



McGrathNicol

4 April 2018

[Investor address details]

McGrathNicol
Partnership

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Dear [Investor]

TFS Sandalwood Project 2014 – Cyclone Debbie

1 BACKGROUND

As you will be aware, Jason Preston, Robert Brauer and I (Shaun Fraser) of McGrathNicol were appointed as Receivers and Managers of Quintis Limited (Administrators Appointed) (Receivers and Managers Appointed) (“**Quintis**”) and its Australian subsidiaries (all Administrators Appointed) (all Receivers and Managers Appointed) on 23 January 2018 (the “**Receivers**”).

We are writing to you in relation to windstorm damage which occurred in late March 2017 on the Dalbeg plantation (on which the TFS Sandalwood Project 2014 (“**TFS 2014**”) plantation is located) as a result of Cyclone Debbie.

Capitalised terms used in this letter have the meaning given in the Lease and Management Agreement for TFS 2014 dated 29 May 2014 between Sandalwood Properties Limited (Administrators Appointed) (Receivers and Managers Appointed) (as responsible entity of TFS 2014) (“**TFS**”), Quintis Leasing Pty Ltd (Administrators Appointed) (Receivers and Managers Appointed) and each Grower (as defined therein) (the “**LMA**”) unless otherwise stated.

2 INSURANCE UPDATE

Since our appointment as Receivers, we have been working through a number of issues relating to the Quintis business including the insurance claim relating to TFS 2014.

As noted in SPL’s letter dated on or around 15 September 2017, Quintis engaged an independent assessor to conduct a full assessment of the Plantation. This assessment has now been completed and the assessor has confirmed that the level of damage sustained to individual Sandalwood Lots ranges from 0% up to 95% tree loss.

Insurance pay-outs to be made to insured Growers have been calculated and, subject to clause 22.4 of the LMA, will be paid on the basis of actual damage to relevant Growers’ Sandalwood Lots. We are in the process of finalising insurance pay-outs to growers in TFS 2014 who held insurance

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for their Sandalwood Lots at the relevant time and expect to be in a position to make these payments within the next month.

For the avoidance of doubt we advise that Growers who did not hold insurance for their Sandalwood Lots at the relevant time will not receive any payment referable to any damage caused to their Sandalwood Lots by Cyclone Debbie.

3 REHABILITATION

The Quintis group has itself undertaken and funded rehabilitation works to the entire Plantation to assist Growers to realise the best return from their investment notwithstanding the damage caused by Cyclone Debbie. The Quintis group will not be seeking reimbursement or any payment from Growers in relation to this rehabilitation work.

4 ANNUAL FEES AND RENT

As you may be aware, invoices were not issued by SPL on 1 January 2018 for the period 1 July 2017 to 30 June 2018 pending resolution of the Cyclone Debbie insurance claim. Following distribution of insurance pay-outs to insured Growers, SPL will be issuing invoices to Growers for the period 1 July 2017 to 30 June 2018.

In accordance with the standard procedure for payment of the Annual Fee and Rent under clause 19.3 of the LMA, unless a Grower elects the Annual Deferred Investment Option, such Grower will be required to pay SPL the Annual Fee and the Rent within 14 days of the date of the invoice. Consistent with clause 19.3(c)(i) of the LMA but subject to the terms of the LMA, a Grower may elect to defer payment of the Annual Fee and the Rent by returning the completed invoice to SPL in accordance with the instructions in Item 8.2 of the Schedule to the LMA. Where a Grower elects the Annual Deferred Investment Option, SPL will retain the applicable percentage of Gross Proceeds of Sale (per Sandalwood Lot) as set out in Item 9.4 of the Schedule to the LMA.

5 INSURANCE

As noted in the SPL's letter to Growers dated on or around 15 September 2017, Quintis procured insurance coverage for the entire Plantation on behalf of Growers for the period 1 October 2017 to 30 September 2018.

This insurance coverage obtained by Quintis will lapse on 30 September 2018 and therefore Growers who choose to insure their Sandalwood Lots for the period commencing 1 October 2018 should request SPL to arrange insurance on their behalf in accordance with clause 22.1(c) of the LMA. Any such insurance will be at the cost of the relevant Grower.



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

Yours sincerely,

Shaun Fraser

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