



**Quintis Limited (Administrators Appointed) (Receivers and Managers Appointed)
And entities as listed in Annexure A
ACN 092 200 854
(collectively known as “the Quintis Group”)**

MIS Investor Frequently Asked Questions

Updated as at 26 January 2018

The purpose of this document is to answer frequently asked questions that MIS investors/growers (“Investors”) may have about their MIS investment with Quintis. A list of the managed investment schemes to which this document relates is attached as Appendix A.

Quintis will update Investors regularly on the status of the insolvency process and will update this FAQ on a regular basis.

Investors should direct any additional questions to their usual contact at the Quintis Group in the first instance.

The Administrators and the Receivers and Managers act as agents of the Quintis Group. By issuing this information sheet, they are not adopting any contract that exists, or may have existed, between any Investor and any member company of the Quintis Group.

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QUINTIS LTD	ABN 97 092 200 854
QUINTIS FORESTRY LTD	ABN 83 080 139 966
QUINTIS LEASING PTY LTD	ABN 84 080 978 721
QUINTIS PRODUCTS PTY LTD	ABN 85 103 368 707
SANDALWOOD PROPERTIES LTD	ABN 31 093 330 977

*(All entities subject to Administrators appointed &
Receivers and Managers appointed)*

Will my trees continue to be maintained?

Yes. Notwithstanding the receivership of the Quintis Group, Sandalwood Properties Ltd (“Sandalwood Properties”), Quintis Leasing Pty Ltd and Quintis Forestry Limited (“Quintis Forestry”) presently intend to continue to perform their roles in relation to your investment. As previously announced by Quintis Ltd, certain bondholders subscribed for up to US\$20 million of additional bonds during November 2017. This funding is sufficient to ensure the Quintis Group can continue to operate on a business as usual basis with respect to the MIS whilst expressions of interest are sought and any proposed sale or recapitalisation is concluded.

Your responsible entity, Sandalwood Properties, has an agreement with Quintis Forestry for the provision of forestry services to MIS projects. Quintis Forestry is clearly the global leader in the management of sandalwood plantations as it manages around 13,000 hectares on behalf of MIS growers, major global institutional growers and Quintis itself. Quintis Forestry employs the world's largest team of sandalwood plantation managers, many of whom have nurtured and maintained your trees since they were planted.

We are pleased to confirm that Quintis Forestry will continue to maintain your trees on a business as usual basis whilst Sandalwood Properties is your responsible entity for the duration of the process referred to above.

Will I continue to be able to defer my lease and maintenance payments in accordance with my LMA?

Unless you are advised otherwise, the Quintis Group will continue to operate on a business as usual basis. As such, if your contractual arrangements with Quintis allow you to defer your lease and/or management payments, you may continue to do so in accordance with the terms of your LMA.

If the responsible entity of your managed investment scheme changes, the replacement responsible entity may choose to remove the ability for investors to defer their L&M fees. Your LMA provides that where the responsible entity of your managed investment scheme is replaced due to insolvency, the removal of the deferral right is a possibility.

Will the insolvency of the Quintis Group mean that there will be a change to the responsible entity of my managed investment scheme?

No. The insolvency of the Quintis Group does not mean there will automatically be a change to the responsible entity of your managed investment scheme.

Your responsible entity (Sandalwood Properties) continues to hold an Australian Financial Services Licence; a prerequisite to being the responsible entity of a managed investment scheme. Both Quintis and the Receivers and Managers are liaising and working with the Australian Securities and Investments Commission (“ASIC”) in relation to ASIC’s requirements relating to Sandalwood Properties and ASIC’s concerns arising as a result of the insolvency of the Quintis Group. We will advise you if there is any change in position regarding Sandalwood Properties’ AFSL.

As you may be aware, certain management services which your responsible entity is responsible for under your lease and management agreement (“LMA”) are performed by a separate Quintis entity under a plantation management agreement (the “plantation management services”). To the extent that a Quintis entity is no longer the responsible entity of your managed investment scheme, there is no guarantee that the plantation management services will continue to be performed.

You may receive correspondence from third party entities who are interested in replacing Sandalwood Properties as the responsible entity of your managed investment scheme. As noted above, Sandalwood Properties Ltd, Quintis Leasing and Quintis Forestry presently intend to continue to perform their roles in relation to your investment. Quintis believes it is best placed to carry out both the responsible entity and plantation management roles in relation to your investment, particularly given its extensive experience in the industry, its ownership of critical infrastructure and water rights and its collective ability to market and sell product. Quintis has and continues to work in the best interest of Investors to maximise your return on investment.

How does Sandalwood Properties manage the potential conflict of interest which arises because Sandalwood Properties is the responsible entity of my MIS and other Quintis entities participate in the tender to purchase MIS-owned produce?

Sandalwood Properties has sold the grower-owned wood after each of the last three annual harvests. Your responsible entity has ensured that each sales process produced the maximum practicable price for the grower-owned produce. For example, in 2017, the sales process included a press advertising campaign and direct marketing to nearly one thousand participants in the global sandalwood industry. The tender was conducted on an arms' length basis with the highest bidder winning acquiring the produce. In 2017, bids were submitted from Australian and Indian sandalwood businesses but these bids were below the offer submitted by Quintis. If Quintis had been prevented from participating in the tender, the returns to growers would have been lower.

Historically I have deferred payment of my L&M fees under my LMA. Can I be forced to pay these monies back to Quintis?

No. Unless the terms of your LMA are amended (which would require your consent) to allow for this, you cannot be forced to repay L&M amounts which have been deferred under and in accordance with the terms of your LMA.

