

Sandalwood Project 2000 ARSN 091 534 995

Notice of Meeting

Notice is hereby given that a meeting (**Meeting**) of members (**Growers**) of Sandalwood Project 2000 ARSN 091 534 995 (**Project**) will be held to consider and vote on the proposed resolution set out below, subject to any amendments, at the time, date and place listed below. The Meeting is convened by the Deed Administrators of Rewards Projects Limited ACN 089 582 427 (Subject to Deed of Company Arrangement) (**Responsible Entity**), the current responsible entity of the Project.

Time and Date: 10:00am WST on Monday, 25 July 2011

Place: Offices of Ferrier Hodgson, Level 26, BankWest Tower, 108 St George's Terrace, Perth, Western Australia

Nature of Meeting

The Meeting will be chaired by an independent Chairperson.

The formal business of the Meeting is to consider the proposal for the retirement of the current Responsible Entity and the appointment of Macro Capital Limited as the replacement responsible entity of the Project.

Prior to any votes being put on the resolution necessary to affect such a change, the meeting will be opened to general discussion about the state of the plantations and various options for the continuation of the project. Growers will be asked to informally vote on options they wish to pursue and the Responsible Entity will be guided (but not bound) by such a vote.

If Growers informally vote to abandon the Project, the Resolution to appoint Macro Capital Limited as responsible entity will **not** be put to the Meeting.

Sufficient information about options for the Project will be provided to Growers in sufficient time to allow Growers a reasonable time to consider this information and the different options.

Resolution 1 – Appointment of Macro Capital Limited as the responsible entity of the Project

To consider and, if thought fit, pass the following resolution as an extraordinary resolution:

“That Macro Capital Limited be appointed the responsible entity of the Project on the retirement of the Deed Administrators of Rewards Projects Limited ACN 089 582 427 (Subject to Deed of Company Arrangement) in accordance with section 601FL of the Corporations Act 2001 (Cth).”

Material accompanying this Notice of Meeting

Accompanying this Notice of Meeting is:

- (a) An Explanatory Memorandum containing an explanation of the current Responsible Entity's reasons for retiring and providing further information about Macro Capital Limited to ensure Growers have sufficient information to consider the Resolution.
- (b) A Proxy Form.

Growers eligible to vote

For the purposes of the Meeting, all Woodlots (as that term is defined in the Project's Constitution) in the Project will be taken to be held by the persons registered at midnight (Perth time) on Friday, 22 July 2011 (the **Effective Time**).

Quorum requirements

Under the Corporations Act, the quorum requirement for the Meeting is 2 Growers, who must be present at all times during the Meeting.

If a quorum is not present within 30 minutes after the scheduled time for the Meeting, the Meeting will be adjourned to a date, time and place determined in accordance with section 252R(4) of the Corporations Act.

Voting

All Resolutions will be decided on a poll.

On a poll, each eligible Member has 1 vote for each dollar of the value of the total interests they have in the Project. The value of a Grower's interest in the Project have been determined by the Responsible Entity in accordance with the requirements of section 253F of the Corporations Act and, accordingly, Growers will have one vote for each Woodlot they hold in the Project at the Effective Date.

If your interests are jointly held, only one of the joint holders is entitled to vote. If both joint holders are present at the Meeting, only the vote of the person named first in the register counts.

If you plan to attend the Meeting, we ask you to arrive at the venue at least 30 minutes prior to the time designated for the Meeting so that we may check your interests against the Project's register of members and note your attendance.

In order to vote at the Meeting, a corporation that is a member may either appoint a proxy or appoint a person to act as its representative. The appointment must comply with section 253B of the Corporations Act. The representative should bring to the Meeting evidence of his or her appointment including any authority under which it is signed.

Required majority

Extraordinary Resolution

In accordance with sections 9, 252J and 253J of the Corporations Act, for Resolution 1 to be effective:

- (a) the resolution must be passed at a meeting of which the required 21 days' notice specifying the intention to propose the resolution, subject to any amendments, has been given; and
- (b) each resolution must be passed by at least 50% of the total votes that may be cast by members entitled to vote (including members who are not present in person or by proxy, attorney or representative).

