



Quintis

Quintis Ltd ACN 092 200 854
Quintis Forestry Limited ACN 080 139 966
Quintis Leasing Pty Ltd ACN 080 978 721
Arwon Finance Pty Ltd ACN 072 486 643
Australian Sandalwood Oil Co Pty Ltd ACN 088 257 498
Mt Romance Australia Pty Ltd ACN 060 122 698
Mt Romance Holdings Pty Ltd ACN 115 659 606
Sandalwood Properties Ltd ACN 093 330 977
(all Administrators Appointed) (all Receivers and Managers Appointed)

Report by Administrators

31 May 2018

Liability limited by a scheme approved under Professional Standards Legislation

KordaMentha
Restructuring

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Glossary

Terms	Definition
\$	Australian Dollars
Act	Corporations Act 2001 (Cth)
Administration	Voluntary Administration pursuant to the Act
Administrators	Richard Tucker, Scott Langdon and John Bumbak of KordaMentha
AFSL	Australian Financial Services Licence
Appointment Date	20 January 2018
Arwon Finance	Arwon Finance Pty Ltd (Administrators Appointed) (Receivers and Managers Appointed)
ASIC	Australian Securities and Investments Commission
Asset Sale Process	The process of attempting to sell the assets of Quintis conducted by the Receivers
ASX	Australian Stock Exchange
ATO	Australian Taxation Office
AUD	Australian Dollars
Australian Sandalwood	Santalum spicatum
Australian Sandalwood Oil Co	Australian Sandalwood Oil Co Pty Ltd (Administrators Appointed) (Receivers and Managers Appointed)
Beyond Carbon Plantation Product	Investment product for Institutional Investors
Bidders	Individuals or companies placing offers to purchase assets of Quintis
Board	The board of directors of Quintis Ltd
CBRE	CBRE Valuations Pty Limited ('CBRE')
CBRE Report	A report prepared by CBRE in May 2018 under instructions from the Administrator, which provided an unencumbered market and forced sale value range for Quintis' entire portfolio of land, both on a portfolio and an individual basis.
Chairperson	Chairperson of the Second Meeting of Creditors
Class Actions	Class action lawsuits brought by law firms Bannister Law, Gadens and Piper Alderman against Quintis Ltd on behalf of shareholders
Committee of Inspection	Committee appointed at the First Meetings of Creditors of Quintis Group and changed as a result of resignations
Completion	Once the shares of the Subsidiaries have been transferred to NewCo the DOCA will terminate and the Creditors' Trust will become effective
Criminal Code	Criminal Code 1995 (Cth)
Creditors' Trust	The proposed Creditors' Trust as detailed in section 6
Deed Administrators	Administrators of the DOCA
Deed of Cross Guarantee	Deed of cross guarantee dated 24 October 2012 between Quintis Ltd, Quintis Forestry Limited, Mt Romance Holdings Pty Ltd, Mt Romance Australia Pty Ltd
DIRRI	Declaration of Independence, Relevant Relationships and Indemnities
DOCA	Deed of Company Arrangement for each company in Quintis
DXG	Means the Deed of Cross Guarantee
DXG Entities	Means Quintis Ltd, Quintis Forestry Limited, Mt Romance Holdings Pty Ltd, Mt Romance Australia Pty Ltd
EBITDA	Earnings before Interest, Tax, Depreciation and Amortisation
EOI	Expression of Interest in relation to purchasing some or all of the assets of Quintis
Event of Default	An event, which by its occurrence requires Quintis to repurchase the full amount of the Notes



Terms	Definition
FEG	Fair Entitlements Guarantee
First Meetings of Creditors	Meetings convened pursuant to Section 436E of the Act and held on 1 February 2018
Forest Products Commission	Western Australian Government trading enterprise responsible for the development and marketing of the state's renewable timber resources
Former Managing Director	Mr. Frank Wilson
FYXX	Financial year 20XX
Galderma	Galderma S.A, wholly owned subsidiary of Nestlé
Glaucus Research	Glaucus Research Group California LLC
Growers	Any beneficial owners of Quintis plantation trees who are not Quintis
H1	Half year ended 31 December
H2	Half year ended 30 June
Ha	Hectare
Hectare	A unit of area equal to 10,000 square meters
HPV	Human Papillomavirus
ILRA	Insolvency Law Reform Act 2016
IM	Information Memorandum
Indian Sandalwood	Santalum album
Insolvency Practice Rules	Insolvency Practice Rules (Corporations) 2016
Institutional Investor	An entity which pools money to purchase securities
IRR	Internal Rate of Return
KordaMentha	KordaMentha Pty Ltd ACN 100 169 391
Liquidation	The potential liquidation of Quintis whereby all assets of the companies in liquidation will be sold by the Receivers prior to the companies being deregistered
McGrathNicol	McGrathNicol Advisory Partnership
MIS	Managed Investment Scheme
Moody's	Moody's Corporation, a US credit rating agency which rates the quality of stocks and bonds
Mt Romance Australia	Mt Romance Australia Pty Ltd (Administrators Appointed) (Receivers and Managers Appointed)
Mt Romance Holdings	Mt Romance Holdings Pty Ltd (Administrators Appointed) (Receivers and Managers Appointed)
Nestlé	Nestlé SA
NewCo	The entity replacing Quintis Ltd as the head company of the Subsidiaries
Noteholders	Holders of senior secured notes in Quintis Ltd
Notes	Loans made to Quintis by Noteholders
OSR	Office of State Revenue
PPE	Property Plant and Equipment
PPSR	Personal Property and Securities Register
Proof of Debt or POD	Form 535 – Formal Proof of Debt or Claim
Proxy Form	Form 532 – Appointment of Proxy Form
Put Option	An option to sell a given asset by the put holder to the put seller at a pre-determined price during a specific period in time
Q&A	Questions and Answers



Terms	Definition
Quintis	The companies listed in Appendix 1 (all Administrators Appointed) (all Receivers and Managers Appointed)
Quintis Forestry Limited	Quintis Forestry Limited (Administrators Appointed) (Receivers and Managers Appointed)
Quintis Group	Quintis Ltd and all its Subsidiaries as shown in Figure 2
Quintis Leasing	Quintis Leasing Pty Ltd (Administrators Appointed) (Receivers and Managers Appointed)
Quintis Ltd	Quintis Ltd (Administrators Appointed) (Receivers and Managers Appointed)
R&D	Research and Development
RATA	Report as to Affairs
Receivers and/or Receivers and Managers	Jason Preston, Shaun Fraser and Rob Brauer of McGrathNicol
Receivership	Receivership process which commenced on 23 January 2018
Regulations	Corporations Regulations 2001 (Cth)
Report	This report
Responsible Entity	Sandalwood Properties which holds an Australian Financial Services Licence and authorises it to operate a Managed Investment Scheme
Retail Investor	Individual or company investing in a MIS
Sandalwood Properties	Sandalwood Properties Pty Ltd (Administrators Appointed) (Receivers and Managers Appointed)
Santalís	Santalís Pharmaceuticals Inc. and Santalis Healthcare Corporation both 100% owned subsidiaries of Quintis Ltd
Scheme	The proposed creditors' scheme of arrangement under the DOCA
Second Meetings	Meetings to be convened pursuant to Section 439A of the Act
Secured Party	Noteholders who have security over the assets of Quintis
SIO	Sophisticated Investment Offer
Slattery	Slattery Valuations Australia Pty Ltd
Sophisticated Investor	High net worth investor that can be offered securities without typical product disclosures
Spicatum	Australian Sandalwood, Santalum Spicatum
Sternship	Sternship Advisers Pty Ltd ACN 619 280 910
Subsidiaries	All the companies controlled by Quintis Ltd as shown in Figure 2
Supreme Court	The Supreme Court of Western Australia
the Companies	Quintis
the Court	Australian Court
the Directors	The Directors of Quintis as listed in Table 11
Trust Deed	The legal document that sets out the conditions of the Creditors' Trust to be entered into by Quintis and the Administrators who then become trustees of the Creditors' Trust
Trustee	Means jointly and severally, Richard Tucker, Scott Langdon and John Bumbak, in their capacity as trustees of the Trust and any successor to that office appointed pursuant to the Trustee Act
UAE	United Arab Emirates
US	United States of America
USD	United States Dollars
WST	Western Standard Time (GMT + 8 hours)
Young Living	Young Living Essential Oils LC



1 Executive summary

1.1 Report purpose

We are required to convene the Second Meetings of Creditors of each of the companies in Quintis which are in Administration pursuant to Section 439A of the Act to consider their future.

Before the Second Meetings we must prepare a report on Quintis' business, property, affairs and financial circumstances and provide opinions on certain matters which is the purpose of this report. This allows creditors to be in an informed position to vote at the Second Meetings on the options available to them.

The creditors are able to vote as to whether it would be in their interests for one or more of the:

- Companies to execute a deed of company arrangement ('DOCA'), or
- Administrations should end, or
- Companies be wound up.

A single proposal has been received for consideration by the creditors and involves a DOCA at each entity of Quintis and a subsequent scheme of arrangement at Quintis Ltd. The proposal is set out in section 6 and is summarised below.

1.2 Appointment

We, Richard Tucker, Scott Langdon and John Bumbak, were appointed as Administrators of the companies listed in Appendix 1 (collectively referred to as 'Quintis') on 20 January 2018 pursuant to Section 436A of the Corporations Act 2001 (Commonwealth) ('the Act').

Jason Preston, Shaun Fraser and Rob Brauer of McGrathNicol were appointed as Receivers and Managers of Quintis on 23 January 2018.

1.3 Purpose of voluntary administration

Section 435A of the Act states that the objective of the administration provisions of the Act are to provide for the business, property and affairs of an insolvent company to be administered in a way that:

- Maximises the chance of the company, or as much as possible of its business, continuing in existence, or
- If it is not possible for the company or its business to continue in existence, results in a better return for the company's creditors and members than would result from an immediate winding up of the company.

1.4 Extension of convening period

In the ordinary course, a voluntary administration is conducted on a time constrained statutory timeframe designed to expedite an outcome and limit the period for which the outcome is uncertain. As previously communicated to creditors, we sought and obtained orders from the Supreme Court of Western Australia to extend the timeframe within which we were required to issue this report and convene the Second Meetings of Creditors of Quintis to 31 May 2018. This extension was sought to allow additional time for the Receivers to conduct a sale and recapitalisation campaign which reflected the size and complexity of Quintis.

In addition, we received the following orders:

- It is appropriate for the Administrators to hold creditors meetings of each of the companies in Quintis concurrently
- One composite Committee of Inspection be appointed in the Administrations of Quintis.

1.5 Second Meetings of Creditors

We advise that the Second Meetings of Creditors of Quintis will be held at the Duxton Hotel, on Friday, 8 June 2018 at 11.00 am. Formal notice of the meeting accompanies this Report. Registration for the meeting will commence at 10.30 am.



1.6 Summary of estimated claims

Set out below is a summary of estimated claims which have been made against Quintis. We have not formally adjudicated on these claims.

Table 1 – Summary of claims

Creditor class	\$ million				
	DXG Entities	Quintis Leasing	Arwon Finance	Australian Sandalwood Oil Co	Sandalwood Properties
Noteholders	359.4	359.4	359.4	359.4	359.4
Employees	7.2	-	-	-	-
Trade creditors	4.0	0.1	-	-	-
Intercompany loans	412.1	-	42.7	-	4.1
Put option holders	36.8	-	-	-	36.8
Contingent creditors	12.3	-	-	-	0.2
Growers	-	-	-	-	-
Total	831.8	359.5	402.2	359.4	400.5

Because of the deed of cross guarantee that exists across the DXG Entities, creditors of one company in the DXG Entities are deemed to be a creditor of each entity of the DXG Entities and will be entitled to vote at each company that is subject to the deed of cross guarantee.

1.7 Investigations

We have conducted investigations into the affairs of Quintis with a view to identify:

- Breaches of duty and other offences under the Act by the directors
- Potential recovery actions by a liquidator (if appointed).

1.7.1 Potential breaches of directors' duties

We have identified several potential breaches of duty and other offences by the directors. These include potential breaches of s181–184 of the Act and potential breaches of s1308 of the Act. These potential breaches of directors' duties are examined in more detail at section 4.7 and summarised below:

Table 2 – Potential recovery action /offences

Section of the Act	Potential recovery action	Report reference	Further investigation warranted
Potential director offences			
180–184	Breaches of general directors' duties	4.7	Yes
191	Breach of duty to disclose material personal interest	4.7	Yes
286	Failure to keep proper accounting records	N/A	No
292/319	Failure to lodge annual reports with ASIC	N/A	No
314	Failure to comply with requirements for financial statement preparation	N/A	No
438B	Failure to assist Administrators	N/A	No
588G,K	Being a director when an insolvent incurs a debt and there are reasonable grounds for suspecting it to be insolvent	N/A	No
Part 5.8A	Arrangements to avoid employee entitlements	N/A	No
1307	Concealing, destroying or falsifying books and records	N/A	No
1308	Making a statement which is knowingly false or misleading in a material particular	4.7	Yes

1.7.2 Potential recovery actions in the event of liquidation

Set out below is our analysis of the likely date of insolvency and the potential recovery actions that may be available to a liquidator if creditors decide to place Quintis into liquidation at the Second Meetings of Creditors. The date of insolvency is relevant for assessing potential recovery actions.

Date of insolvency

Critical to any potential recovery action is assessing the date of insolvency. From our preliminary investigations we have determined that Quintis was most likely insolvent from 19 January 2018, when an institutional investor exercised a put option for \$37 million and Quintis was unable to pay this debt.

There is an alternative, but less likely, view that Quintis may have been insolvent from as early as June 2017, which was when the Board was first presented a cash flow forecast showing a liquidity requirement and a breach of available facilities (discussed in section 4.6.2).

The reason why in our opinion this date of insolvency is unlikely is because the Board implemented several initiatives to remain solvent, including:

- \$14.5 million cash saving because of an agreement with the Noteholders to defer interest payments
- \$18.8 million additional liquidity provided by the Noteholders
- \$39.3 million cash saving from deferral of a large put option
- \$15.0 million from reduced capital expenditure
- \$5.0 million reduction in funding provided by Quintis to Santalis than the June 2017 forecast
- Sought advice from appropriate professionals.

Further, Quintis was in active discussions with its key stakeholders (most notably the Noteholders) and interested parties around the terms of a solvent restructure and recapitalisation and had a reasonable basis to believe an agreement would be achieved.

Therefore, in our opinion the date of insolvency was most likely 19 January 2018.

Potential recovery actions in a liquidation scenario

From our investigations we identified the following potential recovery action which could be available to liquidators of Quintis should creditors decide to put Quintis into liquidation:

- Potential unfair preferences totalling \$0.9 million for advisors' fees.

Given the likely date of insolvency was 19 January 2018 and based on our other investigations, we see no potential insolvent trading claim that could be brought by a liquidator against the Directors and have not identified any uncommercial transactions that could be challenged.

1.8 Sale and recapitalisation process

1.8.1 Stage 1 sale campaign

After conducting a review of available options, the Receivers and their sales advisors, Sternship invited sought expressions of interest in an asset sale or a recapitalisation of Quintis.

Key dates in the stage 1 sale process are set out below.



Table 3 – Key dates in sales process

Event	Date
Commencement of national advertisement seeking expressions of interest	6 February 2018
Submission of initial expression of interest and execution of confidentiality deeds	Up to 23 February 2018
Dataroom open which included the IM, financial model and other due diligence	14 February 2018
Commencement of Q&A through the Dataroom	14 February 2018
Stage 1 due diligence and Dataroom closes	23 March 2018
Deadline for non-binding indicative offers	23 March 2018

Following completion of stage 1 of the sale process, six non-binding indicative offers were received. These can be summarised as being:

- One ‘all of company’ offer for \$107 million. The offer was viewed as being opportunistic by the Receivers and not capable of being accepted. More detail on this offer is provided in Table 22 in section 5.3.
- The balance were non-binding indicative offers over specific Quintis assets (for both land and trees owner by Quintis) and a marketing agreement.

1.8.2 Stage 2 sale campaign

In the absence of any appropriate ‘all of company’ or recapitalisation proposals being received that were capable of acceptance, the Receivers and Sternship elected to run an Asset Sale Process.

Interested parties were contacted and those participating were requested to submit non-binding indicative offers by 20 April 2018.

Three offers were received. A summary of these proposals is set out below.

Table 4 – Summary of offers for trees and portions of land

Bidder	Offer price (\$ million)	Planted Ha	Per Ha price (\$'000)
#1 Withheld confidential	43.5	988	44.03
#2 Withheld confidential	32.6	1,002	32.56
#3 Withheld confidential	39.5	1,021	38.69

It was determined that based on the proposals received, the offers made for assets were not at an acceptable level which would have resulted in repayment of an adequate portion of the secured debt and they were not pursued further.

1.9 DOCA proposal

1.9.1 Overview

Following completion of the sale and recapitalisation process, the Receivers (with support of the Noteholders) put forward to the Administrators a proposal for a whole of company restructure to be executed via a DOCA and a subsequent creditors scheme of arrangement. No other DOCA proposals were received. The proposal includes significant funding of between \$125 million and \$175 million to be provided by the Noteholders to fund operations on a long-term going concern basis.

The proposed DOCA, will result in unsecured creditors of each Quintis entity being pooled into a single Creditors’ Trust on effectuation. A copy of the draft DOCA and Creditors’ Trust Deed have been provided at Appendix 14 in this report.

Our analysis of the DOCA indicates on a high level (discussed in further detail below) includes:

- **Creditors’ approval:** creditors of each company of Quintis will vote on the future of each company at the Second Meetings. The DOCA requires creditors of each company of Quintis to approve the DOCA. The approval level required is 50% in value and 50% in number of creditors at each entity.

- **Scheme approval:** under the terms of the Scheme:
 - Quintis Ltd will transfer 100% of its shareholdings in the Subsidiaries to a new holding company (NewCo) in exchange for the Noteholders releasing Quintis Ltd from its indebtedness (and associated security) to repay the debt to the Noteholders (i.e. Quintis Ltd will have no further indebtedness to the Noteholders).
 - The Subsidiaries debt indebtedness to the Noteholders will be reduced and the maturity of the residual debt will be extended.
 - The Scheme will require approval of 75% in value and 50% in number of each class of creditor that is required to vote on the Scheme (expected to be the Noteholders only). In addition, the Scheme needs to be approved by the Court.
- **Satisfaction of other conditions precedent:** The only additional key conditions precedent that needs to be satisfied before the DOCA can be effectuated and the Creditors' Trust formed are receipt of the trust funds and payment of the Administrators' fees and expenses.
- **Creditors' Trust:** assuming approval of the DOCA and Scheme, satisfaction of the other conditions precedent and receipt of the trust funds (per below), claims of all unsecured liabilities (subject to certain exceptions) of the creditors of Quintis will be pooled into a single Creditors' Trust. The transfer of the unsecured liabilities to the Creditors' Trust occurs on effectuation of the DOCA. The reasons for the use of a creditors' trust are discussed further at section 6.
- **Trust funds:** simultaneously with the establishment of the Creditors' Trust, the Receivers will pay the Administrators' fees and expenses and DOCA proponent will procure the pooled entities to pay \$2.5 million to the Creditors' Trust for distributions to creditors and payment of Deed Administrators' and Trustees' fees and expenses.
- **Effectuation:** the following will happen as soon as possible after effectuation:
 - The DOCA will terminate and be fully effectuated in respect of the Subsidiaries, with the rights transferred to the Creditors' Trust.
 - Quintis Ltd will remain Subject to DOCA, and the Deed Administrators will seek to sell Quintis Ltd's ASX listed shell and if achieved any proceeds (net of realisation costs) passing to the Creditors' Trust for distribution to unsecured creditors.
 - The Deed Administrators of the Subsidiaries will become the Trustees of the Creditors' Trust.
 - Unsecured creditor claims (excluding intercompany amounts) against Quintis will be extinguished and transferred to the Creditors' Trust.
- **Class Actions:** Class Actions claims against Quintis Ltd are extinguished and released under the terms of the DOCA except to the extent that the claimants are able to seek or obtain payment on account of their claims from an insurer. Class Action claimants have no recourse against funds in the Creditors' Trust Fund.
- **Ongoing business:** The proposal will provide for approximately 215 jobs to be preserved, and the continuation of Quintis' business to the benefit of Growers, Sophisticated Investors, Beyond Carbon Investors, customers and suppliers going forward.

The key steps to effectuate the DOCA are required to be completed before 30 November 2018¹, however the current target date is August 2018. The Deed Administrators will keep creditors informed of progress of the key steps via the Committee of Inspection.

1.9.2 Distribution of funds

From the funds paid to the Creditors' Trust and any potential net realisations from the listed ASX shell of Quintis Ltd, the Trustee will pay:

1. Any applicable employee claims (approximately \$0.9 million); next
2. Any unpaid Administrators' fees and expenses (these fees are to be paid by the Receivers as a separate amount to the Creditors' Trust fund amount of \$2.5 million); therefore, expected to be nil; next
3. Deed Administrators' and Trustees' fees and expenses (estimated to be approximately \$0.5 million to \$0.7 million); next
4. A distribution to participating creditors, within their respective creditor pools. These creditor pools can be categorised into two main pools:

Pool A (for ongoing trade creditors)

- This pool is for ongoing trading creditors of Quintis and will be allocated two thirds of the balance of funds available in the Creditors' Trust following non-pool distributions being made.

¹ Or such other date agreed by the Deed Administrators, Quintis and the Receivers.



- Equating to approximately \$0.6 million to \$0.9 million becoming available to Pool A.

Pool B (for statutory, financial and other creditors)

- This pool is for other unsecured creditors of Quintis and will be allocated one third of the balance of funds available in the Creditors' Trust following non-pool distributions being made.
- Equating to approximately \$0.3 million to \$0.4 million becoming available to Pool B.

Note:

- To the extent any realisations are made at Quintis Ltd, these amounts will be transferred (net of costs) to the Creditors' Trust and allocated to Pools A and B on the same proportion as above.
- Class action claimants have no recourse against funds in the Creditors' Trust.

Our estimated return to creditors if the DOCA is effectuated is summarised below and set out in detail in Appendix 6.

Creditors should read this report, the draft DOCA and draft Trust Deed for the Creditors' Trust (Appendix 14), to ensure they understand their rights.

1.9.3 Summary of estimated returns by creditors

Set out below is a summary of the estimated returns to creditors under the proposed DOCA.

Table 5– Summary of estimated returns to creditors under the proposed DOCA

	Low (\$ millions)	High (\$ millions)	Low (cents on \$)	High (cents on \$)
Priority creditors (employees)	0.9	0.9	100.0	100.0
Pool A unsecured creditors	0.6	0.9	14.4	21.8
Pool B unsecured creditors	0.3	0.4	0.6	1.0
Noteholders	N/A	N/A	N/A	N/A

1.9.4 Impact on key stakeholders

Set out below is a summary of the outcomes for each creditor class under the proposed DOCA. These are explored further in section 7.

Table 6 – Summary of outcome for stakeholders under the DOCA

Creditor	Outcome under the DOCA
Employees	<ul style="list-style-type: none"> • Continuing employees will remain employed following effectuation of the DOCA on terms not dissimilar to their current contracts. • Entitlements for continuing employees will carry forward and will continue to accrue. • For employees that were made redundant or resigned, they will receive 100 cents on the dollar of their entitlement balance in accordance with their employment agreements.
Trade creditors (Pool A creditors)	<ul style="list-style-type: none"> • Trade creditors will receive a distribution of approximately 14.4 to 21.8 cents on the dollar. • Trade creditors will be provided the opportunity to do ongoing business with Quintis post DOCA and this is expected to be at or near normal terms.
Other unsecured creditors (Pool B creditors)	
ATO	<ul style="list-style-type: none"> • The ATO is expected to lodge a claim relating to a R&D dispute. • Under the DOCA, the ATO will claim against a sub-category of the Creditors' Trust, receiving a distribution of approximately 0.6 to 1.0 cents on the dollar.
Put option holders	<ul style="list-style-type: none"> • Put holders can claim against a sub-category of funds available under the Creditors' Trust. • This is likely to result in a distribution of 0.6 to 1.0 cents on the dollar.



Creditor	Outcome under the DOCA
Landlords	<ul style="list-style-type: none"> Under the DOCA, it is expected most leases will continue. Therefore, incurring minimal landlord-related claims. Any landlord-related claims that are triggered will claim against a Pool B of the Creditors' Trust, receiving a distribution of approximately 0.6 to 1.0 cents on the dollar.
Intercompany and other related parties	<ul style="list-style-type: none"> Will not claim under the DOCA. The Subsidiaries will be transferred to NewCo. Quintis Ltd is to be sold with the proceeds being allocated back to the Creditors' Trust. All intercompany debts between Quintis' companies will be preserved (with the exception of debt owed by and to Quintis Ltd) and no claims will be made under the Creditors' Trust in respect of these debts.
Secured creditors	
Noteholders (secured)	<ul style="list-style-type: none"> Under the DOCA, the Noteholders will: <ul style="list-style-type: none"> compromise part of their secured debt and extend the maturity of the secured debt pursuant to a scheme of arrangement ('Scheme') and receive 100% of Quintis Ltd's shareholdings in the Subsidiaries, transferred to NewCo. Under the DOCA the Noteholders will not receive a distribution toward its current outstanding secured debt of approximately \$360 million, however, the Noteholders will obtain control of Quintis subsidiaries through NewCo and retain rights to a portion of the secured claim at NewCo or at Quintis Subsidiaries.
Other stakeholders	
MIS investors	<p>Under the terms of the proposed DOCA:</p> <ul style="list-style-type: none"> the existing MISs will continue to operate in accordance with their current terms; while any pre-appointment claims will be released under the DOCA, MIS investors will retain their existing deferral rights (being the provisions which enable MIS investors to elect not to pay property management costs, with the responsible entity instead earning a specified interest in the proceeds of harvest). <p>Quintis Forestry Ltd will continue to manage the investors' plantations.</p> <ul style="list-style-type: none"> There is no expected loss to MIS investors under the DOCA.
Impact on SIO Investors	<p>Under the terms of the proposed DOCA:</p> <ul style="list-style-type: none"> Sophisticated Investment Offer investors will have the opportunity to retain 50% of their property management deferral rights (although any put option claims will be released under the DOCA), provided they consent to the novation of their respective agreements from Quintis Ltd. Quintis Forestry Ltd will continue to manage the plantations.
Impact on Beyond Carbon Investors	<ul style="list-style-type: none"> Investors in the Beyond Carbon projects will have the opportunity to novate their agreements from Quintis Ltd. While the terms of the novation will involve the BC investors having certain claims released under the DOCA (e.g. put options and deferral rights), BC investors will benefit from their plantations continuing to be managed by Quintis Forestry Ltd.
Impact on Class Action claimants	<ul style="list-style-type: none"> Class Actions claims against Quintis Ltd are extinguished and released under the terms of the DOCA except to the extent that the claimants are able to seek or obtain payment on account of their claims from an insurer. Class Action claimants have no recourse against funds in the Creditors' Trust Fund.



1.10 Liquidation summary

1.10.1 Overview of liquidation

Should creditors resolve to wind up any entity of Quintis, each entity will be placed into liquidation and is taken to have nominated the Administrators to be the liquidators, unless the creditors nominate a different person to be the liquidator.

Where liquidators and Receivers exist together (as would be the case for Quintis), the Receivers retain control of the secured property and will seek to realise that secured property for the benefit of the Noteholders.

The effects of the liquidation of Quintis include:

1. The moratorium available under the voluntary administration process will cease.
2. The liquidators will be empowered to pursue recover potential voidable transactions, as outlined in section 4.6 of this report.
3. The liquidators will be required to conduct an investigation into the affairs of Quintis pursuant to Section 533 of the Act and lodge a report with ASIC outlining the outcomes of our investigation.
4. The Receivers will still control the business and the assets secured by the debt owing to the Noteholders.

If Quintis goes into liquidation, the DOCA will not complete and the Noteholders' contribution to the Creditors' Trust will not be available to creditors.

1.10.2 Impact on key stakeholders

Set out below are a summary of the outcomes for each creditor class under a liquidation. These are explored further in section 7.

Table 7 – Summary of impact for key stakeholders in liquidation

Creditor	Outcome under liquidation
Employees	<ul style="list-style-type: none"> • Under a shutdown scenario, employment will cease in the short term (subject to operational requirements around handover/shutdown of current operations). • In a partial sale scenario, it is unclear what percentage of the employees would be required going forward. • It is expected that employee entitlements will be fully covered through the realisation of Quintis assets in a liquidation. However, should there be a shortfall in a liquidation, employees may also receive payment from FEG.
Unsecured creditors	<ul style="list-style-type: none"> • Estimated distribution of nil, being lower than that the proposed DOCA.
Noteholders (secured)	<ul style="list-style-type: none"> • Potential distribution to the Noteholders of between approximately 31 and 85 cents on the dollar.
Intercompany and other related parties	<ul style="list-style-type: none"> • Estimated distribution of nil.
Impact on Growers	<ul style="list-style-type: none"> • Potential loss on investment for Growers due to winding up of Growers scheme or transfer of scheme to new responsible entity. • The return in liquidation is not quantified, however it is lower compared to the proposed DOCA where rights of Growers are maintained to a certain extent.
Impact on Class Action claimants	<ul style="list-style-type: none"> • Class Action claimants will not receive a distribution from asset realisations in a liquidation scenario.

1.11 Administrators' opinion

It is our opinion that it is in creditors' interests for each of Quintis' companies to execute the DOCA. It is not in creditors' interests to wind up any company or to bring the Administrations to an end. As detailed in the analysis set out in section 7, the DOCA will likely result in a better return to creditors than if the Quintis companies were liquidated.



2 Appointment of Administrators

2.1 Progress of Administration

We, Richard Tucker, Scott Langdon and John Bumbak, were appointed as Administrators of Quintis on 20 January 2018 pursuant to Section 436A of the the Act. Jason Preston, Shaun Fraser and Rob Brauer of McGrathNicol were appointed as Receivers of Quintis on 23 January 2018.

On appointment, we communicated to key stakeholders of the business, being the growers, creditors and employees that the Receivers were in control of the operations whilst they pursued a sale and recapitalisation of Quintis and that Quintis would keep fulfilling its obligations to grower investors as best it could.

During the Administration process, the Administrators must report to creditors on the Companies' business, property, affairs and financial circumstances and provide their opinion on these and other matters. The report is to be provided to creditors with notice of the Second Meetings of Creditors.

The overall purpose of this report is to provide creditors with sufficient information so that they can make an informed decision about the future of Quintis at the Second Meetings.

2.2 Objective of Administration

Section 435A of the Act states that the objective of the administration provisions of the Act are to provide for the business, property and affairs of an insolvent company to be administered in a way that:

1. Maximises the chance of the company, or as much as possible of its business, continuing in existence, or
2. If it is not possible for the company or its business to continue in existence, results in a better return for the company's creditors and members than would result from an immediate winding up of the company.

This report has been prepared in accordance with Section 75–225 of the Insolvency Practice Rules (Corporations) 2016 ('the Rules').

This report has been prepared from information obtained from Quintis' records, the Directors and management of Quintis and from our own enquiries and investigations.

We have no reason to doubt the information contained in this report. The statements and opinions given in this report are given in good faith and in the belief that such statements and opinions are not false or misleading. Except where otherwise stated, we reserve the right to alter any conclusions reached based on any changed or additional information which may become available to us between the date of this report and the date of the Second Meetings of Creditors.

Neither KordaMentha nor any member or employee thereof undertakes responsibility in any way whatsoever to any person in respect of any errors in this report arising from incorrect information provided to us.

2.3 Prior involvement with Quintis

We advise creditors that we had no prior involvement with Quintis, its Directors or any related party which would preclude us from accepting the appointment. Our involvement with Quintis commenced on 19 January 2018 and had been to prepare for the orderly conduct of the Administration.

There has been no change to the position as stated in the Declaration of Independence, Relevant Relationships and Indemnities tabled at the First Meetings of Creditors (Appendix 2).

2.4 First Meetings of Creditors

Section 436E of the Act requires us to conduct a meeting of the creditors of each company in administration within eight business days of being appointed ('the First Meetings of Creditors').

The First Meetings of Creditors for Quintis were held on 1 February 2018.

At the First Meetings of Creditors, we advised that it would be in the interests of the creditors that a Committee of Inspection be formed for Quintis. We also recommended that the Committee of Inspection should comprise of one or more individuals representing the main creditor interest groups.



A resolution was passed by the creditors present at the meeting to appoint a single Committee of Inspection for Quintis.

We subsequently sought confirmation of the Supreme Court of Western Australian ('the Court') to validate certain actions at the First Meetings of Creditors. The Court handed down orders on 16 February 2018 which confirmed:

- It was appropriate for the Administrators to hold creditors meetings of each of the companies in Quintis concurrently.
- One composite Committee of Inspection could be appointed in the Administrations of Quintis.

2.5 Committee of Inspection

2.5.1 Composition of the Committee of Inspection

The following people were appointed to the Committee of Inspection:

- Teague Czulowski (Grower) (resigned on 2 February 2018)
- Carod Holdings Pty Ltd (Grower)
- Phil Coetzer (Employee)
- David Renton (Employee)
- Jane Reynard (Employee)
- Johan Bartlett (Employee)
- John Doble (Employee)
- Robert Sandery (Employee)
- Chris Prestwich for the Noteholders
- Shaun Fraser or Jason Preston for Quintis' intercompany loans.

2.5.2 Committee of Inspection meeting

We held our only Committee of Inspection meeting on 28 May 2018. The purpose of this meeting was to:

- Update the Committee of Inspection on the Administration
- Provide an overview of the Administrators' investigations
- Provide an overview of the sales process
- Approve the Administrators' remuneration to 8 June 2018.

2.6 Second Meetings of Creditors

We are required to convene a Second Meeting of Creditors of each company in administration pursuant to Section 439A of the Act to consider the future of each company in Quintis.

Before the Second Meetings of Creditors, we must prepare a report on Quintis' business, property, affairs and financial circumstances and provide opinions on certain matters, which is the purpose of this report. This allows creditors to be able to vote at the Second Meetings of Creditors on the options available to them, as to whether it would be in the creditors' interests for:

- the Companies to execute a DOCA
- the Administrations to end, or
- the Companies to be wound up.

A DOCA has been proposed by the Receivers with support from the Noteholders for consideration by the creditors of Quintis, which is discussed in detail in this report.

We advise that the Second Meeting of Creditors will be held concurrently at The Duxton Hotel, 1 St Georges Terrace, Perth WA 6000, on 8 June 2018 at 11.00 am. Formal notice of the meeting accompanies this Report. Registration for the meeting will commence at 10.30 am.



A Form 532 – Appointment of Proxy also accompanies this report. If you intend to appoint another person to act on your behalf at the meetings, or you are a corporate creditor, you are required to complete the Proxy Form appointing your representative. Proxy forms may be sent to KordaMentha, PO Box 3185 East Perth WA 6892 by no later than 11.00 am (WST), 7 June 2017.

If you are representing a company, please ensure that your proxy is executed pursuant to Section 127 of the Act or your representative is appointed pursuant to Section 250A of the Act, otherwise you will not be entitled to vote at the meetings.

Creditors are required to have lodged proofs of debt no later than 11.00 am (WST) on 7 June 2017 failing which they may be excluded from voting at the meetings. A Form 535, Formal Proof of Debt or Claim, accompanies this Report. Proofs of Debt may be sent to KordaMentha, PO Box 3185 East Perth WA 6892.

For creditors who are unable to attend the meetings, conference call facilities have been arranged. Creditors intending to use the conference call facility are required to notify us of their intention and collect conference call details at least 24 hours prior to the meetings.

Those creditors who have already lodged a Proof of Debt are not required to lodge a further proof (unless they wish to amend their claim).

A copy of this report and the proposed DOCA, together with other information relating to Quintis, can be found on the KordaMentha web site at www.kordamentha.com in the Creditor Information section.

2.7 Conduct of Administration

Since our appointment on 20 January 2018, the Administrators, we have completed the following tasks:

Stakeholder management

- Notified suppliers, creditors and employees of our appointment
- Communicated with each of Quintis' Directors and officers by email, phone and in-person meetings
- Notified and corresponded with the various statutory bodies including ASIC and the ATO
- Provided briefings to employees.

Litigation

- Responded to various ASIC statutory notices
- Commenced defence of the Class Actions.

Statutory compliance

- Established bank accounts
- Reviewed the books and records of Quintis
- Convened and held the First Meetings of Creditors for Quintis
- Made an application to the Court to extend the convening periods
- Investigated the conduct of the Directors
- Investigated any potential voidable transactions
- Investigated the events leading up to the appointment of Administrators
- Prepared this report to creditors pursuant to the Act.

Sale process

- Retained and briefed solicitors and advisors to assist in the conduct of the Administrations and any proposed recapitalisation
- Liaised with the Receivers in relation to operations and the sale/recapitalisation process
- Prepared a valuation of Quintis' assets
- Instructed valuers and reviewed valuations.



2.8 Receipts and payments of Administration

Enclosed as Appendix 4 is a summary of the receipts and payments for the period from 20 January 2018 to 28 May 2018.



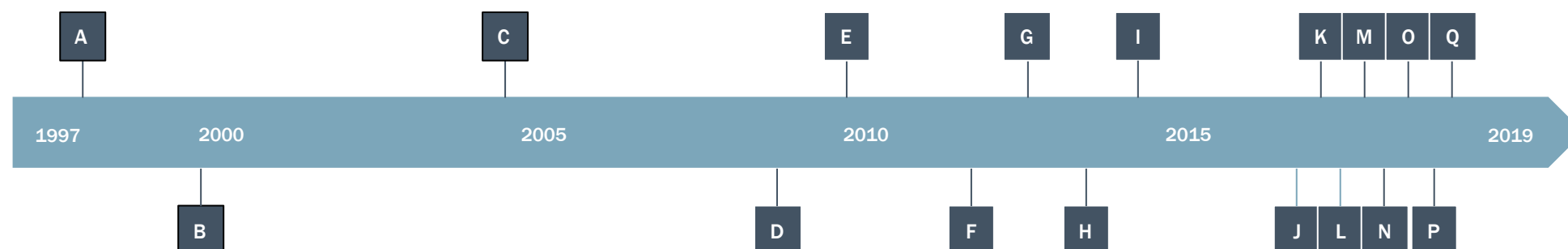
3 Background

3.1 History of Quintis

Quintis is a leader in Sandalwood plantations and grows Indian Sandalwood trees in Northern Australia and processes Australian and Indian Sandalwood trees at the Mt Romance distillation plant in Albany, Western Australia. Quintis claims to be the largest processor, owner, manager and grower of Indian Sandalwood plantations in the world. As at 31 December 2017, Quintis owned or managed plantations on c. 12,894 hectares in Australia with an estimated 5.7 million Indian Sandalwood trees.

Quintis also owns the Santalis businesses which develop pharmaceuticals using Indian Sandalwood oil and are incorporated in the USA. Santalis is not subject to any insolvency proceedings. Set out below is a timeline of key events of Quintis' history. A group structure is referenced in Figure 2.

Figure 1 – Timeline of events



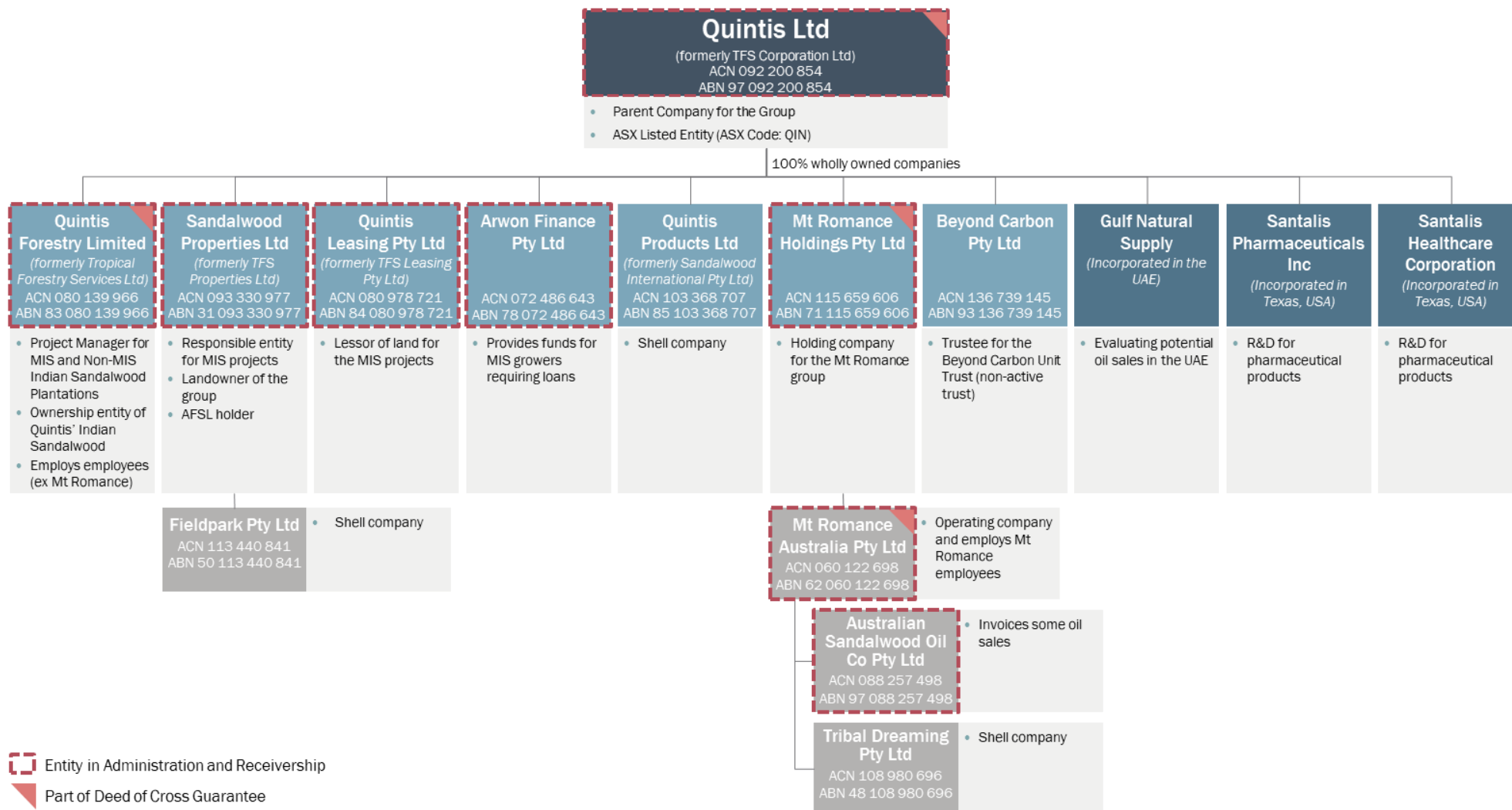
A	1997	Quintis founded.
B	1999	First plantations established in the Ord Irrigation Area in Kununurra, Western Australia.
C	2004	Quintis listed on the Australian Stock Exchange.
D	2008	Quintis acquired Mt Romance Sandalwood oil distillery.
E	2009	Quintis established its Beyond Carbon Institutional Plantation Product.
F	2011	Quintis expanded into plantations in Queensland.
G	2012	Quintis expanded to the Northern Territory.
H	2013	First distillations of Indian Sandalwood oil from Quintis grown trees takes place. Quintis focussed on developing end markets and selling Indian Sandalwood timber and Indian Sandalwood oil to several different markets around the world.
I	February 2014	Quintis Ltd announced it had entered into a licensing agreement with Galderma.
J	February 2016	Quintis Ltd announced multiyear agreements to supply Indian Sandalwood to customers in China and India.
K	September 2016	Quintis Ltd announced multiyear sales agreements with Young Living.
L	21 March 2017	Glaucus Research published an opinion piece outlining several alleged flaws with the Quintis business model.

M	April 2017	Quintis commenced a review of its operations and potential restructure of operations to improve its cash flows and financial position.
N	15 May 2017	Quintis Ltd was placed in a trading halt and was suspended from official quotation on 17 May 2017. The shares were suspended to allow Quintis to perform a strategic review including a review of earnings guidance and its operations.
O	June 2017	Quintis had failed to lodge accounts with its Noteholder group which was a requirement under the terms of the Notes. Quintis subsequently entered into several forbearance agreements with the Noteholder group while it sought to agree a recapitalisation process.
P	November 2017	Quintis executed a non-binding term sheet for a potential recapitalisation with new equity investors, however final binding terms were not agreed. Quintis then engaged with another group of potential investors which included Former Managing Director Frank Wilson, however finalised binding commitment letters were not provided.
Q	19 January 2018	An institutional investor exercised an option that required Quintis to buy back 400 hectares of plantations at a pre-determined price of approximately \$37 million. Quintis did not have the capacity to pay the put option and on 20 January 2018 the Board appointed Administrators. Following the appointment of Administrators, the Noteholders appointed the Receivers. Since their appointment, the Receivers have maintained operations and commenced a sale and recapitalisation process.



Figure 2 – Group structure

A summary of the group structure is set out below.



3.1.1 Subsidiaries

Set out below is a summary of what each subsidiary's main business and responsibilities are:

Table 8 – Subsidiaries

Quintis Forestry Limited (Administrators Appointed) (Receivers and Managers Appointed)	The ownership entity for all Quintis owned Indian sandalwood and manages Indian Sandalwood plantations for Sandalwood Properties Ltd.
Sandalwood Properties Ltd (Administrators Appointed) (Receivers and Managers Appointed)	Is a landowner of Quintis and the Responsible Entity for Indian Sandalwood MIS projects. Holds the Australian Financial Services Licence to operate the MIS projects.
Quintis Leasing Pty Ltd (Administrators Appointed) (Receivers and Managers Appointed)	Is the lessee for leases in which Sandalwood Properties Ltd is the lessor. It sub-leases land to MIS investors.
Arwon Finance Pty Ltd (Administrators Appointed) (Receivers and Managers Appointed)	Manages a loan book owned by International Acceptance Pty Ltd and Burlington Loan Management and provides finance to investors in the MIS projects.
Mt Romance Holdings Pty Ltd (Administrators Appointed) (Receivers and Managers Appointed)	Responsible for the manufacture and distribution of Quintis sandalwood products to international markets.
Mt Romance Australia Pty Ltd (Administrators Appointed) (Receivers and Managers Appointed)	Subsidiary of Mt Romance Holdings Pty Ltd and also responsible for the sale and manufacture of Quintis sandalwood products to international markets.
Australian Sandalwood Oil Co Pty Ltd (Administrators Appointed) (Receivers and Managers Appointed)	Subsidiary of Mt Romance Australia Pty Ltd and also responsible for the sale of Quintis sandalwood products to international markets.
Santalís Pharmaceuticals Inc	100% owned subsidiary of Quintis Ltd, not in any insolvency process. Develops and commercialises Sandalwood products targeting all conditions.
Santalís Healthcare Corporation	100% owned subsidiary of Quintis Ltd, not in any insolvency process. Bio-pharmaceutical company that develops pharmaceuticals derived from Sandalwood oil.

