



Sugar Terminals Limited
ABN 17 084 059 601

T +61 7 3221 7017
E info@sugarterminals.com.au
Level 11, 348 Edward Street
Brisbane QLD 4000
GPO Box 1675
Brisbane QLD 4001

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Dear Shareholder

SHAREHOLDER UPDATE – STORAGE & HANDLING AGREEMENT (SHA)

Following on from my previous letter in March regarding STL's performance and activities for the first half of FY22, I wish to provide a further update in relation to the development of a new Storage and Handling Agreement (SHA) with our six customers.

The intention is for a new SHA to be in place by 1 July 2022, to replace the existing SHA that expires on 30 June 2022.

While the current SHA has served the Queensland sugar industry well and will form the basis for the new agreement, we expect the new SHA will include enhancements that are contemporary and fit for purpose and will meet the needs of the entire sugar industry for the next few years.

During discussions with our customers, a range of changes to the current SHA have been proposed, and STL is actively evaluating these proposals and engaging 'one on one' with each party. In developing the initial drafts of the SHA, STL has sought to achieve workable solutions to respond to any matters raised.

STL is acutely conscious of the need to ensure a fair and reasonable outcome that balances the diverse interests of all customers, shareholders and other stakeholders, and importantly, is in the best long-term interests of the entire industry.

For example, while customers may seek certain pricing or risk outcomes, this must be balanced with the need to ensure STL earns a sufficient return to enable appropriate and adequate reinvestment in the future sustainability of the STL assets and the Queensland sugar industry generally.

Specifically, STL must continue to invest in much-needed capital works to achieve sustained operational efficiencies, as well as maintain, upgrade and renew the essential storage and handling assets of the industry located at each of the Bulk Sugar Terminals. Lack of support for this not only compromises our ability to adequately maintain this vital link in the supply chain but could also materially impact dividends paid to our shareholders and, in the longer term, STL's viability.

Your Board remains committed to avoiding any conflicts of interest issues that could arise during these negotiations and has therefore excluded conflicted Directors on the STL Board from any involvement in decisions relating to the content of a new SHA.

As I indicated in my previous update, we will be consulting widely with stakeholders in coming months about their matters of concern, including broad strategic issues raised in the context of the development of this new SHA. I very much look forward to speaking with you, our valued shareholders, as part of this engagement program.



Yours sincerely

A handwritten signature in black ink that reads "Mark Gray". The signature is written in a cursive style with a long, sweeping underline.

Mark Gray
Chairman