Proxies and Representatives

- (a) All members at the Effective Time who are entitled to attend and vote at the Meeting may appoint a proxy for that purpose.
- (b) A proxy need not be a member of the Project.
- (c) The Proxy Form accompanying this Notice of Meeting should be used.
- (d) A member who is entitled to cast 2 or more votes at the Meeting may appoint up to 2 proxies and may specify the proportion or number of votes that each proxy is entitled to exercise. If a member **does not** specify the proportion or number of that member's votes each proxy may exercise, each proxy will be entitled to exercise half of the votes. An additional Proxy Form can be obtained from www.blacktreeltd.com.au (Rewards Proposal Tab) or can be supplied on request by email to Rewards@blacktreeltd.com.au.
- (e) Members wishing to appoint a proxy should read the instructions on the Proxy Form carefully and then complete and return the Proxy Form by the due date and time set out in paragraph (h) below and the Proxy Form.

- (f) Any member may appoint an attorney to act on the member's behalf. The power of attorney, or a certified copy of it, must be received as set out in paragraph (h) below.
- (g) Any corporation which is a member of the Project may appoint a representative to attend and vote for that corporation at the Meeting. Appointments of representatives by corporations must be received as specified in paragraph (h) below at any time before the time for holding the Meeting or adjourned meeting.
- (h) In accordance with section 252Z of the Corporations Act, proxies and powers of attorney granted by members must be received by Ferrier Hodgson at least 48 hours before the meeting:
 - (i) By post: Ferrier Hodgson
Level 26, BankWest Tower
108 St George's Terrace
Perth WA 6000
 - (ii) By facsimile: (08) 9214 1400
 - (iii) By email (attached as a PDF): Andrew.Smith@fh.com.au

Dated: 29 June 2011

By order of
Rewards Projects Limited (Subject to Deed of Company Arrangement) in its capacity as
Responsible Entity of the Project



Martin Jones
Joint and Several Deed Administrator

This is an important document and requires your immediate attention

If you are in any doubt about how to deal with this document, you should contact your legal, financial or other professional adviser

Sandalwood Project 2000

ARSN 091 534 995

EXPLANATORY MEMORANDUM

**in relation to the
Meeting of Growers scheduled for Monday, 25 July 2011**

This Explanatory Memorandum should be read in conjunction with the Notice of Meeting dated 29 June 2011 which gives notice of a Growers' Meeting at 10:00am WST on Monday, 25 July 2011 (or at an adjourned date) at the offices of Ferrier Hodgson, Level 26, BankWest Tower, 108 St George's Terrace, Perth, WA.

If you are voting by proxy, proxies must be received by Ferrier Hodgson **no later than 48 hours before the Meeting**, or any adjourned meeting. **Late proxies cannot be accepted.**

Important notices

About this Explanatory Memorandum

This Explanatory Memorandum relates to the resolution (**Resolution**) proposed for the meeting of members (**Growers**) of the Sandalwood Project 2000 ARSN 091 534 995 (**Project**) at 10:00am WST on Monday, 25 July 2011 or any date to which it is adjourned (**Meeting**).

It provides information in relation to the retirement of the current Responsible Entity and the proposal to appoint Macro Capital Limited as the new responsible entity of the Project.

Growers to seek own advice

This Explanatory Memorandum does not take into account the individual investment objectives, financial situation and particular needs of Growers or any other person. Accordingly, it should not be relied upon as the sole basis for any decision in relation to the Resolution to be put to the Meeting.

Growers are encouraged to read this Explanatory Memorandum together with the Notice of Meeting in its entirety before making a decision as to how to vote at the Meeting.

If you have any doubt as to what you should do once you have read this Explanatory Memorandum, you should consult your legal, financial or other professional adviser.

Responsibility for information

The Meeting has been convened by the Deed Administrators of Rewards Projects Limited (Subject to Deed of Company Arrangement) to facilitate the change of responsible entity. The Deed Administrators nor Rewards Project Limited make no recommendation to Growers in relation to the Resolution to be put to the Meeting. The letter from the Deed Administrators is the only section of this Explanatory Memorandum prepared by the Deed Administrators and which is the responsibility of the Deed Administrators. Neither the Deed Administrators, Rewards Projects Limited nor their advisers assume any responsibility for the accuracy or completeness of any other information included in this Explanatory Memorandum.