3.2 Operations overview

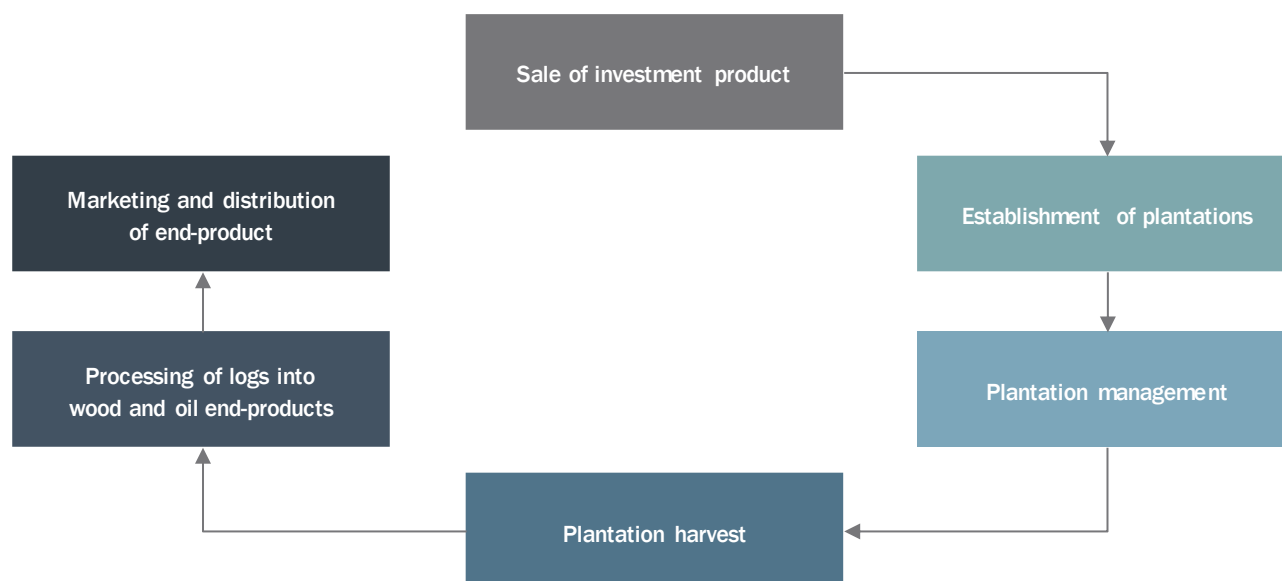
3.2.1 Key aspects of business model

Quintis has fully vertically integrated operations which comprises each part of the Indian Sandalwood tree's life cycle.

Principally this includes:

- Sale of investment products
- Plantation establishment
- Plantation management
- Tree and oil processing
- Marketing and distribution
- Commercialisation of Indian Sandalwood oil based pharmaceutical products.

Figure 3 – Aspects of business model



Sale of investment product

The sale of the investment product includes sales of:

- Institutional investor products which targets large Institutional Investors
- MIS investment products which are targeted to Retail Investors in Australia
- Sophisticated investor products which target Sophisticated Investors.

Plantation establishment

Successful growth of Indian Sandalwood is dependent on the suitability of the land, along with superior seeds. Quintis has the world's largest custom built Indian Sandalwood nursery. The seedlings are grown with pod host species and the host trees are transported from the nursery and planted. Once the trees are approximately 18 months old they are transported to plantations. Trees are planted based on a certain number of trees per hectare.

Plantation management

Quintis' plantation management is led by employees who reside in Kununurra (Western Australia), Dalbeg (Queensland), Darwin and Katherine (Northern Territory). The plantation management team is responsible for both establishment and management of plantations for MIS, SIO and Quintis owned plantations.

Plantation harvest

Quintis typically harvests Indian Sandalwood trees when they are between 14 and 16 years old. Given a significant portion of the heartwood and oil is found in the base of trees, the entire tree is removed from the ground apart from small roots.

Processing of logs into wood and oil end-products

Quintis established a primary processing centre in Kununurra in 2013. The primary processing centre grades, sorts and processes logs into value added wood products. Alternatively, the sandalwood is chipped and transported to Quintis' Mt Romance distillation facility in Albany.

Quintis manages the distillation facility through its wholly owned subsidiary, Mt. Romance Australia Pty Ltd (Administrators Appointed) (Receivers and Managers Appointed) it processes both Indian Sandalwood oil and Australian Sandalwood oil from logs purchased under its 10-year contract with the Forest Products Commission.

Marketing and distribution

Quintis has been working to establish direct contacts with industry groups and other organisations that are willing to act as agents or customers for Indian Sandalwood products. Quintis has successfully supplied Australian Sandalwood oil to Hermes,

Lush Cosmetics, Firmenich and Givaudan. Quintis has signed a series of supply agreements for Indian Sandalwood (wood and oil) to companies including Lush Cosmetics, Young Living and Paspaley.

Commercialisation of Indian Sandalwood oil based pharmaceutical products

Quintis has been working with its subsidiary Santalis to develop end markets via creation of Indian Sandalwood oil based pharmaceutical products.

3.2.2 Key locations

Quintis' Indian Sandalwood plantations are in six separate locations through Northern Australia including Kununurra and Kingston Rest in Western Australia, Douglas Daly, Katherine and Mataranka in the Northern Territory and Burdekin in Queensland.

Quintis has two processing facilities located in Kununurra and Albany. The Kununurra facility is used to process harvested logs into wood end-products for sale or into wood chips to be transported to Quintis' Mt Romance distillation facility in Albany where it is processed into Sandalwood oil.

Quintis has offices located in Sydney, Darwin and Perth and operational locations throughout Western Australia, Northern Territory and Queensland.

Figure 4 – Key locations



3.2.3 Growers

Quintis primarily sells Indian Sandalwood plantations through the sale of investment products to three groups of investors:

- MIS growers – targeting retail investors
- Beyond Carbon – targeting institutional investors
- SIO Investment Offer – targeting sophisticated investors with a high net worth.

Quintis charges all Growers an upfront establishment fee and annual management fees for planting and managing the plantations on their behalf. Additionally, Growers are charged rent (where the Grower does not own the land), harvesting and processing fees, selling and marketing fee and incentive fees where returns are over a certain threshold.

Some Growers are given an option to defer their annual management fee and this is satisfied by Quintis retaining a percentage of the proceeds of sale after harvest.

At harvest:

- Beyond Carbon and SIO investors may opt for their trees to be processed into oil by Quintis (subject to a fee)
- MIS trees are sold via a tender which is run by Sandalwood Properties as the Responsible Entity.

Quintis' wholly owned subsidiary, Sandalwood Properties is the Responsible Entity for the MIS projects and is licensed by ASIC to operate the projects. Quintis Forestry is the forestry manager for all Growers.

3.2.4 Land interests

Quintis owns and leases a significant area of land. Quintis' owned plantations are on a combination of land that it owns and land that it leases from other third parties. For Growers, the situation is for the most part different as very few Growers own the

land that their plantations grow on. This distinction is relevant, especially if Quintis was to be liquidated and operations ceased.

Table 9 – Land interests

Land area (Ha)	Freehold Land		Leased	Total
	Quintis	Investor	Quintis/Investor	Owned/Leased
Planted (June 2017)	5,896	3,764	3,234	12,894
Unplanted	356	-	784	1,140
Unsuitable for Indian Sandalwood Plantations	15,466	9,984	1,173	26,623
Total	21,718	13,748	5,191	40,657

3.2.5 US operations

In 2011, Quintis entered a 50% joint venture with management of ViroXis Corporation to create Santalis.

In August 2015, Quintis acquired the remaining 50% of Santalis. The strategic rationale behind the acquisition was to:

- Formulate and develop products which maximises the demand for Quintis' Indian Sandalwood oil
- Provide Quintis with increased revenue streams through royalty and licensing fees
- Provide direct relationships with global pharmaceutical companies.

Santalis' key focus is in dermatology where it has clinical programs to target dermatitis, psoriasis, genital warts, HPV and molluscum contagiosum.

In FY17, Santalis incurred a loss of \$0.4 million.

3.3 Security interests

At the time of our appointment there were 216 security interests registered on the Personal Property Securities Register ('PPSR') against property in Quintis' possession, which are summarised in the table below.

Table 10 – Security interests²

Collateral class	Number of registrations
All present and after acquired property	7
Motor vehicle	32
Agriculture	64
Investment instrument	3
General intangible	60
Other goods	50
Total	216

² Source: PPSR

3.4 Directors and officers

Set out below is a summary of the Directors and officers of Quintis obtained from ASIC records as at the date of appointment.

Table 11 – Directors and secretaries

Director name	Appointment date	Resignation date	Arwon Finance Pty Ltd	Quintis Forestry Limited	Quintis Ltd	Quintis Leasing Pty Ltd	Sandalwood Properties Ltd	Australian Sandalwood Oil Co. Pty Ltd	Mt Romance Australia Pty Ltd	Mt Romance Holdings Pty Ltd
Frank Cullity Wilson	12 Jun 12	27 Mar 17	Director	Director	Director	Director	Director	Director	Director	Director
Dalton Leslie Gooding	16 Oct 14		Director	Director	Director	Director				
Giovanni Groppoli	10 Oct 14		Director	Director	Director	Director	Director			
Gregory Phillip Gaunt	16 Dec 15						Director			
Julius Luke Matthys	23 Dec 11		Director	Director	Director	Director		Director	Director	Director
Michael Graham Doveton Kay	16 Feb 15		Director	Director	Director	Director				
Quentin Heath Megson	26 Aug 08							Director/ Secretary	Director/ Secretary	Director/ Secretary
Gillian Franklin	1 Dec 14	30 Jun 17	Director	Director	Director	Director				
Robert Norman Scott	16 Dec 15						Director			
Simon Jonathan Storm	16 Jan 13		Secretary	Secretary	Secretary	Secretary		Secretary	Secretary	Secretary
Quentin Heath Megson	12 Jan 06		Secretary	Secretary	Secretary	Secretary	Secretary			

(collectively referred to as 'the Directors')

3.5 Related entities

Detailed below is a summary of related entities who are also creditors of Quintis.

Table 12 – Summary of related entities

Related entity	Company in which the related entity is a creditor	Amount \$'000
Quintis Ltd	Quintis Forestry Limited	357,229.6
Quintis Ltd	Sandalwood Properties Ltd	3,790.7
Quintis Ltd	Arwon Finance Pty Ltd	49,416.2
Quintis Ltd	Mt Romance Australia Pty Ltd	24,805.3
Quintis Forestry Limited	Sandalwood Properties Ltd	143.8
Quintis Leasing Pty Ltd	Quintis Forestry Limited	593.3
Quintis Forestry Limited	Mount Romance Australia Pty Ltd	7.5

These claims have not yet been adjudicated. However, if Quintis is placed into liquidation and there are sufficient funds realised for the liquidators to make a distribution to creditors, the related entities will be required to provide a formal proof of debt, which will then be adjudicated.

3.6 Events leading up to Administration

Set out below is a summary of the key events leading up to the appointment of Administrators to Quintis.

Table 13 – Summary of key events since March 2017

Event	Summary of event
21 March 2017	Glaucus Research released a report outlining alleged flaws in Quintis' business model. Short selling activity increased and the share price decreased from \$1.45 on 20 March 2017 to \$1.04 on 31 March 2017.
27 March 2017	Frank Wilson resigned as Managing Director to propose a change of control transaction in partnership with an unnamed international corporation.

Event	Summary of event
April 2017	Quintis commenced a strategic review.
10 May 2017	The Board released an ASX announcement informing the contract to supply Sandalwood oil to Galderma was terminated on 16 December 2016 but the Board was only advised of the termination on 9 May 2017.
12 May 2017	Credit rating agency Moody's downgraded Quintis' corporate rating and senior secured Notes rating from B2 to B3 and placed the ratings on review for further potential downgrades. Moody's downgraded the rating on 8 June 2017 to Caa1, on 31 July 2017 to Ca and again on 4 September 2017 to C.
17 May 2017	Quintis is granted a suspension of its securities from trading on the ASX to finalise an update on its earnings guidance given the share price decrease from \$1.07 on 9 May 2017 to \$0.295 on 12 May 2017. Shares never returned to trading.
10 July 2017	Quintis failed to provide its March 2017 quarterly statements by the required date and in doing so breached reporting requirements under the terms of the senior secured Notes. In response, Quintis received a waiver from a majority of the Noteholders relieving it of its requirement to publish the quarterly accounts.
17 July 2017	An institutional investor who held a put option to sell 400 hectares of plantations to Quintis at a pre-determined price, agree to move the exercise window of the put back two weeks to 24–26 July 2017. The exercise window was pushed out on four more occasions ending on 19 January 2018, when the put option was exercised.
31 July 2017	Quintis announced it does not expect to make the bi-annual interest payment of USD 10.9 million that is required under the terms of the Notes to be paid by 30 August 2017 and was in discussions to avoid an event of default.
31 August 2017	To avoid the event of default in relation to the non-payment of the USD 10.9 million interest due on the Notes, Quintis executed a forbearance agreement with the Noteholders which prevented the Noteholders from taking enforcement action until 1 March 2018 on the condition that Quintis agrees a recapitalisation plan by 6 September 2017. The recapitalisation deadline was repeatedly extended by the Noteholders 31 March 2018.
12 September 2017	Quintis announced that a class action was being brought against it by shareholders alleging that Quintis breached continuous disclosure provisions of the Act. Quintis denied the allegations and stated it intended to defend the proceedings.
17 October 2017	Quintis terminated a supply agreement with a China-based buyer, Shanghai Richer Link.
16 November 2017	A second class action was brought against Quintis by shareholders alleging Quintis engaged in misleading or deceptive conduct and breached continuous disclosure provisions of the Act, specifically in relation to the termination of the supply contract with Galderma and announcements about sales and projected financial performance.
19 January 2018	Institutional Investor exercised a put option, requiring Quintis to buy back 400 hectares of plantations for approximately \$37 million.
20 January 2018	Quintis appoints Administrators as it did not have the funds to pay the put option.

The appointment of Administrators to Quintis can be attributed to:

- Decreasing sales of plantation investment products in Q4 FY17 due to the loss of investor confidence following the issue of the Glaucus Research report
- Failure to implement a recapitalisation/restructure following protracted negotiations with key stakeholders and various third-party investors
- Material level of debt relative to its asset base and projected cash flows
- Ongoing liquidity requirement to fund operations and the maintenance of the biological assets
- Exercise of a put option by an institutional investor due to the failed recapitalisation.

3.7 Report as to Affairs

Each of the current Directors have provided a identical RATA to us. A RATA provides information on the financial position of each Company as at the date of our appointment. We have prepared a summary of the consolidated RATA for Quintis and this is detailed below:

Table 14 – Report as to Affairs

Report as to Affairs	Book or cost valuation \$ million	Estimated realisable value \$ million
Assets not specifically secured	1,322	Withheld commercially sensitive
Assets subject to specific security interests (net of specific security interests)	-	-
Total assets	1,322	Withheld commercially sensitive
Less payable in advance of secured parties	(2)	(2)
Less amounts owing and secured by debenture or circulating security interest over assets	(359)	(359)
Less preferential claims ranking behind secured parties	-	-
Balances owing to partly secured parties	(0)	(0)
Balances owing to unsecured creditors**	(425)	(444)
Contingent assets	Withheld commercially sensitive	Withheld commercially sensitive
Contingent liabilities	(153)	(152)
Estimated surplus/(deficiency) subject to the costs of the Administration		

* Each entity of Quintis has a RATA summary at Appendix 11

** Includes intercompany claims

3.8 Historical financial performance

Below is a summary of the comparative balance sheets and profit and loss statements of Quintis, extracted from Quintis' books and records, for the previous three financial years. Full financial statements and result presentations can be found on Quintis' website (<https://quintis.com.au/>).

3.8.1 Profit and Loss

Set out below is the historical financial performance for Quintis Group for the last three financial years. Quintis had not prepared audited financials as at 31 December 2017.

FY17

Revenue declined significantly in FY17 due to:

- \$307.4 million decrease in the value of Quintis' interest in biological assets
- Lower than historical revenue for services attributable to lower establishment fees in Q4 of FY17.
- Expenses increased predominantly due to the impairment of the pharmaceutical cash generating unit and the plantation management cash generating unit by \$181.4 million.

Table 15 – Profit and loss

\$ million	Notes	FY17	FY16	FY15
Revenue:				
Revenue from services	1	52.9	150.1	139.9
Revenue from land sales	2	0.1	8.1	7.0
Revenue from product sales	3	39.3	29.9	27.7
Interest	4	5.1	3.6	3.5
Total revenue		97.4	191.7	178.1
Other income:				
Other income		0.2	0.2	3.3
Fair value movement of biological assets (Quintis interest)	5	(307.4)	76.9	136.6
Total other income		(307.2)	77.1	139.9
Total revenue and other income		(209.8)	268.8	318.0
Expenses:				
Operating costs	6	(64.1)	(52.6)	(47.8)
Salaries and employee costs	6	(36.5)	(32.9)	(24.7)
Sales and other administration costs	6	(69.1)	(26.6)	(23.3)
Depreciation and amortisation		(13.3)	(11.2)	(8.6)
Finance costs	7	(41.6)	(30.4)	(22.5)
Foreign exchange gain/(loss)		7.0	(4.8)	(39.0)
Fair value gains/(losses)	8	24.4	1.9	-
Gain – acquisition controlling interests		-	17.2	5.2
Revaluation loss – land and buildings		(11.3)	(6.7)	-
Impairment	9	(181.4)	-	-
Total expenses		(386.1)	(146.0)	(160.8)
Profit/(loss) before tax from continuing operations		(595.9)	122.8	157.3

Source: Audited financials

A summary of key notes is provided below. For complete financial statements, please see the Quintis website at <https://quintis.com.au/corporate/shareholders/financial-reports/>

Note 1:

Revenue from services relates to MIS product establishment fees and ongoing lease and management fees from investors. In FY17 there was a large decrease in revenue from services due to no sales being made during Q4 FY17. Management attributes this to the loss of confidence from investors in Quintis.

Note 2:

Revenue from land sales is revenue from land sold which is unsuitable for Quintis plantations.

Note 3:

Revenue from product sales relates to sales of East Indian Sandalwood timber, East Indian Sandalwood oil and Spicatum oil.

Note 4:

Interest includes interest received on cash at bank and interest on Growers loans.

Note 5:

The fair value movement of Quintis' interest in biological assets relates to the net present value of the plantations owned by Quintis. Key assumptions which make up the valuation includes:

- Harvest year
- Forecast heartwood production
- Projected oil content
- Price of sandalwood oil

- Costs of growing, harvesting, processing and marketing
- Discount rate.

Note 6:

Operating costs, salaries and employee costs, sales and other administration costs comprise of the key costs in managing the businesses including all forestry costs and costs related to promoting MIS products.

Note 7:

Finance costs are interest and other finance costs which relate to the secured bond facility. The facility is denominated in USD and the foreign exchange is translated into AUD.

Note 8:

Fair value changes recognised is the fair value on the contingent consideration payable to the former owners of Santalis.

Note 9:

Impairment is the impairment of goodwill and intangible assets in Santalis and impairment of plant and equipment. Assets are impaired when the value of future cash flows from a cash generating unit are less than the carrying value.

3.8.2 Balance sheet

Set out below is the balance sheet for the close date at the end of each of the past three financial years. Quintis had not prepared audited financials as at 31 December 2017.

There is a material movement in net assets downwards by \$430 million between 30 June 2016 and 30 June 2017. The movement was due to:

- \$307 million decrease in the value of biological assets.
- \$181 million impairment to pharmaceutical CGU and the plantation management CGU.

Table 16 – Balance sheet

\$ million	Notes	30 Jun 17	30 Jun 16	30 Jun 15
Current assets				
Cash and cash equivalents	1	25.4	107.0	72.7
Receivables and inventories	2	77.7	110.1	116.9
Other		5.3	31.2	20.6
Total current assets		108.4	248.2	210.2
Non-current assets				
Other	3	70.8	62.4	83.9
PPE and Biological assets	4	586.3	916.1	751.6
Intangible assets and goodwill	5	107.9	265.2	127.7
Total non-current assets		765.0	1,243.7	963.2
Current liabilities				
Trade and other payables	6	18.0	49.4	55.1
Financial liabilities	7	352.7	14.0	0.0
Total current liabilities		381.9	95.4	95.9
Non-current liabilities				
Provisions		27.1	3.3	1.8
Financial liabilities	7	108.0	442.1	349.4
Other non-current liabilities	8	39.2	203.9	151.7
Total non-current liabilities		174.4	649.3	502.9
Total liabilities		556.2	744.7	598.8
Net assets		317.1	747.2	574.5
Equity				
Issued capital		284.1	280.8	188.9
Reserves		14.4	19.4	18.5
Retained earnings		18.6	447.0	367.1
Total equity		317.1	747.2	574.5

Source: Audited financials

A summary of key notes is provided below. For complete financial statements, please see the Quintis website at <https://quintis.com.au/corporate/shareholders/financial-reports/>.

Note 1:

Cash and cash equivalents include cash on hand, deposits held at call with banks, and other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short term borrowings in current liabilities on the statement of financial position.

Note 2:

Inventory items are Indian Sandalwood oil, Indian Sandalwood timber, Spicatum and land held for sale. Inventories are measured at the lower of cost and net realisable value. For harvested trees, costs are fair value less estimated costs to sell at the point of harvest plus harvesting, conversion, and processing costs. Raw materials are valued at weighted average cost. Work in progress and finished goods are valued at weighted average cost of direct materials and an appropriate portion of fixed and variable overhead expenses.

Trade receivables are recognised and carried at original invoice amount, or the amount due, less a provision for any uncollectible debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable

Note 3:

Other non-current assets include trade and other receivables (including loans to growers) and other financial assets, being funds held in custodian accounts and funds held in relation to bank guarantees.

Note 4:

PPE and Biological assets include property, plant and equipment used in Quintis' operation and biological assets. Biological assets are trees owned by Quintis. Key assumptions used to value Biological assets include:

- Harvest year
- Forecast heartwood production
- Projected oil content
- Price of sandalwood oil
- Costs of growing, harvesting, processing and marketing
- Discount rate.

Note 5:

Intangible assets and goodwill includes intangible assets such as deferred lease and management fees, supply agreements, goodwill related to the Santalis acquisition and investments using the equity method.

Note 6:

Trade and other payables include amounts outstanding to creditors at the date of the accounts. Liabilities for trade creditors and other amounts are carried at amortised cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to Quintis. Deferred cash settlements are recognised at the present value of the outstanding consideration payable on the acquisition of an asset discounted at prevailing commercial borrowing rates.

Note 7:

Financial liabilities are amounts outstanding to Quintis' Secured Noteholders. Quintis did not publish quarterly financial reports by 30 May 2017 and this was an event of default. Given the event of default, the debts to Quintis' Noteholders was classified as a current liability, rather than non-current.

Note 8:

Other non-current liabilities include deferred tax liabilities and unearned income.



3.8.3 Cash flow

Set out below is the cash flow for the previous three financial years.

Table 17 – Cash flow

\$ million	Notes	FY17	FY16	FY15
<i>Cashflows from operations</i>				
Receipts from customers		74.4	145.5	140.4
Payments to suppliers and employees		(135.5)	(116.1)	(103.2)
Interest received		5.1	3.6	(8.8)
Land payments		-	(3.3)	18.3
Net repayments from growers		13.0	25.0	3.5
Finance charges		(30.9)	(31.2)	(19.6)
Income tax payable		(7.3)	(3.1)	(5.9)
Net cashflows (used in)/from operating activities	1	(81.3)	20.2	24.6
<i>Cashflows from investing activities</i>				
Net PPE receipts/(payments)		(24.8)	(21.7)	(18.3)
Payments for land improvements		(20.4)	(37.9)	(45.8)
Net investment receipts/(payments)		(2.8)	(0.5)	0.3
Net MIS custodian receipts/(payments)		2.1	(0.4)	(0.3)
Land, building and acquisition costs		(4.9)	(19.7)	(6.8)
Net cashflows used in investing activities	2	(50.8)	(80.1)	(70.9)
<i>Cashflows from financing activities</i>				
Net borrowings		59.0	36.0	35.1
Share based receipts/(payments)		(8.4)	58.2	(4.7)
Other financings cashflows		(0.2)	-	-
Net cash flows from financing activities	3	50.5	94.2	30.4
Net inc/(dec) in cash and equivalents		(81.6)	34.3	(15.9)
Cash at beginning of the period		107.0	72.7	88.6
Cash at the end of the period		25.4	107.0	72.7

Source: Audited financials

A summary of key notes is provided below. For complete financial statements, please see the Quintis website at <https://quintis.com.au/corporate/shareholders/financial-reports/>

Note 1:

- Operating cash flow is a measure of the amount of cash generated by a company's normal business operations.
- Operating cash flow consists of receipts from customers, payments to suppliers and employees and finance charges.
- Receipts from customers includes establishment fees for MIS products, lease and management fees and product sales.
- Finance charges includes interest and fees associated with the finance facility.

Note 2:

- Cash flow from investing activities is the change in cash due to capital expenditure or the sale of assets.
- Typically, Quintis has invested in plant and equipment, land improvements and land.

Note 3:

- Cash flow from financing is part of the cash flow statement that accounts for raising capital through equity or borrowings and payment of dividends.
- From FY15 to FY17, Quintis has been dependent on both debt and equity funding.

4 Investigations

4.1 Administrators' investigations – scope

Under the Act, we are required to investigate Quintis' business, property, affairs and financial circumstances.

We are also required to investigate and report to creditors on:

- Any possible recovery actions that would be available to a liquidator, if creditors resolve to place any or all of the Quintis companies into liquidation.
- Breaches of duty or other offences under the Act by the directors.

The Administrators are required to form an opinion about whether it would be in the best interests of the creditors of Quintis to execute a DOCA, for the administrations to end or for Quintis to be wound up. Given the comparison required with a winding up (versus a DOCA), our investigations include the consideration of whether there are any potential actions (and recoveries) available to a liquidator if creditors resolve to place individual companies of Quintis into liquidation.

We are required to report to ASIC if we consider that past or present officers or shareholders of Quintis may have committed an offence under the Act.

The time frame associated with the Administration process limits the extent of investigations that can be performed prior to the Second Meetings of Creditors. Our investigations are at a preliminary stage and we are not able to provide any final comments about potential offences that may have been committed or final amounts of money that may be recoverable in the event of any of the companies being placed into liquidation. It should be noted that further detailed investigations will need to be undertaken by a liquidator (if appointed), and independent legal advice sought to determine the likely success of any actions contemplated in respect to the matters detailed below.

It is normal in a voluntary administration to not be able to complete the investigations. The recoveries discussed below are for the purposes of providing creditors with an understanding of what potential recoveries may exist if a liquidation occurs.

4.2 Information reviewed

The opinions outlined below are based on investigations undertaken by into Quintis' affairs, business and financial position. Our investigations have been based on the following information:

- Representations of Directors of Quintis.
- The investigations into Quintis' assets and liabilities.
- The books and records of Quintis, which have been made available to us.
- Review of RATAs and representations made by the Directors.
- Discussions with management, staff, suppliers, customers and other parties.
- Books and records, including accounting information.
- Forensic investigation of emails and other correspondence.

4.3 Approach to preliminary investigations

Throughout our preliminary investigations, we:

- Analysed and where required, maintained the integrity and security of the IT systems of Quintis. We were required to take immediate steps to stop any intrusions into IT systems.
- Undertook a computer forensic process that included securing devices including:
 - Computer servers.
 - Backup tapes.
- Completed a review of key employees' electronic mailboxes.
- Acquired the images and then indexed many of the above items to allow us to undertake electronic analysis of data and electronic files.
- Held discussions with the Directors of Quintis.



- Held discussions with key employees.
- Identified, reviewed, reconstructed where required, and analysed financial information in both hard copy and electronic form.
- Undertook searches of various publicly available databases, including ASIC and OSR records.

4.4 Offences by the directors under the Act

Section 438D of the Act requires an Administrator to lodge a report with ASIC if it appears that:

- A past or present officer, or member, of a company may have been guilty of an offence in relation to the Companies, or
- A person who has taken part in the formation promotion, administration, management or winding up of a company may have misapplied money or property of a Company or may have been guilty of negligence, default, breach of duty or trust in relation to the Companies.

4.4.1 Reporting to ASIC

During our investigations, we have identified certain areas where Directors may have acted in breach of the Act. As at the date of this report, we have not yet reported to ASIC under Section 438D of the Act.

4.5 Summary of potential offences

A summary of our investigations and potential offences are set out below, indicating whether, on the information available to us, further investigation may be warranted:

Table 18 – Potential recovery action /offences

Section of the Act	Potential recovery action	Report reference	Further investigation warranted
Liquidator actions			
588G,M	Insolvent trading	N/A	No
588FA	Unfair preferences	4.6	Yes
588FB	Uncommercial transactions	N/A	No
588FD	Unfair loans	N/A	No
588FDA	Unreasonable director related transactions	N/A	No
Potential director offences			
180–184	Breaches of general directors' duties	4.7	Yes
191	Breach of duty to disclose material personal interest	4.7	Yes
286	Failure to keep proper accounting records	N/A	No
292/319	Failure to lodge annual reports with ASIC	N/A	No
314	Failure to comply with requirements for financial statement preparation	N/A	No
438B	Failure to assist Administrators	N/A	No
588G,K	Being a director when an insolvent incurs a debt and there are reasonable grounds for suspecting it to be insolvent	N/A	No
Part 5.8A	Arrangements to avoid employee entitlements	N/A	No
1307	Concealing, destroying or falsifying books and records	N/A	No
1308	Making a statement which is knowingly false or misleading in a material particular	4.7	Yes

4.6 Potential recovery actions available to a Liquidator

4.6.1 Insolvent trading – claim against directors

Under the Act, a director is personally liable to a company if the director fails to prevent a company from incurring a debt when, at the time of incurring that debt, the company is insolvent, or becomes insolvent by incurring the debt, and there existed reasonable grounds to suspect that the company was or would become insolvent. This claim must be proven by a liquidator against each individual director.

The Act provides a number of possible defences to directors to a claim for insolvent trading. These defences are:

- At the time the debt was incurred the directors had reasonable grounds to expect and did expect that the company was solvent and would remain solvent if it incurred that debt and any other debts that it had incurred at that time.
- At the time the debt was incurred the directors had reasonable grounds to believe and did believe that a competent and reliable person was responsible for providing information about the company's solvency and that person was fulfilling that responsibility.
- The directors through illness or some other good reason were not taking part in the management of the company at the time the debt was incurred.
- The directors took all reasonable steps to prevent the company from incurring the debt.

If an insolvent trading claim was to be brought against the Directors, we expect the Directors would be entitled to rely on the defences available to them.

4.6.2 Date of insolvency

If a company is placed into liquidation, various provisions of the Act enable the liquidator to recover amounts from creditors (unfair preferences) or from directors of the company (for insolvent trading). Certain other transactions may be voidable if they occurred at a time the company was insolvent, or the company became insolvent because of entering into the transaction.

Section 95 of the Act states:

- A person is solvent if, and only if, the person is able to pay all the person's debts, as and when they become due and payable.
- A person who is not solvent is insolvent.

Solvency is therefore primarily a cash flow test; however the Courts have used other key indicators in a balance sheet environment.

We have approached our investigations on the basis that Quintis operated a centralised finance, operating and reporting basis. From our preliminary investigations we have determined that Quintis was most likely insolvent from 19 January 2018, when an institutional investor exercised a put option for \$37 million and Quintis was unable to pay this debt.

There is an alternative, but less likely, view that Quintis may have been insolvent from as early as June 2017, which was when the Board was first presented a cash flow forecast showing a breach of facilities (discussed in section 4.6.3). The reason why in our opinion the date of insolvency is unlikely to be around June 2017 is because the Board implemented several initiatives to remain solvent, including:

- Deferral of interest payments to Noteholders
- Increased facilities agreements to fund the liquidity shortfall
- Deferral of put options with key stakeholders
- Deferral of non-critical capital expenditure
- Decrease in funding for Santalis
- Seeking specialised advice from professional advisors.

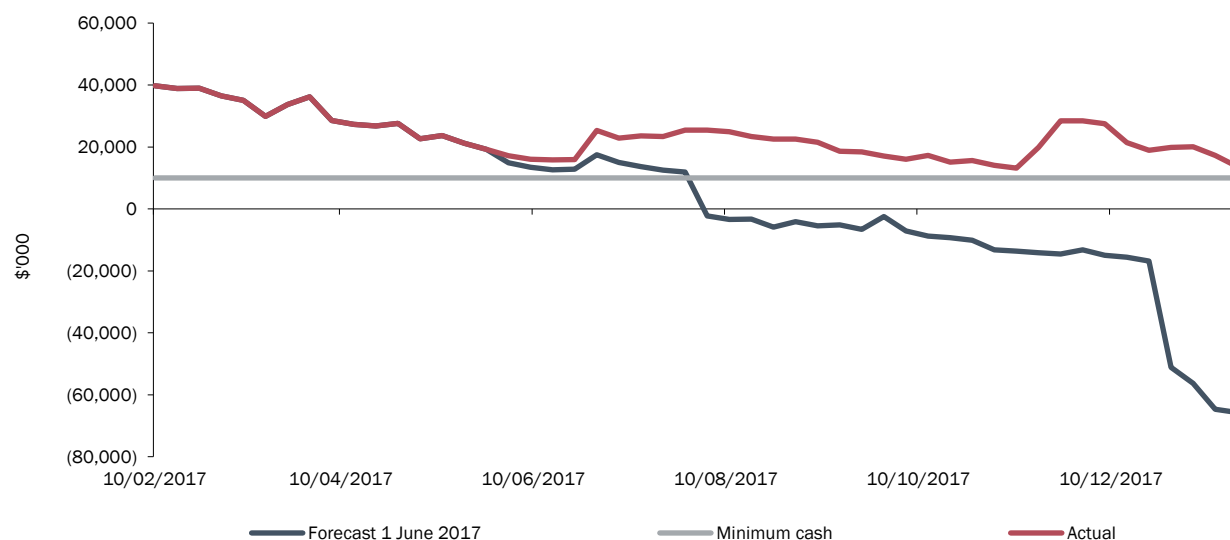
Further, Quintis was in active discussions with its key stakeholders (most notably the Noteholders) and interested parties around the terms of a solvent restructure and recapitalisation and had a reasonable basis to believe an agreement would be reached.

Therefore, in our opinion the date of insolvency was most likely 19 January 2018.

4.6.3 Cash flow forecast from June 2017

Figure 5 – Cash flow forecast

Closing cash balance



The cash flow forecast indicated that there would be cash flow stress from August 2017 if there was not support from stakeholders.

Quintis was able to continue trading due to the following support being received, compared to the forecast position:

- \$14.5 million cash saving as Noteholders agreed to defer interest payments
- \$18.8 million additional liquidity provided by Noteholders
- \$39.3 million from deferral of a put option
- \$15.0 million reduced capital expenditure
- \$5.0 million less funding advanced from Quintis to Santalis than the June 2017 forecast.

4.6.4 Other insolvency indicators

The case of ASIC v Plymin (2003) 46 ACSR 126 is often referenced in considering the time a person/company becomes insolvent. The case contains a list of common indicators of insolvency, which have been adopted to determine the solvency of Quintis.

Table 19 – Insolvency indicators

Insolvency indicator	Present	Date Relevant to insolvency	Administrators' comments
Balance sheet tests			
Working capital deficiency	No	N/A	The working capital position improved from June 2017 due to various initiatives as set out above and prompt payment of creditors. The impact of these initiatives is that the actual cash balance was maintained above the \$10 million AFSL limit.
Net asset deficiency	No	N/A	Quintis had a net asset surplus up to the date of the appointment of Administrators. Based on financial statements: <ul style="list-style-type: none"> • \$747.2 million at 30 June 2016 • \$767.4 million at 31 December 2016 • \$317.2 million at 30 June 2017 • \$309.1 million at 31 December 2017 (un-audited).

Insolvency indicator	Present	Date Relevant to insolvency	Administrators' comments									
Liquidity ratios	No	N/A	<p>A company's liquidity ratio compares its current assets to its current liabilities and is designed to examine a company's ability to access funds in the immediate short term to pay liabilities which are due and payable.</p> <p>As at 30 June 2017 and 31 December 2017, liquidity ratios were as follows.</p> <table border="1"> <thead> <tr> <th></th> <th>30/06/2017</th> <th>31/12/2017</th> </tr> </thead> <tbody> <tr> <td>Quick ratio</td> <td>1.0</td> <td>1.4</td> </tr> <tr> <td>Current ratio</td> <td>1.6</td> <td>1.9</td> </tr> </tbody> </table> <p>Typically, a quick ratio above 1.0 suggests a company can meet its short term debts as they become due and payable.</p>		30/06/2017	31/12/2017	Quick ratio	1.0	1.4	Current ratio	1.6	1.9
	30/06/2017	31/12/2017										
Quick ratio	1.0	1.4										
Current ratio	1.6	1.9										
Ageing of trade creditors	No	N/A	<p>From June 2017 to December 2017, trade creditors decreased.</p> <p>Specifically, in June 2017 creditors totalled \$18.0 million across Quintis with 15 % aged over 30 days. In December 2017, creditors totalled \$8.9 million across Quintis with 25% over 30 days, however the majority of these creditors were in dispute.</p>									
Breaches of covenants	Yes	N/A	<p>Quintis failed to provide March 2017 quarterly financial statements to Noteholders by 31 May 2017 which constituted a non-financial default on its borrowings.</p> <p>Quintis received a notice advising an Event of Default had taken place.</p> <p>Quintis subsequently received a waiver for the reporting default on 10 July 2017.</p> <p>Quintis did not comply with the conditions of the 10 July 2017 waiver and subsequently received waivers to 31 August 2017.</p> <p>On 31 August 2017, Quintis entered a forbearance agreement with its Noteholders to 31 March 2018.</p> <p>From the information available to us, Quintis engaged with the Noteholders for a significant period with a view to agree a solvent recapitalisation. The default of the finance facilities is an indicator of insolvency, however Quintis obtained the necessary relief to 31 March 2018.</p>									
Inability to extend finance facilities	No	N/A	<p>Quintis was able to extend its finance facilities in August 2017 when it received a waiver of its obligations. In November 2017, the Noteholders advanced an additional \$18.8 million in funding so Quintis was able to continue to trade.</p>									
Inability to meet other financial commitments/default on finance agreements	Yes	19 January 2018	<p>Quintis entered a put option with an institutional plantation owner in 2014. The put option was exercisable by 30 April 2017 and would have been payable by 30 July 2017. Prior to the expiry of the option, Quintis negotiated for the put option to be extended with an exercise date of between 10 July 2017 and 14 July 2017 or between 11 December 2017 and 15 December 2017.</p> <p>The put option exercise date was extended several times until 19 January 2018 when the put option holder exercised its option to sell back its trees to Quintis.</p>									
Availability of other cash resources – cash flow test												
Cash flow forecast	Yes	19 January 2018	<p>Quintis commenced preparing daily cash flow forecasts from May 2017. From the cash flow forecast set out above Quintis was unable to trade beyond August 2017 unless there was support from significant stakeholders.</p> <p>The Directors undertook several different work streams to address the forecast liquidity shortfall which included:</p> <ul style="list-style-type: none"> • Negotiating with put holders to defer and reduce amounts payable • Negotiating for interest deferral and additional facilities from Noteholders • Undertaking a cost reduction and redundancy program • Discussions with various interested parties to provide an equity solution to Quintis. <p>Additionally, Quintis sought to defer liabilities under existing agreements with the Noteholders as well as providing additional funding.</p>									

Insolvency indicator	Present	Date Relevant to insolvency	Administrators' comments
			Given the support that Quintis received and the impact on actual cash flows, the cash flows support an insolvency date of 19 January 2018.
Profitability/trading losses	Yes	30 June 2017	Quintis had historically been profitable until FY17 when it incurred losses of \$595 million. The loss in FY17 was due to non-cash items of impairment charges of \$307 million for the write down of Quintis' biological assets and \$160 million primarily for impairment of goodwill in Santalis. Cash EBITDA for FY17 was negative \$19.4 million.
Overdue Commonwealth and State taxes	No	N/A	The only liabilities which are outstanding relate to the current period.
Forbearance agreements from creditors	Yes	19 January 2018	Quintis entered forbearance agreements with Noteholders in July 2017 when it failed to lodge quarterly accounts with Noteholders. The Noteholders continued to provide ongoing forbearance and standstill arrangements up until the date of insolvency.
Demands from creditors	No	N/A	Quintis management advised no demands were received from creditors. We have not located any evidence of creditor demands in our investigations.
Payment arrangements	No	N/A	Management advised they were not on any payment plans or payment arrangements. We have not located any evidence of payment plans in our investigations.

4.6.5 Defences available to directors for insolvent trading

The Act provides a number of possible defences to directors to a claim for insolvent trading. These defences are:

- At the time the debt was incurred the directors had reasonable grounds to expect and did expect that the company was solvent and would remain solvent if it incurred that debt and any other debts that it had incurred at that time.
- At the time the debt was incurred the directors had reasonable grounds to believe and did believe that a competent and reliable person was responsible for providing information about the company's solvency and that person was fulfilling that responsibility.
- The directors through illness or some other good reason were not taking part in the management of the company at the time the debt was incurred.
- The directors took all reasonable steps to prevent the company from incurring the debt.

In our opinion, the date of insolvency was 19 January 2018. Up to this date, the Directors had reasonable grounds to expect the Quintis was solvent and would remain solvent if it incurred debts, subject to achieving support which included:

- Securing additional financing facilities.
- Defer interest repayments to bondholders.
- Delay of put options.
- Exploration of solvent recapitalisation of Quintis.

4.6.6 Voidable transactions

Unfair preferences

If a company is placed into liquidation, various provisions of the Act enable the liquidator to recover certain payments that were made by the company to a creditor prior to the company being placed into voluntary administration, referred to as unfair preferences. These are transactions where the payment results in a creditor receiving more than it would have received in the winding up of the company.

In order to prove a creditor received an unfair preference payment, the liquidator must first show that the company was insolvent at the time of the payment.

The creditor has a defence to an unfair preference claim by a liquidator if it proves that it entered into the transaction in good faith and, at the time the benefit was received, the creditor had no reasonable grounds for suspecting that the company was

insolvent or would become insolvent through entering into the transaction and valuable consideration was given, nor would a reasonable person in the creditor's position have suspected that the company was insolvent or would become insolvent.

A preliminary review of Quintis' records indicates several categories of potential preferential payments which were paid on in the days leading up to appointment:

- \$0.9 million of advisor's fees which were paid in the days leading up to our appointment.

Uncommercial transactions

A transaction of a company is an uncommercial transaction if the following elements are established by a liquidator:

- The transaction was entered into or given effect to within two (2) years of the date of appointment of the administrator.
- At the time the transaction was entered into, or when given effect to, the company was insolvent or became insolvent as a result of the transaction.
- A reasonable person in the company's circumstances would not have entered into the transaction having regard to the benefits and detriments to the company in entering into the transaction and the respective benefits to other parties.

The defences available to a party involved in an uncommercial transaction claim are, in effect, the same as those for an unfair preference.

We are unaware of any uncommercial transactions entered into by Quintis.

Unfair loans

Essentially an unfair loan is a loan agreement where the interest or charges are considered to be extortionate. Unfair loans made to the company any time prior to the appointment of the administrators may potentially be overturned by a subsequently appointed liquidator, whether or not the company was insolvent at any time after the loan was entered into. From our investigations, we are not aware of any unfair loans entered into by Quintis.

4.7 Offences under the Act by the directors

4.7.1 Care and diligence and duty to act in good faith

Sections 180 to 184 of the Act sets out the duties imposed on directors. These include:

- Section 180 – duty of care and diligence;
- Section 181 – duty of good faith; and
- Section 182 – use of position.

The duty to act in good faith includes the following:

- to act honestly
- to exercise powers in the interests of the company
- to avoid conflicts of interest
- to use their position properly
- to use information only for its proper purpose.

A number of allegations which we have investigated remain subject to the ongoing Class Action, hence we are limited to what we can disclose relating to director's duties and information around continuous disclosure, to ensure we do not prejudice Quintis' position.



Table 20 – Summary of potential offences

Allegation	Potential breach	Substantiation
Breach of directors' duties Director(s) improperly used information for benefit to themselves	s181–184 and s1043 of the Act	<ul style="list-style-type: none"> • Through our investigations we have become aware that the Former Managing Director of Quintis may have used information to benefit himself. Specifically, on Thursday 23 March 2017: <ul style="list-style-type: none"> – Former Managing Director notified his US and Australian lawyers that he was expecting a takeover proposal from a Chinese private equity fund. – A company which Former Managing Director held shares in (Domenica Nominees Pty Ltd) bought 50,000 shares in Quintis. • Purchasing the shares may have occurred at a time when Former Managing Director may have been privy to information of which the market was not aware. • In addition, the party who put forward the proposal sent nine emails to Former Managing Director between December 2016 and 23 March 2017. • If Quintis is placed in liquidation, the liquidators will investigate this further. However, ultimately it would be up to a Court to determine whether Former Managing Director breached his duties as a director.
Breach of directors' duties	s181–184 of the Act	<ul style="list-style-type: none"> • On 27 March 2017, Quintis announced: <ul style="list-style-type: none"> – That there was an industry wide focus on import duty avoidance (by Sandalwood producers) by the Chinese regulators. – It was included in a broader investigation and one China based employee was interviewed as part of this investigation. – It would terminate the agreement with their China based customer (Shanghai Richer Link) should they become aware Shanghai Richer Link was engaged in customs evasion. • Quintis subsequently announced on 17 October 2017 the contract with its China based customer had been terminated. • If Directors of Quintis knowingly engaged in customs evasion in China this might constitute a breach of directors' duties under the Act. • If liquidators are appointed, this matter be required to be examined in more detail to determine whether there was any wrongdoing on behalf of the Directors.
Breach of directors' duties Breach of disclosure requirements	s181–184 of the Act s1308 of the Act	<ul style="list-style-type: none"> • From documents available to the Administrators, we have become aware, that a company in which the Former Managing Director held shares, obtained a margin loan against shares held in Quintis from an offshore funder in 2015. • During standard due diligence for a capital raising in 2016, the Former Managing Director failed to disclose his margin loan, stating in an email he had not entered into any margin loan facility. • The non-disclosure of the margin loan may have been a breach of disclosure required and may be a breach of director's duties. • However, it should be noted, the Former Managing Director's margin loan was within the regulations of the ASX listing rules and there was no breach of Quintis' trading policy.
Breach of directors' duties Breach of disclosure requirements	s181–184 of the Act s1308 of the Act	<ul style="list-style-type: none"> • In February 2014 Quintis' subsidiary Santalis entered into an Indian Sandalwood Oil sale contract with Galderma (a subsidiary of Nestle). • Quintis supplied over 1,200 kg of Indian Sandalwood Oil to Galderma under the supply contract with all of the supplies occurring during 2014 and 2015 calendar years. • On 16 December 2016, Santalis entered into an agreement which terminated its licensing and supply arrangements with Galderma with termination taking effect from 1 January 2017. Under the termination agreement, Galderma retained an option to reinstate the licence and supply arrangements until 1 July 2017.

