

# DEFAULT ADVANCES OPTION

If you don't make a nomination by the Advances Nomination Date for a season, then you will be paid according to the advance rate schedule for the Default Advances Option.

## KEY FEATURES

SEASON 2022	
Advances Nomination Date	Unless you nominate to the COD Advances Option prior to 29 April 2022 you will be paid exclusively under the Default Advances Option
Minimum Percent Advance	Initial advance at 70% of estimated Net IPS price, increasing progressively to 100% by the end of the relevant season
Eligible Pricing Mechanisms	All Wilmar Default and Discretionary Pricing Mechanisms

The Default Advances Option will apply for any proportion of PPA Nominated Tonnage which is not allocated to the COD Advances Option.

## ADVANCE AMOUNT AND PROFILE

- Under the Default Advances Option, cane payments are made according to a program of advance rates (expressed as a percentage).
- For the duration of the relevant season, all growers under the Default Advances Option will be paid based on a common percentage advance rate, which will be applied to your individual estimated Net IPS Price applicable to the Pricing Mechanisms you have chosen.
- The payment program under the Default Advances Option will be published on GrowerWeb at least 30 days prior to the Advances Nomination Date, with updates published monthly through the season.
- The Default Advances Option provides for the 2022 season provides for a minimum initial advance rate of 70% of your estimated Net IPS Price. The advances rate increases incrementally throughout the season until it reaches 100% of the final Net IPS Price, when the last shipment of sugar from that season is completed.
- Wilmar will vary the advance rate under the Default Advances Option depending on the cashflow from our sales of sugar, the margin calls we may need to pay on forward pricing (futures) positions and financing costs.

Here is an example of the advance rate that will be published monthly to GrowerWeb:

MONTH	ADVANCE RATE	STATUS
Jun-22	70%	Confirmed
Jul-22	70%	Scheduled
Aug-22	70%	Scheduled
Sep-22	70%	Scheduled
Oct-22	72.5%	Scheduled
Nov-22	75%	Scheduled
Dec-22	77.5%	Scheduled
Jan-23	80%	Scheduled
Feb-23	85%	Scheduled
Mar-23	87.5%	Scheduled
Apr-23	90%	Scheduled
May-23	95%	Scheduled
Jun-23	97.5%	Scheduled
Jul-23	100%	Scheduled

## PRICING MECHANISMS PAYABLE

The Default Advances Option is available for all Pricing Mechanisms. It will apply to all tonnage not paid under the Cash on Delivery Option (COD).

If you choose not to nominate tonnage to Discretionary Pricing Mechanisms and do not nominate an alternate Advances Option, you will be paid for all PPA Cane Supply Tonnes based on the Default Pricing Mechanisms (i.e. US Quota and Production Risk Pool) according to the advance rates under the Default Advances Option.

## ADVANCES FINANCE CHARGE

An Advances Finance Charge will be based on the average of the finance cost for the Default Advances Option payments made to all growers expressed in AUD per tonne actual. The Advances Finance Charge specific to the Default Advances Option will form a part of your Weighted Average Advances Finance Charge, which is based on your proportions of PPA Cane Supply Tonnes allocated to one or more Advances Options.

*This payment description sheet is subject to change at Wilmar's discretion and should be read subject to the current Pricing and Pooling Agreement (PPA) which contains full terms and conditions. Capitalised terms in this description sheet relate to definitions in the PPA. For a broad understanding please see the General Terms & Key Dates description sheet.*

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## EXAMPLE NET IPS PRICE CALCULATION

The Default Advances Option will apply to all cane payments not paid under the COD Advances Option.

The following table illustrates an example of how you might choose to receive cane payments.

PRICING MECHANISM	PPA SUGAR	GROSS PRICE AUD/ TONNE ACTUAL	NOMINATED FOR COD ADVANCES OPTION
Call Price	304.82 tonnes	\$450	Yes
Target Price	100 tonnes	\$460	Yes
Target Price	50 tonnes	\$480	Yes
Target Price	50 tonnes	\$420	No – paid via Default Advances
WSA Managed Pool	50 tonnes	\$440	Not applicable – paid via Default Advances
US Quota Pool	23 tonnes	\$550	Not applicable – paid via Default Advances
Production Risk Pool	250 tonnes	\$435	Not applicable – paid via Default Advances
<b>Total tonnes</b>	<b>827.82 tonnes</b>		

PPA Sugar nominated under the Default Advances Option  
 = Total PPA Sugar less tonnage nominated to COD Advances Option  
 = 827.82 - (304.82 + 100 + 50)  
 = 373 tonnes

The weighted average Gross Pool Price (\$/tonne) under the Default Advances Option = \$440.76/t (which is **A** in the Net IPS Price formula below)

The Net IPS Price, expressed in AUD per Tonne IPS is calculated as:

**(A – B – C) / IPS Conversion Factor**

where:

**A** = Weighted average gross prices excluding any PPA Sugar allocated to the calculation of the COD Price under the COD Advances Option

**B** = Weighted average of the relevant Allocation Account Amounts

**C** = Weighted Average Advances Finance Charge

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