



McGrathNicol

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23 August 2018

### **CIRCULAR TO GROWERS IN TFS SANDALWOOD PROJECT 2003 (THE "PROJECT")**

We refer to the meeting for the Project held on 23 July 2018 (the "Meeting") at which the following resolutions were purported to be passed:

- removing Sandalwood Properties Limited (Subject to Deed of Company Arrangement)(Receivers and Managers Appointed) ("**SPL**") as responsible entity of the Project;
- appointing Huntley Management Limited ("**Huntley**") as responsible entity of the Project; and
- appointing Sandalwood Growers Co-Op Ltd as manager of the Project.

(the "**Resolutions**").

We are of the view that:

- there were a number of procedural irregularities which occurred at the Meeting; and
- the steps taken to replace SPL as responsible entity were ineffective and SPL remains the responsible entity of the Project; and
- the steps taken to appoint Sandalwood Growers Co-Op Ltd as manager were ineffective.

On Friday 17 August 2018, we lodged an application with the Federal Court of Australia under section 1322(2) of the Corporations Act 2001 (Cth) ("**Corporations Act**") and section 21 of the Federal Court of Australia Act 1976 (Cth) seeking declarations in relation to the Meeting and the Resolutions.

We enclose a copy of the originating process for the application and supporting affidavit for your information. These documents, as well as the annexures to the affidavit, are also available in the "Administration and Receivership News" section of the Quintis website and in the "Assignments" section of our website ([www.mcgrathnicol.com/assignments](http://www.mcgrathnicol.com/assignments)) (under "Quintis Group"). Alternatively, if you would like us to provide you with a paper copy of these documents, please contact Marina de Grys at Quintis ([marina@quintis.com.au](mailto:marina@quintis.com.au)) ([cc quintis@mcgrathnicol.com](mailto:cc_quintis@mcgrathnicol.com)).

As set out in the originating process, the declarations we are seeking in relation to the Meeting and the Resolutions are as follows:

C13 - 180823 - QUINSAN01 - TFS2003 Grower Comms re FCD - AW

In association  
with



Liability limited by a scheme  
approved under Professional  
Standards Legislation

Advisory  
Forensic  
Transactions  
Restructuring  
Insolvency



- that the resolution appointing Graeme Scott as chair of the meeting:
  - was not validly passed and is of no effect; and
  - is not the result of any procedural irregularity under section 1322 of the Corporations Act; or
  - alternatively, is invalid under section 1322(2) of the Corporations Act,
- that because there was no person conducting the Meeting who had been validly elected Chair:
  - each other resolution was not validly passed and is of no effect; and
  - is not the result of any procedural irregularity under section 1322 of the Corporations Act; or
  - alternatively, is invalid under section 1322(2) of the Corporations Act,
- that the resolution appointing Huntley as responsible entity of the Project is of no effect because at the time of Meeting, Huntley did not hold an Australian Financial Services Licence authorising it to operate the Project and, as a result:
  - none of the resolutions were of effect (in the absence of a resolution validly appointing Huntley as responsible entity); or
  - alternatively, SPL must ensure that the Project is wound up, in accordance with section 601NE(1)(d) of the Corporations Act.

The application was listed before Justice Colvin for a first case management hearing on Tuesday 21 August 2018 at 9.15am. The Court did not make any orders at that hearing and adjourned the matter to a directions hearing on Monday 27 August 2018 to allow the defendants to instruct solicitors.

Please note the following:

- we are providing these documents to all Growers in the Project;
- you are not a party to the proceeding (SPL has made the application and the defendants are Huntley Management Limited (ACN 089 240 513), Sandalwood Growers Co-Op Ltd (registration number C2017002B) and Graeme Eric Scott);
- you may wish to seek legal advice in relation to seeking leave to be heard in the proceeding; and
- the matter is next listed at 9:15am in the Federal Court in Perth on Monday 27 August 2018. At that time we will be asking the Federal Court to make procedural directions including listing the matter for a final hearing (i.e. substantive orders will not be made on Monday 27 August 2018).



We have asked the Federal Court for an expedited hearing of the matter. We hope to have this matter listed for a final hearing within the next five (5) weeks however this will depend on the availability of the Federal Court. We will provide a further update after the procedural hearing on Monday 27 August 2018.

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

**Shaun Fraser**

*Joint Receiver and Manager of Sandalwood Properties Limited (Subject to Deed of Company Arrangement)  
(Receivers and Managers Appointed)*