Allegation	Potential breach	Substantiation
		<ul style="list-style-type: none"> • The termination of the licence agreement was announced to the market on 10 May 2017. • The Class Actions allege that the delay in announcement to the market may be a breach of directors' duties or continuous disclosure requirements. • Given the allegations in the Class Actions, we do not intend to comment further as to do so may compromise Quintis' position in those proceedings.
Breach of directors' duties Breach of disclosure requirements	s181-184 of the Act s1308 of the Act	<ul style="list-style-type: none"> • In February 2016, Quintis announced that the Quintis owned wood for the 2016 and 2017 harvests was pre-sold following new sales agreements with Chinese and Indian buyers. • In September 2016, Quintis announced the first shipments to China. • Quintis announced on 27 March 2017 that the sales agreement for China was with Shanghai Richer Link and no sales had been made during 2017. Quintis announced that the sales agreement for India, North Africa and the Middle East was with Medinext General Trading. • On 17 October 2017, Quintis announced it had terminated its agreement for the supply of Indian Sandalwood timber to Shanghai Richer Link. • The Class Actions allege that the pre-sold representations may represent a breach in directors' duties and continuous disclosure obligations. • Given the allegations in the Class Actions, we do not intend to comment further as to do so may compromise Quintis' position in those proceedings.
Breach of directors' duties and misleading and deceptive conduct	s181-184 of the Act	<ul style="list-style-type: none"> • Quintis made representations in its FY15 and FY16 financial statements that: <ul style="list-style-type: none"> - Quintis had made a post-tax profit for each financial year - Quintis had assets worth a certain value - Quintis paid total dividends of \$11.6 million in FY16 and \$10.2 million in FY15. • Quintis in its FY17 financial statements: <ul style="list-style-type: none"> - Disclosed a loss of other income of \$307 million due to a decrease in the value of biological assets. - Impaired the goodwill of Santalis and deferred fees by \$181 million. • Given the significant decline in these asset values, it appears the representations around profit and asset values may be misleading. There may be potential to further investigate whether there were sufficient profits to pay dividends. • Given these allegations are linked to the Class Actions, we do not intend to comment further as to do so may compromise Quintis' position in those proceedings.
Breach of directors' duties	s181-s184 of the Act	<ul style="list-style-type: none"> • The Former Managing Director and an associated entity entered into a sale of Indian Sandalwood trees in the amount of \$12.4 million (GST inclusive) to Quintis, an agreement which was finalised after the 30 June 2013 balance date. • The valuation which was ascribed to the Former Managing Director's trees was based on a valuation of trees prepared by Quintis. This valuation was also used to price other trees which Quintis bought back from other investors at this time. • Subsequently, the valuation methodology used to value Quintis' trees was changed for the FY13 accounts and was lower than the valuation methodology which was used to purchase the Former Managing Director's trees. • The Former Managing Director disclosed this transaction to the Quintis Board when it occurred.

Allegation	Potential breach	Substantiation
False representations	s181–184 of the Act s1308 of the Act	<ul style="list-style-type: none"> From our review of legal actions currently on foot, we have been made aware of representations which the Former Managing Director may have made to SIO Growers. These representations concerned the basis on which plantations could be sold back to Quintis.

The determination of whether current or former Directors have breached these provisions of the Act will be made by a Court. However, we make the following comments:

- Our investigations are preliminary in nature and we still are forming views on whether there is any further misconduct.
- The comments which we can make are limited given the ongoing Class Actions.
- The comments which we make are based on information available to us. Certain allegations may warrant further investigation and possibly legal action. We have not reached a determinative opinion in relation to these allegations.

4.7.2 Books and records

Failure to maintain adequate books and records may be relied upon by a liquidator in an application for compensation for insolvent trading and other actions for recoveries pursuant to Division 2 of Part 5.7B of the Act.

From our investigations to date, we consider that Quintis has maintained books and records in accordance with the requirements of the Act.



5 Sale process

The Receivers have a duty to realise the assets subject to their appointment. The Receivers' sale and recapitalisation process commenced shortly after their appointment in January 2018.

We have been involved in the sale and recapitalisation process through regular meetings with the Receivers and the financial advisor. We have been provided with bid summary reports and the individual proposals submitted by different parties.

5.1 Overview of pre-appointment sale process

Quintis Ltd engaged UBS (key staff later joined Sternship) in March 2017 as its defence/sale advisers to assess a potential offer received from a consortium linked to Former Managing Director. As part of their role, UBS reached out to approximately 100 strategic parties to assess if they were interested in the Quintis Group. Out of the 100 parties that were contacted, some level of engagement was received from approximately 35 parties.

The sale and recapitalisation process continued for nine months prior to the appointment of Administrators, however a solvent, all of company sale or recapitalisation, could not be achieved.

5.2 Overview of Receivers' sale and recapitalisation process

The Receivers continued with the pre-appointment sale and recapitalisation process following their appointment. The Receivers appointed Sternship to manage the process. The appointment was made to continue momentum from the pre-appointment campaign and given the complexity of the Quintis Group and the Sandalwood industry.

The Receivers first advertised the business and/or assets in the Australian Financial Review and The Australian on 6 February 2018, calling for expressions of interest in the business. In addition, the Receivers and Sternship proactively reached out to industry participants and the parties from the pre-appointment process.

5.3 Engagement with interested parties

Stage 1 sale process

A summary of the sale/recapitalisation process is as follows:

- 104 strategic parties were identified and contacted through Sternship's network
- 16 initial Expressions of Interest ('EOI') were received from interested parties
- A single whole of company proposal was received and five partial asset or marketing proposals were received.

A summary of the timing of the stage 1 sale process is set out below.

Table 21 – Summary of sale process

Event	Date
Commencement of national advertisement seeking expressions of interest	6 February 2018
Submission of initial expression of interest and execution of confidentiality deeds	Up to 23 February 2018
Dataroom opens – includes IM, financial model and other due diligence materials	14 February 2018
Commencement of Q&A through the Dataroom	14 February 2018
Stage 1 due diligence and Dataroom closes	23 March 2018
Deadline for non-binding indicative offers	23 March 2018

Following completion of stage 1 of the sale process, were six non-binding indicative offers which were received. These are summarised as:

- A single 'all of company' proposal was received; however, it was considered not capable of acceptance by the Receivers. This proposal is summarised below.

Table 22 – Summary of all of company offer

Bidder	Offer price \$ million	Included assets	Key excluded assets
Withheld confidential	107.3	<ul style="list-style-type: none"> Plantations, directly controlled by Quintis All land Processing assets Nurseries 	<ul style="list-style-type: none"> All high-net worth and retail investors' interests, except for land and MIS interests listed in the included assets Land and trees by owned by institutional investors Arwon Finance Pty Ltd Santalis Pharmaceuticals Inc Santalis Healthcare Corporation

- The proposal was deemed to be below an acceptable level as it would not be adequate to discharge the debt over of Quintis and was not pursued further.
- Five partial asset proposals or marketing agreement proposals were received. These parties were given the opportunity to put forward revised proposals in stage 2 of the sale process as set out below.

Stage 2 sale process

- In the absence of no appropriate 'all of company' or recapitalisation proposals, Sternship conducted a secondary process for those parties who were interested in specific assets of Quintis. These parties were requested to submit non-binding indicative offers by 20 April 2018.
- Three offers which were received. These are summarised below:

Table 23 – Summary of offers for assets

Bidder	Offer price \$ million	Planted Ha	Per Ha price \$'000
#1 Withheld confidential	43.5	988	44.03
#2 Withheld confidential	32.6	1,002	32.56
#3 Withheld confidential	39.5	1,021	38.69

The Receivers determined that based on the proposals received, the offers made for specific and limited assets were opportunistic and did not contribute materially to address the current situation; therefore, they were not pursued further by the Receivers.

6 Proposed Deed of Company Arrangement and Creditors Trust

6.1 Overview

Following completion of the sale and recapitalisation process, the Receivers (with support from the Noteholders) put forward a proposal for a whole of company restructure to be executed via a DOCA and a creditors scheme of arrangement ('the Scheme'). No other DOCA proposals were received. A copy of the draft DOCA has been provided at Appendix 14 in this report.

6.2 Key features of the DOCA

6.2.1 Pooling

The DOCA and the Creditors' Trust provide for the claims of unsecured creditors (excluding intercompany debts) of Quintis being pooled and transferred to the Creditors' Trust once the conditions precedent to the DOCA are satisfied. As such, an unsecured creditor of one entity of Quintis will be treated under the Creditors' Trust as an unsecured creditor of all the companies of Quintis without the need to prove its claim separately against each entity.

This approach reflects:

- The commercial position of the operating structure of Quintis whereby it operates together as one business.
- The economic impact flowing from the Deed of Cross Guarantee.
- The Noteholders' security position over Quintis.

The entities of Quintis that are not included in the Deed of Cross Guarantee (being Arwon Finance Pty Ltd, Australian Sandalwood Oil Co Pty Ltd, Quintis Leasing Pty Ltd and Sandalwood Properties Ltd) have less assets than the combined entities subject to the Deed of Cross Guarantee and are still subject to the Noteholders' security. Therefore, the Administrators consider the single pooled DOCA to be appropriate as no creditors will be prejudiced by the pooling. The proposed pooling arrangement will likely to be more efficient and less costly as it simplifies the management of unsecured creditor claims and the distribution of dividends.

Ongoing negotiation of the terms of the DOCA means it may change before the Second Meetings, however we do not expect any change to materially impact on the estimated return to creditors or diminish the rights of creditors. A current draft of the DOCA will be made available via the KordaMentha website no later than the day prior to the Second Meetings and will be available for review by creditors at the Second Meetings. The DOCA should be read in conjunction with the Trust Deed for the Creditors' Trust.

6.2.2 Key steps to completion

The key steps to completion of the DOCA are summarised below and will be further discussed at the Second Meetings:

- **Creditors' approval:** creditors of each company of Quintis will vote on the future of each company at the Second Meetings. The DOCA requires creditors of each company of Quintis to approve the DOCA. The approval level is 50% in value and 50% in number of creditors at each entity. The Chairperson will have a casting vote if the vote is split between value and number.
- **Scheme approval:** under the terms of the Scheme:
 - Quintis Ltd will transfer 100% of its shareholdings in the Subsidiaries to a new holding company (NewCo) in exchange for the Noteholders releasing Quintis Ltd from its indebtedness (and associated security) to repay the debt to the Noteholders (i.e. Quintis Ltd will have no further obligations to the Noteholders).
 - The Subsidiaries debt indebtedness to the Noteholders will be reduced and the maturity of the residual debt will be extended.
 - The Scheme will require approval of 75% in value and 50% in number of each class of creditor that is required to vote on the Scheme (expected to be the Noteholders only). In addition, the Scheme needs to be approved by the Court.
- **Satisfaction of other conditions precedent:** The only additional key conditions precedent that needs to be satisfied before the DOCA can be effectuated and the Creditors' Trust formed are receipt of the trust funds and payment of the Administrators' fees and expenses.
- **Creditors' Trust:** assuming approval of the DOCA and Scheme, satisfaction of the other conditions precedent and receipt of the trust funds (per below), claims of all unsecured liabilities (subject to certain exceptions) of the creditors of Quintis will

be pooled into a single Creditors' Trust. The transfer of the unsecured liabilities to the Creditors' Trust occurs on effectuation of the DOCA. The reasons for the use of a creditors' trust are discussed further in section 6.3.

- **Trust funds:** prior to effectuation of the DOCA, the Receivers will pay the Administrators' fees and expenses and pay funds of \$2.5 million to the Creditors' Trust for distributions to creditors and payment of the Deed Administrators' and Trustees fees and expenses.
- **Effectuation:** the impact of the DOCA being effectuated is set out below. These steps are envisaged to happen as soon as practicable post-effectuation:
 - The DOCA will terminate in respect of the Subsidiaries.
 - Quintis Ltd will remain Subject to DOCA. In due course the Deed Administrators will seek to sell Quintis Ltd's ASX listed shell, with any proceeds (net of realisation costs) passing to the Creditors' Trust for distribution to unsecured creditors.
 - The Deed Administrators of the Subsidiaries will become the Trustees of the Creditors' Trust.
 - Unsecured creditor claims (excluding intercompany amounts) against Quintis will be extinguished and transferred to the Creditors' Trust.

The key steps set out above to effectuation of the DOCA are required to be completed before 30 November 2018³, however the current target date is August 2018. The Deed Administrators will keep creditors informed of progress of the key steps via the Committee of Inspection.

6.3 Proposed Creditors' Trust

6.3.1 Purpose of a creditors' trust

A creditors' trust is a mechanism for the distribution of a fund to creditors of a company or group of companies, which accelerates a company's exit from external administration. A trust is formed for the benefit of the relevant creditors, and the trust funds (usually contributed by the proponent of the DOCA) are paid to the trust for distribution to creditors in accordance with a trust deed.

A creditors' trust is an arrangement pursuant to the Trustees Act 1925 (NSW) rather than the Act.

The DOCA requires the use of the Creditors' Trust. The reason for the Creditors' Trust structure will be to allow Quintis' business (with NewCo as the holding company) to exit insolvency and operate without the words 'Subject to DOCA' after each companies' name. We do not believe creditors will be prejudiced by using the Creditors' Trust.

In the case of the ongoing business to be conducted by the Subsidiaries, continued operation under 'Subject to DOCA' may have the following impacts:

- Some suppliers may have reservations about dealing with a company which is subject to a deed of company arrangement and this may impact the ability of the business to enter into long term agreements which are critical to ongoing operations.
- Some international counterparties / customers may not understand the Australian insolvency regime and the implications of a deed of company arrangement.
- There may be (as there often are) significant additional costs associated with compliance of a company subject to a deed of company arrangement.

There will not be any difference in the return to creditors or the timing of the distributions to creditors if the DOCA did not involve the Creditors' Trust, assuming the fund that would be available to pay creditors' claims was equivalent. We consider that the work to be undertaken by the Trustees under the Trust Deed, being to receive and adjudicate on creditor claims, and make payments in relation to creditor claims, would be practically the same under the DOCA only.

In Appendix 13 we have set out a list of the general risks the Creditors' Trust may give rise to and our opinion on whether they are real risks in the context of the DOCA. Creditors should seek their own legal advice prior to the Second Meetings if they are in any doubt as to what this means for them.

³ Or such other date agreed by the Deed Administrators, Quintis and the Receivers.

6.3.2 Creditors' Trust overview

The DOCA proposes \$2.5 million will be paid into the Creditors' Trust by the Receivers, for the benefit of participating creditors (refer to section 6 and Appendix 6 for estimated outcomes). Distribution of funds from the Creditors' Trust is governed by a trust deed ('the Trust Deed').

The draft Trust Deed is attached as Appendix 14 and the final form of the Trust Deed will be appended to the DOCA when the DOCA is signed. Ongoing negotiation of the terms of the Trust Deed means it may change before the date of the Second Meetings, however we do not expect any change to be material or impact on the estimated outcome for creditors. A current draft of the Trust Deed will be made available via the KordaMentha website no later than the day prior to the Second Meetings and will be available for review by creditors at the Second Meetings.

The draft Trust Deed should be read in conjunction with the draft DOCA.

At the time the Creditors' Trust takes effect, the claims of creditors against the relevant Quintis companies will be extinguished, in accordance with the terms of the DOCA and certain creditors will instead have an equivalent claim against the Creditors' Trust in accordance with the terms of the DOCA (as discussed in section 6.1).

Creditors should seek legal advice prior to the Second Meetings if they are in any doubt as to what the Creditors' Trust means for them.

6.3.3 ASIC guidelines for creditors' trusts

In May 2005, ASIC issued Regulatory Guide 82 in respect to Creditors' Trusts, entitled 'External Administrations: Deeds of company arrangement involving a creditors' trust' ('the ASIC Guide'). A copy of the Guide can be downloaded from the ASIC website at <http://www.asic.gov.au/> or is available from our office upon request.

In accordance with the ASIC Guide, we set out below updated information required to be made available to creditors where a DOCA provides for the use of a creditors' trust.

Table 24 – Creditors’ Trust information

Issue	Comments
Reasons	The DOCA, requires the use of a creditors’ trust and that certain claims against Quintis are extinguished and they become claims against the Creditors’ Trust.
Key events	<p>The following are the key events:</p> <ol style="list-style-type: none"> 1. Creditor approval for each company of Quintis to execute the DOCA. 2. Completion is to take place following satisfaction of any other conditions precedent, including the Scheme being approved by the requisite majority of Noteholders and by the Court. 3. At or around Completion: <ol style="list-style-type: none"> a. The Deed Administrators receiving confirmation that the Scheme has been approved by the Court and Completion can proceed under the DOCA immediately followed by implementation of the Scheme. b. The Receivers will pay the Administrators’ fees and expenses and pay funds of \$2.5 million to the Creditors’ Trust to be distributed amongst beneficiaries. c. The Deed Administrators will effectuate the DOCA in respect of the Subsidiaries (but not Quintis Ltd), creating the Creditors’ Trust. d. The Scheme be implemented. e. Creditors’ claims against Quintis will be extinguished and will become beneficiaries of the Creditors’ Trust. 4. Distribution made to Creditors’ Trust beneficiaries, following adjudication by the Trustees on all claims submitted by creditors.
	Any delay in the effectuation of the DOCA and subsequently the receipt of funds into the Creditors’ Trust by the Trustees will cause an equivalent delay in a distribution to creditors.
	In circumstances where completion cannot occur, either because:
	<ul style="list-style-type: none"> • The Noteholders or the Court do not approve the Scheme. • The DOCA proponent does not procure the pooled entities to pay the Trust funds.
	The DOCA provides that the Deed Administrators must convene a meeting of creditors and the creditors can vote on the future of Quintis again.
Return to creditors	Refer to section 7.
Trustee particulars	<p>The Trust Deed provides that the Administrators/Deed Administrators will become the Trustees of the Creditors’ Trust. The Administrators are registered liquidators and have the relevant skills and experience to perform the required duties and functions. The Administrators consider that there is no conflict of interest in them acting as trustees and that they have adequate civil liability insurance (including professional indemnity and fidelity) that will cover conduct by them in their capacity as trustee of the proposed trust. Full details of our experience, qualifications and credentials can be found at www.kordamentha.com or from this office upon request.</p> <p>ASIC will have certain supervisory powers (including the power to direct a registered liquidator to do certain things and disciplinary powers) under the IPS in relation to the conduct by the Trustees as they are registered liquidators.</p>

Issue	Comments
Remuneration	<p>The Creditors' Trust will provide for payment of the following from Creditors' Trust funds in priority to any distribution to participating creditors:</p> <ul style="list-style-type: none"> Any approved remuneration owing to the Deed Administrators and the Administrators which remains unpaid as at the date of the DOCA being effectuated. We do not anticipate any Administrators' fees and expenses will be outstanding as at the date the DOCA is effectuated as this will be funded by the Noteholders immediately prior to effectuation. Remuneration and costs due to the Trustees. The Trustees' remuneration will be based on the hours spent by the Trustees, calculated in accordance with the schedule titled KordaMentha Rates – National – FY18, which is enclosed as Appendix 12. <p>We have estimated the remuneration and costs of the Deed Administrators and the Trustees to be \$0.5 million to \$0.7 million. This estimate assumes that the adjudication of creditor claims does not require litigation or protracted negotiations, and that the distributions from the Creditors' Trust occur in the timeframes proposed. It is not possible to estimate the quantum of Trustee fees which may otherwise be incurred.</p> <p>We do not consider that additional professional fees will be incurred because of the use of the Creditors' Trust, compared with the position if Quintis remain subject to a DOCA.</p> <p>In a DOCA, the approval of the Deed Administrators' remuneration is subject to provisions of the IPS which require that the remuneration be agreed by the Committee of Inspection or approved by resolution of creditors or by the Court and which allow – where remuneration is agreed by the Committee of Inspection or approved by resolution of creditors – for a creditor (among other parties) to apply to the Court to review the remuneration. On such an application, the Court must have regard to whether the Deed Administrators' remuneration is reasonable with regard to a list of specified criteria in IPS 60-12 and the Court can affirm, vary or set aside the Deed Administrators' remuneration.</p> <p>In a creditors' trust, there is no equivalent statutory procedure in the Trustee Act 1925 (NSW) pursuant to which beneficiaries, the Committee of Inspection or the Court must agree or approve the Trustee's remuneration. A beneficiary can seek to review or challenge the Trustee's remuneration by application to the Supreme Court of New South Wales, including pursuant to Part 54 of the Uniform Civil Procedure Rules 2005.</p>
Indemnities	<p>Clause 10.1 of the Trust Deed provides that the Trustees are entitled to be indemnified out of the Creditors' Trust for all actions, suits, proceedings, accounts, claims and demands arising out of or relating to the Trust Deed which may be commenced, incurred by or made on the Trustees by any person and against all costs, charges and expenses incurred by the Trustees in respect of them, provided that the Trustees shall not be entitled to an indemnity in respect of any liabilities or demands to the extent that the indemnification contravenes the Act or the Trustee Act or if the Trustees, or any partner, employee, authorised agent or delegate of the Trustees have acted negligently, in breach of fiduciary duty or in breach of trust.</p> <p>Accordingly, fees and costs of the Trustees, and costs associated with any legal actions that are required to be defended or taken will be a cost of the Creditors' Trust. These fees and costs may diminish the return to creditors. Given the Trustees' limited role (being to adjudicate claims and distribute the Creditors' Trust) we do not envisage any material legal actions.</p> <p>The indemnity is continuing and takes effect from the commencement date of the DOCA.</p> <p>No other indemnity has been or is to be provided to the Trustees by any related or third party.</p>
Powers	<p>The Trustees will have all the powers of a natural person or a corporation in connection with the exercise of their rights and compliance with their obligations under the Creditors' Trust. The Trustees may exercise their rights and comply with their obligations under the Creditors' Trust in any manner they think fit.</p> <p>A deed administrator is governed by the Act whilst a trustee is governed by the Trust Deed and the Trustee Act 1925 (NSW).</p> <p>The proposed role of the Trustees here is limited to calling for and adjudicating on claims and distributing the Creditors' Trust. The draft Trust Deed has incorporated powers in a similar form to those that are able to apply to a Deed Administrator of a DOCA.</p> <p>There are unlikely to be any deficiencies in the power of the Trustees to perform their limited functions, which may lead to applications to Court.</p>
Claims	<p>Refer to section 6.1.</p>

Issue	Comments
Other creditor/beneficiary differences	<p>Refer to Appendix 13.</p> <p>The Creditors' Trust means there are some differences for creditors compared to a DOCA, which include:</p> <ul style="list-style-type: none"> • Any appeal to the Trustees' decision to reject a claim of a Participating Creditor must be made within 14 days of the Trustees giving notice of rejection, or such longer period as the Trustees permit. In a liquidation, the Act (Regulation 5.6.54(1)(b)(i)) stipulates that the appeal must be made within 14 days of the liquidator giving notice of rejection, or such longer period as the Court permits. • Beneficiaries of the Creditors' Trust do not have statutory powers to call creditor meetings like they do in a DOCA. However, the Trust Deed stipulates that the requirements of the Act, the IPS and the Rules relating to creditors' meetings, and the ability of the creditors to require a meeting to be held, will also apply to the Creditors' Trust. • The draft Trust Deed is attached as Appendix 14. While the Trust Deed process requires calling for proofs and paying dividends, this will involve communications with creditors at appropriate points. • In a DOCA, creditors have rights to call a meeting of creditors, or apply to the Court to vary or terminate the DOCA. In a creditors' trust, creditors do not have this right. However, we cannot foresee circumstances where the Creditors' Trust would need to be terminated or varied, as the only role of the Creditors' Trust is to adjudicate on claims and make distributions to creditors. • Beneficiaries of the Creditors' Trust will have the same ability to complain about the conduct of the Trustees to ASIC as they would in a DOCA, as the Trustees are registered liquidators. <p>We do not consider that these differences will have a material adverse effect on creditors.</p>
FEG	As Quintis will not be placed into liquidation, the employees will not be able to access FEG.
Compliance opinion	Based on our own investigations, there is nothing to indicate that the Noteholders will be unable to comply with their obligations under the DOCA. Importantly, participating creditors' claims against Quintis are not extinguished until the funds to satisfy claims are received by the Creditors' Trust.
Solvency statement	The terms of the proposed DOCA provides that, upon effectuation, all pre-appointment claims against Quintis, other than any specific claims excluded from participating in the DOCA, will be extinguished in full. Excluded claims are certain claims of lessors, certain claims of MIS Growers, intercompany claims and the debt owing to the Noteholders.
Tax (company/trust)	The creation of a creditors' trust creates the potential for some taxation issues to arise, as compared to an ordinary DOCA proposal (where the claims of participating creditors are dealt with by Quintis). These may mean that the funds available to creditors are reduced in order to account for any taxation liabilities associated with the administration of the distribution process under a trust structure. We do not expect that there will be any material changes to the funds available for distribution as a result of the Creditors' Trust structure, or that any taxation, capital gains or stamp duty liabilities will arise.
Tax (creditor/beneficiary)	There may be some implications for participating creditors as a result of receiving a distribution from a trust in respect of a bad or doubtful debt, rather than from the debtor company being administered under a DOCA. Creditors are advised to seek their own tax advice as to their particular tax position – the Administrators are unable to provide advice on this issue.
Other	No other material aspects or implications have been identified at this stage.

The involvement of a creditors' trust creates some complexity for the Administrators (who will be required to act in a trustee capacity) and for creditors. Although many of the operative provisions of the Act will be incorporated into the Trust Deed (so as to minimise the effect of the change in legal structure being utilised), creditors' rights under the Creditors' Trust will not be 'statutory rights' under the Act but will instead be rights under the Trustee Act 1925 (NSW) and in equity.

It is not anticipated that this will create any identified difficulties in this instance, as the objectives of the Creditors' Trust are fairly straightforward, and it is not expected that the Creditors' Trust will endure for an unduly long period of time. However, creditors' rights are being fundamentally transformed and they should take this into account in assessing the merits of the DOCA proposal put forward.

Creditors should seek legal advice prior to the Second Meetings of Creditors if they are in any doubt as to what this means for them.

6.3.4 Claims in the Creditors' Trust

Participating creditors of the Creditors' Trust will be those creditors who had a claim against one or more entities of Quintis as at 20 January 2018, who seek to become beneficiaries under the Creditors' Trust, and whose proofs of debt have been admitted by the Trustees.

The Trust Deed provides the Trustees will adjudicate upon proofs of debt received from creditors who seek to become beneficiaries under the Creditors' Trust. The Creditors' Trust incorporates the relevant provisions of the Act to reflect the creditors' proof and dividend procedures under the Act, with certain modifications as are necessary, meaning proofs submitted by creditors will generally be adjudicated as if they were proofs submitted in a liquidation of Quintis. The Trustees will also have access to the books and records of the Companies necessary to determine claims.

6.4 Distribution of funds

From the funds paid to the Creditors' Trust and any potential net realisations from the listed ASX shell of Quintis Ltd, the Trustee will distribute the Trust Fund in the following order:

1. Any applicable employee claims (approximately \$0.9 million);
2. Any unpaid Administrators' fees and expenses. As these fees are to be paid by the Receivers prior to completion, it is expected to be nil; next
3. Deed Administrators' and Trustees' fees and expenses (estimated to be approximately \$0.5 million to \$0.7 million); next
4. A distribution to creditors, within two creditor pools:

Pool A (for ongoing trade creditors)

- This pool is for ongoing trading creditors of Quintis and will be allocated two thirds of the balance of funds available in the Creditors' Trust following distributions being made to category 1-4 above.
- Is estimated to be approximately \$0.6 million to \$1.0 million will be available to Pool A.

Pool B (for statutory, financial and other creditors)

- This pool is for other unsecured creditors of Quintis and will be allocated one third of the balance of funds available in the Creditors' Trust following distributions being made to category 1-4 above.
- Is estimated to be approximately \$0.3 million to \$0.4 million will be available to Pool B.

Our estimated return to creditors if the DOCA is effectuated and the Creditors Trust implemented is summarised below and set out in detail in Appendix 6.

Creditors should read this report, the draft DOCA (Appendix 14) and draft Trust Deed (Appendix 14) for the Creditors' Trust to ensure they understand their rights.

6.4.1 Rationale for why certain creditors being treated differently

The proposed DOCA, and Creditors' Trust will effect a priority distribution to employees in accordance with Section 556 of the Act, and treat other unsecured creditors differently by creating two separate pools of available cash to pay a distribution these creditors.

It is not uncommon for creditors of the same class to be treated differently in a DOCA / Creditors' Trust provided there is an appropriate basis for that difference in treatment and that creditor is not being unfairly prejudiced.

The key reasons for reasons the DOCA providing different treatment of creditors is:

- Trade creditors with an ongoing relationship with the business going forward are deemed to be important for the ongoing viability of the business and add value.
- Other creditor claims relate to financial products, disputes and other claims where the relationship is such that the debtor/creditor relationship that led to the liability will not continue with the business in the future.
- Notwithstanding the different treatment of creditors, the return to all creditors is considered to be better than a liquidation scenario.

6.5 Estimated return to creditors from the DOCA proposal

Based on our analysis, the DOCA is estimated to provide returns to priority and unsecured creditors as summarised in the below table. Further details are provided in Appendix 6.

Table 25 – Summary of estimated returns to creditors under the DOCA

	Low (\$ millions)	High (\$ millions)	Low (cents on \$)	High (cents on \$)
Priority creditors (employees)	0.9	0.9	100.0	100.0
Pool A unsecured creditors	0.6	0.9	14.4	21.8
Pool B unsecured creditors	0.3	0.4	0.6	1.0
Noteholders	N/A	N/A	N/A	N/A

7 Alternatives available to creditors

7.1 Explanation of alternatives available to creditors

It is our obligation to make a recommendation to creditors on which alternative is in the best interests of creditors.

There are three options available for creditors to vote on at each Quintis' company meeting (voting is at each entity level):

1. The company to execute the DOCA,
2. The administration to end, or
3. The company to be wound up.

We make the following general comments in respect to each option.

7.1.1 Deed of company arrangement

The proposed DOCA provides for:

- A continuation of the business with NewCo replacing Quintis Ltd as the holding company.
- This is positive for the remaining 215 employees who will continue to be paid and have their existing employee entitlements continue, suppliers who may be able to recover some of their losses through future trading with the ongoing business, Growers, and customers.
- A fixed payment of \$2.5 million and to be shared amongst different groups of creditors.
- MIS investors' rights remain as per the status quo.
- SIO and BC investors retain the right to defer up to 50% of their annual costs (currently 100%).

7.1.2 Bringing the Administrations to an end

It is possible that creditors may consider ending the Administration and seek to return Quintis to the existing directors. However, should creditors vote to bring the Administration to an end, the Receivers will still be in control of Quintis and the statutory protection afforded to Quintis under voluntary administration would fall away. This would allow creditors to initiate legal proceedings for the recovery of their debts or petitioning to the Court to have Quintis wound up (at their own expense).

Further, seeking to try and return Quintis to the existing directors is not a commercial proposition given the financial position of Quintis and the professional assistance it requires to trade out of its difficulties, including material liquidity support.

Therefore, should creditors resolve that the Administration be terminated, Quintis will be placed in a similar position to that existing prior to our appointment, however the Receivers would remain in control.

7.1.3 Winding up the companies

Creditors may resolve that any or all of Quintis' companies be wound up. As the DOCA is contingent on creditors of each entity of Quintis approving the DOCA, if creditors resolve for one or more Quintis entity to be wound up, the DOCA will not proceed, resulting in all Quintis companies being wound up.

Should creditors resolve to wind up any entity of Quintis, each entity will be placed into liquidation and is taken to have nominated the Administrators to be the liquidators, unless the creditors nominate a different person to be the liquidator. The liquidators are required to realise and distribute the assets in accordance with Section 556 of the Act (subject to Section 545 of the Act) and will also be required to complete a thorough investigation into Quintis' past dealings and affairs, as well as the past actions of the directors. It is likely that in the event liquidators are appointed to Quintis, the Receivers will remain in place.

Where liquidators and Receivers exist together (as would be the likely case for Quintis), the Receivers retain control of the secured property and will seek to realise that secured property for the benefit of the Noteholders.

The impacts of liquidators being appointed to Quintis include:

1. The moratorium available under the Voluntary Administration process will cease.
2. The liquidators will be empowered to pursue potential voidable transactions, as outlined in section 4.6.6 of this report.
3. The liquidators will be required to investigate the affairs of Quintis pursuant to Section 533 of the Act and lodge a report with ASIC in respect of the same.

Placing Quintis into liquidation will, in our view, have an adverse effect on the ongoing trading of the business. Based on the recent sale and recapitalisation campaign conducted by the Receivers, we believe Quintis being placed into liquidation will increase the difficulty of achieving a sale of Quintis as a going concern or obtain an 'all of company' solution.

Additionally, in the event of a forced closure of the business, it is the likely recoverability of Quintis' assets will be diminished significantly, further reducing the returns available to the Noteholders, unsecured creditors and also having a negative impact on Growers. The extent of this reduction is difficult to estimate, however, based on the implied returns achieved through the Receivers' sale and recapitalisation process, it is likely the consideration would be less than the debt due to the Noteholders, resulting in a nil return to unsecured creditors.

The outcomes for creditors in a liquidation scenario compared to the DOCA scenario would be as follows:

1. **Noteholders:** Reduced return under a liquidation scenario due to potential lower price being achieved, which, based on the outcome of the sale and recapitalisation process, is likely to be below the value of the Noteholders' debt.
2. **Employees:** It is expected that employee entitlements will be fully covered through the realisation of Quintis assets in a liquidation. However, should there be a shortfall in a liquidation, employees may also receive full payment from FEG (see below). The FEG process is relatively lengthy and amounts paid out may be capped by FEG. It is likely that there will be many more redundancies in a liquidation.
3. **Unsecured creditors:** Given the likely shortfall to the Noteholders and the increased quantum of unsecured claims, which will crystallise under liquidation, no return is expected to unsecured creditors.
4. **Growers:** Rights of growers and ongoing maintenance of the tress may be compromised in a liquidation scenario and Growers may suffer a loss, however the outcome will depend on what happens in a liquidation scenario.

We do not believe that it is in creditors' best interests to place Quintis into liquidation.

7.2 Recommendation

It is our opinion that it would be in creditors' interests for each of Quintis' companies to execute the DOCA. It is not in creditors' interests to wind up any company or to bring the Administrations to an end. As detailed in the financial analysis set out in Appendix 6 and Appendix 8, the DOCA will likely result in a better return to creditors than if the Quintis companies were liquidated.

7.3 Reasons for recommendation

The reasons for our opinion are as follows:

1. The DOCA and Creditors' Trust will provide a better outcome for creditors than liquidation. The Noteholders are contributing to a payment for unsecured creditors despite their likely recoveries being lower than the value of their secured claim.
2. The DOCA and Creditors' Trust will result in the continuation of Quintis' business and approximately 215 employees to continue their employment.
3. The return provided by the DOCA and Creditors' Trust is more certain and will be paid to creditors sooner. Our investigations have identified limited recovery actions that may be available to the benefit of creditors and it is likely that unsecured creditor returns will be nil in liquidation.
4. Liquidation will require funding to continue operations in order to realise certain assets, as well as to fund the litigation for any potential recovery action(s). We have not investigated the funding options required to continue operations in a limited capacity or to pursue any claim under a liquidation.
5. Given the Noteholders security extends to Quintis owned land which holds Growers' trees, this may give Noteholders a right to enforce under a liquidation. Under the DOCA Growers' rights are maintained.
6. Given the existing appointment of the Receivers to Quintis, bringing the Administrations to an end will not alter the current position of the Companies, as they will remain subject to an external administration process.

7.4 Summary of financial outcomes of alternatives

A summary of the financial outcomes of the alternatives for creditors under the DOCA compared to liquidation is provided below (all under a pooled assumption). Further details are provided in Appendix 6 and Appendix 8.

Table 26 – Summary of financial outcomes of alternatives

Creditor	DOCA/Creditors' Trust	Liquidation – shutdown (estimated)	Liquidation – Sale (estimated)
Noteholders	Claim preserved with the quantum of Noteholder debt being reduced and the maturity being extended	Estimated to be 31 cents on the dollar	Estimated to be between 59 and 85 cents on the dollar
Employees	100 cents on the dollar	Estimated to be 100 cents on the dollar	Estimated to be 100 cents on the dollar
Trade creditors	Between 14.4 and 21.8 cents on the dollar	Nil	Nil
Other creditors including put option holders, ATO and landlords	Approximately 0.6 to 1.0 cents on the dollar	Nil	Nil
Growers	Schemes continue	Potential realisations through plantation sales where Growers maintain their contractual rights, however, nil distribution on any potential shortfall suffered	Potential realisations through plantation sales where Growers maintain their contractual rights, however, nil distribution on any potential shortfall suffered

7.4.1 Additional contributions by the Noteholders

In addition to the headline financial commitment included in the DOCA, the Noteholders are also:

- Releasing Quintis Ltd of its indebtedness and associated security to the Noteholders in exchange for the shares Quintis Ltd owns in the Subsidiaries transferring to NewCo.
- Accepting liability for employee entitlements, including term of service and undertaking to preserve the same. Our calculation of employee entitlements accrued at the date of our appointment is approximately \$7.2 million.
- Expecting to provide significant ongoing working capital support of between \$125 million and \$175 million for the business going forward, to allow it to continue as a going concern.

7.4.2 Impact on key creditors

The DOCA is estimated to deliver differing outcomes for certain types of creditors. This is partly driven by the statutory framework (i.e. employees rank ahead of other unsecured creditors), and other reasons which are not otherwise uncommon in deed of company arrangement proposals.

Set out below are the key differences between each option available to creditors to allow creditors to make an informed decision on the future of Quintis.

Table 27 – Impact on key stakeholders

Creditor	Outcome under the DOCA / Creditors' Trust	Outcome under liquidation
Employees	<ul style="list-style-type: none"> Continuing employees will remain employed following effectuation of the DOCA on terms not dissimilar to their current contracts. Entitlements for continuing employees will carry forward and will continue to accrue. Employees that were made redundant or resigned, they will receive 100 cents on the dollar of their entitlement balance in accordance with their employment agreements. 	<ul style="list-style-type: none"> Under a shutdown scenario, employment will cease in the short term (subject to operational requirements around handover/shutdown of current operations). In a partial sale scenario, it is unclear what percentage of the employees would be required going forward. It is expected that employee entitlements would be fully covered through the realisation of Quintis assets in a liquidation. However, should there be a shortfall in a liquidation, employees may also receive payment from FEG.
Trade creditors (excluding other non-trade creditors set out below)	<ul style="list-style-type: none"> Trade creditors will receive a distribution of approximately 14.4 to 21.8 cents on the dollar. Trade creditors will be provided the opportunity to do ongoing business with Quintis post DOCA and this is expected to be at or near existing terms. 	<ul style="list-style-type: none"> Estimated distribution of nil, being lower than that proposed under the DOCA.
Other non-trade creditors		
ATO	<ul style="list-style-type: none"> The ATO is expected to lodge a claim for approximately \$1.5 million relating to a R&D dispute. Under the DOCA, the ATO will claim against a sub-category of the Creditors' Trust, receiving a distribution of approximately 0.6 to 1.0 cents on the dollar. 	<ul style="list-style-type: none"> Estimated distribution of nil, being lower than that proposed under the DOCA.
Put option holders	<ul style="list-style-type: none"> Put holders can claim against a sub-category of funds available under the Creditors' Trust. This is likely to result in a distribution of 0.6 to 1.0 cents on the dollar. 	<ul style="list-style-type: none"> Estimated distribution of nil, being lower than that proposed under the DOCA.
Landlords	<ul style="list-style-type: none"> Under the DOCA, it is expected most leases will continue, resulting in minimal landlord-related claims. Any landlord-related claims that are triggered will claim against a sub-category of the Creditors' Trust, receiving a distribution of approximately 0.6 to 1.0 cents on the dollar. 	<ul style="list-style-type: none"> Estimated distribution of nil, being lower than that proposed under the DOCA.
Other creditors		
Noteholders (secured)	<ul style="list-style-type: none"> Under the Scheme, the Noteholders will compromise part of their secured debt, extend the maturity of the secured debt and receive 100% of Quintis Ltd's shareholdings in the Subsidiaries, transferred to NewCo. Noteholders will not receive a distribution from the Creditors' Trust for their current outstanding secured debt of approximately \$360 million, however the Noteholders will obtain control of Quintis through NewCo and retain rights to a portion of the secured claim against the Subsidiaries. 	<ul style="list-style-type: none"> Potential distribution to the Noteholders of between 31 and 85 cents on the dollar.

Creditor	Outcome under the DOCA / Creditors' Trust	Outcome under liquidation
Intercompany and other related parties	<ul style="list-style-type: none"> • Will not claim under the DOCA. • The Subsidiaries will be transferred to NewCo. • Quintis Ltd is to be sold with the proceeds forming part of the funds available in the Creditors' Trust. • All intercompany debts between Quintis' companies will be preserved (with the exception of debt owed by and to Quintis Ltd) and no claims will be made under the Creditors' Trust in respect of these debts. 	<ul style="list-style-type: none"> • Will be entitled to claim in a liquidation and receive a dividend pari passu with unsecured creditors if declared. • However, under liquidation no dividend is expected for unsecured creditors.
Other stakeholders		
MIS investors	<p>Under the terms of the proposed DOCA:</p> <ul style="list-style-type: none"> • The existing MIS will continue to operate in accordance with their current term. • While any pre-appointment claims will be released under the DOCA, MIS investors will retain their existing deferral rights (being the provisions which enable MIS investors to elect not to pay property management costs, with the responsible entity instead earning a specified interest in the proceeds of harvest). • Quintis Forestry Ltd will continue to manage the investors' plantations. • There is no expected loss to MIS investors under the DOCA. 	<ul style="list-style-type: none"> • Potential loss on investment for MIS investors due to winding up of MIS or transfer to new responsible entity. • The return in liquidation is likely to be lower compared to the return in the proposed DOCA where rights of MIS investors are maintained.
Impact on SIO Investors	<p>Under the terms of the proposed DOCA:</p> <ul style="list-style-type: none"> • SIO investors will have the opportunity to retain 50% of their property management deferral rights (although any put option claims will be released under the DOCA), provided they consent to the novation of their respective agreements from Quintis Ltd to NewCo. • Quintis Forestry Ltd will continue to manage the plantations. 	<ul style="list-style-type: none"> • Potential loss on investment for SIO investors due to winding up of SIO schemes or transfer to new responsible entity. • The return in liquidation is lower compared to the proposed DOCA where rights of SIO investors are maintained albeit with some impact on deferral rights.
Impact on Beyond Carbon Investors	<ul style="list-style-type: none"> • Investors in the Beyond Carbon projects will have the opportunity to novate their agreements from Quintis Ltd. • While the terms of the novation will involve the BC investors having certain claims released under the DOCA (e.g. put options and deferral rights), BC investors will benefit from their plantations continuing to be managed by Quintis Forestry Ltd. 	<ul style="list-style-type: none"> • Potential loss on investment for Beyond Carbon investors due to winding up the investment or transfer to a new responsible entity. • The return in liquidation could be lower compared to the proposed DOCA where rights of Beyond Carbon investors are maintained albeit with some impact on deferral rights.
Impact on Class Action claimants	<ul style="list-style-type: none"> • Class Actions claims against Quintis Ltd are extinguished and released under the terms of the DOCA except to the extent that the claimants are able to seek or obtain payment on account of their claims from an insurer. Class Action claimants have no recourse against funds in the Creditors' Trust Fund. 	<ul style="list-style-type: none"> • Class Action claimants will not receive a distribution in a liquidation scenario.



8 Estimated return to creditors

8.1 Amount under DOCA

The DOCA proposal is intended to pool unsecured creditors and pay a variable distribution to different unsecured creditor groups. We anticipate the following:

- Employees who have been made redundant or resigned during the Administration will be paid 100 cents in the dollar.
- Unsecured trade creditors will receive 14.4 to 21.8 cents in the dollar.
- Unsecured non-trade creditors will receive 0.6 to 1.0 cents in the dollar.

Further detail on estimated returns is set out in section 6 and Appendix 6.

8.2 Timing under DOCA

It is estimated that the DOCA for Quintis Subsidiaries will be effectuated before 30 November 2018 (target date late August 2018), at which time, all claims of creditors of Quintis will be transferred to the Creditors' Trust. It is anticipated a first interim dividend will be paid three months following effectuation. The timing and distribution of the dividend will depend on factors such as effectuating the DOCA and the adjudication process.

9 Remuneration of administrators

The remuneration of the Administrators up to 8 June 2018 was approved by the Committee of Inspection on a meeting held on 28 May 2018.

The DOCA Committee of Inspection, if elected will have the power to approve the remuneration of the Deed Administrators for the DOCA period.

10 Further information

Creditors requiring further information regarding the Administration can contact Ayden Doohan on (08) 9220 9388 or by email at quintis@kordamentha.com.

Dated: 31 May 2018



Richard Tucker
Administrator



Scott Langdon
Administrator



John Bumbak
Administrator

Level 10
40 St Georges Terrace
Perth WA 6000

Enc.



Appendix 1 – Quintis Companies in Administration and Receivership

Name	ACN
Quintis Ltd	092 200 854
Quintis Forestry Limited	080 139 966
Quintis Leasing Pty Ltd	080 978 721
Arwon Finance Pty Ltd	072 486 643
Sandalwood Properties Ltd	093 330 977
Mt Romance Holdings Pty Ltd	115 659 606
Mt Romance Australia Pty Ltd	060 122 698
Australian Sandalwood Oil Co Pty Ltd	088 257 498



Appendix 2 – Declaration of independence, relevant relationships and indemnities



Corporations Act 2001

Updated declaration of independence, relevant relationships and indemnities

Quintis Limited (Administrators Appointed) (Receivers and Managers Appointed) ACN 092 200 854 ('the Company') and Associated Entities (Collectively 'the Quintis Group' or 'the Companies' – Refer to Appendix 1)

This declaration requires us as the Practitioners appointed to the Quintis Group to make declarations as to:

- our independence generally
- relationships, including:
 - the circumstances of the appointment
 - any relationships with the Quintis Group and others within the previous 24 months
 - any prior professional services provided to the Quintis Group within the previous 24 months
 - that there are no other relationships to declare
- any indemnities given, or up-front payments made, to us as the Practitioners.

