

PRODUCT SHEET

Express Pool

HOW IT WORKS

Express Pool is designed as an alternative to cash marketing and traditional FOB harvest pools. Express Pool has a shorter marketing and payment period than other marketing options, with marketing of all grain in the pool and finalisation of payments by July 2011.



WHO IT WORKS FOR

Express Pool is designed for growers who would traditionally make measured cash sales over a 3-6 month window, before, during and after harvest, in an effort to minimise both production and price risk.

OBJECTIVES

**OUT-PERFORM
CASH MARKETS
SIMPLE TO USE**

Express Pool's objective is to provide a higher return than prevailing cash markets over the September 2010 to March 2011 period. It is benchmarked against cash markets in each port zone. Express Pool aims to be easy to use, with two simple payments - at harvest, and then at pool completion in July. EPRs are quoted on a track basis.

ACHIEVING OBJECTIVES

Using a mix of flat-price cash sales to domestic end-users, track markets, FOB sales and basis hedges, Express Pool adopts a defined marketing strategy (as below) while taking advantage of global crop production variation and basis opportunities. The Pool's strategy is to take hedges using CBOT, KCBT and ASX futures and swaps, as well as foreign exchange cover prior to and during harvest. Flat-price sales will be limited prior to harvest. Once quantity and quality volumes are realised, flat-price sales will replace hedges and extend post-harvest to increase pricing cover. This philosophy helps reduce the risk faced by Express Pool participants due to production variation, but allows the Pool to participate aggressively in market opportunities.

MINIMUM PRICING LEVELS



ACCESS

Express Pool is available through contract only. It will open on 1 September 2010 and may close at any time, depending on market or volume drivers. Express Pool is limited in volume.

TIMELINE

Express Pool will be finalised by the last week of July 2011.

PAYMENTS

Simple to understand payment options

Express Harvest Advance - 70% at Harvest - 30% balance in July.
Express Flexi-Loan - up to 75% at Harvest through to July - 25% balance in July.
Single distribution in July (no finance or underwriting applies in this case).

GRADES DELIVERABLE

All grades accepted by the BHC will be accepted. Grade spreads are indicative only and subject to change at the pool manager's discretion, based on market dynamics.

QUALITY REWARDS

Southern Ag Grain (SAG) will pay quality rewards as per SAG's traditional pool. APH, H1, H2, AUH2, APW, ASW1, ANW1 will attract quality rewards for P|M|S|TW. ASW will receive rewards for M|S|TW. Please refer to SAG Pool fact sheet for complete rewards matrix.

TOLERANCE

There is nil tolerance on the contracted tonnage to the pool. In the event that a grower experiences adverse weather conditions and fails to produce the required tonnage, a cancellation fee will be incurred. The cost of the cancellation fee will be determined by market conditions; however, it will be capped at \$25 per mt on a certified production failure.

MANAGEMENT & UNDERWRITING

The pool return will be quoted net of management fees.

A management fee of 2.4% is applicable.

An underwriting fee is set at \$2.50 per mt.

If a grower does not draw down prior to pool finalisation, the underwriting fee will be refunded.

A TEAM THAT UNDERSTANDS SOUTHERN NSW

Southern Ag Grain has a team that lives and works in southern NSW, so we understand the issues that you deal with day to day. We're not locked away in an office - we're on the ground, working with you to make sure that you get the results you're after.

So if you need help or advice, don't hesitate to contact us.

SOUTHERN AG GRAIN HEAD OFFICE - WAGGA WAGGA

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