

20 April 2018

CIRCULAR TO MANAGED INVESTMENT SCHEME GROWERS – 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**).

Federal Court Directions Hearing

Growers in a number of Quintis MIS have purported to terminate Sandalwood Properties Limited (Administrators Appointed) (Receivers and Managers Appointed) (**SPL**) as manager and pass an ordinary resolution to appoint the Sandalwood Growers Co-op Ltd (**SGC**) in its place under the Lease and Management Agreements (**LMAs**).

On 23 March 2018 the Receivers lodged an application with the Federal Court of Australia under section 424 of the Corporations Act 2001 (Cth) seeking directions that SPL is justified in continuing to act as manager of TFS Sandalwood Project 2002 and TFS Sandalwood Project 2003 (the **2002 and 2003 Projects**).

The hearing took place on 13 April 2018 in the Federal Court of Australia and was heard by Justice Colvin. On 20 April 2018 his Honour upheld the position of the Receivers and made the following directions in their favour:

- the Receivers are justified in causing SPL to perform the role of Manager and provide the Services the subject of the 2002 LMA; and
- the Receivers are justified in causing SPL to perform the role of Manager and provide the Services the subject of the 2003 LMA.

The Court has confirmed that the Receivers can cause SPL to continue to act as the manager of the 2002 and 2003 Projects. In particular, the Court agreed with the Receivers' interpretation of the LMAs. SGC intervened in the application and opposed the directions. In doing so it raised 8 arguments against the making of the directions. None of these arguments succeeded.

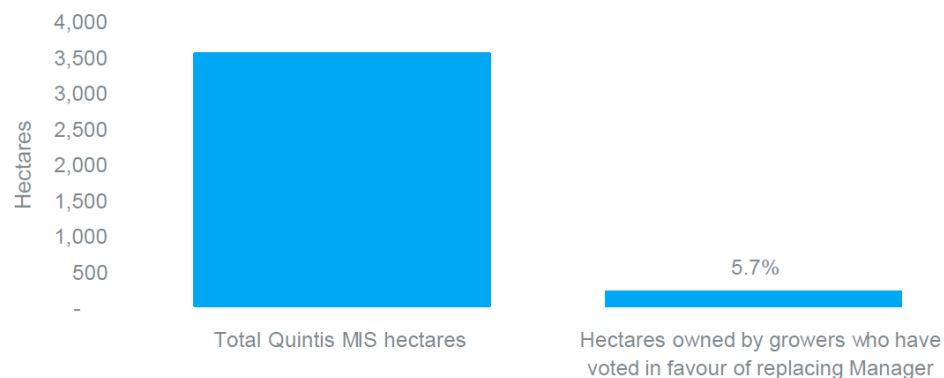
The Receivers welcome the clarification afforded by the Court's directions. SPL will continue to manage the plantations in the 2002 and 2003 Projects in the interests of all Quintis MIS growers.

Similar resolutions were purported to be passed in relation to TFS Sandalwood Project 2004, TFS Sandalwood Premium Project 2004 and TFS Sandalwood Project 2005 (the **2004 and 2005 Projects**) on 28 March 2018. Given the similarities between the contractual provisions of the LMAs governing the 2004 and 2005 Projects and those governing the 2002 and 2003 Projects, the Receivers will cause SPL to continue to act as manager of the 2004 and 2005 Projects.

The number of hectares in the 2002, 2003, 2004 and 2005 Projects represented by growers who have voted to change the manager as a proportion of all Quintis MIS grower hectares is as follows:

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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



As previously stated, the Receivers are well funded and, with SPL continuing to be the responsible entity of the Quintis MIS, your trees continue to be maintained on a business as usual basis.

A copy of the judgment and directions made by his Honour are available at the Federal Court of Australia website (www.fedcourt.gov.au).

Sale Process

The closing period for non-binding indicative offers was 23 March 2018. The Receivers have invited a number of interested parties to progress to Stage 2.

The recapitalisation process is progressing well and at this stage remains on track to be completed between July and September 2018. We expect to be in a position to make an announcement in relation to the recapitalisation in the next six to eight weeks.

The recapitalisation will provide a positive and beneficial outcome for investors in Quintis' MIS schemes. A recapitalised Quintis will be best placed to provide:

- cost effective and efficient plantation management through the economies of scale achievable from its management of over 13,000 ha of sandalwood plantations;
- extensive knowhow and intellectual property developed over 15 years through extensive research and development which is ongoing; and
- better returns to growers through the work it undertakes in developing end markets and customers.

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