QUEENSLAND SUGAR LIMITED
ABN 76 090 152 211

QSL
Your Trusted Partner

QSL INDIVIDUAL FUTURES CONTRACT
PRICING POOL TERMS (2019, 2020, 2021 SEASONS)

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 the Individual Futures Contract Pool for the applicable Seasons will be determined in accordance with these QSL Individual Futures Contract 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 the QSL Individual Futures Contract is calculated, it is important to read each of these QSL Individual Futures Contract Pricing Pool Terms, the QSL Common Pool Terms and the QSL Shared Pool Terms.

2 QSL INDIVIDUAL FUTURES CONTRACT

The QSL Individual Futures Contract aims to provide opportunities to Participants (and indirectly their Growers) to fix the Gross Price Element for a nominated tonnage if the market trades to an AUD target price ahead of the Season in which that Raw Sugar is produced, or within the Season that the Raw Sugar is produced.

Nominations to allocate Raw Sugar to the QSL Individual Futures Contract for a Season can be made by Participants at any time prior to the Pricing Declaration Date.

The key features of the QSL Individual Futures Contract are:

(a) QSL Marketed Pool – QSL is responsible for marketing the Raw Sugar allocated to the QSL Individual Futures Contract;

(b) Forward Season Pool – Participants are able to price Raw Sugar allocated to the QSL Individual Futures Contract for:

(i) up to 3 Seasons in advance up to 3pm on any Business Day up to the Pricing Completion Date for the relevant Season (such that in the period up until 3pm on the Pricing Completion Date it is possible to price Raw Sugar in the QSL Individual Futures Contract for the 2019, 2020 or 2021 Seasons); and

(ii) during the current Season up to 3pm on the Pricing Completion Date;

(c) 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 the QSL Individual Futures Contract (see the QSL 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 the QSL Individual Futures Contract (see the QSL Common Pool Terms for further details);

(d) A Pricing Platform Pool – such that the provisions of the QSL Common Pool Terms applicable to Pricing Platform Pools apply to allocations and pricing of Raw Sugar in the QSL Individual Futures Contract (including the 1:2:2:1 Fixed Pricing Exposure to ICE 11 Futures);

(e) An ICE 11 Pool – such that the Gross Price Element is determined by reference to USD revenue derived through selling ICE 11 futures contracts;

(f) Minimum tonnage – The tonnage of Raw Sugar that can be nominated to the QSL Individual Futures Contract is as follows:

MSF Sugar and Tully Sugar Growers	A minimum or multiple of 304.815 tonnes
All Other Growers	A minimum or multiple of 60 tonnes

(g) Participants will have the option of receiving the standard QSL advances program as per clause 6 of the QSL Common Pool Terms, or an Accelerated advances profile.

For Participants selecting the Accelerated advances profile for the QSL Individual Futures Contract, the Participant's tonnage allocated to the Pool for the relevant Season will need to be all priced (i.e. the Participant must have completed all pricing for the Season) before the Accelerated advances option becomes available.

For participants selecting the Accelerated advances profile for the QSL Individual Futures Contract, advances shall be payable in accordance with the following profile, which is an advances program specific to the QSL Individual Futures Contract (in accordance with clause 6 of the QSL 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 Individual Futures Contract 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-managed pools exceeds 90 per cent;

(iv) The additional finance cost of this Accelerated Advance payment profile will be reflected in a separate allocation in the Participant's QSL Shared Pool result in accordance with clause 2.8 (g) of the QSL Shared Pool terms.

(h) If QSL closes the QSL Individual Futures Contract (in accordance with the QSL Common Pool Terms), Participants will no longer be able to allocate further Raw Sugar to this QSL Individual Futures Contract, but it will continue to operate in respect of Raw Sugar which has already been priced (including in future Seasons) prior to it being closed.

3 COMPARISON OF RISK PROFILE TO PASSIVE MANAGEMENT BENCHMARK

Please refer to the QSL Grower Handbook for QSL's assessment of how the risk of the pricing strategy of the QSL Individual Futures Contract 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 the QSL Individual Futures Contract Pool is determined based on the pricing conducted by ICE 11 Contracts executed on the ICE or in the OTC swap market for the Participant (see clause 5 below). As a result, the Gross Price Element may be different for each Participant which allocates Raw Sugar to the QSL Individual Futures Contract.

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

5 QSL INDIVIDUAL FUTURES CONTRACT MARKETING AND PRICING

5.1 SETTING THE TARGET PRICE

Participants which allocate Raw Sugar to the QSL Individual Futures Contract set target prices on an AUD/Tonne Actual basis for the Gross Price Element of the Pool return.

Targets must be specified for each ICE 11 Contract futures position used for the relevant Season. Target prices must be specified in 5 AUD increments. For the 2019 Season the positions used will be July 2019, October 2019, March 2020 and May 2020, with orders able to be given in the following minimum amounts for pricing against each ICE 11 Contract futures position:

MSF Sugar and Tully Sugar Growers	50.8025 tonnes
All Other Growers	10 tonnes

The AUD/Tonne Actual targets will be converted to an AUD/Tonnes IPS target in accordance with the local pricing arrangements between the relevant Grower and Participant.

For RSSA Participants, Growers will set their own targets in accordance with their local pricing arrangements with the RSSA Participant (or the mill owner which is a Related Body Corporate).

For OSA Participants, the target prices will be set based on the elections of the Grower which supplied the relevant GEI Sugar.