All information concerning Macro Capital Limited and Black Tree Pty Ltd has been prepared by Macro Capital Limited and Black Tree Pty Ltd. This information is the responsibility of Macro Capital Limited and Black Tree Pty Ltd. None of the Deed Administrators or their advisers assumes any responsibility for the accuracy or completeness of that information.

If any material information or any material amendment arises between the date of this Explanatory Memorandum and the Meeting, it will be posted on www.blacktreeltd.com.au and www.ferrierhodgson.com. Growers are encouraged to check these websites regularly for any updates.

Forward-looking information

Certain statements in this Explanatory Memorandum may relate to the future. Those statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Project to be materially different from future results, performance or achievements expressed or implied by those statements. These statements reflect views only as of the date of this Explanatory Memorandum.

While the person responsible for any forward looking statement believes that the expectations reflected in the forward-looking statements in this document are reasonable, none of the Deed Administrators, Rewards Projects Limited, Black Tree Pty Ltd, Macro Capital Limited, the Rewards Growers Advocacy Group Inc, their advisers or any other person gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this Explanatory Memorandum will actually occur and Growers are cautioned not to place undue reliance on those forward-looking statements.

Letter from Deed Administrators

Dear Grower,

Rewards Projects Limited (Subject to Deed of Company Arrangement) Meeting of Growers of Sandalwood Project 2000

The Deed Administrators of Rewards Projects Limited (Subject to Deed of Company Arrangement), the Responsible Entity for various forestry and horticulture managed investment schemes, are calling a meeting of Growers for the Sandalwood Project 2000 set out in the accompanying Notice of Meeting. The meeting will be held at 10:00am WST on Monday, 25 July 2011 at the offices of Ferrier Hodgson, Level 26, BankWest Tower, 108 St George's Terrace, Perth, Western Australia.

The purpose of the meeting of Growers of the Sandalwood Project 2000 ARSN 091 534 995 is for Growers to consider a change of responsible entity for the Project to Macro Capital Limited.

Growers should receive a Notice of Meeting, an Explanatory Memorandum and a proxy form.

The Deed Administrators encourage all Growers to carefully consider the materials provided in connection with the meeting and to consult with their professional advisers before deciding how to vote at the meeting.

In accordance with section 252Z of the Corporations Act, proxies and powers of attorney granted by Growers must be received at least 48 hours before the meeting:

- (a) By post: Ferrier Hodgson
Level 26, BankWest Tower
108 St George's Terrace
Perth WA 6000
- (b) By facsimile: (08) 9214 1400
- (c) By email (attached as a PDF): Andrew.Smith@fh.com.au

Yours faithfully,



Martin Jones

Joint and Several Deed Administrator of
Rewards Projects Limited (Subject to Deed of Company Arrangement)
in its capacity as Responsible Entity of the Project

Overview

Meeting

The Notice of Meeting contains 1 resolution (**Resolution**). The purposes of the Resolution is as follows:

Resolution 1	Approve appointment of Macro Capital Limited as the the responsible entity of the Project
--------------	---

Why Vote?

If the Resolution is passed, the Project will continue with a new responsible entity.

If the Resolution is rejected, the Project may be wound up. The Responsible Entity has indicated it will retire as the responsible entity of the Project. If the Resolution is not passed, the current Responsible Entity may apply to a Court for appointment of a temporary responsible entity. The temporary responsible entity must then call a meeting to vote on the appointment of a new responsible entity within 3 months (or an extended period approved by the Court). If a meeting is not called or a new responsible entity is not appointed, the Project may be wound up.

You can vote by attending the Meeting in person or by completing and returning the Proxy Form attached at Part B.

Contents

The Explanatory Memorandum is divided into three parts:

Part A – The change of responsible entity

Part B – Future of Project

Part C – Proxy form

Part A – The change of responsible entity

1 The retirement of the current Responsible Entity

The current responsible entity (**Responsible Entity**) of the Project is Rewards Projects Limited (Subject to Deed of Company Arrangement) (**RPL**). RPL is also the responsible entity of a number of other forestry managed investment schemes (**Forestry Projects**).

The Rewards Growers Advocacy Group Inc (**RGAG**) was formed early in the Administration of the Rewards Group by financial planning firms and advisors to look after the interests of the members of the managed investment schemes run by the RPL corporate group (**Rewards Group**). RGAG came to an arrangement with the Administrators of RPL to provide RPL with interim funding, while it sought a long-term solution for all growers in the Forestry Projects. Working closely with RGAG, Black Tree Pty Ltd (**Black Tree**) developed proposals for the reconstruction of most of the Forestry Projects, and these were put to growers at meetings on 17 December 2010. All proposals were passed for each of the Forestry Projects.

