

Market Check

Pool Schedule

2016/17 Advance Plus Program



29 August 2016

Advance Plus is designed to give growers access to an advance payment of 75% whilst maintaining control over when the grain is marketed, providing payment security and prompt payment terms. Grain in the Advance Plus Program will be sold when the grower notifies Market Check to do so (grain will be sold through the Market Check Agency service).

There is a minimum tonnage of 500t per grower entity in the Advance Plus Program.

The Advance Plus Program is open for contracting of **wheat, barley and sorghum** delivered into a Market Check approved warehouse ([full list here](#)). Market Check reserves the right to exclude certain grades at their discretion due to risks associated with market liquidity.

Grain Marketing:

Market Check will sell grain promptly after the grower directs them to do so, via the Market Check Agency service. If the market price (net of storage/interest) falls 20% from time of contracting, the grain will be sold immediately by Market Check to cover the debt and minimise further downside risk to the grower. Market Check will determine the market price on any given day via its internal price discovery mechanism.

Grower Payments:

Advance Plus offers participants the following payment options:

Advance Plus payments: Advance payments of 75% are paid on the 15th and 30th of the harvest months (Nov, Dec & Jan), after title has been transferred to AgRisk Management Pty Ltd. Financing costs will only be charged on outstanding advance amounts. The remaining equity will be paid once the grain is finally sold. Payment terms for the final payment are 7 days end of week, unless alternate terms are negotiated between the counterparties.

Deferred payments: If the grain is sold prior to the end of the financial year of harvest, final payments are able to be deferred until July of the following financial year, with an appropriate credit applied to the deferred payment that reflects foregone interest earned over the deferred period.

	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Advance Plus	75%			← 25% →								

*Market conditions and proceeds to date will determine how much is available in these tranches.

*Timing of final payment is dependent on when the grain is sold.

Advance Plus Costs:

All the standard costs including storage (market rates set by your BHC), End Point Royalties and levies, together with insurance and financing costs will be deducted from pool payments.

Market Check will charge an administration fee of \$4.50 tonne (excl. GST) to manage the Advance Plus.

Market Check deem the administration fee to have been earned at the time the contract confirmation is issued, and it will be deducted from the initial payment.

Financing costs accrue on a monthly basis and are dependent on the site price of the grain at the time of delivery, and the number of months between the advance payment and the sale of the grain. The following table outlines the monthly financing cost on a per tonne basis, depending on the site price at the

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time of delivery:

Site Price at harvest	Interest per month
\$125 - \$150	\$0.43
\$150 - \$175	\$0.51
\$175 - \$200	\$0.59
\$200 - \$225	\$0.66
\$225 - \$250	\$0.74
\$250 - \$275	\$0.82

Advance Plus Returns:

Payments received by participants include all premiums and discounts particular to their storage site, i.e. the return to the grower is site specific, not simply a port price minus GTA location differential.

Each payment made to participants will be accompanied by a Receipt Created Tax Invoice (RCTI) and a payment advice.

Advance Payment = 75% x (NTP Price – GTA LD – Admin Fee) x Tonnage

Final Payment = Sale Proceeds – (Advance Plus Costs as above) x Tonnage – Advance Payment

Advance Plus Risks:

Counterparty risk: the seller acknowledges that Market Check is selling the grain delivered under this Advance Plus contract and will receive payment from a third party. In the event that third party defaults on payment to Market Check due to insolvency, the seller acknowledges that Market Check's payment obligation under this contract will be limited to the proceeds of any insurance claims made by Market Check (estimated at approximately 90% of the sale price).

Market risk: if the market price (net of storage/interest) falls 20% from time of contracting the grain will be sold immediately by Market Check to cover the debt and minimise further downside risk to the grower. Because the stop loss level is based on a price net of carry, the cash price required to trigger the stop loss increases each month as carry costs have been incurred.