

27 July 2018

## GROWER ALERT - TFS SANDALWOOD PROJECT 2003

A meeting of growers in the TFS Sandalwood Project 2003 (the **TFS2003 Project**) was held on 23 July 2018 to consider resolutions for the removal of Sandalwood Properties Ltd (Subject to Deed of Company Arrangement) (Receivers and Managers Appointed) (**SPL**) as the responsible entity of the TFS2003 Project and the appointment of Huntley Management Limited (**Huntley**) as responsible entity and Sandalwood Growers Co-operative (the **SGC**) as manager (the **Meeting**) of the TFS2003 Project.

SPL's position is that the resolutions purportedly passed at the Meeting were invalid for several reasons, including the following:

- at the time of the Meeting, Huntley had not (and still has not) received approval from the Australian Securities and Investments Commission (**ASIC**) for a variation of its Australian Financial Services Licence to operate the TFS2003 Project. Huntley was therefore not in a position at the time of the Meeting to be appointed as the replacement responsible entity. Those presiding over the Meeting, Graeme Scott and Teague Czulowski (who was not appointed to the role of Chair, is not a grower but nevertheless participated in the conduct of the Meeting), failed to adequately disclose to the Meeting the implications to growers of passing resolutions to replace SPL as responsible entity with Huntley when Huntley was not in a position to be appointed as responsible entity; and
- there were several procedural irregularities in the conduct of the Meeting, including the exclusion of SPL's votes from resolutions on an improper basis. Had SPL's excluded votes been included, the Meeting would have been adjourned and the substantive resolutions regarding the replacement of SPL as responsible entity and the appointment of Huntley as responsible entity and SGC as manager would not have been put to members for consideration.

The purported passing of the resolutions in the absence of Huntley's authorisation gives rise to significant uncertainty for growers. SPL has raised its concerns regarding the conduct and outcome of the Meeting with ASIC.

SPL will proceed with a Court application for declaratory relief confirming that the resolutions passed at the Meeting were invalid and that SPL remains the responsible entity of the TFS2003 Project. In the meantime, SPL intends to continue acting in its role as responsible entity of the TFS2003 Project.

Please contact Quintis or a representative of the Receivers by email at [marina@quintis.com.au](mailto:marina@quintis.com.au) (cc [alwong@mcgrathnicol.com](mailto:alwong@mcgrathnicol.com)) if you have any queries.