Since the adoption of the proposals by growers in the various Forestry Projects, RGAG's Deed of Company Arrangement (**DOCA**) for the Rewards Group has remained on foot. However the DOCA has not been able to be completed in its current form, as the secured creditor of the Rewards Group has rejected the offers put forward for the purchase of the Rewards Group's properties and Ark Fund properties from Black Tree and other parties. In this regard, as you may be aware, as a condition of the successful completion of the DOCA it was proposed that Black Tree and other parties would acquire these properties and various Rewards Group projects would continue to operate on these properties through new leasing arrangements.

Under the original proposal put to Growers in the Sandalwood Project 2000, it was intended that RPL be retained as the Responsible Entity under new ownership (ie, RPL was to be sold to a party outside the Rewards Group). However, given that the other Forestry Projects are now unlikely to be continued under the DOCA, and the likely impact this will have on RPL from an operative and financial perspective this new ownership structure appears unviable, RPL remains insolvent and does not have the resources to continue its role as Responsible Entity. Rather than selling RPL to Macro Capital Limited as initially anticipated, RPL will retire as Responsible Entity for the Project and, subject to Growers voting in favour, Macro Capital Limited will take up this role.

2 Resolution – Appointment of Macro Capital Limited as responsible entity

2.1 About Macro Capital Limited

Macro was founded in January 2004 by Peter Morrison and Steve Dixon and incorporates Macro Fund Services Pty Ltd and Macro Capital Limited (AFSL No 392401). The aim of Macro has been to build an enduring funds management business based on its charter values. The core strength of Macro is the extensive funds management experience of its founders with a bias towards investment management, financial compliance and investor service and reporting.

The directors of Macro Capital Limited are Peter Morrison, Steve Dixon and Kent Burwash, and collectively they have significant experience within most areas of funds

management, including agriculture (forestry and grain), property related activities, investment managed funds, superannuation and life insurance.

Macro has the ability to develop product within many sectors of funds management, particularly agricultural, property and investment funds sectors.

Key operational assets of note:

- operates property trusts and syndicates with current value of approximately \$215 million;
- administers managed funds with total funds under management of \$600 million; and
- has operated agricultural retail products that produced in excess of \$150 million in proceeds from each season.

Australian Financial Services Licence (AFS licence)

Macro Funds Limited was established in 2004 and was first issued an AFS licence 254421 in August 2004. Under this AFS licence, Macro Funds Limited, acted as responsible entity of a number of "grain co-production" schemes, operated property related excluded offers and issued interests in schemes and shares in investment companies. Ownership of Macro Funds Limited was passed to AACL Holdings Ltd (AHL) on 10 November 2009 and Macro Funds Limited has subsequently been renamed AACL Funds Management Limited. Macro continues to undertake all activities except for acting as the responsible entity for the "grain co-production" schemes. However Peter Morrison and Steve Dixon continue to act as Responsible Managers for these schemes.

A new entity Macro Capital Limited was established in July 2010, which has been issued an AFS licence 392401 by the Australian Securities and Investments Commission (ASIC).

Macro Capital Limited has made application to ASIC to be authorised under its AFS licence to act as the responsible entity for the Sandalwood Project 2000. ASIC has offered to grant this authorisation subject to ASIC being notified of the change in responsible entity following approval of the Resolution by Growers to appoint Macro Capital Limited. ASIC will then issue Macro Capital Limited the new AFS licence authorising it to act as responsible entity for the Project and alter the record of the Project's registration to note the change of responsible entity.

2.2 Directors of Macro Capital Limited

Peter Morrison CPA – Director

Mr Morrison has been in the funds management industry since 1980. For 17 years he was the Chief Financial Officer of Pacific Mutual Australia Ltd, a funds management group with over \$4 billion in funds under management. In his role as director of that group he had experience in all aspects of funds management including listed and unlisted property trusts, mortgage funds, Australian and international share funds, fixed interest funds, superannuation funds, wholesale investment funds and life insurance.