This declaration is made in respect of us, Richard Tucker, Scott Langdon and John Bumbak, our partners and the KordaMentha Group, including KordaMentha Pty Ltd, 333 Capital Pty Ltd, KordaMentha Investment Management Pty Ltd, KM Risk Pty Ltd, KordaMentha Real Estate Pty Ltd, KM Develop Pty Ltd, KM Sales & Marketing Pty Ltd, KM Trustee Services Pty Ltd, KordaMentha Funds Management Pty Ltd, KM Design & Construct Pty Ltd, KordaMentha Pte Ltd and PT KordaMentha.

Independence

We, Richard Tucker, Scott Langdon and John Bumbak of KordaMentha, Level 10, 40 St Georges Terrace, Perth WA 6000 and Chifley Tower, Level 5, 2 Chifley Square, Sydney NSW 2000, have undertaken a proper assessment of the risks to our independence prior to accepting the appointment as Voluntary Administrators of the Quintis Group in accordance with the law and applicable professional standards. We declare that this assessment identified no real or potential risks to our independence. We are not aware of any reasons that would preclude us from accepting this appointment.

Declaration of relationships

Circumstances of appointment

This voluntary administration appointment was referred to us by Julius Matthys ('the CEO').

On about 20 July 2017, the CEO contacted KordaMentha to arrange a meeting to understand more about KordaMentha, its credentials and how any voluntary administration process may work.

The meeting occurred on 25 July 2017 and there were a further two meetings with the CEO and KordaMentha (24 October 2017 and 21 November 2017) to discuss:

- Key considerations for a voluntary administration process.
- Timeline to prepare for any voluntary administration process.
- Potential outcomes and risk of voluntary administration.

In addition, on 2 November 2017, KordaMentha had a single meeting with the Company's financial advisor (Sternship) to discuss KordaMentha's credentials on a potential creditors scheme of arrangement role.

On 19 January 2018, the CEO contacted KordaMentha and requested a meeting for the same day to discuss a potential voluntary administration appointment. We were appointed as voluntary administrators on 20 January 2018.

We did not receive any remuneration for these meetings. A list of these meetings is attached, which also provides further detail about what was discussed, in Appendix 2.

In our opinion, the meetings with the CEO and the Company's advisor do not affect our independence for the following reasons:

- the Courts and the ARITA Code of Professional Practice specifically recognise the need for practitioners to provide advice on the insolvency process and the options available and do not consider that such advice results in a conflict or is an impediment to accepting the appointment
- at no time did we provide advice to the board, directors, management, creditors or any other stakeholders of the Quintis Group in relation to the management of the Quintis Group, managing the affairs of the Quintis Group or the obligations and duties of the board, individual directors and management
- the nature of the discussions were high level and process focussed and as such, the items discussed would not be subject to review and challenge during the course of the voluntary administration and any subsequent liquidation
- the pre-appointment discussions will not influence our ability to be able to fully comply with statutory and fiduciary obligations associated with the voluntary administration of the Quintis Group in an objective and impartial manner.

Prior Professional Services to the Quintis Group

Neither we, nor our firm, have provided any professional services to the Quintis Group in the previous 24 months, nor did we have any meetings with the Quintis Group apart from those mentioned above.

Relevant relationships

We, or a member or an associate of KordaMentha, have or have had over the preceding 24 months a relationship with the following parties:

Secured Creditors

On 17 July 2017, KordaMentha was engaged by bondholder, Tor Investment Management L.P. ('TIM') who held an investment being a small percentage of the 8.75% Senior Secured Notes due 2023, to perform a strategic and financial review of the Company. In this role, we analysed the financial position of the Company utilising material that was being made available in the Company's virtual data room. We did not issue any written reports as the engagement did not progress to that point.

The engagement was terminated by TIM without completing our engagement on or around 15 September 2017 as TIM deemed our services were no longer required.

During the course of the engagement we held two conference calls with the Quintis CFO and CEO. During these calls, the financial position and potential outcomes under the solvent restructure process were discussed. A list of these calls is included in Appendix 2, which also provides further detail about what was discussed.

We made no determination during the review whether the secured creditor had a charge on the whole of or substantially the whole of the Quintis Group. Our scope did not include reviewing the security held by the bondholders.

We received remuneration of A\$37,601, including disbursements, from TIM for the engagement. This has been fully paid by TIM. We have not had any contractual relationship with the Quintis Group.

Our engagement for this role was with TIM and we have had no contractual relationship with the Quintis Group.

Reasons why not an impediment or conflict

In our opinion, this relationship does not result in a conflict of interest or duty as the work that KordaMentha has undertaken for the above creditor will not influence our ability to fully comply with the statutory and

fiduciary obligations associated with the voluntary administration of the Quintis Group in an objective and impartial manner for the following reasons:

- the Courts and the ARITA Code of Professional Practice specifically recognise the need for practitioners to provide advice on the insolvency process and the options available and do not consider that such advice results in a conflict or is an impediment to accepting the appointment
- the nature of the advice provided to TIM is such that it would not be subject to review and challenge during the course of the voluntary administration and any subsequent liquidation
- the pre-appointment advice to TIM will not influence our ability to be able to fully comply with statutory and fiduciary obligations associated with the voluntary administration of the Quintis Group in an objective and impartial manner.
- we have not identified any issue in relation to this relationship that would give rise to a conflict in undertaking the administration of the Quintis Group. This relationship has not impeded our independence.
- given our engagement was advising TIM only, we have not provided information or advice to the Quintis Group, its directors or its advisors.

Australian Taxation Office ('ATO')

Nature of the relationship

KordaMentha undertakes work from time to time on behalf of the ATO. This includes the appointment of KordaMentha's registered liquidators to companies as a formal appointment where the ATO has asked us to consent to act as liquidators.

Reasons why not an impediment or conflict

In our opinion, this relationship does not result in a conflict of interest or duty as we have not identified any issue in relation to this relationship that would give rise to a conflict in undertaking the administration of the Quintis Group. This relationship has not impeded our independence.

Other relevant relationships

Neither we, nor a member or an associate of KordaMentha, have identified any other relationships within the preceding 24 months with the Quintis Group, an associate of the Quintis Group, a former insolvency practitioner appointed to the Quintis Group or any person or entity that has a charge on the whole or substantially whole of the Quintis Group's property.

Indemnities

We have not been indemnified in relation to this voluntary administration, other than any indemnities that we may be entitled to under statute.

Upfront payments

We have not been provided with any upfront payments in relation to this voluntary administration. We have been advised by the Receivers of the Quintis Group that they will provide us funding of A\$390,000 for our fees and expenses appropriately incurred for the first 30 days of the voluntary administration. Our fees will still be subject normal creditor approvals.

Multiple company appointments

It is acknowledged that we have been appointed over eight related companies and we have obligations to each of the companies individually (as defined in Section 435A of the Corporations Act 2001) and not to the Quintis Group as a whole. As such it is acknowledged that potential conflicts could possibly arise in carrying out duties to each Company. We are not aware of any such conflicts at this time. If a conflict does arise, we will keep creditors informed and take appropriate action to resolve the conflict.

General

Any relationships, indemnities or upfront payments disclosed in the declaration must not be such that the Practitioners are no longer independent. The purpose of the disclosures in the declaration is to disclose relationships that, while they do not result in the Practitioners having a conflict of interest or duty, ensure that creditors are aware of those relationships and understand why the Practitioners nevertheless remain independent.

As required under the Corporations Act 2001 and the ARITA Code of Professional Practice, if circumstances change, or new information is identified, we will update this declaration and provide a copy to creditors with our next communication as well as table a copy of any replacement declaration at the next meeting of the Quintis Group creditors. This declaration, along with any replacement declaration, will be lodged with the Australian Securities and Investments Commission as soon as practical.

Dated: 1 February 2018



Richard Tucker
Voluntary Administrator



Scott Langdon
Voluntary Administrator



John Bumbak
Voluntary Administrator

Appendix 3 – Notice of Second Meetings of Creditors



Form 529

Corporations Act 2001

Notice of second meetings of creditors of companies under administration

Quintis Group of Companies (all Administrators Appointed) (all Receivers and Managers Appointed) (refer to attached schedule) ('the Group')

Notice is hereby given that the second meetings of creditors of the Group will be held concurrently on Friday 8 June 2018 at 11:00am AWST at The Duxton Hotel, 1 St Georges Terrace, Perth WA 6000. Registration for all creditors and employees will open at 10:30am AWST with the meeting commencing at 11:00am AWST.

Agenda

1. The purpose of the meeting is:
 - a. To review the report of the Administrators in connection with the business, property, affairs and financial circumstances of the Group.
 - b. For the creditors of each company in the Group to resolve:
 - i. To execute a deed of company arrangement, or
 - ii. The administration should end, or
 - iii. That it be wound up.
2. A resolution will be considered to hold the meetings concurrently.
3. A resolution will be considered for the Committee of Inspection ('the Committee') to continue as a representative body of all creditors and for the current members of the Committee to continue in their elected role.
4. Any other business properly brought before the meeting.

Creditors wishing to vote at the meeting, who will not be attending in person or are a company, must complete and return a Proxy Form by no later than 11:00am AWST on 7 June 2018 by post to KordaMentha, PO Box 3185, East Perth WA 6892 or by email at quintis@kordamentha.com. A form of proxy is enclosed.

The conference details are available upon request. Please contact Ayden Doohan on (08) 9220 9333 or by email at quintis@kordamentha.com at least two business day prior to the meeting to advise that you will be using the conference call facilities and to be provided the conference call code. A proxy form will need to be provided.

Dated: 28 May 2018



Richard Tucker
Administrator

KordaMentha
Level 10
40 St Georges Terrace
Perth WA 6000

Enc.

Schedule

Quintis Group companies ('the Group')

Company name	ACN
Quintis Limited	092 200 854
Quintis Forestry Limited	080 139 966
Quintis Leasing Pty Ltd	080 978 721
Arwon Finance Pty Ltd	072 486 643
Australian Sandalwood Oil Co Pty Ltd	088 257 498
Mt Romance Australia Pty Ltd	060 122 698
Mt Romance Holdings Pty Ltd	115 659 606
Sandalwood Properties Ltd	093 330 977

Appendix 4 – Summary of receipts and payments

A summary of the receipts and payments for the Quintis Ltd during the period 20 January 2018 to 28 May 2018 (inclusive of GST). No other entity of Quintis has had any receipts or payments.

Account	\$
Receipts	
Other receipts	107,024.70
Total receipts	107,024.70
Payments	
Legal fees	(107,024.70)
Total payments	(107,024.70)
Net receipts and payments	-

Appendix 5– Historical financial performance

Set out below is a summary of the comparative balance sheets and profit and loss statements of Quintis Group extracted from its books and records, for the previous three financial years.

For complete financial statements, please see the website at <https://quintis.com.au/corporate/shareholders/financial-reports>.

Income statement

\$ million	FY17	FY16	FY15
Revenue:			
Revenue from services	52.9	150.1	139.9
Revenue from land sales	0.1	8.1	7.0
Revenue from product sales	39.3	29.9	27.7
Interest	5.1	3.6	3.5
Total revenue	97.4	191.7	178.1
Other income:			
Other income	0.2	0.2	3.3
Fair value movement of biological assets (Quintis interest)	(307.4)	76.9	136.6
Total other income	(307.2)	77.1	139.9
Total revenue and other income	(209.8)	268.8	318.0
Expenses:			
Operating costs	(64.1)	(52.6)	(47.8)
Salaries and employee costs	(36.5)	(32.9)	(24.7)
Sales and other administration costs	(69.1)	(26.6)	(23.3)
Depreciation and amortisation	(13.3)	(11.2)	(8.6)
Finance costs	(41.6)	(30.4)	(22.5)
Foreign exchange gain/(loss)	7.0	(4.8)	(39.0)
Fair value gains/(losses)	24.4	1.9	-
Gain – acquisition controlling interests	-	17.2	5.2
Revaluation loss – land and buildings	(11.3)	(6.7)	-
Impairment	(181.4)	-	-
Total expenses	(386.1)	(146.0)	(160.8)
Profit/(loss) before tax from continuing operations	(595.9)	122.8	157.3

Balance sheet

\$ million	30 Jun 2017	30 Jun 2016	30 Jun 2015
Current assets			
Cash and cash equivalents	25.4	107.0	72.7
Receivables and inventories	77.7	110.1	116.9
Other	5.3	31.2	20.6
Total current assets	108.4	248.2	210.2
Non-current assets			
Other	70.8	62.4	83.9
PPE and Biological assets	586.3	916.1	751.6
Intangible assets and goodwill	107.9	265.2	127.7
Total non-current assets	765.0	1,243.7	963.2
Current liabilities			
Trade and other payables	18.0	49.4	55.1
Financial liabilities	352.7	14.0	0.0
Total current liabilities	381.9	95.4	95.9
Non-current liabilities			
Provisions	27.1	3.3	1.8
Financial liabilities	108.0	442.1	349.4
Other non-current liabilities	39.2	203.9	151.7
Total non-current liabilities	174.4	649.3	502.9
Total liabilities	556.2	744.7	598.8
Net assets	317.1	747.2	574.5
Equity			
Issued capital	284.1	280.8	188.9
Reserves	14.4	19.4	18.5
Retained earnings	18.6	447.0	367.1
Total equity	317.1	747.2	574.5

Appendix 6 – Assessment of proposed DOCA outcomes

Overview

Under the proposed DOCA, there are three broad groups of creditors, which will be admitted so they may claim from the funds received in the Creditors' Trust. These three groups can be summarised as follows:

1. Employees, who, in line with the statutory elevation under Section 556 of the Act are priority creditors, will receive 100 cents on the dollar (c. \$0.92 million).
2. Trade creditors, who continue to provide goods and services to the business, will receive two thirds of the remaining funds available after payment of Deed Administrator and Trustee costs. This is estimated to be approximately \$0.6 million to \$0.9 million or approximately 14.4 to 21.8 cents on the dollar.
3. Other creditors, being statutory, financial and non-ongoing trade creditors, to receive one third of the remaining funds available after payment of Deed Administrator and Trustee costs. This is estimated to be approximately \$0.3 million to \$0.4 million or approximately 0.6 to 1.0 cents on the dollar.

Detailed workings

The table set out below provides the workings behind the numbers set out above.

Calculation of estimated returns to creditors under the DOCA/Creditors' Trust

\$ millions	Notes	Low	High
Noteholders contribution to the Creditors' Trust	1	2.50	2.50
Net realisation from sale of Quintis Ltd shell	2	-	0.25
Total trust funds		2.50	2.75
Priority creditors (employees)	3	(0.92)	(0.92)
Funds available for remuneration		1.58	1.83
Deed Administrators' estimated fees	4	(0.40)	(0.25)
Trustees' estimated fees	5	(0.20)	(0.15)
Deed Administrators' and Trustees' expenses	6	(0.10)	(0.10)
Funds available for unsecured creditors		0.88	1.33
Surplus available for distribution to Pool A claims	7	0.587	0.887
Surplus available for distribution to Pool B claims	8	0.294	0.444
Unsecured creditors			
<i>Pool A</i>	7		
Trade creditors		(4.06)	(4.06)
<i>Pool B</i>	8		
ATO R&D claim		(1.50)	(1.50)
Put option holders		(36.79)	(36.79)
Lease liabilities		(8.19)	(8.19)
		(46.48)	(46.48)
Estimated cents in the \$ distributions			
Priority creditors (employees)		100.0	100.0
Pool A unsecured creditors		14.4	21.8
Pool B unsecured creditors		0.6	1.0
Noteholders/Growers	9	n/a	n/a

Notes

1. Under the DOCA, the Proponents will procure the Quintis Subsidiaries to pay a contribution of \$2.5 million into the Creditors' Trust for the benefit of certain unsecured creditors.
2. If the Quintis Ltd can maintain its ASX listing throughout the DOCA period, based on previous experience, we anticipate realising approximately \$0.45 million for the sale of the shell with selling costs of approximately \$0.2 million.
3. Amounts payable to employees who have been made redundant or resigned.
4. Forecast costs associated with the Deed Administrators effectuating the DOCA. Administrators' fees and expenses are to be funded by the Noteholders immediately prior to effectuation of the DOCA.
5. Costs associated with the Trustees adjudicating claims and facilitating distributions through the Creditors' Trust.
6. Expenses incurred by the Deed Administrators and the Trustees in performing their role.
7. Pool A is for ongoing trading creditors of Quintis and will be allocated two thirds of the balance of funds available in the Creditors' Trust following payment of 4,5 and 6.
8. Pool B is for other unsecured creditors of Quintis and will be allocated one third of the balance of funds available in the Creditors' Trust following payment of 4,5 and 6.
9. The Noteholders will not claim under the DOCA.

Appendix 7 – Key assumptions under liquidation scenarios

Overview

We have considered two liquidation scenarios (outcomes are summarised in Appendix 8):

1. **Liquidation shutdown** – the majority of Quintis’ business is anticipated to cease, with only certain Quintis owned assets being realised. Under this scenario, these assets are assumed to be realised in two distinct sale tranches, as summarised below:
 - **Tranche 1:** the sale of specific plantation assets, which comprise some of Quintis’ owned land and trees (the Quintis owned trees encumber the land in question), in line with the offers received as part of the Receivers’ stage 2 sale process; and
 - **Tranche 2:** the sale of the balance of Quintis’ land on an unencumbered basis, which assumes the land has been remediated and available for sale.
2. **Liquidation sale** – a sale of all Quintis owned plantations is achieved, albeit under forced conditions. It is assumed a single party will purchase the plantations and will pay an additional amount for the land. We have assumed different Sandalwood Oil price and processing cost assumptions for the sale scenarios, as outlined below.

Summary of key assumptions

The table set out below summarises the key assumptions of each liquidation scenario. The outputs from these scenarios are set out in Appendix 8.

Liquidation shutdown scenario – key assumptions

Key assumption	Basis
Going concern sale	<ul style="list-style-type: none"> • No going concern sale possible due to assumed inadequate interest from prospective purchasers for the business. • Increased claims from priority creditors are triggered.
Sale of existing plantations	<ul style="list-style-type: none"> • Plantation sales under this liquidation shutdown scenario are assumed to: <ul style="list-style-type: none"> – be limited to particular plantations owned by Quintis; – be based on values indicated under the three non-binding indicative offers received for particular Quintis plantations as part of the Receivers’ sale and recapitalisation process; – encompass both Quintis’ interest in the trees and the land of the particular plantations (consistent with the non-binding indicative offers received); and – not include any Growers’ plantation sales for the purposes of the returns analysis. • Estimated realisable value of these specific plantation sales is \$41.5 million and is based on: <ul style="list-style-type: none"> – the mid-point between the two highest non-binding indicative offers received; and – the two highest non-binding indicative offers being comparable as they were both for the same assets.
Land sales	<ul style="list-style-type: none"> • Quintis owned land is assumed to be sold in two tranches, as discussed above and sold as follows: <ul style="list-style-type: none"> – Tranche 1: Quintis owned land under certain specific plantations is sold as part of a combined sale of the land and also the encumbering Quintis owned trees on this land (as per above). – Tranche 2: the balance of Quintis owned land not sold in Tranche 1 is sold through a separate process. • Assumes Quintis owned land holdings are sold on an unencumbered basis. The Quintis owned land that is assumed to be sold through Tranche 1, with the sale of the existing plantations set out above has been excluded from Tranche 2 to avoid double counting. • The value attributed to the land sales is based on the low end of the realisable price under constrained circumstances on a portfolio basis provided in the CBRE Report (adjusted for the land mentioned above so as to avoid double counting). • In accordance with the CBRE Report, the selling period is assumed to be at least three to six months.

Key assumption	Basis
Land remediation costs	<ul style="list-style-type: none"> To facilitate a sale for the highest and best use of Quintis' owned land, land remediation costs have been calculated based on Quintis' estimates, totalling \$2,672 per planted hectare for full restoration.
Plant and equipment	<ul style="list-style-type: none"> \$4.1 million is assumed to be realised per the auction realisation value advised by Slattery. The auction realisable value is exclusive of the costs of conducting the sale and any other related costs required to realise the assets.
Land and P&E realisation costs	<ul style="list-style-type: none"> In line with expected industry rates, the following rates are applied to the gross realisable value of Quintis land: <ul style="list-style-type: none"> Sales commission of 3% of gross realisable value Marketing costs of 1% of gross realisable value. 7.5% auctioneers commission is assumed to be deducted from the gross realisable value of plant and equipment sales.
Other asset realisations	<ul style="list-style-type: none"> No other asset realisations are assumed to occur under this scenario.

Liquidation sale scenario – key assumptions

Key assumption	Liquidation sale (high)	Liquidation sale (low)	Basis
Flexed assumptions			
Indian Sandalwood Oil price	USD 2,250/kg	USD 1,800/kg	<p>Per Quintis' treatment, price is forecast on a flat forward curve and flexed as follows:</p> <ul style="list-style-type: none"> Liquidation sale (low) – the assumption has regard for both the low volume of heartwood and prices offered per kg of Indian Sandalwood Oil in the most recent heartwood tender process. Liquidation sale (high) – based on a c. 20% discount applied to Quintis' current forecast Indian Sandalwood Oil price (being USD 2,800/kg), taking into account the distressed nature of this sale scenario as well as recent opportunistic 'all of company' offers received.
Processing cost	\$558/kg to \$363/kg	\$558/kg to \$419/kg	<ul style="list-style-type: none"> In line with Quintis' current cost, both scenarios assume a current cost of \$558/kg. Quintis forecasts that these costs: <ul style="list-style-type: none"> will reduce as production volume throughput increases from 2023 onward and the benefits from scale flow; and will reduce to \$207/kg, however, unquantified CAPEX and R&D costs are required. As such, we have assumed a reduction in costs of between 25% and 35% on the low case and high case liquidation sale scenarios, respectively.
Non-flexed assumptions			
Oil content (as a percentage of heartwood)	3.0%	3.0%	In line within the observed range of achieved oil content achieved in distillation in recent years.
Forecasted weighted average heartwood yield per tree (kg)	Per Quintis' tree growth and heartwood forecast models	Per Quintis' tree growth and heartwood forecast models	<ul style="list-style-type: none"> Except for one outlier, achieved yields in recent years have been broadly consistent with Quintis' forecasts. This liquidation scenario's analysis is based on yield forecasts that were recently updated following a comprehensive study completed by Quintis' research and development team.
Discount rate applied to trees	15% – 17%	15% – 17%	Consistent with the discount rates adopted in the FY17 financial statements. The range of discount rates applied across the plantations is utilised to accommodate for the risk of younger trees not surviving until harvesting.

Key assumption	Liquidation sale (high)	Liquidation sale (low)	Basis
Foreign exchange rate (\$/USD)	0.75	0.75	Current spot rate
Inflation rate	2.5%	2.5%	<ul style="list-style-type: none"> In line with RBA target rate. Per Quintis' treatment, only applied to costs and not to oil price forecast.
Maintenance costs	\$3,225/ha	\$3,225/ha	<ul style="list-style-type: none"> These maintenance costs are consistent with Quintis' long term expectations and are consistent with assumptions used by Quintis in preparing their FY17 financial statements.
Harvesting costs	\$16,000/ha	\$16,000/ha	Harvesting costs adopted are consistent with assumptions used by Quintis in preparing its FY17 financial statements.
Forestry overhead cost	\$680/ha	\$680/ha	Per Quintis' estimates.
Land lease costs	\$1,504/ha	\$1,504/ha	An average cost assumed based on Quintis' books and records and discussions with Quintis about actual and market rates.
Land remediation costs	\$2,672/ha (planted ha)	\$2,672/ha (planted ha)	<ul style="list-style-type: none"> Quintis' calculated cost based on historical costs of returning the land to an unencumbered basis. Unlike under the liquidation shutdown scenario, as these costs are not incurred until the trees are harvested, the present value of the remediation costs is incorporated into the net value of the trees.
Transport costs	\$1.4/kg heartwood	\$1.4/kg heartwood	Quintis input based on transport costs to move heartwood to distillation facility in Albany.
Implied overhead costs	\$1,290/ha	\$1,290/ha	<p>As a prospective purchaser will incur overhead costs in trading Quintis' business, an implied overhead cost per hectare has been calculated as follows:</p> <ul style="list-style-type: none"> Based on a reduced Quintis overhead cost structure. Annual cost is adjusted for the total number of hectares that remain planted each year. Adjusted cost is then apportioned between tree owners based on initial hectares planted to arrive at a pro rata cost.
Current tree numbers	1,316,892	1,316,892	Being the Quintis' owned tree count, in line with FY17 financial statements.

Appendix 8 – Analysis of alternatives available to creditors

We have considered two liquidation scenarios as discussed and summarised in Appendix 7. The table set out below provides the workings behind the estimated liquidation returns presented in the report.

Statement of position and estimated return to creditors under liquidation scenarios on a pooled basis

Liquidation scenarios (\$ millions)	Notes	Shutdown	Sale (low case)	Sale (high case)
Assets subject to non-circulating security interest				
Quintis owned land (gross)	1	54.0	73.0*	78.7*
Plant and equipment	2	4.1	-	-
Mt Romance Australia distillation facility	3	-	7.6	10.6
Arwon Finance loan book	4	13.3	13.3	26.6
Total assets subject to non-circulating security interests		71.4	93.9	116.0
Liabilities related to assets subject to non-circulating security interest				
Administrators' and Liquidators' remuneration and disbursements	5	(3.0)	(3.0)	(3.5)
Remediation costs associated with Quintis land	6	(13.2)		
Sales and marketing costs relating to land realisation	7	(2.2)	(2.9)	(3.1)
Plant and equipment realisation costs	8	(0.3)		
Noteholder claims on non-circulating assets		(359.4)	(359.4)	(359.4)
Total liabilities related to assets subject to non-circulating security interest		(378.1)	(365.4)	(366.1)
Surplus/(deficit) on assets subject to non-circulating security interests		(306.6)	(271.5)	(250.1)
Assets subject to circulating security interest				
Cash		10.0	10.0	10.0
Working capital	9	12.7	12.7	16.3
Realisable value of Quintis owned trees	10	41.5	101.8	172.3
Total assets subject to circulating security interests		64.2	124.5	198.6
Surplus/(deficit) available for priority creditors		64.2	124.5	198.6
Priority creditors (employees)	11	(7.2)	(0.9)	(0.9)
Surplus/(deficit) available for circulating security interests		57.0	123.6	197.7
Balance of Noteholder secured claim		(306.6)	(271.5)	(250.1)
Surplus/(deficit) available for unsecured creditors		(249.6)	(147.9)	(52.5)
Unsecured creditors				
<i>Pool A (categorisation only relevant to the DOCA)</i>				
Trade creditors		(4.1)	(4.1)	(4.1)
<i>Pool B (categorisation only relevant to the DOCA)</i>				
ATO R&D claim		(1.5)	(1.5)	(1.5)
Put option holders		(36.8)	(36.8)	(36.8)
Lease liabilities				
Growers			Unquantified – nil returns regardless	
Total unsecured creditors		(42.4)	(42.4)	(42.4)
Unsecured creditors – contingent claims		Unknown	Unknown	Unknown
Total surplus/(deficit)		(292.0)	(190.3)	(94.8)
Estimated cents on the \$ distributions				
To priority creditors		100.0	100.0	100.0
To unsecured creditors		Nil	Nil	Nil
To the Noteholders		30.6	58.8	85.4

*Note: Creditors should read the disclaimer and cautionary comments set out in Note 1 below. It will be difficult to realise this full amount under a sale in addition to the value of the trees.

Notes

Note 1: Quintis owned land

Quintis owns a portfolio of a significant amount of land throughout the Northern Territory, Queensland and Western Australia, which is primarily utilised to produce Sandalwood under irrigated farming systems.

Under instructions from the Administrator, CBRE Valuations Pty Limited ('CBRE') provided an unencumbered market and forced sale value range for Quintis' freehold land holdings on both a portfolio and an individual basis ('CBRE Report').

Amounts presented are gross and based on the following:

Liquidation shutdown scenario

As discussed in Appendix 7, the liquidation shutdown scenario assumes all Quintis' freehold land holdings are sold in two tranches. The amount presented is that of Tranche 2.

Consideration for land categorised under Tranche 1 is excluded from the 'Quintis owned land' line and instead is captured in the 'Realisable value of Quintis owned trees' line in table above (refer to Appendix 7 for the specifics of Tranche 1 and Tranche 2).

This land value under Tranche 2 assumes the low realisable price under constrained circumstances on a portfolio basis, which was provided in the CBRE Report, adjusted for the value of Quintis' land under Tranche 1 specific plantations that are sold, values of which are also provided in the CBRE Report.

The CBRE Report assumes a selling period of at least three to six months. The WA and NT land holdings may be challenging to sell within this timeline given limited alternative use.

Liquidation sale scenario

High

As discussed at Appendix 7, the high case liquidation scenario assumes Quintis' land holdings are sold on a property by property basis once the related plantations have been harvested and the land remediated.

The high realisable price under constrained circumstances on an individual basis provided in the CBRE Report was used for the this scenario. The \$78.7 million valuation (based on a valuation as at today not in the future) is broadly consistent with the carrying value of the land and buildings in the Quintis Group's FY17 audited accounts of \$86.9 million.

It is important to note (and we caution creditors accordingly) that it is likely our assumption on the high case overstates the valuation of the land. However, this has been included as a proxy for the estimated post-harvest realisation present value of the land as we are unable to forecast the future value of the unencumbered land when it becomes available for sale and then discount that value back.

It is likely that a buyer will discount this valuation in a liquidation scenario given the encumbrance of the trees.

Low

Our low case liquidation sale scenario presents the same approach to providing a proxy for the estimated post-harvest realisation present value of the land as used in the high case liquidation scenario, however, this scenario assumes the low realisable price under constrained circumstances on an individual basis provided in the CBRE Report is realised, being \$73.0 million.

Again, we emphasise to creditors that realising this amount over and above the value of the trees is uncertain.

Note 2: Plant and equipment

A desktop valuation of Quintis' plant and equipment has been conducted by Slattery Valuations Australia Pty Ltd ('Slattery'), who advised Quintis' plant and equipment have the following gross realisation values:

Location	Market value (\$ millions)	Auction realisable value (\$ millions)
Queensland	0.4	0.2
The Northern Territory	1.8	0.8

Location	Market value (\$ millions)	Auction realisable value (\$ millions)
Western Australia	6.7	3.1
Gross realisation value	8.9	4.1

The amount shown under the liquidation shutdown scenario is the auction realisation value advised by Slattery, which Slattery define as the price achievable at auction and is exclusive of the costs of conducting the sale and any other related costs incurred in realising the assets.

Under the two liquidation sale scenarios, we have assumed the plant and equipment is acquired by the purchaser at the estimated market value for continued use in maintaining the plantations.

Note 3: Mt Romance Australia distillation facility

The distillation facility located at Mt Romance Australia processes both Indian Sandalwood oil and Australian Sandalwood oil from Quintis' and other producers' heartwood. If volumes decrease and/or the overhead allocation structure changes because of acquisition by a third party, it is likely that profitability will decrease.

Mt Romance Australia recorded EBITDA of \$9.7 million and \$3.0 million in FY16 and FY17, respectively. The significant decrease in EBITDA between the two years was mainly due to the loss of a key contract during FY16.

Accordingly, based on the recent financial performance of Mt Romance Australia, the likely decrease in volumes and the impact of a change to the overhead structure, we have assumed the following valuation range:

- **Shutdown:** nil value as it is assumed the majority of the existing business ceases operation and there are insufficient volumes to support Mt Romance Australia from third parties.
- **Low:** \$7.6 million, calculated on a 2.5x FY17 EBITDA multiple.
- **High:** \$10.6 million, calculated on a 3.5x FY17 EBITDA multiple.

The FY17 EBITDA was used in isolation, rather than using an average between multiple years for the following reasons:

1. It is unclear whether a buyer of Quintis trees would use the distillation plant at Mt Romance Australia to process its Indian Sandalwood Oil.
2. Quintis previously sold its owned trees to Mt Romance Australia at cost, thereby transferring EBITDA margin to the benefit of Mt Romance Australia.
3. The loss of the key contract in FY16 resulted in approximately \$6.6 million EBITDA decrease.

Note 4: Arwon Finance loan book

The Arwon Finance loan book is a financing arrangement for certain MIS investors. The loan book is dominated by a few large single exposures. The top 2 and top 4 exposures account for approximately 72% and 82% of the loan book, respectively.

At the Appointment Date, the balance of the Arwon Finance loan book was approximately \$53 million.

Under all liquidation scenarios, the loans are expected to remain due and payable, regardless of whether the Quintis' business continues. However, due to the significant concentration risk, the collectability of the loan book is assumed to diminish and will be ultimately driven by the debtor's financial position. As such, we have assumed the following with regards to the value recovered from the loan book:

- **Shutdown:** 25% recovery of the loan book as at the Appointment Date.
- **Low:** 25% recovery of the loan book as at the Appointment Date.
- **High:** 50% recovery of the loan book as at the Appointment Date.

Note 5: Administrators' and liquidators remuneration and disbursements

In the event Quintis is put into liquidation, funding from the Noteholders will not be made available to pay certain fees and disbursements of the Administrators (as contemplated by the DOCA).

In liquidation, pursuant to Section 556 of the Act, the Administrators' and liquidators' remuneration and disbursements are paid in priority to employees and unsecured creditors' claims. We advise our firm charges professional fees based on time spent by the principal appointees and their staff at the rates issued by KordaMentha and enclosed at Appendix 12.

The Administrators' accrued and forecast remuneration and expenses to the end of the Administration are approximately \$2.0 million. In addition, under the liquidation scenarios, we anticipate the liquidators' remuneration and expenses to be approximately \$1.0 million.

The reason for the increased costs in the liquidation scenarios is due to the investigations that are required to be undertaken if a company is liquidated and the time that would be incurred in realising assets (including recovering the outstanding debtor balances) and undertaking any additional requirements, such as performing statutory compliance obligations.

Note 6: Remediation costs of Quintis owned land

The treatment of land under the liquidation scenarios is discussed at Note 1 to this Appendix, as well as under Appendix 7.

Under the liquidation shutdown scenario, remediation costs are calculated based on the number of planted hectares, excluding land that is sold as part of the plantation sales categorised under Tranche 1, as set out at Appendix 7 and Note 10 below.

Under the liquidation sale scenario, the cost of returning the land to an unencumbered basis is incorporated into the value of the plantations and therefore no further adjustment is required.

Note 7: Sales and marketing costs relating to land realisation

Under all liquidation scenarios, the sale of Quintis owned land is assumed to incur a sales fee of 3% and a marketing fee of 1% on gross realisations.

Note 8: Costs of realising plant and equipment

Under the liquidation shutdown scenario, the sale of Quintis owned plant and equipment is anticipated to be conducted by an auctioneer, incurring estimated sales commission of 7.5% on gross realisations.

Under the liquidation sale scenario, plant and equipment is not sold separately and therefore there are no assumed costs for realising the plant and equipment.

Note 9: Working capital

Working capital consists of debtors and stock. As at the Appointment Date, debtors and stock consisted of the following:

Debtors estimated realisable value

(\$ millions)	Shutdown	Sale (low)	Sale (high)
Book value at Appointment Date	33.2	33.2	33.2
Disputed	(27.7)	(27.7)	(27.7)
<i>Disputed establishment fees</i>	<i>(24.0)</i>	<i>(24.0)</i>	<i>(24.0)</i>
<i>Disputed trade debtor</i>	<i>(3.7)</i>	<i>(3.7)</i>	<i>(3.7)</i>
<i>Assumed collectability of non-disputed amounts</i>	50%	50%	50%
<i>Assumed collectability of certain disputed amounts</i>	10%	10%	25%
Net realisable value	5.2	5.2	8.8

Stock estimated realisable value

\$ millions	all scenarios
Book value at Appointment	25.0
<i>Assumed collectability of non-disputed amounts</i>	30%
Net realisable value	7.5

Note 10: Realisable value of Quintis owned trees

As discussed in Appendix 7, each liquidation scenario has different assumptions about the realisation of plantations.

The assumptions and approach are further summarised below.

Liquidation shutdown scenario

As no bids are received for a proportion of the plantations, it is assumed that recoveries for these assets under this liquidation scenario will be limited.

Plantation realisation amounts under this scenario are based on values indicated under the three non-binding indicative offers received for particular Quintis plantations as part of the Receivers' sale and recapitalisation process.

As these non-binding indicative offers were for similar assets, the mid-point between the two was used to arrive at the estimated realisable value of these plantations under the liquidation shutdown scenario.

Liquidation sale scenario

The key assumptions underpinning the assumed values in a liquidation sale scenario are set out in Appendix 7.

The two key assumptions that determine the realisable value of the Quintis' trees under these scenarios are:

- The assumed price a buyer is prepared to include in its valuation for forecast Sandalwood Oil price (\$1,800/kg vs. \$2,250/kg).
- The processing cost synergies/reductions realised as volumes increase over time. We have assumed that the current actual processing cost achieved of c. \$558/kg reduces to \$419/kg and \$363/kg under the low and high case scenarios, respectively, as volumes increase.

Note 11: Priority creditors (employees)

Under the liquidation shutdown scenario, all employees are assumed to be made redundant and the full amount of employee entitlements is assumed to crystallise and become payable (\$7.2 million).

Under both the liquidation sale scenarios, it is assumed that employees will continue with the business. Therefore, we have only included the employee entitlement claims associated with redundancies and resignations since the commencement of the Administrations on 20 January 2018 (being approximately \$0.9 million).



Appendix 9 – Proof of Debt Form



Company name: _____ **ACN:** _____
(Administrators Appointed) ('the Company')

Formal Proof of Debt or Claim (General Form)

To: The Administrators of the Company

1. This is to state that the Company was on 20 January 2018, and still is, justly and truly indebted:

To _____
(name of creditor)

Of _____
(address of creditor)

For _____
(amount owed to creditor)

And _____ cents (GST inclusive) GST Amount _____

Particulars of the debt are:

Date	Consideration	Amount (\$)	Remarks
<i>(insert date when debt arose)</i>	<i>(state how the debt arose and attach supporting invoices and statements of account)</i>	<i>(GST amount)</i>	<i>(include details of voucher substantiating payment)</i>

2. To my knowledge or belief, the creditor has not, nor has any person by the creditor's order, had or received any satisfaction or security for the sum or any part of it except for the following: *(insert particulars of all securities held. If the securities are on the property of the Company, assess the value of those securities. If any bills or other negotiable securities are held, show them in a schedule in the following form).*

Date	Drawer	Acceptor	Amount (\$ ¢)	Due date
------	--------	----------	---------------	----------

3. This proof of debt may be used for the purposes of voting at any meeting, a proposal without a meeting or for distribution to creditors unless a further proof of debt is submitted by me.

4. I am employed by the creditor and authorised in writing by the creditor to make this statement. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied. *(select if applicable)*

5. I am the creditor's agent authorised in writing to make this statement in writing. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied. *(select if applicable)*

Dated _____

Signature _____

Name _____

Address _____

Phone _____

I nominate to receive electronic notification of notices or documents in accordance with Section 600G of the Corporations Act at the following email address or fax number:

Email address _____

Fax number _____

Appendix 10 – Appointment of Proxy Form



Appointment of Proxy

Company name: _____ **ACN:** _____
(Administrators Appointed) (Receivers and Managers Appointed) ('the Company')

1. Insert Full Name and Contact Details (please print)

Given name *Surname*

Company name *Telephone number*

Address

2. Appointment of a Proxy (please complete)

I/We, a creditor of the Company appoint:
_____ of _____
as my/our proxy, or in his/her absence _____, to vote at the first meeting of creditors to be held on 1 February 2018 or at any adjournment of that meeting.

3. Voting by your Proxy

Option 1: If appointed as a general proxy, as he/she determines on my/our behalf.
and/or

Option 2: If appointed as a special proxy for some or all resolutions, specifically in the manner set out below (**please tick**).

Resolution (please specify the particular resolution)	For	Against	Abstain	General Proxy to Vote
"That the Administration of the Company ends."	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
"That pursuant to Section 439C of the Corporations Act, the Company execute the proposed Deed of Company Arrangement"	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
"That the Company be wound up."	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
"That the Committee of Inspection ('the Committee') continue as a representative body of all creditors and for the current members of the Committee to continue in their elected role."	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

4. Signature Section (in accordance with Sections 127 or 250D of the Corporations Act 2001)

Signature of individual or person authorised by corporate resolution to represent corporation

Print Name:

Dated this _____

The common seal was affixed hereto in the presence of:

Director

Director/Company Secretary

Certificate of Witness

Please Note: This certificate is to be completed only where the person giving the proxy is blind or incapable of writing. The signature of the creditor is not to be attested by the person nominated as proxy.

I, _____ of _____
certify that the above instrument appointing a proxy was completed by me in the presence of and at the request of the person appointing the proxy and read to him before he attached his signature or mark to the instrument.

Signature of witness: _____

Appendix 11 – Summary of RATAs



Appendix 11 – Directors RATA consolidation

Item	Consolidated Group	
	Book value	Estimated realisable value
Assets not specifically secured	1,321.7	Withheld
Assets subject to specific security interests (net of specific security interests)	-	-
Total assets	1,321.7	Withheld
Less payable in advance of secured parties	2.1	2.1
Less amounts owing and secured by debenture or circulating security interest over assets	359.4	359.4
Less preferential claims ranking behind secured parties	-	-
Balances owing to partly secured parties	0.1	0.1
Balances owing to unsecured creditors	425.4	444.4
Contingent assets	Withheld	-
Contingent liabilities	152.5	152.5
Estimated surplus/(deficiency) subject to the costs of the Administration	691.2	-

Item	Arwon Finance Pty Ltd	
	Book value	Estimated realisable value
Assets not specifically secured	70.2	Withheld
Assets subject to specific security interests (net of specific security interests)	-	-
Total assets	0.0	70.2
Less payable in advance of secured parties	-	-
Less amounts owing and secured by debenture or circulating security interest over assets	359.4	359.4
Less preferential claims ranking behind secured parties	-	-
Balances owing to partly secured parties	-	-
Balances owing to unsecured creditors	42.7	42.7
Contingent assets	-	-
Contingent liabilities	11.7	11.7
Estimated surplus/(deficiency) subject to the costs of the Administration	(343.6)	-

Item	Mt Romance Holdings Pty Ltd	
	Book value	Estimated realisable value
Assets not specifically secured	-	-
Assets subject to specific security interests (net of specific security interests)	-	-
Total assets	-	-
Less payable in advance of secured parties	-	-
Less amounts owing and secured by debenture or circulating security interest over assets	359.4	359.4
Less preferential claims ranking behind secured parties	-	-
Balances owing to partly secured parties	-	-
Balances owing to unsecured creditors	-	-
Contingent assets	-	-
Contingent liabilities	-	-
Estimated surplus/(deficiency) subject to the costs of the Administration	359.4	-

Item	Quintis Forestry Limited	
	Book value	Estimated realisable value
Assets not specifically secured	479.6	Withheld
Assets subject to specific security interests (net of specific security interests)	-	-
Total assets	479.6	Withheld
Less payable in advance of secured parties	1.7	1.7
Less amounts owing and secured by debenture or circulating security interest over assets	359.4	359.4
Less preferential claims ranking behind secured parties	-	-
Balances owing to partly secured parties	0.0	0.0
Balances owing to unsecured creditors	369.3	369.3
Contingent assets	-	-
Contingent liabilities	38.6	38.6
Estimated surplus/(deficiency) subject to the costs of the Administration	(289.5)	-

Item	Australian Sandalwood Oil Co Pty Ltd	
	Book Value	Estimated realisable value
Assets not specifically secured	-	-
Assets subject to specific security interests (net of specific security interests)	-	-
Total assets	-	-
Less payable in advance of secured parties	-	-
Less amounts owing and secured by debenture or circulating security interest over assets	359.4	359.4
Less preferential claims ranking behind secured parties	-	-
Balances owing to partly secured parties	-	-
Balances owing to unsecured creditors	-	-
Contingent assets	-	-
Contingent liabilities	-	-
Estimated surplus/(deficiency) subject to the costs of the Administration	359.4	-

Item	Quintis Ltd	
	Book value	Estimated realisable value
Assets not specifically secured	569.0	Withheld
Assets subject to specific security interests (net of specific security interests)	-	-
Total assets	569.0	Withheld
Less payable in advance of secured parties	-	-
Less amounts owing and secured by debenture or circulating security interest over assets	359.4	359.4
Less preferential claims ranking behind secured parties	-	-
Balances owing to partly secured parties	0.1	0.1
Balances owing to unsecured creditors	-	-
Contingent assets	-	-
Contingent liabilities	62.0	62.0
Estimated surplus/(deficiency) subject to the costs of the Administration	147.5	-

Item	Mt Romance Australia Pty Ltd	
	Book Value	Estimated realisable value
Assets not specifically secured	37.6	Withheld
Assets subject to specific security interests (net of specific security interests)	-	-
Total assets	37.6	Withheld
Less payable in advance of secured parties	0.4	0.4
Less amounts owing and secured by debenture or circulating security interest over assets	359.4	-
Less preferential claims ranking behind secured parties	-	-
Balances owing to partly secured parties	-	-
Balances owing to unsecured creditors	9.3	28.4
Contingent assets	-	-
Contingent liabilities	-	-
Estimated surplus/(deficiency) subject to the costs of the Administration	331.6	-

Item	Quintis Leasing Pty Ltd	
	Book value	Estimated realisable value
Assets not specifically secured	1.4	Withheld
Assets subject to specific security interests (net of specific security interests)	-	-
Total assets	1.4	Withheld
Less payable in advance of secured parties	-	-
Less amounts owing and secured by debenture or circulating security interest over assets	359.4	359.4
Less preferential claims ranking behind secured parties	-	-
Balances owing to partly secured parties	-	-
Balances owing to unsecured creditors	-	-
Contingent assets	-	-
Contingent liabilities	-	-
Estimated surplus/(deficiency) subject to the costs of the Administration	358.0	-

Item	Sandalwood Properties Ltd	
	Book Value	Estimated realisable value
Assets not specifically secured	163.9	Withheld
Assets subject to specific security interests (net of specific security interests)	-	-
Total assets	163.9	Withheld
Less payable in advance of secured parties	-	-
Less amounts owing and secured by debenture or circulating security interest over assets	359.4	359.4
Less preferential claims ranking behind secured parties	-	-
Balances owing to partly secured parties	-	-
Balances owing to unsecured creditors	4.1	4.1
Contingent assets	-	-
Contingent liabilities	40.3	40.3
Estimated surplus/(deficiency) subject to the costs of the Administration	(231.7)	-

Appendix 12 – KordaMentha Rates – National – FY18



KordaMentha rates

National

Applicable from 1 July 2017

FY 2018

Classification	\$ per hour*
Principal Appointee/Partner/Executive Director	675
Director	625
Associate Director 1	575
Associate Director 2	525
Manager	475
Senior Executive Analyst	425
Executive Analyst	400
Senior Business Analyst	350
Business Analyst	295
Administration	150

*Exclusive of GST

KordaMentha disbursement policy

Disbursements incurred from third party suppliers are charged at the cost invoiced. KordaMentha does not add any margin to disbursements incurred through third parties.