Will the amount of, or nature of any payments I am required to make under my LMA change?

Unless you are advised otherwise, there will be no change to the terms of your LMA and you should continue to make any payments as and when you are required to do so under the terms of your LMA.

I have queries about my fee arrangements under my LMA. What should I do?

The fee arrangements applicable to your investment remain unchanged and are governed by the terms of your LMA. Please liaise with your usual contact at Quintis if you have any queries.

In relation to the TFS Sandalwood Project 2012, the TFS Sandalwood Project 2013, the TFS Sandalwood Project 2014, the TFS Sandalwood Project 2015 and TFS Indian Sandalwood Project 2016, I thought that there was some protection offered in the event of an insolvency through the custodian arrangement. How does this work?

It was a term of your MIS that the upfront annual fee and rent that you paid was deposited by Sandalwood Properties into a trust account maintained by an independent custodian. The constitution for your MIS provides that:

- if the responsible entity of your MIS becomes insolvent and is unable to provide the ongoing services, growers are able to pass an extraordinary resolution which would, in effect, allow the upfront annual fee amount to be applied in satisfaction of the annual fee which is owing to the management entity for the following year of the project;
- if the responsible entity of your MIS becomes unable to pay the rent on behalf of the grower to the lessor when it falls due and payable or the lessor becomes unable to pay the rent owing to a head lessor pursuant to a head lease, the growers are able to pass an extraordinary resolution which would, in effect, allow the upfront rent amount to be applied in satisfaction of rental payments obligations.

Quintis confirms that, in relation to the MIS' referred to above, the upfront annual fee and rent was paid into and is currently held in a trust account maintained by an independent custodian as required under the terms of the MIS documentation.

As noted above, Sandalwood Properties, Quintis Leasing and Quintis Forestry presently intend to continue to perform their roles in relation to your investment. As such, it is not expected that the funds held in the custodian account will need to be utilised.

My trees were harvested prior to the insolvency of the Quintis Group but I have not yet received proceeds from the sale of the produce in accordance with my LMA. Will I still receive these proceeds?

Yes. The produce from the TFS Sandalwood Project 2002 harvest has recently been sold and Quintis is in the process of making distributions to investors in this MIS. It is expected that these funds will be received by investors by 31 January 2018. If you are an investor in this MIS but have not received your distribution by 31 January 2018, please liaise with your usual contact at Quintis.

Will there be a change in the value of my investment as a result of the insolvency of the Quintis Group?

As was the case prior to the insolvency of the Quintis Group, the value of your investment will ultimately depend on the value achieved when your share of the relevant plantation is sold following harvest.

What is the effect of the insolvency of the Quintis Group on any loan I have from Arwon Finance in relation to my investment?

There will be no change to the terms of any loan you have in place with Arwon Finance. You should continue to make any payments as and when you are required to make such payments in accordance with the terms of your loan documentation.

What is the status of the FY2017 project accounts for my MIS?

It is likely that project accounts for your MIS will not be released in the foreseeable future. Quintis, in conjunction with the Receivers and Managers, are currently considering and reviewing what information they may be able to release in relation to your managed investment scheme.

Am I still able to transfer my MIS interest?

Yes. The transfer and assignment provisions in the constitution and LMA for your MIS will continue to govern your right to transfer or assign your rights under such documents.

What is the first meeting of creditors?

The Administrators are required to hold a meeting of creditors within 8 business days of their appointment. You will receive formal notification of the meeting details for your contracting entity over the next few days. Investors are contingent creditors of Quintis.

The Administrators will determine what capacity Investors can participate in the creditors meeting. If a recapitalisation is ultimately achieved and Quintis continues without any impact on the various contractual arrangements in place with the MIS, Investors are unlikely to become creditors of Quintis.

Who should I contact if I have any general queries?

Please continue to liaise with your usual contact at the Company.

What is the role/authority of the Quintis Group's directors during the insolvency process?

The Receivers and Managers make financial and strategic decisions relating to the Quintis Group and have ultimate executive control of the Quintis Group. The Quintis Group's directors' duties are suspended during the receivership.

How soon will a decision be made about the future of my investment?

As noted above, the Quintis Group received additional funding from certain bondholders during November 2017 which is sufficient to ensure the Quintis Group can continue to operate on a business as usual basis whilst expressions of interest are sought and any proposed sale or recapitalisation is concluded.

We expect the sale and recapitalisation process will take several months to conclude and we will keep all stakeholders updated as that process progresses.

APPENDIX A

Project Name	ARSN
TFS Sandalwood Project 2000	094 684 410
TFS Sandalwood Project 2002	099 022 170
TFS Sandalwood Project 2003	104 124 414
TFS Sandalwood Project 2004	108 261 856
TFS Premium Sandalwood Project 2004	108 714 736
TFS Sandalwood Project 2005	113 492 890
TFS Sandalwood Project 2006	117 134 611
TFS Sandalwood Project 2007	123 883 830
TFS Sandalwood Project 2008	128 710 261
TFS Sandalwood Project 2009	135 373 938
TFS Sandalwood Project 2010	142 774 132
TFS Sandalwood Project 2011	150 211 171
TFS Sandalwood Project 2012	157 880 263
TFS Sandalwood Project 2013	161 604 806
TFS Sandalwood Project 2014	167 882 493
TFS Sandalwood Project 2015	604 615 232
TFS Indian Sandalwood Project 2016 – Retail Investment Offer	610 346 864