

14 December 2017



Dear Grower

UPDATE ON AUSTRALIAN FINANCIAL SERVICES LICENCE

I'm writing to you as a grower in a managed investment scheme operated by Sandalwood Properties Ltd (**Sandalwood Properties**).

Sandalwood Properties has become aware of and hereby notifies the Growers of technical breaches of the financial requirements of its Australian Financial Services Licence (**AFSL**). Sandalwood Properties is required to hold an AFSL in order to issue interests in managed investments schemes and operate managed investment schemes.

The above breaches arise out of the guarantee and supporting security provided by Sandalwood Properties in favour of the Noteholders to whom Sandalwood Properties' parent company, Quintis Limited (**Quintis**) issued US\$250 million of Senior Secured Notes in July 2016 (and the previous Notes issued in 2011). Information relating to the Notes and the guarantee and security provided by the group including Sandalwood Properties has been disclosed in the financial accounts of Quintis and Sandalwood Properties since the issue of the original Notes in 2011.

Sandalwood Properties and Quintis are working with the Australian Securities and Investments Commission (**ASIC**) and the Noteholders to determine the most appropriate way to deal with this issue. If the Company is unable to rectify the breaches, the Company may be exposed to the possibility of administrative action by ASIC under section 914A of the *Corporations Act 2001* (Cth) to vary, suspend or cancel Sandalwood Properties' AFSL.

The Company will continue to update Growers on material developments.

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

Yours sincerely

A handwritten signature in black ink, appearing to read "Greg Gaunt", written over a circular scribble.

Greg Gaunt
Chairman
Sandalwood Properties Ltd

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