

QSL PRODUCT OVERVIEW

2019 Season



MANDATORY PRICING POOLS

All Growers marketing with QSL will have tonnage automatically allocated to the following pools. There is generally no penalty for failing to deliver the nominated tonnage to these pricing products.

QSL HARVEST POOL - 35% minimum allocation

- Designed to help manage in-season tonnage shortfalls and contains a production buffer that is not sold or priced until the later part of the harvest.
- Growers can deliver more/less than initial allocation, and are only paid for the sugar they actually deliver.
- Any GEI Sugar not allocated to a QSL pricing product defaults to this pool.

QSL US QUOTA POOL - 5% allocation

- QSL automatically allocates a share of US Quota returns to all growers marketing with QSL.
- Final allocation is based on QSL's total sales tonnage to the USA each season, and usually varies between 3%-5% of each grower's GEI Sugar tonnes with QSL.

OPTIONAL PRICING PRODUCTS

QSL-MANAGED POOLS

QSL-managed pools aggregate tonnage from one or more participants, with QSL making all pricing decisions for the pool. Growers must commit tonnage to participate in any of these products.

QSL ACTIVELY MANAGED POOL

- Targets the best return by pricing in an active manner designed to exploit short-term market opportunities in the current season.
- QSL can use a variety of pricing instruments, trade currency and unwind pricing to re-price at a later date in a bid to enhance returns.

QSL EARLY-START ACTIVELY MANAGED POOL

- Targets the best return by using the same pricing approach and tools as the QSL Actively Managed Pool, but extends the pricing window across 18 months.
- Nominations close in the year prior to delivery.

2020 QSL 2-SEASON ACTIVELY MANAGED POOL

- Targets the best return by using the same pricing approach and tools as the QSL Actively Managed Pool, but extends the pricing window across two seasons.
- Nominations close in the season prior to delivery.

QSL GUARANTEED FLOOR POOL

- Locks in a 'floor' price, setting a known minimum return supplemented by 50% of any returns above the pool's 'strike' price.
- Floor and strike prices are set after nominations close, with the option to withdraw from the pool if the floor price is \$10 below the last published indicative price.

HOW MUCH YOU CAN PRICE

This is governed by the amount of GEI Sugar you have nominated to be marketed by QSL in the season concerned, the total Committed Sugar allocation limits as determined in your CSA, GPA and the Pricing Pool Terms, and the credit limits applied by QSL. See your local QSL rep for details.

SELF-MANAGED PRODUCTS

QSL's self-managed pricing products allow you to make your own pricing decisions, either for the current or future seasons. Growers must commit tonnage to participate in any of these products.

TARGET PRICE CONTRACT

- Enables Growers to price their GEI Sugar during the current season and up to 3 seasons forward.
- Orders target a weighted season average in \$5 increments (e.g. \$400, \$405, \$410).
- Pricing can be deferred to the year after crushing by 'rolling' unfilled orders (costs may apply).

INDIVIDUAL FUTURES CONTRACT

- Enables Growers to price GEI Sugar incrementally during the current season and up to 3 seasons forward, with separate pricing decisions made against each of the 4 individual futures contracts.
- Order targets in \$5 increments (e.g. \$400, \$405, \$410).
- Pricing to be completed by 16 April in the year after crushing commences.

SELF-MANAGED HARVEST

- Growers manage their own production risk by pricing their GEI Sugar tonnage allocated to the QSL Harvest Pool.
- Participants are responsible for pricing all of their QSL Harvest Pool allocation, with pricing restrictions for 20% of this tonnage to maintain their production buffer.
- Participants who fail to deliver the tonnage they have priced in this pool are liable for any associated costs.

THE QSL SHARED POOL

Unless otherwise stated in the Pricing Pool Terms, QSL does not charge direct fees for using QSL's pricing products. Instead, at the end of the season all QSL pricing products receive an allocation from the QSL Shared Pool which captures all revenues and costs associated with the sale and marketing of sugar by QSL.

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AT A GLANCE

	Commitment required	QSL makes the pricing decisions	I make the pricing decisions	Available season	Nominations close ^	Minimum nomination	Pricing window	Accelerated Advances available
2019 QSL Harvest Pool	×	✓	×	2019	N/A	35% of GEI Sugar	Nov 2018 to 30 June 2020	×
2019 QSL US Quota Pool	×	✓	×	2019	N/A	5% of GEI Sugar	1 May 2019 – 30 June 2020	×
2019 QSL Actively Managed Pool	✓	✓	×	2019	30 April 2019	10 tonnes	1 May 2019 – 30 April 2020	×
2019 QSL Early-Start Actively Managed Pool	✓	✓	×	2019	30 Nov 2018	10 tonnes	1 Dec 2018 – 30 April 2020	×
2020 QSL 2-Season Actively Managed Pool	✓	✓	×	2020	30 April 2019	10 tonnes	1 May 2019 to 30 April 2021	×
2019 QSL Guaranteed Floor Pool	✓	✓	×	2019	30 April 2019	50 tonnes	1 May 2019 to 30 June 2021	✓
Target Price Contract	✓	×	✓	2019 2020 2021	30 April 2019	10 tonnes *	Up to 3 years prior to sugar delivery	✓
Individual Futures Contract	✓	×	✓	2019 2020 2021	30 April 2019	60 tonnes **	Up to 3 years prior to sugar delivery	✓
Self-Managed Harvest	✓	×	✓	2019	31 Oct 2018	35% of GEI Sugar (min. 300 tonnes)	1 Nov 2018 to 15 April 2020	×

* 50.8025 tonne minimum applies for growers in Tully Sugar milling districts.

** 304.815 tonne minimum applies for growers in Tully Sugar and MSF Sugar milling districts.

^ Please note that these are QSL's nomination deadlines. Growers in the Bundaberg and Isis milling districts should refer to their miller for local nomination deadlines.

QSL PAYMENT OPTIONS

QSL STANDARD ADVANCES

- QSL's traditional Advances system, with incremental payments during the season reflecting the grower's current sugar returns estimate.
- Advances start after the first sugar delivery, with payment rates increasing during the season until the final payment in July post-harvest.
- QSL's default payment method.

QSL ACCELERATED ADVANCES

- Advances rate rises to 90% in December, then aligns with Standard Advances rate once it also reaches 90%.
- Only available for tonnage in the QSL Guaranteed Floor Pool, and filled pricing in the QSL Target Price Contract and Individual Futures Contract.

QSL DEFERRED ADVANCES PAYMENTS

- Only available to growers paid directly by QSL under the QSL Direct system.
- Follows the QSL Standard Advances rate schedule.
- Allows participants to defer any early-season Advances payments due before June 30 to their first scheduled payment in July of the new financial year.

QSL PRE-CRUSH ADVANCE PAYMENT

- Growers receive a payment for up to half of their estimated GEI Sugar in the March before harvest.
- Payment is \$50/tonne IPS sugar, with admin and finance costs of approx. \$1/tonne IPS sugar applied to the Shared Pool.
- QSL Standard Advances payments do not start until the Advances due exceeds the Pre-Crush Advance Payment already paid.

Full details regarding QSL's payment options are available in the QSL Grower Handbook at www.qsl.com.au.

Current as of 9 October 2018.

For more information contact:

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