

QSL GUARANTEED FLOOR POOL PRICING POOL TERMS (2019 SEASON)

1 OVERVIEW

Where QSL markets Raw Sugar, the price it returns to the Participants which supplied that Raw Sugar is calculated in accordance with pooling arrangements, involving the sharing among Participants of costs incurred and revenues received by QSL.

The Net IPS Price to be paid by QSL to OSA Participants and RSSA Participants for Raw Sugar allocated to a QSL Pricing Pool will consist of two elements:

- (a) the Gross Price Element (being an AUD price per Tonne IPS for an individual QSL Pricing Pool determined in accordance with the Pricing Pool Terms for that QSL Pricing Pool); and
- (b) the Shared Pool Element (being an AUD allocation of net costs or revenues per Tonne IPS applied to each Tonne IPS).

The Gross Price Element for a Participant for this Guaranteed Pool for the 2019 Season will be determined in accordance with these Guaranteed Floor Pool Pricing Pool Terms.

The total payment due to a Participant in respect of a QSL Pricing Pool is the Participant's Tonnes IPS Raw Sugar allocated to the QSL Pricing Pool multiplied by the Participant's Net IPS Price for the QSL Pricing Pool.

The Tonnes IPS in a QSL Pricing Pool is the sum of, for each Participant in that QSL Pricing Pool, the Tonnes Actual allocated to the QSL Pricing Pool multiplied by the Participant's IPS Conversion Factor.

Consequently, to understand the way in which the price received for Raw Sugar delivered to QSL and allocated to this pool is calculated, it is important to read each of these QSL Guaranteed Floor Pool Pricing Pool Terms, the Common Pool Terms and the Shared Pool Terms.

2 QSL GUARANTEED FLOOR POOL

The QSL Guaranteed Floor Pool is intended to provide a known minimum gross price at the commencement date for the Pool (the Pricing Declaration Date), while enabling limited participation in price rises over the duration of the 2019 Season should the market trade above a certain level.

The minimum gross price (the guaranteed floor price) will be published on QSL's website prior to the Pricing Declaration Date.

Nominations to allocate Raw Sugar to this QSL Guaranteed Floor Pool for the 2019 Season can be made by Participants commencing on 1 March 2019 up until the Pricing Declaration Date.

The key features of this QSL Guaranteed Floor Pool are:

- (a) QSL Marketed Pool – QSL is responsible for marketing the Raw Sugar allocated to this QSL Guaranteed Floor Pool.
- (b) Committed Pool – such that:
 - (i) financial consequences relating to the unwinding of pricing positions or cancellation of sales will be passed on to a Participant for any failure to deliver Raw Sugar allocated to this QSL Guaranteed Floor Pool (see the Common Pool Terms for further details);
 - (ii) the Commitment Limit, which limits the total amount of Raw Sugar a Participant can allocate to Committed Pools, may limit the allocation able to be made to this QSL Guaranteed Floor Pool (see the Common Pool Terms for further details);
- (c) A Pricing Platform Pool – such that the provisions of the Common Pool Terms applicable to Pricing Platform Pools apply to allocations and pricing of Raw Sugar in this QSL Guaranteed Floor Pool;
- (d) An ICE 11 Pool – such that the Gross Price Element is determined by reference to USD revenue derived through selling ICE 11 futures contracts; and
- (e) QSL as Risk Manager – such that QSL is the entity responsible for pricing the ICE 11 price component of the Gross Price and the AUD/USD exposure represented by that ICE 11 price component for all tonnage committed to this QSL Guaranteed Floor Pool;
- (f) Minimum tonnage – The minimum tonnage of Raw Sugar that can be nominated to this QSL Guaranteed Floor Pool is 50 metric tonnes. Participants must specify the Raw Sugar allocated to the QSL Guaranteed Floor Pool in whole multiples of 50 metric tonnes.

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(g) Minimum aggregate tonnage – This QSL Guaranteed Floor Pool may be cancelled at QSL's discretion if the total tonnage allocated to this QSL Guaranteed Floor Pool for the 2019 Season does not reach 30,000 Tonnes Actual by the date for cessation of nominations. If this QSL Guaranteed Floor Pool is cancelled, Participants will be given the choice (at the election of the relevant Grower(s) for an OSA Participant) to allocate the tonnage into an alternative Committed Pool or the QSL Harvest Pool by the Pricing Declaration Date. If the Participant does not make an election, the tonnage will be allocated to the QSL Harvest Pool.

(h) Participants will have the option of a receiving the Standard Advances Program as per clause 6 of the QSL Common Pool Terms or an Accelerated Advances Program.

For participants selecting the Accelerated Advances profile for the QSL Guaranteed Floor Pool, advances shall be payable in accordance with the following profile, which is an advances program specific to the QSL Guaranteed Pool (in accordance with clause 6 of the Common Pool Terms):

- i) Participants will receive advance payments from QSL in the Season the Raw Sugar is delivered. Payments in the year of delivery from May in which the Season commences to November will be made in accordance with the advance payments profile as determined by the QSL board;
- ii) In December of the relevant crushing Season the advance rate for the QSL Guaranteed Floor Pool is guaranteed to be a minimum of 90 per cent of the then-estimated Net IPS Price; and
- iii) No further payments will be made for this pool after that payment until the advance rate for all other QSL Pools exceeds 90 per cent.
- iv) The additional finance costs associated with this Accelerated Advances profile will be allocated to the Participant via a specific allocation in the QSL Shared Pool in accordance with clause 2.8 (g) of the QSL Shared Pool Terms.

