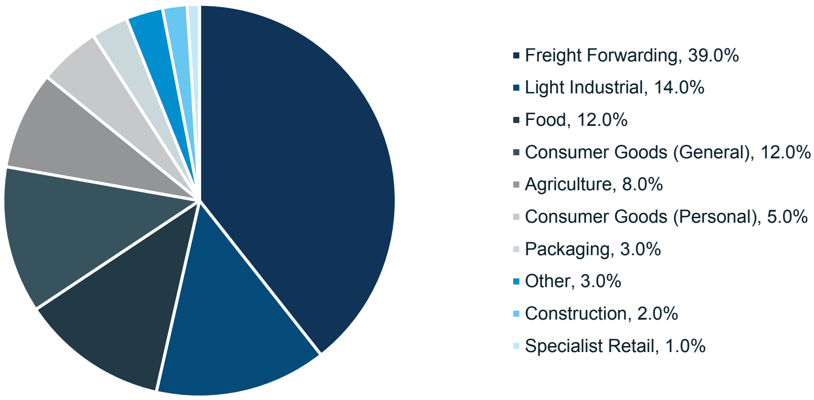
8.3.5 Customers

In FY24, Silk serviced 635 trading customers across a diverse range of market categories, representing an 11.6% increase year-on-year.[58] Silk's customers are predominately fast-moving consumer goods (**FMCG**) and light industrial customers, with food and agriculture also making major contributions. Freight forwarding, which comprises the largest market category, is made up of a wide range of end customers. Silk is currently committed to diversifying the portfolio of work and pursuing other dynamic industries, including e-commerce and bulk logistics.

[58] Silk FY24 Full Year Results Presentation.

A breakdown of Silk's customers by market category is illustrated as follows.

Silk revenue by market category (%)



Source: Silk FY24 Full Year Results Presentation.

The majority of Silk's revenue is generated via contracts with customers. In FY24, contracted recurring revenue totalled $425.5 million (up from $352.0 million in FY23)[59], representing approximately 76.5% of total revenue. By way of operating segment, Contract Logistics benefits from significant long-dated contracted revenue with customers, noting that approximately 84% of warehouse revenue was derived from contracted customers in FY24.[60] Port Logistics, on the other hand, is primarily based on trading terms and conditions, rather than long term contracts. As at 30 June 2024, Silk's customer base had an average contracted tenure of 7.27 years.[61]

In addition, Silk's customers have provided repeat revenue generation, with approximately 94.75% of total revenue derived from existing customers in FY24. [62]

[59] Silk Annual General Meeting, 21 November 2024.
[60] Silk Annual General Meeting, 21 November 2024.
[61] Silk Annual Report 2024.
[62] Silk Annual Report 2024.

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8.4 Financial performance

8.4.1 Historical financial performance

The following table summarises the financial performance of Silk for FY22, FY23 and FY24.

Silk Financial Performance ($ millions)

	FY22 Audited	FY23 Audited	FY24 Audited
Port logistics wharf cartage	239.9	285.9	364.8
Distribution and transport	32.4	42.1	32.9
Storage services	49.1	64.1	45.7
Handling activities	73.4	96.5	113.0
Revenue	**394.7**	**488.6**	**556.4**
Other income	4.9	1.4	1.8
Total revenue and other income	**399.6**	**490.0**	**558.2**
Subcontractors and labour agency expenses	(124.6)	(152.9)	(154.5)
Employee benefits expense	(79.8)	(98.3)	(118.8)
Other transport & warehousing expenses	(73.7)	(84.6)	(112.9)
Fleet and material handling equipment expenses	(26.4)	(34.7)	(43.0)
Administration expense	(10.9)	(20.1)	(19.8)
Occupancy expense[1]	(10.6)	(15.1)	(16.4)
Other	(4.9)	2.2	-
Statutory EBITDA (post-AASB 16 Leases)[1]	**68.7**	**86.5**	**92.7**
Depreciation and amortisation expense	(40.1)	(50.5)	(62.2)
Statutory EBIT	**28.6**	**36.0**	**30.5**
Interest expense	(8.2)	(12.4)	(20.1)
Statutory profit before income tax expense	**20.4**	**23.6**	**10.4**
Income tax expense	(7.0)	(7.2)	(3.0)
Statutory profit after income tax expense attributable to Silk Shareholders	**13.4**	**16.4**	**7.4**
Statistics			
Revenue growth	*22.1%*	*23.8%*	*13.9%*
Statutory EBITDA growth	*19.1%*	*25.9%*	*7.2%*
Statutory EBIT growth	*36.5%*	*25.8%*	*(15.4%)*
Statutory EBITDA margin[2]	*17.4%*	*17.7%*	*16.7%*
Statutory EBIT margin[2]	*7.3%*	*7.4%*	*5.5%*
*Basic earnings per share, cents (**EPS**)[3]*	*17.4*	*20.8*	*9.2*
Diluted EPS, cents[4]	*17.3*	*20.7*	*9.1*
*Dividends per share, cents (**DPS**)[5]*	*8.5*	*8.4*	*4.2*
Annual dividend yield[6]	*4.2%*	*4.0%*	*3.1%*

Source: Silk Annual Reports and Results Presentations; Kroll analysis.

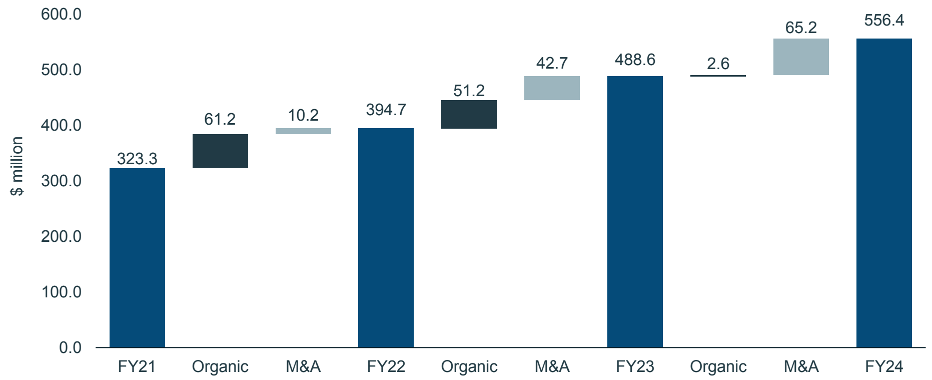
Notes:

1. Silk's financial information has been stated on a post-AASB 16 Leases accounting basis. Occupancy expenses under AASB 16 Leases relate to electricity and water utility costs, council rates, security, cleaning and waste services.
2. Margins have been calculated as a percentage of revenue.
3. Basic EPS is calculated as profit after income tax expense divided by the weighted average number of ordinary shares (76.7 million, 78.9 million and 81.0 million in FY22, FY23 and FY24 respectively).
4. Diluted EPS is calculated as profit after income tax expense divided by the weighted average number of ordinary shares adjusted for share options (77.2 million, 79.2 million and 81.1 million in FY22, FY23 and FY24 respectively).
5. Dividends reflect total (interim + final) fully franked dividends paid: 2.19 cents + 6.30 cents for FY22, 5.27 cents + 3.10 cents for FY23, 2.82 cents + 1.42 cents for FY24, per Note 24 of the Annual Reports.
6. The annual dividend yield has been determined by Silk with reference to the final fully franked dividend and the IPO offer price of $2.00 per share for FY22, and share price as at 30 June for FY23 and FY24.
7. Figures in the table may not add due to rounding.

In relation to the financial performance of Silk, we note:

- Silk's business is subject to seasonal cycles in demand for its services that are not reflected in the presented annual figures. There is usually more demand for logistics services during the period from September to January, due to a general increase in trade volumes due to increasing consumer demand in the months leading up to Christmas and Chinese New Year. There may also be less demand for logistics services during holiday periods, causing seasonal revenue variations. The split between the first half and second half of each financial year is typically approximately 52% to 48%;
- since Silk's IPO in July 2021, revenue has grown at a CAGR of 14.5%[63], driven by a combination of organic growth and acquisitions, as shown in the following chart.

Silk revenue reconciliation from FY21 to FY24



Source: Silk Results Presentations; Kroll analysis.
Note 1: M&A includes the uplift from the full year impact of prior period acquisitions, including $14.3 million associated with 101W in FY23, and $5.7 million associated with FFS in FY24.

  - the proportion of growth attributable to organic growth reduced from 85.7% in FY22 to 4.0% in FY24 as operations were impacted by global supply chain disruptions and weaker economic conditions (as mentioned in Section 7.2 of this report) which reduced container volumes in FY23 and warehouse utilisation and billed consignments in FY24;
  - Silk's organic revenue growth has been augmented by revenue generated by acquired businesses, which included 101W from February 2022, FFS from September 2022 and Secon from September 2023. The M&A revenue in FY24 of $65.2 million included $59.5 million from 10 months of revenue from Secon and $5.7 million related to the full year impact from FFS; and
  - the FY24 annual report noted that as the operating environment continues to present challenges, Silk's prime focus has been directed towards organic growth. The target of $1 billion in revenue by FY30 is based on Silk's current run-rate of organic growth and assumes no further acquisitions;[64]
- other income includes profit from the sale of property, plant and equipment, interest and other income;
- Silk's cost base predominantly reflects a variable cost model. The most significant input costs include labour, property leases, fleet and MHE, stevedore charges and transport costs:
  - subcontractors and labour agency costs are the largest expense group representing 27.8% of FY24 revenue. Employee benefits expense represented a further 21.4%. Labour costs are largely subject to minimum award rates, enterprise bargaining agreements and market forces. Labour agency comprises approximately 43% of total direct labour costs, and company drivers represent approximately 34% of total drivers with the remaining 66% being subcontractor drivers;
  - property lease agreements include annual defined cost adjustments and/or periodic market rate reviews, whilst fleet and MHE leases are fixed for the term of the lease (generally three to seven years). Of total equipment fleet and MHE cost, approximately 50% are casual hires;[65]

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[63] Silk FY24 Annual Report, p.6. This three year CAGR can alternatively be calculated as 19.8%.
[64] Silk FY24 Annual Report, page 6.
[65] Silk FY24 Full Year Results Presentation, page 12.

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  - rising input costs have been managed through review and cost recovery mechanisms in key lease and customer agreements. Silk's customer contracts and agreements provide a mechanism to recover cost increases or pass on decreases, including an overhead component. Cost input reviews are conducted at least annually in multi-year agreements and more regularly if required. Silk's general terms and conditions permit the pass through of inputs costs (such as stevedore charges and transport costs) in Port Logistics and the distribution service lines,[66] however, we note that the highest growth in expenses in FY24 was observed in other transport and warehousing expenses;
- whilst earnings have grown, earnings margins have fallen from FY23 to FY24, impacted by Silk's warehousing service line's diluted occupancy levels following the opening of Silk's new Kenwick site. Margins are expected to lift as warehouse occupancy and utilisation levels increase;
- finance costs also grew significantly between FY23 and FY24 reflecting:
  - higher drawn borrowings (refer to the financial position in Section 8.5.1 of this report);
  - higher lease liabilities (post-AASB 16 Leases) due to lease extensions and the inclusion of Secon site; and
  - higher interest rates. Silk's facilities are predominantly linked to variable interest rates. The weighted average interest rate on cash advance facilities increased from 5.87% in FY23 to 7.74% in FY24; and
- the reduction in statutory net profit in FY24 has led to a reduction in EPS and DPS.

[66] Silk FY24 Annual Report, page 28.

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8.4.2 Underlying performance by segment

The following table summarises Silk's underlying financial performance by operating segment for FY22, FY23 and FY24.

Underlying Financial Performance by Segment ($ millions)

	FY22 Audited	FY23 Audited	FY24 Audited
Revenue by segment			
Port Logistics	239.9	285.9	364.8
Contract Logistics	154.9	202.7	191.6
Revenue	**394.7**	**488.6**	**556.4**
Underlying EBITDA by segment (post-AASB 16 Leases)			
Port Logistics	29.7	39.9	51.3
Contract Logistics	41.3	46.1	44.1
Underlying EBITDA[1]	**71.0**	**86.0**	**95.4**
Underlying EBIT by segment			
Port Logistics	17.1	23.7	28.0
Contract Logistics	13.8	11.8	6.8
Underlying EBIT[1]	**31.0**	**35.5**	**34.8**
Underlying profit after tax[1]	**15.8**	**15.9**	**11.5**
Statistics			
Revenue growth	*22.1%*	*23.8%*	*13.9%*
Port Logistics	*18.0%*	*19.2%*	*27.6%*
Contract Logistics	*28.9%*	*30.9%*	*(5.5%)*
Revenue contribution – Port Logistics	*60.8%*	*58.5%*	*65.6%*
Revenue contribution – Contract Logistics	*39.2%*	*41.5%*	*34.4%*
Underlying EBITDA growth	*16.4%*	*21.1%*	*10.9%*
Port Logistics	*23.2%*	*34.3%*	*28.6%*
Contract Logistics	*11.9%*	*11.6%*	*(4.3%)*
Underlying EBITDA margin[1]	*18.0%*	*17.6%*	*17.2%*
Port Logistics[2]	*12.4%*	*14.0%*	*14.1%*
Contract Logistics[2]	*26.7%*	*22.7%*	*23.0%*
Underlying EBIT margin[1]	*7.9%*	*7.3%*	*6.3%*
Port Logistics[2]	*7.1%*	*8.3%*	*7.7%*
Contract Logistics[2]	*8.9%*	*5.8%*	*3.5%*
Underlying profit after tax margin[1]	*4.0%*	*3.3%*	*2.1%*
Underlying diluted EPS, cents[3]	*20.6*	*20.2*	*14.2*

Source: Silk Annual Reports and Results Presentations; Kroll analysis.

Notes:

1. The Underlying figures in this table differ from the Statutory figures in Section 8.4.1 of this report. Underlying performance measures are used by the directors and management of Silk as the primary measures of assessing the financial performance of the group. Underlying metrics have been adjusted to exclude the impact of significant items, which are profit or loss items associated with mergers and acquisition activity, capital restructures or certain one-off events included in reporting periods that are not reflective of underlying business activities.
2. Segment EBITDA and EBIT margins have been calculated as a percentage of segment revenue.
3. Underlying diluted EPS is calculated as Underlying profit after tax divided by the weighted average number of ordinary shares adjusted for share options (77.2 million, 79.2 million and 81.1 million in FY22, FY23 and FY24 respectively).
4. Figures in the table may not add due to rounding.

In relation to the financial performance of Port Logistics and Contract Logistics, we note:

- reported segment revenue represents revenue generated from external customers. There were no intersegment sales during the observed periods;
- Port Logistics wharf cartage revenue has grown through increases in revenue per billed container (25.0% increase in FY23, and 11.6% in FY24), reflecting the pass through of higher costs across fuel, labour and infrastructure, as well as higher container volumes in FY24. Port Logistics revenue represented 65.6% of total revenue in FY24;

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- Contract Logistics revenue is derived from distribution, transport and storage services and handling activities (as itemised in Section 8.4.1 of this report). Contract Logistics revenue fell in FY24, impacted by reduced warehouse utilisation (75.1% in FY24 down from 89.0% in FY23) and reduced consignments;
- Underlying EBITDA has grown since FY22 at a CAGR of 15.9%:
  - Port Logistics has the highest growth in Underlying EBITDA between 20% and 30% per annum, and a CAGR since FY22 of 31.4%;
  - Contract Logistics' Underlying EBITDA growth has fallen. The segment's CAGR since FY22 is 3.3%;
- Silk's ability to recover costs associated with Port Logistics through rise and fall mechanisms has continued to support growth in the segment's Underlying earnings margins through recent industry challenges. Port Logistics' Underlying EBITDA margin has increased from 12.4% to 14.1% over the last three years. The Underlying EBIT margin, however, decreased from 8.3% to 7.7% between FY23 and FY24 due to the higher lease cost base for the segment following the addition of new property leases including five leases relating to the acquisition of Secon;
- the Underlying EBITDA margin for Contract Logistics fell from 26.7% to 22.7% in FY23 when the distribution business faced road and rail disruptions caused by floods and a shortage of labour, which led to inflated cost inputs. Silk has continued to turn around the operating performance of the distribution service line in FY24 through the review of customer rate cards and subcontractor utilisation to improve margins. The impact of lower warehouse occupancy levels in FY24 following the opening of the new Kenwick site was partially offset by labour productivity and operating efficiencies which have helped to improve warehouse handling margins. The Underlying EBITDA margin for Contract Logistics increased slightly to 23.0% in FY24, however, given the higher lease cost associated with the underutilised Kenwick site in FY24, the Underlying EBIT margin fell to 3.5% in FY24; and
- Underlying profit after tax in FY24 excludes $4.1 million in significant one-off costs associated with the acquisition of Secon, restructuring, the Kemps Creek site and depreciation, amortisation and interest on acquired net assets. Increasing interest expense in FY23 and FY24 has contributed to the reduction in Underlying profit after tax and Underlying EPS.

8.4.3 Outlook

Silk has not provided guidance beyond FY24, however in the FY24 Full Year Results Presentation Silk advised that it expects to deliver solid revenue and EBITDA growth in FY25, subject to no further adverse changes in economic conditions, supported by:

- further organic growth through new business wins and greater share of customer wallet;
- driving productivity efficiencies via investment in technology with design and automation improvements; and
- investment in and expansion of recent acquisitions, specifically bulk and fulfilment capabilities.

In order to provide an indication of expected future financial performance, Kroll has considered broker forecasts. As far as Kroll is aware, Silk is followed by three brokers, none of which are advisors on the Transaction. Each of the three brokers have published reports following the release of Silk's FY24 results on 27 August 2024. Silk's broker consensus for FY25 to FY27 is summarised as follows.

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Silk Broker Consensus ($ millions)

	FY24 Actual	FY25 Forecast	FY26 Forecast	FY27 Forecast
Port Logistics[1]	364.8	395.5	416.2	425.1
Contract Logistics	191.6	204.8	221.9	232.2
Operating revenue[2]	**556.4**	**597.5**	**632.1**	**650.5**
Port Logistics	51.3	55.8	58.7	59.9
Contract Logistics	44.1	45.1	49.3	52.2
Underlying EBITDA[2] (post-AASB 16 Leases)	**95.4**	**103.0**	**110.0**	**115.6**
Underlying EBIT	**34.8**	**36.0**	**40.6**	**44.5**
Underlying profit after tax	**11.5**	**11.2**	**13.2**	**14.5**
Statutory profit after tax	**7.4**	**10.3**	**13.1**	**14.5**
Statistics				
Revenue growth	*13.9%*	*7.4%*	*5.8%*	*2.9%*
Underlying EBITDA growth	*10.9%*	*8.0%*	*6.8%*	*5.1%*
Port Logistics	*28.6%*	*8.7%*	*5.2%*	*2.1%*
Contract Logistics	*(4.3%)*	*2.3%*	*9.3%*	*5.9%*
Underlying EBITDA margin[3]	*17.2%*	*17.2%*	*17.4%*	*17.8%*
Port Logistics	*14.1%*	*14.1%*	*14.1%*	*14.1%*
Contract Logistics	*23.0%*	*22.0%*	*22.2%*	*22.5%*
Underlying EBIT margin[3]	*6.3%*	*6.0%*	*6.4%*	*6.8%*
Basic EPS (cents)	*9.2*	*13.5*	*16.1*	*17.6*
Diluted EPS (cents)	*9.1*	*12.6*	*16.0*	*17.5*
Underlying Diluted EPS (cents)	*14.2*	*13.7*	*16.2*	*17.5*
DPS (cents)	*4.2*	*5.1*	*6.4*	*6.8*

Source: Broker reports.
Notes:
1. Two out of three brokers provided forecasts for revenue and Underlying EBITDA by segment.
2. Consensus segment operating revenue and Underlying EBITDA does not sum to total consensus operating revenue and Underlying EBITDA as segment and total figures represent the median of broker forecasts as shown in Appendix 3 of this report.
3. Margins are calculated as Underlying EBITDA and Underlying EBIT divided by Operating Revenue. Segment EBITDA margins have been calculated as consensus segment EBITDA divided by consensus segment revenue.
4. Broker forecasts reflect financials on a post-AASB 16 Leases basis.
5. The broker consensus reflects the median of the group of broker forecasts. Adjustments made to individual broker forecasts, to ensure consistency, included adjustments to bring forecasts for total revenue to operating revenue, aligning adjustments to reach Underlying metrics, and the use of implied numbers of forecast shares on issue to estimate forecast EPS.
6. Figures do not add as all figures reflect the median of consensus forecasts.

With regard to the Silk's broker consensus summarised above, we note:

- Silk's FY24 results were broadly in line with broker expectations. Revenue and EBITDA were ahead of broker estimates, however, Underlying NPAT fell behind the estimates of two out of three brokers due to higher depreciation and interest charges. On the basis of the FY24 results, brokers left FY25 to FY27 revenue estimates materially unchanged, lifted EBITDA estimates slightly, but decreased NPAT, EPS and DPS forecasts;
- the consensus forecasts subdued earnings growth relative to historic performance. Underlying EBITDA to grow between FY25 and FY27 (FY+1 to FY+3) at a CAGR of 5.9%, supported by higher growth in Contract Logistics;
- during FY25, Silk's margins are forecast to remain subdued whilst economic conditions remain slow and as Silk cycles through a period of higher upfront costs associated with investment in new sites (e.g. Kenwick 2). The broker consensus forecast reflects a flat EBITDA margin of 17.2% in FY25;

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- brokers expect margins to improve as macro headwinds abate, occupancy rates lift and the company leverages from its focus on executing organic growth and cost discipline from FY26 onwards. Consensus Underlying EBITDA margin is forecast to increase to 17.4% in FY26 and FY27, and Underlying EBIT margin is forecast to increase to 6.7% in FY27;
- upside is expected from recovery in port volumes, execution and integration of M&A opportunities, significant long-term customer wins and increased share of wallet from existing customers; and
- downside risks flagged by brokers include further fluctuations in trade volumes, ongoing supply chain impacts or disruptions, and continued global macroeconomic uncertainty.

Further details of the broker consensus estimates are included in Appendix 3.

8.5 Financial position

Financial position

The following table summarises the financial position of Silk as at 25 June 2023 and 30 June 2024.

Silk Financial Position ($ millions)

	As at 25 June 2023 Audited	As at 30 June 2024 Audited
Trade and other receivables	63.1	70.2
Other current assets[1]	8.3	8.6
Trade and other payables	(39.8)	(47.3)
Provisions (current)	(14.5)	(16.4)
Net working capital	**17.1**	**15.1**
Property, plant and equipment	22.2	41.5
Right-of-use assets	163.0	301.5
Intangible assets	62.1	95.7
Deferred tax assets	13.1	9.3
Provisions (non-current)	(5.7)	(10.0)
Other financial liabilities	(5.6)	(15.6)
Total funds employed	**249.3**	**422.3**
Cash	30.5	27.2
Borrowings	(31.0)	(50.8)
Lease liabilities	(190.5)	(331.4)
Net debt (including leases)	**(191.0)**	**(355.0)**
Net assets	**75.4**	**82.4**
Issued capital	74.4	79.5
Reserves	(22.9)	(23.7)
Retained profits	24.0	26.7
Equity attributable to Silk Shareholders	**75.4**	**82.4**
Statistics		
Gross leverage (times)[2]	*1.5*	*2.8*
Net leverage (times)[3]	*0.6*	*2.0*

Source: Silk FY24 Annual Report and Results Presentation; Kroll analysis.
Notes:
1. Other current assets includes prepayments, accrued income, inventory (consumables) and current tax assets.
2. Gross leverage is calculated as (corporate debt, bank guarantees and hire purchase liabilities) / underlying pre-AASB 16 Leases EBITDA over the preceding 12 months (measured in accordance with bank finance facility covenant).
3. Net Leverage is calculated as (corporate debt, bank guarantees and hire purchase liabilities) less cash / underlying pre-AASB 16 Leases EBITDA over the preceding 12 months (measured in accordance with bank finance facility covenant).
4. Figures in the table may not add due to rounding.

With regard to the financial position of Silk as at 30 June 2024, we note the following:

- Silk's net working capital is predominantly comprised of trade receivables and payables which are received or paid on a monthly basis (the average credit period on sales of services is 30 days; the period for trade purchases is 21 days). As at 30 June 2024, credit losses were minimal with 0.3% of debtors aged over 90 days. Current provisions predominantly relate to employee benefits;
- as a logistics company, Silk is reliant on fixed assets which are predominantly leased to retain flexibility in meeting capacity requirements. As previously mentioned in Section 8.3.4 of this report, assets are purchased where specialised equipment is not available for lease or the financial circumstances favour company ownership. Silk leases property (warehouses and shipping container hardstands), fleet assets (prime movers and trailers) and material handling equipment (mainly reach stackers and forklifts). As at 30 June 2024, the average remaining lease term was 8 years (5 years in 2023). The increase in fixed assets between 25 June 2023 and 30 June 2024 included $14.9 million in plant and equipment and $52.3 million in leased land and buildings acquired with Secon (after fair value uplifts);
- intangible assets include goodwill, customer relationships, brand and software acquired from Secon, FFS and prior acquisitions;
- the balance of net deferred tax assets reduced during FY24 due to additional deferred tax liabilities recognised via acquisitions. The balance of unused tax loss balances as at 30 June 2024 was nil;
- non-current provisions include make good provisions and employee benefits. The increase since 25 June 2023 reflects additional provisions from Secon;
- other financial liabilities are current and non-current portions of deferred contingent consideration relating to the acquisition of Secon and FFS. The balance as at 30 June 2024 relates to the acquisition of Secon. The terms of the share purchase deed for Secon included a deferred contingent earn-out payment based on post-completion financial milestones for the year ending 30 June 2024 and 30 June 2025; and
- net debt and leverage increased during the current period primarily due to the acquisition of Secon and payment of deferred contingent consideration associated with the acquisition of FFS. As at 30 September 2024, net debt reduced slightly from $355.0 million to $348.3 million. Further detail regarding Silk's borrowings and lease liabilities is provided in Section 8.5.3 of this report.

8.5.1 Net assets by segment

The following table summarises the financial position of Silk's operating segments as at 25 June 2023 and 30 June 2024.

Summary Financial Position by Operating Segment ($ millions)

	As at 25 June 2023 Audited	As at 30 June 2024 Audited
Assets by segment		
Port Logistics	193.7	323.0
Contract Logistics	168.4	230.8
Corporate	0.2	0.1
Total assets	**362.4**	**553.9**
Liabilities by segment		
Port Logistics	(115.8)	(216.1)
Contract Logistics	(170.9)	(255.2)
Corporate	(0.3)	(0.1)
Total liabilities	**(287.0)**	**(471.5)**
Net assets by segment		
Port Logistics	77.9	106.9
Contract Logistics	(2.5)	(24.5)
Corporate	(0.1)	(0.0)
Net assets	**75.4**	**82.4**

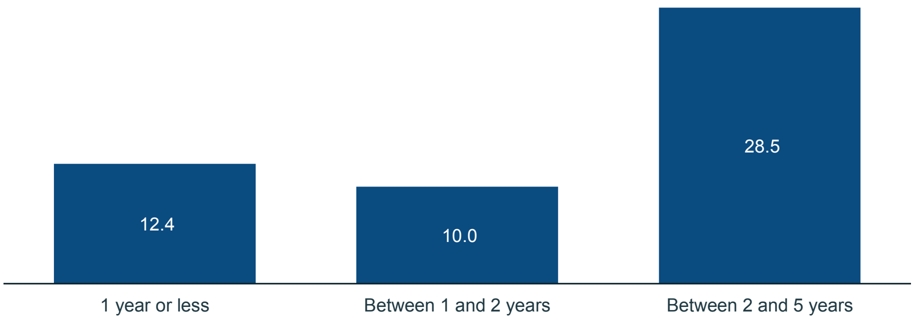
Source: Silk FY24 Annual Report; Kroll analysis.
Note 1: Figures in the table may not add due to rounding.

The majority of Silk's assets are associated with Port Logistics, whilst the majority of group liabilities are associated with Contract Logistics.

8.5.2 Borrowings

In May 2023, Silk entered into a bilateral financing facility agreement with National Australia Bank Limited (**NAB**) and Cooperative Rabobank UA (**Rabo**). This agreement was revised in August 2024 for an additional $22.0 million reversing lease facility. The maturity profile of the $50.8 million outstanding balance as at 30 June 2024 is shown in the following chart.

Borrowing maturity profile as at 30 June 2024 ($ millions)



Source: Silk FY24 Annual Report.

As at 30 September 2024, the balance of total borrowings reduced slightly to $49.6 million.

As at 30 June 2024, the bilateral agreement also included a bank guarantee of $25.0 million of which $19.8 million was drawn to provide security for certain leased premises, and a revolving leasing facility of up to $4.0 million of which $3.2 million was drawn. As discussed in Section 8.4.1 of this report, Silk's facilities are predominantly linked to variable interest rates.

Silk's asset financing and bank guarantee facilities are subject to an annual review and have a termination date of 30 April 2025.

In addition to borrowings, Silk has unsecured cash advance facilities to enable the Company to meet working capital requirements, summarised as follows.

Working capital facilities as at 30 June 2024 ($ millions)

Lines of Credit	Facility Limit	Undrawn	Amount Drawn
Amortising cash advance facility	47.9	-	47.9
Revolving cash advance facility	15.0	14.4	0.6
Purchasing card facility	7.8	7.8	-
Asset finance	11.5	9.1	2.4
Revolving lease facility	4.0	0.8	3.2
Bank guarantee	25.0	5.2	19.8
Total	**111.2**	**37.3**	**73.8**

Source: Silk FY24 Annual Report; Kroll analysis.

