

20 February 2024

Dear Investor,

Quintis Leasing Pty Ltd (Administrators Appointed)

In our previous communication on the 5th of February, we shared details about Quintis Leasing Pty Ltd (Administrator Appointed) (**Quintis Leasing**) which is currently under the control of Administrators, Richard Tucker and Scott Kershaw of KordaMentha.

In summary:

- On 22 December 2023, the Administrators obtained a Federal Court order extending the period of non-liability for rent payments to the landowners of the properties where the Schemes are located through to 30 January 2024. The reason for this extension was to give the Administrators additional time to find alternative funding or restructuring proposals from third parties in respect of Quintis Leasing (and third parties additional time to consider and prepare such proposals).
- We understand that the Administrators did not receive any funding or restructure proposals capable of acceptance by the initial deadline of 30 January 2024. To allow third parties additional time to come forward, the Administrators applied to the Federal Court of Australia for a 14-day extension of the rent-free period.
- Balancing the interests of head lessors against those of Investors (both groups being affected by an extension of the convening period and rent-free period), the Court granted the Administrators' request, extending the rent-free period until 13 February 2024 to explore potential solutions.

For additional information, please refer to the Circular issued by KordaMentha dated 1 February 2024, accessible through the SPL website – www.sandalwoodproperties.com.au.

Potential Proposal & Further Extension

Last week KordaMentha issued a circular to growers, advising that on 12 February they received a preliminary proposal from an interested party to enter into a Deed of Company Arrangement. However, further investigation and negotiation was necessary to determine whether the proposal could be developed into a form capable of acceptance. Consequently, the Administrators applied to the Federal Court for another extension of the rent-free period to facilitate the above.

The Court reviewed the application and granted an extension until 27 February 2024.

A Circular to Growers dated 16 February 2024 from KordaMentha is available to view on the SPL website or via the link below.

Any questions regarding the funding or restructure proposals of Quintis Leasing should be directed to the Administrators (please contact Isabelle Brown of KordaMentha by phone on +61 8 9220 9343 or by email at ibrown@kordamentha.com).

SANDALWOOD PROPERTIES LTD

ABN 31 093 330 977

Level 1, 87 Colin Street

West Perth WA 6005

T: +61 (0) 8 9723 7372

E:

projects@sandalwoodproperties.com.au

W: www.sandalwoodproperties.com.au

SPL's Position

Sandalwood Properties Ltd (SPL) funded all of the extension applications referred to above in amounts totalling over \$300,000.

Despite SPL's view (supported by Mr Matthew Woods of KPMG, engaged as an independent expert to opine on the viability of the Schemes) that the Schemes are unviable and should be wound up immediately in the interests of Investors to limit their losses, SPL have funded these extensions to ensure that all avenues can be explored and to allow every opportunity for an alternative, better outcome for Investors to be found (if that is possible).

In summary:

- By 27 February 2024, Quintis Leasing will have been in voluntary administration for more than 2 months (i.e. about 70 days) and SPL will have funded 3 rounds of extension applications for a total of c.10 weeks of extensions since 22 December 2023.
- SPL's view, supported by KPMG's independent expert's report, remains that prompt winding up of the Schemes is both necessary and in the best interests of Investors to limit further losses for Investors. SPL continues its winding-up application in the Supreme Court of Western Australia to achieve this purpose.
- In the circumstances, SPL takes the view that there has now been more than adequate opportunity for all parties to propose funding or restructuring proposal in respect of Quintis Leasing.
- Given SPL's view above, SPL considers that any funding to rescue Quintis Leasing must be part of any credible proposal advanced by any third parties who have an interest in putting a proposal to the Administrators in relation to the leases.
- SPL does not currently intend to provide any further funding to Quintis Leasing and/or the Administrators beyond 27 February 2024.

SPL understands that without funding, Quintis Leasing Pty Ltd is likely to recommend to creditors that it is placed into liquidation by the Administrators, significantly impacting the Schemes as previously mentioned by the Administrators and SPL. Liquidation could lead to termination of leases by landholders, resulting in the reclamation of land and possession of trees by landholders and the collapse of the Schemes.

KordaMentha - Circular to Growers dated 16 February 2024

KordaMentha has released a Circular to Growers regarding Quintis Leasing Pty Ltd (Administrators Appointed) which can be accessed on the SPL website - www.sandalwoodproperties.com.au or via the link below.

[KordaMentha - Circular to Growers dated 16 February 2024](#)