

14 March 2018

**CIRCULAR TO GROWERS IN THE TFS SANDALWOOD PROJECT 2003 (THE “PROJECT”)**

We refer to our previous correspondence in relation to the meeting for the Project held on 12 March 2018 (the “**Meeting**”) which sought to pass a resolution to appoint a new manager of your Project (the “**Resolution**”).

- The Receivers' view is that:
  - the lease and management agreement for the Project does not permit growers to terminate the management arrangements only;
  - further, a grower is unable to terminate the lease and management agreement on behalf of other growers; and
  - in any event, the Meeting was invalidly convened and the resolution sought to be passed is not legally effective.
- The Resolution was purportedly passed at the Meeting despite those matters.
- As a result, we do not consider the termination notice or the Resolution has any effect on growers or the existing management arrangements.
- Based on the proxies Sandalwood Properties Limited (Administrators Appointed) (Receivers and Managers Appointed) (“**Sandalwood Properties**”) reviewed (a number of which we regard as invalid), the percentage of growers who voted in favour of the Resolution was as follows:

% of all growers	% of growers excluding Quintis' direct interest in the Project	% of growers excluding Quintis direct interest in the Project and interests of institutional investors/Quintis associates
46.24%	48.86%	79.63%

- As previous advised, we will approach the Court to seek directions in relation to the validity of the termination notices, the Meeting and the Resolution and we hope to be in a position to confirm our views in the near term.

Sandalwood Properties (a wholly owned subsidiary of Quintis) remains as the responsible entity, continues to manage your investment and is best placed to manage growers' interests. The recapitalisation process being progressed should lead to the best chance for growers to protect and maximise the return on their investment. We expect to be in a position to make further announcements in relation to that process in the next month. Because the Sandalwood Growers Co-op does not have the assets or infrastructure of Quintis, there is a high risk that they cannot deliver the services growers require in respect of their plantations.

Should you require any information, please contact Alison Wong of my staff on + 61 2 9338 2645.

**Shaun Fraser**

*Joint Receiver and Manager of Sandalwood Properties Limited (Administrators Appointed) (Receivers and Managers Appointed)*

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