The weighted average interest rate on cash advance facilities increased from 5.87% in FY23 to 7.74% in FY24.

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8.6 Cash flows

The following table summarises the cash flow statement of Silk for FY22, FY23, FY24.

Silk Cash Flows

	FY22 Audited	FY23 Audited	FY24 Audited
Underlying EBITDA	71.0	86.0	95.4
Lease payments	(39.5)	(50.1)	(63.2)
Underlying EBITDA (after lease payments)	**31.5**	**35.9**	**32.2**
Non cash items	1.1	(0.9)	(0.8)
Changes in working capital	(4.8)	(3.1)	10.8
Net capex[1]	(0.4)	(6.4)	(9.6)
Free cash flow before adjustments	**27.3**	**25.4**	**32.6**
Lease deferral impact	1.2	-	-
BAS deferral impact	-	(1.1)	-
Underlying free cash flow (post-capex)	**28.5**	**24.5**	**32.6**
Underlying free cash flow (pre-capex)	**28.9**	**30.8**	**42.3**
Statistics			
Underlying free cash flow post-capex / Underlying EBITDA after lease payments[2]	*90.5%*	*68.4%*	*101.2%*
Underlying free cash flow pre-capex / Underlying EBITDA after lease payments[2]	*91.7%*	*85.8%*	*131.1%*

Source: Silk Annual Full Year Results Presentations; Kroll analysis.
Notes:
1. Capex is net of proceeds from disposals, and in FY24 $2.4 million reimbursed by a financier on entering a progressive payment facility to finance the purchase of specialised MHE.
2. Statistics are as presented in Silk Full Year Results Presentations.

In relation to Silk's cash flows, we note the following:

- the increase in lease payments in FY24 reflects a combination of increased lease liabilities following the acquisition of Secon, and new leases;
- positive changes in working capital in FY24 were mainly driven by a decrease in accounts receivables and increase in trade payables and provisions (after adjustment for the opening balance from the Secon acquisition). Additional capex spending related to the acquisition of Secon in FY24; and
- in FY24, Underlying free cash flow after capex was broadly on par with Underlying EBITDA after lease payments with a ratio of 101.2%.

8.7 Capital structure and ownership

As at 16 December 2024, Silk has the following securities on issue:

- 81,547,598 ordinary fully paid shares on issue;
- 5,388,656 unlisted options; and
- 1,319,162 performance rights.[67]

8.7.1 Ordinary Shareholders

As at 16 December 2024, Silk had 1,335 registered shareholders with 81,547,598 shares on issue, of which 89 hold unmarketable parcels (less than $500 per parcel). Retail investors (investors holding 10,000 shares or less) accounted for 76.0% of total shareholders and 3.9% of shares on issue.[68]

[67] ASX Announcement Appendix 3G – Notification of issue, conversion or payment up of unquoted equity securities, 27 November 2024.
[68] Source: FY24 Annual Report.

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Silk has received notices from the following substantial shareholders.

Silk Substantial Shareholders as at 16 December 2024

Substantial Shareholder	Date of notice	Number of shares	Percentage[1]
Tor Asia Credit Master Fund LP	20 May 2022	15,255,430	18.7%
BBJJ Investments Pty Ltd	9 July 2021	10,853,294	13.3%
Karma Beverages Pty Ltd	9 July 2021	10,751,794	13.2%
Copia Investment Partners Ltd	15 March 2024	5,575,000	6.8%
Harvest Lane Asset Management Pty Ltd	25 November 2024	4,949,568	6.1%
The Goldman Sachs Group, Inc.	11 December 2024	4,108,182	5.0%

Source: ASX Announcements.
Note 1: Percentage of shares in which a relevant interest is held is based on the total issued capital of Silk at the time the substantial shareholder notice was provided.

BBJJ Investments Pty Ltd is an entity associated with a Director of Silk, Brendan Boyd, and Karma Beverages is an entity associated with the CEO of Silk, John Sood.

8.7.2 Unlisted options

Silk grants options over ordinary shares to directors and other key management personnel as part of annual compensation under the company's Long-Term Incentive scheme. The options can only be equity settled into one share per option, and vesting is subject to satisfaction of rating, service and performance conditions. Silk had the following options on issue.

Silk Options as at 16 December 2024

Expiry Date	Exercise Price	Number of Silk Options	Number of Unvested Silk Options
9 July 2021	$1.6000	672,039	-
15 November 2021	$2.1200	194,553	-
28 June 2027	$2.1028	1,556,348	1,556,348
25 June 2028	$2.0100	2,965,716	2,965,716
Total		**5,388,656**	**4,522,064**

Source: Silk.

8.7.3 Performance rights

As of 16 October 2024, Silk introduced performance rights as a new class of security under the terms of the Silk Employee Incentive Plan Rules. Each Silk performance right entitles the holder to be allocated one Silk Share, subject to the satisfaction of certain conditions (if appliable) set out in each relevant offer letter.

As at 16 December 2024, Silk had 1,319,162 performance rights on issue, and all Silk performance rights remain unvested.

8.7.4 Diluted Silk shares outstanding if Scheme becomes Effective

The Silk Directors have resolved in accordance with the Silk Incentive Plans, that subject to the Scheme becoming Effective and the ASX granting a waiver from Listing Rule 6.23.2, all Silk Options will be cancelled in exchange for a cash payment made by Silk to Silk Option holders of an amount equal to the Scheme Consideration less the relevant exercise price for that Silk Option, as shown in Section 9.2.1 of the Scheme Booklet.

The ASX has granted a standard waiver from ASX Listing Rule 6.23.2 to the extent necessary to permit the Silk Options to be cancelled for consideration without requiring the approval of Silk Shareholders, and the aggregate proposed cancellation price payable by Silk to cancel all Silk Options is $810,231.35.

With regards to Silk's performance rights, the Silk Directors have resolved in accordance with the Silk Employee Incentive Plan Rules, that subject to the Scheme becoming Effective, all Silk Performance Rights will be cancelled without entitlement to receive any Silk Shares or any form of payment, having regard to the fact that the Silk performance rights were issued in recent months and are subject to vesting conditions which are long dated and are themselves subject to significant uncertainty.

The total diluted number of Silk Shares at the Scheme Record Date is therefore expected to be 81,547,598.

8.8 Share price performance

In assessing Silk's share price performance, we have:

- analysed price and volume performance since Silk listed on the ASX on 9 July 2021;
- compared Silk's share price movement to the S&P/ASX Index and listed peers; and
- assessed the VWAP and trading liquidity of Silk Shares for the period up to 8 November 2024, the last trading day prior to the announcement of the Scheme to the ASX.

8.8.1 Recent share market trading

Silk's share price performance and the volume of shares traded from listing on 9 July 2021 to 16 December 2024, is illustrated as follows.

Silk Share Price and Volume from 9 July 2021 to 16 December 2024

Source: S&P Capital IQ; Kroll analysis.

Silk was listed on the ASX on 9 July 2021 at an offer price of $2.00 per share, and closed on its first date of trading at a market capitalisation of $189.4 million.[69] The IPO raised $70.0 million to facilitate the partial equity sell-down of Silk's longstanding financial partner and investor, Tor Asia Credit Master Fund LP.

At listing, new shareholders represented approximately 46.2% of total shares on issue. Of the remaining shares held by existing shareholders, the majority entered into voluntary escrow arrangements for periods up to Silk's release to the ASX of its preliminary final year report for FY22 in August 2022.

Until June 2023, Silk's share price remained broadly above its IPO offer price of $2.00. Silk's ASX announcements during this period predominantly related to periodic financial results, with growth in revenue and underlying earnings and continued operational improvement, despite challenging operating conditions associated with the COVID-19 pandemic including disruptions to global supply chains, rising costs and uncertainty in global and domestic markets. Silk completed the acquisition of the Kemps Creek greenfield site for warehouses, 101W and FFS. In February 2023, with the announcement of the 1H23 results, Silk noted margin compression in Contract Logistics, impacted by warehouse congestion, reduced productivity and pallet shortages.

From June 2023, Silk's share price declined to close at a low of $1.20 on 25 June 2024, impacted by the pressure of sector headwinds (including global supply chain disruption and weaker economic conditions, as discussed in Section 7.2 of this report) on Silk's financial performance and broader market sentiment:

- whilst Silk's financial performance was in line with guidance for FY23 and FY24, industry conditions and reduced discretionary spend (as discussed in Section 7.2.1 of this report) created substantial

[69] Calculated as closing price on 9 July 2021 of $2.50 multiplied by 75,761,963 Silk Shares.

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headwinds from 2H23 through to FY24. Underlying EBIT in 1H24 and earnings margins across both segments declined from the prior comparative period;

- net leverage increased from nil in FY22 to 0.6 times in FY23, and from 1.3 times following the Secon acquisition to 2.0 times as at 30 June 2024;[70]
- dividend yields decreased from 4.2% in FY22 to 3.1% in FY24; and
- Silk delayed its $1 billion revenue target from FY27 to FY30.

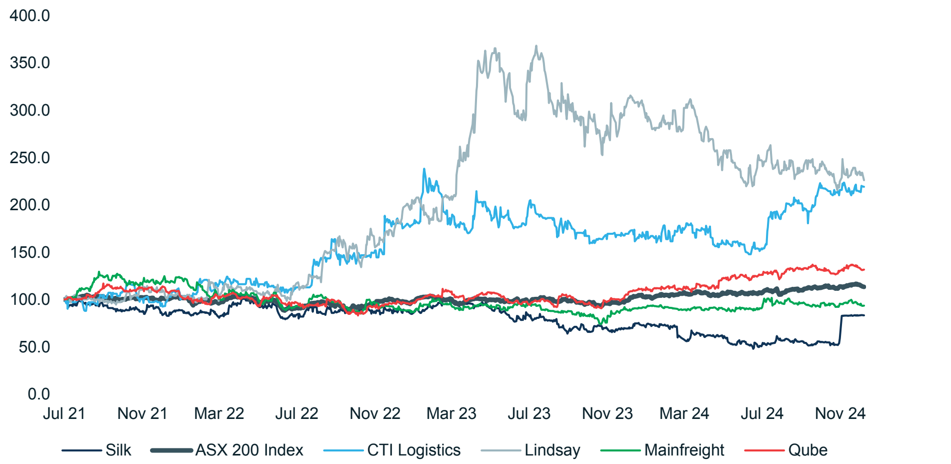
Other announcements during this period included the termination of the lease agreement associated with the Kemps Creek site, and resignation of Brendan Boyd as Managing Director and Chief Executive Officer. The decline in share price may have been exacerbated by investor caution associated with uncertainty regarding broader macroeconomic conditions and global supply chain disruptions from labour, geopolitics, cyber-attacks and climate change.

Silk's share price rose from a close of $1.47 on 8 November 2024 to close at $2.07 on 11 November 2024 following the announcement of the Scheme.

8.8.2 Relative share price performance

Silk is not a member of any major indices. For comparative purposes we have considered the performance of Silk Shares relative to the ASX 200 Index and key comparable listed companies. The following chart sets out the relative performance of Silk Shares against the ASX 200 Index, CTI Logistics Limited (**CTI Logistics**), Lindsay Australia Limited (**Lindsay**), Mainfreight Limited (**Mainfreight**) and Qube Holdings Limited (**Qube**) since Silk listed on the ASX on 9 July 2021 to 16 December 2024.

Silk Relative Share Price Performance since 9 July 2021



Source: S&P Capital IQ; Kroll analysis.

From mid-2022, Silk underperformed CTI Logistics and Lindsay, while broadly tracking Mainfreight, Qube and the ASX 200 Index. From mid-2023, Silk underperformed the ASX 200 Index and observed peers. With regard to the share price performance of the observed peers, we note:

- CTI Logistics' Australian road and rail transport and logistics business is supported by the rental of owner-occupied and investment property and also provides specialised logistic, information management and security services. It has generated strong earnings and dividend growth over the last three years;[71]
- Lindsay's Australian road and rail transport, logistics and supply services are focused on refrigerated and general horticultural and rural supplies. Lindsay's share price surged in 1H23 following strong

[70] Silk FY23 and FY24 Full Year Results Presentations.
[71] CTI Logistics FY24 Results Market Presentation, 28 August 2024.

growth in Underlying EBITDA and Underlying profit before tax of 36.2% and 64.5% respectively,[72] and a structural change in the industry with a key competitor, Scott's Refrigerated Logistics entering voluntary liquidation in April 2023.[73] The administrators of Scott's Refrigerated Logistics attributed the group's failure in part to its increased reliance on contractors and subcontractor labour, which was more expensive, with contribution from intense market competition, substantial overheads and an inability to pass on the costs of inflation to customers.[74] Market commentators on Lindsay have noted that the COVID-19 pandemic demonstrated the importance of scale and supply chain resilience, and noted that Lindsay's returns have risen due to a gradual shift in volumes from road to rail, which is less capital intensive;[75]

- the liquidation of Scott's Refrigerated Logistics may have impacted market sentiment for Silk Shares, which, as discussed in Section 8.8.1 of this report, coincidentally began to decline in June 2023;
- Mainfreight is New Zealand's largest freight company with three divisions: Domestic Transportation (road and rail), Third-Party Warehousing, and Air & Ocean services. It is a smaller global logistics business in comparison to its international competitors. Mainfreight's financial performance has been impacted by complexities associated with international supply chain logistics, slower economic activity and the normalisation of freight activity following the over-stocking during the COVID-19 pandemic. The company owns a greater proportion of its assets than it leases; and
- Qube is Australia's largest provider of integrated logistics solutions across multiple aspects of the import-export supply chain. Qube's operations are highly diversified, including by customer, product, service and geography. Despite also being impacted by sliding container volumes and the disruption of global and local supply chains, including weather and industrial relations disruptions and labour shortages, Qube's trading performance has broadly aligned with the ASX 200 Index. Qube has outperformed the ASX 200 Index since December 2023, following the positive trading and business update in November 2023 noting solid volumes, increased market share at Patrick Terminals, margin improvement reflecting benefits of scale and efficiencies, and successful debt refinancing, and lifting guidance in May 2024.[76]

The following chart sets out the relative performance of Silk Shares against the ASX 200 Index, CTI Logistics Lindsay, Mainfreight, Qube and Freightways Group Limited (**Freightways**) (which was first listed on the ASX in September 2023) over the last 12 months.

[72] Lindsay Australia Half Year Results Announcement, 21 February 2023.
[73] Australian Financial Review, Featherstone, T., 'These small caps are hugely attractive (if you're brave)', 21 July 2023.
[74] ABC News, Ritchie, R., Chisholm, A., 'Scott's Refrigerated Logistics enters liquidation losing $8 million a month', 3 April 2023.
[75] Australian Financial Review, Tran. J., 'CBA needs growth to justify $119 price tag, says Fidelity', 7 March 2024. Lindsay mentioned in response to the question 'Which stock in the fund is most undervalued by the market?'.
[76] Qube ASX Announcements.

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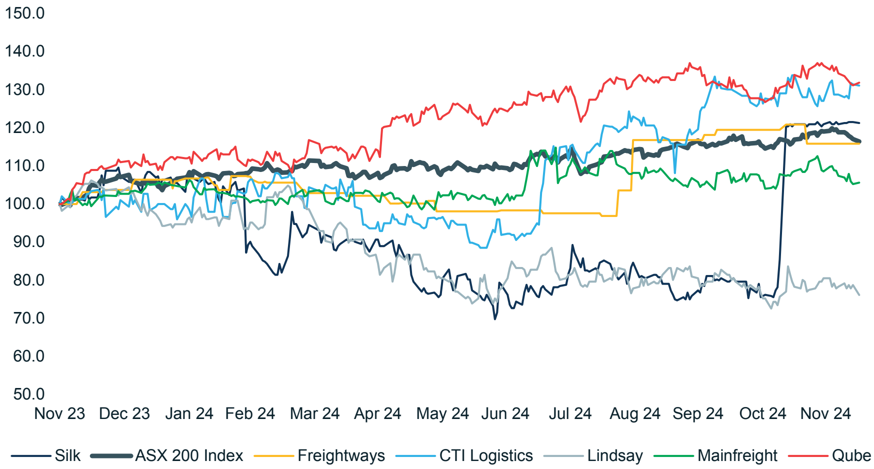
Silk Relative Share Price Performance since 30 November 2023



Source: S&P Capital IQ; Kroll analysis.

The majority of the observed logistics peers have underperformed the ASX 200 Index over the last 12 months as the sector has faced challenging macroeconomic headwinds, except for Qube, supported by significant scale, and CTI Logistics following a strong reaction to profit guidance in July 2024.

Freightways is involved in the operation of express package and business mail services and information management and waste renewal services in Australia and New Zealand, and has been relatively thinly traded since listing on the ASX in September 2023. Freightways share price rose in August with the release of FY24 results.

Silk has outperformed the ASX 200 Index since the announcement of the Scheme.

8.8.3 Liquidity

An analysis of the volume of trading in Silk Shares, including the VWAP for various periods up to 8 November 2024, the last trading day prior to the announcement of the Scheme on the ASX, is set out as follows.

Silk Liquidity to 8 November 2024

Period	Price			Cumulative value ($ million)	Cumulative volume (million)	Percentage of issued capital	Percentage of free float
	Low ($)	High ($)	VWAP				
Last day	1.30	1.48	1.38	0.1	0.1	0.1%	0.3%
1 week	1.31	1.48	1.32	1.7	1.3	1.6%	3.9%
1 month	1.39	1.48	1.33	3.4	2.5	3.1%	7.4%
3 month	1.46	1.51	1.35	6.8	5.1	6.2%	14.8%
6 month	1.50	1.54	1.32	19.8	14.9	18.3%	43.7%
12 month	1.86	1.90	1.43	35.7	25.1	30.8%	73.4%

Source: IRESS; Kroll analysis.

In the 12 months to 8 November 2024, 30.8% of Silk Shares were traded (73.4% of free float[77]). This level of trading indicates that Silk Shares are reasonably liquid.

[77] Free float has been calculated excluding the Silk Shares held by substantial shareholders as per Section 8.7.1 of this report.

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9 Valuation of Silk

9.1 Summary

Kroll has assessed the value of Silk's equity to be in the range of $134.1 million to $185.4 million, which corresponds with a concluded value per Silk Share in the range of $1.64 to $2.27 on a fully diluted basis.[78] Our range of assessed values reflects 100% ownership of Silk and, therefore, incorporates a control premium. As our valuation includes a control premium, our range of assessed values per share exceeds the price at which we expect Silk Shares would trade on the ASX in the absence of the Transaction, a Superior Proposal,[79] or speculation regarding a Superior Proposal.

The value of a Silk Share has been determined by estimating the fair value of Silk's operating business, together with consideration of non-operating liabilities and adjusted net debt (including lease liabilities) to determine the value of equity. The valuation is summarised as follows.

Silk Valuation Summary ($ millions)

	Section Reference	Valuation Range Low	Valuation Range High
Value of Silk's operating business (100% control basis)	9.3.1	**500.0**	**551.3**
Other assets / (liabilities) (net)	9.5	(15.6)	(15.6)
Enterprise value (100% control basis)		**484.4**	**535.7**
Adjusted net debt (including lease liabilities)	9.6	(350.3)	(350.3)
Value of Silk's equity (100% control basis)		**134.1**	**185.4**
Number of shares outstanding – fully diluted (millions)[1]	8.7.4	81.5	81.5
Value per Silk Share (100% control basis) ($)		**1.64**	**2.27**

Source: Kroll analysis.
Note 1: Includes the 81,547,598 ordinary shares on issue and assumes cash settlement of outstanding options, and cancellation of performance rights on issue.

In assessing the value of Silk's operating business, Kroll has adopted a market approach as the primary methodology utilising multiples of EBITDA (refer to Section 9.3 of this report). The value derived from the market approach has been cross-checked using a high-level DCF analysis (refer to Section 9.4 of this report). The DCF analysis results in a value range for Silk's equity of $154.1 million to $194.0 million, which is equivalent to $1.89 to $2.38 per Silk Share. This is broadly supportive of Kroll's valuation range of $1.64 to $2.27 per Silk Share under the primary market approach (refer to Section 9.1 of this report).

The range of values per Silk Share is relatively wide, which reflects Silk's substantial financial leverage whereby net debt is between 63.5% and 70.0% of enterprise value on a control basis. The substantial financial leverage includes the significant impact of lease liabilities which at 30 September 2024 comprised over 90% of net debt.

Our valuation range of $1.64 to $2.27 per Silk Share reflects a premium over the closing price of Silk Shares on 8 November 2024, the last close prior to announcement of the Scheme, of between 11.9% and 54.6%, and a premium to the three-month VWAP in the range of 21.8% to 68.3%.

A portion of this premium reflects that our valuation of Silk includes a control premium, rather than a valuation of a minority interest in the company as traded on the ASX. The premium straddles the spectrum of premiums observed in completed transactions, which are broadly in the range of 25% to 40% depending on the individual circumstances[80] and likely reflects a combination of the following:

- that our valuation of Silk includes a control premium, rather than a valuation of a minority interest in the company as traded on the ASX. We note that synergies available to strategic buyers of Silk are potentially material, with the potential to derive savings from corporate overheads and other operational synergies as well as listed public company costs (refer to Section 9.2.3 of this report);

[78] This includes the 81,547,598 ordinary shares on issue and assumes cash settlement of outstanding options, and cancellation of performance rights on issue.
[79] As defined in the Scheme Booklet.
[80] Source: 2023 Mergerstat Review. Range represents median premium from 2013 to 2022. Premiums are calculated based on the seller's closing price five business days before the initial announcement. The calculations exclude negative premiums and premiums over 250%.

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- that our value range attributes value to the ramp up of Silk's warehouse occupancy and other opportunities for growth, whilst also reflecting the inherent risk associated with achieving those opportunities given current broader sector and macroeconomic uncertainty; and
- the decline in the Silk share price in the year leading up to the announcement of the Transaction.

In forming our view as to the value of Silk Shares, we have considered a series of factors including:

- Silk's position as a provider of integrated logistics services, including wharf cartage, warehousing and distribution, with facilities across all major capital cities and key container ports;
- Silk's existing long-standing customer base which includes blue-chip companies;
- continued revenue and underlying earnings growth driven by organic growth and M&A, albeit at declining rates of growth and margins in FY24, impacted by subdued import volumes, easing of warehouse occupancy, and continued elevation in inflation and input costs, and interest rates;
- opportunities for organic growth through cross-selling and bulk logistics and further operational efficiencies;
- the increasing need for scale in the sector and Silk's current size relative to other major logistics participants. Silk is one of the smaller LSPs in Australia;
- the outlook for the logistics sector of a continuation of challenging macroeconomic and supply chain conditions in the short term with demand improving in the longer term;
- the broker consensus, which forecasts Silk's Underlying EBITDA margin (post-AASB 16 Leases) to remain at 17.2% in FY25, in line with FY24, before lifting and remaining steady at approximately 17.4% in FY26 and 17.8% in FY27. Total Underlying EBITDA is forecast to grow at a CAGR of 5.9% between FY25 and FY27;
- the current level of borrowings and lease liabilities, following the acquisition of Secon, with a number of debt facilities due to expire in FY25;
- key risks including uncertainty regarding container volumes and the ramp up of warehouse occupancy levels, as well as broader risks around supply chain disruptions and macroeconomic uncertainty;
- Silk's other liabilities including deferred consideration and contingent guarantees; and
- synergies available to a pool of potential acquirers.

It should be noted that a valuation of Silk in the current macroeconomic and geopolitical environment is complex and requires judgement as to the outlook for markets and the global economy.

9.2 Approach

9.2.1 Overview

Our valuation of Silk has been prepared on the basis of 'fair value'. The generally accepted definition of fair value (and that applied by us in forming our opinion) is the value agreed in a hypothetical transaction between a knowledgeable, willing, but not anxious buyer and a knowledgeable, willing, but not anxious seller, acting at arm's length. Fair value excludes 'special value', which is the value over and above the value that a particular buyer, which can achieve synergistic or other benefits from the acquisition, may be prepared to pay.

In the absence of direct market evidence, fair value is commonly derived by applying one or more of the following valuation approaches:

- the market approach;
- income approach; or
- cost approach.

These approaches are discussed in further detail in Appendix 4 of this report. The decision as to which approach to adopt will depend on various factors including the availability and quality of information, the maturity of the business and the actual practice adopted by purchasers of the type of asset or business involved. A secondary methodology is often adopted as a cross-check to ensure the reasonableness of the outcome, with the valuation conclusion ultimately being a judgement derived through an iterative process.

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For profitable businesses, the market approach and income approach are commonly used as they reflect 'going concern' values, which typically incorporate some element of goodwill over and above the value of the underlying assets. For businesses that are either non-profitable, non-tradeable or asset rich (e.g. real estate investment trusts), a cost approach is often adopted as there tends to be minimal goodwill, if any.

9.2.2 Selection of methodology

A discussion of the rationale for the selection of the valuation methodologies is set out as follows.

Market approach

The market approach is based on comparing the asset or business to identical or comparable assets or businesses for which there is available price information. Application of this approach involves the capitalisation of the cash flows or earnings (or revenue) of a business at a multiple that reflects both the risks of the business and the future growth prospects of the income it generates. It is commonly adopted where:

- the asset or business or similar assets or businesses are actively publicly traded (**market comparable methodology**);
- there are frequent and/or observable transactions in comparable assets or businesses (**comparable transactions methodology**); and
- there is substantial operating history and a consistent earnings trend.

Silk has an established track-record of profitable earnings and there is no basis to expect that the business will be unable to continue indefinitely. In addition, there are a number of publicly traded Australian logistics companies, as well as transactions involving Australian and global logistics companies from which to calculate meaningful multiples. Consequently, a market approach has been used as the primary valuation approach.

Application of this approach involves the capitalisation of the cash flows or earnings of a business at a multiple that reflects both the risks of the business and the future growth prospects of the income it generates. This methodology requires an element of professional judgement as to:

- the level of earnings or cash flows that are expected to be maintainable indefinitely, adjusted for non-recurring items and other known factors likely to impact on future operating performance; and
- an appropriate capitalisation multiple that reflects the risk and growth prospects associated with the level of earnings being capitalised. The capitalisation multiple is usually determined having regard to market evidence derived from comparable transactions and share market prices for comparable companies, whilst also considering the specific characteristics of the business being valued.

The earnings base to which a multiple is commonly applied include revenue, EBITDA, EBIT and net profit after tax. The choice between parameters is usually not critical and should give a similar result. We note that logistics companies employ varying degrees of leased assets and the introduction of AASB 16 *Leases* in 2019 changed how companies treat underlying lease obligations. Most companies publicly report financial performance and position on a post-AASB 16 Leases basis which accounts for lease costs within depreciation and interest expense. Consequently, to ensure where possible a consistent approach to determine a like-for-like comparison in each instance between Silk and other publicly traded logistics companies and transactions, we have utilised historical and forecast EBITDA (adjusted to exclude exceptional items) on a post-AASB 16 Leases basis for our market approach.

In considering the appropriate earnings period of the asset or business being valued from which to calculate multiples, factors to consider include whether the historical performance of the asset or business reflects the expected level of future operating performance, such as whether the underlying business is cyclical and at what stage of the cycle the performance is being measured. Kroll has considered these issues as part of its analysis of market evidence for the Transaction.

Silk has not announced specific earnings guidance. Accordingly, the implied forward multiples used in our market approach have been calculated based on broker consensus forecasts. Kroll notes that the broker consensus is sufficiently close to Silk's internal forecasts to be useful for analytical purposes.

Rule-of-thumb valuation benchmarks are sometimes considered to be an application of the market approach. They generally should not be given substantial weight unless market participants place particular reliance on them.

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Income approach

Under an income approach, the value of an asset is determined by converting future cash flows to a current value. It is commonly adopted when:

- the income producing ability is the critical element affecting value from a market participant perspective;
- future cash flows can be estimated on a reasonable basis; and
- there is not a substantial operating history, there is a variable pattern of cash flow, or the asset has a finite life.

The most common application of the income approach is the DCF methodology. This methodology allows for cash flows to reflect a range of risks and opportunities and also allows for a range of scenarios to be modelled.

A DCF methodology can be applied to cash flows to the whole asset or business or cash flows to equity. Cash flows to the whole asset or business is most commonly used because an asset or business should theoretically have a single value that is independent of how it is financed or whether income is paid as dividends or reinvested.

Utilising the DCF methodology requires estimation of cash flows for a number of years and discounting those cash flows back to present value. Silk has provided a seven-year forecast to FY31 (**Financial Model**).

Kroll has prepared a high-level DCF analysis that uses the Financial Model as its starting point. Kroll has undertaken various enquiries and independent analysis in relation to Silk's assumptions underlying the Financial Model, including holding discussions with Silk management and reviewing key assumptions in the context of current economic, financial and other conditions.