There are no charges for internal KordaMentha disbursements, such as internal photocopy use, telephone calls or facsimiles, except for bulk printing and postage that is performed internally, which are calculated on a variable cost recovery basis.

In relation to any employee allowances, being kilometre allowance and reasonable travel allowance, the rate of the allowance set by KordaMentha is at or below the rate set by the Australian Taxation Office.

If a KordaMentha data room is utilised, the fee will comprise an initial setup fee and then a fee based on the duration and size of the data room.

Certain services provided by Forensic Technology may require the processing of electronically stored information into specialist review platforms. Where these specific Forensic Technology resources are utilised, the fee will be based on units (e.g. number of laptops), size (e.g. per gigabyte) and/or period of time (e.g. period of hosting).

GST is applied to disbursements as required by law.



KordaMentha disbursement internal rates and allowances

Description	Charge*
Photocopying, printing (general)	\$0.06 per page
Envelopes and postage (varies due to size and weight)	\$1.45 to \$2.40 per envelope
Travel Reimbursement	\$0.60 per kilometre
Meal per diem, etc.	Up to \$92.70 per day per staff member (unless other arrangements made)
Dataroom fee (varies based on MB size)	See detail below

*Exclusive of GST, reviewed annually on 1 July

Dataroom fee – Size (MB)	Charge per month*
0-300	\$1,000
300-1000	\$1,000 + \$2.50/MB
1000-5000	\$2,750 + \$1.25/MB
5000+	\$7,750 + \$0.60/MB

*Exclusive of GST, reviewed annually on 1 July

KordaMentha classifications

Classification	Guide to level of experience
Principal Appointee/Partner/ Executive Director	Registered/Official Liquidator/Trustee, his or her Partners. Specialist skills brought to the administration. Generally in excess of 10 years' experience.
Director	More than eight years' experience and more than three years as a Manager. Answerable to the appointee, but otherwise responsible for all aspects of an administration. Controls staffing and their training.
Associate Director 1	Six to eight years' experience with well developed technical and commercial skills. Will have conduct of minor administrations and experience in control of a small to medium team of staff. Assists with the planning and control of medium to large administrations.
Associate Director 2	Five to seven years' experience with well developed technical and commercial skills. Will have conduct of minor administrations and experience in control of a small to medium team of staff. Assists with the planning and control of medium to large administrations.
Manager	Four to six years' experience. Will have had conduct of minor administrations and experience in control of one to three staff. Assists with the planning control of medium to large administrations.
Senior Executive Analyst	Three to four years' experience. Assists planning and control of small to medium administrations as well as performing some of the more difficult tasks on larger administrations.
Executive Analyst	Two to three years' experience. Required to control the tasks on small administrations and is responsible for assisting tasks on medium to large administrations.
Senior Business Analyst	Graduate with one to two years' experience. Required to assist in day-to-day tasks under supervision of more senior staff.
Business Analyst	Undergraduate or graduate with up to one year experience. Required to assist in day-to-day tasks under supervision of more senior staff.
Administration	Appropriate skills, including books and records management and accounts processing particular to the administration.

Appendix 13 – Creditors' Trust – Risks and disadvantages

The potential risks and disadvantages of the Creditors' Trust are set out below along with the Administrators' views on their potential application in this case.

The Administrators note that the limited role of the Trustee under the Creditors' Trust is to finally adjudicate claims and distribute funds in the Creditors' Trust. In those circumstances, and for the reasons set out below, the Administrators do not consider that any potential risks associated with the proposed Creditors' Trust will have a material adverse effect on creditors in this case.

Risks of the Creditors' Trust compared to a company remaining subject to a deed of company arrangement can include:

- Creditors' claims against a company may be extinguished before all or some of the trust funds are received – In the case of the proposed Creditors' Trust, this will not occur as the DOCA cannot terminate until the relevant funds have been received into the Creditors' Trust. On this basis, this risk has been mitigated.
- Creditors forgo their statutory rights to seek the assistance of the Court including the right to seek orders to terminate or vary the DOCA and to appeal against the valuation of claim. The risks associated with this are greatest where the DOCA terminates and the Creditors' Trust commences immediately on execution of the DOCA. In this case, the DOCA is likely to be on foot for at least a month whilst the conditions for Completion under the DOCA are satisfied and any aggrieved creditor will have an opportunity to avail itself of these statutory rights during that period.
- Creditors may agree to the DOCA proposal without being aware of the implications of the Creditors' Trust – this report provides disclosure of material information about the DOCA and the Creditors' Trust, and copies of the draft DOCA and Creditors' Trust Deed are provided to creditors as appendices to this report.
- The additional complexity of the legal and documentary arrangements needed to support the use of the Creditors' Trust under a DOCA – the DOCA and Creditors' Trust Deed have been reviewed by the Administrators and their advisers, and by the Receivers and their advisors, all of whom have experience in dealing with deeds of company arrangement and creditors' trusts. We do not believe the complexity of documentary arrangements pose a risk to creditors.
- The Trustee's identity, skills, remuneration and insurance arrangements – these factors are addressed in the table at section 6 of this report. For the reasons set out in section 6 of this report, we do not believe the trustee's identity, skills, remuneration and insurance arrangements pose a risk to creditors in this instance.
- Non-uniformity of the State and Territory Trustee Acts governing trusts and trustees – the Creditors' Trust will be governed by the Trustees Act 1925 (NSW). We do not believe the application of this act poses any risk for creditors.
- Differences in the ways trustees and registered liquidators are regulated and supervised which may cause potential difficulties for ASIC and creditors to monitor and enforce proper conduct of the trustee – In a deed of company arrangement, creditors have the right to seek ASIC or the Court's assistance under the Act. In a creditors' trust, the creditors (as beneficiaries) would not have those statutory rights and instead would have rights under the Trust Deed, in law or in equity. However, as the proposed trustees are registered liquidators, creditors will still be able to seek assistance from ASIC and the supervisory jurisdiction the Court has over trustees. Accordingly, we do not believe this difference creates a material risk for creditors.

Appendix 14 – Draft DOCA and Draft Creditors’ Trust Deed



Richard Tucker, Scott Langdon and John Bumbak in their capacity as joint and several deed administrators of the Quintis Pooled Entities

Jason Preston, Shaun Robert Fraser and Robert Conry Brauer in their capacity as joint and several receivers and managers of the Quintis Pooled Entities

The Quintis Pooled Entities listed in Schedule 1

Deed of Company Arrangement Quintis Pooled Entities

Allens
Deutsche Bank Place
Corner Hunter and Phillip Streets
Sydney NSW 2000
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F +61 2 9230 5333
www.allens.com.au

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This Deed is made on

Parties

- 1 **Richard Tucker, Scott Langdon and John Bumbak** of c/- KordaMentha, Level 5, Chifley Tower, 2 Chifley Square, Sydney NSW 2000, in their capacity as joint and several deed administrators of the Quintis Pooled Entities under this Deed (the **Deed Administrators**).
- 2 **Jason Preston, Shaun Robert Fraser and Robert Conry Brauer** of c/- McGrathNicol, Level 12, 20 Martin Place, Sydney NSW 2000, in their capacity as joint and several receivers and managers of the Quintis Pooled Entities under this Deed (the **Deed Proponents**).
- 3 **The companies listed in Schedule 1** of c/- McGrathNicol, Level 12, 20 Martin Place, Sydney NSW 2000 (the **Quintis Pooled Entities**).

Recitals

- A On the Appointment Date, Richard Tucker, Scott Langdon and John Bumbak were appointed as administrators of the Quintis Pooled Entities pursuant to Part 5.3A of the Act. On 23 January 2018, Shaun Fraser, Jason Preston and Robert Brauer were appointed as receivers and managers of the Quintis Pooled Entities on the instructions of the Bondholders.
- B The Deed Proponents proposed a deed of company arrangement in respect of the Quintis Pooled Entities under which the Deed Proponents agreed to make available the Fund Amount on the terms set out in this Deed.
- C At meetings held on 8 June 2018 and convened pursuant to section 439A of the Act, the Creditors of each of the Quintis Pooled Entities resolved that the companies execute this deed of company arrangement proposed by the Deed Proponents under section 444B(2)(b) of the Act.
- D The Deed Administrators, the Quintis Pooled Entities and the Deed Proponents have agreed to execute this Deed to give effect to the resolution in recital C above.
- E The Deed Administrators have consented to be the Administrators of this Deed.
- F Subject to the terms of this Deed, this Deed binds all Creditors of the Quintis Pooled Entities, in accordance with section 444D of the Act, and also binds the Quintis Pooled Entities, and their Officers and Members in accordance with section 444G of the Act.

It is agreed as follows.

1 Definitions and Interpretation

1.1 Definitions

The following definitions apply unless the context requires otherwise.

Act means the *Corporations Act 2001* (Cth).

Admitted Claim means the Claim of any Trust Creditor admitted by the Trustees after adjudication in accordance with clause 6 of the Trust Deed.

Administration Liabilities means all amounts, debts, liabilities, actions, suits, proceedings, accounts, claims, damages, awards and judgments in respect of which the Voluntary Administrators and Deed Administrators are entitled to be indemnified under clause 17.2.

Appointment Date means 20 January 2018.

Assets mean all undertakings, property and assets of the Quintis Pooled Entities.

BC Investor means a person who as at the Commencement Date has an investment in one or more Beyond Carbon projects operated by Quintis Limited listed in Schedule 7 and is party to one or more Investment Management Agreements with Quintis Limited (among others).

Bondholders means the Secured Creditors participating in the Scheme of Arrangement.

Business Day means any day on which banks (as defined in the *Banking Act 1959* (Cth)) are open for normal banking business in Sydney, excluding Saturdays and Sundays.

Claim means a debt owing by, or a claim against, a Quintis Pooled Entity (whether present or future, certain or contingent, ascertained or sounding only in damages), irrespective of whether the debt or claim arose by virtue of contract, at law (including by statute), in equity or otherwise, being a debt or claim the circumstances giving rise to which occurred on or before the Appointment Date and which would be admissible to proof against the Quintis Pooled Entity had that entity been wound up and the winding up was taken to have commenced on the Appointment Date, including:

- (a) Priority Employee Claims;
- (b) a debt arising from a failure by a Quintis Pooled Entity to pay a Superannuation Contribution; or
- (c) a debt arising by way of a Superannuation Guarantee Charge.

Commencement Date means the date of this Deed, being the date on which the last of the Deed Proponents, the Deed Administrators or the Quintis Pooled Entities executes this Deed.

Committee of Inspection means the committee of Creditors referred to in clause 15.

Completion means completion of the steps set out in clause 6.1 of this Deed.

Completion Date means the date on which the Receiver Scheme Certificate is signed and delivered to the Deed Administrators by the Deed Proponents, which must be a date that is on or after the date on which each other Condition Precedent has been satisfied or waived in accordance with clause 5.

Conditions Precedent means the conditions set out in clause 5.1.

Contracts means all contracts in existence at the time of Completion to which Quintis Limited is party, including, for the avoidance of doubt, the Investment Contracts.

Controller Liabilities means all liabilities of the Voluntary Administrators in relation to any contract, purchase order or other arrangement entered into by the Voluntary Administrators in respect of the Quintis Pooled Entities, or which the Voluntary Administrators have caused a Quintis Pooled Entity to perform, that remain undischarged at the Completion Date.

Costs includes costs, charges, fees (including legal fees), government charges, taxes (including any stamp duty and taxes required to be paid by the Deed Administrators in accordance with clauses 21 and 35 of this Deed) and expenses, including those incurred in connection with advisers, incurred in connection with the performance or as a result of any actual or attempted execution or exercise or failure to execute or exercise of the Voluntary Administrators' and Deed Administrators' duties, obligations and responsibilities under the Act and the Deed during the Voluntary Administration Period and the Deed Period costs, charges, fees (including legal fees), government charges, taxes and expenses including preparation, approval and implementation of this Deed and of the preparation and implementation of any documents necessary to or associated with approval of this Deed, but does not include Administration Liabilities.

Court means any court having jurisdiction to hear and determine matters under the Act.

Creditor means any person who would have been entitled to prove in a winding up of a Quintis Pooled Entity, if the Quintis Pooled Entities had been wound up and the winding up was taken to have commenced on the Appointment Date.

Deed means this Deed of Company Arrangement as amended from time to time.

Deed Administrators means Richard Tucker, Scott Langdon and John Bumbak (or any of them), in their respective capacities as administrators of the deed of company arrangement of each Quintis Pooled Entity and any successor to that office appointed pursuant to the Act.

Deed of Appointment means the deed dated 23 January 2018 under which the Deed Proponents were appointed as receivers and managers of the Quintis Pooled Entities.

Deed Period means the period commencing on the Commencement Date and ending on the Termination Date.

Director means a director, as defined in section 9 of the Act, of any Quintis Pooled Entity.

Employee means any current or former employees of a Quintis Pooled Entity.

Employee Entitlements means the Claim of any Employee that would rank for payment in priority to the payment of other unsecured Claims under section 556 of the Act if the Quintis Pooled Entity was taken to be in liquidation on the Appointment Date.

Enforcement Process has the meaning given to it in the Act.

Excluded Claims means any of the following:

- (d) an Excluded Lessor Claim;
- (e) an Excluded MIS Investor Claim;
- (f) any Claim which a Quintis Pooled Entity has against any other Quintis Pooled Entity; and
- (g) any Claim under or in relation to the Indenture, including any claim by a Bondholder.

Excluded Creditor means a Creditor with an Excluded Claim.

Excluded Lessor means a person who is the legal or beneficial owner of Property at the Appointment Date and is listed in Schedule 5.

Excluded Lessor Claim means any Claim of an Excluded Lessor.

Excluded MIS Investor Claim means the rights of an MIS Investor to elect to defer fees payable under its Lease and Management Agreement with Quintis Leasing and SPL.

Fund Amount means the amount of \$2,500,000.

GST has the meaning given in section 195-1 of the *A New Tax System (Goods and Services Tax) Act 1999 (Cth)*.

Indenture means the Amended and Restated Indenture dated 20 July 2017 as supplemented by the Supplemental Indenture dated September 20, 2017, and as further supplemented by the Second Supplemental Indenture dated November 1, 2017, providing for the issuance of 8.75% Senior Secured Notes due 2023, among Quintis Limited and the Collateral Trustee (among others) and as further supplemented from time to time.

Insolvency Practice Rules has the meaning given in the Act.

Insolvency Practice Schedule has the meaning given in the Act.

Insured Claim means a Claim which a Creditor has against a Quintis Pooled Entity, which would have been entitled to priority in a liquidation of the Quintis Pooled Entity under section 562 of the Act, where:

- (h) that Quintis Pooled Entity is insured against the Claim under a contract of insurance (not being a contract of reinsurance) entered into before the Appointment Date; and
- (i) an amount in respect of that Claim would be payable by the insurer to the Quintis Pooled Entity under the contract of insurance,

but only to the extent of such part of the Claim as would be discharged by the payment from the insurer and provided that the Creditor complies with the requirements of clause 9 in relation to such a Claim.

Investment Contracts means, in relation to an MIS Investor, SIO Investor or BC Investor, the contractual arrangements in existence as at the Commencement Date between that person and the Quintis Group in relation to that person's investment in the relevant Quintis Group scheme or product.

Lessor means any person who is the legal or beneficial owner of Property at the Appointment Date, excluding the Quintis Pooled Entities.

Listing Proceeds means any net proceeds after costs generated by the sale of Quintis Limited's corporate shell and Australian Securities Exchange public listing.

Member has the meaning given to it in section 9 of the Act.

MIS Investor means a person who as at the Commencement Date has an investment in a registered Managed Investment Scheme operated by SPL listed in Schedule 9 and is party to a Lease and Management Agreement with Quintis Leasing and SPL.

NewCo means an entity that is wholly or substantially owned by the Bondholders and which will, upon implementation of the Scheme of Arrangement, become the parent company of the Quintis Subsidiaries and the borrower to the existing facilities between Quintis Limited and the Bondholders.

Novating SIO Investor means an SIO Investor who has executed the Novation Deed (SIO) and delivered a copy of its executed counterpart to the Deed Proponents prior to Completion.

Novation Deed (SIO) means a novation deed substantially in the applicable form set out in Schedule 6 (being the form for 2014, 2015, 2016 or 2017, depending on the year of the SIO Investor's investment).

Novation Deed (BC) means a novation deed substantially in the form provided by Quintis Limited to a BC Investor.

Officer has the meaning given to it in section 9 of the Act.

Owner means any person who is the legal or beneficial owner of Property at the Appointment Date, excluding the Quintis Pooled Entities.

Priority Creditors means a Creditor with a debt payable by, or Claim against, a Quintis Pooled Entity as at the Appointment Date, including a Priority Employee Claim which, had the Quintis Pooled Entity been wound up (with the winding up taken to have commenced on the Appointment Date), would have been a debt or Claim payable in priority to all other unsecured debts or Claims against the Quintis Pooled Entity in accordance with section 556, 559, 560 or 561 of the Act.

Priority Employee Claim means any right or entitlement of any Employee for which that Employee would be entitled to prove in priority to other unsecured creditors as a debt or Claim against a Quintis Pooled Entity pursuant to section 556 of the Act had that Quintis Pooled Entity been wound up and the winding up was taken to have commenced on the Appointment Date, save that, for the avoidance of doubt, such right or entitlement shall be subject to the limitations in section 556 of the Act including, without limitation, sections 556(1A) and (1B).

Priority Employee Creditor means a Creditor who is an Employee or former Employee of any Quintis Pooled Entity and who has a Priority Employee Claim.

Property means any legal or equitable estate or interest (whether present or future and whether vested or contingent) in real or personal property of any description, including intellectual property and a chose or thing in action, and any real or personal property owned, used, occupied or in the possession of a Quintis Pooled Entity.

Quintis Forestry means Quintis Forestry Limited (Administrators Appointed) (Receivers and Managers Appointed).

Quintis Leasing means Quintis Leasing Pty Ltd (Administrators Appointed) (Receivers and Managers Appointed).

Quintis Limited means Quintis Limited (Administrators Appointed) (Receivers and Managers appointed) (ACN 092 200 854).

Quintis Pooled Entities means all the companies named in Schedule 1 collectively and **Quintis Pooled Entity** means any of them.

Quintis Subsidiaries means the Quintis Pooled Entities excluding Quintis Limited.

Receiver Scheme Certificate means the certificate which:

- (a) will confirm that the Scheme of Arrangement has been approved by the Court and Completion can proceed under this Deed immediately followed by implementation of the Scheme of Arrangement; and
- (b) must be signed and delivered by one or more of the Deed Proponents to the Deed Administrators substantially in the form set out in Schedule 3 on or before the Sunset Date.

Regulations means the *Corporations Regulations 2001* (Cth).

Remuneration means the remuneration payable to the Voluntary Administrators or Deed Administrators for work performed by them or any of their partners, employees, directors, officers, contractors, advisers or delegates with respect to acting as administrators of the Quintis Pooled Entities or as administrators of this Deed as determined by the Committee of Inspection and Division 60 of the Insolvency Practice Schedule.

Scheme of Arrangement means the creditors' scheme of arrangement approved by the Court between Quintis Limited and the Bondholders which provides for:

- (c) the transfer to NewCo by Quintis Limited of all of its assets, including:
 - (i) the Quintis Subsidiaries;
 - (ii) all of Quintis Limited's rights or powers in relation to, or in connection with, its right, title and interest in the Contracts; and
 - (iii) all claims or causes of action that are capable of being assigned; and
- (d) NewCo to become the parent company of the Quintis Subsidiaries and the borrower to the existing facilities between Quintis Limited and the Bondholders.

Section 439C Resolution means the resolution of the Creditors referred to in Recital C of this Deed.

Secured Creditor means any Creditor with the benefit of a Security Interest at the Appointment Date over all or any of the Assets of any Quintis Pooled Entity, whether securing all or part of the Creditor's Claim, including, for the avoidance of doubt, the Bondholders.

Security Interest means any mortgage, chattel mortgage, pledge, charge, agreement, encumbrance, lien, right of set-off (arising otherwise than by operation of law or as a result of a banker's right to combine accounts) and assignment which provides for and secures the payment of any debt or monetary liability or the performance of any obligation and any 'security interest' as defined in sections 12(1) or (2) of the *Personal Property Securities Act 2009* (Cth).

Schedule 8A means Schedule 8A to the Regulations.

SIO Investor means a person who as at the Commencement Date has an investment in one or more Sophisticated Investor Scheme projects operated by Quintis Limited and listed in Schedule 7 and is party to one or more Investment Management Agreements with Quintis Limited, SPL and Quintis Forestry and, if applicable, one or more leases with SPL or Quintis Forestry (as lessor).

SPL means Sandalwood Properties Ltd (Administrators Appointed) (Receivers and Managers Appointed) ACN 093 330 977.

Sunset Date means 30 November 2018 (or such other date agreed by the Deed Administrators, the Quintis Pooled Entities and the Deed Proponents).

Superannuation Contribution has the meaning given to it in section 556 of the Act.

Superannuation Guarantee Charge has the meaning given to it in the Superannuation Guarantee (Administration) Act 1992.

Tax Estimates has the meaning given to it in clause 21(a).

Taxable Supply has the meaning given in section 195-1 of the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

Termination Date means the date on which this Deed terminates in respect of a Quintis Pooled Entity pursuant to clause 20.

Trust means the Quintis Pooled Entities Trust to be established under the Trust Deed.

Trust Creditors means all the Creditors other than the Excluded Creditors. For the avoidance of doubt, Trust Creditors include Priority Employee Creditors.

Trust Deed means the trust deed to be entered into between the Quintis Pooled Entities and the Deed Administrators substantially in the form contained in Schedule 4.

Trustees' Costs means the costs, charges and expenses, incurred by the Trustees in connection with the performance of their duties, obligations and responsibilities as trustees of the Trust, including those incurred in connection with advisers.

Trustees' Remuneration has the meaning given to it in the Trust Deed.

Trust Fund has the same meaning as under the Trust Deed.

Trustees means the trustees of the Creditors' Trust established under the Trust Deed.

Voluntary Administration Period means the period commencing on the Appointment Date and ending on the Commencement Date.

Voluntary Administrators means Richard Tucker, Scott Langdon and John Bumbak (or any of them) in their respective capacities as joint and several voluntary administrators of each of the Quintis Pooled Entities.

1.2 Interpretation

In this Deed:

- (a) a reference to an entity is a reference to that entity in its own right and in its capacity as trustee of any trust;

- (b) words importing the singular will (where appropriate) include the plural and vice versa;
- (c) words importing any one gender will (where appropriate) include the other gender and vice versa;
- (d) if a word or phrase is defined, its other grammatical forms have a corresponding meaning;
- (e) words importing natural persons will (where appropriate) include corporations, firms, unincorporated associations, partnerships, trusts and any other entities recognised by law and vice versa;
- (f) words “written” and “in writing” include any means of visible reproduction of words in a tangible and permanently visible form;
- (g) headings are for convenience of reference only and will not affect the meaning or interpretation of this Deed;
- (h) references to any statutory enactment or law will be construed as references to that enactment or law as amended or modified or re-enacted from time to time and to the corresponding provisions of any similar enactment or law of any other relevant jurisdiction;
- (i) references to Parts, Clauses, paragraphs and Schedules will be construed as references to the Parts, Clauses, paragraphs and Schedules of and to this Deed;
- (j) unless otherwise stated, references to Sections will be construed as references to Sections of the Act and references to Regulations will be construed as references to the Regulations;
- (k) a term of expression not otherwise defined in this Deed shall have the same meaning, if any, as provided for in the Act;
- (l) references to an “agreement” include any undertaking, deed, agreement and legally enforceable arrangement, whether or not in writing;
- (m) references to an agreement or document (including a reference to this Deed) are to the agreement or document as amended, substituted, novated, supplemented, varied or replaced;
- (n) references to the rights or obligations of two or more persons under this Deed will be interpreted as entitling or obliging them jointly and severally;
- (o) the meaning of general words is not limited by specific examples introduced by “including”, “for example” or similar expressions;
- (p) a construction that would promote the purpose or object underlying this Deed (whether or not stated in this Deed) is to be preferred to a construction that would not promote that purpose or object;
- (q) no rule of construction applies to the disadvantage of a party to this Deed because that party was responsible for the preparation of this Deed or any part of it;
- (r) a reference to “\$” is to Australian currency; and
- (s) a reference to “cash” includes cash equivalents.

1.3 Inconsistency with Act or Regulations

If there is any inconsistency between the provisions of this Deed and the Act, Regulations, the Insolvency Practice Schedule, or the Insolvency Practice Rules, this Deed prevails to the extent permitted by law.

1.4 Other inconsistencies

If there is any inconsistency between the provisions of this Deed and the constitutions of the Quintis Pooled Entities or any other obligation binding on the Quintis Pooled Entities, the provisions of this Deed prevail to the extent of the inconsistency, and all persons bound by this Deed agree to sign all documents and do all things to remove such inconsistency, the costs of which will be borne by the Quintis Pooled Entities.

1.5 Prescribed provisions

- (a) The prescribed provisions contained in Schedule 8A of the Regulations do not apply to this Deed, subject to clause 14.3 of this Deed.
- (b) To the extent that the Act requires any provision to be included in this Deed which is not expressly included in this Deed, such provision will be deemed to be included in this Deed, and all persons bound by this Deed agree to sign all documents and do all things necessary to include such a provision in this Deed, the costs of which will be borne by the Quintis Pooled Entities.

1.6 Bar to Claims

As and from Completion, this Deed may be pleaded and tendered by:

- (a) the Quintis Pooled Entities against any person having or asserting a Claim released, discharged and extinguished by clause 8; and
- (b) the recipient of any release or covenant contained in this Deed, as an absolute bar and defence to any legal proceeding brought or made at any time in respect of a claim, release or covenant as the case may be.

1.7 Separate Deeds

This Deed will operate as a separate deed in respect of each of the Quintis Pooled Entities.

2 Commencement of this Deed

This Deed will commence and take effect on the Commencement Date.

3 Execution of the Deed

- (a) This Deed is subject to and conditional upon the execution of this Deed by each person named as a party to it.
- (b) The Voluntary Administrators must execute this Deed on or prior to the expiration of 15 Business Days (or such further period as the Court allows) after the Section 439C Resolution is passed.
- (c) If as a result of a failure by the Deed Proponents to execute this Deed, this Deed has not come into full force and effect on or prior to the expiration of 15 Business Days (or such further period as the Court allows) after the Section 439C Resolution is passed, then this Deed will terminate automatically.
- (d) This Deed is subject to and conditional upon payment of the Voluntary Administrators' Remuneration and Costs immediately prior to the Completion Date in an amount agreed by the Receivers.
- (e) If the Voluntary Administrators do not execute this Deed within the period specified in clause 3(b), the Voluntary Administrators consent to the grant of injunctive relief to enforce the Voluntary Administrators' obligations under that clause.

4 Moratorium created by this Deed

4.1 Deed binds all persons

This Deed binds:

- (a) in accordance with section 444D of the Act, all Creditors; and
- (b) in accordance with section 444G of the Act, the Quintis Pooled Entities, their Officers and Members and the Deed Administrators.

4.2 No limitation

Nothing in this Deed limits the rights in law or equity of the Deed Administrators:

- (a) to make an application under section 444F of the Act; or
- (b) to apply for orders or directions pursuant to the Act (including, without limitation, section 447A(1) or 90-15 of the Insolvency Practice Schedule).

4.3 Restrictions on persons bound by this Deed

During the Deed Period, and subject to clause 9 in relation to Insured Claims, no Creditor (in relation to that Creditor's Claim), Officer or Member or any other party bound this Deed may:

- (a) make, or concur in the making of, an application for an order to wind up a Quintis Pooled Entity;
- (b) proceed with, or concur in proceeding with, any such application made before this Deed became binding on the person;
- (c) in the case of a Creditor, exercise any right of set-off or cross-claim to which a Creditor would not have been entitled had the relevant Quintis Pooled Entity been wound up at the Appointment Date;
- (d) commence or take any further step in any arbitration against a Quintis Pooled Entity, or to which a Quintis Pooled Entity is a party;
- (e) begin or continue with any proceeding against a Quintis Pooled Entity or in relation to any of its Property;
- (f) begin or continue with any Enforcement Process against a Quintis Pooled Entity in relation to its Property; or
- (g) take any other step whatsoever to recover a Claim;

except, in the case of paragraphs (e) and (f) with leave of the Court and in accordance with such terms (if any) as the Court imposes.

5 Conditions Precedent

5.1 Conditions Precedent to Completion

- (a) Completion, in accordance with clause 6 of this Deed, is conditional upon all of the following events occurring by the Sunset Date (**Conditions Precedent**):
 - (i) **(Execution)** This Deed has been executed by all parties to it;
 - (ii) **(Receiver Scheme Certificate)** The Receiver Scheme Certificate has been signed and delivered by one or more of the Deed Proponents to the Deed Administrators; and
 - (iii) **(Creditors' Trust Deed)** The Deed Administrators and the Quintis Pooled Entities have executed the Creditors' Trust Deed.

5.2 Obligation to satisfy Conditions Precedent

To the extent that it is within the control of a party to this Deed, that party must use all reasonable endeavours to ensure that the Conditions Precedent are satisfied.

5.3 Waiver of Conditions Precedent

A Condition Precedent in clause 5.1 may only be waived (wholly or partially) by agreement of the Deed Administrators and the Deed Proponents.

5.4 Consequence of non-satisfaction of Conditions Precedent

If any of the Conditions Precedent are not satisfied in accordance with clause 5.1, or are not waived in accordance with clause 5.3, by the Sunset Date:

- (a) the Deed Administrators will convene a meeting of Creditors to determine the future of the Quintis Pooled Entities; and
- (b) the provisions of clause 8.3 will be treated as having no further force and effect and the rights of a Creditor in respect of any Insured Claim arising prior to the Commencement Date against the Quintis Pooled Entities will be reinstated in full.

6 Completion

6.1 Completion

Completion will take place on the Completion Date.

6.2 Completion steps

On the Completion Date:

- (a) the Deed Proponents must immediately after receipt of the Receiver Scheme Certificate procure the Quintis Pooled Entities to pay the Fund Amount in cleared funds at the direction of the Deed Administrators to the Trustees (to the bank account notified by the Trustees) to be administered under the Trust as the Trust Fund and notify the Trustees in writing once the payment has been made;
- (b) the Deed Administrators must procure the Trustees confirm with the bank or other institution with which the Trust Fund account has been established when the Fund Amount has been received into the account in full in cleared funds (and must request the bank or other institution to inform the Trustees as soon as possible after the Fund Amount has been received); and
- (c) the Deed Administrators must immediately after confirmation is received by the Trustees under clause 6.2(b) sign a certificate in the form of Schedule 2 for each of the Quintis Subsidiaries for the purpose of terminating this Deed in respect of each Quintis Subsidiary on the basis of this Deed having been effectuated.

6.3 Completion steps to be simultaneous as far as possible

- (a) The actions to take place as contemplated by clause 6.2 are interdependent and must take place as close in time to each other as possible.
- (b) If any of the steps in clause 6.2 is not completed, the parties must take such actions and steps as are necessary to put each of the parties in the same position as if none of the Completion steps in clause 6.2 had occurred.

6.4 Trust Creditors' available assets

The only property of the Quintis Pooled Entities that is available to pay the Trust Creditors' Claims is the assets of the Trust Fund.

7 Pooling

All persons bound by this Deed acknowledge that for the purposes of this Deed:

- (a) the Quintis Pooled Entities will be treated as one entity; and
- (b) each Creditor of a Quintis Pooled Entity will be treated as a creditor of the Quintis Pooled Entities as a whole.

8 Release of Claims

8.1 Release of Claims

Subject to clauses 2, 8.3 , and 9.1 each Creditor agrees that on the occurrence of Completion in accordance with clause 6, its Claims (other than any Excluded Claim) are extinguished and released.

8.2 Excluded Claims

The Excluded Creditors are not entitled to participate in or receive any distribution from, and will not prove to recover any Excluded Claim for the purpose of, or in relation to, the Trust Fund, in respect of an Excluded Claim. For the avoidance of doubt, the Excluded Creditors will be entitled to make a claim against the Trust Fund, in accordance with the Trust Deed, for any Claim that is not an Excluded Claim.

8.3 Insured Claims

Any uninsured component of an Insured Claim is extinguished and released on the Commencement Date and Creditors with Insured Claims are not entitled to participate in or receive any distribution from, and will not prove to recover any Insured Claim for the purpose of, or in relation to, the Trust Fund, in respect of an Insured Claim.

8.4 Execution of all necessary documents

Each Creditor must, if required by any Quintis Pooled Entity or the Deed Administrators, execute any document that the Quintis Pooled Entity or the Deed Administrators may require from time to time to give effect to the releases in clause 8.1.

8.5 Conversion of Claims

Subject to clause 8.2, the Deed Administrators and the Creditors agree that, upon all Claims being released pursuant to clause 8.1, each Trust Creditor who had a Claim, will be entitled to make a claim against the Trust Fund, in accordance with the Trust Deed, which is equal in amount to their released Claim.

8.6 Bar to Claims

Subject to section 444D of the Act, this Deed may be pleaded by a Quintis Pooled Entity or the Deed Administrators against any person having a Claim (other than an Excluded Claim) against that Quintis Pooled Entity as an absolute bar and defence to any legal proceedings brought or made at any time in respect of that Claim.

8.7 Eligible Employee Creditors

For the purposes of section 444DA of the Act, any Employees will retain a priority until Completion in respect of the Assets under the Deed Administrators' control, and thereafter, in respect of the assets of the Trust Fund, at least equal to that which they would have been entitled if the property of the Quintis Pooled Entities had been applied in accordance with sections 556, 560 and 561 of the Act.

8.8 Superannuation Contribution Debt

- (a) For the purposes of section 444DB of the Act, the Deed Administrators (in their capacity as Trustees) must determine that a debt (or part therefore) by way of a Superannuation Contribution is not admissible to proof as a Trust Creditor Claim if:
- (i) that debt (or part of the debt) by way of Superannuation Guarantee Charge:
 - (A) has been paid; or
 - (B) is, or is to be admissible against, that Quintis Pooled Entity; and
 - (ii) the Deed Administrators are satisfied that the Superannuation Guarantee Charge is attributable to the whole of the first-mentioned debt.

8.9 Claims against Responsible Entity

Notwithstanding any other provision of this Deed, nothing in this Deed shall be taken to release any claims which any Quintis Pooled Entity has against SPL in its capacity as responsible entity of any of registered Managed Investment Schemes listed in Schedule 9.

9 Insured Claims

9.1 Rights of Creditors who have Claims covered by insurance

If insurance is held by or on behalf of any Quintis Pooled Entity in respect of an Insured Claim:

- (a) the Creditor may, in relation to its Insured Claim and notwithstanding that Completion has occurred, take action to recover the amount due in respect of the Insured Claim against the Quintis Pooled Entity, but such action must not exceed what is necessary to obtain payment from the insurer;
- (b) to the extent that the Creditor is able, by settlement, arbitral award or judgment, to obtain payment from the insurer on account of the Insured Claim, the Creditor may retain that amount in full satisfaction of its right to receive a distribution from the Trust Fund in respect of that Claim; and
- (c) the Quintis Pooled Entity is not required to provide assistance to a Creditor in relation to any Insured Claim under this clause or take any action in response to enforcement action taken by a Creditor in accordance with this clause.

9.2 Release of Insured Claims where payment not obtained from insurer

To the extent that the Creditor is unable to seek or obtain payment on account of its Insured Claim from the insurer (including, without limitation, by reason of any excess or deductible applicable to the insurance policy, or failure by any Quintis Pooled Entity to take action) this Deed operates as a complete release and bar to that part of the Creditor's Insured Claim which has not been met by the insurer.

10 Secured Creditors

Nothing in this Deed restricts or otherwise affects any right of a Secured Creditor to realise or otherwise deal with its security to the extent permitted by section 444D(2) of the Act.

11 Owners or Lessors of Property in the possession of a Quintis Pooled Entity

11.1 Owners or Lessors who do not vote in favour of the Section 439C Resolution

Nothing in this Deed restricts or otherwise affects any right or power of an Owner or Lessor who did not vote in favour of the Section 439C Resolution in relation to the Property of that Owner or Lessor.

11.2 Owners or Lessors who vote in favour of the Section 439C Resolution

An Owner or Lessor who voted in favour of the Section 439C Resolution:

- (a) waives any event of default or breach by the relevant Quintis Pooled Entity of any agreement to which that entity and the Owner or Lessor is a party which occurred on or prior to the Commencements Date or which may occur during the Deed Period, insofar as the Owner or Lessor would be entitled to terminate the agreement, take possession of the Property the subject of the agreement or otherwise recover it;
- (b) must permit the relevant Quintis Pooled Entity to have continued and uninterrupted use, occupation and possession of the Property the subject of such an agreement unless and until:
 - (i) the surrender of the agreement by that entity to the Owner or Lessor on terms agreed to by that entity and the Owner or Lessor; and
 - (ii) the termination of the agreement by a Quintis Pooled Entity,whichever occurs first.

11.3 Deed Proponents and Administrators not personally liable

None of the Deed Proponents, Voluntary Administrators or the Deed Administrators have, or will be taken to have adopted, ratified or in any other manner become bound personally under any agreement between a Quintis Pooled Entity and an Owner or Lessor as a result of:

- (a) any discussions or correspondence with any Owner or Lessor;
- (b) the use, occupation or possession of any Property by that entity during:
 - (i) the Voluntary Administration Period; or
 - (ii) the Deed Period; or
- (c) any other act, matter or thing done or omitted to be done by or on behalf of the Deed Proponents, Voluntary Administrators or the Deed Administrators.

12 MIS Investors, SIO Investors and BC Investors

12.1 MIS Investors

- (a) All Claims of an MIS Investor against a Quintis Pooled Entity, other than an Excluded MIS Investor Claim, are extinguished and released in accordance with clause 8.
- (b) Nothing in this Deed extinguishes, releases or otherwise affects any Excluded MIS Investor Claim.
- (c) Other than with respect to the extinguishment and release of Claims in accordance with this Deed, the Investment Contracts of any MIS Investor as they exist at the

Commencement Date shall remain in force, provided that the MIS Investor continues to perform its obligations under the Investment Contracts.

12.2 SIO Investors

- (a) All Claims of an SIO Investor against a Quintis Pooled Entity (including, without limitation, any deferral rights, put options or rights to purchase land) are extinguished and released in accordance with clause 8.
- (b) Other than with respect to the extinguishment and release of Claims in accordance with this Deed, the Investment Contracts of any SIO Investor as they exist at the Commencement Date shall remain in force, provided that the SIO Investor continues to perform its obligations under the Investment Contracts.
- (c) In respect of any SIO Investor who does not execute the Novation Deed (SIO) and delivers a copy of its executed counterpart to the Deed Proponents within 6 weeks of the Commencement Date, with effect from Completion:
 - (i) the rights of Quintis Limited under the Investment Contracts of that SIO Investor will be held on trust by Quintis Limited for NewCo in accordance with clause 19.2; and
 - (ii) NewCo will be entitled (but not obliged) to perform Quintis Limited's remaining rights and obligations thereunder in accordance with clause 19.2.
- (d) In respect of any SIO Investor who does execute the Novation Deed (SIO) and delivers a copy of its executed counterpart to the Deed Proponents within 6 weeks of the Commencement Date, with effect from Completion:
 - (i) the rights and obligations of Quintis Limited under the Investment Contracts of that SIO Investor (subject to the amendments set out in the Novation Deed (SIO), including the deletion of any put option, any right to purchase land and 50% of the deferral rights referred to in (ii) below) will be novated to NewCo in accordance with the terms of the Novation Deed (SIO); and
 - (ii) under the terms of the Novation Deed (SIO), a Novating SIO Investor will be entitled to defer:
 - (A) up to 50% of the management costs (but will not be entitled to defer the remaining 50%); and
 - (B) If the Novating SIO Investor has an existing right to defer payment of the rent, up to 50% of the rent (but will not be entitled to defer the remaining 50%).

12.3 BC Investors

- (a) All Claims of a BC Investor against a Quintis Pooled Entity (including, without limitation, any deferral rights, any deferral rights which are triggered upon a cap being reached and any put options) are extinguished and released in accordance with clause 8.
- (b) Other than with respect to the extinguishment and release of Claims in accordance with this Deed, the Investment Contracts of any BC Investor as they exist at the Commencement Date shall remain in force, provided that the BC Investor continues to perform its obligations under the Investment Contracts.
- (c) In respect of any BC Investor who does not execute the Novation Deed (BC) and deliver a copy of its executed counterpart to the Deed Proponents, or, if applicable, provide its

written consent to execution of the Novation Deed (BC), prior to Completion, with effect from Completion:

- (i) the rights of Quintis Limited under the Investment Contracts of that BC Investor will be held on trust by Quintis Limited for NewCo in accordance with clause 19.2; and
 - (ii) NewCo will be entitled (but not obliged) to perform Quintis Limited's remaining rights and obligations thereunder in accordance with clause 19.2.
- (d) In respect of any BC Investor who executes the Novation Deed (BC) and delivers a copy of its executed counterpart to the Deed Proponents or, if applicable, provides its written consent to execution of the Novation Deed (BC), prior to Completion, with effect from Completion the rights and obligations of Quintis Limited under the Investment Contracts of the BC Investor (subject to the amendments set out in the Novation Deed (BC), including the deletion of any deferral rights, any deferral rights which are triggered upon a cap being reached and put options) will be novated to NewCo in accordance with the terms of the Novation Deed (BC).

12.4 Novation deeds

- (a) In order to provide for the continuation of their Investment Contracts after Completion, the Quintis Pooled Entities have made the Novation Deed (SIO) and the Novation Deed (BC) available for entry by the SIO Investors and the BC Investors, respectively, for the purpose of, amongst other things, amending the terms of the Investment Contracts and facilitating NewCo replacing Quintis Limited under the Investments Contracts on and from Completion.
- (b) Each Quintis Pooled Entity undertakes that it will, prior to Completion, enter into any Novation Deed (SIO) or Novation Deed (BC) which provides for the novation of an Investment Contract to which it is party (with the amendments specified in the Novation Deed (SIO) and Novation Deed (BC)), if the relevant SIO Investor or the relevant BC Investor (as applicable) who is party to that Investment Contract with the Quintis Pooled Entity:
- (i) has complied with the terms of its lease and made any payments required under its arrangements with a Quintis Pooled Entity;
 - (ii) executes the Novation Deed (SIO) or Novation Deed (BC) or provides a written consent to the novation (as applicable); and
 - (iii) if applicable, delivers a copy of its executed counterpart of the Novation Deed (SIO) or Novation Deed (BC) (as applicable) to the Deed Proponents within the period specified at .12.2(d) or 12.3(d) above as applicable.
- (c) In respect of any SIO Investor or BC Investor who does not execute the Novation Deed (SIO) or Novation Deed (BC) (as applicable) and deliver a copy of its executed counterpart to the Deed Proponents within the period specified at .12.2(d) or 12.3(d) above as applicable:
- (iv) the rights of Quintis Limited under the Investment Contracts of that SIO Investor or BC Investor (as applicable) will be held on trust by Quintis Limited for NewCo in accordance with clause 19.2; and
 - (v) NewCo will be entitled (but not obliged) to perform Quintis Limited's obligations thereunder in accordance with clause 19.2,

provided those Investment Contracts continue to be performed by the SIO Investor or BC Investor (as applicable).

13 Deed Proponents

13.1 Rights and power of Deed Proponents not affected

Nothing in this Deed restricts or otherwise affects any right or power of the Deed Proponents in their capacity as receivers and managers of each Quintis Pooled Entity, including, without limitation:

- (a) the power to sell any of the Property of the Quintis Pooled Entities to which they have been appointed;
- (b) the power to carry on the business of any Quintis Pooled Entity;
- (c) the power to commence, defend, conduct, settle, discontinue or compromise proceedings in the name of any Quintis Pooled Entity or otherwise;
- (d) the power to enter into and execute documents or agreements on behalf of any Quintis Pooled Entity; or
- (e) any other power conferred upon the Deed Proponents by law or by the documents under which they have been appointed or otherwise.

13.2 Limitation of liability

- (a) Each party to this Deed acknowledges that the Deed Proponents enter into this Deed only in their capacity as receivers and managers of the assets of, and as agent of, each Quintis Pooled Entity;
- (b) Any party to this Deed may enforce its respective rights against the Deed Proponents under this Deed only to the extent to which the Deed Proponents are entitled (including, without limitation, under the Bondholders' security) to be indemnified for that liability out of the proceeds of sale of the Property to which they have been appointed.
- (c) If any other party to this Deed does not recover the full amount of the moneys to which they might otherwise be entitled from the Deed Proponents under this Deed by enforcing the rights referred to in clause 11 they may not seek to recover the shortfall by:
 - (i) bringing proceedings against the Deed Proponents in their personal capacity; or
 - (ii) proving in the insolvency of the Deed Proponents.
- (d) Each other party to this Deed waives its respective rights and releases the Deed Proponents from any personal liability whatsoever in respect of any loss or damage under or in connection with this Deed or any transaction entered into under or in connection with this Deed which cannot be paid or satisfied out of such right of indemnity as the Deed Proponents may have under or in connection with or derived from the Bondholders' security to be indemnified out of the proceeds of sale of the Property to which the Deed Proponents have been appointed.

14 Deed Administrators

14.1 Appointment

The Deed Administrators are appointed joint and several administrators of the Deed.

14.2 Acceptance of appointment

The Deed Administrators:

- (a) consent to and accept the appointment as administrators of the Deed; and
- (b) agree to act as administrators of the Deed during the Deed Period or until the Deed Administrators retire or are removed from office in accordance with this Deed or the Act.

14.3 Powers of Deed Administrators

- (a) This Deed will be administered by the Deed Administrators who will be entitled to exercise all the powers, functions and duties conferred on them by this Deed, the Act and, to the extent they are not inconsistent with the terms of this Deed, Schedule 8A to the Regulations to the exclusion of the Directors. Whilst the Receivers remain in office, the Deed Administrators' powers, functions and duties will be subject to the rights and powers of the Deed Proponents in their capacity as receivers and managers of each Quintis Pooled Entity.
- (b) The Deed Administrators will be entitled to engage the services of their partners, employees, directors, officers, contractors, advisers or delegates to assist them in the performance or exercise of their duties, obligations, responsibilities and powers under this Deed.

14.4 Agent of the Quintis Pooled Entities

In exercising the powers conferred by this Deed and carrying out the duties arising under this Deed, the Deed Administrators will act as agent for and on behalf of each of the Quintis Pooled Entities.

