

4 April 2018

CIRCULAR TO MANAGED INVESTMENT SCHEME GROWERS, SOPHISTICATED / HIGH NET WORTH INVESTORS AND INSTITUTIONAL INVESTORS – QUINTIS LTD AND ITS AUSTRALIAN SUBSIDIARIES (ADMINISTRATORS APPOINTED) (RECEIVERS AND MANAGERS APPOINTED)

Jason Preston, Shaun Fraser and Robert Brauer were appointed as Receivers and Managers of Quintis Limited (Administrators Appointed) (Receivers and Managers Appointed) (**Quintis**) and a number of its Australian subsidiaries (the **Group**) on 23 January 2018 (the **Receivers**).

This circular is provided to members of the Quintis MIS listed in Appendix A (the “**Quintis MIS**”), high net worth / sophisticated investors and institutional investors who have entered into management arrangements in relation to their Sandalwood plantations with members of the Group.

Sale update

As previously advised the Receivers commenced a process for the sale and/or recapitalisation of Quintis upon their appointment.

Numerous non binding indicative offers were received by the nominated closing date of 23 March 2018.

The Receivers are now progressing numerous parties to a stage two process. During this process further due diligence will be facilitated to allow short listed parties to provide final binding offers. Further information will be provided to Quintis stakeholders as this process is progressed. The Receivers remain confident that with the support of bondholders an acceptable solution will be found to return Quintis to solvency.

Grower update

The Receivers continue to work with the support of the bondholders to ensure plantations are maintained. The Receivers are in negotiations with various sophisticated investors and institutional growers to restructure their lease and maintenance arrangements to support a more sustainable Quintis capital structure going forward. These negotiations do not relate to MIS investors, whose plantations continue to be maintained and whose arrangements are unchanged.

Growers in a small number of Quintis managed investment schemes have sought to terminate the management aspects of the Lease and Management Agreements (**LMAs**) with Quintis.

The Receivers consider that both the notices of termination and the purported resolution to appoint a new Manager are invalid. Further, a termination of the LMAs would result in the termination of the growers’ leases and a forfeiture of the growers’ trees, which would not be in growers’ best interests.

On 23 March 2018, Receivers lodged an application with the Federal Court of Australia under section 424 of the *Corporations Act 2001* (Cth) seeking directions in relation to how they treat the notices and resolutions to terminate and replace Sandalwood Properties Limited (Administrators Appointed) (Receivers and Managers Appointed) (**SPL**) as manager of the schemes. An update on the proceedings will also be provided in coming weeks.

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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

Appendix A

List of Managed Investment Schemes for which SPL is the Responsible Entity

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