Following our enquiries and independent analysis, Kroll is of the view that the Financial Model has been prepared on a reasonable basis recognising the inherent uncertainties and limitations and is, therefore, suitable as a basis for our high-level DCF analysis. In making this assessment, we have taken the following into account:

- the Financial Model is not a corporate model but was prepared specifically for the purposes of the Transaction, however, the model was discussed extensively with management and provided to the Silk Directors for review. Silk management has advised that it is representative of their 'expected' outlook for the business. It was last updated in August 2024;
- the Financial Model applies the Board approved budget and forecast for FY25 and FY26 as its starting point, and extrapolates the forecast period to FY31 on the basis of a combination of key top-down macroeconomic and overhead assumptions and bottom-up volume, price and occupancy assumptions across Port Logistics, Warehousing and Distribution. Volume forecasts are linked to GDP growth and contracts, and price growth is linked to CPI;
- a large proportion of Silk's revenues are covered by contracts, as evidenced in FY24, whereby approximately 76.5% of total revenue was attributable to contracted recurring revenue (as discussed in Section 8.3.5 of this report). Meanwhile, Silk operates a model, whereby to the extent possible increases in costs are passed through under contractual terms, reducing the uncertainty associated with Silk's margin;
- the forecasts include three scenarios: a base case, upside case and downside case. The base case reflects only organic growth on an 'as-is' basis, with no assumed acquisitions or capital injections; and
- key uncertainties in the model relate to volumes and occupancy, particularly in relation to the ramp up of the new Kenwick site. Consequently, Kroll has tested these assumptions with a sensitivity analysis.

Since the Financial Model was last updated in August 2024, inflation projections have reduced slightly.[81] Consequently, Kroll has made adjustments to the forecasts to reflect the latest macroeconomic indicators.

However, the cash flows within our high-level DCF analysis do not constitute a forecast or projection by Kroll of the future performance of Silk, and no assurance or warranty is provided that future performance will align with the assumptions adopted in the model. These assumptions do not, and do not purport to, represent the range of potential outcomes for Silk's business operations.

[81] S&P Global Market Intelligence projections as at 15 August 2024 and 15 November 2024.

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Cost approach

A cost-based approach is most appropriate for businesses where the value lies in the underlying assets and not the ongoing operations of the business (e.g. real estate holding companies). This approach does not capture growth potential or internally generated intangible value associated with a company such as Silk.

9.2.3 Control premium

Consistent with the requirements of RG 111, we have assumed 100% ownership of Silk and, therefore, our valuation includes a control premium.

Successful transactions are commonly completed with an implied acquisition premium to the pre-trading equity price of the target in the order of 25% to 40% depending on the individual circumstances.[82] In considering the evidence provided by actual transactions, it is important to recognise that the observed premium for control is an outcome of the valuation process, not a determinant of value, and that each transaction will reflect to varying degrees the outcome of a unique combination of factors, including:

- the acquirer's capacity to realise full control over the strategy and cash flows of the target entity;
- the magnitude of synergies available to all acquirers, for example, the rationalisation of costs related to duplicated functions, or the removal of costs associated with the target being a listed entity;
- uncertainties related to the timing of full realisation of target synergies;
- the expected costs to migrate and integrate the business;
- the nature of the bidder (i.e. whether the acquirer is a financial investor or a trade participant);
- synergistic or special value that may be unique to a particular acquirer;
- the interest acquired in the transaction with consideration to the bidder's pre-existing shareholding in the target;
- the prevailing conditions of the economy and capital markets at the time of the transaction with consideration to the position in the overall market cycle;
- desire (or anxiety) for the acquirer to complete the transaction;
- whether the acquisition is competitive; and
- the extent the target company's share price already reflects a degree of takeover speculation.

The premium that is ultimately applied must have regard to the circumstances of each case. In some situations, it may be appropriate to apply no premium for control, for example, there are transactions where no corporate buyer is prepared to pay a price in excess of the prices paid by institutional investors through an initial public offering. Accordingly, an assessment as to an appropriate control premium, if any, is essentially a matter of judgement.

The multiples derived for listed comparable companies generally reflect prices at which portfolio interests (i.e. minority interests) are traded and consequently, do not include a control premium. They may also be impacted by the level of liquidity in trading of the particular security. Accordingly, when valuing a business as a whole (i.e. Silk on a 100% basis), or when valuing the main undertaking of a business, it is appropriate to reference the multiples achieved in recent transactions, where a control premium and breadth of purchaser interest are more fully reflected.

There are a number of potential strategic acquirers of Silk other than DP World Australia. These acquirers would likely all be able to derive savings from corporate overheads as well as listed public company costs (which are available to any acquirer of Silk, including a strategic buyer). There are other potential operational synergies such as property related costs and fleet consolidation, however, these would vary between acquirers depending on the nature and location of their operations. Consequently, whilst there are other potential synergies available to an acquirer, these are potentially quite different and uncertain and as such not possible to determine with any reliability. As such Kroll has limited synergies within our DCF analysis to those that would be readily available to a pool of purchasers of Silk being listed public company costs and

[82] 2023 Mergerstat Review. Range represents median premium from 2013 to 2022. Premiums are calculated based on the seller's closing price five business days before the initial announcement. The calculations exclude negative premiums and premiums over 250%.

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various back office costs. They do not include those synergies that may be available to a specific buyer in relation to property costs and fleet consolidation as it is not possible to determine these with any reliability.

In valuing Silk utilising a market approach, potential synergy benefits have been included by incorporating a multiple that is based on recent transaction evidence and includes a control premium. Adding both an adjustment to earnings to reflect synergies and a control multiple in the valuation would result in an overstatement of the benefits of a transaction. Relative to Silk's trading multiple immediately prior to the announcement of the Scheme of 4.6 times FY+1 EBITDA, the selected control multiples of 5.0 to 5.25 times imply a control premium of 41.0% to 58.0%. These premiums are consistent with the average Factset premiums for the Transportation industry which ranged from 45.9% to 52.8% for 2018 to 2022 and are also broadly consistent with some of the higher control premiums observed in Kroll's transaction evidence (e.g. Toll/Japan Post (2015), 48.7% and Clasquin/SAS (2024), 59.9%) (refer to Section 9.3.3 of this report).

9.3 Market approach

9.3.1 Summary

Kroll has assessed the value of Silk's operating business using a market approach having regard to capitalisation of EBITDA for selected Australian and New Zealand (**ANZ**) listed domestic logistics services companies, and transactions involving Australian and global logistics services companies. This assessment requires consideration of an appropriate level of maintainable earnings (refer to Section 9.3.2 of this report) and capitalisation multiple (refer to Section 9.3.3 of this report).

We have determined the value of Silk's operating business to be in the range of $500.0 million to $551.3 million. The selected value range takes into consideration the value of Silk's operating business based on capitalising an assessed maintainable EBITDA (post-AASB 16 Leases) for Silk on a consolidated basis.

Value of Silk's Operating Business ($ millions)

	Section Reference	Valuation Range Low	Valuation Range High
Maintainable earnings (FY25 EBITDA)	9.3.2	100.0	105.0
Selected capitalisation multiple (FY+1 EBITDA)	9.3.3	5.0	5.25
Value of operating business[1]		**500.0**	**551.3**

Source: Kroll analysis.
Note 1: Value of operating business range rounded to one decimal place.

As set out in Section 9.1 of this report, this is equivalent to a value per Silk Share in the range of $1.64 to $2.27.

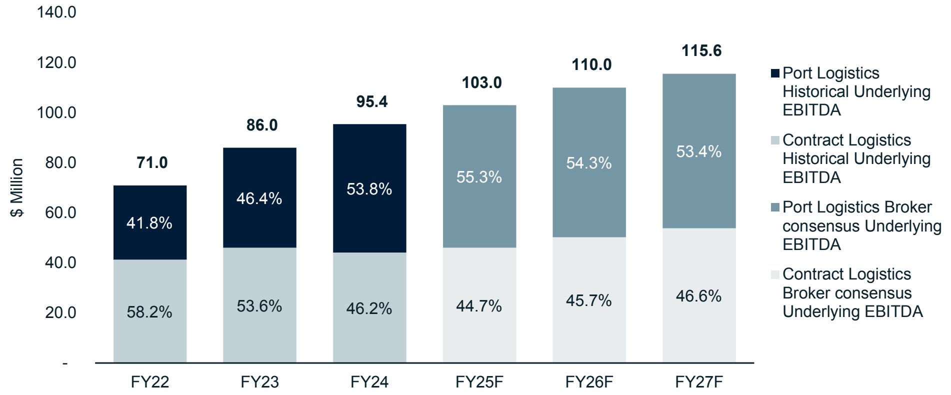
9.3.2 Maintainable earnings

Maintainable earnings should reflect the earnings that can be achieved in the future for the business on an ongoing basis. It is an estimation of the earnings or cash flows that a hypothetical purchaser would utilise for valuation purposes, having regard to historical and forecast operating results, non-recurring items of income and expenditure, and other known factors that are likely to have an impact on the businesses operating performance.

In assessing maintainable earnings for Silk, the following has been considered:

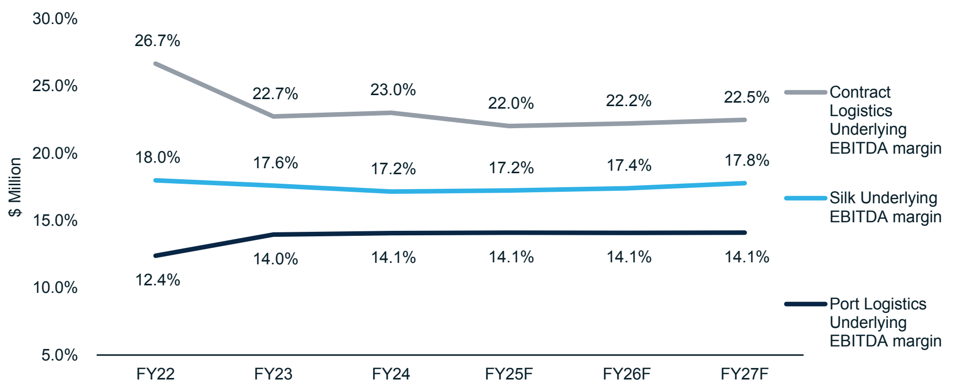
- as discussed in Section 9.2.2 of this report, we have utilised historical and forecast Underlying EBITDA (statutory EBITDA adjusted to exclude exceptional items) on a post-AASB 16 Leases basis, in line with the publicly reported underlying figures presented by Silk and the broker consensus, and to ensure comparability with other logistics services companies;
- the trend in Silk's Underlying EBITDA is driven by the performance of Port Logistics and Contract Logistics. The following figures illustrates the relative contribution of Port Logistics and Contract Logistics to historical and broker consensus Underlying EBITDA, and the historical and broker consensus Underlying EBITDA margins.

Silk's Underlying EBITDA and Segment Contribution



Source: Kroll analysis.
Note 1: FY22 to FY24 reflects the historical segment Underlying EBITDA on a post-AASB 16 Leases basis as presented in Section 8.4.2 of this report. As the consensus segment Underlying EBITDA in Section 8.4.3 of this report did not sum to the total Underlying EBITDA, FY25F to FY27F reflects a pro-rata allocation of the total Underlying EBITDA on the basis of the consensus segment Underlying EBITDA.

Segment Underlying EBITDA Margins



Source: Kroll analysis.
Note 1: FY22 to FY24 reflects the historical segment Underlying EBITDA margins on a post-AASB 16 Leases basis as presented in Section 8.4.2 of this report.

- Port Logistics Underlying EBITDA margins have remained steady between FY23 and FY24, and are forecast to remain in line with FY24 at 14.1%. The relative contribution of Port Logistics earnings has however increased as the earnings margins for Contract Logistics have fallen;
- whilst Contract Logistics Underlying EBITDA margins improved slightly in FY24 due to labour utilisation and operating efficiencies, a decline in forecast earnings is expected while warehouse occupancy is diluted by the new Kenwick site. Brokers forecast margins to lift from approximately 22.0% in FY25 to 22.5% in FY27 as the occupancy at the Kenwick site ramps up to steady state levels;
- on a consolidated basis, the broker consensus forecasts Underlying EBITDA margin to remain flat at 17.2% in FY25, lifting to 17.4% in FY27; and
- whilst approximately 76.5% of FY24 revenue was contracted recurring revenue and approximately 94.75% of total revenue was derived from existing customers, as discussed in Section 8.3.5 of this report, there is uncertainty with regard to underlying market factors including trade volumes which may impact Port Logistics revenue growth. There is also uncertainty with regard to the ramp up of

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warehouse occupancy in Contract logistics. We therefore consider it appropriate place greater reliance on near term earnings in undertaking our market approach.

Having regard to these factors, Kroll has selected a range of maintainable Underlying EBITDA (post-AASB 16 Leases) for FY25 (FY+1) of between $100.0 million and $105.0 million, which straddles the broker consensus. Growth associated with the anticipated ramp up in warehouse occupancy is reflected in the selection of the earnings multiple in Section 9.3.3 of this report.

9.3.3 Capitalisation multiples

In determining an appropriate range of capitalisation multiples to apply to Silk's maintainable earnings, we have considered:

- trading multiples of ANZ listed companies operating in logistics services;
- the multiples implied by recent transactions involving Australian and global logistics services companies; and
- the specific attributes of Silk, including the risks associated with the ramp up of occupancy at the new Kenwick site (refer to Section 9.3.4 of this report).

On balance, we consider that a multiple of 5.0 to 5.25 times FY+1 EBITDA (including a control premium) is appropriate for Silk on a consolidated basis.

Sharemarket evidence

As discussed in Section 7.3 of this report, companies operating in logistic services can range from smaller domestic based LSPs to large multinational LSP with varying degrees of specialisation or diversification in their service offerings, geographical coverage and modes of transport, underlying market exposures and capital intensity. Each of these, and other company specific factors, impact each company's opportunities, exposures, financial performance and valuations differently. Nevertheless, all LSPs have been impacted by broader supply chain disruptions and challenging macroeconomic conditions.

Silk is one of the smaller LSPs in Australia. Whilst there are several listed domestic and global LSPs, Kroll has chosen to focus the comparable company analysis on listed companies with predominantly local operations and exposures, in Australia and/or New Zealand.

The following table sets out the implied LTM and forecast Underlying EBITDA multiples for the selected comparable listed companies as at 16 December 2024, on an underlying and post-AASB 16 Leases basis. Further details for these companies, including company descriptions, revenue, Underlying EBITDA, and Underlying EBITDA margins are provided in Appendix 6 of this report.

Sharemarket Evidence: Selected Comparable Listed Logistics Services Companies

Company (Country of Listing)	Market Capitalisation[1] (A$ million)	Enterprise Value[2] (A$ million)	Enterprise Value[2] / EBITDA[4]				EBITDA[4] Growth FY+1 to FY+3 CAGR[6]
			LTM[3]	FY+1[3]	FY+2[3]	FY+3[3]	
Silk (Australia)	119.9	474.9	5.0	4.6	4.3	4.1	5.9%
Qube (Australia)	6,803.0	8,213.9	15.4	13.3	12.2	11.5	7.3%
Mainfreight (NZ)	6,517.1	7,622.5	11.6	11.2	10.3	9.5	9.0%
Freightways (NZ)	1,712.8	2,255.6	10.8	10.1	9.4	8.8	7.2%
K&S[5] (Australia)	499.5	532.3	6.0	na	na	na	na
Lindsay (Australia)	270.8	472.1	5.1	4.9	4.5	4.3	7.1%
CTI Logistics[5] (Australia)	155.7	263.7	4.8	5.1	4.3	3.8	15.2%
MOVE Logistics (NZ)	25.5	211.9	8.4	na	na	na	na
Wiseway[5] (Australia)	20.9	41.3	5.1	na	na	na	na

Source: S&P Capital IQ, Refinitiv, Company financial statements and Kroll analysis.
Notes:
1. All companies' market capitalisations are calculated based on share price data as at 16 December 2024 except for Silk which is calculated based on share price data as at 8 November 2024, the last trading day prior to the announcement of the Scheme.
2. Enterprise value is on a post-AASB 16 Leases basis.

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Notes (continued):

3. LTM refers to the period of 12 months ending 30 June 2024 for all companies except for Mainfreight where LTM refers to the period of 12 months ending 9 September 2024. FY+1 refers to the period of 12 months ending 30 June 2025 for all companies except for Mainfreight where FY+1 refers to the period of 12 months ending 31 March 2025. FY+2 and FY+3 periods refer to the following 12 month periods after the previous periods end date. All forecasts are based on broker consensus sourced from Refinitiv.
4. LTM and forecast Underlying EBITDA are sourced from S&P Capital IQ and Refinitiv and are adjusted figures which exclude items that are not reflective of underlying business activities. Underlying EBITDA is on a post-AASB 16 Leases basis.
5. K&S Corporation Limited (**K&S**), MOVE Logistics Group Limited (**MOVE**) and Wiseway Group Limited (**Wiseway**) do not have any broker coverage and therefore do not have any forecasts.
6. Implied Underlying EBITDA CAGR between FY+1 and FY+3.
7. na means not available.

These trading multiples are based on sharemarket prices and therefore do not typically include a control premium. The trading multiples for Silk reflect the market capitalisations as at 8 November 2024, prior to the announcement of the Scheme and are shown for comparative purposes only.

Although the activities of the observed companies are broadly comparable to Silk's business, in our view, there is no single target company that is a perfect comparable, nevertheless broad trends have been observed to guide the selection of an appropriate multiple for Silk. Notwithstanding we consider the most comparable companies for purposes of assessing an appropriate multiple are Lindsay and CTI Logistics, which are trading at multiples of 4.9 and 5.1 times FY+1 EBITDA, respectively, which are slightly above the multiple at which Silk was trading prior to the announcement of the Scheme of 4.6 times FY+1 EBITDA.

We note the following considerations in relation to the observed trading multiples:

- **growth expectations:** several of the observed company's annual reports note that forecasting the operating environment and providing guidance remains difficult however the longer term macro trends remain positive. Where consensus forecasts are available, EBITDA CAGRs (excluding Silk) range between 7.1% and 15.2%, higher than Silk's consensus EBITDA CAGR of 5.9%. On the basis that forecast growth broadly supports higher trading multiples, we would expect Silk to trade at the low end of the observed multiples;
- **scale**: as outlined in Section 7.3.2 of this report, scale is a primary source of competitive advantage in the Australian and New Zealand logistics services sectors, with larger LSPs able to offer a more integrated and broader service offering, achieving various efficiency and cost benefits. Of the observed comparable companies, the larger companies tend to trade at higher multiples. The highest observed trading multiple of 13.3 times Underlying FY+1 EBITDA is for Qube, Australia's largest integrated LSP. The companies with smaller capitalisations are trading at lower FY+1 EBITDA multiples in the range between 4.6 and 5.1 times. We note that whilst MOVE is trading at LTM multiples higher than some larger Australian listed companies, possibly impacted by MOVE's pipeline of specialist energy and infrastructure projects, MOVE's multiples are still lower than the other larger New Zealand listed companies. On the basis of the total Scheme Consideration of $174.5 million, Silk's relative scale would indicate an FY+1 Underlying EBITDA multiple towards the low end of the range of the observed multiples;
- **geographic coverage**: as LSP's, geographic coverage is essential for operations and appears to reflect strategic placement rather than a direct driver of scale and value. Mainfreight's supply chain network extends to Asia, the United States and Europe and is currently trading at 11.2 times Underlying FY+1 EBITDA. Wiseway also operates globally, however, is a small freight forwarder trading at 5.1 times Underlying LTM EBITDA. The other observed companies are strategically located across Australia and/or New Zealand, for example Lindsay's footprint is driven by proximity to key horticultural regions. CTI Logistics generates 58% of its revenue from Western Australia;
- **service offerings and underlying market exposures**: there are a variety of service offerings and a range of underlying market exposures across the observed comparable companies. Each company's specific mix and capital investment decisions have impacted the resilience of the company through recent challenging sector and macroeconomic conditions:
  - Qube provides a broad logistics service offering across Australia, New Zealand and Southeast Asia to a broad range of underlying industries. Qubes' Logistics and Infrastructure segment covers road and rail transport, warehousing and distribution, container parks and related services in ANZ, international freight forwarding services and also ownership and operation of key terminals and infrastructure. Key underlying markets in addition to containers and terminals include manufacturing, food processing and agriculture. Qube's Port and Bulk segment provides port

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services with bulk and general handling across ANZ and Southeast Asian ports. Key underlying commodities including base metals, forestry products, energy and bulk scrap. The diversity of Qube's operations significantly reduces the volatility of Qube's overall revenue and earnings and Qube demonstrated continued earnings growth in FY24 despite sector and economic challenges;[83]

- Mainfreight, on the other hand, experienced declines in earnings across its Domestics Transport, 3PL Warehousing services and Air & Ocean segments. Whilst a globally diversified business, Mainfreight's revenue and earnings fell in FY24, impacted by the impact of economic headwinds on volumes and utilisation, and broader complexities of international supply chain logistics, competition and margin pressure;[84]
- Freightways offers slightly different services, predominantly express package and business mail together with refrigerated national transport, information management and waste renewal services across Australasia, and is a dominant presence in the New Zealand market, through several well-known brands. Freightways' diversification, being less reliant solely on the New Zealand economy, with additional specialised services enabled the company to remain resilient during the challenging macro-economic environment;[85]
- K&S is involved in the provision of logistics services to customers within Australia and New Zealand, and the distribution of fuel to fishing, farming and retail consumers within the Southeast of South Australia. K&S revenue and EBITDA declined in FY24 impacted by lower customer volumes, a reduction in fuel prices and margin compression. Fuel retailing and wholesaling markets have high levels of competition. K&S predominantly owns its fixed assets;[86]
- Lindsay specialises in road transport (refrigerated and general), logistics, warehouse services and specialist services (fumigation, ripening, quarantine, inspection, import and export service) to rural suppliers in Australia, with an emphasis on the horticultural industry. Lindsay also supplies agricultural products and recently acquired WB Hunter Pty Ltd in Victoria which sells rural supplies, agricultural services, trade essentials and pet products. Lindsay's financial performance has been impacted by inflationary and labour cost pressures and is exposed to additional risk associated with the underlying horticulture and agriculture industries where adverse weather and climate risk can have a large impact on logistic volumes. Lindsay predominantly leases its property and equipment;[87]
- CTI Logistics is a provider of transport and logistics services, primarily to Western Australian markets, and includes B2B and B2C parcel distribution, container handling, fleet management, Western Australian regional road freight, interstate road and rail freight, 3PL, 4PL, supply chain and distribution centre warehousing. Specialised services include flooring product logistics, e-commerce fulfilment, temperature-controlled warehousing, minerals and energy supply base services, quarantine, document storage and recycling. The company also has a security business. CTI Logistics performed strongly in FY24 driven by strong freight volumes and network expansion particularly in regional Western Australia. The company has also generated significant returns through capital appreciation and operational efficiencies in its owner-occupied Western Australian properties.[88]
- MOVE provides domestic freight services (including temperature controlled and specialist fuel tankers and heavy haulage), contract warehousing and international freight forwarding and shipping across a broad range of industries. MOVE's top 20 clients are predominantly in the retail sector (grocery, packaging, liquor, fuel) which with the exception of fuel have been significantly impacted by reduced demand during the recessionary environment in New Zealand. The company underperformed in FY24, exacerbated by the industry-wide challenges, however, MOVE has a strong pipeline of specialist projects in renewable energy and infrastructure that is showing positive signs in 1H25. MOVE's Specialist heavy haulage is a leader in the renewable energy sector. MOVE is progressing towards an asset light model;[89]

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[83] Qube 2024 Annual Report, Qube Investor Presentation – 2024 Full Year Results, 22 August 2024.
[84] Mainfreight Annual Report 2024, Mainfreight Half Year Result to 30 September 2024 dated 12 November 2024.
[85] Freightways Annual Report 2024, Freightways FY24 Results Presentation.
[86] K&S Annual Report 2024, ASX Announcement 27 August 2024.

[88] CTI Logistics Annual Report 2024, CTI Logistics FY24 Results Presentation, 28 August 2024.
[89] MOVE Annual Report 2024, MOVE FY24 Results Presentation, 29 August 2024.

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    - Wiseway's logistics services in FY24 were predominantly driven by imports (e-commerce growth), air freight exports and perishables, with other revenue generated from overseas divisions (China, the United States, New Zealand and Singapore), sea freight exports and interstate road transport and 3PL warehousing. FY24 marked a significant turnaround in the group's performance and profitability driven by strategic initiatives, operational improvements and cost management. Wiseway's exposure to perishable freight may increase its risk in relation to climate and weather events impacting horticulture and agricultural freight volumes. Wiseway predominantly owns its fixed assets;[90] and
    - Silk, by comparison, has demonstrated continued earnings growth in FY24, though also impacted by subdued volumes and warehouse occupancy, underpinned by diverse customer market segments including FMCG, light industrial, specialist retail, food and containerised agriculture industries. Silk operates on an asset light model.
- Kroll notes that Lindsay's FY+1 multiple, on a minority basis of 4.9 times is higher than Silk's undisturbed FY+1 multiple, on a minority basis, of 4.6 times. A higher multiple is appropriate for Lindsay than Silk since:
    - Lindsay's market capitalisation ($270.8 million) is more than twice as large as Silk's market capitalisation immediately prior to the announcement of the transaction ($119.9 million);
    - Lindsay has a higher level of expected growth, with EBITDA expected to increase at a CAGR of 7.1% from FY+1 to FY+3, compared to Silk, which is expected to experience EBITDA growth at a CAGR of 5.9% over the same period;
    - Lindsay provides a broad service offering, including core road transport, logistics and warehousing services as well as specialist services to rural suppliers, with an emphasis on the horticultural industry (services including fumigation, ripening, quarantine, inspection, import and export services). Lindsay also acquired WB Hunter, a provider of rural supplies (chemicals, nutrients, fencing and livestock products);
    - Lindsay and Silk have quit different business models, with Lindsay providing specialised services outlined above, with Silk focusing on Port Logistics and Warehousing. Lindsay's specialised business model drives a premium multiple due to higher barriers to entry; and
    - Lindsay also appears to have a significantly higher split of owned assets vs leased (as evidenced by higher PPE proportional to ROU assets), which would also typically lead to a higher multiple.
- Kroll also notes CTI Logistics' FY+1 multiple, on a minority basis of 5.1 times is also higher than Silk's undisturbed FY+1 multiple, on a minority basis, of 4.6 times. A higher multiple, compared to Silk, is appropriate for CTI Logistics due to:
    - CTI Logistics' market capitalisation of $155.7 million is larger than that of Silk ($119.0 million);
    - CTI Logistics' higher growth outlook, with EBITDA expected to increase at a CAGR of 15.2% from FY+1 to FY+3, which was the highest out of the observed companies and higher than Silk's expected EBITDA growth of 5.9% over the same period;
    - compared to Silk, which focuses on Port Logistics and Warehousing, CTI Logistics provides a broader service offering, which includes several types of road and rail freight (regional and interstate), warehousing, distribution and more specialised services such and flooring product logistics, e-services, quarantine, document storage, recycling, and security;[91] and
    - CTI Logistics also has a considerable national property footprint, a large portion of which is owned by CTI Logistics. This is evidenced by a higher portion of non-current assets relating to freehold land and buildings in Western Australia, and PPE, compared to ROU assets. CTI Logistics also generates significant returns through capital appreciation and operational efficiencies in owner-occupied Western Australia properties.[92]

Transaction evidence

Despite the highly fragmented nature of the Australian logistics services industry, and market participants predominantly creating scale through M&A, the number of transactions with sufficient public information to

[90] Wiseway Annual Report 30 June 2024, Wiseway FY24 Presentation, 30 August 2024.

[91] CTI Logistics Annual Report 2024, CTI Logistics FY24 Results Presentation, 28 August 2024.

[92] CTI Logistics Annual Report 2024, CTI Logistics FY24 Results Presentation, 28 August 2024.

assess comparable transaction multiples is relatively limited. The following table sets out the EBITDA (post-AASB 16 Leases) multiples implied for transactions involving Australian and global logistics services companies, for which sufficient financial and transactional data is publicly available. The transactions have been sorted by size given the relative importance of scale in the logistics services sector. Further detail for these transactions is provided in Appendix 6 of this report.

Transaction Evidence

Announcement Date	Target (Country, Percentage acquired) / Acquiror	Premium to Unaffected Share Price	Implied Equity Value (A$ millions)	Implied Enterprise Value/EBITDA[1]	
				Historical	FY+1[2]
18-Feb-15	Toll (A, 100.0%)/ Japan Post	48.7%[3]	6,485.6	8.4	8.3
21-Oct-24	Wilson Sons (Brazil, 56.5%)/ SAS	16.2%	2,029.9	8.9	8.7
21-Mar-23	US Xpress (US, 100.0%)/ Knight-Swift	352.7%	536.4	5.1	4.2
3-Nov-17	Cogent (Singapore, 100.0%)/ Cosco	5.2%	467.6	8.7	na
14-Oct-24	Clasquin (France, 57.4%)/ SAS	59.9%[4]	536.7	9.6	11.6
28-Mar-24	Clasquin (France, 42.1%)/ SAS	59.9%[4]	547.3	9.6	10.1
22-Aug-22	Allied Express (A, 100.0%)/ Freightways	na	120.0	6.3	na
20-Sep-10	Wridgways (A, 100.0%)/ Sante Fe	2.9%[3]	77.1	6.6	6.2
13-Nov-13	SCC (A, 100.0%)/ K&S	33.3%[3]	43.4	3.5	na

Source: S&P Capital IQ, Mergermarket, Company financial statements, ASIC company filings; Kroll analysis.
Notes:
1. Implied enterprise values and EBITDA figures for transactions occurring prior to the introduction of AASB 16 Leases in January 2019 have been adjusted to reach enterprise values and EBITDA figures which are on a post-AASB 16 Leases basis.
2. FY+1 EBITDA multiples are based on brokers forecasts at the time of each transaction.
3. Reflects premium to last close price sourced from scheme booklet.
4. Reflects premium to unaffected share price sourced from transaction announcement.
5. na means not available.

We consider the most comparable transaction for purposes of assessing an appropriate multiple is Allied Express/ Freightways, given the scale and geographical location of Allied Express' operations are similar to Silk, and the transaction is relatively recent (August 2022). The transaction occurred at a multiple of 6.3 times historical EBITDA.