14.5 Joint and Several

The rights, powers and privileges of the Deed Administrators may be exercised by one or more of them jointly and each of them severally.

14.6 Limitation of Deed Administrator's liability

- (a) Subject to the Act and to the extent permitted by law, in the performance or exercise, or purported performance or exercise, of any of the Deed Administrators' functions, powers and duties in the Deed Period, the Deed Administrators will not be personally liable for:
 - (i) any debt, liability or other obligation which the Deed Administrators themselves or any of their partners, employees, directors, officers, contractors, advisers, may incur on behalf of any of the Quintis Pooled Entities; or
 - (ii) any loss or damage caused by any act, default or omission by or on behalf of the Deed Administrators or any of their partners, employees, directors, officers, contractors, advisers, authorised agents or delegates except where such loss, damage, claim, liability or expense is caused by gross negligence or wilful misconduct.
- (b) Subject to the Act, in the performance or exercise, or purported performance or exercise, of any of the Deed Administrators' functions, powers and duties under this Deed, the Deed Administrators will not be personally liable for:
 - (i) any debt, liability or other obligation which the Deed Administrators may incur on behalf of any of the Quintis Pooled Entities pursuant to this Deed; or
 - (ii) any loss or damage caused by any act, default or omission by the Deed Administrators or on behalf of the Deed Administrators in the performance of the Deed Administrators' powers, functions and duties under this Deed.

14.7 Calling for proofs of debt

The Deed Administrators may exercise any of the powers conferred on the Trustees under the Trust Deed for the purpose of commencing the process for the adjudication of Claims under the Trust Deed, which exercise will be treated for all purposes under the Trust Deed as if those powers had been exercised by the Trustees after the commencement of the Trust.

14.8 Deed Administrator's resignation

Any Deed Administrator may resign at any time by giving not less than 10 Business Days' prior written notice to the Quintis Pooled Entities, unless that resignation would result in there being no remaining Deed Administrators in which event the Deed Administrator must:

- (a) convene meetings of Creditors of each of the Quintis Pooled Entities in accordance with clause 18 for the purpose of nominating a replacement deed administrator;
- (b) assign to a replacement deed administrator nominated by the Creditors the Deed Administrators' rights, title and benefit under this Deed; and
- (c) do all things reasonably necessary to effect the assignment referred to in clause 14.8(b) above.

15 Committee of Inspection

- (a) The Committee of Inspection which was formed in accordance with subsection 80-15 of the Insolvency Practice Schedule for the purposes of the Administration of the Quintis Pooled Entities will continue to operate for the purposes contemplated by this Deed and to assist the Deed Administrators in respect of each of the Quintis Pooled Entities. For the avoidance of doubt, if this Deed terminates in respect of any Quintis Pooled Entity, the Committee of Inspection shall continue to operate in respect of the remaining Quintis Pooled Entities.
- (b) The members of the Committee of Inspection (or any related entity of those members) are permitted to continue dealing with the Quintis Pooled Entities and their creditors on a business as usual basis during the period of the external administration.
- (c) The Committee of Inspection may approve the remuneration of the Deed Administrators in accordance with Division 60 of the Insolvency Practice Schedule.

16 Powers of Officers other than the Deed Administrators Suspended

16.1 Directors remain in office

The Directors of each Quintis Pooled Entity remain in office throughout the Deed Period unless they resign or are removed by the Deed Administrators of that entity.

16.2 Assistance

The Directors of each Quintis Pooled Entity will provide to the Deed Administrators such assistance and co-operation as may be reasonably required by the Deed Administrators in the exercise of the powers, functions and duties conferred on the Deed Administrators by this Deed and under the Act.

16.3 No exercise of power as Officer without Consent

Subject to Clause 16.5, while a Quintis Pooled Entity is subject to this Deed, a person (other than the Deed Administrators) cannot perform or exercise and must not purport to perform or exercise a function or power as an Officer of that entity except with the prior written approval of the Deed Administrators of that entity.

16.4 No resolutions by Directors without Consent

For the avoidance of doubt, the Directors of a Quintis Pooled Entity will not pass a resolution to place the entity into voluntary administration or take any step to wind up that entity except with the prior written approval of the Deed Administrators of that entity.

16.5 Statutory duties

While they remain Directors, the Directors will not be relieved of their statutory duties as Directors and for the avoidance of doubt, the Deed Administrators will not be responsible for such statutory obligations during the Deed Period.

17 Voluntary Administrators and Deed Administrators' remuneration and indemnity

17.1 Remuneration

The Voluntary Administrators and Deed Administrators are entitled to their Remuneration and their Costs, as approved in accordance with the Act, on the basis of the time spent by the Deed Administrators or the Voluntary Administrators (as the case may be) themselves or any of their partners, employees, directors, officers, contractors, advisers, authorised agents or delegates in the performance of services in connection with or in relation to the administration of the Quintis Pooled Entities under Part 5.3A of the Act and this Deed and such time will be charged at the Voluntary Administrators and the Deed Administrators' standard rates, from time to time, for work of that nature.

17.2 Indemnity

The Deed Administrators and Voluntary Administrators (whether or not they are still acting in either capacity) are entitled to be indemnified by the Quintis Pooled Entities until Completion, and after Completion from the Trust Fund, for:

- (a) all debts, liabilities, actions, suits, proceedings, accounts, claims, damages, awards and judgments whatsoever arising out of or in any way connected to the administration of the Quintis Pooled Entities or their role as Voluntary Administrators and incurred or sustained in good faith and without negligence;
- (b) any amount which the Voluntary Administrators are, or would but for the transactions contemplated by this Deed be, entitled to be indemnified out of the assets of the Quintis Pooled Entities for, in accordance with the Act, at law or in equity, including any amounts payable pursuant to section 443A, section 443B or section 443BA of the Act;
- (c) any debts, liabilities, damages, losses and remuneration to which the statutory indemnity under section 443D of the Act applies;
- (d) any amount for which the Voluntary Administrators or Deed Administrators are entitled to exercise a lien at law or in equity on the Property of the Quintis Pooled Entities;
- (e) their Remuneration and Costs; and
- (f) all debts, liabilities, actions, suits, proceedings, accounts, claims, damages, awards and judgments arising out of or in the course of this Deed and incurred or sustained in good faith and without negligence.

17.3 Continuing Indemnity

The indemnity in the Deed is a continuing indemnity and will endure despite the removal of the Deed Administrators or the appointment of new Deed Administrators or the termination of the Deed for any reason whatsoever.

17.4 Indemnity not affected or prejudiced

The indemnity under clauses 17.2 and 17.3 will not:

- (a) be affected, limited or prejudiced in any way by any irregularity, defect or invalidity in the appointment of the Deed Administrators and extends to cover any actions, suits, proceedings, accounts, liabilities, claims and demands arising in any way out of any defect in the appointment of the Deed Administrators or defect in the approval or execution of the Deed or otherwise; or
- (b) affect or prejudice all or any rights that the Deed Administrators may have against the Quintis Pooled Entities or any other person to be indemnified against the Costs, and liabilities incurred by the Deed Administrators in the performance of, or incidental to, any of the powers or authorities conferred on the Deed Administrators by the Deed or otherwise.

17.5 Deed Administrators' lien

Until Completion, the Deed Administrators and Administrators (whether or not they are still acting in either capacity) are entitled to exercise a lien over the Assets for all amounts in respect of which they are entitled to an indemnity from the Quintis Pooled Entities under clause 17.2.

17.6 Priority

The Deed Administrators' right of indemnity under clause 17.2 and their lien under clause 17.5 have priority over the claims of all Creditors.

18 Reporting and Meetings of Creditors

18.1 Reporting

Except as required by law, the Deed Administrators are not required to report to Creditors. However, the Deed Administrators will advise all Creditors of the date of the termination of this Deed and the Creditors' Trust becoming effective and may, in their absolute discretion, otherwise report to Creditors during the Deed Period at such times as the Deed Administrators consider appropriate and on matters which the Deed Administrators consider ought to be brought to the attention of Creditors.

18.2 Meetings

- (a) The Deed Administrators may convene a meeting or meetings of Creditors at any time in accordance with Division 75 of the Insolvency Practice Schedule and must convene such a meeting or meetings when required to do so under Division 75 of the Insolvency Practice Schedule.
- (b) If meetings of Creditors are convened by the Deed Administrators in respect of more than one Quintis Pooled Entity then the meetings shall be held concurrently.
- (c) The provisions of this Deed may be varied by resolution of Creditors passed at a meeting of Creditors convened in accordance with clause 18.2(a), but only if the variation is not materially different from a proposed variation set out in the notice of meeting.

19 Quintis Limited

19.1 Continuation of Deed

This Deed will continue in respect of Quintis Limited following Completion until it is terminated in accordance with clause 20.1(b) or clause 20.2 for the purpose of enabling Quintis Limited to satisfy its obligations under clause 19.2 and to give the Deed Administrators the opportunity to

realise the Listing Proceeds and any other recoveries from Quintis Limited's Assets remaining after Completion (which proceeds are to be transferred to the Trustees to be administered under the Trust)

19.2 Contracts

- (a) On and from the occurrence of Completion:
 - (i) NewCo is beneficially entitled to the benefit of all Contracts and Quintis Limited will hold each Contract on trust for the benefit of NewCo in accordance with the terms of the novation and trust deed to be entered into by Quintis Limited and NewCo in the form required by NewCo and set out in the Scheme of Arrangement; and
 - (ii) Quintis Limited must irrevocably appoint NewCo as its attorney under the terms of the power of attorney to be entered into by Quintis Limited and NewCo in the form required by NewCo and set out in the Scheme of Arrangement, the terms of which will include:
 - (A) Quintis Limited appointing NewCo as its attorney to exercise or refrain from exercising (in NewCo's absolute discretion) any and all of Quintis Limited's rights or powers in relation to, or in connection with, its right, title and interest in the Contracts; and
 - (B) Quintis Limited will make, do and provide all things and documents reasonably necessary to give proper effect to the power of attorney.
- (b) Quintis Limited must make, do and provide all things and documents necessary to assist NewCo to obtain the consent of the other parties to the Contracts (where consent is required) to the novation or assignment of those Contracts to NewCo. Any novation or assignment requiring consent will be in the form required by NewCo, including any amendments to the Contracts required by NewCo as part of the novation or assignment.
- (c) NewCo may (in NewCo's absolute discretion) from Completion assume responsibility for the performance of all or any terms of any Contract (including those which have not been or cannot be novated or assigned) on behalf of Quintis Limited, but will not be obliged to do so.

20 Termination

20.1 Termination of this Deed following effectuation

- (a) This Deed will terminate in respect of the Quintis Subsidiaries on the occurrence of Completion in accordance with clause 6 following the Deed Administrators signing a certificate in the form of Schedule 2 in accordance with clause 6.2(c) in respect of each Quintis Subsidiary. For the purposes of each Clause of this Deed other than those specified in Clause 20.8, on and from the Completion Date the definition of "Quintis Pooled Entities" will mean Quintis Limited.
- (b) This Deed will not terminate in respect of Quintis Limited on the occurrence of Completion and the Deed Administrators must not sign a certificate in the form of Schedule 2 in respect of Quintis Limited until the later of the following:
 - (i) 12 months from the Completion Date (or such earlier date notified by the Deed Proponents or the Bondholders to the Deed Administrators in writing); and

- (ii) the Deed Administrators having formed the view that this Deed has been fully effectuated in respect of Quintis Limited and the purpose in clause 19.1 has been realised or that as a commercial matter it should not be pursued.

20.2 Automatic termination of this Deed

This Deed automatically terminates in respect of a Quintis Pooled Entity on the earlier of the following:

- (a) the Court makes an order terminating this Deed under section 445D of the Act; or
- (b) the Creditors of a Quintis Pooled Entity pass a resolution terminating this Deed in respect of that entity in accordance with sections 445C(b) and 445CA of the Act.

20.3 Notice of effectuation of Deed for Quintis Subsidiaries

- (a) Upon termination of this Deed in accordance with clause 20.1(a), the Deed Administrators must lodge with ASIC the signed certificate in the form of Schedule 2 in respect of each Quintis Subsidiary.
- (b) The signing of each certificate in respect of each Quintis Subsidiary terminates, in respect of that Quintis Subsidiary, this Deed and all Claims of Creditors of the Quintis Subsidiaries will be extinguished, discharged and released if not extinguished or released earlier under this Deed.

20.4 Notice of effectuation of Deed for Quintis Limited

- (a) Upon termination of this Deed in accordance with clause 20.1(b), the Deed Administrators must lodge with ASIC the signed certificate in the form of Schedule 2 in respect of Quintis Limited.
- (b) The signing of the certificate in respect of Quintis Limited terminates, in respect of Quintis Limited, this Deed and all Claims of Creditors of Quintis Limited will be extinguished, discharged and released if not extinguished or released earlier under this Deed.

20.5 Effect of Termination

In accordance with section 445H of the Act, the termination or avoidance, in whole or in part, of this Deed does not affect the previous operation of this Deed.

20.6 Severance

If any part of this Deed is or becomes illegal, ineffective, invalid or unenforceable, that part will be severed from this Deed and that severance will not affect the effectiveness, validity or enforceability of the remaining part of this Deed.

20.7 Consequences of Automatic Termination

- (a) Upon termination of this Deed in accordance with clause 20.2 and if section 446AA of the Act does not apply:
 - (i) the Quintis Pooled Entities or Quintis Limited (as applicable) will be taken to have passed special resolutions under section 491 of the Act that each of the Quintis Pooled Entities (respectively) or Quintis Limited (as applicable) be voluntarily wound up and that the Deed Administrators be the Quintis Pooled Entities' or Quintis Limited's (as applicable) liquidators;
 - (ii) Regulation 5.3A.07 of the Regulations (as though it had not been repealed) will apply; and
 - (iii) the Quintis Pooled Entities or Quintis Limited (as applicable) will be wound up.

20.8 Survival of clauses

Despite any provision of this Deed, clauses 4, 8, 9, 10, 11, 12, 13, 14, 17, 19, 20, 21 and 35 survive the termination of this Deed.

21 Tax obligations of the Administrators in the period after termination

- (a) Three business days prior to the Completion Date the Administrators will estimate the amount required to be remitted on account of:
- (i) GST;
 - (ii) Pay As You Go tax withholding amounts;
 - (iii) Fringe benefits tax,
- to the Australian Taxation Office on behalf of the Quintis Pooled Entities for the Administration Period and the Deed Period (**Tax Estimates**).
- (b) The Quintis Pooled Entities will pay the Trustees at Completion the amount of the Tax Estimates.
- (c) In the event that the actual amounts required to be remitted on behalf of the Quintis Pooled Entities for Administration Period and the Deed Period is less than the Tax Estimates, the Administrators will pay the surplus to the Quintis Pooled Entities.
- (d) In the event that the actual amounts required to be remitted on behalf of the Quintis Pooled Entities for Administration Period and the Deed Period is more than the Tax Estimates, the Quintis Pooled Entities will pay the Voluntary Administrators the shortfall on demand on 7 days' notice in writing.

22 Application to Court

22.1 Unforeseen circumstances

If any circumstances arise for which this Deed does not either expressly or by necessary implication provide, the Deed Administrators will in their absolute discretion make such provision as they think fit for the purpose of effectuating this Deed and they may, if they think fit, apply to the Court for directions.

22.2 Application to the Court

No person bound by this Deed (other than the Deed Administrators or the Deed Proponents) may make any application to the Court in relation to any matter arising under this Deed unless at least 5 Business Days prior notice in writing has been given to the Deed Administrators. The notice must give particulars of the proposed application and attach a copy of any papers proposed to be filed with the Court in support of that application.

23 Variation

Subject to the provisions of the Act, a variation of any term of this Deed must be in writing and signed by all parties to this Deed.

24 Assignment

Rights arising out of or under this Deed are not assignable by a party without the prior written consent of the other parties.

25 Power of Attorney

Each of the Quintis Pooled Entities hereby irrevocably appoints each of the Deed Administrators jointly and severally as its attorney to exercise or refrain from exercising (in the Deed Administrators' absolute discretion) any and all of the Quintis Pooled Entities' rights or powers in relation to or in connection with its right, title and interest in the Assets and the Quintis Pooled Entities will make, do and provide all things and documents reasonably necessary to give proper effect to this clause.

26 Creditor's Power of Attorney

Each Creditor irrevocably appoints each of the Deed Administrators jointly and severally as its attorney to execute any document to give effect to the releases in clause 8.

27 Waiver

No party to this Deed may rely on the words or conduct of any other party as a waiver of any right unless the waiver is in writing and signed by the party granting the waiver. The meanings of the terms used in this clause are below:

- (a) conduct includes delay in the exercise of a right;
- (b) right means any right arising under or in connection with this Deed and includes the right to rely on this clause; and
- (c) waiver includes an election between rights and remedies, and conduct which might otherwise give rise to an estoppel.

28 Initiation of Termination or Variation by the Deed Administrators

If the Deed Administrators determine in their absolute discretion that it is no longer practicable or desirable to implement this Deed, the Deed Administrators:

- (a) must summon meetings of Creditors of the relevant Quintis Pooled Entity for the purpose of either:
 - (i) varying; or
 - (ii) if there is an unrectified breach of this Deed, terminating this Deed by resolution of Creditors; and
- (b) must forward to each Creditor not less than 14 days prior to that meeting an up-to-date report as to the position of the Quintis Pooled Entities accompanied by:
 - (i) such financial information as the Deed Administrators think appropriate; and
 - (ii) a statement that the Deed Administrators do not think that it is practicable or desirable to continue this Deed and that this Deed will either be varied or terminated if the Creditors so resolve.

29 Notices**29.1 Form of Notice**

A notice or other communication to a party under this Deed (Notice) must be:

- (a) in writing and in English and signed by or on behalf of the sending party; and
- (b) addressed to that party in accordance with the details nominated in the recitals (or any alternative details nominated to the sending party by Notice).

29.2 How Notice must be given and when Notice is received

- (a) A Notice must be given by one of the methods set out in the table below.
- (b) A Notice is regarded as given and received at the time set out in the table below.

However, if this means the Notice would be regarded as given and received outside the period between 9.00am and 5.00pm (addressee's time) on a Business Day (business hours period), then the Notice will instead be regarded as given and received at the start of the following business hours period.

Method of giving Notice	When Notice is regarded as given and received
By hand to the nominated address	When delivered to the nominated address
By pre-paid post to the nominated address	At 9.00am (addressee's time) on the second Business Day after the date of posting
By fax to the nominated fax number	At the time indicated by the sending party's transmission equipment as the time that the fax was sent in its entirety. However, if the recipient party informs the sending party within 4 hours after that time that the fax transmission was illegible or incomplete, then the Notice will not be regarded as given or received. When calculating this 4 hour period, only time within a business hours period is to be included.
By email to the nominated email address	When the email (including any attachment) has been sent to the addressee's email address (unless the sender receives a delivery failure notification indicating that the email has not been addressed to the addressee).

29.3 Notice must not be given by electronic communication

A Notice must not be given by electronic means of communication (other than fax and email as permitted in clause 29.2).

30 Jurisdiction

This Deed will be governed by and construed in accordance with the laws for the time being in force in the State of New South Wales and all persons bound by this Deed submit to the exclusive jurisdiction of the Courts of that State, including any Courts having appellate jurisdiction.

31 Further assurances

All persons bound by this Deed will exercise all such powers as are available to them, do all such acts and things and sign, execute and deliver all such documents and instruments and provide assistance and co-operation as may be necessary or reasonably required to give full effect to the provisions of this Deed.

32 Entire agreement

This Deed states all the express terms agreed by the parties in respect of its subject matter. It supersedes all prior discussions, negotiations, understandings and agreements in respect of its subject matter.

33 No reliance

No party has relied on any statement by any other party not expressly included in this Deed.

34 Severance

Notwithstanding anything contained in any provision of this Deed, if any such provision is held or found to be void, invalid or otherwise unenforceable, such provision will be deemed to be severed from this Deed to the extent only that it is void, invalid or unenforceable, but the remainder of any such provision and this Deed will remain in full force and effect.

35 Stamp duty and GST

35.1 Stamp Duty

The Deed Administrators, on behalf of the Quintis Pooled Entities, will pay all stamp duty payable on this Deed and any other document required to give effect to or contemplated by the provisions of this Deed.

35.2 GST

Any GST payable by the Deed Administrators in respect of a Taxable Supply made under this Deed or contemplated by this Deed to another person (including any person bound by this Deed), must be borne by that other person, and will be paid by that person, subject to the prior receipt of a valid tax invoice, in addition to the other consideration given by that person to the Deed Administrators or the Quintis Pooled Entities (as the case may be) for the Taxable Supply.

36 Counterparts

This Deed may be executed in any number of counterparts. All counterparts together will be taken to constitute one instrument. Transmission by email of an executed counterpart of this Deed and all documents required to be executed and delivered pursuant to this Deed will be deemed to constitute due and sufficient delivery of such counterpart.

Executed and delivered as a Deed.

Signed sealed and delivered by Quintis Limited (Administrators Appointed) (Receivers and Managers Appointed) (ACN 092 200 854)

by its joint and several deed administrator in the presence of:

Witness Signature

Deed Administrator

Name of Witness

Signed sealed and delivered by Sandalwood Properties Ltd (Administrators Appointed) (Receivers and Managers Appointed) (ACN 093 330 977)

by its joint and several deed administrator in the presence of:

Witness Signature

Deed Administrator

Name of Witness

Signed sealed and delivered by Quintis Forestry Limited (Administrators Appointed) (Receivers and Managers Appointed) (ACN 080 139 966)

by its joint and several deed administrator in the presence of:

Witness Signature

Deed Administrator

Name of Witness

Signed sealed and delivered by Australian Quintis Leasing Pty Ltd (Administrators Appointed) (Receivers and Managers Appointed) (ACN 080 978 721)

by its joint and several deed administrator in the presence of:

Witness Signature

Deed Administrator

Name of Witness

Signed sealed and delivered by Arwon Finance Pty Ltd (Administrators Appointed) (Receivers and Managers Appointed) (ACN 072 486 643)

by its joint and several deed administrator in the presence of:

Witness Signature

Deed Administrator

Name of Witness

Signed sealed and delivered by Mount Romance Holdings Pty Limited (Administrators Appointed) (Receivers and Managers Appointed) (ACN 115 659 606)

by its joint and several deed administrator in the presence of:

Witness Signature

Deed Administrator

Name of Witness

Signed sealed and delivered by Mount Romance Australia Pty Ltd (Administrators Appointed) (Receivers and Managers Appointed) (ACN 060 122 698)

by its joint and several deed administrator in the presence of:

Witness Signature

Deed Administrator

Name of Witness

Signed sealed and delivered by Australian Sandalwood Oli Co. Pty Ltd (Administrators Appointed) (Receivers and Managers Appointed) (ACN 088 257 498)

by its joint and several deed administrator in the presence of:

Witness Signature

Deed Administrator

Name of Witness

Signed sealed and delivered by **Richard Tucker**
in the presence of:

Witness Signature

Signature

Print Name

Signed sealed and delivered by **Scott Langdon**
in the presence of:

Witness Signature

Signature

Print Name

Signed sealed and delivered by **John Bumbak**
in the presence of:

Witness Signature

Signature

Print Name

Signed sealed and delivered by **Jason Preston**
in the presence of:

Witness Signature

Signature

Print Name

Signed sealed and delivered by **Shaun Robert Fraser**
in the presence of:

Witness Signature

Signature

Print Name

Signed sealed and delivered by **Robert Conry Brauer**
in the presence of:

Witness Signature

Signature

Print Name

Schedule 1 - Quintis Pooled Entities

- (a) Quintis Limited (Administrators Appointed) (Receivers and Managers Appointed) (ACN 092 200 854);
- (b) Sandalwood Properties Ltd (Administrators Appointed) (Receivers and Managers Appointed) (ACN 093 330 977);
- (c) Quintis Forestry Limited (Administrators Appointed) (Receivers and Managers Appointed) (ACN 080 139 966);
- (d) Quintis Leasing Pty Ltd (Administrators Appointed) (Receivers and Managers Appointed) (ACN 080 978 721);
- (e) Arwon Finance Pty Ltd (Administrators Appointed) (Receivers and Managers Appointed) (ACN 072 486 643);
- (f) Mount Romance Holdings Pty Limited (Administrators Appointed) (Receivers and Managers Appointed) (ACN 115 659 606);
- (g) Mount Romance Australia Pty Ltd (Administrators Appointed) (Receivers and Managers Appointed) (ACN 060 122 698); and
- (h) Australian Sandalwood Oli Co. Pty Ltd (Administrators Appointed) (Receivers and Managers Appointed) (ACN 088 257 498).

Schedule 2 - Certification of Termination

[insert Quintis Pooled Entity]
(SUBJECT TO DEED OF COMPANY ARRANGEMENT)
ACN [insert]

I, **[insert name]**, an administrator of the Deed of Company Arrangement of **[insert Quintis Pooled Entity]** executed on **[insert date]**, **CERTIFY** that the deed has been wholly effectuated.

Signature

Date: _____

Schedule 3 – Receiver Scheme Certificate

[on McGrathNicol letterhead]

To: Richard Tucker, Scott Langdon and John Bumbak in their capacity as joint and several deed administrators (**Deed Administrators**) of the Quintis Pooled Entities under the Deed of Company Arrangement (**DOCA**) dated [1] between the Deed Administrators, Jason Preston, Shaun Robert Fraser and Robert Conry Brauer in their capacity as joint and several receivers and managers of the Quintis Pooled Entities (**Deed Proponents**) and the companies listed in Schedule 1 of the Deed (**Quintis Pooled Entities**).

From: the Deed Proponents.

Receiver Scheme Certificate

Definitions

- (a) All capitalised terms used in this certificate have the meaning given to them in the DOCA.
- (b) All references to clauses are to clauses of the DOCA.
- (c) All references to sections are to sections of the *Corporations Act 2001* (Cth).

Confirmation

- (d) Clause 5.1(a) provides that Completion is conditional upon the satisfaction or waiver of the Conditions Precedent in accordance with the DOCA.
- (e) Clause 5.1(a)(ii) provides that a Condition Precedent is that the Receiver Scheme Certificate has been signed and delivered by one or more of the Deed Proponents to the Deed Administrators.
- (f) In satisfaction of clause 5.1(a)(ii), the Deed Proponents provide and deliver this Receiver Scheme Certificate to the Deed Administrators and confirm that:
 - (i) on [date], the Supreme Court of [New South Wales] in proceeding [number] gave orders pursuant to section 411(4)(b) for the approval of the Scheme of Arrangement (**Order**), a sealed copy of which is attached to this certificate;
 - (ii) an office copy of the Order has been lodged with ASIC and in accordance with section 411(10), the Scheme took effect from that date;
 - (iii) to the best of the Receivers' knowledge and belief, all of the Steps (as defined in the Scheme of Arrangement) are ready to be undertaken; and
 - (iv) by reason of the above, the Scheme of Arrangement is effective and Completion can occur under the DOCA in accordance with clause 6 followed immediately by implementation of the Scheme of Arrangement in accordance with its terms.

Signed by [Receiver]
in the presence of:

Witness Signature

Signature

Print Name

Schedule 4 - Trust Deed

Richard Tucker, Scott Langdon and John Bumbak in their capacity as joint and several deed administrators of the Quintis Pooled Entities

Jason Preston, Shaun Robert Fraser and Robert Conry Brauer in their capacity as joint and several receivers and managers of the Quintis Pooled Entities

The Quintis Pooled Entities listed in Schedule 1

Creditors' Trust Deed Quintis Pooled Entities

Deutsche Bank Place
Corner Hunter and Phillip Streets
Sydney NSW 2000 Australia
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F +61 2 9230 5333
www.allens.com.au

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This Deed is made on

Parties

- 1 **Richard Tucker, Scott Langdon and John Bumbak** of c/- KordaMentha, Level 5, Chifley Tower, 2 Chifley Square, Sydney NSW 2000, in their capacity as joint and several deed administrators of the Quintis Pooled Entities (the **Trustees**).
- 2 **Jason Preston, Shaun Robert Fraser and Robert Conry Brauer** of c/- McGrathNicol, Level 12, 20 Martin Place, Sydney NSW 2000, in their capacity as joint and several receivers and managers of the Quintis Pooled Entities (the **Deed Proponents**).
- 3 **The companies listed in Schedule 1** of c/- McGrathNicol, Level 12, 20 Martin Place, Sydney NSW 2000 (the **Quintis Pooled Entities**).

Recitals

- A On the Appointment Date, Richard Tucker, Scott Langdon and John Bumbak were appointed as administrators of the Quintis Pooled Entities pursuant to Part 5.3A of the Act. On 23 January 2018, Shaun Fraser, Jason Preston and Robert Brauer were appointed as receivers and managers of the Quintis Pooled Entities on the instructions of the Bondholders.
- B The Deed Proponents proposed a deed of company arrangement in respect of the Quintis Pooled Entities under which the Deed Proponents agreed to make available the Fund Amount on the terms set out in the DOCA and this Deed.
- C At meetings held on 8 June 2018 and convened pursuant to section 439A of the Act, the Creditors of each of the Quintis Pooled Entities resolved that the companies execute the DOCA proposed by the Deed Proponents under section 444B(2)(b) of the Act.
- D On or about the date of this Deed, the Deed Administrators, the Deed Proponents and the Quintis Pooled Entities executed the DOCA pursuant to section 444B(2)(b) of the Corporations Act.
- E The Fund Amount will be transferred to the Trustees to settle the Trust in accordance with clause 6.2(a) of the DOCA.
- F The Quintis Pooled Entities and the Trustees enter into this Deed as contemplated by the DOCA in order to facilitate a distribution by the Trustees to the Trust Creditors and the other beneficiaries in their capacity as beneficiaries of the Trust Fund.

It is agreed as follows.

1 Definitions and interpretation

1.1 Definitions

Unless defined below, capitalised terms used in this Deed have the meaning set out in the DOCA:

Admitted Claim means the Claim of any Trust Creditor admitted by the Trustees after adjudication in accordance with clause 6 of this Deed.

Deed means this creditors' trust deed as amended from time to time.

Dividend means any amount paid to a Trust Creditor in respect of that Creditor's Admitted Claim.

DOCA means the deed of company arrangement executed by the Quintis Pooled Entities, the Deed Proponents and the Voluntary Administrators in accordance with the resolution referred to

in the recitals of this Deed.

Final Dividend means the last Dividend amount paid by the Trustees to any Trust Creditor under this Deed.

Indemnity means the indemnity in clause 10 of this Deed.

Termination Date means the date on which the Trust terminates in accordance with clause 14.

Trade Creditors means the Creditors listed in Schedule 2 of this Deed.

Trust means the trust established by this Deed.

Trust Creditor's Claim means a Claim of a Trust Creditor.

Trust Fund means the trust fund contemplated by the DOCA and established under this Deed, being the aggregate of the Fund Amount and any Listing Proceeds or other recoveries from Quintis Limited's Assets realised by the Deed Administrators following Completion.

Trustee Act means *The Trustee Act 1925* (NSW).

Trustees means jointly and severally, Richard Tucker, Scott Langdon and John Bumbak, in their capacity as trustees of the Trust and any successor to that office appointed pursuant to the Trustee Act.

Trustee's Costs means all costs, charges, fees (including legal fees), government charges, taxes (including any Stamp Duty required to be paid in accordance with clause 15.9 of this Deed) and expenses incurred by the Trustees in the performance of their duties, obligations and responsibilities under this Deed and the Trustee Act.

Trustee's Remuneration means the remuneration of the Trustee referred to in clause 9.

1.2 Interpretation

In this Deed:

- (a) a reference to an entity is a reference to that entity in its own right and in its capacity as trustee of any trust;
- (b) words importing the singular will (where appropriate) include the plural and vice versa;
- (c) words importing any one gender will (where appropriate) include the other gender and vice versa;
- (d) if a word or phrase is defined, its other grammatical forms have a corresponding meaning;
- (e) words importing natural persons will (where appropriate) include corporations, firms, unincorporated associations, partnerships, trusts and any other entities recognised by law and vice versa;
- (f) words "written" and "in writing" include any means of visible reproduction of words in a tangible and permanently visible form;
- (g) headings are for convenience of reference only and will not affect the meaning or interpretation of this Deed;
- (h) references to any statutory enactment or law will be construed as references to that enactment or law as amended or modified or re-enacted from time to time and to the corresponding provisions of any similar enactment or law of any other relevant jurisdiction;
- (i) references to Parts, Clauses, paragraphs and Schedules will be construed as references to the Parts, Clauses, paragraphs and Schedules of and to this Deed;

- (j) unless otherwise stated, references to Sections will be construed as references to Sections of the Act and references to Regulations will be construed as references to the Regulations;
- (k) a term of expression not otherwise defined in this Deed shall have the same meaning, if any, as provided for in the Act;
- (l) references to an "agreement" include any undertaking, deed, agreement and legally enforceable arrangement, whether or not in writing;
- (m) references to an agreement or document (including a reference to this Deed) are to the agreement or document as amended, substituted, novated, supplemented, varied or replaced;
- (n) references to the rights or obligations of two or more persons under this Deed will be interpreted as entitling or obliging them jointly and severally;
- (o) the meaning of general words is not limited by specific examples introduced by "including", "for example" or similar expressions;
- (p) a construction that would promote the purpose or object underlying this Deed (whether or not stated in this Deed) is to be preferred to a construction that would not promote that purpose or object;
- (q) no rule of construction applies to the disadvantage of a party to this Deed because that party was responsible for the preparation of this Deed or any part of it;
- (r) a reference to "\$" is to Australian currency; and
- (s) a reference to "cash" includes cash equivalents.

1.3 Inconsistency with Act or Regulations

If there is any inconsistency between the provisions of this Deed and the Act, Trustee Act, Regulations, Insolvency Practice Schedule, or Insolvency Practice Rules this Deed shall prevail to the extent permitted by law.

1.4 Other inconsistencies

If there is any inconsistency between the provisions of this Deed and the constitution of a Quintis Pooled Entity and any other obligation binding on a Quintis Pooled Entity, the provisions of this Deed shall prevail to the extent of the inconsistency, and all persons bound by this Deed agree to sign all documents and do all things necessary to remove such inconsistency, the costs of which shall be borne by the Quintis Pooled Entities.

1.5 Business Days

Except where otherwise expressly provided, if the day on or by which any act, matter or thing is to be done as required by this Deed is a day other than a Business Day, such act, matter or thing shall be done on the immediately succeeding Business Day.

2 Payment of Fund Amount

Subject to the terms of the DOCA, on the Completion Date, the Deed Proponents must immediately after receipt of the Receiver Scheme Certificate procure the Quintis Pooled Entities to pay the Fund Amount in cleared funds at the direction of the Deed Administrators to the Trustees (to the bank account notified by the Trustees) to be administered under this Deed as the Trust Fund and notify the Trustees in writing once the payment has been made.

3 Declaration of Trust

3.1 Declaration

The Trustees acknowledge and declare that the Trust Fund will be held on trust by the Trustees for the Trust Creditors and, in respect of any surplus remaining in the Trustees' hands after all other payments required by this Deed, for the Bondholders.

3.2 Name of Trust

The trust constituted by this Deed will be called the Quintis Pooled Entities Creditors' Trust.

3.3 Trustees' powers

Without limiting the powers that the Trustees have by operation of the Trustees Act, for the purposes of administering the trust created by this Deed, the Trustees have the following powers:

- (a) to administer the Trust Fund in accordance with the provisions set out in the DOCA and this Deed;
- (b) to fulfil the Trustees' obligations in accordance with the terms of this Deed;
- (c) to sell, re-invest or otherwise deal with the assets of the Trust Fund;
- (d) to perfect title in any assets of the Trust Fund;
- (e) to insure any assets of the Trust Fund;
- (f) to, at any time, call meetings of the Creditors for the purpose of considering the variation or termination of this Deed in accordance with the provisions of this Deed;
- (g) to admit Claims to proof in accordance with the provisions of the DOCA and this Deed;
- (h) to determine Admitted Claims and then to pay Dividends in accordance with the terms of this Deed;
- (i) to act as attorney for the Quintis Pooled Entities or any other person for any purpose associated with the Trust or this Trust Fund;
- (j) to enforce compliance with the terms of this Deed;
- (k) to accept the transfer of any shares, stocks, debentures, debenture stock, annuities, bonds, obligations or other securities of whatever nature that may at any time be transferred to it;
- (l) to enter upon or take possession of the Trust Fund and to collect the revenue or income from or interest on the Trust Fund and exercise any rights or powers relating to any part of the Trust Fund;
- (m) to bring, prosecute and defend any claim, action, suit or proceeding, which power includes the power to bring and defend any claim, counter-claim, set-off, action, suit or proceeding in either of a Quintis Pooled Entity's name or (after assignment) in the Trustees' name, to enforce any right, claim or cause of action that forms part of the Trust Fund, and to that end:
 - (i) to issue or accept service of any writ, summons or other legal process and to appear or be represented in any court and before all wardens, magistrates or judicial or other officers as the Trustees think fit and to commence or defend and conduct any action or other proceeding in any court of justice in relation to the Trust Fund and any claim, proceeding or action forming part of the Trust Fund and to prosecute, discontinue, compromise, stay, terminate or abandon that proceeding or action as the Trustees think fit;

- (ii) to appoint any solicitor and counsel to prosecute or defend in those proceedings as occasion may require; and
- (iii) to take any other lawful ways and means for the recovering or getting in any of the Trust Fund;
- (n) to convene and hold meetings of the Trust Creditors for any purpose as the Trustees consider fit;
- (o) to permit any person authorised by the Trustees to operate any account in the name of the Trust;
- (p) to do all acts and execute in the name and on behalf of the Trust all deeds, receipts and other documents;
- (q) to draw, accept, make or endorse any bill of exchange or promissory note in the name and on behalf of the Trust;
- (r) subject to the Act, to prove in the winding up of or under any scheme of arrangement entered into by, or deed of company arrangement executed by, any contributory or debtor of the Trust;
- (s) to bring or defend an application for the vesting or winding up of the Trust;
- (t) to report to the Trust Creditors from time to time;
- (u) to make interim or other distributions of the Trust Fund;
- (v) to appoint agents to do any business or attend to any matter or affairs of the Trust that the Trustees are unable to do, or that it is unreasonable to expect the Trustees to do, in person;
- (w) to appoint a solicitor, accountant or other professionally qualified person to assist the Trustees;
- (x) to compromise any claim, action, suit or proceeding brought by or against the Trustees on such terms as the Trustees consider fit, which power includes the power to compromise any claim, action, suit or proceeding referred to in clause 3.3(m);
- (y) to provision for and set aside a sum or sums equal to an amount which the Trustees reasonably anticipate may be payable in respect of any tax, including income tax, capital gains tax or GST;
- (z) to do anything incidental to exercising a power set out in this Deed; and
- (aa) to do anything else that is necessary or convenient for administering the Trust.

4 Trust Fund

4.1 Trust Fund

The Trust Fund shall be comprised of:

- (a) the Fund Amount received by the Trustees under clause 2; and
- (b) any Listing Proceeds or other recoveries from Quintis Limited's Assets realised by the Deed Administrators following Completion which must be paid by the Deed Administrators into the Trust Fund.
- (c) any interest earned on the amounts in clauses 4.1(a). and 4.1(b) above

4.2 Trust Deed

The Trust Fund is to be held by the Trustees for the benefit of the Trust Creditors and, in respect of any surplus remaining in the Trustees' hands after all other payments required under clauses 4.3 and 4.4 of this Deed, for the Bondholders.

4.3 Distribution of the Trust Fund

- (a) The Trust Fund will be available for distribution as follows:
- (i) first, to the relevant Priority Employee Creditor, the amount of any Priority Employee Claim;
 - (ii) next, to the extent that they have not been previously paid or allowed, in payment of the Remuneration, Costs and Administration Liabilities (excluding the Controller Liabilities);
 - (iii) next, to the Trustees in satisfaction of the Trustees' Remuneration and the Trustees' Costs (which may include an amount of the Trustees' Costs which it is estimated will be incurred by the Trustees up to the Termination Date); and
 - (iv) next, to the Trust Creditors in the following proportions:
 - (A) two thirds to Trust Creditors who are Trade Creditors; and
 - (B) one third to Trust Creditors who are not Trade Creditors.
- (b) For the avoidance of doubt, no distributions will be made in respect of a Trust Creditor's Claim unless that Trust Creditor's Claim is an Admitted Claim.
- (c) For the purposes of section 444DA of the Act, any Employees will retain a priority in respect of the assets of the Trust Fund at least equal to that which they would have been entitled if the property of the Quintis Pooled Entities had been applied in accordance with sections 556, 560 and 561 of the Act.
- (d) The Trustees may distribute the Trust Fund at such times as the Trustees consider, in their absolute discretion, is appropriate and feasible to do so, including making distributions under any lower ranking subclause in clause 4.3(a) in advance of making any payments under any higher ranking subclause, on the basis that they have retained sufficient funds to ensure that any payments to be made under those higher ranking subclauses will be made when the time comes to do so.

4.4 Surplus in the Trust Fund

In the event that there is a surplus or balance in the Trust Fund after the relevant beneficiaries have received their distribution in accordance with clause 4.3(a), such surplus or balance shall be paid by the Trustees as follows:

- (a) first, interest that has accrued in relation to Admitted Claims;
- (b) second, to any person having a subordinate claim within the meaning of s563A of the Corporations Act 2001 (Cth) on a pro rata basis; and,
- (c) third, to the Bondholders.

4.5 Unclaimed monies

In the event that the Trustees, for any reason, are unable to locate a Trust Creditor, or if any cheque sent by the Trustees to a Trust Creditor has not been presented within 12 months, then:

- (a) the Trustees shall stop payment of such cheque;

- (b) the moneys represented by such stopped cheque or held by the Trustees on behalf of the Trust Creditor shall be paid to ASIC; and
- (c) the provisions of sections 544(1) and 544(3) of the Act will apply, with such modifications as are necessary, to such payment as if references in those sections to 'liquidator' were references to the 'Trustees'.

4.6 Postponement

Should proceedings be brought by any person in respect of the distribution of the Trust Fund, and the Trustees have made or apprehend that they will make a claim on the Indemnity, then the Trustees are entitled at their sole discretion to postpone the payment of any Dividend until determined by the Trustees.

4.7 Multiple Claims arising from the same circumstances

If a Trust Creditor is a creditor of two or more Quintis Pooled Entities in respect of Admitted Claims arising from the same circumstances (for example, where one Quintis Pooled Entity is a guarantor or co-obligor of an obligation or debt owing by another Quintis Pooled Entity), then the Trust Creditor is only entitled to receive a distribution for one of those Admitted Claims, and where they are for different amounts, for the largest Admitted Claim.

5 Perpetuity Period

Notwithstanding any other provision in this Deed, each

- (a) interest in property; and
- (b) Trustees' power over or in connection with property, created or granted by this Deed that, but for this provision, might vest, take effect, or be exercisable after the expiry of eighty (80) years commencing on the date of this Deed, but which has not vested or taken effect by that date,
- (c) will vest or take effect on the last day of that period; and
- (d) is exercisable only on or before the last day of that period.

6 Claims

6.1 Admissibility of Claims

- (a) Upon this Deed being settled and upon Completion, in accordance with clause 8.5 of the DOCA, all Claims of the Trust Creditors against the Quintis Pooled Entities will convert to and become claims against the Trust Fund under this Deed, equal in amount to the released Claims.
- (b) Subject to clause 4.4(a), interest will not accrue or be payable on any Admitted Claim.

6.2 Trustees' discretion

The Trustees may, in their absolute discretion:

- (a) admit all or part of a Claim;
- (b) reject all or part of a Claim; or
- (c) pay any Admitted Claim,

in accordance with the provisions of this Deed.

6.3 Determination of Claims

- (a) Subdivisions A, B, C, D and E of Division 6 of Part 5.6 of the Act (except sections 554A(3) to 554A(8) and section 556 (other than to the extent expressly incorporated)) apply to Claims under this Deed as if references to the liquidator were references to the Trustees and references to winding up were references to this Deed, and with such other modifications as are necessary to give effect to this Deed, except to the extent that those provisions are varied or excluded expressly or impliedly by this Deed.
- (b) Regulations 5.6.11A, 5.6.37, 5.6.39 to 5.6.43 (inclusive), 5.6.44 to 5.6.53 (inclusive) and 5.6.55 to 5.6.72 (inclusive) of the Regulations shall apply to this Deed and to the Trustees, and as if references to the liquidator were references to the Trustees and references to winding up were references to this Deed, and with such other modifications as are necessary to give effect to this Deed, except to the extent that those provisions are varied or excluded expressly or impliedly by this Deed.
- (c) Any notice (Call for Proofs) given by the Deed Administrators in accordance with the terms of the DOCA requiring a Creditor to submit particulars of his or her debt or claim, or to formally prove his or her debt or claim, will be treated for the purpose of this Deed as sufficient to comply with regulations 5.6.39 and 5.6.49 respectively as applied by clause 6.3.
- (d) The Trustees may make interim distributions of trust property under this Deed.
- (e) The Trustees must declare and distribute trust property under this Deed as soon as practicable after the Trust comes into effect under clause 3.1. However, subject to clauses 6.3(a) and 6.3(b), the Trustee has an absolute and unfettered discretion as to the admission of Claims, and the amount and timing of the distribution of the trust property in payment of Admitted Claims.
- (f) Where the Trustees propose to reject a Claim (whether in part or in full) the Trustee shall send a notice to the Claimant informing the Claimant of the proposed rejection and giving the party 14 days within which to make an application to the Court to determine the questions relating to the Claim.
- (g) The Trustees are entitled to rely upon any steps and determinations made by the Deed Administrators for the purposes of this clause in respect of whether a claim asserted for the purposes of claiming under this Deed is an Admitted Claim, together with any information, and proofs or particulars or debt provided to the Deed Administrators.

6.4 Retention of and access to records

The Trustees may at any time inspect the books and records of the Quintis Pooled Entities and the Quintis Pooled Entities authorise the Trustees and their staff to enter the Quintis Pooled Entities' premises on any Business Day between the hours of 9.00am and 5.00pm with no less than 48 hours prior notice for the purpose of conducting such an inspection and for the purpose of doing anything necessary or desirable in the exercise of their powers and discretions and the performance of their duties, obligations and responsibilities as Trustees under this Deed.

6.5 Superannuation debts not admissible

For the purposes of section 444DB of the Act, the Trustees must determine that a debt (or part therefore) by way of a Superannuation Contribution is not admissible to proof as a Trust Creditor Claim if:

- (a) that debt (or part of the debt) by way of Superannuation Guarantee Charge:
 - (i) has been paid; or

- (ii) is, or is to be, admissible against, that Quintis Pooled Entity; and
- (b) the Trustees are satisfied that the Superannuation Guarantee Charge is attributable to the whole of that first-mentioned debt.