5.2 PRICING

Pricing for orders for the QSL Individual Futures Contract will commence at the first market opportunity after an order is received. QSL will manage orders from Participants in the ICE 11 or OTC market. QSL, at its sole discretion, may combine orders with pricing QSL is undertaking in other Pricing Pools it is the Risk Manager for in order to make a parcel that can be marketed across ICE 11 Contract futures positions in the usual 1:2:2:1 ratio.

QSL will price the tonnage in the relevant market on a 'best endeavours' basis, such that QSL will price as much allocated tonnage as market conditions will allow (i.e. as will meet market demand).

Any tonnage priced on any given day will be shared amongst Participants who have unpriced orders for the same price target, Season and futures position and will be applied in chronological order in which they were received by QSL.

5.3 FUTURES PRICING EXPOSURE

The QSL Individual Futures Contract enables the Participant to nominate a minimum of 10 tonnes pricing order against individual futures positions in 5 AUD increments (per metric tonne actual).

A Participant with a minimum allocation of 60 tonnes allocated to the 2019 Season will have the following exposure to price:

(a) 10 tonnes of July 2019 (i.e. the Participant must at some stage price 10 tonnes against the July ICE 11 contract)

(b) 20 tonnes of October 2019 (i.e. the Participant must at some stage price 20 tonnes against the October ICE 11 contract)

(c) 20 tonnes of March 2020 (i.e. the Participant must at some stage price 20 tonnes against the March ICE 11 contract)

(d) 10 tonnes of May 2020 (i.e. the Participant must at some stage price 10 tonnes against the May ICE 11 contract).

Tonnage nominations of greater than 60 tonnes will be allocated exposure in the same ratio pro-rata. The tables below illustrate the futures pricing exposure for each relevant Season and the dates by which the Participant must finalise any pricing orders (the Pricing Completion Date), with such finalisation to occur by 3pm on the Pricing Completion Date.

5.4 VARYING ALLOCATIONS AND TARGET PRICE ORDERS

Participants can (in the case of OSA Participants, on request of the relevant Grower which has made the election to allocate the relevant GEI Sugar to the QSL Individual Futures Contract) amend tonnage allocations and target price orders that have not been priced prior to 3pm on any Business Day up to and including the Pricing Completion Date.

Amendments to allocations to the QSL Individual Futures Contract must occur in multiples of the following:

MSF Sugar and Tully Sugar Growers	304.815 tonnes
All Other Growers	60 tonnes

2019 SEASON

ICE 11				
Contract	July 2019	October 2019	March 2020	May 2020
Ratio	1	2	2	1
Date to finalise pricing (Pricing Completion Date)	10 Business Days prior to contract expiry (14 June 2019)	10 Business Days prior to contract expiry (16 September 2019)	10 Business Days prior to contract expiry (14 February 2020)	10 Business Days prior to contract expiry (16 April 2020)

2020 SEASON

ICE 11				
Contract	July 2020	October 2020	March 2021	May 2021
Ratio	1	2	2	1
Date to finalise pricing (Pricing Completion Date)	10 Business Days prior to contract expiry (16 June 2020)	10 Business Days prior to contract expiry (16 September 2020)	10 Business Days prior to contract expiry (12 February 2021)	10 Business Days prior to contract expiry (16 April 2021)

2021 SEASON

ICE 11				
Contract	July 2021	October 2021	March 2022	May 2022
Ratio	1	2	2	1
Date to finalise pricing (Pricing Completion Date)	10 Business Days prior to contract expiry (17 June 2021)	10 Business Days prior to contract expiry (17 September 2021)	10 Business Days prior to contract expiry (15 February 2022)	10 Business Days prior to contract expiry (18 April 2022)

5.5 UNPRICED TONNAGE

As shown in clause 5.3, the Pricing Completion Date is unique for each ICE 11 Contract futures position. Where price orders made for an ICE 11 Contract futures position are not priced by the Pricing Completion Date for that futures position, the unpriced tonnage for that futures position will be priced at market prices on the basis of the futures exposure prior to the relevant ICE 11 Contract expiry, at QSL's discretion.

6 TRANSITIONAL ISSUES AND INCLUSION IN POOL OF EXISTING PRICING

6.1 EXISTING PARTICIPANT PRICING

Pricing for a Season may have been undertaken:

(a) by an OSA Participant prior to the relevant OSA being executed on the basis of interim pricing arrangements between the OSA Participant and a Grower, or prior to the issue of the Pricing Pool Terms applicable to the relevant Season; and

(b) by an RSSA Participant, prior to the issue of the Pricing Pool Terms applicable to the relevant Season.

Where that has occurred, each relevant OSA Participant or RSSA Participant may elect to novate that existing pricing to QSL so as to allocate the relevant Raw Sugar to the QSL Individual Futures Contract, subject to:

(a) the costs of such novation being borne by the Participant or relevant Growers; and

(b) the OSA Participant or RSSA Participant (as applicable) having the consent of the relevant Grower(s) for that novation.

6.1 EXISTING DIRECT GROWER PRICING

Pricing for the relevant Season may have been undertaken by a Grower (directly with a financial institution) who has subsequently elected to allocate GEI Sugar to the QSL Individual Futures Contract.

In those circumstances the Grower may elect to novate that existing pricing to QSL so as to require the OSA Participant to allocate the relevant volume of Raw Sugar to the QSL Individual Futures Contract, subject to the costs of such novation being borne by the Grower.

7 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 the QSL Individual Futures Contract as if they were set out in full in these QSL Individual Futures Contract Pricing Pool Terms.

8 GLOSSARY

Capitalised terms used in these QSL Individual Futures Contract Pricing Pool Terms have the meaning set out in the Pool Terms Glossary.

9 WHO TO CONTACT?

If you have any queries in relation to these QSL Individual Futures Contract 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

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