The observed transaction multiples range between 3.5 times and 9.6 times on the basis of historical earnings and 4.2 times and 11.6 times on forecast earnings. The specific drivers of transaction value appear to be a combination of transaction premium or synergies, scale of the target, growth outlook and the specific service offerings of the target. We note the following in relation to these transactions:

- the following transactions relate to target companies that are considerably larger than Silk:
  - in 2015, Japan Post Co., Ltd (**Japan Post**), a government-owned monopoly acquired Toll Holdings Limited (**Toll**), a leading provider of transport and logistics across the Asia Pacific region, for $6.5 billion (equity value), in one of the largest overseas takeovers of an Australian listed company at the time.[93] The transaction included a sizeable premium over Toll's share price prior to the transaction, reflecting Japan Post's strategic determination to build a global logistics footprint and was expected to be a transformational transaction for both companies. At the time, Toll had pursued an aggressive acquisition strategy focused on industry consolidation and offshore growth and had grown established five key business divisions: Resources and Government Logistics, Global Logistics, Global Forwarding, Domestic Forwarding and Global Express. Its ongoing growth was limited by regulatory constraints and the changing business mix impacting strategy. Following some divestments, Toll was focusing on strengthening its existing business operations.[94] Toll was significantly larger than Silk, and the transaction multiple of 8.4 times historical EBITDA and the offer price implied a premium to last close of 48.7%. This likely reflected the significant anticipated synergies. Toll's equity value at the time of the transaction ($2,029.9 million) was 11 to 15 times

[93] Japan Post to buy Australia's Toll Holdings for A$6.49 billion in bid to become global logistics giant | The Straits Times, Australian Financial Review, Wiggins. J., Macdonald. A., 'Turning Japanese: How the $6b Toll Holdings takeover created 80 millionaires' 23 December 2015.
[94] Toll Holdings Limited Scheme Booklet, 2 April 2015.

larger than Silk's equity value (control basis) ($134.1 million to $185.4 million). Toll is not only significantly larger but also a more diversified business compared to Silk. Larger businesses typically trade at a higher multiple for a variety of factors, including economies of scale, pricing power, business diversification, etc;

- a more recent transaction that occurred during the current challenging business environment was Knight-Swift Transportation Holdings Inc.'s acquisition of rival trucker U.S. Xpress Enterprises Inc. (**US Xpress**) for a cash offer of more than four times the closing price for US Express shares. At the time US Xpress' revenue was predominantly comprised of dedicated truckload and irregular route truckload revenue. The business generated approximately US$2.2 billion in operating revenue in 2022 serving its blue-chip customer base through a network of approximately 14 facilities, primarily across the eastern United States. Whilst its Total Transportation subsidiary was performing reasonably well, the irregular route business was underperforming potentially impacting the low transaction multiple of 5.1 times historical EBITDA;[95]
- Cosco Shipping International's acquisition of Singapore-listed Cogent Holdings Pte Ltd (**Cogent**) in 2017, at a multiple of 8.7 times historical EBITDA, was premised on developing new business opportunities from Cogent's leading, full service integrated logistics offering and strong presence in Singapore and Malaysia;
- more recent transactions observed were in relation to the acquisition by SAS Shipping Agencies Services Sarl (**SAS**), a subsidiary of MSC Mediterranean Shipping Company SA, of 42.1%, of the share capital of Clasquin SA (**Clasquin**) at a multiple of 9.6 times historical EBITDA. Following this transaction, in October 2024, SAS announced it would acquire the remaining 57.4% shares at the same price. Clasquin is an air and sea freight forwarding and overseas logistics specialist, coordinating the flow of client shipments between France and the rest of the world, and more specifically, to and from Asia-Pacific, North America, North Africa and sub-Saharan Africa. The transaction implied a premium of 59.9% to the unaffected share price, reflecting that the acquirer expected to achieve Clasquin to offer its current and future customers new and unique transport solutions based on the various assets of the MSC Group. Other factors which support a lower FY+1 EBITDA multiple for Silk than for Clasquin include:
  - Clasquin equity value was 3 to 4 times larger ($547.3 million) than Silk's equity value on a control basis ($134.1 million to $185.4 million);
  - Clasquin's greater geographical footprint and broad service offering as an international freight forwarding and overseas logistics company worldwide, with services including air and sea freight solutions, such as storage, order management, supply chain management, distribution, chartering services, time-definite services, hazardous cargo, full and less container load services between major ports, scheduled services and door-to-door delivery services; and
  - Clasquin is a multinational company with different operations to Silk (Freight Forwarders typically trade at higher multiples). Global freight forwarding peers such as CH Robinson, DSV and Kuenhe Nagel trade at upwards of 10 times EBITDA; and
- the most recent transaction was SAS's acquisition of a 56.5% stake in Wilson Sons S.A. (**Wilson Sons**), an integrated port and maritime logistics provider operating primarily in Brazil, whose main operations include towage (referring to the operation of a fleet of tugboats to move vessels in and out ports), and container terminals (the management of container terminals at two key ports in Brazil). Wilson Sons also has further service offerings, including general and bonded warehousing, inventory management, distribution, transport management which complement their considerable scale. Wilson Sons had reported high levels of growth prior to the transaction, with EBIT increasing at a CAGR of 16.7% from FY21 to FY23. It is also significantly larger in scale than Silk, with an equity value of $2.0 billion;

- the following transactions relate to target companies that were relatively smaller in terms of equity value:
  - in 2022, when the sector was experiencing surges in demand following the COVID-19 pandemic lockdowns, Freightways acquired Allied Express Pty Ltd (**Allied Express**), an independently owned Australian provider of courier and express freight services, at a multiple of 6.3 times

[95] Knight Transportation website news, 'Knight-Swift Transportation Agrees to Acquire U.S.Xpress Enterprises for $6.15 Per Share'.

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historical EBITDA. Allied Express was smaller than Silk with forecast revenue of $215 million and EBITA of $20.5 million, however delivered 98% of its volume within its own infrastructure, and the acquisition would provide Freightways with a significant entry point to the Australian market and step into a new horizon for growth due to Allied Express's specialised oversized freight capabilities;[96]

- in late 2010, EAC Moving & Relocation Services (**Santa Fe**) acquired Wridgways Australia Ltd (**Wridgways**), a leading Australian removal and relocation company, at a historical EBITDA multiple of 6.6 times. The acquisition was expected to double Santa Fe's revenue and create a market leading player in the Asia Pacific region.[97] The timing of the transaction followed the 2008 Financial Crisis, with the expectation of large levels of investment and trade contributing to larger volumes of relocations;[98] and
- in November 2013, K&S announced its proposed merger with Scott Corporation Limited (**SCC**), a national carrier with expertise in the transport of bulk solids, liquids and explosives by road, rail and sea. At the time, SCC had a blue-chip contracted customer base with annual revenue of $187 million.[99] Industry conditions had been subdued at the time.[100] K&S saw the merger as an opportunity to diversify its business and noted SCC's exposure to the resources sector as highly complementary to K&S. The cash consideration represented a 33.3% premium to the last close and implied a historical EBITDA multiple of 3.5 times.

Specific attributes of Silk

In forming our views as to the selected multiple to apply to Silk's operating business we have considered a series of factors. We recognise what has been achieved by Silk in recent years, but also consider the challenges Silk continues to face in the current operating environment. A summary of the main items that we have considered is as follows:

Growth expectations

- consensus EBITDA growth outlook of 5.9% CAGR from FY25 to FY27 (FY+1 to FY+3) (refer to Section 8.4.3 of this report) which is lower than other listed logistics companies, which reflects:
  - steady state growth and margins in Port Logistics;
  - ramp up of warehouse occupancy and margins in Contract Logistics; and
  - reduced focus on acquisition activity/non-organic growth in the near term recognising ongoing market conditions and Silk's rising debt and financing costs. Silk's financial leverage remains within covenant thresholds;
- upside opportunities include organic growth through internal cross selling within Silk's existing customer base and operational efficiencies;
- the valuation assumes that Silk does not require additional capital to execute its strategy in the short term which is focused on organic growth;

Scale

- Silk is a relatively small player within the Australian logistics industry, which has relatively high barriers to entry, determined by the location of facilities and broader geographic footprint, and relationships with customers and local government bodies;

Geographic coverage

- Silk's provision of wharf cartage, warehouse and distribution services across an extensive network of facilities and resources across Australia noting that its larger competitors have much more extensive facilities;

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96 Freightways website, 'Expanding our footprint in Australia with Allied Express'.
97 GlobalNewWire, 'Wridgways' shareholders approve Santa Fe's acquisition', 25 November 2010.
98 EAC Moving & Relocation Services, Acquisition Announcement, 2 December 2010.
99 K&S Corporation ASX Announcement, 'K&S Corporation Limited expands through merger with Scott Corporation Limited', 13 November 2013.
100 Australian Financial Review, Hoey. T.,'K&S shares recover, jump 50pc', 17 October 2012, Australian Financial Review, Hoey. T., 'K&S in good stead as outlook brightens for transport sector', 10 September 2013.

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Service offerings and underlying market exposures

- Silk's earnings are attributable to two primary operating segments: Port Logistics, which provides wharf cartage and container value-added services; and Contract Logistics, which offers warehousing, e-commerce fulfilment and distribution services;
- Silk has an average contracted tenure of 7.27 years, with a large proportion of Silk's revenues covered by contracts, as evidenced in FY24, whereby approximately 76.5% of total revenue was attributable to contracted recurring revenue as discussed in Section 8.3.5 of this report;

Ownership of assets

- Silk is relatively asset light compared to other industry participants.

Key risks for Silk, in addition to the continuation of challenging macroeconomic and supply chain conditions which impact the broader sector, include execution risk around the timing of the ramp up of warehouse occupancy, integration risk for recent acquisitions, and refinance risk;

Further, there are several potential acquirers of Silk given the complementary infrastructure and customer networks across the transport and logistic sector, and the advantages of scale for market participants. Consequently, we consider that a control premium could reasonably be expected to be paid by a hypothetical strategic acquirer.

Capitalisation multiples summary

On the basis of the above, with an overall regard to each of the multiples of selected listed companies which exclude a premium for control, observed transactions which include a premium for control, and the attributes of these businesses compared to Silk, including Silk's lower relative growth outlook, small scale, and asset light business, we consider an FY+1 EBITDA multiple of 5.0 to 5.25 times, on a control basis, to be appropriate for Silk. Relative to Silk's trading multiple immediately prior to the announcement of the Scheme of 4.6 times FY+1 EBITDA, the selected control multiples imply a control premium of 41.0% to 58.0%. These premiums are consistent with the average Factset premiums for the Transportation industry which ranged from 45.9% to 52.8% for 2018 to 2022 and are also broadly consistent with some of the higher control premiums observed in Kroll's transaction evidence (e.g. Toll/Japan Post (2015), 48.7% and Clasquin/SAS (2024), 59.9%).

9.4 Valuation cross-check

The value derived from our primary market approach has been cross-checked utilising a high-level DCF analysis. Kroll has developed a high-level DCF model based on the Financial Model provided by Silk (refer to Section 9.2.2 of this report) which forecasts free cash flows[101] for the seven years from FY25 through to FY31 (**Forecast Period**). The Financial Model is built at a segment level based on forecasts for individual sites and states. As discussed in Section 9.2.2 of this report, the model's forecasts in FY25 and FY26 are based on Silk's FY25 approved budget before applying key top-down macroeconomic and overhead assumptions and bottom-up volume, price, margin and occupancy assumptions to forecast the free cash flows for the remainder of the Forecast Period.

Kroll has adopted FY31 as the final year of the forecast and has applied a terminal value from FY31 based on a constant growth rate. The terminal value is calculated based on the Gordon Growth Model and a terminal growth rate of 2.0% which reflects long term forecast economic growth for Australia and a normalised terminal growth rate for a mature business.

Nominal, ungeared post-tax cash flows have been discounted using a weighted average cost of capital (**WACC**) of 10.8% to 12.4% (refer to Appendix 5) resulting in an equity value of Silk in the range of $154.1 million to $194.0 million.[102]

The key assumptions adopted by Kroll underlying the high-level DCF analysis are as follows:

- revenue growth is forecast by segment:

[101] Free cash flows reflect the cash flows available to all investors in the company. Unlevered free cash flows have been calculated as EBITDA on a pre-AASB 16 Leases basis adjusted for the FY25 second earn-out, less tax paid, change in net working capital and capex.

[102] In valuing on a controlling interest basis, we have assumed that synergies are realised in the form of public company cost savings and certain other corporate cost savings.

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  - Port Logistics revenue is forecast based on estimated container volumes and forecast nominal prices for each state and for individual Silk brands. Forecast volume and prices in FY25 and FY26 are based on management's FY25 budget. For the remainder of the forecast period, growth in volume and prices is based on projected real GDP growth and growth in CPI which Kroll have updated to reflect estimates from S&P Global as at 15 November 2024;[103]
  - forecast Warehouse revenue is built based on forecasts for each site and includes storage and handling revenues. Storage revenues are forecast based on forecast volume and price. Forecast volume is based on the storage capacity of each site which is expected to remain static for the entire forecast period, and on estimated occupancy rates which are forecast for each warehouse individually. All warehouses are forecast to achieve a target sustainable occupancy rate in-line with historical levels by FY30 and rates are forecast on a straight-line basis until the target rate is reached. Price forecasts in FY25 and FY26 are based on budgeted prices and are increased at CPI growth for the remainder of the forecast period. Handling revenue is based on a forecast handling revenue to storage revenue ratio which is derived from the FY25 and FY26 budget and is held constant thereafter; and
  - Distribution revenue is based on budgeted revenue for FY25 and FY26 with forecast GDP growth and CPI increases applied thereafter to forecast distribution revenue for the remainder of the forecast period;
- variable operating costs and ancillary costs are forecast per segment and are calculated on a site by site and state by state basis. For FY25 and FY26, ancillary costs are calculated based on a budgeted percentage of revenue for FY25 and FY26. This margin is held constant for the remainder of the Forecast Period. Variable costs which include direct and indirect labour costs, subcontractor costs and other variable costs are similarly calculated based on a forecast percentage of revenue which is based on the FY25 budget. For Port Logistics and Warehouse costs, this margin is forecast to remain constant throughout the period. For Distribution costs, the variable cost margin is expected to gradually improve, as a result of recent investment in this segment;
- forecast fixed operating costs and corporate costs in FY25 and FY26 are based on estimates from the FY25 budget. Subsequently, fixed and corporate costs increase at 3.0% per annum;
- similar to forecast fixed costs, depreciation and amortisation expenses are forecast based on an expected margin for FY25 and FY26 in line with the FY25 budget and are increased at a fixed cost growth rate until FY31;
- forecast capital expenditure for FY25 and FY26 is based on the FY25 budget and predominantly reflects maintenance capital expenditure. Capital expenditure is expected to decline in FY27 before growing in line with the fixed cost growth rate for the remainder of the Forecast Period;
- change in working capital has been held constant throughout the Forecast Period and is based on the historical change in net working capital from FY24;
- an assumed corporate tax rate of 30%;
- the model's forecasts are based entirely on organic growth from Silk's existing business and do not include any growth related to potential acquisitions or strategic initiatives; and
- estimated synergies of $3.0 million which primarily consist of costs associated with being a listed public company and various back office costs have been included as discussed in Section 9.2.3 of this report.

The DCF analysis results in a value range for Silk's equity value of $154.1 million to $194.0 million, which is equivalent to $1.89 to $2.38 per Silk Share. This is broadly supportive of Kroll's valuation range of $1.64 to $2.27 per Silk Share under the primary market approach (refer to Section 9.1 of this report) and also overlaps the Scheme Consideration of $2.14 per Silk Share.

9.5 Other assets and liabilities

In order to arrive at the enterprise value of Silk, it is necessary to adjust for any assets and liabilities not required to sustain the adopted level of maintainable earnings. Kroll has assessed Silk's surplus liabilities for the purpose of this valuation to be $15.6 million.

[103] GDP growth and CPI forecast data is the latest data as at 16 December 2024

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Deferred contingent consideration

The terms of the acquisition of Secon included a deferred contingent earn-out payment based on post-completion financial milestones for the year ending 30 June 2024 and 30 June 2025. As at the date of this report, payment of the first earn-out payment associated with FY24 is probable, but the estimated amount has not yet been agreed, and only a high level estimate is available for the FY25 earn-out payment. On balance, Kroll considers the provision reflected in Silk's FY24 financial statements of $15.6 million to be the most reasonable estimation of surplus liabilities at the time of this report.

Guarantees

We note that Silk has in the normal course of business issued bank guarantees in relation to rental properties. As at 30 June 2024, Silk had commitments of $19.8 million, secured against debt facilities. However, as this amount remains contingent it has not been included in the balance of other liabilities.

9.6 Adjusted net debt

In order to arrive at the value of equity, it is necessary to deduct the net debt from the unlevered value of Silk. Kroll has assessed Silk's adjusted net debt position for the purpose of this valuation to be $350.3 million. This amount is based on Silk's balances for external borrowings, lease liabilities and cash balance as at 30 September 2024 less cash to be paid to settle outstanding Silk options as a result of the Scheme, and additional surplus liabilities associated with contingent deferred consideration.

Net debt at 30 September 2024

As discussed in Section 8.4.1 of this report, Silk's business is subject to seasonal cycles in demand for its services. Nevertheless, net working capital trends since FY21 indicate relatively stability across the year, with dips at December and June reporting periods. Net debt has already remained relatively stable and, therefore. Kroll considers the balance of net debt at 30 September 2024 of $350.3 million to be a reasonable basis for the purposes of this valuation.

Settlement of Silk options

If the Scheme becomes effective, Silk proposes to pay $810,231.35 in cash to cancel all outstanding Silk options, as discussed in Section 8.7.4 of this report.

Final FY24 dividend

On 26 August 2024, Silk declared a fully franked final dividend for FY24 of 1.42 cents per ordinary share with a record date of 2 September 2024. This dividend was paid on 8 October 2024.[104] The calculation of Silk's adjusted net balance is presented in the following table.

Silk's Adjusted Net Debt ($ millions)

	Unaudited
Cash and cash equivalents as at 30 September 2024	20.3
Total external borrowings as at 30 September 2024	(49.6)
Lease liabilities as at 30 September 2024	(319.0)
Cash to settle Silk options	(0.8)
Final FY24 dividend paid in October 2024	(1.2)
Adjusted net debt	**(350.3)**

Source: Silk Annual Report 2024; Kroll analysis.
Note 1: Calculated as dividend per share (1.42 cents) multiplied by the number of ordinary shares on issue (81,547,598).

[104] Silk Annual Report 2024.

Appendix 1 – Kroll disclosures

Qualifications

The individuals with overall responsibility for preparing this report on behalf of Kroll are Ian Jedlin and Celeste Oakley. Ian is an Associate and Accredited Business Valuation Specialist of the Institute of Chartered Accountants Australia and New Zealand, a Senior Fellow of the Financial Securities Institute of Australia and holds a Master of Commerce. He is also a member of the Standards Review Board of the International Valuation Standards Council. Celeste holds a Bachelor of Economics, a Bachelor of Laws and a CFA designation. Both Ian and Celeste have extensive experience in the provision of corporate financial advice, including specific advice on valuations, mergers and acquisitions, as well as the preparation of independent expert's reports.

Disclaimers

It is not intended that this report should be used or relied upon for any purpose other than as an expression of Kroll's opinion as to whether the Scheme is in the best interests of Silk Shareholders, in the absence of a Superior Proposal. Kroll expressly disclaims any liability to any Silk Shareholder who relies or purports to rely on the report for any other purpose and to any other party who relies or purports to rely on the report for any purpose whatsoever.

Other than this report, Kroll has had no involvement in the preparation of the Scheme Booklet or any other document prepared in respect of the Scheme. As such, Kroll takes no responsibility for the content of the Scheme Booklet as a whole or other documents prepared in respect of the Scheme (other than this report).

Independence

Kroll considers itself to be independent in accordance with the requirements of Regulatory Guide 112 issued by ASIC on 30 March 2011. In considering independence, it is noted that Kroll does not have, and has not had within the previous two years, any business or professional relationship with Silk or DP World Australia or any financial or other interest that could reasonably be regarded as capable of affecting our ability to provide an unbiased opinion in relation to Silk. Kroll's only role with respect to the Scheme has been the preparation of this report.

Kroll will receive a fixed fee of $250,000 (excluding GST and out of pocket expenses) for the preparation of this report. This fee is not contingent on the conclusions reached or the outcome of the Scheme Meetings. Kroll will receive no other benefit for the preparation of this report.

Declarations

Silk has provided an indemnity to us for any claims arising out of any misstatement or omission in any material or information provided to us in the preparation of this report.

During the course of this engagement, Kroll provided draft copies of this report to management of Silk for comment as to factual accuracy, as opposed to opinions, which are the responsibility of Kroll alone. Changes made to this report as a result of those reviews have not altered the methodology or opinions of Kroll as stated in this report.

The engagement has been conducted in accordance with professional standard APES 225 "Valuation Services" issued by the Accounting Professional & Ethical Standards Board (**APESB**).

Kroll is authorised by Millinium Capital Managers Limited, Australian Financial Services Licence no. 284336, to provide the following financial services as their Corporate Authorised Representative:

- provide financial product advice in respect of the following classes of financial products:
- interests in managed investment schemes including investor directed portfolio services; and
- securities;

with respect to retail clients and wholesale clients.

Consents

Kroll consents to the inclusion of this report in the form and context in which it is included in the Scheme Booklet to be issued to Silk Shareholders. Neither the whole nor any part of this report or its attachments or any reference thereto may be included or attached to any other document without the prior written consent of Kroll as to the form and context in which it appears.

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Appendix 2 – Limitations and reliance on information

Limitations and reliance on information

Kroll's opinion is based on prevailing economic, market, business and other conditions at the date of this report. However, the factors impacting these conditions continue to evolve and can change over relatively short periods of time. The impact of any subsequent changes in these conditions on the global economy and financial markets generally, and the assets being valued specifically, could impact upon value in the future, either positively or negatively. We note that we have not undertaken to update our report for events or circumstances arising after the date of this report other than those of a material nature which would impact upon our opinion.

Our report is also based on financial and other information provided by Silk and its advisers. Silk has been responsible for ensuring that information provided by it and its representatives is not false or misleading or incomplete. Silk has represented in writing to Kroll that to its knowledge, the information provided is complete and not incorrect or misleading in any material respect. Complete information is deemed to be information which at the time of completing this report should have been made available to Kroll and would have reasonably been expected to have been made available to Kroll to enable us to form our opinion. We have no reason to believe that any material facts have been withheld from us.

In forming our opinion, we have relied upon the truth, accuracy and completeness of any information provided or made available to us without independently verifying such information. Nothing in this report should be taken to imply that Kroll has in any way carried out an audit of the books of account or other records of Silk or DP World Australia for the purposes of this report. It is understood that the accounting information that was provided was prepared in accordance with generally accepted accounting principles including the Australian equivalents to International Financial Reporting Standards, as applicable.

In addition, we have also had discussions with Silk in relation to the nature of the business operations, specific risks and opportunities, historical results of Silk and prospects for the foreseeable future of Silk. This type of information has been evaluated through analysis, inquiry and review to the extent considered necessary or practical as part of the information used in forming our opinion is comprised of the opinions and judgements of management. Kroll does not warrant that its procedures and inquiries have identified all matters that a more extensive analysis might disclose as they did not include verification work nor an audit or review engagement in accordance with standards issued by the Auditing and Assurance Standards Board or equivalent body.

An important part of the information used in forming an opinion of the kind expressed in this report is comprised of the opinions and judgement of management. This type of information was also evaluated through analysis, inquiry and review to the extent practical. Such information is often not capable of external verification or validation.

The statements and opinions included in this report are given in good faith and in the belief that such statements and opinions are not false or misleading.

Disclosure of information

In preparing this report, Kroll has had access to all financial information considered necessary in order to provide the required opinion. Silk has requested Kroll limit the disclosure of certain information relating to Silk. This request has been made on the basis of the commercially sensitive and confidential nature of the operational and financial information of the operating entities comprising Silk. As such the information in this report, unless otherwise indicated, has been limited to the type of information that is regularly placed into the public domain by Silk.

Sources of information

In preparing this report we have been provided with and considered the following sources of information:

Publicly available information

- Scheme Booklet;
- Scheme Implementation Deed;
- results presentations and annual reports for Silk for FY22 to FY24;

- ASX announcements, press releases, media and analyst presentations and other public filings by Silk including information available on its website;
- broker reports and press articles regarding Silk;
- results presentations, annual reports, press releases and other public filings relating to comparable companies and comparable transactions;
- Silk prospectus 2021;
- ASIC company filings;
- industry data from various sources including Australian Logistics Council, ACCC, NTT Data, Australian Trade and Investment Commission, Silk Prospectus and Baker Mckenzie; and
- information sourced from Bloomberg, Refinitiv and S&P Capital IQ.

Non-public information

- Silk's Independent Board Committee papers;
- Silk's Financial Model; and
- other confidential documents, presentations and workpapers.

In addition, we have had discussions with, and obtained information from, senior management of Silk and representatives of the Silk Board.

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Appendix 3 – Broker consensus

As far as Kroll is aware, Silk is followed by three brokers, each of which has published reports following the release of Silk's FY24 results on 27 August 2024. No broker is an adviser to Silk or DB World Australia. Silk's broker consensus for FY25 to FY27 is summarised as follows.

	Date of report	Port Logistics revenue				Contract Logistics revenue				Operating revenue			
		FY24	FY25	FY26	FY27	FY24	FY25	FY26	FY27	FY24	FY25	FY26	FY27
Broker 1	27-Aug-24	na	na	na	na	na	na	na	na	556.4	593.9	621.4	642.0
Broker 2	27-Aug-24	364.8	392.6	412.5	420.8	191.6	204.9	219.6	229.7	556.4	597.5	632.1	650.5
Broker 3	28-Aug-24	364.8	398.3	419.9	429.3	191.6	204.6	224.2	234.7	556.4	603.0	644.0	664.0
Median		**364.8**	**395.5**	**416.2**	**425.1**	**191.6**	**204.8**	**221.9**	**232.2**	**556.4**	**597.5**	**632.1**	**650.5**

	Date of report	Port Logistics EBITDA				Contract Logistics EBITDA				Underlying EBITDA			
		FY24	FY25	FY26	FY27	FY24	FY25	FY26	FY27	FY24	FY25	FY26	FY27
Broker 1	27-Aug-24	na	na	na	na	na	na	na	na	95.4	103.0	110.0	116.3
Broker 2	27-Aug-24	51.5	55.2	58.0	59.1	44.1	44.0	46.9	50.3	95.4	102.1	108.3	111.7
Broker 3	28-Aug-24	51.5	56.3	59.3	60.7	44.0	46.2	51.7	54.1	95.4	103.4	111.9	115.6
Median		**51.5**	**55.8**	**58.7**	**59.9**	**44.1**	**45.1**	**49.3**	**52.2**	**95.4**	**103.0**	**110.0**	**115.6**

	Date of report	Underlying EBIT				Underlying profit after tax				Statutory profit after tax			
		FY24	FY25	FY26	FY27	FY24	FY25	FY26	FY27	FY24	FY25	FY26	FY27
Broker 1	27-Aug-24	34.8	36.0	40.6	44.5	11.5	9.8	12.1	14.5	7.4	9.8	12.1	14.5
Broker 2	27-Aug-24	34.8	35.9	38.0	39.0	11.5	11.8	13.2	13.9	7.4	11.8	13.2	13.9
Broker 3	28-Aug-24	34.8	37.1	43.0	44.8	11.5	11.2	14.0	15.7	7.4	10.3	13.1	14.8
Median		**34.8**	**36.0**	**40.6**	**44.5**	**11.5**	**11.2**	**13.2**	**14.5**	**7.4**	**10.3**	**13.1**	**14.5**

	Date of report	Basic EPS				Diluted EPS				Underlying diluted EPS (cents)				DPS (cents)			
		FY24	FY25	FY26	FY27	FY24	FY25	FY26	FY27	FY24	FY25	FY26	FY27	FY24	FY25	FY26	FY27
Broker 1	27-Aug-24	na	na	na	na	9.1	11.8	14.6	17.5	14.2	11.8	14.6	17.5	4.2	3.5	4.4	4.4
Broker 2	27-Aug-24	9.2	14.4	16.2	17.0	9.1	14.4	16.2	17.0	14.2	14.4	16.2	17.0	4.2	5.7	6.4	6.8
Broker 3	28-Aug-24	9.1	12.6	16.1	18.2	9.1	12.6	16.0	18.1	14.1	13.7	17.1	19.2	4.2	5.1	6.9	7.7
Median		**9.1**	**13.5**	**16.1**	**17.6**	**9.1**	**12.6**	**16.0**	**17.5**	**14.2**	**13.7**	**16.2**	**17.5**	**4.2**	**5.1**	**6.4**	**6.8**

Source: Broker reports; Kroll analysis. na means not available.
Note 1: Adjustments were made to individual broker forecasts, to ensure consistency, including adjustments to bring forecasts for total revenue to operating revenue, aligning adjustments to reach Underlying metrics, and the use of implied numbers of forecast shares on issue to estimate forecast EPS. Broker forecasts reflect financials on a post-AASB 16 Leases basis.

Appendix 4 – Valuation methodologies

The purpose of the valuation methodology adopted is, in the absence of direct market evidence, to provide an estimate of value using methodologies that rely on other sources of evidence. Consistent with International Valuation Standards, valuation methodologies applicable to assets or businesses can be categorised under three approaches: market approach, income approach and cost approach.