6.6 Creditors' costs and expenses

Any costs and expenses incurred by a Trust Creditor in asserting a Claim under this Deed will be borne by that Creditor and will not form part of that Creditor's Claim under this Deed.

6.7 Abandonment of Claims

A Trust Creditor will have abandoned, and will be taken for all purposes to have abandoned, all Claims and all other entitlements (if any) in the Trust Fund:

- (a) which are not the subject of a proof lodged with the Trustees in the form required by the Trustees prior to the declaration of a Final Dividend; or
- (b) which have been rejected by the Trustees and which are not the subject of any appeal or application to the Court within the time allowed under clause 6.3(f).

6.8 Discharge of Claims

All Trust Creditors having a Claim must accept their Admitted Claims under this Deed (if any) in full satisfaction and complete discharge of all claims which they have or claim to have against the Trustees or the Trust Fund and each of them will, if called upon to do so, execute and deliver to the Trustees such forms of release of any such claim as the Trustees require.

6.9 Claims extinguished

On payment of the Final Dividend to the Trust Creditors from the Trust Fund, all Claims against the Trust Fund are extinguished and each Trust Creditor will, if called upon to do so, execute and deliver to the Trustees such forms of release of any Claim as the Trustees require.

6.10 Bar

After distribution of the Final Dividend from the Trust Fund, the Trustees may plead this Deed in bar to any Trust Creditor's Claim.

6.11 Excluded Creditors

The Excluded Creditors are not entitled to participate in or receive any distribution from, and will not prove to recover any Excluded Claim for the purpose of, or in relation to, the Trust Fund, in respect of an Excluded Claim. For the avoidance of doubt, the Excluded Creditors will be entitled to make a claim against the Trust Fund, in accordance with the Trust Deed, for any Claim that is not an Excluded Claim.

7 GST

7.1 Definitions

Words and expressions used in this clause 7 which are defined in the GST Act have the same meaning in this clause.

7.2 GST credits on Claims which have been or will be claimed by the Quintis Pooled Entities

To the extent that input tax credits on Admitted Claims have been or will be claimed by any of the Quintis Pooled Entities, the parties agree and acknowledge that following the payment of distributions to those Creditors by the Trustees from the Trust Fund, the relevant Quintis Pooled Entity by its Deed Administrators will be responsible for making any adjustment required by the

provisions of the GST Act insofar as those adjustments relate to those Admitted Claims and Practice Statement PS LA 2012/1 (GA) will be applied by the Quintis Pooled Entity to calculate the impact of those adjustments.

7.3 GST credits during operation of Trust

The parties agree and acknowledge that to the extent that an input tax credit is available in respect of a Trustee Cost which is incurred and paid for by the Trustees during the operation of the Trust, the Trustees (acting in their capacity as Trustees of the Trust) will be responsible for the claiming those input tax credits.

8 Meetings of Creditors

The Trustees may at any time convene a meeting of Trust Creditors and except to the extent (if any) they are excluded or modified by or are inconsistent with the terms of this Deed, Division 75 of the Insolvency Practice Schedule and Division 75 of the Insolvency Practice Rules, with such modifications as are necessary, to meetings of the Trust Creditors as if the references to the an external administrator or chairperson were references to the Trustees.

9 Remuneration of Trustees

The Trustees:

- (a) are to be remunerated at the usual rates charged by KordaMentha from time to time in respect of any work done by the Trustees, and or any of their partners, employees, directors, officers, contractors, advisers, authorised agents or delegates of the Trustees, in connection with:
 - (i) the calling for and adjudicating upon proofs of Claims;
 - (ii) the distribution of the Trust Fund;
 - (iii) the exercise of their powers and discretions and performance of their duties, obligations and responsibilities as Trustees under this Deed; and
- (b) acknowledge that the Trustees' Costs, including costs, charges and expenses (including those incurred in connection with advisers) incurred in connection with the foregoing, including any stamp duty payable by them in respect of this Deed in accordance with clause 15.9 will be payable from the Trust Fund.

10 Indemnity

10.1 Indemnity

The Trustees are entitled to be indemnified out of the Trust Fund for:

- (a) the Trustee's Remuneration;
- (b) Trustee's Costs; and
- (c) all actions, suits, proceedings, accounts, claims and demands arising out of or relating to this Deed which may be commenced, incurred by or made on the Trustees by any person and against all costs, charges and expenses incurred by the Trustees in respect of them,

provided that the Trustees shall not be entitled to an indemnity in respect of any liabilities or demands to the extent that the indemnification contravenes the Act or the Trustee Act or if the Trustees, or any partner, employee, authorised agent or delegate of the Trustees have acted negligently, in breach of fiduciary duty or in breach of trust.

10.2 Continuing indemnity

This indemnity takes effect on and from the Commencement Date and will be without limitation as to time and will operate notwithstanding the removal of the Trustees (or either of them) and the appointment of new trustees or the termination of this Trust for any reason whatsoever.

10.3 Indemnity not to be affected or prejudiced

The indemnity under clause 10.1 will not:

- (a) be affected, limited or prejudiced in any way by any irregularity, defect or invalidity in the appointment of the Trustees and will extend to all actions, suits, proceedings, accounts, liabilities, claims and demands arising in any way out of any defect in the appointment of the Trustees, the approval and execution of this Deed or otherwise; or
- (b) affect or prejudice all or any rights that the Trustees may have against any other person to be indemnified against the costs, charges, expenses and liabilities incurred by the Trustees of or incidental to the exercise or performance of any of the powers of authorities conferred on the Trustees by this Deed or otherwise.

11 Liability

11.1 Exclusion of liability

- (a) The Trustees, and any of their partners, employees, directors, officers, contractors, advisers, authorised agents or delegates, are not liable for any loss or damage occasioned to the Trust Property or to any person by:
 - (i) the exercise of any discretion or power conferred by this Deed or by law on the Trustees or any delay or failure to exercise any of those discretions or powers;
 - (ii) any breach of duty or trust, unless it is proved to have been committed, made or omitted in personal, conscious and fraudulent bad faith by the Trustees or any of their partners, employees, directors, officers, contractors, advisers, authorised agents or delegates; or
 - (iii) any disclosure by the Trustees or the officer of any document, matter or thing relating to the Trust, the Trust Property or any Trust Creditor or other beneficiary.
- (b) All persons claiming any interest in the Trust Property must be treated as taking it with and subject to notice of the protection conferred by this clause 11.

11.2 Proceedings against co-trustee

The Trustees are not bound to take any proceeding against a co-trustee for any breach or alleged breach of trust committed by the co-trustee.

11.3 Reliance on advice

Where the Trustees act in reliance upon the advice of any solicitor instructed on behalf of the Trust in relation to the interpretation of the provisions of this Deed or any document or statute or any matter concerning the administration of the Trust, the Trustees are not liable to any person in respect of any act done or omitted to be done by the Trustees in accordance with the advice.

12 Trustees' retirement

Any Trustee may retire at any time by giving not less than 14 days' prior written notice to the Company unless that retirement would result in there being no remaining Trustee in which event the Trustees must:

- (a) convene a meeting of Trust Creditors in accordance with clause 7 of this Deed for the purpose of approving the appointment of a replacement trustee;
- (b) assign to a replacement trustee nominated by the Trust Creditors the Trustees' rights, title and benefit under this Deed; and
- (c) do all things reasonably necessary to effect the assignment referred to in clause 12(b).

13 Trustees not obliged to take action

The Trustees will not be obliged to take any action under this Deed until such time as there are sufficient funds in hand and immediately available to them without prior or apprehended claim as referred to in clauses 4.4 and 4.5 to pay their remuneration, costs, fees and expenses.

14 Termination

14.1 Termination of the Trust

This Trust will terminate:

- (a) when the whole of the Trust Fund has been distributed in accordance with this Deed and only after the Deed Administrators have completed the process of realising any Listing Proceeds or other recoveries from Quintis Limited's Assets; or
- (b) upon the expiry of the perpetuity period referred to in clause 5, whichever occurs first.

14.2 Meeting of Trust Creditors

The Trustees must convene a meeting of Trust Creditors to consider a resolution to vary this Deed or terminate the Trust if:

- (a) at any time prior to the termination of the Trust, the Trustees determine that it is no longer practicable or desirable to continue to implement or carry out this Deed; or
- (b) the Court so orders.

14.3 Termination of the Trust by Court order and Trust Creditors' resolution

This Trust will terminate if:

- (a) a Court so orders; or
- (b) the Trust Creditors pass a resolution terminating this Trust at a meeting duly convened pursuant to clause 14.2.

In that event, any remaining part of the Trust Fund must be immediately paid to the Bondholders and shall not be available for distribution to Trust Creditors or other beneficiaries.

14.4 Report to Trust Creditors

Upon a meeting being convened pursuant to clause 14.2, the Trustees must send each Trust Creditor prior to the meeting a report as to the state of affairs of the Trust accompanied by such financial statements as the Trustees think fit. The report must include:

- (a) a statement explaining the circumstances which have caused the Trustees to convene the meeting pursuant to clause 14.2; and
- (b) a statement that this Trust will be terminated if the Trust Creditors so resolve.

14.5 Previous operation of this deed preserved

The termination or avoidance, in whole or in part, of this Trust does not affect the efficacy of any act done prior to the termination or avoidance.

14.6 Variation of Deed

This Deed may be varied:

- (a) with the consent of the Trustees by resolution passed at a meeting of Trust Creditors by a majority of Trust Creditors in number and in value, but only if the variation is not materially different from the proposed variation set out in the notice of that meeting and provided that the variation does not materially prejudice the interests of any class of Trust Creditors without the approval of a majority of that class of Trust Creditors in number and value; or
- (b) by the Court upon application of any of the Trust Creditors or the Trustees in accordance with section 81 of the Trustee Act.

15 General

15.1 Severance

Notwithstanding anything contained in any provision of this Deed, if any such provision is held or found to be void, invalid or otherwise unenforceable, such provision will be deemed to be severed from this Deed to the extent only that it is void, invalid or unenforceable, but the remainder of any such provision and this Deed will remain in full force and effect.

15.2 Waiver

No party to this Deed may rely on the words or conduct of any other party as a waiver of any right unless the waiver is in writing and signed by the party granting the waiver. The meanings of the terms used in this clause are below:

- (a) conduct includes delay in the exercise of a right;
- (b) right means any right arising under or in connection with this Deed and includes the right to rely on this clause; and
- (c) waiver includes an election between rights and remedies, and conduct which might otherwise give rise to an estoppel.

15.3 Counterparts

This Deed may be executed in any number of counterparts. All counterparts together will be taken to constitute one instrument. Transmission by email of an executed counterpart of this Deed and all documents required to be executed and delivered pursuant to this Deed will be deemed to constitute due and sufficient delivery of such counterpart.

15.4 Jurisdiction

This Deed will be governed by and construed in accordance with the laws for the time being in force in the State of New South Wales and all persons bound by this Deed submit to the exclusive jurisdiction of the Courts of that State, including any Courts having appellate jurisdiction.

15.5 Further assurances

All persons bound by this Deed will exercise all such powers as are available to them, do all such acts and things and sign, execute and deliver all such documents and instruments and provide assistance and co-operation as may be necessary or reasonably required to give full effect to the provisions of this Deed.

15.6 Entire agreement

This Deed states all the express terms agreed by the parties in respect of its subject matter. It supersedes all prior discussions, negotiations, understandings and agreements in respect of its subject matter.

15.7 No reliance

No party has relied on any statement by any other party not expressly included in this Deed.

15.8 Exercise of rights

- (a) Unless expressly required by the terms of this Deed, a party is not required to act reasonably in giving or withholding any consent or approval or exercising any other right, power, authority, discretion or remedy, under or in connection with this Deed.
- (b) A party may (without any requirement to act reasonably) impose conditions on the grant by it of any consent or approval, or any waiver of any right, power, authority, discretion or remedy, under or in connection with this Deed. Any conditions must be complied with by the party relying on the consent, approval or waiver.

15.9 Stamp duty

Any stamp duty assessed on this Deed is to be paid out of the Trust Fund.

16 Notices**16.1 Form of Notice**

A notice or other communication to a party under this Deed (Notice) must be:

- (a) in writing and in English and signed by or on behalf of the sending party; and
- (b) addressed to that party in accordance with the details nominated in the recitals (or any alternative details nominated to the sending party by Notice).

16.2 How Notice must be given and when Notice is received

- (a) A Notice must be given by one of the methods set out in the table below.
- (b) A Notice is regarded as given and received at the time set out in the table below.

However, if this means the Notice would be regarded as given and received outside the period between 9.00am and 5.00pm (addressee's time) on a Business Day (business hours period), then the Notice will instead be regarded as given and received at the start of the following business hours period.

Method of giving Notice	When Notice is regarded as given and received
By hand to the nominated address	When delivered to the nominated address
By pre-paid post to the nominated address	At 9.00am (addressee's time) on the second Business Day after the date of posting
By fax to the nominated fax number	At the time indicated by the sending party's transmission equipment as the time that the fax was sent in its entirety. However, if the recipient party informs the sending party within 4 hours after that time that the fax transmission was illegible or

	incomplete, then the Notice will not be regarded as given or received. When calculating this 4 hour period, only time within a business hours period is to be included.
By email to the nominated email address	When the email (including any attachment) has been sent to the addressee's email address (unless the sender receives a delivery failure notification indicating that the email has not been addressed to the addressee).

16.3 Notice must not be given by electronic communication

A Notice must not be given by electronic means of communication (other than fax and email as permitted in clause 16.2).

Executed and delivered as a Deed

Signed sealed and delivered by Quintis Limited (Administrators Appointed) (Receivers and Managers Appointed) (ACN 092 200 854)

by its joint and several deed administrator in the presence of:

Witness Signature

Deed Administrator

Name of Witness

Signed sealed and delivered by Sandalwood Properties Ltd (Administrators Appointed) (Receivers and Managers Appointed) (ACN 093 330 977)

by its joint and several deed administrator in the presence of:

Witness Signature

Deed Administrator

Name of Witness

Signed sealed and delivered by Quintis Forestry Limited (Administrators Appointed) (Receivers and Managers Appointed) (ACN 080 139 966)

by its joint and several deed administrator in the presence of:

Witness Signature

Deed Administrator

Name of Witness

Signed sealed and delivered by Quintis Leasing Pty Ltd (Administrators Appointed) (Receivers and Managers Appointed) (ACN 080 978 721)

by its joint and several deed administrator in the presence of:

Witness Signature

Deed Administrator

Name of Witness

Signed sealed and delivered by Arwon Finance Pty Ltd (Administrators Appointed) (Receivers and Managers Appointed) (ACN 072 486 643)

by its joint and several deed administrator in the presence of:

Witness Signature

Deed Administrator

Name of Witness

Signed sealed and delivered by Mount Romance Holdings Pty Limited (Administrators Appointed) (Receivers and Managers Appointed) (ACN 115 659 606)

by its joint and several deed administrator in the presence of:

Witness Signature

Deed Administrator

Name of Witness

Signed sealed and delivered by Mount Romance Australia Pty Ltd (Administrators Appointed) (Receivers and Managers Appointed) (ACN 060 122 698)

by its joint and several deed administrator in the presence of:

Witness Signature

Deed Administrator

Name of Witness

Signed sealed and delivered by Australian Sandalwood Oil Co. Pty Ltd (Administrators Appointed) (Receivers and Managers Appointed) (ACN 088 257 498)

by its joint and several deed administrator in the presence of:

Witness Signature

Deed Administrator

Name of Witness

Signed sealed and delivered by **Richard Tucker**
in the presence of:

Witness Signature

Signature

Print Name

Signed sealed and delivered by **Scott Langdon**
in the presence of:

Witness Signature

Signature

Print Name

Signed sealed and delivered by **John Bumbak**
in the presence of:

Witness Signature

Signature

Print Name

Signed sealed and delivered by **Jason Preston**
in the presence of:

Witness Signature

Signature

Print Name

Signed sealed and delivered by **Shaun Robert Fraser**
in the presence of:

Witness Signature

Signature

Print Name

Signed sealed and delivered by **Robert Conry Brauer**
in the presence of:

Witness Signature

Signature

Print Name

Schedule 1 – Quintis Pooled Entities

- 1 Quintis Limited (Administrators Appointed) (Receivers and Managers appointed) (ACN 092 200 854)
- 2 Sandalwood Properties Ltd (Administrators Appointed) (Receivers and Managers Appointed) (ACN 093 330 977);
- 3 Quintis Forestry Limited (Administrators Appointed) (Receivers and Managers Appointed) (ACN 080 139 966);
- 4 Quintis Leasing Pty Ltd (Administrators Appointed) (Receivers and Managers Appointed) (ACN 080 978 721);
- 5 Arwon Finance Pty Ltd (Administrators Appointed) (Receivers and Managers Appointed) (ACN 072 486 643);
- 6 Mount Romance Holdings Pty Limited (Administrators Appointed) (Receivers and Managers Appointed) (ACN 115 659 606);
- 7 Mount Romance Australia Pty Ltd (Administrators Appointed) (Receivers and Managers Appointed) (ACN 060 122 698); and
- 8 Australian Sandalwood Oil Co. Pty Ltd (Administrators Appointed) (Receivers and Managers Appointed) (ACN 088 257 498).

Schedule 2 – Trade Creditors

Trade Creditor	Address
ABA Security	Post Office Box 1931, ALBANY, WA 6331
Accuweigh (Australia)	Unit 4/10 Pitt Way, MYAREE WA 6154
Air Liquide Australia	(Air Liquide WA Pty Ltd) old name, PO BOX 1226, BOORAGOON, WA 6954
Airlite Group	52 Roberts Street, OSBORNE PARK, 6017
Albany Advertiser	PO Box 5168, ALBANY WA 6330
Albany Office Products Depot	39 Sanford Road, ALBANY, WA 6330
All Clean	PO Box 1521, KUNUNURRA, 6743
All Regions Electrical	PO Box 1182, KATHERINE, 851
Allied Pumps	PO Box 1468, CANNING VALE DC, WA 6970
American Express Corporate Card - AMEX	GPO Box 5087, SYDNEY, 2001
AO United Services Pty Ltd	22 Salacca Loop, KUNUNURRA, 6743
AS Harrison & Co	75 Old Pittwater Road, BROOKVALE, NSW 2100
Ashanti Capital Pty Ltd	L2 44A Kings Park Road, WEST PERTH, 6008
ASIC	Locked Bag 500, Gippsland Mail Centre, 6841
Aust International Express	Unit 41 9 Vision Street, WANGARA, WA 6065
Austrail Global Logistics- AGL	PO Box 241, BELMONT, 6984
Australia Post	GPO Box 9025, CENTENNIAL PARK WA 6330
Australia Post - ALL Regions	GPO Box 2137, MELBOURNE, 3001
Australian Executor Trustees (AET)	Locked Bag 4010, Level 22, 207 Kent Street, QUEEN VICTORIA BUILDING, 1230
Automatic Data Processing Limited ADP	Private Bag 25, MULGRAVE, 3170
Baker & McKenzie	PO Box R126, ROYAL EXCHANGE, 1225
Battery World	PO Box 51, CENTENNIAL HEIGHTS, WA 6330
Behave, Stephane	Withheld
Best Office Systems	PO Box 1611,ALBANY WA 6330
BNY Mellon Australia Pty Ltd	Level 2, Clarence Street, GPO Box 4270
Boab Refrigeration & Aircon	P O Box 2040, Kununurra WA 6743
Broadway IGA	88 Broadway Fair Shopping Centre, BROADWAY NEDLANDS, 6009
Bunnings	348 Albany Highway, ALBANY, WA 6330
Burdekin Hire Service	102 Wickham Street, AYR, 4807
Burdekin Printers	113 Edwards Street, AYR, 4807
Burdekin Tyre Service (Goodyear Autocare)	Lot 3-5 Rossiters Hill, AYR, 4807
C.M. Ellison	9 George Avenue, CLAREMONT, 6010
CAN Engineering (Craig Ninness)	PO Box 1907, KUNUNURRA, 6743
Carcom Installations Pty Ltd	GPO Box 39164, 14 Bishop Street, WINNELLIE, 821
ChemCentre	P O Box 1250, Bentley DC WA 6983
Chep Australia Ltd	PO Box 617, North Ryde, 1670
Clayton Utz Lawyers	GPO Box P1214, Perth, 6844
Cleanaway (Transpacific Pty Ltd)	PO Box 2600, PALMERSTON, 831
Clontarf Foundation	295 Manning Road, Waterford, 6152
Coates Hire	15/209 Chesterpass Road, ALBANY, WA 6330
Cookie Barrel	Unit 5, 6 Salsbury Road, PALMYRA WA 6157
CoolDrive Distribution / Automotive Imports P/L	1 Howell St, PO Box 3473, DARWIN NT 801
Copyright Agency Ltd	Level 15, 233 Castlereagh Street, Sydney, 2000
Cowaramup Agencies Ag-South	Lot 33 Bussell Highway, COWARAMUP, 6284
Critical Components	PO Box 1118, FREMANTLE, 6959
Crystal Lakes Pty Ltd	C/- PO Box 676, NORTH RYDE BC, 1670
Deloitte Legal Pty Ltd	Brookfield Place Tower2, Level 123 St Georges Tce, PERTH, 6837
Deloitte Touche Tomasu	Riverside Centre, 123 Eagle Street, Level 25 & 26, BRISBANE, 4001
Dept Agriculture	PO Box 606 Welshpool WA 6986
Down to Earth	Unit 3/8 Owen Tucker Lane, MARGARET RIVER,

	6285
EE Muir & Sons Pty Ltd	18 Raymond Road, LAVERTON NORTH, 3026
Emo Trans	Unit C10, 6 Tarlton Crescent, PERTH AIRPORT, WA 6105
Equifax Australia - Prev. Veda Advantage	PO Box 967, North Sydney, 2059
Ergon Energy Queensland Pty Ltd	PO Box 1090, TOWNSVILLE, 4810
Ernst & Young	GPO Box M939, PERTH, 6843
FarmWest	Incorporating WestSideAB, P O Box 463, BUNBURY, WA 6231
First Choice Lawn	P O Box 5648 ALBANY WA 6330
Fit2work.com.au (Mercury Search & Selection P/L)	Suite 303, 120 Bay Street, PORT MELBOURNE, 3207
Flexitec	U3 15 Meares Way, CANNING VALE WA 6155
Fremantle Chamber	Post Office Box 662 FREMANTLE WA 6959
FTI Consulting (Perth) Pty Limited	Level 2, 2 Kings Park Road, WEST PERTH, 6005
Fuji Xerox Australia Pty Ltd	PO Box 200, BELMONT, 6984
Fusion Broadband Pty Ltd	10/50 Market Street, Melbourne, 3000
Geidi Pty Ltd	4 King Edward Rd, OSBORNE PARK, 6017
Gerard Daniels Australia Pty Ltd	Level 44, 108 St Georges Tce, PERTH, 6000
Go Work Pty Ltd (ADCO Holdings Pty Ltd)	PO Box 1014, KUNUNURRA, 6743
Grande Food Service	P O Box 501, ALBANY DC, WA 6331
Green & Gold Mini Digger	56 Allwood Parade BAYONET HEAD WA 6330
Green Farm Hands (GFH Enterprises P/L)	3/4 Shephard Street, GPO 2154, DARWIN, 801
Groves & Clark Solicitors	98 Macmillan Street, AYR, 4807
Grt Sthn Bearings	38 Newby Street, ALBANY, WA 6330
Grt Sthn Supplies	FS0003, Brooks Garden Shopping Centre, was Grt Sthn Packaging Supplies (GSP), ALBANY, WA 6330
GT Bearing	PO Box 11 ALBANY WA 6330
H Jorritsma & Co.	8 Dianella Way, Kununurra, 6743
Herbert Smith Freehills	L36 QV1 250 St Georges Terrace, PERTH, 6000
Hertz Australia	PO Box 6848, ST KILDA ROAD CENTRAL, 8008
Horizon Power	GPO Box N1028, Perth, 6843
Ibis Water	U3 9 Sorbonne Crescent, CANNING VALE WA 6155
ICT International Pty Ltd	PO Box 503, 211 Mann Street, ARMIDALE, 2350
IFFLA Wade	Level 1, 307 Murray Street, PO Box 7887, CLOISTERS SQUARE, 6850
Irribiz	Lot 1, 3 Cocus Way, KUNUNURRA, 6743
J&S Castlehow Electrical	25 Minna Street, ALBANY DC WA 6331
Jacana Energy / Power Water Corporation	GPO Box 1785, DARWIN, 801
Just a Call Deliveries	44 Seymour Street, ALBANY WA 6330
Katherine Refrigeration	PO Box 280, (275 Zimin Drive), KATHERINE, 850
Katherine Towing & Salvage	PO Box 343, (1130 Victoria Hwy), KATHERINE, 851
Kimberley First National Real Estate	PO Box 1366, KUNUNURRA, 6743
King & Wood Mallesons	Level 10, Central Park, 152 St Georges Terrace, PERTH, 6000
KPMG Corporate Finance (Aust) Ltd	PO Box A29, Perth, 6837
Kununurra Pest Management	PO Box 1331, KUNUNURRA, 6743
Kununurra Rural Traders KRT	PO Box 1331, (951 Poinciana Street), Kununurra, 6743
L&S Water Service & Supplies Pty Ltd	PO Box 2180, KATHERINE, 851
Link Marketing Services	PO Box 20013, WORLD SQUARE, 2002
LJ Hooker Katherine	Shop 2 & 3, 12 Katherine Terrace, KATHERINE, 851
Main Camp Investments Pty Ltd	106 / 6 Doepel Street, NORTH FREMANTLE, 6159
McLean Enterprises Pty Ltd	PO Box 364, Kununurra, 6743

Meiner Holding Pty Ltd	14D Fraser Road, APPLECROSS, WA, 6153
Mercury	PO Box 464, West Perth, 6872
MFT Contracting	24 Tonkin Road, HILTON WA 6163
Michael Page International (Australia) Pty Ltd	Level 4, 110 George Street, PARRAMATTA NSW 2150, Australia
Micromedia Advertising Design	15c Old Great Northern Highway, MIDLAND, 6056
Midplains Pty Ltd	PO Box 143, Kununurra, 6743
ML & AK Sullivan Pty Ltd	PO Box 953, KATHERINE, 851
Moody's Investor Service Pty Ltd	Level 10, 1 O'Connell Street, Sydney, 2000
Mr Nozzle	PO Box 80, DRY CREEK, 5094
NAB Corporate Card	Level 13, 100 St Georges Terrace, PERTH, WA, 6000
Nalco Australia	PO BOX 390, NORTH RYDE, NSW 2113
Netsight Pty Ltd- MYOSH	PO Box 1118, JOONDALUP DC, 6919
Neverfail Sprinwater	P O Box 372, ARTARMON, NSW 2064
New Directions	47 Carrington Road, MARRICKVILLE, NSW 2204
Northern Hedging (Ormsby Hedging Pty Ltd)	PO Box 432, KATHERINE, 850
Northern Livestock & Agriculture Pty Ltd	PMB 283, WINNELLIE, 822
Npower	36 Sorbonne Crescent, CANNING VALE, WA 6155
Oasis Farms	PO Box 352, KUNUNURRA, 6743
Observant Pty Ltd	Level 1 / 106 Victoria Street, FITZROY, 3065
Ord Fuel Supplies Pty Ltd (OFS)	PO Box 304, Kununurra, 6743
Ord River District Co-Operative Ltd (ORDCO)	PO Box 2120, Kununurra, 6743
Origin Energy Retail	5645 Ooloo Road, DOUGLAS DALY, 0822
Panetta McGrath Lawyers	PO Box 29, WEST PERTH, 6872
Pioneer Farm Trust	238 Stock Route, KUNUNURRA, 6743
Piper Alderman Law Practice	Level 23, Governor Macquarie Tower, 1 Farrer Place, Sydney, 2000
PrintImpact	PO Box 170, NORTH FREMANTLE, 6159
PT Logistics	P O Box 765, Southland Agribusiness Holdings Pty Ltd t/as, ALBANY DC, WA 6331
Puma Energy / Australian Fuel Distributors Ausfuel	PO Box 38927, Winnellie, 0821
Quality Travel	Shop 16, Warwick Cinema Centre, Cnr Beach Rd & Dorchester Avenue, WARWICK, 6024
Rexel Australia Electrical	PO Box 313, CLOVERDALE, WA 6985
Robert Tisserand	Withheld
Roper River Transport	PO Box 4090, MATARANKA, 852
Rowe Scientific	11 Challenge Bvd, WANGARA, WA 6065
RSEA Pty Ltd	87 Corporate Drive, HEATHERTON, 3202
Sand King Pty Ltd	PO Box 740, CLAREMONT WA 6910, Australia
Santaleuca Sandalwood	Post Office Box 278, NAREMBEEN, WA 6369
Shimadzu Scientific	Unit 8 7 Montgomery Way, P O Box 1789, MALAGA, WA 6944
Shire of Wyndam	PO Box 614, KUNUNURRA WA 6743
Shockless Electrical Services Pty Ltd	PO Box 2471, KATHERINE, 851
Silver Eagle Pty Ltd	32 Swan Road, ATTADALE, 6156
Staff 360 Pty Ltd	PO Box 1778, TOOWONG, 4066
Steinpreis Paganin Lawyers & Consultants	GPO Box 2799, Perth, 6001
Stirling Freight	PO Box 1039, ALBANY WA 6330
Sun Water Ltd	Reply Paid 15536, CITY EAST, 4002
Sundry Suppliers	PO Box, KUNUNURRA, 6743
Supagas	PO Box 39329, WINNELLIE NT 821, Australia
Synergy	GPO Box U1913, Perth, 6845
Telford Smith Engineering Pty Ltd	250 Hammond Road, DANDENONG SOUTH, 3175
Telstra	GPO Box 9901, Melbourne, 3001
The Old Brewery TA The Old Brewery Bar Grill	173 Mounts Bay Road, PERTH, 6000
Think Water Beyond Irrigation	12 Dianella Way, KUNUNURRA, 6743
Thomson Reuters (Professional) Australia Ltd	Level 3 19 Harris Street, PYRMONT, 2009

TNT Express	PO Box 559, MASCOT, 1460
Tracpower NQ Pty Ltd	101-105 Ingham Road, TOWNSVILLE, 4810
Tradelink	Lot 102, 10 Third Street, KATHERINE, 850
Travel Tree P/L (Formerly Integrated Tourism Serv)	Level 1, 3 Rossllyn Street, WEST LEEDERVILLE, 6007
Travis Smith	Withheld
Tree Purchases from Investors	169 Broadway, BROADWAY NEDLANDS, 6009
Tropic Distributors Pty Ltd	131 Denham Street, TOWNSVILLE, 4810
TST Electrical Pty Ltd	PO Box 860, KUNUNURRA, 6743
United Card Services Pty Ltd	200 Hoddle Street, ABBOTSFORD VIC 3067, Australia
Vancouver Waste	Lot 16 Anthony Street, ALBANY, WA 6330
Vanderfield Northwest (Kununurra/Katherine Toyota)	PO Box 793, Kununurra, 6743
Water Corporation	PO Box 1600, OSBORNE PARK, WA 6916
West Cape Coffee	PO Box 549, MOUNT BARKER, WA 6324
West City News	PO Box 471, DIANELLA, 6059
West UC Australia Pty Ltd - Prev. InterCall Aust	Level 6, 171 Clarence Street, Sydney, 2000
Western QBE	95 William Street, PERTH, 6000
Workforce Clothing Pty Ltd	26 Tulloch Way, CANNING VALE, 6155
Working on Fire Australia	PO Box 9299, PICTON, 6229
Wren Oil	PO Box 50, PICTON WA 6229
Zenith Laundry	79 Cockburn Road, Albany, WA 6330

Schedule 5 – Excluded Lessors

Name	Property Address	Lessee	Landlord
Bonalbo	NT Portion 2532	Quintis Leasing Pty Ltd	Ruby Downs Pastoral - Now Northern Livestock & Agriculture
CPC	Lot 267, 269, 279, Leucaena Farm	Quintis Leasing Pty Ltd	Consolidated Pastoral Company
Croot	Lot 254, SRR 6	Quintis Leasing Pty Ltd	Yellowchat
Darwin	Unit 12, 14 Winnellie Rd, Winnellie NT 0820	Quintis Leasing Pty Ltd	Gaymark Group Pty Ltd
DeBont's	PSR 16	Quintis Leasing Pty Ltd	Midplains Pty Ltd
Edward Daniel	Lot 14 Down Road Albany	Mount Romance Australia Pty Ltd	Edward Daniel
Employee Brett (Oakey) Blunden Residence	13 Cullen Bay Cres Cullen Bay (Darwin)	Quintis Forestry Ltd	Habitat Real Estate
Employee Guest House Katherine	24 Raymond Place Katherine	Quintis Forestry Ltd	LJ Hooker Katherine
Employee Guest House Kununurra	126 Gardenia Dve Kununurra	Quintis Forestry Ltd	First National Kimberley
Employee Ken Robson Residence	6302/7 Anchorage Court Darwin	Quintis Forestry Ltd	Knight Frank
Employee Nathan Brydon Residence	3622 Florina Rd Katherine	Quintis Forestry Ltd	LJ Hooker Katherine
Employee Victor Sales Residence	2/14 Philips St Fannie Bay (Darwin)	Quintis Forestry Ltd	About Real Estate
Frank Romano Trust	Lot 5415	Quintis Leasing Pty Ltd	Frank Romano Trust
Frank Romano Trust	Lot 5415	Quintis Leasing Pty Ltd	Frank Romano Trust
Frauke M Bolten-Boshammer	Lot 238	Quintis Leasing Pty Ltd	Pioneer
Freidrich Georg & Andrea Marie Bolten	Lot 238	Quintis Leasing Pty Ltd	Pioneer
Freidrich Georg Bolten	Lot 241, Kimpton	Quintis Leasing Pty Ltd	Oasis Farm
Freidrich Georg Bolten	Kot 241 (52), Kimpton	Quintis Leasing Pty Ltd	Oasis Farm
HCJB	Lot 579	Quintis Leasing Pty Ltd	Reach Beyond
Johan Nortier	1/2 Dambrosio Crt Parap	Quintis Forestry Ltd	Lacuna Pty Ltd
Katherine	144 Victoria Hwy Katherine, NT 0851	Quintis Forestry Ltd	Katherine Towing & Salvage
Kingston Rest	KL339/347/346, KL 337-Dam Site	Quintis Leasing Pty Ltd	Department of Regional Development & Lands
Kununurra	24 Konkerberry Dve, Kununurra WA 6743	Quintis Leasing Pty Ltd	Charles Guerinoni Trust
Landcorp	Part B Lot 500 Down Rd Albany	Mount Romance Australia Pty Ltd	Landcorp
Lerch	Lot 258, Farm Hill 1-4	Quintis Leasing Pty Ltd	Spackman Super
Lerch	Lot 417, RSR 1-8	Quintis Leasing Pty Ltd	Dee Lerch
Lerch	Lot 259, Ivanhoe East 1-8	Quintis Leasing Pty Ltd	Jason Lerch
Maneroo	-	Quintis Leasing Pty Ltd	Hands on Agriculture (C&A Howie)
Maneroo	Lot 117, NT Portion 7445	Quintis Leasing Pty Ltd	P & A Howie
Millaroo	-	Quintis Leasing Pty Ltd	Department of Natural Resources & Mines
Mustang Hill	NT Portion 6269	Quintis Leasing Pty Ltd	Saltus Australia Trust
P Mock	Lot 246, Mock 3	Quintis Leasing Pty Ltd	S/Sanctuary
P Mock	Lot 246, 649, Mock 4	Quintis Leasing Pty Ltd	S/Sanctuary
P Mock	Lot 649, Mock 5	Quintis Leasing Pty Ltd	S/Sanctuary

P Mock	Lot 649, Mock 6	Quintis Leasing Pty Ltd	S/Sanctuary
P Mock	Lot 649, Mock 7	Quintis Leasing Pty Ltd	S/Sanctuary
P Mock	Lot 231, 246, Mock 1-2	Quintis Leasing Pty Ltd	S/Sanctuary
Pearls Pty Ltd	Shop No. TA 15 Paspaley Shopping Centre Broome	Mount Romance Australia Pty Ltd	Pearls Pty Ltd
R Boshammer	Lot 572, Airport Farm	Quintis Leasing Pty Ltd	Lone Eagle
R.B Dessert Seed Co	KL300, PSR Seed Orchard	Quintis Leasing Pty Ltd	R.B. Dessert Seed Co
Ruby Downs	NT Portion 2530	Quintis Leasing Pty Ltd	Ruby Downs Pastoral - Now Northern Livestock & Agriculture
Smith's	Lot 567, 568	Quintis Leasing Pty Ltd	Ivanhoe farms
Teak Valley Pty Ltd	Lot 687, Drovers	Quintis Leasing Pty Ltd	Teak Valley Pty Ltd
Warringarri	Lot 235, MG 1-3	Quintis Leasing Pty Ltd	Kununurra Waringarri Aboriginal Corporation

Schedule 6 – Novation Deed (SIO)

TFS Indian Sandalwood 2013 Individual Investors

[NewCo Ltd]

Quintis Ltd (Administrators Appointed) (Receivers and Managers Appointed)

The Continuing Parties

Deed of Amendment and Novation

[2013]

Allens
Deutsche Bank Place
Corner Hunter and Phillip Streets
Sydney NSW 2000
T +61 2 9230 4000
F +61 9230 5333
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This Deed is made on 2018.

Parties

[NewCo Ltd] (ACN [insert]) registered in Australia of [address] (*Substitute Party*).

Quintis Ltd (*Administrators Appointed*) (*Receivers and Managers Appointed*) (ACN 092 200 854) registered in Australia of 169 Broadway, Nedlands WA 6009 (*Retiring Party*).

The Continuing Parties

Recitals

- A. On the Appointment Date, Richard Tucker, Scott Langdon and John Bumbak were appointed as administrators of the Quintis Entities pursuant to Part 5.3A of the Act. On 23 January 2018, Jason Preston, Shaun Robert Fraser and Robert Conry Brauer were appointed as receivers and managers of the Quintis Entities.
- B. At meetings convened pursuant to section 439A of the Act and held on [date], it was resolved that the Quintis Entities execute a deed of company arrangement under section 444B(2)(b) of the Act. The deed of company arrangement was executed on [date].
- C. The Retiring Party and the Continuing Parties are parties to the IMA, which sets out the terms for the provision of investment management services by the Retiring Party. On and from the Effective Date, it is intended that the Substitute Party provide the investment management services under the IMA in place of the Retiring Party.
- D. In order to replace the Retiring Party with the Substitute Party and provide for the continuation of the IMA after the Effective Date, the parties to this Deed have agreed to amend and novate the IMA on the terms of this Deed.

It is agreed as follows.

1 Definitions

1.1 Definitions

2013 Lease Agreement has the meaning given to '2013 Lease Agreement' in the IMA and Amended IMA.

Act means the *Corporations Act 2001* (Cth).

Amended IMA means the IMA as amended by clause 3.

Appointment Date means 20 January 2018.

Continuing Parties mean SPL and the Investor.

Court means any court having jurisdiction to hear and determine matters under the Act.

Effective Date means the date of implementation of the Scheme of Arrangement.

Deed Administrators mean Richard Tucker, Scott Langdon and John Bumbak (or any of them), in their respective capacities as administrators of the deed of company arrangement dated [date] and any successor to that office appointed pursuant to the Act.

Investor means [name and address of relevant investor].

IMA means the Investment Management Agreement dated [date] entered into between the Retiring Party and the Continuing Parties.

Quintis Entities means all the companies named in Schedule 1 collectively and **Quintis Entity** means any of them.

Quintis Subsidiaries means the Quintis Entities excluding the Retiring Party.

Related Body Corporate has the meaning given to it in clause 9 of the Act.

Scheme of Arrangement means the creditors' scheme of arrangement approved by the Court between, among others, the Retiring Party and the secured creditors which provides for:

- (a) the transfer by the Retiring Party to the Substitute Party of the Quintis Subsidiaries and all of the Retiring Party's rights or powers in relation to, or in connection with, its right, title and interest in certain contracts, including the IMA; and
- (b) the Substitute Party to become the parent company of the Quintis Subsidiaries.

SPL means Sandalwood Properties Ltd (Administrators Appointed) (Receivers and Managers Appointed) (ACN 093 330 977).

Sunset Date means 30 November 2018.

1.2 Interpretation

- (a) Headings are for convenience only and do not affect interpretation.
- (b) The following rules apply unless the context requires otherwise.
 - (i) The singular includes the plural, and the converse also applies.
 - (ii) A gender includes all genders.
 - (iii) If a word or phrase is defined, its other grammatical forms have a corresponding meaning.
 - (iv) A reference to a person includes a corporation, trust, partnership, unincorporated body or other entity, whether or not it comprises a separate legal entity.
 - (v) A reference to a clause or Schedule is a reference to a clause of, or Schedule to, this Deed.
 - (vi) A reference to an agreement or document (including a reference to this Deed) is to the agreement or document as amended, supplemented, novated or replaced, except to the extent prohibited by this Deed or that other agreement or document, and includes the recitals, schedules and annexures to that agreement or document.
 - (vii) A reference to a party to this Deed or another agreement or document includes the party's successors, permitted substitutes and permitted assigns (and, where applicable, the party's legal personal representatives).
 - (viii) A reference to a *right* or *obligation* of any two or more people comprising a single party confers that right, or imposes that obligation, as the case may be, on each of them severally and each two or more of them jointly. A reference to that party is a reference to each of those people separately (so that, for example, a representation or warranty by that party is given by each of them separately).

2 Condition Precedent

2.1 Implementation

This Deed is subject to the implementation of the Scheme of Arrangement and will take effect on and from the Effective Date.

2.2 Termination

This Deed will automatically terminate if the Scheme of Arrangement is not implemented by the Sunset Date.

3 Amendments to the IMA

In accordance with clause 6.3 of the IMA, the parties to the IMA agree to amend the IMA on and from the Effective Date as set out below.

3.1 Annual Deferred Investment Option

Clause 4.5 of the IMA is amended as set out below:

4.5 Annual Deferred Investment Option

- (a) For the years in which the Investor elects to defer the payment of up to 50% of the Property Management Fee and Investment Services Fee by returning the completed invoice to the Investment Manager, the obligation to pay ~~the that deferred portion of the~~ Property Management Fee and the Investment Services Fees for the deferred years will be satisfied by the retention by the Investment Manager or its Affiliates of the applicable percentage of Gross Proceeds of Sale as set out in Item 7 of the Schedule (payable as a fee to the Investment Manager).
- (b) In the event that the Investor elects to defer up to 50% of the Property Management Fee and the Investment Services Fee, the balance of the Property Management Fee and Investment Services Fee remains payable in accordance with clause 4.3 of this agreement.
- (c) The Investor is not entitled to defer more than 50% of the Property Management Fee and the Investment Services Fee.

3.2 Duration and Termination

Clause 5.3(b)(iii)(D) of the IMA is replaced with the words "not used".

3.3 Most Favoured Investor (if applicable)

Clause 3.1(h) of the IMA is replaced with the words "not used" (if applicable).

3.4 Notices

Clause 6.10 of each of the IMA is amended as set out below:

If to the Investment Manager:

T.F.S Corporation Ltd ~~[New Co Ltd]~~

469 Broadway Nedlands WA 6009 ~~[ADDRESS]~~

Facsimile: +61 8 9221 9477 Email: ~~[EMAIL]~~

3.5 Property Management Fee

Item 7 of Schedule 1 of the IMA be amended as set out below:

Annual Deferred Investment Option

From the date in 2018 on which the amendments to this agreement became effective, the following table applies. The Percentage of Gross Proceeds of Sale to which [New Co] is entitled for the period prior to that date remains unchanged.

Financial Year of Deferral	Percentage of Gross Proceeds of Sale to which the <u>Trustee [New Co] is entitled for that financial year calculated on a pro-rata basis by the percentage of the Property Management Fee which has been deferred</u>
Years 1-2	3% <u>1.5%</u> (plus GST)
Years 3-4	2% <u>1%</u> (plus GST)
Years 5-14	4% <u>0.5%</u> (plus GST)

4 Novation

4.1 Novation

The parties agree to novate the Amended IMA, such that on and from the Effective Date:

- (a) the Substitute Party is substituted for the Retiring Party under the Amended IMA as if the Substitute Party had originally been a party to the Amended IMA instead of the Retiring Party; and
- (b) each reference in the Amended IMA to the Retiring Party is to be read as if it were a reference to the Substitute Party.

4.2 Assumption of rights and obligations

On and from the Effective Date:

- (a) the Substitute Party:
 - (i) will be bound by, and must comply with, the Amended IMA as it relates to the Retiring Party;
 - (ii) will enjoy all the rights and benefits conferred on the Retiring Party under or in respect of the Amended IMA on and from the Effective Date; and
 - (iii) will assume all the obligations and liabilities of the Retiring Party under or in respect of the Amended IMA arising or accruing on and from the Effective Date,
- (b) each Continuing Party will comply with the Amended IMA on the basis that the Substitute Party has replaced the Retiring Party under it in accordance with the terms of this Deed.

5 Transfer or novation by SPL to a Related Body Corporate

- (a) The Investor:
 - (i) acknowledges that SPL shall be entitled to transfer its interest in the land which is the subject of the 2013 Lease Agreement to a Related Body Corporate; and
 - (ii) consents to an assignment, transfer or novation by SPL of all of its rights and obligations under the Amended IMA and the 2013 Lease Agreement to a Related Body Corporate.
- (b) In the event that SPL wishes to novate the Amended IMA and the 2013 Lease Agreement to a Related Body Corporate:
 - (i) the Investor agrees to such novation (on equivalent terms as set out in clause 4 of this deed) and must take all steps required to give effect to that novation; and
 - (ii) the Investor appoints SPL as its attorney to sign all such documents required to give effect to that novation.

6 Representations and Warranties

- (a) Each party represents and warrants to each other party that:
 - (i) it is validly incorporated and existing under the laws of its place of incorporation, if applicable;
 - (ii) the execution and delivery of this Deed has been properly authorised by all necessary corporate action of the party, if applicable;
 - (iii) it has full corporate power and lawful authority to execute and deliver this Deed and to consummate and perform or cause to be performed its obligations under this Deed, if applicable;

- (iv) it enters into this Deed fully and voluntarily on its own information and investigation; and;
- (v) this Deed constitutes a legal, valid and binding obligation of the party enforceable in accordance with its terms by appropriate legal remedy.

7 Delivery of Documents

The Retiring Party will deliver to the Substitute Party on request a copy of all documents in its possession, custody or control connected with or evidencing its rights under the Amended IMA.

8 Further Assurances

Each party must do anything necessary or desirable (including executing agreements and documents) to give full effect to this Deed and any transactions contemplated by it.

9 Assignment

No Continuing Party can assign, charge, create a security interest over, encumber or otherwise deal with any of its rights or obligations under this Deed without the prior written consent of the Substitute Party.

