

Deed of Company Arrangement and Q&A for MIS Growers

Question	Answer
How am I impacted by the DOCA and the recapitalisation?	
Will the DOCA/recapitalisation result in any changes to the terms of the Managed Investment Scheme?	<p>No. The Deed of Company Arrangement (DOCA) expressly preserves MIS Growers' rights to defer ongoing plantation management costs and does not change any of the MIS terms. This is an extremely positive outcome for MIS Growers.</p> <p>The DOCA paves the way for a recapitalisation (to be effected through a creditors' scheme of arrangement, including the injection of substantial new funds), which will result in the Quintis group being on a stable financial footing moving forward.</p>
Will the Quintis group come out of insolvency/external administration?	<p>Yes. Upon the scheme of arrangement becoming effective, the receivers will retire from the subsidiaries and the Quintis subsidiaries will start trading again as solvent and well-funded entities. We are targeting this for August / September 2018.</p>
Will there be any changes to the Responsible Entity of the Managed Investment Schemes?	<p>No. There is no intention to change the responsible entity of the MIS (RE).</p> <p>The DOCA/recapitalisation will result in Sandalwood Properties Limited (the current RE) being well funded, and therefore able to continue with the existing deferral arrangements for plantation management costs. We are working with ASIC to agree our approach.</p>
Will the DOCA alter the economic return that I will receive from my investment in the MIS?	<p>No. Neither the DOCA nor the recapitalisation alters the MIS terms.</p> <p>Sandalwood Properties Limited (the existing RE) will be in a position to continue to fund management of the plantations on behalf of MIS Growers on the current deferral terms.</p>
Who will be managing the trees?	<p>Quintis Forestry Limited will continue to manage the plantations under its existing arrangements with Sandalwood Properties Limited.</p>
Are other types of Growers treated differently under the DOCA?	<p>There is no change to the existing arrangements for MIS Growers who will continue to benefit from the retention of existing deferral rights.</p> <p>The DOCA treats MIS Growers differently from sophisticated investors (who will preserve the right to defer up to 50% of plantation management costs) and 'Beyond Carbon' investors (who will not retain any deferral rights they may have).</p>

Next steps	
What do I need to do next?	MIS Growers do not need to take any steps to preserve their investments. It is 'business as usual' for Quintis in terms of managing the MIS Grower plantations.
What will happen next and when will the recapitalisation/DOCA be completed?	The recapitalisation will be effected through a creditors' scheme of arrangement. Quintis is aiming to complete that process by August/September.
Will I need to novate any of my existing contracts?	No. While Quintis Limited will be 'left behind' as the group is taken private, MIS Growers do not have any direct contractual relationship with Quintis Limited so will not need to novate contracts.
Will the Quintis business change going forward?	
Who will be the new owners of the Quintis group?	The scheme of arrangement will result in a new, privately owned company replacing Quintis Limited as the holding company of the group. That entity will be owned by the existing secured bondholders (who have been supporting the group financially and who have committed to putting in place a stable long term capital structure through the recapitalisation).
Who will be running Quintis?	The recapitalisation will enable the existing employees of Quintis (approximately 215 people) to retain their jobs. As such, you can expect that you will still be dealing with the same team and the same people will be looking after your trees.
How will Quintis' business change?	<p>Quintis will be increasingly focussed on developing the end-market for sandalwood products (wood and oil) which will be in the interests of all stakeholders. The current intention is that Quintis will be less focussed on selling newly established plantations to investors.</p> <p>Quintis will be working to improve communication channels and is looking to maintain ongoing dialogue with MIS Growers going forward to ensure MIS Growers are fully informed on a timely basis as to their investments.</p>
What happens if MIS Growers are asked to vote for a change of Responsible Entity?	
If there is a change of Responsible Entity, will the Quintis group continue to fund management costs through the deferral arrangements?	<p>No. The deferral arrangements are between MIS Growers and Sandalwood Properties Limited, the current RE. If the RE changes, Sandalwood Properties Limited will have no obligation or right to fund those costs and a replacement RE could seek to remove deferral rights for MIS Growers.</p> <p>Any replacement RE should clarify to MIS Growers (a) the commercial terms it intends to offer MIS Growers, in particular whether the existing deferral arrangements will continue, and (b) the financial position and funding available to the replacement RE to finance its operations.</p>

<p>If there is a change of Responsible Entity, would a replacement Responsible Entity continue to have the benefit of the Quintis' group's forestry capability and expertise?</p>	<p>The Quintis' group's know-how belongs with Quints Forestry Limited, being the entity engaged by the RE to manage the plantations. That would not be transferred to a replacement RE.</p> <p>Similarly, the infrastructure (e.g. irrigation systems) used to maintain the plantations)) do not belong to the responsible entity, so would not be transferred to a replacement responsible entity.</p>
<p>Would a replacement Responsible Entity have access to the Quintis group's infrastructure that is used to manage the plantations?</p>	<p>No. The critical infrastructure required to care for your plantations (e.g. irrigation systems) is owned by Quintis and would not be available to a replacement RE.</p>
<p>How should growers assess proposals put forward by any proposed replacement Responsible Entity?</p>	<p>The Quintis group recommends that you seek independent advice (noting that some parties who have been promulgating a change are not independent and are instead seeking to take a role for themselves).</p>
<p>Public comments made by the Sandalwood Growers Coop</p>	
<p>The Sandalwood Growers Coop has suggested that the next step will be "<i>to squeeze growers and do everything in their power to transfer value from growers to themselves</i>". Is this true?</p>	<p>No. The DOCA has expressly preserved the existing deferral rights of MIS Growers. Given that there are no amendments to the terms of the MIS arrangements, there has been, and will not be any attempt to "squeeze" MIS Growers.</p>
<p>The Sandalwood Growers Coop has suggested that Growers face the same outcome as Timbercorp, Great Southern, Gunns and Willmott Forests. Is this true?</p>	<p>No. The DOCA represents an extremely positive outcome for MIS Growers. This is entirely different to the circumstances and outcome seen in these other situations involving MIS investments. The DOCA will keep the Quintis group out of liquidation and enable the Quintis subsidiaries to return to solvency and continue the existing MIS structure.</p> <p>The Sandalwood Growers Coop's representative voted against the DOCA last week and voted to liquidate the Quintis group. The Coop's representative therefore voted for the same liquidation outcome as occurred in Timbercorp, Great Southern, Gunns and Willmott Forests. It was the only vote against the DOCA proposal and highlights that the SGC is acting in the interests of its own directors.</p>