These approaches have application in different circumstances. The decision as to which approach to adopt will depend on various factors including the availability and quality of information, the maturity of the business and the actual practice adopted by purchasers of the type of asset or business involved.

Market approach

The market approach is based on comparing the asset or business to identical or comparable assets or businesses for which there is available price information. It is commonly adopted where:

- the asset or business or similar assets or businesses are actively publicly traded (**market comparable methodology**);
- there are frequent and/or observable transactions in comparable assets or businesses (**comparable transactions methodology**); and
- there is substantial operating history and a consistent earnings trend.

The market comparable methodology indicates the value of a business by comparing it to publicly traded companies in similar lines of business. An analysis of the trading multiples of comparable companies yields insight into investor perceptions and, therefore, the value of the subject company. The multiples are evaluated and compared based on the relative growth potential and risk profile of the subject company vis-a-vis the publicly traded comparable companies. The multiples derived for comparable quoted companies are generally based on security prices reflective of the trades of small parcels of securities. As such, multiples are generally reflective of the prices at which portfolio interests change hands.

The comparable transaction methodology indicates value based on exchange prices in actual transactions. This process essentially involves the comparison and correlation of the subject company with other similar businesses recently sold or currently offered for sale. Considerations such as timeframe of transaction, premiums, and conditions of sale are analysed, and the observed transaction multiples are subjectively adjusted to indicate a value for the subject company.

A key step in both methods is determining the appropriate unit of comparison. In a business valuation common units of comparison include, revenue, EBITDA, EBIT, net profit after tax and book values. The choice will typically depend on the industry and characteristics of the subject asset.

Rule-of-thumb valuation benchmarks are sometimes considered to be an application of the market approach. They generally should not be given substantial weight unless market participants place particular reliance on them.

Income approach

Under an income approach the value of an asset is determined by converting future cash flows to a current value. It is commonly adopted when:

- the income producing ability is the critical element affecting value from a market participant perspective;
- future cash flows can be estimated on a reasonable basis; and
- there is not a substantial operating history or there is a variable pattern of cash flow or the asset has a finite life.

The most common methodology adopted is the DCF methodology. It has a strong theoretical basis and benefits by explicitly estimating future cash flows, allowing it to be used in a variety of circumstances, whether that be a start-up or an established business. It also allows for various scenarios and/or sensitivities to be modelled. Under a DCF methodology, forecast cash flows are discounted back to the valuation date resulting in a present value for the asset. Where there is an explicit forecast period a terminal value will typically be included, representing the value of the asset at the end of this period, which is also discounted back to the valuation date to give an overall value for the business. The rate at which the future cash flows are discounted (the discount rate) should reflect not only the time value of money, but also the risk

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associated with the asset or business' future operations. Whilst discount rates are generally determined from observable data, substantial judgement is required in their determination. Further, the cash flows themselves also require considerable judgement in their preparation, placing significant importance on the quality of the underlying cash flow forecasts and the determination of an appropriate discount rate in order for a DCF methodology to produce a sensible valuation figure.

DCF's can also be extremely sensitive to what may be considered small changes in various assumptions and the longer the forecast period the more difficult it is in general to forecast cash flows with sufficient reliability. As such, it is important to adequately understand the basis and risks associated with the various assumptions used to derive the cash flow forecasts and recognise the impact it can have on resulting values including the value range. Notwithstanding, DCF methodologies are widely used and benefit from the rigour associated with the preparation of future cash flows.

Cost approach

Under a cost approach the value of an asset is determined having regard to the cost to replace or reproduce the asset. The most common methodologies include:

- the replacement cost;
- the reproduction cost method; and
- the summation method.

A cost based approach is most appropriate for businesses where the value lies in the underlying assets and not the ongoing operations of the business (e.g. real estate holding companies).

A premium is added, if appropriate, to the marked-to-market net asset value, reflecting the profitability, market position and the overall attractiveness of the business. The net asset value, including any premium, can be matched to the 'book' net asset value, to give a price to net assets, which can then be compared to that of similar transactions or quoted companies.

A net asset approach is also useful as a cross-check to assess the relative riskiness of the business (e.g. through measures such as levels of tangible asset backing).

Appendix 5 – Discount rate

Kroll has selected a WACC in the range of 10.80% to 12.40% for Silk based on the selected parameters presented in the table below. To calculate the WACC, a cost of equity has been calculated using the capital asset pricing model (**CAPM**), and the cost of debt is based on long-term estimates based on market observations. The WACC is commonly employed as the basis for determining an appropriate discount rate where cash flow forecasts consist of free cash flows to both debt and equity holders. Whilst we have utilised the WACC, we recognise that market participants often use less precise methods for determining a discount rate, including target internal rates of return or hurdle rates. They also often do not distinguish between investment types or regions.

We have utilised the following parameters in deriving our base discount rate for the Australian market.

Selected WACC Parameters for Silk

Parameter	Symbol	Low	High
Risk free rate	**Rf**	4.0%	4.0%
Equity risk premium	**ERP**	6.0%	6.0%
Unlevered Beta		1.10	1.20
Tax rate	**t**	30.0%	30.0%
Gearing (Net Debt / (Net Debt + Equity))	**D/(D+E)**	10.0%	10.0%
Debt/ Equity	**D/E**	11.1%	11.1%
Levered Beta	**β**	1.19	1.29
Size premium	**α**	0.5%	1.5%
Cost of Equity (Post-Tax)	**Ke**	11.6%	13.3%
Pre-tax cost of debt	**Kd**	5.7%	5.7%
Silk WACC		**10.8%**	**12.4%**

Source: Kroll analysis

The objective of the discount rate is to appropriately reflect the expected return of a hypothetical prudent purchaser, based upon the perceived risks associated with Silk. In this respect, it is relevant to recognise that the selection of an appropriate discount rate to apply to the forecast cash flows of any asset or business operation is a matter of judgement and that the individual components should not be considered in isolation but rather as components of an overall discount rate. As a result of this subjectivity, the calculated discount rate should be treated as guidance rather than objective truth.

Furthermore, our discount rate reflects an assessment at a point in time as to both current market conditions and future expectations. To the extent that there are any changes in conditions and expectations over time, it is likely that an adjustment to the discount rate may be warranted.

Cost of equity

The cost of equity has been derived from the application of a modified CAPM.[105] The CAPM has been empirically tested and is widely accepted for the purpose of estimating a company's required return on equity. In applying the CAPM, the rate of return on equity is estimated as the current risk-free rate of return on a long-term government bond plus a market risk premium, multiplied by the "beta" for the shares. Beta is defined as a risk measure that reflects the sensitivity of a company's share price to the movements of the stock market as a whole and is a measure of systematic risk.

The modified CAPM rate of return on equity capital is calculated using the formula:

Ke = Rf + ß * (Rm - Rf) + α

Where:

Ke = Rate of return on equity capital;

Rf = Risk-free rate of return (normalised long-term Australian sovereign risk);

[105] CAPM is modified by the inclusion of an alpha.

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β = Beta or systematic risk for this type of equity investment, re-levered to reflect the debt-to-equity profile of the Investment;

Rm - **Rf** = Equity risk premium (**ERP**); the expected return on a broad portfolio of stocks in the market (**Rm**) less the risk-free rate (**Rf**); and

α = Alpha including where relevant, size or other company specific risk.

Risk-free rate

The risk-free rate is a key input in the CAPM. It is the return available, as of a valuation date, on a security that the market generally regards as free of the risk of default. When valuing a going-concern business, the risk-free rate is typically measured over a long-term period. In practice, long-dated bonds issued by governments considered to be generally safe have traditionally been accepted as a proxy for a risk-free security. As Silk's forecast cash flows are denominated in Australian dollars, we have used the 10-year Australian Government Treasury yield as a proxy for the risk-free security. As at 11 December 2024, the spot 10-year yield was 4.18%.[106]

Sovereign yields in many developed countries, including Australia, had been at (or near) historical lows in recent times. Periods of high uncertainty are often accompanied by flights to quality, which means investors shift significant capital to liquid assets considered "safe", such as government securities of major advantaged economies, lowering yields on these securities. Australia is one of the very few countries in the world carrying a AAA sovereign debt rating and is therefore considered a safe haven by global investors.

More recently, continued high inflation globally and in Australia prompted central banks to repeatedly increase interest rates from 2022 until late 2023. This has caused an increase in the spot 10-year Australian Commonwealth Government bond yield from 2.98% on 2 August 2022 to reach a peak of 4.94% on 1 November 2023, before declining throughout the remainder of 2023. So far in 2024, we have seen the 10-year bond yield fluctuate between 3.82% and 4.69%.

During these periods of massive central bank interventions, where risk-free rates appear to be volatile, Kroll recommends the use of normalised risk-free rates. A normalised risk-free rate is an estimate of a risk-free security that would prevail in the absence of non-market factors affecting rates. A normalised risk-free can be accomplished in a number of ways, including:

(i) simple averaging; and

(ii) various "build-up" methods.

The first method of estimating a normalised risk-free rate entails calculating averages of yields-to-maturity on long-term government securities over various periods. This method's implied assumption is that government bond yields will revert to the mean. As of December 2024, the 10-year trailing average of the 10-year Australian Commonwealth Government bond yield was 2.5%.

The second method is to normalise risk-free rates relied on build-up models based on the "Fisher equation", which consists of adding a country's projected real rate based on stabilised medium- to long-term economic conditions to the long-term expected inflation.[107] The long-term real rate cannot be observed directly in the market but there are academic papers that provide attempt to estimate such rate. In the case of Australia, we found that these estimates ranged between (0.3)% to 1.0%.[108] For the second component of the equation, we use a number of well-established surveys and economic forecasting providers, to arrive at consensus estimates for long-term expected inflation in Australia. As of November 2024,[109] Kroll's analysis

[106] Risk free rate data is the latest data as at 16 December 2024.

[107] This is a simplified version of the "Fisher equation", named after Irving Fisher. Fisher's "The Theory of Interest" was first published by Macmillan (New York), in 1930. To be more precise, nominal interest rates incorporate not just inflation expectations, but also compensation for bearing inflation risk. In other words, inflation compensation economically consists of two components: expected inflation (the rate of inflation over the term of the risk-free investment) plus an inflation risk premium (the risk that expected inflation will increase or decrease relative to expected inflation). In essence, the inflation risk premium is related to the dispersion of forecasts of market participants around the expected future inflation rate. The greater the dispersion, the greater the uncertainty, the higher the premium demanded by investors to compensate for this risk.

[108] Nugent, T., and Tapas Strickland, "What does monetary policy neutrality look like today?", Australia Markets Weekly, June 2021, National Australia Bank; Guttmann, R., D. Lawson, and P. Rickards, "The Economic Effects of Low Interest Rates and Unconventional Monetary Policy", RBA Bulletin–September 2020. Bulletin, (September); McCririck, Rachael, and Daniel Rees, 2017 "The Neutral Interest Rate", RBA Bulletin, September Quarter 2017.

[109] Data is the latest available as at 16 December 2024.

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of the long-term Australian estimates of inflation produced estimates of 2.4% to 2.8%. Based on this approach we arrived at a normalised risk-free rate of 3.5% for Australia.

In determining an appropriate risk-free rate, in addition to the normalised risk-free rate, we have further considered the average 10-year yield on the Australian Commonwealth Government bond over the 3 months until 11 December 2024 (4.3%)[110] and the current spot 10-year yield on the Australian Commonwealth Government bond (4.18% as at 11 December 2024).[111] On this basis we have arrived at a risk-free rate of 4.0% which we have used to derive a cost of equity.

Equity risk premium

The ERP represents the required return for bearing the incremental risk of investing in a diversified portfolio of equities rather than investing in a risk-free asset (such as a government bond of a government considered safe of default). A forward-looking ERP is not directly observable in the market. Accordingly, valuation practitioners typically utilise historical data to estimate ERP. However, it is important to understand the level of risk-free rates used to measure the historical ERP and whether the resulting combination of risk-free rate and ERP result in a reasonable proxy for a forward-looking base cost of equity.

To the extent that the realised (i.e., historical) ERP equates on average to expected premiums in prior periods, the historical average ERP may be a useful starting point in developing a current forward-looking ERP estimate. A reason one might look to the historical ERP is that the expectations of investors will be framed from their experiences, and the average historical ERP might be expected to have an influence on investors' expectations about the future. Hence there is usually at least some reliance on average historical ERPs when developing current forward-looking ERP estimates.

However, this does not mean that the ERP estimate should be static over time. Periods of market stability (low volatility) likely indicate that the current forward-looking ERP estimate is below the historical average, and periods of heightened volatility likely indicate that the current forward-looking ERP estimate is above the historical average.

The historical ERP has been estimated from an Australian investor perspective over different periods by various researchers and regulatory authorities. In forming our view we have had particular regard to the work of Dr Bishop,[112] as summarised and updated in "Appendix 3B: Additional Sources of Equity Risk Premium Data – Australia" in the *2021 Valuation Handbook – International Guide to the Cost of Capital*, published by Duff & Phelps (a Kroll business).[113] Dr. Bishop estimated the historical Australian ERP for the period of 1900–2020 under different investor perspectives: (i) an Australian investor (in Australian Dollars, or AUD) with access to (i.e., eligible to receive) imputation tax benefits; (ii) an investor in AUD without access to imputation tax benefits.

The geometric average and the arithmetic average realised ERP were both calculated relative to Australian long-term government bonds. Both the geometric and arithmetic average ERP indications were estimated directly from the underlying data. We consider the arithmetic average to be more relevant for the valuation of businesses. The analysis indicated an arithmetic average ERP of 6.8% for an investor with access to imputation benefits and 6.4% for an investor without access to imputation benefits.

In order to be consistent with the approach we adopted to estimate the risk-free rate (based on a normalised estimate), we have applied a long-term view in determining the ERP. On this basis we consider an ERP of 6.0% as appropriate for the long-term investment climate in Australia. Furthermore, an ERP of 6.0% is also within the range determined in various other academic studies and adopted by independent experts in comparable independent expert reports.

Beta

Beta (β) is a statistical measure of the volatility of the price of a specific stock relative to the movement of a general group. Generally, beta is considered to be indicative of the market's perception of the relative risk of the specific stock. For unlisted firms, practical application of the CAPM is dependent upon the ability to

[110] Risk free rate data is the latest data as at 16 December 2024

[111] Risk free rate data is the latest data as at 16 December 2024

[112] Bishop, S., T. Carlton and T. Pan, "Market Risk Premium; Australian Evidence" Research Paper for the CAANZ Business Valuation Specialist Conference, 13- 14 August, 2018.

[113] The *2021 Valuation Handbook – International Guide to the Cost of Capital* is available in the Cost of Capital Navigator online platform.

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identify publicly traded companies that have similar risk characteristics as the subject company/assets in order to derive meaningful measures of beta.

In selecting an appropriate beta to apply to Silk, Kroll has considered betas for listed ANZ and international transport and logistics companies as at 16 December 2024.

Beta Analysis

		Capital IQ (Local Index)[2]			
		2 Year Weekly		5 Year Monthly	
Company Name	**Market Capitalisation (A$ million)[3]**	**Levered**	**Unlevered**	**Levered**	**Unlevered**
ANZ Transport and Logistics Companies					
Silk	**119.9**			**0.73**	**na[4]**
Qube	6,803.0	0.88	0.70	1.18	0.95
Mainfreight	6,517.1	1.17	1.07	1.32	1.21
Freightways	1,712.8				
K&S	499.5				
Lindsay	270.8				
CTI Logistics	155.7			0.95	0.54
MOVE	25.5				
Wiseway	20.9				
ANZ Companies Median excl. outliers		**1.03**	**0.89**	**1.06**	**0.95**
ANZ Companies Average excl. outliers		**1.03**	**0.89**	**1.15**	**0.90**
International Transport and Logistics Companies					
Ryder System, Inc.	10,893.7	1.36	0.63	1.30	0.55
GXO Logistics, Inc.	8,920.0	1.46	0.97	1.61	na[4]
RXO, Inc.	6,864.4	1.11	1.01	1.23	na[4]
Hub Group, Inc.	4,757.4	1.10	1.04	0.91	0.87
ID Logistics Group SA	4,038.0	1.00	0.69	0.81	0.59
Werner Enterprises, Inc.	3,743.5	0.84	0.71	0.79	0.70
STEF SA	2,613.8	0.55	0.34	0.91	0.55
Kerry Logistics Network Limited	2,442.4	0.72	0.61	0.78	0.68
Forward Air Corporation	1,462.1			1.01	0.83
International Companies Median excl. outliers		**1.05**	**0.70**	**0.91**	**0.68**
International Companies Average excl. outliers		**1.02**	**0.75**	**1.04**	**0.68**
Selected Companies Median[6]		**1.05**	**0.71**	**0.98**	**0.69**
Selected Companies Average[6]		**1.02**	**0.78**	**1.07**	**0.75**

Source: Capital IQ and Kroll Analysis.
Notes:
1. Capital IQ (Local Index) two-year and five-year levered betas are based on each of the comparable companies' correlation with a relevant local index. Two-year and five-year unlevered betas are calculated using the respective company's average two and five-year debt to equity (**D/E**) ratio. D/E is defined as Net Debt divided by the summation of Market Capitalisation and Minority interests.
2. The presented market capitalisations have been sourced from S&P Capital IQ using their recorded shares on issue.
3. Silk market capitalisation and Capital IQ betas are calculated as at 8 November 2024, the last undisturbed trading day.
4. Data is not available as the companies have not been listed for five years.
5. Shaded values indicate statistically insignificant results. Values that are shaded have been excluded from analysis.
6. Medians and averages exclude Silk.

With regards to the observed betas of comparable companies as at 16 December 2024 we note that:

- the majority of betas determined for ANZ comparable companies were statistically insignificant and consequently Kroll has also considered the betas for international comparable companies;

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- overall, betas are broadly comparable when calculated over a two-year period and a five-year period;
- Silk has a five-year unlevered beta of 0.73. Its two-year beta is not statistically significant; and
- Qube and Mainfreight have two-year unlevered betas of 0.70 and 1.07 respectively and five-year betas of 0.95 and 1.21 respectively. We note that both companies are significantly larger in scale and have significantly more diversified offerings compared Silk. Additionally, both companies have greater geographic diversification compared to Silk.

We note that globally the transportation and logistics industry has faced significant disruption since 2020 driven by the COVID-19 pandemic and more recently the ongoing Russian-Ukraine conflict and shipping disruptions in the Suez and Panama Canals (refer to Section 7.2 for further information), as a result we have placed greater reliance on a first principles basis in conjunction with the above market evidence in determining an appropriate beta for Silk. Intuitively, Kroll would expect the unlevered beta for a mature transport and logistics company in Australia, such as Silk, to be in excess of 1.0. In selecting a beta for Silk, we have sought to balance these factors noting that significant judgement is necessary. On balance, having regard to the factors discussed above, Kroll has selected an unlevered beta for Silk in the range of 1.10 to 1.20. Based on our selected market gearing of 10.0%, as discussed below, this results in a levered beta in the range of 1.19 to 1.29.

Gearing

In selecting an appropriate gearing ratio for Silk for the purpose of re-leveraging[114] our selected asset beta, we have considered the gearing levels of comparable companies.

The gearing ratios for the selected comparable companies are set out as follows.

Gearing Analysis

		Average Debt/ Capital	
Company Name	**Market Capitalisation (A$ million)**	**2 Year**	**5 Year**
Silk Logistics Holdings Limited	**119.9**	**5.2%**	**na**
Qube	$6,803.0	14.8%	13.8%
Mainfreight	$6,517.1	(0.2%)	0.8%
Freightways	$1,712.8	10.9%	9.1%
K&S	$499.5	4.6%	8.8%
Lindsay	$270.8	(0.4%)	0.6%
CTI Logistics	$155.7	12.2%	15.4%
MOVE	$25.5	6.7%	10.6%
Wiseway	$20.9	18.0%	6.5%
Median		**8.8%**	**8.9%**
Mean		**8.3%**	**8.2%**

Source: S&P Capital IQ
Notes:
1. The presented market capitalisations and gearing have been sourced from S&P Capital IQ as at 16 December 2024, except for Silk which is calculated as at 8 November 2024, the last undisturbed trading day.
2. Gearing has been calculated as (total debt/(total debt minus cash plus market capitalisation). Gearing excludes right-of-use lease liabilities since the cash flows in the DCF are on a pre-AASB 16 Leases basis.
3. Medians and averages exclude Silk.

For any company, there is likely to be a level of gearing that represents the optimal capital structure for that company. In estimating a discount rate, the gearing assumption should reflect this optimal or target capital structure, however, "optimal" as opposed to "actual" capital structures are not readily observable. In practice,

[114] For the purposes of determining a discount rate for the high-level DCF, net debt used in the calculation of gearing is exclusive of leases as the cash flows forecast in the Financial Model have been calculated on a pre-AASB 16 Leases basis.

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both the existing capital structure and those of comparable businesses are used as a guide considering the specific circumstances of the relevant entity.

The majority of the Australian comparable companies have low levels of gearing when leases are excluded on a pre-AASB 16 Leases basis. The median gearing ratio is 8.8% over a two-year period and 8.9% over a five-year period. As at 8 November 2024, Silk's market gearing was 5.2% when measured over a two-year period.

Having regard to these factors, we have selected a gearing ratio of 10.0% for Silk.

Size premium

Under CAPM theory, it is assumed that diversified investors require no additional returns to compensate for specific risks because across a diversified portfolio the net effect of specific risks will, on average, be zero. In practice, many investors include an additional risk premium to reflect company specific factors or risks which may not otherwise be captured in financial forecasts, and we would consider it likely for an external acquirer to set hurdle rates for investments above their own estimates of the cost of capital to deal with these risks. Such adjustments are, however, not able to be observed and are inherently subjective.

Due to the small market capitalisation of Silk, we have considered it appropriate to add a size premium to account for Silk's relative size. We consider applying a size premium to be appropriate as smaller firms typically;

- have greater difficulty and less flexibility in raising capital compared to larger firms;
- face key man risk whereby important knowledge and skills are concentrated in fewer staff members than for larger firms;
- have greater dependency on individual customers compared to larger firms;
- have greater concentration risk due to being less diversified in regard to markets and products compared to larger firms; and
- lack the operational efficiency and economies of scales of larger firms making them more vulnerable to operational risks.

Based on the relative size of Silk and the presence of the above-mentioned risks, we consider a size premium of between 0.5% and 1.5% to be appropriate.

Pre-tax cost of debt

For the purposes of assessing fair value, however, we estimated the cost of debt from the perspective of the likely debt rate that would apply to Silk if acquired by an external market participant. We have approximated the long term, pre-tax cost of debt for each business unit with the following methodology:

- using our long-term risk-free rate (4.0%) as a base;
- adding the credit risk spread between the five-year BBB rated Australian corporate bonds and five-year Australian Government bonds (1.3%); and
- adding the yield differential between five- and 10-year bonds (0.4%).

Based on the above, a long-term pre-tax cost of debt of 5.7% is considered to be appropriate (on a pre-AASB 16 Leases basis).

Tax rate

We have adopted the effective tax rate of 30% for Australia.

Cross-check

As a cross-check to our WACC we have considered analysis of recent reports on Silk by brokers which indicate that they are utilising a WACC in the range 10.5% to 11.5% in their valuation models. This range is slightly below the range of WACC selected by Kroll. We note that there are significant limitations in this evidence as only three brokers cover Silk and only two of the brokers disclosed the discount rate used in their valuations. Furthermore, the brokers do not provide details of all of the assumptions they have utilised in the build-up of their discount rate.

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Appendix 6 – Market evidence

Comparable Companies

The following table sets out the key comparable companies within the transport and logistics industries.

Company	Country	Domestic/Global	Predominant Segment	Underlying Markets	Market Capitalisation[1] (A$ millions)	Enterprise Value[2] (A$ millions)	Revenue	
							LTM[3]	FY+1[3]
Qube	Australia	Australia, New Zealand and Southeast Asia	Logistics and infrastructure & Ports and Bulk	Broad (Mining, resources, agriculture)	6,803.0	8,213.9	3,331.4	4,107.0
Mainfreight	New Zealand	Global	Transport & Air and Ocean Freight	Broad	6,517.1	7,622.5	4,463.1	4,661.0
Freightways	New Zealand	Australia & New Zealand	Express Package & Business Mail	Consumer goods & Mail	1,712.8	2,255.6	1,098.0	1,154.3
K&S[5]	Australia	Australia & New Zealand	Transport & Fuels	Agricultural & Industrial	499.5	532.3	824.6	na
Lindsay	Australia	Australia	Transport	Horticulture & Agriculture	270.8	472.1	809.1	856.6
CTI Logistics[5]	Australia	Australia (Western Australia)	Transport (Freight) and Logistics (Flooring & Warehousing)	Mining & Energy	155.7	263.7	321.2	344.0
Silk[1]	Australia	Australia	Port Logistics & Warehousing	Broad	119.9	474.9	556.4	597.5
MOVE	New Zealand	New Zealand	Freight & Logistics (Warehousing & Fuel)	Broad (Retail)	25.5	211.9	268.6	na
Wiseway[5]	Australia	Global	Freight Exports & Imports	Perishables & Consumer Goods	20.9	41.3	112.3	na
Minimum					**20.9**	**41.3**	**112.3**	**344.0**
Maximum					**6,803.0**	**8,213.9**	**4,463.1**	**4,661.0**
Median					**385.1**	**502.2**	**816.8**	**1,154.3**
Mean					**2,000.7**	**2,451.7**	**1,403.5**	**2,224.6**

Source: S&P Capital IQ, Refinitiv, Company financial statements and Kroll analysis.

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Company	Underlying EBITDA[4]				Underlying EBITDA Growth	Underlying EBITDA[4] Margin		Enterprise Value[2] / Underlying EBITDA[4]			
	LTM[3]	FY+1[3]	FY+2[3]	FY+3[3]	FY+1 to FY+3 CAGR[6]	LTM[3]	FY+1[3]	LTM[3]	FY+1[3]	FY+2[3]	FY+3[3]
Qube	534.1	618.0	676.0	711.3	7.3%	16.0%	15.0%	15.4	13.3	12.2	11.5
Mainfreight	659.3	678.6	740.4	806.1	9.0%	14.8%	14.6%	11.6	11.2	10.3	9.5
Freightways	208.0	223.5	240.7	256.8	7.2%	18.9%	19.4%	10.8	10.1	9.4	8.8
K&S[5]	88.4	na	na	na	na	10.7%	na	6.0	na	na	na
Lindsay	92.1	96.8	104.6	110.9	7.1%	11.4%	11.3%	5.1	4.9	4.5	4.3
CTI[5]	54.5	52.0	61.0	69.0	15.2%	17.0%	15.1%	4.8	5.1	4.3	3.8
Silk[1]	95.4	103.0	110.0	115.6	5.9%	17.2%	17.2%	5.0	4.6	4.3	4.1
MOVE	25.1	na	na	na	na	9.3%	na	8.4	na	na	na
Wiseway[5]	8.2	na	na	na	na	7.3%	na	5.1	na	na	na
Minimum[7]	**8.2**	**52.0**	**61.0**	**69.0**	**7.1%**	**7.3%**	**11.3%**	**4.8**	**4.9**	**4.3**	**3.8**
Maximum[7]	**659.3**	**678.6**	**740.4**	**806.1**	**15.2%**	**18.9%**	**19.4%**	**15.4**	**13.3**	**12.2**	**11.5**
Median[7]	**90.3**	**223.5**	**240.7**	**256.8**	**7.3%**	**13.1%**	**15.0%**	**7.2**	**10.1**	**9.4**	**8.8**
Mean[7]	**208.7**	**333.8**	**364.5**	**390.8**	**9.1%**	**13.2%**	**15.1%**	**8.4**	**8.9**	**8.1**	**7.6**

Source: S&P Capital IQ, Refinitiv, Company financial statements and Kroll analysis.

Notes:

1. All companies' market capitalisations are calculated based on share price and exchange rate data as at 16 December 2024 except for Silk which is calculated based on share price data as at 8 November 2024, the last trading day prior to the announcement of the Scheme.
2. Enterprise value is on a post-AASB 16 Leases basis.
3. LTM refers to the period of 12 months ending 30 June 2024 for all companies except for Mainfreight where LTM refers to the period of 12 months ending 9 September 2024. FY+1 refers to the period of 12 months ending 30 June 2025 for all companies except for Mainfreight where FY+1 refers to the period of 12 months ending 31 March 2025. FY+2 and FY+3 periods refer to the following 12 month periods after the previous periods end date. All forecasts are based on broker consensus sourced from Refinitiv.
4. LTM and forecast Underlying EBITDA are sourced from S&P Capital IQ and Refinitiv and are adjusted figures which exclude items that are not reflective of underlying business activities. Underlying EBITDA is on a post-AASB 16 Leases basis.
5. K&S, MOVE and Wiseway do not have any broker coverage and therefore do not have any forecasts.
6. Implied Underlying EBITDA CAGR between FY+1 and FY+3.
7. Excludes Silk.
8. na means not available.

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Australian Transport and Logistics

Qube Holdings Limited

Qube is Australia's largest provider of integrated import and export logistics services (market capitalisation of $6.8 billion) operating in over 200 locations across Australia, New Zealand and Southeast Asia, with a workforce of more than 10,000 employees. Qube's business is comprised of an operating division, and their 50% interest in Patrick Terminals (Patrick Terminals owns cranes and straddles at four strategically located ports around the Australian coastline) (1.9% of total FY24 revenue).