10 Amendment

This Deed may be amended only by another deed executed by all the parties to this Deed.

11 Costs and Duty

Each party must bear its own costs arising out of the negotiation, preparation and execution of this Deed. All duty (including stamp duty and any fines, penalties and interest) payable on or in connection with this Deed and any instrument executed under or any transaction evidenced by this Deed must be borne by the Substitute Party.

12 Governing Law and Jurisdiction

This Deed is governed by the laws of Western Australia. In relation to it and related non-contractual matters each party irrevocably submits to the non-exclusive jurisdiction of courts with jurisdiction there, and waives any right to object to the venue on any ground.

13 Counterparts

This Deed may be executed in any number of counterparts. All counterparts together will be taken to constitute one instrument.

Schedule 1 – Quintis Entities

- (a) Quintis Limited (Administrators Appointed) (Receivers and Managers Appointed) (ACN 092 200 854);
- (b) Quintis Forestry Limited (Administrators Appointed) (Receivers and Managers Appointed) (ACN 080 139 966);
- (c) Sandalwood Properties Ltd (Administrators Appointed) (Receivers and Managers Appointed) (ACN 093 330 977);
- (d) Quintis Leasing Pty Ltd (Administrators Appointed) (Receivers and Managers Appointed) (ACN 080 978 721);
- (e) Arwon Finance Pty Ltd (Administrators Appointed) (Receivers and Managers Appointed) (ACN 072 486 643);
- (f) Mt Romance Holdings Pty Ltd (Administrators Appointed) (Receivers and Managers Appointed) (ACN 115 659 606);
- (g) Mt Romance Australia Pty Ltd (Administrators Appointed) (Receivers and Managers Appointed) (ACN 060 122 698); and
- (h) Australian Sandalwood Oil Co Pty Ltd (Administrators Appointed) (Receivers and Managers Appointed) (ACN 088 257 498).

Executed and delivered as a Deed in [insert].

Executed as a deed in accordance with section 127 of the *Corporations Act 2001* by [NewCo Ltd] (ACN [*]):

Director Signature

Director/Secretary Signature

Print Name

Print Name

Signed sealed and delivered by Quintis Limited (Administrators Appointed) (Receivers and Managers Appointed) (ACN 092 200 854)

by its joint and several deed administrator in the presence of:

Witness Signature

Deed Administrator

Name of Witness

Signed sealed and delivered by Sandalwood Properties Ltd (Administrators Appointed) (Receivers and Managers Appointed) (ACN 093 330 977)

by its joint and several deed administrator in the presence of:

Witness Signature

Deed Administrator

Name of Witness

Name of Witness

Signed sealed and delivered by [investor name] in the presence of

DRAFT

Witness Signature

Signature

Print Name

TFS Indian Sandalwood 2014 Individual Investors

[NewCo Ltd]

Quintis Ltd (Administrators Appointed) (Receivers and Managers Appointed)

The Continuing Parties

Deed of Amendment and Novation

[2014]

Allens
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This Deed is made on 2018.

Parties

[NewCo Ltd] (ACN [insert]) registered in Australia of [address] (**Substitute Party**).

Quintis Ltd (**Administrators Appointed**) (**Receivers and Managers Appointed**) (ACN 092 200 854) registered in Australia of 169 Broadway, Nedlands WA 6009 (**Retiring Party**).

The Continuing Parties

Recitals

- A. On the Appointment Date, Richard Tucker, Scott Langdon and John Bumbak were appointed as administrators of the Quintis Entities pursuant to Part 5.3A of the Act. On 23 January 2018, Jason Preston, Shaun Robert Fraser and Robert Conry Brauer were appointed as receivers and managers of the Quintis Entities.
- B. At meetings convened pursuant to section 439A of the Act and held on 8 June 2018, it was resolved that the Quintis Entities execute a deed of company arrangement under section 444B(2)(b) of the Act. The deed of company arrangement was executed on [date].
- C. The Retiring Party and the Continuing Parties are parties to the IMA, which sets out the terms for the provision of investment management services by the Retiring Party. On and from the Effective Date, it is intended that the Substitute Party provide the investment management services under the IMA in place of the Retiring Party.
- D. In order to replace the Retiring Party with the Substitute Party and provide for the continuation of the IMA after the Effective Date, the parties to this Deed have agreed to amend and novate the IMA on the terms of this Deed.

It is agreed as follows.

1 Definitions

1.1 Definitions

2014 Lease Agreement has the meaning given to '2014 Lease Agreement' in the IMA and Amended IMA.

Act means the *Corporations Act 2001* (Cth).

Amended IMA means the IMA as amended by clause 3.

Appointment Date means 20 January 2018.

Continuing Parties mean SPL, Quintis Forestry and the Investor.

Court means any court having jurisdiction to hear and determine matters under the Act.

Effective Date means the date of implementation of the Scheme of Arrangement.

Deed Administrators mean Richard Tucker, Scott Langdon and John Bumbak (or any of them), in their respective capacities as administrators of the deed of company arrangement dated [date] and any successor to that office appointed pursuant to the Act.

Investor means [name and address of relevant investor].

IMA means the Investment Management Agreement dated [date] entered into between the Retiring Party and the Continuing Parties.

Quintis Entities means all the companies named in Schedule 1 collectively and **Quintis Entity** means any of them.

Quintis Subsidiaries means the Quintis Entities excluding the Retiring Party.

Scheme of Arrangement means the creditors' scheme of arrangement approved by the Court between, among others, the Retiring Party and the secured creditors which provides for:

- (a) the transfer by the Retiring Party to the Substitute Party of the Quintis Subsidiaries and all of the Retiring Party's rights or powers in relation to, or in connection with, its right, title and interest in certain contracts, including the IMA; and
- (b) the Substitute Party to become the parent company of the Quintis Subsidiaries.

Related Body Corporate has the meaning given to it in clause 9 of the Act.

SPL means Sandalwood Properties Ltd (Administrators Appointed) (Receivers and Managers Appointed) (ACN 093 330 977).

Sunset Date means 30 November 2018.

Quintis Forestry means Quintis Forestry Limited (Administrators Appointed) (Receivers and Managers Appointed) (ACN 080 139 966).

1.2 Interpretation

- (a) Headings are for convenience only and do not affect interpretation.
- (b) The following rules apply unless the context requires otherwise.
 - (i) The singular includes the plural, and the converse also applies.
 - (ii) A gender includes all genders.
 - (iii) If a word or phrase is defined, its other grammatical forms have a corresponding meaning.
 - (iv) A reference to a person includes a corporation, trust, partnership, unincorporated body or other entity, whether or not it comprises a separate legal entity.
 - (v) A reference to a clause or Schedule is a reference to a clause of, or Schedule to, this Deed.
 - (vi) A reference to an agreement or document (including a reference to this Deed) is to the agreement or document as amended, supplemented, novated or replaced, except to the extent prohibited by this Deed or that other agreement or document, and includes the recitals, schedules and annexures to that agreement or document.
 - (vii) A reference to a party to this Deed or another agreement or document includes the party's successors, permitted substitutes and permitted assigns (and, where applicable, the party's legal personal representatives).
 - (viii) A reference to a *right* or *obligation* of any two or more people comprising a single party confers that right, or imposes that obligation, as the case may be, on each of them severally and each two or more of them jointly. A reference to that party is a reference to each of those people separately (so that, for example, a representation or warranty by that party is given by each of them separately).

2 Condition Precedent

2.1 Implementation

This Deed is subject to the implementation of the Scheme of Arrangement and will take effect on and from the Effective Date.

2.2 Termination

This Deed will automatically terminate if the Scheme of Arrangement is not implemented by the Sunset Date.

3 Amendments to the IMA

In accordance with clause 6.2 of the IMA, the parties to the IMA agree to amend the IMA on and from the Effective Date as set out below.

3.1 Annual Deferred Investment Option

Clause 4.3 of the IMA is amended as set out below:

4.3 Annual Deferred Investment Option

- (a) For the years in which the Investor elects to defer the payment of up to 50% of the Property Management Fee by returning the completed invoice to the Investment Manager, the obligation to pay the that deferred portion of the Property Management Fee for the deferred years will be satisfied by the retention by the Investment Manager or its Affiliates of the applicable percentage of Gross Proceeds of Sale as set out in Item 7 of Schedule 1 (payable as a fee to the Investment Manager).
- (b) In the event that the Investor elects to defer up to 50% of the Property Management Fee, the balance of the Property Management Fee remains payable in accordance with clause 4.1(a) of this agreement.
- (c) In accordance with clause 1.8(b) of the 2014 Lease Agreement, Rent payable under the 2014 Lease Agreement will be deferred on the same basis of up to 50%.
- (d) The Investor is not entitled to defer payment of more than 50% of the Property Management Fee and the Rent.

3.2 Purchase of Property

Clause 5.3(d) of the IMA is replaced with the words "not used".

3.3 Notices

Clause 6.9 of each of the IMA is amended as set out below:

If to the Investment Manager:

T.F.S Corporation Ltd ~~[New Co Ltd]~~

169 Broadway Nedlands WA 6009 ~~[ADDRESS]~~

Faeximile: +61 8 9221 9477 Email: ~~[EMAIL]~~

3.4 Option

- (a) Clause 8.1 of the IMA is replaced with the words "not used".
- (b) Clause 8.2 of the IMA is replaced with the words "not used".
- (c) Clause 8.3 of the IMA is replaced with the words "not used".

3.5 Property Management Fee

Item 7 of Schedule 1 of the IMA be amended as set out below:

Annual Deferred Investment Option

From the date in 2018 on which the amendments to this agreement became effective, the following table applies. The Percentage of Gross Proceeds of Sale to which [NewCo] is entitled for the period prior to that date remains unchanged.

Financial Year of Deferral	Percentage of Gross Proceeds of Sale to which TFS Properties [New Co] is entitled for that financial year <u>calculated on a pro-rata basis by the percentage of the Property Management Fee which has been deferred</u>
Years 1-2	3% 1.5% (plus GST)
Years 3-4	2% 1% (plus GST)
Years 5-14	1% 0.5% (plus GST)

4 Novation**4.1 Novation**

The parties agree to novate the Amended IMA, such that on and from the Effective Date:

- (a) the Substitute Party is substituted for the Retiring Party under the Amended IMA as if the Substitute Party had originally been a party to the Amended IMA instead of the Retiring Party; and
- (b) each reference in the Amended IMA to the Retiring Party is to be read as if it were a reference to the Substitute Party.

4.2 Assumption of rights and obligations

On and from the Effective Date:

- (a) the Substitute Party:
 - (i) will be bound by, and must comply with, the Amended IMA as it relates to the Retiring Party;
 - (ii) will enjoy all the rights and benefits conferred on the Retiring Party under or in respect of the Amended IMA on and from the Effective Date; and
 - (iii) will assume all the obligations and liabilities of the Retiring Party under or in respect of the Amended IMA arising or accruing on and from the Effective Date,
- (b) each Continuing Party will comply with the Amended IMA on the basis that the Substitute Party has replaced the Retiring Party under it in accordance with the terms of this Deed.

5 Transfer or novation by SPL to a Related Body Corporate

- (a) The Investor:
 - (i) acknowledges that SPL shall be entitled to transfer its interest in the land which is the subject of the 2014 Lease Agreement to a Related Body Corporate; and
 - (ii) consents to an assignment, transfer or novation by SPL of all of its rights and obligations under the Amended IMA and the 2014 Lease Agreement to a Related Body Corporate.
- (b) In the event that SPL wishes to novate the Amended IMA and the 2014 Lease Agreement to a Related Body Corporate:
 - (i) the Investor agrees to such novation (on equivalent terms as set out in clause 4 of this deed) and must take all steps required to give effect to that novation; and

- (ii) the Investor appoints SPL as its attorney to sign all such documents required to give effect to that novation.

6 Representations and Warranties

- (a) Each party represents and warrants to each other party that:
- (i) it is validly incorporated and existing under the laws of its place of incorporation, if applicable;
 - (ii) the execution and delivery of this Deed has been properly authorised by all necessary corporate action of the party, if applicable;
 - (iii) it has full corporate power and lawful authority to execute and deliver this Deed and to consummate and perform or cause to be performed its obligations under this Deed, if applicable;
 - (iv) it enters into this Deed fully and voluntarily on its own information and investigation; and;
 - (v) this Deed constitutes a legal, valid and binding obligation of the party enforceable in accordance with its terms by appropriate legal remedy.

7 Delivery of Documents

The Retiring Party will deliver to the Substitute Party on request a copy of all documents in its possession, custody or control connected with or evidencing its rights under the Amended IMA.

8 Further Assurances

Each party must do anything necessary or desirable (including executing agreements and documents) to give full effect to this Deed and any transactions contemplated by it.

9 Assignment

No Continuing Party can assign, charge, create a security interest over, encumber or otherwise deal with any of its rights or obligations under this Deed without the prior written consent of the Substitute Party.

10 Amendment

This Deed may be amended only by another deed executed by all the parties to this Deed.

11 Costs and Duty

Each party must bear its own costs arising out of the negotiation, preparation and execution of this Deed. All duty (including stamp duty and any fines, penalties and interest) payable on or in connection with this Deed and any instrument executed under or any transaction evidenced by this Deed must be borne by the Substitute Party.

12 Governing Law and Jurisdiction

This Deed is governed by the laws of Western Australia. In relation to it and related non-contractual matters each party irrevocably submits to the non-exclusive jurisdiction of courts with jurisdiction there, and waives any right to object to the venue on any ground.

13 Counterparts

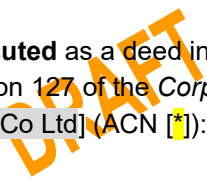
This Deed may be executed in any number of counterparts. All counterparts together will be taken to constitute one instrument.

Schedule 1 – Quintis Entities

- (a) Quintis Limited (Administrators Appointed) (Receivers and Managers Appointed) (ACN 092 200 854);
- (b) Quintis Forestry Limited (Administrators Appointed) (Receivers and Managers Appointed) (ACN 080 139 966);
- (c) Sandalwood Properties Ltd (Administrators Appointed) (Receivers and Managers Appointed) (ACN 093 330 977);
- (d) Quintis Leasing Pty Ltd (Administrators Appointed) (Receivers and Managers Appointed) (ACN 080 978 721);
- (e) Arwon Finance Pty Ltd (Administrators Appointed) (Receivers and Managers Appointed) (ACN 072 486 643);
- (f) Mt Romance Holdings Pty Ltd (Administrators Appointed) (Receivers and Managers Appointed) (ACN 115 659 606);
- (g) Mt Romance Australia Pty Ltd (Administrators Appointed) (Receivers and Managers Appointed) (ACN 060 122 698); and
- (h) Australian Sandalwood Oil Co Pty Ltd (Administrators Appointed) (Receivers and Managers Appointed) (ACN 088 257 498).

Executed and delivered as a Deed in [insert].

Executed as a deed in accordance with section 127 of the *Corporations Act 2001* by [NewCo Ltd] (ACN [*]):



Director Signature

Director/Secretary Signature

Print Name

Print Name

Signed sealed and delivered by Quintis Limited (Administrators Appointed) (Receivers and Managers Appointed) (ACN 092 200 854)

by its joint and several deed administrator in the presence of:

Witness Signature

Deed Administrator

Name of Witness

Signed sealed and delivered by Sandalwood Properties Ltd (Administrators Appointed) (Receivers and Managers Appointed) (ACN 093 330 977)

by its joint and several deed administrator in the presence of:

Witness Signature

Deed Administrator

Name of Witness

Name of Witness

Signed sealed and delivered by Quintis Forestry Limited (Administrators Appointed) (Receivers and Managers Appointed) (ACN 080 139 966) by its joint and several deed administrator in the presence of:

DRAFT

Witness Signature

Deed Administrator

Name of Witness

Name of Witness

Signed sealed and delivered by [investor
name] in the presence of

Witness Signature

Signature

Print Name

TFS Indian Sandalwood 2015 Individual Investors

[NewCo Ltd]

Quintis Ltd (Administrators Appointed) (Receivers and Managers Appointed)

The Continuing Parties

Deed of Amendment and Novation

[2015]

Allens
Deutsche Bank Place
Corner Hunter and Phillip Streets
Sydney NSW 2000
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F +61 9230 5333
www.allens.com.au

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This Deed is made on 2018.

Parties

[NewCo Ltd] (ACN [insert]) registered in Australia of [address] (*Substitute Party*).

Quintis Ltd (Administrators Appointed) (Receivers and Managers Appointed) (ACN 092 200 854) registered in Australia of 169 Broadway, Nedlands WA 6009 (*Retiring Party*).

The Continuing Parties

Recitals

- A. On the Appointment Date, Richard Tucker, Scott Langdon and John Bumbak were appointed as administrators of the Quintis Entities pursuant to Part 5.3A of the Act. On 23 January 2018, Jason Preston, Shaun Robert Fraser and Robert Conry Brauer were appointed as receivers and managers of the Quintis Entities.
- B. At meetings convened pursuant to section 439A of the Act and held on 8 June 2018, it was resolved that the Quintis Entities execute a deed of company arrangement under section 444B(2)(b) of the Act. The deed of company arrangement was executed on [date].
- C. The Retiring Party and the Continuing Parties are parties to the IMA, which sets out the terms for the provision of investment management services by the Retiring Party. On and from the Effective Date, it is intended that the Substitute Party provide the investment management services under the IMA in place of the Retiring Party.
- D. In order to replace the Retiring Party with the Substitute Party and provide for the continuation of the IMA after the Effective Date, the parties to this Deed have agreed to amend and novate the IMA on the terms of this Deed.

It is agreed as follows.

1 Definitions

1.1 Definitions

2015 Lease Agreement has the meaning given to '2015 Lease Agreement' in the IMA and Amended IMA.

Act means the *Corporations Act 2001* (Cth).

Amended IMA means the IMA as amended by clause 3.

Appointment Date means 20 January 2018.

Continuing Parties mean SPL, Quintis Forestry and the Investor.

Court means any court having jurisdiction to hear and determine matters under the Act.

Effective Date means the date of implementation of the Scheme of Arrangement.

Deed Administrators mean Richard Tucker, Scott Langdon and John Bumbak (or any of them), in their respective capacities as administrators of the deed of company arrangement dated [date] and any successor to that office appointed pursuant to the Act.

Investor means [name and address of relevant investor].

IMA means the Investment Management Agreement dated [date] entered into between the Retiring Party and the Continuing Parties.

Quintis Entities means all the companies named in Schedule 1 collectively and **Quintis Entity** means any of them.

Quintis Subsidiaries means the Quintis Entities excluding the Retiring Party.

Related Body Corporate has the meaning given to it in clause 9 of the Act.

Scheme of Arrangement means the creditors' scheme of arrangement approved by the Court between, among others, the Retiring Party and the secured creditors which provides for:

- (a) the transfer by the Retiring Party to the Substitute Party of the Quintis Subsidiaries and all of the Retiring Party's rights or powers in relation to, or in connection with, its right, title and interest in certain contracts, including the IMA; and
- (b) the Substitute Party to become the parent company of the Quintis Subsidiaries.

SPL means Sandalwood Properties Ltd (Administrators Appointed) (Receivers and Managers Appointed) (ACN 093 330 977).

Sunset Date means 30 November 2018.

Quintis Forestry means Quintis Forestry Limited (Administrators Appointed) (Receivers and Managers Appointed) (ACN 080 139 966).

1.2 Interpretation

- (a) Headings are for convenience only and do not affect interpretation.
- (b) The following rules apply unless the context requires otherwise.
 - (i) The singular includes the plural, and the converse also applies.
 - (ii) A gender includes all genders.
 - (iii) If a word or phrase is defined, its other grammatical forms have a corresponding meaning.
 - (iv) A reference to a person includes a corporation, trust, partnership, unincorporated body or other entity, whether or not it comprises a separate legal entity.
 - (v) A reference to a clause or Schedule is a reference to a clause of, or Schedule to, this Deed.
 - (vi) A reference to an agreement or document (including a reference to this Deed) is to the agreement or document as amended, supplemented, novated or replaced, except to the extent prohibited by this Deed or that other agreement or document, and includes the recitals, schedules and annexures to that agreement or document.
 - (vii) A reference to a party to this Deed or another agreement or document includes the party's successors, permitted substitutes and permitted assigns (and, where applicable, the party's legal personal representatives).
 - (viii) A reference to a *right* or *obligation* of any two or more people comprising a single party confers that right, or imposes that obligation, as the case may be, on each of them severally and each two or more of them jointly. A reference to that party is a reference to each of those people separately (so that, for example, a representation or warranty by that party is given by each of them separately).

2 Condition Precedent

2.1 Implementation

This Deed is subject to the implementation of the Scheme of Arrangement and will take effect on and from the Effective Date.

2.2 Termination

This Deed will automatically terminate if the Scheme of Arrangement is not implemented by the Sunset Date.

3 Amendments to the IMA

In accordance with clause 11.1 of the IMA, the parties to the IMA agree to amend the IMA on and from the Effective Date as set out below.

3.1 Annual Deferred Investment Option

Clause 6.2 of the IMA is amended as set out below:

6.2 Annual Deferred Investment Option

- (a) For the years in which the Investor elects to defer the payment of up to 50% of the Property Management Fee, the obligation to pay that deferred portion of the Property Management Fee for the deferred years will be satisfied by the retention by the Investment Manager or its Affiliates of the applicable percentage of Gross Proceeds of Sale as set out in Item 6 of Schedule 1 (payable as a fee to the Investment Manager).
- (b) In the event that the Investor elects to defer up to 50% of the Property Management Fee, the balance of the Property Management Fee remains payable in accordance with clause 6.1(b) of this agreement.
- (a) ~~the Investor shall have no obligation to pay the Property Management Fee for that year and shall not be entitled to any further interest in the Gross Proceeds of Sale in relation to that year, as set out in Item 6 of Schedule 1; and~~
- (b)(c) In accordance with clause 1.8(b) of the 2015 Lease Agreement, Rent payable under the 2015 Lease Agreement will be deferred on the same basis of up to 50%.
- (d) The Investor is not entitled to defer payment of more than 50% of the Property Management Fee and the Rent.

3.2 Property Management Fee

Item 6 of Schedule 1 of the IMA be amended as set out below:

Annual Deferred Investment Option

From the date in 2018 on which the amendments to this agreement became effective, the following table applies. The Percentage of Gross Proceeds of Sale to which [NewCo] is entitled for the period prior to that date remains unchanged.

Financial Year of Deferral	Percentage of Gross Proceeds of Sale to which TFS Properties [New Co] is entitled for that financial year <u>calculated on a pro-rata basis by the percentage of the Property Management Fee which has been deferred</u>
Years 1-2	3% <u>1.5%</u> (plus GST)
Years 3-4	2% <u>1%</u> (plus GST)
Years 5-14	1% <u>0.5%</u> (plus GST)

3.3 Notice details

Item 7 of Schedule 1 of the IMA be amended as set out below:

If to the Investment Manager:

T.F.S. Corporation Ltd [New Co Ltd]
169 Broadway Nedlands WA 6009 [Address]
Facsimile: (08) 6389 1546 [Email]

4 Novation

4.1 Novation

The parties agree to novate the Amended IMA, such that on and from the Effective Date:

- (a) the Substitute Party is substituted for the Retiring Party under the Amended IMA as if the Substitute Party had originally been a party to the Amended IMA instead of the Retiring Party; and
- (b) each reference in the Amended IMA to the Retiring Party is to be read as if it were a reference to the Substitute Party.

4.2 Assumption of rights and obligations

On and from the Effective Date:

- (a) the Substitute Party:
 - (i) will be bound by, and must comply with, the Amended IMA as it relates to the Retiring Party;
 - (ii) will enjoy all the rights and benefits conferred on the Retiring Party under or in respect of the Amended IMA on and from the Effective Date; and
 - (iii) will assume all the obligations and liabilities of the Retiring Party under or in respect of the Amended IMA arising or accruing on and from the Effective Date,
- (b) each Continuing Party will comply with the Amended IMA on the basis that the Substitute Party has replaced the Retiring Party under it in accordance with the terms of this Deed.

5 Transfer or novation by SPL to a Related Body Corporate

- (a) The Investor:
 - (i) acknowledges that SPL shall be entitled to transfer its interest in the land which is the subject of the 2015 Lease Agreement to a Related Body Corporate; and
 - (ii) consents to an assignment, transfer or novation by SPL of all of its rights and obligations under the Amended IMA and the 2015 Lease Agreement to a Related Body Corporate.
- (b) In the event that SPL wishes to novate the Amended IMA and the 2015 Lease Agreement to a Related Body Corporate:
 - (i) the Investor agrees to such novation (on equivalent terms as set out in clause 4 of this deed) and must take all steps required to give effect to that novation; and
 - (ii) the Investor appoints SPL as its attorney to sign all such documents required to give effect to that novation.

6 Representations and Warranties

- (a) Each party represents and warrants to each other party that:
 - (i) it is validly incorporated and existing under the laws of its place of incorporation, if applicable;

- DRAFT**
- (ii) the execution and delivery of this Deed has been properly authorised by all necessary corporate action of the party, if applicable;
 - (iii) it has full corporate power and lawful authority to execute and deliver this Deed and to consummate and perform or cause to be performed its obligations under this Deed, if applicable
 - (iv) it enters into this Deed fully and voluntarily on its own information and investigation; and
 - (v) this Deed constitutes a legal, valid and binding obligation of the party enforceable in accordance with its terms by appropriate legal remedy.

7 Delivery of Documents

The Retiring Party will deliver to the Substitute Party on request a copy of all documents in its possession, custody or control connected with or evidencing its rights under the Amended IMA.

8 Further Assurances

Each party must do anything necessary or desirable (including executing agreements and documents) to give full effect to this Deed and any transactions contemplated by it.

9 Assignment

No Continuing Party can assign, charge, create a security interest over, encumber or otherwise deal with any of its rights or obligations under this Deed without the prior written consent of the Substitute Party.

10 Amendment

This Deed may be amended only by another deed executed by all the parties to this Deed.

11 Costs and Duty

Each party must bear its own costs arising out of the negotiation, preparation and execution of this Deed. All duty (including stamp duty and any fines, penalties and interest) payable on or in connection with this Deed and any instrument executed under or any transaction evidenced by this Deed must be borne by the Substitute Party.

12 Governing Law and Jurisdiction

This Deed is governed by the laws of Western Australia. In relation to it and related non-contractual matters each party irrevocably submits to the non-exclusive jurisdiction of courts with jurisdiction there, and waives any right to object to the venue on any ground.

13 Counterparts

This Deed may be executed in any number of counterparts. All counterparts together will be taken to constitute one instrument.

Schedule 1 – Quintis Entities

- (a) Quintis Limited (Administrators Appointed) (Receivers and Managers Appointed) (ACN 092 200 854);
- (b) Quintis Forestry Limited (Administrators Appointed) (Receivers and Managers Appointed) (ACN 080 139 966);
- (c) Sandalwood Properties Ltd (Administrators Appointed) (Receivers and Managers Appointed) (ACN 093 330 977);
- (d) Quintis Leasing Pty Ltd (Administrators Appointed) (Receivers and Managers Appointed) (ACN 080 978 721);
- (e) Arwon Finance Pty Ltd (Administrators Appointed) (Receivers and Managers Appointed) (ACN 072 486 643);
- (f) Mt Romance Holdings Pty Ltd (Administrators Appointed) (Receivers and Managers Appointed) (ACN 115 659 606);
- (g) Mt Romance Australia Pty Ltd (Administrators Appointed) (Receivers and Managers Appointed) (ACN 060 122 698); and
- (h) Australian Sandalwood Oil Co Pty Ltd (Administrators Appointed) (Receivers and Managers Appointed) (ACN 088 257 498).

Executed and delivered as a Deed in [insert].

Executed as a deed in accordance with section 127 of the *Corporations Act 2001* by [NewCo Ltd] (ACN [*]):

Director Signature

Director/Secretary Signature

Print Name

Print Name

Signed sealed and delivered by Quintis Limited (Administrators Appointed) (Receivers and Managers Appointed) (ACN 092 200 854)

by its joint and several deed administrator in the presence of:

Witness Signature

Deed Administrator

Name of Witness

Signed sealed and delivered by Sandalwood Properties Ltd (Administrators Appointed) (Receivers and Managers Appointed) (ACN 093 330 977)

by its joint and several deed administrator in the presence of:

Witness Signature

Deed Administrator

Name of Witness

Name of Witness

Signed sealed and delivered by Quintis Forestry Limited (Administrators Appointed) (Receivers and Managers Appointed) (ACN 080 139 966) by its joint and several deed administrator in the presence of:

DRAFT

Witness Signature

Deed Administrator

Name of Witness

Name of Witness

Signed sealed and delivered by [investor name] in the presence of

Witness Signature

Signature

Print Name

TFS Indian Sandalwood 2016 Individual Investors

[NewCo Ltd]

Quintis Ltd (Administrators Appointed) (Receivers and Managers Appointed)

The Continuing Parties

Deed of Amendment and Novation

[2016]

Allens
Deutsche Bank Place
Corner Hunter and Phillip Streets
Sydney NSW 2000
T +61 2 9230 4000
F +61 9230 5333
www.allens.com.au

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This Deed is made on 2018.

Parties

[NewCo Ltd] (ACN [insert]) registered in Australia of [address] (**Substitute Party**).

Quintis Ltd (**Administrators Appointed**) (**Receivers and Managers Appointed**) (ACN 092 200 854) registered in Australia of 169 Broadway, Nedlands WA 6009 (**Retiring Party**).

The Continuing Parties

Recitals

- A. On the Appointment Date, Richard Tucker, Scott Langdon and John Bumbak were appointed as administrators of the Quintis Entities pursuant to Part 5.3A of the Act. On 23 January 2018, Jason Preston, Shaun Robert Fraser and Robert Conry Brauer were appointed as receivers and managers of the Quintis Entities.
- B. At meetings convened pursuant to section 439A of the Act and held on 8 June 2018, it was resolved that the Quintis Entities execute a deed of company arrangement under section 444B(2)(b) of the Act. The deed of company arrangement was executed on [date].
- C. The Retiring Party and the Continuing Parties are parties to the IMA, which sets out the terms for the provision of investment management services by the Retiring Party. On and from the Effective Date, it is intended that the Substitute Party provide the investment management services under the IMA in place of the Retiring Party.
- D. In order to replace the Retiring Party with the Substitute Party and provide for the continuation of the IMA after the Effective Date, the parties to this Deed have agreed to amend and novate the IMA on the terms of this Deed.

It is agreed as follows.

1 Definitions

1.1 Definitions

2016 Lease Agreement has the meaning given to '2016 Lease Agreement' in the IMA and Amended IMA.

Act means the *Corporations Act 2001* (Cth).

Amended IMA means the IMA as amended by clause 3.

Appointment Date means 20 January 2018.

Continuing Parties mean SPL, Quintis Forestry and the Investor.

Court means any court having jurisdiction to hear and determine matters under the Act.

Effective Date means the date of implementation of the Scheme of Arrangement.

Deed Administrators mean Richard Tucker, Scott Langdon and John Bumbak (or any of them), in their respective capacities as administrators of the deed of company arrangement dated [date] and any successor to that office appointed pursuant to the Act.

Investor means [name and address of relevant investor].

IMA means the Investment Management Agreement dated [date] entered into between the Retiring Party and the Continuing Parties.

Quintis Entities means all the companies named in Schedule 1 collectively and **Quintis Entity** means any of them.

Quintis Subsidiaries means the Quintis Entities excluding the Retiring Party.

Related Body Corporate has the meaning given to it in clause 9 of the Act.

Scheme of Arrangement means the creditors' scheme of arrangement approved by the Court between, among others, the Retiring Party and the secured creditors which provides for:

- (a) the transfer by the Retiring Party to the Substitute Party of the Quintis Subsidiaries and all of the Retiring Party's rights or powers in relation to, or in connection with, its right, title and interest in certain contracts, including the IMA; and
- (b) the Substitute Party to become the parent company of the Quintis Subsidiaries.

SPL means Sandalwood Properties Ltd (Administrators Appointed) (Receivers and Managers Appointed) (ACN 093 330 977).

Sunset Date means 30 November 2018.

Quintis Forestry means Quintis Forestry Limited (Administrators Appointed) (Receivers and Managers Appointed) (ACN 080 139 966).

1.2 Interpretation

- (a) Headings are for convenience only and do not affect interpretation.
- (b) The following rules apply unless the context requires otherwise.
 - (i) The singular includes the plural, and the converse also applies.
 - (ii) A gender includes all genders.
 - (iii) If a word or phrase is defined, its other grammatical forms have a corresponding meaning.
 - (iv) A reference to a person includes a corporation, trust, partnership, unincorporated body or other entity, whether or not it comprises a separate legal entity.
 - (v) A reference to a clause or Schedule is a reference to a clause of, or Schedule to, this Deed.
 - (vi) A reference to an agreement or document (including a reference to this Deed) is to the agreement or document as amended, supplemented, novated or replaced, except to the extent prohibited by this Deed or that other agreement or document, and includes the recitals, schedules and annexures to that agreement or document.
 - (vii) A reference to a party to this Deed or another agreement or document includes the party's successors, permitted substitutes and permitted assigns (and, where applicable, the party's legal personal representatives).
 - (viii) A reference to a *right* or *obligation* of any two or more people comprising a single party confers that right, or imposes that obligation, as the case may be, on each of them severally and each two or more of them jointly. A reference to that party is a reference to each of those people separately (so that, for example, a representation or warranty by that party is given by each of them separately).

2 Condition Precedent

2.1 Implementation

This Deed is subject to the implementation of the Scheme of Arrangement and will take effect on and from the Effective Date.

2.2 Termination

This Deed will automatically terminate if the Scheme of Arrangement is not implemented by the Sunset Date.

3 Amendments to the IMA

In accordance with clause 12.1 of the IMA, the parties to the IMA agree to amend the IMA on and from the Effective Date as set out below.

3.1 Annual Deferred Investment Option

Clause 6.2 of the IMA is amended as set out below:

6.2 Annual Deferred Investment Option

- (a) For the years in which the Investor elects to defer the payment of up to 50% of the Property Management Fee, the obligation to pay that deferred portion of the Property Management Fee for the deferred years will be satisfied by the retention by the Investment Manager or its Affiliates of the applicable percentage of Gross Proceeds of Sale as set out in Item 6 of Schedule 1 (payable as a fee to the Investment Manager).
- (b) In the event that the Investor elects to defer up to 50% of the Property Management Fee, the balance of the Property Management Fee remains payable in accordance with clause 6.1(b) of this agreement.
- (a) ~~the Investor shall have no obligation to pay the Property Management Fee for that year and shall not be entitled to any further interest in the Gross Proceeds of Sale in relation to that year, as set out in Item 6 of Schedule 1; and~~
- (b)(c) in accordance with clause 1.8(b) of the 2016 Lease Agreement, Rent payable under the 2016 Lease Agreement will be deferred on the same basis of up to 50%.
- (d) The Investor is not entitled to defer payment of more than 50% of the Property Management Fee and the Rent.

3.2 Property Management Fee

Item 6 of Schedule 1 of the IMA be amended as set out below:

~~Acquisition of additional interest in Gross Proceeds of Sale (Annual Investment Option) Annual Deferred Investment Option~~

From the date in 2018 on which the amendments to this agreement became effective, the following table applies. The Percentage of Gross Proceeds of Sale to which [New Co] is entitled for the period prior to that date remains unchanged.

<u>Financial Year of Deferral election to pay the Property Management Fee</u>	<u>Additional Percentage of Gross Proceeds of Sale acquired by the Investor [New Co] in relation to that financial year calculated on a pro-rata basis by the percentage of the Property Management Fee which has been deferred</u>
Years 1-2	3% <u>1.5%</u> (plus GST)
Years 3-4	2% <u>1%</u> (plus GST)
Years 5-14	4% <u>0.5%</u> (plus GST)

3.3 Notice details

Item 8 of Schedule 1 of the IMA be amended as set out below:

If to the Investment Manager:

T.F.S. Corporation Ltd [New Co Ltd]

169 Broadway Nedlands WA 6009 [Address]

Facsimile: (08) 6389 1546 [Email]

4 Novation

4.1 Novation

The parties agree to novate the Amended IMA, such that on and from the Effective Date:

- (a) the Substitute Party is substituted for the Retiring Party under the Amended IMA as if the Substitute Party had originally been a party to the Amended IMA instead of the Retiring Party; and
- (b) each reference in the Amended IMA to the Retiring Party is to be read as if it were a reference to the Substitute Party.

4.2 Assumption of rights and obligations

On and from the Effective Date:

- (a) the Substitute Party:
 - (i) will be bound by, and must comply with, the Amended IMA as it relates to the Retiring Party;
 - (ii) will enjoy all the rights and benefits conferred on the Retiring Party under or in respect of the Amended IMA on and from the Effective Date; and
 - (iii) will assume all the obligations and liabilities of the Retiring Party under or in respect of the Amended IMA arising or accruing on and from the Effective Date,
- (b) each Continuing Party will comply with the Amended IMA on the basis that the Substitute Party has replaced the Retiring Party under it in accordance with the terms of this Deed.

5 Transfer or novation by SPL to a Related Body Corporate

- (a) The Investor:
 - (i) acknowledges that SPL shall be entitled to transfer its interest in the land which is the subject of the 2016 Lease Agreement to a Related Body Corporate; and
 - (ii) consents to an assignment, transfer or novation by SPL of all of its rights and obligations under the Amended IMA and the 2016 Lease Agreement to a Related Body Corporate.
- (b) In the event that SPL wishes to novate the Amended IMA and the 2016 Lease Agreement to a Related Body Corporate:
 - (i) the Investor agrees to such novation (on equivalent terms as set out in clause 4 of this deed) and must take all steps required to give effect to that novation; and
 - (ii) the Investor appoints SPL as its attorney to sign all such documents required to give effect to that novation.

6 Representations and Warranties

- (a) Each party represents and warrants to each other party that:
 - (i) it is validly incorporated and existing under the laws of its place of incorporation, if applicable;

- DRAFT**
- (ii) the execution and delivery of this Deed has been properly authorised by all necessary corporate action of the party, if applicable;
 - (iii) it has full corporate power and lawful authority to execute and deliver this Deed and to consummate and perform or cause to be performed its obligations under this Deed, if applicable;
 - (iv) it enters into this Deed fully and voluntarily on its own information and investigation; and
 - (v) this Deed constitutes a legal, valid and binding obligation of the party enforceable in accordance with its terms by appropriate legal remedy.

7 Delivery of Documents

The Retiring Party will deliver to the Substitute Party on request a copy of all documents in its possession, custody or control connected with or evidencing its rights under the Amended IMA.

8 Further Assurances

Each party must do anything necessary or desirable (including executing agreements and documents) to give full effect to this Deed and any transactions contemplated by it.

9 Assignment

No Continuing Party can assign, charge, create a security interest over, encumber or otherwise deal with any of its rights or obligations under this Deed without the prior written consent of the Substitute Party.

10 Amendment

This Deed may be amended only by another deed executed by all the parties to this Deed.

11 Costs and Duty

Each party must bear its own costs arising out of the negotiation, preparation and execution of this Deed. All duty (including stamp duty and any fines, penalties and interest) payable on or in connection with this Deed and any instrument executed under or any transaction evidenced by this Deed must be borne by the Substitute Party.

12 Governing Law and Jurisdiction

This Deed is governed by the laws of Western Australia. In relation to it and related non-contractual matters each party irrevocably submits to the non-exclusive jurisdiction of courts with jurisdiction there, and waives any right to object to the venue on any ground.

13 Counterparts

This Deed may be executed in any number of counterparts. All counterparts together will be taken to constitute one instrument.

Schedule 1 – Quintis Entities

- (a) Quintis Limited (Administrators Appointed) (Receivers and Managers Appointed) (ACN 092 200 854);
- (b) Quintis Forestry Limited (Administrators Appointed) (Receivers and Managers Appointed) (ACN 080 139 966);
- (c) Sandalwood Properties Ltd (Administrators Appointed) (Receivers and Managers Appointed) (ACN 093 330 977);
- (d) Quintis Leasing Pty Ltd (Administrators Appointed) (Receivers and Managers Appointed) (ACN 080 978 721);
- (e) Arwon Finance Pty Ltd (Administrators Appointed) (Receivers and Managers Appointed) (ACN 072 486 643);
- (f) Mt Romance Holdings Pty Ltd (Administrators Appointed) (Receivers and Managers Appointed) (ACN 115 659 606);
- (g) Mt Romance Australia Pty Ltd (Administrators Appointed) (Receivers and Managers Appointed) (ACN 060 122 698); and
- (h) Australian Sandalwood Oil Co Pty Ltd (Administrators Appointed) (Receivers and Managers Appointed) (ACN 088 257 498).

Executed and delivered as a Deed in [insert].

Executed as a deed in accordance with section 127 of the *Corporations Act 2001* by [NewCo Ltd] (ACN [*]):

DRAFT

Director Signature

Director/Secretary Signature

Print Name

Print Name

Signed sealed and delivered by Quintis Limited (Administrators Appointed) (Receivers and Managers Appointed) (ACN 092 200 854)

by its joint and several deed administrator in the presence of:

Witness Signature

Deed Administrator

Name of Witness

Signed sealed and delivered by Sandalwood Properties Ltd (Administrators Appointed) (Receivers and Managers Appointed) (ACN 093 330 977)

by its joint and several deed administrator in the presence of:

Witness Signature

Deed Administrator

Name of Witness

Name of Witness

Signed sealed and delivered by Quintis Forestry Limited (Administrators Appointed) (Receivers and Managers Appointed) (ACN 080 139 966) by its joint and several deed administrator in the presence of:

DRAFT

Witness Signature

Deed Administrator

Name of Witness

Name of Witness

Signed sealed and delivered by [investor
name] in the presence of

Witness Signature

Signature

Print Name

Schedule 7 – List of SIO Projects

- 1 Each of the Investment Management Agreements and Lease Agreements entered into pursuant to the TFS Indian Sandalwood Project 2013 Sophisticated Investor Offer
- 2 Each of the Investment Management Agreements and Lease Agreements entered into pursuant to the TFS Indian Sandalwood Project 2014 Sophisticated Investor Offer
- 3 Each of the Investment Management Agreements and Lease Agreements entered into pursuant to the TFS Indian Sandalwood Project 2015 Sophisticated Investor Offer
- 4 Each of the Investment Management Agreements and Lease Agreements entered into pursuant to the TFS Indian Sandalwood Project 2016 Sophisticated Investor Offer

Schedule 8 – List of BC Projects

Each of the investments made by institutional investors pursuant to the 'Beyond Carbon' product offered by the Quintis group, being:

Kingston Rest

- 1 Lot 6 on Deposited Plan 71782 Volume 2786 Folio 79 (formerly Lot 1 on Deposited Plan 68571, Certificate of Title Volume 2751 Folio Number 705) Project 2010
- 2 Lot 9 on Deposited Plan 71782 Volume 2786 Folio 82 (formerly Lot 4 on Deposited Plan 68571, Certificate of Title 2751 Folio Number 709) Project 2011
- 3 Southern Farms at Kingston Rest, being:
 - (a) Lot 338 on Deposited Plan 211515, Certificate of Title 1918 Folio 306
 - (b) Lot 339 on Deposited Plan 211517, Certificate of Title LR3071 Folio 787
 - (c) Lot 346 on Deposited Plan 212096, Certificate of Title LR3071, Folio 789
 - (d) Lot 347 on Deposited Plan 212096, Certificate of Title LR3071 Folio 792

Taylor's Park

- 4 Lots 2, 3, 4, 5, 6, 7, 8 and 9 of Taylor's Park situated on the following six titles:
 - (a) N.T. Portion 7449 from plan(s) LTO2015/080 (Lots 2, 3, 4 and 5);
 - (b) N.T. Portion 7450 from plan(s) LTO2015/080 (Lots 2, 3, 4 and 5)
 - (c) N.T. Portion 7451 from plan(s) LTO2015/080 (Lots 2, 3, 4 and 5);
 - (d) N.T. Portion 7452 from plan(s) LTO2015/080, title now replaced with Certificate of Title 716 Folio 976 of NT Portion 1349 Plan S71/237C (Lot 6)
 - (e) N.T. Portion 7453 from plan(s) LTO2015/080 (Lots 7 and 8);
 - (f) N.T. Portion 7454 from plan(s) LTO2015/080, title now replaced with NT Portion 01349 CUFT 716976, Plan S71/237C (Lot 9).

Midway Station

- 5 Lot A, Midway Station Certificate of Title Volume 784 Folio 438 NT Portion 7244 Plan LTO2013/076A
- 6 Lot B, Midway Station Certificate of Title Volume 784 Folio 438 NT Portion 7245 Plan LTO2013/076A
- 7 Lot D, Midway Station Certificate of Title Volume 784, Folio 441 NT Portion 7247 Plan LT02013/076B
- 8 Lot F, Midway Station Certificate of Title Volume 784, Folio 443 NT Portion 7249 Plan LTO2013/076B Project 2013–2014
- 9 Lot G Certificate of Title Volume 784 Folio 444, Part of NT Portion 7250 Plan LT02013/076B Project 2014

Eagle Park

- 10 NT Portion 04982, CUFT 716977, Plan S96/280

Elliott

11 Lot 49, Crown Plan GS820

Sexton

12 Lot 118, Crown Plan GS823

Mustang Hill

13 NT Portion 6269 from plan(s) L2002/094 Project 2016

Maneroo

14 NT Portion 7095 Volume 753 Folio 425 LT0 2010/100

Roper Plains

15 NT Portion 7204 on plan LT0 2012/102

Schedule 9 – List of Managed Investment Schemes

- (g) TFS Sandalwood Project 2002 (ARSN 099 022 170)
- (h) TFS Sandalwood Project 2003 (ARSN 104 124 414)
- (i) TFS Sandalwood Project 2004 (ARSN 108 261 856)
- (j) TFS Premium Sandalwood Project 2004 (ARSN 108 714 736)
- (k) TFS Sandalwood Project 2005 (ARSN 113 492 890)
- (l) TFS Sandalwood Project 2006 (ARSN 117 134 611)
- (m) TFS Sandalwood Project 2007 (ARSN 123 883 830)
- (n) TFS Sandalwood Project 2008 (ARSN 128 710 261)
- (o) TFS Sandalwood Project 2009 (ARSN 135 373 938)
- (p) TFS Sandalwood Project 2010 (ARSN 142 774 132)
- (q) TFS Sandalwood Project 2011 (ARSN 150 211 171)
- (r) TFS Sandalwood Project 2012 (ARSN 157 880 263)
- (s) TFS Sandalwood Project 2013 (ARSN 161 604 806)
- (t) TFS Sandalwood Project 2014 (ARSN 167 882 493)
- (u) TFS Sandalwood Project 2015 (ARSN 604 615 232)
- (v) TFS Indian Sandalwood Project 2016 – Retail Investment Offer (ARSN 610 346 864)