



McGrathNicol

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### **CIRCULAR TO GROWERS IN QUINTIS MANAGED INVESTMENT SCHEMES (THE "QUINTIS MIS")**

We refer to our previous correspondence in relation to meetings held for the TFS Sandalwood Project 2002 and the TFS Sandalwood Project 2003 (the "**2002 and 2003 MIS**") on 12 March 2018 (the "**Meetings**") which purported to pass a resolution to appoint a new manager of the 2002 and 2003 MIS (the "**Resolutions**").

We are of the view that the steps taken to replace Sandalwood Properties Limited (Administrators Appointed) (Receivers and Managers Appointed) ("**SPL**") (a wholly owned subsidiary of Quintis Ltd) as manager have no legal effect and SPL remains as the manager of all the Quintis MIS (including the 2002 and 2003 MIS). We have today lodged an application with the Federal Court of Australia under section 424 of the *Corporations Act 2001* (Cth) seeking directions in relation to the exercise of our powers and functions as receivers and managers of SPL.

A copy of the originating process, supporting affidavit and exhibit are available for your information in the "Administration and Receivership News" section of the Quintis website and in the "Assignments" section of our website ([www.mcgrathnicol.com/assignments](http://www.mcgrathnicol.com/assignments)) (under "Quintis Group").

As set out in the originating process, the directions we are seeking in relation to the Meetings and the Resolutions are as follows:

- a direction that the Receivers treat the notices which purported to terminate the appointment of SPL as manager of the 2002 and 2003 MIS as having no legal effect;
- a direction that the Receivers treat the Resolutions as having no legal effect; and
- a direction that SPL is to continue to perform the role of manager of the 2002 and 2003 MIS and provide the services contemplated by the Lease and Management Agreements relating to the 2002 and 2003 MIS.

Please note the following:

- we are providing this notice to all Growers in the Quintis MIS;

Receivers letter to MIS Growers re FC directions\_

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with



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- you are not a party to the proceeding (the Receivers are seeking directions from the Federal Court and have not joined any other person to the proceeding);
- you may wish to seek legal advice in relation to whether you wish to seek leave to be heard in the proceeding; and
- the matter is listed at 9.15am in the Federal Court in Perth on Monday 26 March 2018. At that time we will be asking the Federal Court to make procedural directions including listing the matter for a final hearing (i.e. substantive orders will not be made on Monday 26 March 2018).

We have asked the Federal Court for an expedited hearing of this matter. We hope to have this matter listed for a final hearing within the next three (3) weeks however this will depend on the availability of the Federal Court. We will provide a further update after the initial procedural hearing on 26 March 2018.

SPL remains as the responsible entity, continues to manage your investment and is best placed to manage Growers' interests. The recapitalisation process being advanced 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 shortly.

We urge Growers to defer any decision on proposals put to them by any third party regarding any change to the management of their investment until the Federal Court makes a determination on our application and after we provide Growers with further information in relation to the recapitalisation of Quintis and the benefits of any such proposal for Quintis MIS Growers.

As Growers may know, the wet season in northern Australia has all but finished and Quintis' extensive team of foresters and contractors are continuing work on annual plantation maintenance programs on behalf of Quintis MIS Growers. This continued work is vital in maximising the return on Grower's investments.

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

A handwritten signature in blue ink, appearing to read 'Shaun Fraser'.

**Shaun Fraser**

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