The operating division comprises two business units: Qube Logistics & Infrastructure, and Qube Ports & Bulk. Qube Logistics & Infrastructure provides services covering road and rail transport, warehousing and distribution, container parks and related services in ANZ, and international freight forwarding services. This segment also includes ownership and operation of key terminals and infrastructure including automotive and break-bulk terminals, grain terminals and rail terminals. This segment provides solutions across a broad range of industries (container handling, manufacturing, food processing, agriculture and grain trading) and was responsible for 43.4% of total FY24 revenues at an EBITDA margin of 20.0%.[115]

Qube Ports and Bulk segment provides port solutions and logistics services with bulk and general handling facilities in over 40 Australian, New Zealand and Southeast Asian ports, providing market leading solutions for customer handling containers, bulk, automotive and general cargo. Ports and Bulk segment primarily consists of revenue from Western Australia and Queensland. This segment's revenue is comprised of many industries, with top four industries being other base metals, forestry products, energy, and, bulk scrap and others. Ports and Bulk was responsible for 54.7% of total FY24 revenue, at EBITDA margin 15.8%.[116]

Qube's LTM and FY+1 EBITDA multiples are at the top of the range, 15.4 times and 13.3 times, respectively. Qube's multiples reflect their scale (largest comparable company) and broad service offering. Qube also has a large degree of diversification across its business, with a relatively even split between its segments and geographically expansion across Australia, New Zealand and Southeast Asia. Qube boasts above median level LTM EBITDA margins (16.0%) and median level of expected growth (CAGR of 7.3% from FY+1 to FY+3).

Mainfreight Ltd

Mainfreight is a global logistics provider with operations across Americas, Europe, Asia, Australia and New Zealand. Mainfreight offers managed warehousing, domestic and cross border transport and international freight forwarding. Mainfreight provides these supply chain logistics services through three segments, Domestic Transportation, Warehousing, and Air and Ocean.

Domestic Transportation includes the movement of freight both inter and intra-city, within each country location. In FY24, over NZ$2.0 billion in revenue was attributable to this segment, making this segment Mainfreight's largest. Air and Ocean was Mainfreight's second largest segment, responsible for over NZ$1.5 billion in FY24 revenue, including services such as import, export, full documentation services, customs brokerage, and port operations. Warehousing, the smallest segment in Mainfreight's operations (contributed over NZ$750 million in FY24 revenue) includes the stock holding on behalf of its customers in storage facilities (with value-add services, including pick/pack, kitting, and distribution).[117]

Mainfreight operates a very diversified business, both across their main segments/services and geographically. FY24 revenue was split predominately between Australia (29.6%), New Zealand (23.8%), Americas (22.2%) and Europe (21.0%), with the smallest amount derived from Asia (3.4%). Mainfreight also has a diversified customer base, providing services across a broad range of industries, including managing specialised services, such as project logistics, bulk liquids, perishables, automotive, trans border, and distribution.[118]

Mainfreight's FY+1 EBITDA multiple of 11.6 times is near the top of the range, reflecting their EBITDA margins (14.8% LTM), large scale (market capitalisation of $6.5 billion) and above median growth outlook (EBITDA FY+1 to FY+3 CAGR of 9.0%).

115 Qube FY24 Results Presentation.
116 Qube FY24 Results Presentation.
117 Mainfreight FY24 Annual Report.
118 Mainfreight FY24 Annual Report.

Freightways Group Ltd

Freightways is involved in the operation of express package and business mail services, and information management services. Freightways operates in segments which include Express Packaging and Business Mail and Information Management. Freightways' operation extends across New Zealand and Australia, with New Zealand accounting for 65% of total FY24 revenue and Australia accounting for the remaining 35% of total FY24 revenue.

Freightways' Express Package and Business Mail segment includes overnight national and network delivery (courier and mail), overnight and economy delivery (courier and mail) and oversize parcel delivery. Freightways does this through various well-known brands (New Zealand Couriers, Allied Express & Post Haste etc.). This segment accounted for 83% of total FY24 revenues.

Information Management segment includes physical storage, information management services, a suite of digitalisation services and eCommerce 3PL, and accounted for 18% of total FY24 revenues. Freightways also offers more specialised services including temperature controlled national transport, waste renewal, document disposal, medical waste collection and processing through various brands.

Freightways is trading at LTM and FY+1 EBITDA multiples of 10.8 and 10.1 times, which is near the top of the range. This reflects Freightways' scale (market capitalisation of $1.7 billion), and dominant presence in the New Zealand market. Freightways has above median level EBITDA margins (18.9% LTM) and median levels of expected growth (EBITDA CAGR from FY+1 to FY+3 of 7.2%). Freightways has identified that it wishes to continue to grow through rational bolt-on acquisitions, aligning to their strategy and operating culture. Freightways' various brands also achieve a level of diversification and provide brand value. As discussed in Section 8.8.2 of this Report, Freightways was listed in October 2023 and is thinly traded.

K&S Corporation Limited

K&S provides logistics services to customers across Australia and New Zealand and the distribution of fuel to fishing, farming and retail customers within South Australia. K&S operates through three segments – Australian Transport, Fuels and New Zealand Transport. K&S operates an asset heavy model, owning the majority of their assets.

Australian Transport segment refers to road, rail and coastal sea forwarding across full or break bulk loads, including export packaging, wharf lodgement and the delivery of integrated supply chain and systems solutions. This segment was accountable for 65.7% of total FY24 revenues which has a net operating profit margin of 3.5%. Services are delivered through one of the largest company owned and operated fleets in Australia and a large range of rail and sea containers.[119]

K&S' Fuels segment refers to the remote, regional and metro bulk fuel, oil and gas transportation and distribution throughout Australia and was responsible for 26.0% of total FY24 revenues at a net operating profit margin of 2.7%.

The New Zealand Transport segment is a smaller part of their operations, accounting for 8.2% of total FY24 revenues with a net operating profit margin of 6.2%.[120]

K&S is the fourth largest comparable company, with a market capitalisation of $499.5 million and group EBITDA margins (10.7% LTM) which are at the bottom of the range of comparable companies. They are trading at an LTM EBITDA multiple of 6.0 times, which is below the median level.

Lindsay Australia Ltd

Lindsay Australia Limited is an integrated transport, logistics and rural supply company largely servicing Australia's agriculture and horticulture industries.

Linday's operations are divided into two segments, Transport and Rural. Lindsay Transport includes a fleet of 350 prime movers, 750 trailers and 600 containers. The Transport segment is engaged in cartage and distribution, predominately via road but also rail, of general and refrigerated products and ancillary sales and has a customer base across horticulture, grocery, food manufacturers and producers. The Transport segment was responsible for roughly 79% of total FY24 revenues, achieving an underlying EBITDA margin

[119] K&S Corporation FY24 Annual Report.
[120] K&S Corporation FY24 Annual Report.

of 18.0%.[121] As outlined in Section 8.8.2 of this report, Lindsay has recently experienced strong growth, due to a structural change in the industry caused by a key competitor's voluntary liquidation.

Lindsay's Rural segment includes the sale and distribution of a range of agricultural, home, timber, and hardware products. It also includes specialist services to rural suppliers, with an emphasis on the horticultural industry such as fumigation, ripening, quarantine, inspection, import and export services. It supplies a range of agricultural products, including packaging, fertilisers, chemicals, and irrigation equipment. Rural revenues accounted for roughly 21% of total FY24 revenue, at an Underlying EBITDA margin of 6.0%.[122]

Lindsay's LTM and FY+1 EBITDA multiples were towards the lower end of the range of observed multiples (5.1 times and 4.9 times) with their size being below the median level of comparable companies (market capitalisation of $270.8 million). Lindsay's Transport segment has high margins, resulting in overall EBITDA margins near median levels of 11.4% (LTM) and 11.3% (FY+1). Lindsay's growth is also near median levels of expected growth (7.1% CAGR from FY+1 to FY+3). Lindsay has a high level of exposure to the horticulture and agriculture industries, making them a niche provider of some services, which can be associated with less competition and higher margins, however, is also a typically a less diversified business model. Lindsay's exposure to the agriculture and horticulture industries means their performance can be considerably impacted by adverse weather and growing conditions.

CTI Logistics Ltd

CTI Logistics is an Australia wide provider of transport and logistics services, with a particular focus on Western Australia (58% of total FY24 revenue from Western Australia).

Transport is CTI Logistics' largest segment (accounting for 61.1% of total FY24 revenues) and includes interstate freight, Western Australia regional freight and Western Australian metro freight. Additional transport services include business-to-customer parcel distribution, container handling, fleet management. This segment operated at an EBITDA margin of 13.0% (for FY24), which is the lower of the two segments.[123]

CTI Logistics' second segment, Logistics, comprised 36.8% of total FY24 revenues, at an EBITDA margin of 21.3%.[124] Within this segment, CTI Logistics offers a broad range of logistic services across a broad underlying market (focusing on mining & resources), including 3PL, offsite 4PL, supply chain and distribution centre warehousing, flooring products logistics and e-commerce fulfilment. Other specialist logistic services include temperature-controlled warehousing, minerals and energy supply base services, quarantine and preservation wrapping and fumigation, document storage, media destruction and recycling. CTI Logistics also operate warehousing facilities in Perth, Adelaide, Melbourne, Sydney, Brisbane and regional Western Australian (Karratha, Broome and Bunbury).

CTI Logistics has over 530 thousand square metres of property in its national footprint, with roughly 125 thousand square metres of this owned by the company. CTI Logistics owns $132.4 million (as at 30 June 2024) in non-current assets relating to freehold land and buildings throughout Western Australia and, plant and equipment (including motor vehicles). This is compared to their right of use assets for property, and plant and equipment which amounted to $69.9 million as at 30 June 2024.[125]

CTI Logistics is trading at an LTM and FY+1 EBITDA multiples of (4.8 times and 5.1 times), which is at the lower end of the range. CTI logistics has a relatively small scale, with a market capitalisation of $155.7 million, which is also below the comparable companies' median. CTI provides a relatively narrow service offering with a geographical concentration in Western Australia. CTI Logistics' margins are above the median of the observed companies with an LTM EBITDA margin of 17.0%. Looking forward, CTI Logistics has identified opportunities to consolidate more of the freight industry and increase its national exposure and in turn scale and diversify (geography, service and customers).

MOVE Logistics Group Limited

MOVE is one of New Zealand's largest transport and logistics providers, operating a range of freight, fuels, specialist, warehousing and international services. MOVE's Freight segment, which provides general

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[121] Lindsay FY24 Results Presentation.
[122] Lindsay FY24 Results Presentation.
[123] CTI Logistics FY24 Results Presentation.
[124] CTI Logistics FY24 Results Presentation.
[125] CTI Logistics FY24 Results Presentation and FY24 Annual Report.

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freight, temperature-controlled goods, project cargo and full truck loads, accounts for 41.1% of total FY24 revenues. MOVE's Contract Logistics segment, which includes their warehousing and specialist road tanker services accounted for 46.6% of total FY24 revenues. International, which includes their freight forwarding services, accounted for just 6.5% of total FY24 revenues. Specialist services, including moving oversized and large items that require specialist haulage, was responsible for 5.8% of total FY24 revenues. MOVE provides logistics solutions to a broad range of industries and sectors (retail, building products, aquaculture and infrastructure).[126]

MOVE has one of the lowest market capitalisations of the observed group of $25.5 million and is trading at an LTM EBITDA multiple of 8.4 times, which is above the observed LTM median. Through increasing investment into renewable energy projects MOVE has also identified a growth opportunity, with MOVE's specialist heavy haulage becoming a leader in the sector, as supply chain sustainability and carbon emissions become of increasing importance to customers.[127]

Wiseway Group Ltd

Wiseway is a provider of logistics and freight forwarding services in Australia, New Zealand, China, Singapore, and the United States. Wiseway's core business segments include Air Freight, Sea Freight Exports, Perishables, Imports, Road and Warehousing. Imports, the largest segment (33.4% of total FY24 revenue) includes services such as general cargo imports clearance and delivery, and e-commerce parcel imports and distribution. Air Freight, their second largest segment (23.0% of total FY24 revenue) includes serving e-commerce fulfillments and shipping infant milk formula, honey and wine. Perishables is the third largest (21.3% of total FY24 revenue) and includes perishable food freight.[128]

Wiseway has a market capitalisation of $20.9 million, making it one of the smallest of the observed comparable companies. Their EBITDA margins are also at the lower end of the observed range 7.3% for LTM). Wiseway's lower multiple (5.1 times for LTM) may reflect their scale and exposure to perishables and consumer goods. Wiseway have identified the risk severe weather events pose, potentially reducing the volume of horticultural and agricultural products requiring transport and/or warehousing.[129]

[126] Move FY24 Results Presentation.
[127] Move FY24 Results Presentation.
[128] Wiseway FY24 Annual Report.
[129] Wiseway FY24 Annual Report.

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Comparable Transactions

The following table sets out the recent key comparable transactions within the transport and logistics industries.

Announcement Date	Target	Acquiror	Country of Target	Percentage Acquired (%)	Premium to Unaffected Share Price	Implied Equity Value (A$ millions)	Implied Enterprise Value[1] (A$ millions)	Implied Enterprise Value /EBITDA[1] Historical	Implied Enterprise Value /EBITDA[1] FY+1[2]
21-Oct-24	Wilson Sons	SAS	Brazil	56.5%	16.2%	2,029.9	2,692.8	8.9	8.7
14-Oct-24	Clasquin	SAS	France	57.4%	59.9%[4]	536.7	576.1	9.6	11.6
28-Mar-24	Clasquin	SAS	France	42.1%	59.9%[4]	547.3	576.1	9.6	10.1
21-Mar-23	US Xpress	Knight-Swift	United States	100.0%	352.7%	536.4	1,263.6	5.1	4.2
22-Aug-22	Allied Express	Freightways	Australia	100.0%	na	120.0	185.1	6.3	na
3-Nov-17	Cogent	Cosco	Singapore	100.0%	5.2%	467.6	635.9	8.7	na
18-Feb-15	Toll	Japan Post	Australia	100.0%	48.7%[3]	6,485.6	9,217.6	8.4	8.3
13-Nov-13	SCC	K&S	Australia	100.0%	33.3%[3]	43.4	95.0	3.5	na
20-Sep-10	Wridgways	Sante Fe	Australia	100.0%	2.9%[3]	77.1	101.9	6.6	6.2

Source: S&P Capital IQ, Mergermarket, Company financial statements, Company announcements and Kroll analysis.

Notes:

1. Implied enterprise values and EBITDA for transactions occurring prior to the introduction of AASB 16 Leases in January 2019 have been adjusted to reflect enterprise values and EBITDA figures which are on a post-AASB 16 Leases basis.
2. FY+1 EBITDA multiples are based on brokers forecasts at the time of each transaction.
3. Reflects premium to last close price sourced from scheme booklet.
4. Reflects premium to unaffected share price sourced from transaction announcement.
5. na means not available.

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Wilson Sons S.A/ SAS Shipping Agencies Services SÀRL

On 21 October 2024, SAS announced it would acquire a 56.5% stake in Wilson Sons for a total implied consideration of $2,029.9 million. Wilson Sons is the largest integrated port and maritime logistics operator in the Brazilian market managing two container terminals in Brazil, as well as providing general and bonded warehousing, inventory management, distribution, transport management and foreign trade solutions. Wilson Sons revenue segments are Towage, Container Terminals, Offshore Support Bases and Shipyards. Towage, which refers to the operation of a fleet of tugboats used to move vessels in and out of ports, accounted for 40% of total FY23 revenue. Container Terminals, which refers to the management of container terminals in key Brazilian ports accounted for roughly 35% of total FY23 revenue.[130] Wilson Sons' portfolio includes the operation of container terminals in Bahia and Rio Grande Do Sul.

Wilson Sons' total revenues increased strongly at a CAGR of 6.8% from FY21 to FY23, with EBITDA at a CAGR of 16.7% over the same period. The consideration included a premium of 16.2% on the undisturbed share price.

Clasquin SA/ SAS Shipping Agencies Services SÀRL

In March 2024, SAS announced it would acquire 42.1% stake in Clasquin for a total (100%) implied consideration of $547.3 million. Clasquin operates as an international freight forwarding and overseas logistics company worldwide. Clasquin services include air and sea freight solutions, such as storage, order management, supply chain management, distribution, chartering services, time-definite services, hazardous cargo, full and less container load services between major ports, scheduled services and door-to-door delivery services. With the transaction closing on 9 October 2024, Clasquin reported FY24 total revenues of EUR$587.9 million, a decline from a recent high of EUR$877.1 million in FY22 revenue. This transaction was completed at an implied enterprise value of $576.1 million, and a corresponding historical EBITDA multiple of 9.6 times, which is at the top of the range of the observed comparable transactions. The higher multiple reflects Clasquin's broad and global service offering and their considerable scale.[131]

On 14 October 2024, SAS announced it would acquire the remaining 57.4% stake in Clasquin at an equivalent price per share to the Clasquin/SAS (42.1% stake) acquisition in March 2024.

U.S. Xpress Enterprises, Inc./Knight-Swift Transportation Holdings Inc.

In March 2023, Knight-Swift Transportation Holdings Inc. (**Knight-Swift**) announced it would acquire US Xpress for a total consideration of $536.4 million. US Xpress operates as an asset-based truckload carrier primarily in the United States. US Xpress operates through two segments, Truckload and Brokerage, with the Truckload segment providing over-the-road trucking and contract services and the Brokerage segment providing asset-light freight brokerage services. This transaction implied an enterprise value for US Xpress of $1,263.6 million and a resulting historical EBITDA multiple of 5.1 times, which is towards the lower end of the range of observed comparable transactions. Knight-Swift stated this was a significant transaction despite difficult business environment, with US Xpress being one of the largest brands in the industry and representing an opportunity to improve earnings and gain customers. The lower multiple reflects US Xpress weaker performance prior to the transaction, with operating losses of US$22.3 million and US$19.1 million in FY23 and FY22, respectively.[132]

Allied Express Transport Pty Limited/ Freightways Limited

In August 2022, Freightways announced it would acquire Allied Express for a total consideration of $120.0 million. Allied Express operates as a courier and express freight forwarding company in Australia, offering services including courier, taxi-truck, local and national distribution, and third-party logistics services. It operates an asset-light model, which aligned well with Freightways' business model. In FY22, Allied Express reported $213.4 million in revenue which was forecast to only slightly increase to $215.0 million in FY23. This transaction was completed at a median level historical EBITDA multiple of 6.3 times, based on an implied enterprise value of $185.1 million. Freightways' rationale for the transaction was that it provided an entry point into the Australian market and into Allied Express's more specialised logistics capabilities services. Allied Express's historical EBITDA multiple reflects their scale (which is towards the lower end of

[130] Wilson Sons S.A. FY23 Annual Report.
[131] Clasquin SA FY24 Annual Report.
[132] U.S. Xpress Enterprises, Inc. FY23 Annual Report.

the range of observed comparable transactions), their growth outlook and their attractive strategic fit for Freightways.[133]

Cogent Holdings Pte Ltd./COSCO SHIPPING International (Singapore) Co., Ltd.

In November 2017, Cosco Shipping International (Singapore) Co., Ltd. (**Cosco**), a provider of integrated logistics services in South and Southeast Asia, announced it would acquire Cogent for a total consideration of $467.6 million. At the time of the transaction, Cogent was one of Singapore's leading logistics management service providers, with a broad base of clientele, ranging from local companies to multinational companies. Cogent's services include transportation management services, container depot management services, project cargo services, warehouse management services, automotive logistics management services, and property management services. In FY17, prior to the transaction, Cogent reported SGD$141.7 million in revenue. Cogent was an attractive target for Cosco as it was a leading full service, integrated logistics service provider with a long track record. Cosco hoped to leverage its existing logistics business platform to develop new business opportunities in the logistics sector of Southeast Asia. This transaction was completed at an implied enterprise value of $635.9 million and at an historical EBITDA multiple of 8.7 times, which is at the above median levels. This higher multiple reflects the scale of Cogent, which was the third largest company (based on enterprise value) and the expected benefits achievable by Cosco.[134]

Toll Holdings Limited/ Japan Post Co,. Ltd

In February 2015, Japan Post announced it would acquire Toll, one of Asia-Pacific's largest independent logistics groups, for a total consideration of $6.5 billion. Toll provides a broad range of services, through their five operating divisions – Toll Global Express, Toll Global Forwarding, Toll Global Logistics, Toll resources & Government Logistics and Toll Domestic Forwarding. At the time of the transaction, Toll had an enterprise value of $9.2 billion, recently reporting total FY14 revenues of $8.8 billion (an 1.1% increase since FY13) at an EBITDA margin of 8.2%. The transaction's consideration implied a historical EBITDA multiple of 8.4 times which was considerably higher than the observed comparable transactions median historical EBITDA multiple.[135] The consideration was at a premium of 48.7% to unaffected share price.[136] Japan Post wanted to expand its operations beyond Japan, where the domestic postal market was declining. Japan Post targeted Toll because of their size of revenue and profit, their global presence, particularly in the Asia Pacific region, and their alignment with Japan Post's global expansion strategy. The historical EBITDA multiple reflects Toll's scale and its strategic attractiveness to Japan Post.

Scott Corporation/K&S Freighters Pty Ltd (K&S Corporation)

In November 2013, K&S announced they would acquiror SCC for a consideration of $43.4 million. SCC was listed on the ASX and provided bulk and special material transport and logistics, with associated services including equipment repairs and maintenance. SCC operated through two segments, Transport and Tank Services. SCC's primary segment, Transport, included the transport of bulk solids, liquids, dangerous and hazardous goods, and fuel, by road, rail and sea. Prior to the transaction, in FY13, SCC reported $187.1 million in revenue and an EBITDA (pre-AASB 16 Leases basis) (an increase of 9.3%) of $19.3 million at a margin of 10.4%. The cash consideration was at a premium of 33.0% to the unaffected share price.[137] The consideration represented an EBITDA multiple of 3.5 times, which is at the lower end of the range for the observed comparable transactions.[138] K&S rationale for the transaction was to become a larger and more diversified transport and logistics group to better access capital to fund future growth.[139]

Wridgways Australia Ltd./EAC Moving & Relocation Services

In September 2010, Sante Fe announced it would acquire Wridgways for a total consideration of $77.1 million. Wridgways specialised in local and interstate furniture removals, international, commercial and corporate relocations, operating a national network of 30 offices from 27 locations, with 55,000 square

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[133] Freightways Limited NZX announcement, 22 August 2022, Expanding our footprint in Australia with Allied Express.
[134] Cogent Holdings Pte Ltd FY17 Annual Report & The Strait Times "Cosco Shipping International makes voluntary cash offer for Cogent at S$1.02 per share", 3 November 2017.
[135] Toll Holdings Limited FY14 Annual Report.
[136] Toll Holdings Limited, 2 April 2015 Scheme Booklet.
[137] Scott Corporation Limited, 13 November 2013, Transaction Announcement.
[138] Scott Corporation Limited, 19 December 2013, Target's Statement.
[139] Scott Corporation Limited, 13 November 2013, Transaction Announcement.

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metres of warehousing space and 272 vehicles as at the time of the transaction. Prior to the transaction, Wridgways profits and margins had been declining, impacted heavily by industry wide competitor discounting, as a result of competitive pressures causing the market to price aggressively. In FY10, total revenues for Wridgways were $116.3 million at a NPAT margin of 5.3%.[140] This transaction was completed at a historical EBITDA multiple of 6.6 times, which was at the median level for the comparable transactions. Wridgways had an implied enterprise value of $101.9 million at the time of the transaction, which is below the median for the observed comparable transactions. Sante Fe's acquisition of Wridgways was aimed at creating a market leading moving and relocation company in the Asia Pacific region, however Sante Fe noted that they did not anticipate the acquisition of Wridgways to result in major operational synergies as the organisations complement each other. The combined business however would offer a strengthened service offering across Australia.[141]

[140] Wridgways, 27 October 2010, Scheme Booklet.
[141] EAC Moving & Relocation Services, 2 December 2010, Completed Transaction Announcement.

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Part Two – Financial Services Guide

What is an FSG?

This Financial Services Guide ("FSG") is an important document that provides you with information to help you decide whether to use our financial services.

This FSG contains information on:

- who we are;
- who our authorised representatives are;
- how we can be contacted;
- certain financial services that we can offer you;
- how we, our authorised representatives and other parties involved in providing the financial services are paid in relation to the financial services we offer; and
- details of how you can make a complaint about us or the financial services we provide.

Who we are?

Kroll Australia Pty Ltd (ACN 116 738 535), ("We", "us" and "Kroll") is authorised to provide retail financial services on behalf of Millinium Capital Managers Limited (ACN 111 283 357) ("Millinium"), Australian Financial Services License ("AFSL") no. 284336, as a Corporate Authorised Representative ("CAR"). We have also appointed Mr. Ian Jedlin as an authorised representative to Millinium's AFSL (our "Authorised Representative"). All authorised representatives of Kroll are authorised representatives of Millinium. We aim to provide quality financial products and services to investors. Kroll acts on its own behalf when providing financial services.

Kroll has been engaged by Silk Logistics Holdings Limited ("Client") to prepare an independent expert report ("Report") in connection with the proposed acquisition by DP World Australia Limited of Client. Client will provide our Report to you.

Our details

Kroll Australia Pty Ltd
Level 32, 85 Castlereagh St
SYDNEY
NSW 2000
www.kroll.com
Ph: 02 8286 7200

Our Authorised Representatives

Ian Jedlin
ASIC authorised representative: No. 000404117
Celeste Oakley
ASIC authorised representative: No. 001309836
Level 32, 85 Castlereagh St, SYDNEY, NSW 2000

Authorised Financial Services

Kroll is authorised by Millinium to provide the following financial services as their CAR:

- provide financial product advice in respect of the following classes of financial products:
    - interests in managed investment schemes including investor directed portfolio services; and
    - securities,
    - with respect to retail clients and wholesale clients.

This FSG only relates to the provision of general advice by Kroll.

Personal Advice

Neither we nor our authorised representatives can provide you with personal advice. Personal advice is advice that takes into account your objectives, financial situation and needs. Where you are referred to a financial planner for personal advice, they will make reasonable enquiries to understand your personal objectives, financial situation and needs. Their personal advice, and any relevant warnings, will be provided to you in their Statement of Advice ("SOA").

Remuneration

Kroll charges fees for preparing reports. These fees will usually be agreed with, and paid by, the Client. Fees are agreed on either a fixed fee or a time cost basis. In this instance, the Client has agreed to pay Kroll $250,000 (excluding GST and out of pocket expenses) for preparing the Report. Kroll and its officers, representatives, related entities and associates ("Personnel") will not receive any other fee or benefit in connection with the provision of the Report. All Personnel that provide general advice on our behalf in providing services are on contract to us and receive a salary or payments in accordance with their respective contracts. They may also receive a bonus, but it is not related to the general advice provided in the Report.

Kroll may provide professional services, including consultancy, business intelligence, transfer pricing and financial advisory services, to the person who engaged us and receive fees for those services Kroll and any of its associated entities may at any time provide professional services to financial product issuers in the ordinary course of business.

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No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of, the Client or has other material financial interests in the transaction.

Complaint Redressal

If you have a complaint, please let either Kroll or the Authorised Representative know. Formal complaints should be sent in writing to Complaints Officer, Kroll, Level 32, 85 Castlereagh St, SYDNEY, NSW 2000. If you have difficulty in putting your complaint in writing, please telephone the Complaints Officer on 02 8286 7227 and they will assist you in documenting your complaint. If the complaint cannot be settled in the first instance by Kroll, you should contact Millinium via the contact details set out below:

In writing:

Dispute Resolution Officer
Millinium Capital Managers Limited
GPO Box 615
Sydney, NSW, 2000

When your complaint is received by Millinium it will be entered onto Millinium's complaints register. All details of the complaint will be sent to the Disputes Resolution Officer who will investigate the circumstances of the complaint. If the Disputes Resolution Officer is unable to reach a satisfactory resolution of the complaint within thirty (30) business days of receipt, you should contact Australian Financial Complaints Authority ("AFCA"). The details are:

In writing:
https://www.afca.org.au/make-a-complaint
Telephone
1300 56 55 62 (local call rate)
Email
info@afca.orga.au
Website
www.afca.org.au

Please note that AFCA can currently only deal with claims for compensation up to $1,085,000. Monetary limits and the AFCA terms of reference do change from time to time. Current details can be obtained from the AFCA website listed above.

Annexure B: Scheme of Arrangement

Annexure B: Scheme of Arrangement

HERBERT SMITH FREEHILLS

Scheme of Arrangement - Share Scheme

Silk Logistics Holdings Limited

Scheme Shareholders

ANZ Tower 161 Castlereagh Street Sydney NSW 2000 Australia
GPO Box 4227 Sydney NSW 2001 Australia

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herbertsmithfreehills.com DX 361 Sydney

HERBERT SMITH FREEHILLS

Scheme of arrangement – share scheme

This scheme of arrangement is made under section 411 of the *Corporations Act 2001* (Cth)

Between the parties

Silk Logistics Holdings Limited (**Target**) ACN 165 867 372 of Unit 3, 850 Lorimer St Port Melbourne VIC 3207

The Scheme Shareholders

1 Definitions, interpretation and scheme components

1.1 Definitions

Schedule 1 contains definitions used in this Scheme.

1.2 Interpretation

Schedule 1 contains interpretation rules for this Scheme.

1.3 Scheme components

This Scheme includes any schedule to it.

2 Preliminary matters

(a) Target is a public company limited by shares, registered in Victoria, Australia and has been admitted to the official list of the ASX. Target Shares are quoted for trading on the ASX.