Mr Morrison been a director of a number of companies involved in the funds management industry as well as providing consulting services in the area of funds management, financial services, property and retirement village development and management. Mr Morrison was a founding member to establish the Macro business in early 2004 and has gained significant experience in the agricultural MIS sector since late 2004.

Steve Dixon B. Bus CPA – Director and Company Secretary

Mr Dixon has over 21 years experience in the funds management industry both in Australia and overseas fulfilling fund manager and director roles for a number of fund management groups.

Mr Dixon has experience in all aspects of fund management including managing listed property trusts, unlisted property trusts, property excluded offers, life insurance, superannuation and retail and wholesale managed funds. Mr Dixon has undertaken various roles including capital raising, finance arrangement and management, property acquisition and due diligence, drafting of product disclosure statements and prospectuses, financial management and compliance functions. Mr Dixon was a founding member to establish the Macro business in early 2004. Mr Dixon is well experienced in the agricultural MIS sector, particularly since early 2007.

Kent Burwash – Director

Mr Burwash is an accountant by profession with experience in the investment banking and stockbroking industries. Mr Burwash has a thorough knowledge of the forestry MIS sector, having been involved in the plantation forestry MIS industry since 1999 with senior sales and distribution roles for ITC Limited (one of the key forestry groups active in the MIS sector).

2.3 What to do to support the change of responsible entity

You should carefully consider the Resolution and seek independent professional, financial and taxation advice.

If you would like the change of responsible entity to proceed, you should vote in favour of the resolution by:

- (a) submitting your Proxy Form and voting in favour of the resolution; or
- (b) attending the Meeting in person and voting in favour of the resolution.

2.4 Implementation of the change of responsible entity

If the Resolution is passed by the required majority, as soon as practical after the meeting (or at the latest within 2 business days), RPL will lodge a notice with ASIC asking it to alter the record of the Project's registration to name Macro Capital Limited as the Project's new responsible entity.

Subject to ASIC issuing Macro Capital Limited the new AFS licence authorising it to act as responsible entity for the Project, and once ASIC has noted the change of responsible entity, Macro Capital Limited will be the new responsible entity of the Project and will step into the shoes of RPL in relation to all Project documents, such as the Constitution, Management Agreement, Sub-lease Agreement and Operations Agreement.

2.5 Notice from Macro Capital Limited

Prior to the date of the Meeting, Macro Capital Limited has not been involved in any capacity in the Project and does not take any responsibility to prior actions of the previous responsible entity or present or past project managers (currently Black Tree). To the extent that Macro Capital Limited assumes any obligations or liabilities in relation to the scheme on becoming responsible entity (if appointed), Macro Capital Limited will be entitled to be indemnified out of the Project's property in accordance with the Project's constitution.

Given the recent identification of the poor condition of the plantation, in assuming the responsible entity role, Macro Capital Limited will work towards liquidation of the plantation in conjunction with Black Tree with the view of maximising the likelihood of a return to Growers.

Part B – Future of Project

There will be a general discussion at the meeting about the state of the plantation and various options for the continuation of the Project. Growers will be asked to informally vote on options they prefer and the Responsible Entity will be guided (but not bound) by such a vote. This discussion will take place prior to the vote on Resolution 1.

Black Tree wrote to Growers on 8 June 2011 outlining potential outcomes for the Project. These include:

- (a) abandoning the Project;
- (b) liquidating the plantation over the next 12-24 months and salvaging all the existing viable sandalwood for the benefit of Growers;
- (c) liquidating the plantation over the next 1-4 years and applying salvage strategies that will optimise the recovery of sandalwood project from viable areas for the benefit of Growers.

The first option provides no return to Growers. Other options will require the cooperation from the head lessor and negotiations are currently underway to achieve an equitable outcome (the property is leased in its entirety for a fixed term to at least 2018, and there is currently no provision for early or partial termination).

Black Tree has commissioned an independent forester's report on the status of the plantation. The outcome of this report together with better indications of potential returns that could be expected by pursuing one or other of the above options (or possible alternative options) will be circulated to Growers prior to the meeting.

Sufficient information about options for the Project will be provided to Growers in sufficient time to allow Growers a reasonable time to consider this information and the different options.

If Growers informally vote to abandon the Project, the Resolution to appoint Macro Capital Limited as responsible entity will **not** be put to the Meeting.