

Circular to Growers

12 February 2024

Dear Sir/Madam

Quintis Leasing Pty Ltd (Administrators Appointed)
ACN 080 978 721 ('the Company')

Previous Court Application

I refer to the Administrators' circular to Growers of 31 January 2024 advising Growers that on 30 January 2024, the Federal Court ordered pursuant to s 447A of the *Corporations Act 2001* (Cth) ('the Corporations Act') that the period under s 443B(2) of the Corporations Act for which the Administrators are not liable for rent or other amounts payable by the Company under any leases to which the Company is a party ('Leases') be extended to 13 February 2024.

Proposal

On 1 February 2024, the Administrators sent out letters to potential interested parties and growers seeking expressions of interest in relation to the sale and recapitalisation of the Company. Further communications to interested parties were sent on 8 and 9 February 2024. On 12 February 2024, the Administrators received a proposal from an interested party for the Company to enter into a Deed of Company Arrangement ('Proposal').

The Administrators first received notice of the proposal on 11 February 2024 and it requires further investigation and negotiation. The Administrators are in the process of urgently engaging with the proponents to better understand the timing, terms, and scope of the proposal. The Administrators have had insufficient time to form a concluded view as to whether the proposal is capable of forming the basis of a viable transaction or which would be capable of completion.

Absent the opportunity to engage with the proponent to better understand the timing, terms, and scope of the proposal, the Administrators believe:

- that they may be unable to properly discharge their responsibility to form an opinion as to whether it is in the best interest of the creditors of the Company to execute a deed of company arrangement or for the Company to be immediately wound up by 13 February 2024;
- they would be required to issue notices to the lessors under the leases, under s 443B(3) of the Corporations Act, stating that the Company does not propose to exercise rights in relation to the property the subject of the leases. The Administrators believe that some or all of the lessors under the leases will terminate the leases. If so, the sandalwood trees on most of the land the subject of those leases will revert to the lessors (either immediately or after a period of time), meaning that some of the managed investment schemes will, in effect, collapse; and
- they would be required to recommend that the creditors place the Company into liquidation at the second meeting of the Company's creditors in circumstances where the Administrators have

been unable to fully explore whether there is a viable alternative to liquidation that may result in a better return to the Company's creditors.

Urgent Court Application

As a result of receiving the Proposal, the Administrators have filed an urgent interlocutory process in the Federal Court seeking a two-week extension of:

- pursuant to s 443B(2) and/or s 447A(1) of the Corporations Act, the period for which the Administrators are not liable for so much rent or other amounts payable by the Company under the Leases ('s 443B Period'); and
- pursuant to s 439A(6) or s 447A(1) of the Corporations Act, the period within which the Company must convene the second meeting of the Company's creditors (known as the 'convening period'), from 13 February 2024 to 27 February 2024 ('Application').

If the Application is not successful and without a proposal for the Company to enter into a Deed of Company Arrangement that is capable of forming the basis of a viable transaction:

- in order to avoid the Administrators becoming personally liable for amounts owed by the Company under the Leases, we will be required to immediately issue notices to counterparties to the Leases stating that the Company does not propose to exercise rights in relation to the property the subject of those Leases. In those circumstances, if the landowners decide to terminate the Leases (which we believe is a likely outcome), an essential part of the managed investment schemes will be removed, the schemes will collapse and the sandalwood trees on the land the subject of the Leases may revert to the landowners. Further, the prospects of obtaining relief against forfeiture to revive those Leases (if a funding or restructuring solution is reached which allows the managed investment schemes to continue in some form) will be diminished; and
- we anticipate recommending that the Company be placed in liquidation and its business wound up at the second meeting of creditors. This would likely occur before the Supreme Court of Western Australia has determined whether it is just and equitable for the managed investment schemes to be wound up.

The hearing of the Court Application

Given the potential consequences for Growers, we appreciate that some Growers may want to consider whether they wish to be heard in relation to the interlocutory process referred to above or otherwise have their position put forward to the Court. To assist Growers, a copy of the interlocutory process commencing the Court Application, has been uploaded to the Company's creditor portal at: www.kordamentha.com/creditors. The Court has advised that it will be hearing the Court Application on Tuesday, 13 February 2024 at 2:30pm AWST. Should you wish to be heard on whether the orders being sought by the Administrators in the Court Application should be granted, you may either:

- file a notice of appearance pursuant to rule 2.9 of the *Federal Court (Corporations) Rules 2000* (Cth) ('Rules') and seek leave pursuant to rule 2.13 of the Rules to be heard at the hearing of the Court Application; or
- advise Jared Palandri of my office either via email at jpalandri@kordamentha.com or by phone at 0474 737 371 by no later than 12pm (AWST) on Tuesday, 13 February 2024 whether you consent or oppose the orders being sought by the Administrators in the interlocutory process and we will raise any correspondence received with the Court at the hearing.

If you have any queries or wish the report to be mailed to you, please contact Isabelle Brown of this office on 08 9220 9343 or by email at ibrown@kordamentha.com.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Richard Tucker', with a long horizontal flourish extending to the right.

Richard Tucker
Administrator