(b) As at the date of the Scheme Implementation Deed:

(1) 81,547,598 Target Shares were on issue;

(2) 1,015,656 Target Performance Rights were on issue;

(3) 303,507 Target Performance Rights had agreed to be issued (subject to Target Shareholder approval); and

(4) 5,388,656 Target Options were on issue.

(c) Bidder Guarantor is DP World Australia (Holding) Pty Ltd.

(d) Bidder, an indirectly wholly-owned Subsidiary of Bidder Guarantor, is an unlisted public company limited by shares registered in New South Wales, Australia.

(e) If this Scheme becomes Effective:

(1) Bidder must (and Bidder Guarantor unconditionally and irrevocably guarantees the obligation of Bidder to) provide or procure the provision of the Scheme Consideration to the Scheme Shareholders in accordance with the terms of this Scheme and the Deed Poll; and

(2) all the Scheme Shares, and all the rights and entitlements attaching to them as at the Implementation Date, must be transferred to Bidder and Target will enter the name of Bidder in the Share Register in respect of the Scheme Shares.

(f) Target, Bidder Guarantor and Bidder have agreed, by executing the Scheme Implementation Deed, to implement this Scheme.

(g) This Scheme attributes actions to Bidder Guarantor and Bidder but does not itself impose an obligation on them to perform those actions. Bidder Guarantor and Bidder have agreed, by executing the Deed Poll, to perform the actions attributed to them under this Scheme, including the provision or procuring the provision of the Scheme Consideration to the Scheme Shareholders.

3 Conditions

3.1 Conditions precedent

This Scheme is conditional on and will have no force or effect until, the satisfaction of each of the following conditions precedent:

(a) all the conditions in clause 3.1 of the Scheme Implementation Deed (other than the condition in the Scheme Implementation Deed relating to Court approval of this Scheme) having been satisfied or waived in accordance with the terms of the Scheme Implementation Deed;

(b) neither the Scheme Implementation Deed nor the Deed Poll having been terminated in accordance with their terms;

(c) approval of this Scheme by the Court under paragraph 411(4)(b) of the Corporations Act, including with any alterations made or required by the Court under subsection 411(6) of the Corporations Act and agreed to by Bidder and Target;

(d) such other conditions made or required by the Court under subsection 411(6) of the Corporations Act in relation to this Scheme and agreed to by Bidder and Target having been satisfied or waived; and

(e) the orders of the Court made under paragraph 411(4)(b) (and, if applicable, subsection 411(6)) of the Corporations Act approving this Scheme coming into effect, pursuant to subsection 411(10) of the Corporations Act on or before the End Date (or any later date Target and Bidder agree in writing).

3.2 Certificate

(a) Target and Bidder will each provide to the Court on the Second Court Date a certificate, or such other evidence as the Court requests, confirming (in respect of matters within their knowledge) whether or not all of the conditions precedent in clauses 3.1(a) and 3.1(b) have been satisfied or waived.

(b) A certificate referred to in clause 3.2(a) constitutes conclusive evidence that such conditions precedent were satisfied, waived or taken to be waived.

3.3 End Date

Without limiting any rights under the Scheme Implementation Deed, this Scheme will lapse and be of no further force or effect if:

(a) the Effective Date does not occur on or before the End Date; or

(b) the Scheme Implementation Deed or the Deed Poll is terminated in accordance with its terms,

unless Target, Bidder Guarantor and Bidder otherwise agree in writing.

4 Implementation of this Scheme

4.1 Lodgement of Court orders with ASIC

Target must lodge with ASIC, in accordance with subsection 411(10) of the Corporations Act, an office copy of the Court order approving this Scheme as soon as possible after the Court approves this Scheme and in any event by 5.00pm on the first Business Day after the day on which the Court approves this Scheme (or such later date agreed in writing between Target and Bidder).

4.2 Transfer of Scheme Shares

On the Implementation Date:

(a) subject to the provision of the Scheme Consideration in the manner contemplated by clauses 5.1(c) and 5.1(d), the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, must be transferred to Bidder, without the need for any further act by any Scheme Shareholder (other than acts performed by Target as attorney and agent for Scheme Shareholders under clause 8.5), by:

(1) Target delivering to Bidder a duly completed Scheme Transfer, executed on behalf of the Scheme Shareholders by Target, for registration; and

(2) Bidder duly executing the Scheme Transfer, attending to the stamping of the Scheme Transfer (if required) and delivering it to Target for registration; and

(b) immediately following receipt of the Scheme Transfer in accordance with clause 4.2(a)(2), but subject to the stamping of the Scheme Transfer (if required), Target must enter, or procure the entry of, the name of Bidder in the Share Register in respect of all the Scheme Shares transferred to Bidder in accordance with this Scheme.

5 Scheme Consideration

5.1 Provision of Scheme Consideration

(a) Bidder must (and Bidder Guarantor unconditionally and irrevocably guarantees the obligation of Bidder to), and Target must use its best endeavours to procure that Bidder does, by no later than two Business Days before the Implementation Date, deposit, or procure the deposit, in cleared funds an amount equal to the aggregate amount of the Scheme Consideration payable to all Scheme Shareholders, into an Australian dollar denominated trust account with an ADI operated by Target as trustee for the Scheme Shareholders, (provided that any interest on the amounts deposited (less bank fees and other charges) will be credited to Bidder's account).

(b) The Scheme Consideration will be reduced by the aggregate cash amount per Target Share of any dividends or distributions or any form of payment of any kind payable on the Target Shares to which Target Shareholders become entitled from the date of the Scheme Implementation Deed to the Implementation Date, except that the Scheme Consideration will not be reduced by the value attributed to any franking credits attached to such dividend.

(c) On the Implementation Date, subject to funds having been deposited in accordance with clause 5.1(a), Target must pay or procure the payment of the Scheme Consideration to each Scheme Shareholder from the trust account referred to in clause 5.1(a).

(d) The obligations of Target under clause 5.1(c) will be satisfied by Target (in its absolute discretion, and despite any election referred to in clause 5.1(d)(1) or authority referred to in clause 5.1(d)(2) made or given by the Scheme Shareholder):

(1) if a Scheme Shareholder has, before the Scheme Record Date, made a valid election in accordance with the requirements of the Target Registry to receive dividend payments from Target by electronic funds transfer to a bank account nominated by the Scheme Shareholder, paying, or procuring the payment of, the relevant amount in Australian currency by electronic means in accordance with that election;

(2) paying, or procuring the payment of, the relevant amount in Australian currency by electronic means to a bank account nominated by the Scheme Shareholder by an appropriate authority from the Scheme Shareholder to Target; or

(3) dispatching, or procuring the dispatch of, a cheque for the relevant amount in Australian currency to the Scheme Shareholder by prepaid post to their Registered Address (as at the Scheme Record Date), such cheque being drawn in the name of the Scheme Shareholder (or in the case of joint holders, in accordance with the procedures set out in clause 5.2).

(e) The Scheme Consideration payable to each Scheme Shareholder with a registered address in New Zealand will be paid to a bank account nominated by that Scheme Shareholder in the manner contemplated by 5.1(d)(1) or (d)(2) or other appropriate authority from the Scheme Shareholder to Target. If a Scheme Shareholder with a registered address in New Zealand has not nominated a bank account for receipt of payments, Target may hold payment of the Scheme Consideration owed to that Scheme Shareholder until a valid bank account has been nominated by an appropriate authority from the Scheme Shareholder to Target.

(f) If Bidder is required by Subdivision 14-D of Schedule 1 to the *Taxation Administration Act 1953* (Cth) to pay amounts to the ATO in respect of the acquisition of Target Shares from certain Scheme Shareholders, Bidder is entitled to deduct the relevant amounts from the payment of the Scheme Consideration to those Scheme Shareholders and remit those amounts to the ATO. Bidder will not be obliged to increase the aggregate sum paid to Scheme Shareholders by the amount of the deduction and the net aggregate sum payable to those Scheme Shareholders should be taken to be in full and final satisfaction of amounts owing to those Scheme Shareholders. Bidder must pay any amount to the ATO in the time permitted by law and, if requested in writing by the relevant Scheme Shareholder, provide a receipt or other appropriate evidence of such payment (or procure the provision of such receipt or other evidence) to the relevant Scheme Shareholder.

(g) To the extent that, following satisfaction of Target's obligations under clause 5.1(c), there is a surplus in the amount held by Target as trustee for the Scheme Shareholders in the trust account referred to in that clause, that surplus must be paid by Target to Bidder.

(h) If, following satisfaction of Bidder's obligations under clause 5.1(a) but prior to the occurrence of all of the events described in clause 4.2(a), this Scheme lapses under clause 3.3, Target must immediately repay (or cause to be repaid) to or at the direction of Bidder the funds that were deposited in the Trust Account plus any interest on the amounts deposited (less bank fees and other charges).

5.2 Joint holders

In the case of Scheme Shares held in joint names:

(a) subject to clause 5.1(d), the Scheme Consideration is payable to the joint holders and any cheque required to be sent under this Scheme will be made payable to the joint holders and sent to either, at the sole discretion of Target, the holder whose name appears first in the Share Register as at the Scheme Record Date or to the joint holders (unless the joint holders have nominated a bank account under clauses 5.1(d)(1) or 5.1(d)(2), in which case the amount must be deposited directly to the nominated bank account of the joint holders); and

(b) any other document required to be sent under this Scheme, will be forwarded to either, at the sole discretion of Target, the holder whose name appears first in the Share Register as at the Scheme Record Date or to the joint holders.

5.3 Fractional entitlements

Where the calculation of the Scheme Consideration to be issued to a particular Scheme Shareholder would result in the Scheme Shareholder becoming entitled to a fraction of a cent, the fractional entitlement will be rounded to the nearest whole cent.

5.4 Unclaimed monies

(a) Target may cancel a cheque issued under this clause 5 if the cheque:

(1) is returned to Target; or

(2) has not been presented for payment within six months after the date on which the cheque was sent.

(b) During the period of 12 months commencing on the Implementation Date, on request in writing from a Scheme Shareholder to Target (or the Target Registry) (which request may not be made until the date which is 20 Business Days after the Implementation Date), Target must reissue a cheque that was previously cancelled under this clause 5.3.

(c) The *Unclaimed Money Act 1995* (NSW) will apply in relation to any Scheme Consideration which becomes 'unclaimed money' (as defined in sections 7, 8 and 9 of the *Unclaimed Money Act 1995* (NSW)).

(d) Any interest or other benefit accruing from the unclaimed Scheme Consideration will be to the benefit of Bidder.

5.5 Orders of a court or Government Agency

If written notice is given to Target (or the Target Registry) or Bidder of an order or direction made by a court of competent jurisdiction or by another Government Agency that:

(a) requires consideration to be provided to a third party (either through payment of a sum or the issuance of a security) in respect of Scheme Shares held by a particular Scheme Shareholder, which would otherwise be payable or required to be issued to that Scheme Shareholder by Target in accordance with this clause 5, then Target shall be entitled to procure that provision of that consideration is made in accordance with that order or direction; or

(b) prevents Target from providing consideration to any particular Scheme Shareholder in accordance with this clause 5, or the payment or issuance of such consideration is otherwise prohibited by applicable law, Target shall be entitled to retain an amount, in Australian dollars, equal to the number of Scheme Shares held by that Scheme Shareholder multiplied by the Scheme Consideration, until such time as provision of the Scheme Consideration in accordance with this clause 5 is permitted by that (or another) order or direction or otherwise by law.

6 Dealings in Target Shares

6.1 Determination of Scheme Shareholders

To establish the identity of the Scheme Shareholders, dealings in Target Shares or other alterations to the Share Register will only be recognised if:

(a) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Share Register as the holder of the relevant Target Shares before the Scheme Record Date; and

(b) in all other cases, registrable transfer or transmission applications in respect of those dealings, or valid requests in respect of other alterations, are received before the Scheme Record Date at the place where the Share Register is kept,

and Target must not accept for registration, nor recognise for any purpose (except a transfer to Bidder pursuant to this Scheme and any subsequent transfer by Bidder or its successors in title), any transfer or transmission application or other request received after such times, or received prior to such times but not in registrable or actionable form, as appropriate.

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6.2 Register

(a) Target must register registrable transmission applications or transfers of the Scheme Shares that are received in accordance with clause 6.1(b) before the Scheme Record Date provided that, for the avoidance of doubt, nothing in this clause 6.2(a) requires Target to register a transfer that would result in a Target Shareholder holding a parcel of Target Shares that is less than a 'marketable parcel' (for the purposes of this clause 6.2(a) 'marketable parcel' has the meaning given in the Operating Rules).

(b) If this Scheme becomes Effective, a holder of Scheme Shares (and any person claiming through that holder) must not dispose of, or purport or agree to dispose of, any Scheme Shares or any interest in them on or after the Scheme Record Date otherwise than pursuant to this Scheme, and any attempt to do so will have no effect and Target shall be entitled to disregard any such disposal.

(c) For the purpose of determining entitlements to the Scheme Consideration, Target must maintain the Share Register in accordance with the provisions of this clause 6.2 until the Scheme Consideration has been paid to the Scheme Shareholders. The Share Register in this form will solely determine entitlements to the Scheme Consideration.

(d) All statements of holding for Target Shares (other than statements of holding in favour of Bidder) will cease to have effect after the Scheme Record Date as documents of title in respect of those shares and, as from that date, each entry current at that date on the Share Register (other than entries on the Share Register in respect of Bidder) will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the Target Shares relating to that entry.

(e) As soon as possible on or after the Scheme Record Date, and in any event by 5.00pm on the first Business Day after the Scheme Record Date, Target will ensure that details of the names, Registered Addresses and holdings of Target Shares for each Scheme Shareholder as shown in the Share Register are available to Bidder in the form Bidder reasonably requires.

7 Quotation of Target Shares

(a) Target must apply to ASX to suspend trading on the ASX in Target Shares with effect from the close of trading on the Effective Date.

(b) On a date after the Implementation Date to be determined by Bidder, Target must apply:

(1) for termination of the official quotation of Target Shares on the ASX; and

(2) to have itself removed from the official list of the ASX.

8 General Scheme provisions

8.1 Consent to amendments to this Scheme

If the Court proposes to approve this Scheme subject to any alterations or conditions:

(a) Target may by its counsel consent on behalf of all persons concerned to those alterations or conditions to which Bidder has consented; and

(b) each Scheme Shareholder agrees to any such alterations or conditions which Target has consented to.

8.2 Scheme Shareholders' agreements and warranties

(a) Each Scheme Shareholder:

(1) agrees to the transfer of their Target Shares together with all rights and entitlements attaching to those Target Shares in accordance with this Scheme;

(2) agrees to the variation, cancellation or modification of the rights attached to their Target Shares constituted by or resulting from this Scheme;

(3) agrees to, on the direction of Bidder, destroy any holding statements or share certificates relating to their Target Shares;

(4) who holds their Target Shares in a CHESS Holding agrees to the conversion of those Target Shares to an Issuer Sponsored Holding and irrevocably authorises Target to do anything necessary or expedient (whether required by the Settlement Rules or otherwise) to effect or facilitate such conversion; and

(5) acknowledges and agrees that this Scheme binds Target and all Scheme Shareholders (including those who do not attend the Scheme Meeting and those who do not vote, or vote against this Scheme, at the Scheme Meeting).

(b) Each Scheme Shareholder is taken to have warranted to Target and Bidder on the Implementation Date, and appointed and authorised Target as its attorney and agent to warrant to Bidder on the Implementation Date, that:

(1) all their Target Shares (including any rights and entitlements attaching to those shares) which are transferred under this Scheme will, at the date of transfer, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind, and that they have full power and capacity to transfer their Target Shares to Bidder together with any rights and entitlements attaching to those shares. Target undertakes that it will provide such warranty to Bidder as agent and attorney of each Scheme Shareholder; and

(2) they have no existing right to be issued any Target Shares, Target Options, Target Performance Rights, Target convertible notes or any other Target securities. Target undertakes that it will provide such warranty to Bidder as agent and attorney of each Scheme Shareholder.

8.3 Title to and rights in Scheme Shares

(a) To the extent permitted by law, the Scheme Shares (including all rights and entitlements attaching to the Scheme Shares) transferred under this Scheme to Bidder will, at the time of transfer of them to Bidder vest in Bidder free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise and free from any restrictions on transfer of any kind.

(b) Immediately upon the provision of the Scheme Consideration to each Scheme Shareholder in the manner contemplated by clauses 5.1(c) and 5.1(d), Bidder will be beneficially entitled to the Scheme Shares to be transferred to it under this Scheme pending registration by Target of Bidder in the Share Register as the holder of the Scheme Shares.

8.4 Appointment of sole proxy

Immediately upon the provision of the Scheme Consideration to each Scheme Shareholder in the manner contemplated by clauses 5.1(c) and 5.1(d), and until Target registers Bidder as the holder of all Scheme Shares in the Share Register, each Scheme Shareholder:

(a) is deemed to have appointed Bidder as attorney and agent (and directed Bidder in each such capacity) to appoint any director, officer, secretary or agent nominated by Bidder as its sole proxy and, where applicable or appropriate, corporate representative to attend shareholders' meetings, exercise the votes attaching to the Scheme Shares registered in their name and sign any shareholders' resolution or document;

(b) must not attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than pursuant to clause 8.4(a));

(c) must take all other actions in the capacity of a registered holder of Scheme Shares as Bidder reasonably directs; and

(d) acknowledges and agrees that in exercising the powers referred to in clause 8.4(a), Bidder and any director, officer, secretary or agent nominated by Bidder under clause 8.4(a) may act in the best interests of Bidder as the intended registered holder of the Scheme Shares.

8.5 Authority given to Target

Each Scheme Shareholder, without the need for any further act:

(a) on the Effective Date, irrevocably appoints Target and each of its directors, officers and secretaries (jointly and each of them severally) as its attorney and agent for the purpose of enforcing the Deed Poll against Bidder Guarantor and Bidder, and Target undertakes in favour of each Scheme Shareholder that it will enforce the Deed Poll against Bidder Guarantor and Bidder on behalf of and as agent and attorney for each Scheme Shareholder; and

(b) on the Implementation Date, irrevocably appoints Target and each of its directors, officers and secretaries (jointly and each of them severally) as its attorney and agent for the purpose of executing any document or doing or taking any other act necessary, desirable or expedient to give effect to this Scheme and the transactions contemplated by it, including (without limitation) executing the Scheme Transfer,

and Target accepts each such appointment. Target as attorney and agent of each Scheme Shareholder, may sub-delegate its functions, authorities or powers under this clause 8.5 to all or any of its directors, officers, secretaries or employees (jointly, severally or jointly and severally).

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8.6 Binding effect of Scheme

This Scheme binds Target and all of the Scheme Shareholders (including those who did not attend the Scheme Meeting to vote on this Scheme, did not vote at the Scheme Meeting, or voted against this Scheme at the Scheme Meeting) and, to the extent of any inconsistency, overrides the constitution of Target.

9 General

9.1 Stamp duty

Bidder will:

(a) pay all stamp duty and any related fines and penalties in respect of this Scheme and the Deed Poll, the performance of the Deed Poll and each transaction effected by or made under this Scheme and the Deed Poll; and

(b) indemnify each Scheme Shareholder against any liability arising from failure to comply with clause 9.1(a).

9.2 Consent

Each of the Scheme Shareholders consents to Target doing all things necessary or incidental to, or to give effect to, the implementation of this Scheme, whether on behalf of the Scheme Shareholders, Target or otherwise.

9.3 Notices

(a) If a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to Target, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at Target's registered office or at the office of the Target Registry.

(b) The accidental omission to give notice of the Scheme Meeting or the non-receipt of such notice by a Target Shareholder will not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

9.4 Governing law

(a) This Scheme is governed by the laws in force in New South Wales.

(b) The parties irrevocably submit to the non-exclusive jurisdiction of courts exercising jurisdiction in New South Wales and courts of appeal from them in respect of any proceedings arising out of or in connection with this Scheme. The parties irrevocably waive any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.

9.5 Further action

Target must do all things and execute all documents necessary to give full effect to this Scheme and the transactions contemplated by it.

9.6 No liability when acting in good faith

Each Scheme Shareholder agrees that neither Target, Bidder Guarantor nor Bidder nor any director, officer, secretary or employee of any of those companies shall be liable for anything done or omitted to be done in the performance of this Scheme or the Deed Poll in good faith.

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Schedule 1

Definitions and interpretation

1 Definitions

The meanings of the terms used in this Scheme are set out below.

Term	**Meaning**
ADI	authorised deposit-taking institution (as defined in the *Banking Act 1959* (Cth)).
ASIC	the Australian Securities and Investments Commission.
ASX	ASX Limited ABN 98 008 624 691 and, where the context requires, the financial market that it operates.
ATO	the Australian Tax Office.
Bidder	DP World Australia Limited ACN 129 842 093.
Bidder Guarantor	DP World Australia (Holding) Pty Ltd ACN 147 892 715.
Business Day	a day that is not a Saturday, Sunday or public holiday or bank holiday in Sydney, Australia.
CHESS	the Clearing House Electronic Subregister System operated by ASX Settlement Pty Ltd and ASX Clear Pty Limited.
CHESS Holding	has the meaning given in the Settlement Rules.
Corporations Act	the *Corporations Act 2001* (Cth).
Court	the Supreme Court of New South Wales or such other court of competent jurisdiction under the Corporations Act agreed to in writing by Bidder and Target.

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Term	Meaning
Deed Poll	the deed poll substantially in the form of Attachment 3 to the Scheme Implementation Deed (or other form agreed in writing by Target, Bidder Guarantor and Bidder) under which Bidder and Bidder Guarantor each covenant in favour of the Scheme Shareholders to perform the obligations attributed to Bidder and Bidder Guarantor under this Scheme.
Effective	when used in relation to this Scheme, the coming into effect, under subsection 411(10) of the Corporations Act, of the Court order made under paragraph 411(4)(b) of the Corporations Act in relation to this Scheme.
Effective Date	the date on which this Scheme becomes Effective.
End Date	30 June 2025, or such other date as agreed in writing by Bidder and Target.
Government Agency	any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity (including any stock or other securities exchange), or any minister of the Crown in right of the Commonwealth of Australia or any state, or any other federal, state, provincial, local or other government, whether foreign or Australian.
Implementation Date	the fifth Business Day after the Scheme Record Date, or such other date after the Scheme Record Date as agreed in writing by Target and Bidder.
Issuer Sponsored Holding	has the meaning given in the Settlement Rules.
Operating Rules	the official operating rules of ASX.
Registered Address	in relation to a Target Shareholder, the address shown in the Share Register as at the Scheme Record Date.
Scheme	this scheme of arrangement under Part 5.1 of the Corporations Act between Target and the Scheme Shareholders subject to any alterations or conditions made or required by the Court under subsection 411(6) of the Corporations Act and agreed to in writing by Target and Bidder.

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Term	Meaning
Scheme Consideration	the consideration to be provided by Bidder to each Scheme Shareholder for the transfer to Bidder of each Scheme Share, being for each Target Share held by a Scheme Shareholder as at the Scheme Record Date, an amount of $2.14 cash per Target Share, subject to and as adjusted in accordance with this Scheme.
Scheme Implementation Deed	the scheme implementation deed dated 9 November 2024 between Target, Bidder Guarantor and Bidder relating to the implementation of this Scheme.
Scheme Meeting	the meeting of the Target Shareholders ordered by the Court to be convened under subsection 411(1) of the Corporations Act to consider and vote on this Scheme and includes any meeting convened following any adjournment or postponement of that meeting.
Scheme Record Date	7.00pm on the third Business Day after the Effective Date or such other date as agreed in writing by Target and Bidder.
Scheme Shares	all Target Shares held by the Scheme Shareholders as at the Scheme Record Date.
Scheme Shareholder	a holder of Target Shares recorded in the Share Register as at the Scheme Record Date.
Scheme Transfer	a duly completed and executed proper instrument of transfer in respect of all of the Scheme Shares for the purposes of section 1071B of the Corporations Act, in favour of Bidder as transferee, which may be a master transfer of all or part of the Scheme Shares.
Second Court Date	the first day on which an application made to the Court for an order under paragraph 411(4)(b) of the Corporations Act approving this Scheme is heard or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application or appeal is heard.
Settlement Rules	the ASX Settlement Operating Rules, being the official operating rules of the settlement facility provided by ASX Settlement Pty Ltd.
Share Register	the register of members of Target maintained by Target or the Target Registry in accordance with the Corporations Act.

Term	Meaning
Subsidiary	has the meaning given in Division 6 of Part 1.2 of the Corporations Act.
Target	Silk Logistics Holdings Limited ACN 165 867 372.
Target Registry	Boardroom Pty Limited ACN 003 209 836.
Target Share	a fully paid ordinary share in the capital of Target.
Target Shareholder	each person who is registered as the holder of a Target Share in the Share Register.

2 Interpretation

In this Scheme:

(a) headings and bold type are for convenience only and do not affect the interpretation of this Scheme;

(b) the singular includes the plural and the plural includes the singular;

(c) words of any gender include all genders;

(d) other parts of speech and grammatical forms of a word or phrase defined in this Scheme have a corresponding meaning;

(e) a reference to a person includes any company, partnership, joint venture, association, corporation or other body corporate and any Government Agency as well as an individual;

(f) a reference to a clause, party, schedule, attachment or exhibit is a reference to a clause of, and a party, schedule, attachment or exhibit to, this Scheme;

(g) a reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or reenactments of any of them (whether passed by the same or another Government Agency with legal power to do so);

(h) a reference to a document (including this Scheme) includes all amendments or supplements to, or replacements or novations of, that document;

(i) a reference to '$', 'A$' or 'dollar' is to Australian currency;

(j) a reference to any time is, unless otherwise indicated, a reference to that time in Sydney;

(k) a term defined in or for the purposes of the Corporations Act, and which is not defined in clause 1 of this Schedule 1, has the same meaning when used in this Scheme;

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(l) a reference to a party to a document includes that party's successors and permitted assignees;

(m) no provision of this Scheme will be construed adversely to a party because that party was responsible for the preparation of this Scheme or that provision;

(n) any agreement, representation, warranty or indemnity in favour of two or more parties (including where two or more persons are included in the same defined term) is for the benefit of them jointly and severally;

(o) a reference to a body, other than a party to this Scheme (including an institute, association or authority), whether statutory or not:

(1) which ceases to exist; or

(2) whose powers or functions are transferred to another body,

is a reference to the body which replaces it or which substantially succeeds to its powers or functions;

(p) if a period of time is specified and dates from a given day or the day of an act or event, it is to be calculated exclusive of that day;

(q) a reference to a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later;

(r) if an act prescribed under this Scheme to be done by a party on or by a given day is done after 5.00pm on that day, it is taken to be done on the next day; and

(s) a reference to the Operating Rules or the Settlement Rules includes any variation, consolidation or replacement of these rules and is to be taken to be subject to any waiver or exemption granted to the compliance of those rules by a party.

3 Interpretation of inclusive expressions

Specifying anything in this Scheme after the words 'include' or 'for example' or similar expressions does not limit what else is included.

4 Business Day

Where the day on or by which any thing is to be done is not a Business Day, that thing must be done on or by the next Business Day.

Annexure C:
Deed Poll

Annexure C: Deed Poll

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Deed

Share Scheme Deed Poll

DP World Australia Limited ACN 129 842 093

DP World Australia (Holding) Pty Ltd ACN 147 892 715

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Share Scheme Deed Poll

Date ▸ 19 December 2024

This deed poll is made

By	**DP World Australia Limited** ACN 129 842 093 of Level 40, 25 Martin Place NSW Sydney 2000 **(Bidder)** and **DP World Australia (Holding) Pty Ltd** ACN 147 892 715 of Level 40, 25 Martin Place NSW Sydney 2000 **(Bidder Guarantor)**
in favour of	each person registered as a holder of fully paid ordinary shares in Target in the Share Register as at the Scheme Record Date.
Recitals	1 Target, Bidder Guarantor and Bidder entered into the Scheme Implementation Deed. 2 In the Scheme Implementation Deed, Bidder Guarantor and Bidder agreed to make this deed poll. 3 Bidder Guarantor and Bidder are making this deed poll for the purpose of covenanting in favour of the Scheme Shareholders to perform their obligations under the Scheme Implementation Deed and the Scheme.

This deed poll provides as follows:

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1 Definitions and interpretation

1.1 Definitions

(a) The meanings of the terms used in this deed poll are set out below.

Term	Meaning
First Court Date	the first day on which an application made to the Court for an order under subsection 411(1) of the Corporations Act convening the Scheme Meeting is heard or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application is heard.
Scheme	the scheme of arrangement under Part 5.1 of the Corporations Act between Target and the Scheme Shareholders, substantially in the form set out in Attachment 2 to the Scheme Implementation Deed (or such other form agreed by Bidder and Target), subject to any alterations or conditions made or required by the Court under subsection 411(6) of the Corporations Act and agreed to in writing by Bidder and Target.
Scheme Implementation Deed	the scheme implementation deed entered into between Target, Bidder Guarantor and Bidder dated 9 November 2024.
Target	Silk Logistics Holdings Limited (ACN 165 867 372).

(b) Unless the context otherwise requires, terms defined in the Scheme have the same meaning when used in this deed poll.

1.2 Interpretation

Sections 2, 3 and 4 of Schedule 1 of the Scheme apply to the interpretation of this deed poll, except that references to 'this Scheme' are to be read as references to 'this deed poll'.

