

21 August 2017



Dear Grower

UPDATE ON QUINTIS LTD

I'm writing to you as a grower in a managed investment scheme operated by Sandalwood Properties Ltd (**Sandalwood Properties**), to provide you with an update about Quintis Ltd (**Quintis**), the parent company of Sandalwood Properties, and to thank you for your patience during this period of uncertainty and to assure you that your trees remain of paramount importance to Sandalwood Properties and the Quintis group.

As you will no doubt be aware, Quintis is currently seeking to resolve a liquidity issue and recapitalise the company. We have been informed by Quintis that they are in active and detailed negotiations with more than one party in relation to potential debt and equity transactions that would have the effect of achieving a recapitalisation of Quintis. Whilst there is obviously no certainty of achieving a successful transaction, we are informed that these discussions are progressing positively and Quintis have strong engagement from a majority of the holders of the senior secured bonds of Quintis who continue to be extremely supportive of the business.

We understand that there are multiple financial stakeholders involved in this recapitalisation process, including potential new investors, bondholders, the growers who hold interests in the sandalwood plantations and shareholders in Quintis, and this adds complexity to the process. Quintis asks you to be patient with respect to these discussions as Quintis strongly believe that they are in the best interest of all stakeholders, including the growers. A successful recapitalisation of Quintis will ensure that there are sufficient funds for the Quintis group to continue the management and maintenance of the sandalwood plantations in order to achieve the highest practicable value for your asset at maturity.

A successful transaction to restructure Quintis' debt and equity will not impact upon the ownership or status of your plantation asset or your lease and management agreement with Sandalwood Properties and Quintis Leasing Pty Ltd. Furthermore, Quintis has assured us that the impacts of these commercial negotiations are largely confined to the Quintis corporate level. At an operational level, the Quintis group's foresters and contractors across WA, Queensland and the Northern Territory are focussed on managing your plantations so they continue to thrive and develop as much valuable heartwood as possible.

The end of the wet season in April heralded the start of the harvesting of the plantations initially established in 2002, and this is now largely complete. Processing of the harvested logs for these plantations are underway and the Quintis group will release the results of the yield and commence the sales process with respect to the grower owned wood once this assessment is complete. Also, as with every year, the increased access to the plantations provided by the dry season means that the Quintis group's typical forestry activities, such as weed control and irrigation, are well underway.

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As an ASX listed company, Quintis is required to abide by certain disclosure obligations to the market. These obligations continue even through the period of voluntary suspension in the trading of Quintis' securities. Notification of a number of material commercial variations and milestones for the Quintis Ltd business have been provided on the ASX announcement platform. This has meant all of the Quintis group's business partners, including growers, have access to constant updates on the Quintis group from the one information source – the ASX.

We encourage you to read Quintis' ASX announcements which can be found in the Announcements section of the Quintis website (quintis.com.au/corporate/shareholders/announcements) or on the ASX (www.asx.com.au – ASX Code: QIN).

Some of the market announcements which Quintis have already made, which would be of particular interest to growers are:

Accelerated sales program: Young Living, the largest essential oil company in the world, agreed to an accelerated sandalwood oil sales program, purchasing \$11.3 million of oil in June.

Institutional Investor Put option: as announced on 14th August the Put option held by Asia Pacific Investments DAC was not exercised and therefore lapsed. This investor retains a Put option which can be exercised between 11th December 2017 and 15th December 2017

I intend to provide regular updates to growers as various commercial and operational events occur or milestones are achieved at the Quintis level. Your trees have been the foundation of the group and remain of critical importance to the future of the Quintis group.

Should you have any questions please contact our office on +61 8 9215 3000.

Yours sincerely



Greg Gaunt
Chairman
Sandalwood Properties Ltd