3 COMPARISON OF RISK PROFILE TO PASSIVE MANAGEMENT BENCHMARK

Please refer to the Grower Handbook for QSL's assessment of how the risk of the pricing strategy of this QSL Guaranteed Floor Pool compares to the Passive Management Benchmark (which assumes pricing is undertaken in a routine manner by following an evenly spread sales pattern, adjusted for applicable constraints such as infrastructure, storage and the time available to price).

4 GROSS PRICE ELEMENT

The Gross Price Element in this QSL Guaranteed Floor Pool is determined based on the pricing conducted by ICE 11 Contracts executed on the ICE or in the OTC swap market (see clause 5 below).

This USD revenue stream derived from the ICE 11 or swap contracts will be converted to AUD under the pricing policy applied by QSL.

5 QSL GUARANTEED FLOOR POOL PRICING

5.1 SETTING THE GUARANTEED FLOOR PRICE

The minimum gross price to be achieved by this QSL Guaranteed Floor Pool (the guaranteed floor price) will be set as a gross AUD price per Tonne Actual basis for the ICE 11 component of pool returns.

At 11am on each business day in the month of the actual Pricing Declaration Date, QSL will publish on QSL's website an indicative estimate of the guaranteed floor price for this pool.

The actual guaranteed floor price will then be set on the ICE 11 trading session on the Pricing Declaration Date for this pool.

This QSL Guaranteed Floor Pool will only proceed if, in the first trading session on the Pricing Declaration Date for this pool, QSL can achieve pricing for Raw Sugar allocated to this Pool which is no more than \$10 lower than the last published indicative estimate of the guaranteed floor price for this pool. For example, should the Pricing Declaration Date be 30 April 2019 and the QSL indicative estimate on that day at 11am is \$500/Tonnes Actual, the QSL Guaranteed Floor Pool will only proceed if QSL can achieve a guaranteed floor price of \$490/Tonne Actual or more.

Should this QSL Guaranteed Floor Pool not proceed for the 2019 Season due to QSL being unable to obtain the required pricing level in the first trading session following the Pricing Declaration Date, the Participant may (in the case of OSA Participants, on request of the relevant Grower which made the election to allocate the relevant GEI Sugar to this QSL Guaranteed Floor Pool) reallocate the tonnage to a current Season QSL-managed Committed Pool. If a Participant does not make such an election, the Raw Sugar of the Participant allocated to this QSL Guaranteed Floor Pool is reallocated to the QSL Harvest Pool (see the QSL Harvest Pool Pricing Pool Terms for details of the operation of the QSL Harvest Pool).

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5.2 PRICING

QSL will manage pricing in the ICE 11 market.

Initial pricing will occur on the first business day after the Pricing Declaration Date (subject to being able to secure the guaranteed floor price) and the pricing period for participation in positive daily settlements will run from that day until 30 April 2019.

Any tonnage priced on any given day above the guaranteed floor price will be shared amongst Participants who have tonnage allocated to this QSL Guaranteed Floor Pool on a pro rata basis proportionate to tonnage allocated to the QSL Guaranteed Floor Pool.

This QSL Guaranteed Floor Pool will be priced in a 1:2:2:1 ratio as follows:

ICE 11 Contract	July 2019	October 2019	March 2020	May 2020
Ratio	1	2	2	1

5.3 INABILITY TO OBTAIN GUARANTEED FLOOR PRICE

If QSL is unable to achieve the desired guaranteed floor price due to market trading levels and liquidity on the Pricing Declaration Date, the Participant may (in the case of OSA Participants, on request of the relevant Grower which made the election to allocate the relevant GEI Sugar to this QSL Guaranteed Floor Pool) reallocate the tonnage to a current Season QSL Marketed Committed Pool.

If a Participant does not make such an election, the Raw Sugar of the Participant allocated to this QSL Guaranteed Floor Pool is reallocated to the QSL Harvest Pool (see the QSL Harvest Pool Pricing Pool Terms for details of the operation of the QSL Harvest Pool).

6 QSL COMMON POOL TERMS

The QSL Common Pool Terms are a set of terms that apply to all QSL Pricing Pool Terms.

They form part of the terms of participating in this QSL Guaranteed Floor Pool Pricing Pool as if they were set out in full in these QSL Guaranteed Floor Pool Pricing Pool Terms.

7 GLOSSARY

Capitalised terms used in these QSL Guaranteed Floor Pool Pricing Pool Terms have the meaning set out in the Pool Terms Glossary.

8 WHO TO CONTACT?

If you have any queries in relation to these QSL Guaranteed Floor Pool Pricing Pool Terms, please do not hesitate to contact the QSL Finance Team by emailing info@qsl.com.au or calling (07) 3004 4400.

Disclaimer: As described in this Pricing Pool Terms document (the **Terms**), you should not make a decision based on these Terms unless you have read and understood the other Pricing Pool Term documents referred to in the Terms. These Terms do not constitute financial, investment or product advice, a risk management strategy, or a recommendation to allocate Raw Sugar to any Pricing Pool described in the Terms. You should therefore seek your own financial advice before making any decisions in relation to the Pricing Pools.

FURTHER INFORMATION

For more information contact:

Queensland Sugar Limited
Level 12 348 Edward Street Brisbane QLD 4000
GPO Box 891 Brisbane QLD 4001

Telephone +61 7 3004 4400 **Email** info@qsl.com.au **www.qsl.com.au**

