

To the Growers of the 2009 Scheme

1 February 2024

Dear Sir/Madam

Quintis Leasing Pty Ltd (Administrators Appointed) ACN 080 978 721 ('the Company')

I refer to the appointment of Scott Kershaw and I, Richard Tucker, as Administrators of the Company on 20 December 2023 pursuant to section 436A of the Corporations Act ('the Act') and our previous communications.

We understand that you are an Investor/Grower in the 2009 scheme ('Scheme').

Extension

On 30 January 2024, the Court granted the orders sought by the Administrators to (amongst other things) extend the period:

- within which the Company must convene the second meeting of the Company's creditors ('Convening Period'), pursuant to section 439A(6) and 447A(1) of the Act; and
- for which the Administrators are not personally liable for rent or other amounts payable by the Company under the lease arrangements to which the Company is a party ('s 443B Period'), pursuant to section 443B(8) and s 447A(1) of the Act,

from 30 January 2024 to 13 February 2024.

Background

One of the purposes of the Company was to enter into leases with landowners of the properties on which the sandalwood trees are grown ('Leases'). The Company then divides that land into separate lots, which it sub-leases to third party growers ('Growers') by way of Lease & Management Agreements ('LMAs') (noting the LMAs relating to the Scheme are generally in a standard form). Pursuant to the LMAs, the Growers appoint Sandalwood Properties Limited ('SPL') as responsible entity of the Scheme to manage the sandalwood trees. Growers are entitled to defer payment of rent and other amounts payable under the LMAs until the sandalwood trees are harvested. As a result, the Company is reliant on external funding to finance the payment of any amounts owing under the Leases.

If the Administrators do not receive any proposals to sell or recapitalise the Company, including as a part of a 'global' proposal involving some or all of the schemes and some or all of the entities in the Quintis Group, to sell or novate a number of Leases and LMAs, or to otherwise meet any amounts payable under the Leases, it is highly unlikely that the Administrators will be granted a further extension of the s 443B Period or the Convening Period. If the s 443B period is not extended, the Administrators will likely immediately issue notices to landowners stating the Company does not propose to exercise rights in relation to the property the subject of the Leases following which the landowners may terminate the Leases and/or the Administrators will convene the second meeting of the Company's creditors

where they will likely recommend that the Company be placed into liquidation, after which the liquidators will likely disclaim the Leases. This would result in the property in the sandalwood trees on the land the subject of the Leases reverting to the landowners; an outcome that is likely to destroy whatever value remains for each of the Growers in the Scheme.

Expression of Interest

Accordingly, in our capacity as Administrators of the Company, we are seeking expressions of interest in relation to the sale and recapitalisation of the Company, the sale or novation of the Leases and LMAs, or the funding of any amounts payable under the Leases by 8 February 2024.

Further details of the Leases and LMAs relating to your Scheme can be found below.

Plantation leases

We understand that the Company holds a total of 25 Leases which relate to the schemes, of which 5 relate to your Scheme.

A summary of the 5 Leases totalling 543.02 hectares relating to your Scheme are as follows:

- 3 Lease/s entered into with third parties totalling 287.55 hectares located in WA
- 1 Lease/s entered into with SPL totalling 172.87 hectares located in WA

The Leases run for different terms and there are different amounts owing under a number of them.

SPL also estimates that the harvest date for the Schemes will be 2025 / 2026.

Interest

Please submit any expression of interest by 8 February 2024. We note that any sale or novation of the Leases and the LMAs would likely require the consent of counterparties to those agreements.

If you would like to discuss this opportunity and obtain further details to assist with your expression of interest, please contact Virginia Bullock on +61 8 9220 9340 or by email at vbullock@kordamentha.com or in her absence Isabelle Brown of this office on +61 8 9220 9343 or by email at ibrown@kordamentha.com.

Yours faithfully



Richard Tucker
Administrator