1.3 Nature of deed poll

Bidder Guarantor and Bidder acknowledge that:

(a) this deed poll may be relied on and enforced by any Scheme Shareholder in accordance with its terms even though the Scheme Shareholders are not party to it; and

(b) under the Scheme, each Scheme Shareholder irrevocably appoints Target and each of its directors, officers and secretaries (jointly and each of them severally) as its agent and attorney to enforce this deed poll against Bidder Guarantor and Bidder.

2 Conditions to obligations

2.1 Conditions

This deed poll and the obligations of Bidder Guarantor and Bidder under this deed poll are subject to the Scheme becoming Effective.

2.2 Termination

The obligations of Bidder under this deed poll to the Scheme Shareholders will automatically terminate and the terms of this deed poll will be of no force or effect if:

(a) the Scheme Implementation Deed is terminated in accordance with its terms; or

(b) the Scheme is not Effective on or before the End Date,

unless Bidder Guarantor, Bidder and Target otherwise agree in writing.

2.3 Consequences of termination

If this deed poll terminates under clause 2.2, in addition and without prejudice to any other rights, powers or remedies available to it:

(a) Bidder Guarantor and Bidder are released from their obligations to further perform this deed poll; and

(b) each Scheme Shareholder retains the rights they have against Bidder Guarantor and Bidder in respect of any breach of this deed poll which occurred before it was terminated.

3 Scheme obligations

3.1 Undertaking to pay Scheme Consideration

Subject to clause 2, Bidder undertakes in favour of each Scheme Shareholder (and Bidder Guarantor undertakes in favour of each Scheme Shareholder to unconditionally and irrevocably guarantee the obligation of Bidder) to:

(a) deposit, or procure the deposit of, in cleared funds, by no later than the Business Day before the Implementation Date, an amount equal to the aggregate amount of the Scheme Consideration payable to all Scheme Shareholders under the Scheme into an Australian dollar denominated trust account operated by Target as trustee for the Scheme Shareholders, except that any interest on the amounts deposited (less bank fees and other charges) will be credited to Bidder's account; and

(b) undertake all other actions, and give each acknowledgement, representation and warranty (if any), attributed to it under the Scheme,

subject to and in accordance with the terms of the Scheme.

3.2 Bidder Guarantor and Bidder undertaking

Subject to clause 2, Bidder Guarantor and Bidder each covenant that they will comply with each of their obligations under the Scheme Implementation Deed.

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4 Warranties

Each of Bidder Guarantor and Bidder represents and warrants in favour of each Scheme Shareholder, in respect of itself, that:

(a) it is a corporation validly existing under the laws of its place of registration;

(b) it has the corporate power to enter into and perform its obligations under this deed poll and to carry out the transactions contemplated by this deed poll;

(c) it has taken all necessary corporate action to authorise its entry into this deed poll and has taken or will take all necessary corporate action to authorise the performance of this deed poll and to carry out the transactions contemplated by this deed poll;

(d) this deed poll is valid and binding on it and enforceable against it in accordance with its terms; and

(e) this deed poll does not conflict with, or result in the breach of or default under, any provision of its constitution, or any writ, order or injunction, judgment, law, rule or regulation to which it is a party or subject or by which it is bound.

5 Continuing obligations

This deed poll is irrevocable and, subject to clause 2, remains in full force and effect until:

(a) Bidder Guarantor and Bidder have fully performed their obligations under this deed poll; or

(b) the earlier termination of this deed poll under clause 2.

6 Notices

6.1 Form of Notice

A notice or other communication in respect of this deed poll (**Notice**) must be:

(a) in writing and in English and signed by or on behalf of the sending party; and

(b) addressed to Bidder Guarantor and Bidder accordance with the details set out below (or any alternative details nominated by Bidder Guarantor or Bidder by Notice).

Bidder

Attention	Anil Mohta and James Pointon With a copy to: Philippa Stone and David Tilley
Address	Level 40, 25 Martin Place, Sydney NSW 2000

Email address	anil.mohta@dpworld.com; james.pointon@dpworld.com With a copy to: philippa.stone@hsf.com; david.tilley@hsf.com

Bidder Guarantor

Attention	Anil Mohta and James Pointon With a copy to: Philippa Stone and David Tilley
Address	Level 40, 25 Martin Place, Sydney NSW 2000
Email address	anil.mohta@dpworld.com; james.pointon@dpworld.com With a copy to: philippa.stone@hsf.com; david.tilley@hsf.com

6.2 How Notice must be given and when Notice is received

(a) A Notice must be given by one of the methods set out in the table below.

(b) A Notice is regarded as given and received at the time set out in the table below.

However, if this means the Notice would be regarded as given and received outside the period between 9.00am and 5.00pm (addressee's time) on a Business Day (**business hours period**), then the Notice will instead be regarded as given and received at the start of the following business hours period.

Method of giving Notice	When Notice is regarded as given and received
By hand to the nominated address	When delivered to the nominated address
By pre-paid post to the nominated address	At 9.00am (addressee's time) on the second Business Day after the date of posting
By email to the nominated email address	The first to occur of: 1 the sender receiving an automated message confirming delivery; or 2 two hours after the time that the email was sent (as recorded on the device from which the email was sent) provided that the sender does not, within the

period, receive an automated message that the email has not been delivered.

6.3 Notice must not be given by electronic communication

A Notice must not be given by electronic means of communication (other than email as permitted in clause 6.2).

7 General

7.1 Stamp duty

Bidder:

(a) will pay all stamp duty and any related fines and penalties in respect of the Scheme and this deed poll, the performance of this deed poll and each transaction effected by or made under the Scheme and this deed poll; and

(b) indemnifies each Scheme Shareholder against any liability arising from failure to comply with clause 7.1(a).

7.2 Governing law and jurisdiction

(a) This deed poll is governed by the law in force in New South Wales.

(b) Each of Bidder Guarantor and Bidder irrevocably submits to the non-exclusive jurisdiction of courts exercising jurisdiction in New South Wales and courts of appeal from them in respect of any proceedings arising out of or in connection with this deed poll. Each of Bidder Guarantor and Bidder irrevocably waives any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.

7.3 Waiver

(a) Bidder Guarantor and Bidder may not rely on the words or conduct of any Scheme Shareholder as a waiver of any right unless the waiver is in writing and signed by the Scheme Shareholder granting the waiver.

(b) No Scheme Shareholder may rely on words or conduct of Bidder Guarantor or Bidder as a waiver of any right unless the waiver is in writing and signed by Bidder Guarantor or Bidder, as appropriate.

(c) The meanings of the terms used in this clause 7.3 are set out below.

Term	Meaning
conduct	includes delay in the exercise of a right.

right	any right arising under or in connection with this deed poll and includes the right to rely on this clause.
waiver	includes an election between rights and remedies, and conduct which might otherwise give rise to an estoppel.

7.4 Variation

A provision of this deed poll may not be varied unless:

(a) if before the First Court Date, the variation is agreed to by Target; or

(b) if on or after the First Court Date, the variation is agreed to by Target and the Court indicates that the variation would not of itself preclude approval of the Scheme,

in which event Bidder Guarantor and Bidder will enter into a further deed poll in favour of the Scheme Shareholders giving effect to the variation.

7.5 Cumulative rights

The rights, powers and remedies of Bidder Guarantor, Bidder and the Scheme Shareholders under this deed poll are cumulative and do not exclude any other rights, powers or remedies provided by law independently of this deed poll.

7.6 Assignment

(a) The rights created by this deed poll are personal to Bidder Guarantor, Bidder and each Scheme Shareholder and must not be dealt with at law or in equity without the prior written consent of Bidder Guarantor and Bidder.

(b) Any purported dealing in contravention of clause 7.6(a) is invalid.

7.7 Joint and several obligations

Bidder Guarantor and Bidder are jointly and severally liable for each obligation imposed on both of them by the terms of this deed poll.

7.8 Further action

Bidder Guarantor and Bidder must, at its own expense, do all things and execute all documents necessary to give full effect to this deed poll and the transactions contemplated by it.

HERBERT SMITH FREEHILLS

Signing page

Executed as a deed poll

Bidder

Signed sealed and delivered by
DP World Australia Limited
by

sign here ►		*sign here* ►	
	Company Secretary		Director
print name	Peter Conomos	*print name*	Jason Varsamidis

Bidder Guarantor

Signed sealed and delivered by
DP World Australia (Holding) Pty Ltd by

sign here ►	Company Secretary	*sign here* ►	Director
print name	Peter Conomos	*print name*	Glen Hilton

Annexure D:
Notice of Scheme Meeting

Annexure D: Notice of Scheme Meeting

SILK LOGISTICS HOLDINGS LIMITED

ACN 165 867 372

Registered office: Unit 3, 850 Lorimer Street,
Port Melbourne VIC 3207
("Company")

Notice is hereby given that by an order of the Supreme Court of New South Wales made on 23 December 2024 pursuant to section 411(1) of the *Corporations Act 2001* (Cth) (**Corporations Act**) a meeting of the holders of ordinary shares in the Company will be held at the offices of Deloitte Touche Tohmatsu, 477 Collins Street, Melbourne, VIC, 3000 at 10.00am (Sydney time) on 7 March 2025 (**Scheme Meeting**).

Purpose of Scheme Meeting

The purpose of the Scheme Meeting is to consider and, if thought fit, to agree to a scheme of arrangement (with or without any modifications, alterations or conditions agreed in writing between the Company and DP World Australia Limited ACN 129 842 093 (**DP World Australia**), and approved by the Court or any modifications, alterations or conditions as are thought just by the Court to which the Company and DP World Australia agree in writing) to be made between the Company and the Company's ordinary shareholders (**Scheme**), to effect the acquisition of the Company by DP World Australia.

To enable you to make an informed voting decision, further information about the Scheme is set out in the accompanying explanatory statement (for the purposes of section 412(1) of the Corporations Act) which, together with this Notice of Scheme Meeting, forms part of this Scheme Booklet.

Business of the Scheme Meeting

Resolution – Approval of the Scheme of Arrangement ("Scheme Resolution")

To consider, and if thought fit, to pass (with or without amendment) the following resolution in accordance with section 411(4)(a)(ii) of the Corporations Act:

"That, pursuant to and in accordance with section 411 of the Corporations Act 2001 (Cth):

*(a) the scheme of arrangement proposed between Silk Logistics Holdings Limited ACN 165 867 372 and the holders of its fully paid ordinary shares (**Scheme**), the terms of which are contained in and more particularly described in the Scheme Booklet (of which this Notice of Scheme Meeting forms part) is approved (with or without any modifications, alterations or conditions agreed in writing between Silk Logistics Holdings Limited ACN 165 867 372 and DP World Australia Limited ACN 129 842 093 and approved by the Court or any modifications, alterations or conditions as thought just by the Court to which Silk Logistics Holdings Limited ACN 165 867 372 and DP World Australia Limited ACN 129 842 093 agree in writing); and*

(b) the directors of Silk Logistics Holdings Limited ACN 165 867 372 are authorised, subject to the terms of the Scheme Implementation Deed:

(i) to agree to any modifications, alterations or conditions with DP World Australia Limited ACN 129 842 093;

(ii) to agree to any modifications, alterations or conditions as are thought just by the Court; and

(iii) subject to approval of the Scheme by the Court, to implement the Scheme with any such modifications, alterations or conditions."

There are no voting exclusions on this Resolution.

Chair

The Court has directed that Terry Sinclair is to act as Chair of the Scheme Meeting (and that, if Terry Sinclair is unable or unwilling to attend, Stephen Moulton is to act as Chair of the Scheme Meeting) and has directed the Chair to report the result of the Scheme Resolution to the Court.

By order of the Court

Melanie Leydin
Company Secretary

23 December 2024

Annexure D: Notice of Scheme Meeting

Explanatory Notes

1. General

This Notice of Scheme Meeting, including these explanatory notes, relates to the Scheme and should be read in conjunction with the Scheme Booklet of which this notice forms part. The Scheme Booklet contains important information to assist you in determining how to vote on the Scheme Resolution.

A copy of the Scheme is set out in Annexure B of the Scheme Booklet.

Capitalised terms used but not defined in this Notice of Scheme Meeting have the defined meanings set out in Section 10 of the Scheme Booklet, unless the context otherwise requires.

2. Shareholder approval by Requisite Majorities

For the proposed Scheme to be binding in accordance with section 411 of the Corporations Act, the Scheme Resolution must be approved by:

(a) unless the Court orders otherwise, a majority in number of Silk Shareholders present and voting (either in person or by proxy, attorney or, in the case of corporate Silk Shareholders, body corporate representative) at the Scheme Meeting; and

(b) at least 75% of the votes cast on the Scheme Resolution (either in person or by proxy, attorney or, in the case of corporate Silk Shareholders, body corporate representative).

3. Court approval

Under paragraph 411(4)(b) of the Corporations Act, the Scheme (with or without amendment or any alteration or condition required by the Court) is subject to the approval of the Court. If the Scheme Resolution is agreed to by the Requisite Majorities and the other Conditions Precedent to the Scheme (other than approval by the Court) are satisfied or waived by the time required under the Scheme, Silk must apply to the Court for the necessary orders to give effect to the Scheme.

In order for the Scheme to become Effective, it must be approved by the Court and an office copy of the orders of the Court approving the Scheme must be lodged with ASIC.

4. Record time

The time for determining eligibility to vote at the Scheme Meeting is 7.00pm (Sydney time) on the date that is 48 hours before the date of the Scheme Meeting being, **7.00pm (Sydney time) on 5 March 2025**. Only those Silk Shareholders entered on the Silk Register at that time will be entitled to attend and vote at the Scheme Meeting either in person, by proxy or attorney, or in the case of a corporate Silk Shareholder, by a body corporate representative. Transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Scheme Meeting. The remaining comments in these explanatory notes are addressed to Silk Shareholders entitled to attend and vote at the Scheme Meeting.

5. How to vote

Voting will be conducted by poll.

If you are a Silk Shareholder entitled to vote at the Scheme Meeting, you may vote by:

(a) attending and voting in person;

(b) appointing one or two proxies to attend and vote on your behalf, using the Proxy Form that accompanied this Scheme Booklet;

(c) appointing an attorney to attend and vote on your behalf, using a power of attorney; or

(d) in the case of a body corporate, appointing a body corporate representative to attend the Scheme Meeting and vote on your behalf, using a certificate of appointment of body corporate representative.

6. Attendance

If you or your proxies, attorneys or representative(s) plan to attend the Scheme Meeting, please arrive at the venue at least 30 minutes before the scheduled time for commencement of the Scheme Meeting, so that your shareholding can be checked against the Silk Share Register, any power of attorney or certificate of appointment of body corporate representative verified, and your attendance noted.

7. Jointly held securities

If you hold Silk Shares jointly with one or more other persons, only one of you may vote. If more than one of you attempts to vote in person at the Scheme Meeting, only the vote of the holder whose name appears first on the Silk Share Register will be counted.

See also the comments in paragraph 8b below regarding the appointment of a proxy by persons who jointly hold Silk Shares.

8. Voting

(a) Voting in person

To vote in person, you must attend the Scheme Meeting.

Silk Shareholders who wish to attend and vote at the Scheme Meeting in person will be admitted and given a voting card at the point of entry to the Scheme Meeting, once they have disclosed their name and address.

(b) Voting by Proxy

You may appoint one or two proxies. Your proxy need not be another Silk Shareholder. Each proxy will have the right to vote on the poll and also to speak at the Scheme Meeting.

To appoint a proxy, you should complete and return the Proxy Form that accompanied this Scheme Booklet in accordance with the instructions on that form. You must deliver the signed and completed Proxy Form to the Silk Registry no later than 48 hours before the commencement of the Scheme Meeting, this is no later than **10.00am (Sydney time) on 5 March 2025** (or, if the Scheme Meeting is adjourned or postponed, no later than 48 hours before the resumption of the Scheme Meeting in relation to the resumed part of the Scheme Meeting) in any of the following ways:

(1) **by post** in the provided reply paid envelope to the Silk Registry:

Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia

(2) **by hand** delivery to the Silk Registry:

Boardroom Pty Limited
Level 8, 210 George Street
Sydney NSW 2000 Australia

(3) **by fax** to the Silk Registry on:

+ 61 2 9290 9655

Proxy Forms received after this time will be invalid.

If a Proxy Form is completed under power of attorney or other authority, the original power of attorney or other authority, or a certified copy of the power of attorney or other authority, must accompany the completed Proxy Form unless the power of attorney or other authority has previously been noted by the Silk Registry.

A vote given in accordance with the terms of a proxy appointment is valid despite the revocation of that appointment, unless notice in writing of the revocation has been received by the Silk Registry before the start of the Scheme Meeting (or, if the Scheme Meeting is adjourned or postponed, before the resumption of the Scheme Meeting in relation to the resumed part of the Scheme Meeting) in any of the three ways above.

If you wish to appoint a second proxy, a second Proxy Form should be used and you should clearly indicate on the second Proxy Form that it is a second proxy and not a revocation of your first proxy. You can obtain a second Proxy Form from the Silk Registry. Replacement Proxy Forms can also be obtained from the Silk Registry.

If you appoint two proxies, each proxy should be appointed to represent a specified proportion of your voting rights. If you do not specify the proportions in the proxy forms, each proxy may exercise half of your votes with any fractions of votes disregarded.

If you hold Silk Shares jointly with one or more other persons, in order for your proxy appointment to be valid, each of you must sign the Proxy Form.

You should consider how you wish your proxy to vote. That is, whether you want your proxy to vote ‘for’ or ‘against’, or abstain from voting on, the Scheme Resolution, or whether to leave the decision to the proxy after he or she has considered the matters discussed at the Scheme Meeting.

If you do not direct your proxy how to vote on an item of business, the proxy may vote, or abstain from voting, as he or she thinks fit. If you instruct your proxy to abstain from voting on an item of business, he or she is directed not to vote on your behalf, and the shares the subject of the proxy appointment will not be counted in computing the required majority.

If you return your Proxy Form:

(1) without identifying a proxy on it, you will be taken to have appointed the Chair of the Scheme Meeting as your proxy to vote on your behalf; or

(2) with a proxy identified on it but your proxy does not attend the Scheme Meeting, the Chair of the Scheme Meeting will act in place of your nominated proxy and vote in accordance with any directions on your Proxy Form.

The Chair of the Scheme Meeting intends to vote all valid undirected proxies which nominate the Chair in favour of the Scheme Resolution, in the absence of a Superior Proposal.

Proxies of Silk Shareholders will be admitted to the Scheme Meeting and given a voting card on providing at the point of entry to the Scheme Meeting written evidence of their name and address.

Your appointment of a proxy does not preclude you from attending in person, revoking the proxy and voting at the Scheme Meeting.

9. Voting by attorney

You may appoint an attorney to attend and vote at the Scheme Meeting on your behalf. Your attorney need not be another Silk Shareholder. Each attorney will have the right to vote on the poll and also to speak at the Scheme Meeting.

The power of attorney appointing your attorney to attend and vote at the Scheme Meeting must be duly executed by you and specify your name, the company (that is, Silk), and the attorney, and also specify the meetings at which the appointment may be used. The appointment may be a standing one.

The original power of attorney, or a certified copy of the power of attorney, should be lodged at the registration desk on the day of the Scheme Meeting or with the Silk Registry before this is no later than **10.00am (Sydney time) on 5 March 2025** (or, if the Scheme Meeting is adjourned or postponed, no later than 48 hours before the resumption of the Scheme Meeting in relation to the resumed part of the Scheme Meeting) in any of the following ways:

(1) **by post** in the provided reply paid envelope to the Silk Registry:

Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia

(2) **by hand** delivery to the Silk Registry:

Boardroom Pty Limited
Level 8, 210 George Street
Sydney NSW 2000 Australia

(3) **by fax** to the Silk Registry on:

+61 2 9290 9655

Attorneys of Silk Shareholders will be admitted to the Scheme Meeting and given a voting card on providing at the point of entry to the Scheme Meeting, written evidence of their appointment, their name and address, and the name of their appointors.

Your appointment of an attorney does not preclude you from attending in person and voting at the Scheme Meeting.

10. Voting by body corporate representative

If you are a body corporate, you may appoint an individual to act as your body corporate representative. The appointment must comply with the requirements of section 250D of the Corporations Act, meaning that Silk will require a certificate of appointment of body corporate representative to be executed by you in accordance with the Corporations Act. A form of certificate may be obtained from the Silk Registry by calling 1300 118 942 (within Australia) or +61 2 8023 5456 (outside Australia) between 9.00am and 5.30pm (Sydney time) Monday to Friday, excluding public holidays. The certificate of appointment may set out restrictions on the representative's powers.

The certificate should be lodged at the registration desk on the day of the Scheme Meeting or with the Silk Registry before **10.00am (Sydney time) on 5 March 2025** (or, if the Scheme Meeting is adjourned or postponed, no later than 48 hours before the resumption of the Scheme Meeting in relation to the resumed part of the Scheme Meeting) in any of the following ways:

(1) **by post** in the provided reply paid envelope to the Silk Registry:

Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia

(2) **by hand** delivery to the Silk Registry:

Boardroom Pty Limited
Level 8, 210 George Street
Sydney NSW 2000 Australia

(3) **by fax** to the Silk Registry on:

+61 2 9290 9655

If a certificate is completed under power of attorney or other authority, the original power of attorney or other authority, or a certified copy of the power of attorney or other authority, must accompany the completed certificate unless the power of attorney or other authority has previously been noted by the Silk Registry.

Body corporate representatives of Silk Shareholders will be admitted to the Scheme Meeting and given a voting card on providing at the point of entry to the Scheme Meeting, written evidence of their appointment, their name and address and the name of their appointors.

11. Advertisement

Where this Notice of Scheme Meeting is advertised unaccompanied by the Scheme Booklet, a copy of the Scheme Booklet can be obtained by anyone entitled to attend the Scheme Meeting from Silk's website (www.silklogisticsholdings.com.au) or by contacting the Company Secretary of Silk or the Silk Registry.

12. Enquiries

Shareholders are invited to contact the Company Secretary by email via investor@silklogistics.com.au if they have any queries in respect of the matters set out in these documents.

This page has been left blank intentionally.

Corporate Directory

Silk Logistics Holdings Limited

Unit 3, 850 Lorimer Street
Port Melbourne VIC 3207
Australia

Financial Adviser

Barrenjoey Advisory Pty Limited

Quay Quarter Tower
Level 19, 50 Bridge Street
Sydney NSW 2000
Australia

Legal Adviser

Hamilton Locke Pty Ltd

Level 33, 360 Collins Street
Melbourne VIC 3000
Australia

Independent Expert

Kroll Australia Pty Ltd

85 Castlereagh Street
Sydney NSW 2000
Australia

Silk Registry

Boardroom Pty Limited

Level 8, 210 George Street
Sydney NSW 2000
Australia

www.colliercreative.com.au #SCL0019

SILK
LOGISTICS
HOLDINGS

silklogisticsholdings.com.au

Annexure B: Cover letter

23 December 2024

Dear Shareholder,

Scheme Booklet and Notice of Scheme Meeting on Friday, 7 March 2025 at 10.00am (Sydney time)

As announced by Silk Logistics Holdings Limited (the '**Company**' or '**Silk**') to the ASX on 23 December 2024, the Supreme Court of New South Wales ('**Court**') has made orders that Silk convenes and holds a meeting of shareholders ('**Scheme Meeting**') to consider and vote on the proposed acquisition by DP World Australia Limited ACN 129 842 093 ('**DP World Australia**') of all of the issued shares in Silk by way of a scheme of arrangement ('**Scheme**').

Notice is given that the Scheme Meeting of shareholders of Silk will be held at the offices of Deloitte Touche Tohmatsu, 477 Collins Street, Melbourne, Victoria 3000 on Friday 7 March 2025 commencing at 10:00am (Sydney time).

The Company is pleased to provide you with a copy of the Scheme Booklet which contains important information about the Scheme, the Independent Expert's Report, and the notice convening the Scheme Meeting (**Meeting Materials**). The Company will not be dispatching physical copies of the Meeting Materials, unless a shareholder has elected to receive a hard copy. The Meeting Materials are available for viewing and downloading at https://boardroomlimited.com.au/agm/slhscheme2025.

If you have provided an email address and have elected to receive electronic communications from the Company, you will receive an email to your nominated email address with a link to an electronic copy of the Meeting Materials and the instructions to submit your proxy vote directions online.

If you have not elected to receive notices by electronic communication, a copy of this letter and your personalised proxy form will arrive by post. This hard copy correspondence is expected to be dispatched on 9 January 2025.

If you are unable to access the Meeting Materials online please contact our share registry Boardroom Pty Limited via https://boardroomlimited.com.au/agm/slhscheme2025 or 1300 118 942 (within Australia) or +61 2 8023 5456 (outside Australia) between 9:00am and 5:30pm (Sydney time) Monday to Friday, to arrange a copy to be mailed to you.

Any shareholders who wish to attend the Scheme Meeting should monitor the Scheme Meeting page at https://boardroomlimited.com.au/agm/slhscheme2025 and its ASX announcements for any updates about the Scheme Meeting. If it becomes necessary or appropriate to make alternative arrangements for the holding or conducting of the Scheme Meeting, the Company will make further information available through the ASX website at www.asx.com.au (ASX: SLH) and on https://boardroomlimited.com.au/agm/slhscheme2025. Shareholders are encouraged to lodge their completed proxy forms in accordance with the instructions in the Scheme Booklet.

Yours sincerely,

Melanie Leydin
Company Secretary
Silk Logistics Holdings Limited

All Correspondence to:

By Mail	Boardroom Pty Limited GPO Box 3993 Sydney NSW 2001 Australia
By Fax:	+61 2 9290 9655
Online:	www.boardroomlimited.com.au
By Phone:	(within Australia) 1300 737 760 (outside Australia) +61 2 9290 9600

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 10:00am (Sydney time) on Wednesday, 5 March 2025.**

TO APPOINT A PROXY ONLINE

BY SMARTPHONE

STEP 1: VISIT https://www.votingonline.com.au/slhscheme2025

STEP 2: Enter your Postcode OR Country of Residence (if outside Australia)

STEP 3: Enter your Voting Access Code (VAC):

Scan QR Code using smartphone
QR Reader App

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1: APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Scheme Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Scheme Meeting as your proxy, please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Scheme Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the Scheme Meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy, you must:

(a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.

(b) return both forms together in the same envelope.

STEP 2: VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

STEP 3: SIGN THE FORM

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

Joint Holding: where the holding is in more than one name, all the securityholders should sign.

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4: LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the Scheme Meeting, therefore **before 10:00am (Sydney time) on Wednesday, 5 March 2025.** Any Proxy Form received after that time will not be valid for the scheduled Scheme Meeting.

Proxy forms may be lodged using the enclosed Reply-Paid Envelope or:

Online	https://www.votingonline.com.au/slhscheme2025
By Fax	+ 61 2 9290 9655
By Mail	Boardroom Pty Limited GPO Box 3993, Sydney NSW 2001 Australia
In Person	Boardroom Pty Limited Level 8, 210 George Street Sydney NSW 2000 Australia

Attending the Scheme Meeting

If you wish to attend the Scheme Meeting, please bring this form with you to assist registration.

Silk Logistics Holdings Limited
ACN 165 867 372

☐ **Your Address**
This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes.
Please note, you cannot change ownership of your securities using this form.

PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a member/s of **Silk Logistics Holdings Limited** (Company) and entitled to attend and vote hereby appoint:

☐ the **Chair of the Scheme Meeting (mark box)**

OR if you are **NOT** appointing the Chair of the Scheme Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Scheme Meeting as my/our proxy at the **Scheme Meeting** of the Company to be held at the offices of **Deloitte Touche Tohmatsu, 477 Collins Street, Melbourne VIC 3000 on Friday 7 March 2025 at 10:00am (Sydney time)** and at any adjournment of the Scheme Meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

The Chair of the Scheme Meeting intends to vote undirected proxies i**n favour** of the item of business at the Scheme Meeting.

STEP 2 VOTING DIRECTIONS

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

Scheme Resolution **Approval of the Scheme of Arrangement** (**Special Resolution**)

To consider, and if thought fit, to pass (with or without amendment) the following resolution in accordance with section 411(4)(a)(ii) of the Corporations Act:

"*That, pursuant to and in accordance with section 411 of the Corporations Act 2001 (Cth):*

*(a) the scheme of arrangement proposed between Silk Logistics Holdings Limited ACN 165 867 372 and the holders of its fully paid ordinary shares (**Scheme**), the terms of which are contained in and more particularly described in the Scheme Booklet (of which this Notice of Scheme Meeting forms part) is approved (with or without any modifications, alterations or conditions agreed in writing between Silk Logistics Holdings Limited ACN 165 867 372 and DP World Australia Limited ACN 129 842 093 and approved by the Court or any modifications, alterations or conditions as thought just by the Court to which Silk Logistics Holdings Limited ACN 165 867 372 and DP World Australia Limited ACN 129 842 093 agree in writing); and*

(b) the directors of Silk Logistics Holdings Limited ACN 165 867 372 are authorised, subject to the terms of the Scheme Implementation Deed:

(i) to agree to any modifications, alterations or conditions with DP World Australia Limited ACN 129 842 093;

(ii) to agree to any modifications, alterations or conditions as are thought just by the Court; and

(iii) *subject to approval of the Scheme by the Court, to implement the Scheme with any such modifications, alterations or conditions.*"

For	Against	Abstain*
☐	☐	☐

STEP 3 SIGNATURE OF SECURITYHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1	Securityholder 2	Securityholder 3
Sole Director and Sole Company Secretary	Director	Director / Company Secretary

Contact Name…………………………………………….... Contact Daytime Telephone…………………….............................. Date / / 2025