

13 November 2018

Dear Grower

Sandalwood Properties Limited (SPL) wishes to update you in advance of the Growers Meetings scheduled for next week:

HUNTLEY MANAGEMENT LIMITED – LICENCE CONDITIONS

The Australian Securities and Investment Commission (“ASIC”) has granted Huntley, the proposed new Responsible Entity (“RE”), a licence to act as RE if elected by Growers at the meetings next week. However, ASIC has imposed several important conditions to this licence, including setting out that Huntley:

- a. shall not enter into any agreement or understanding with Sandalwood Growers Co-op Ltd for the provision of services by Sandalwood Growers Co-op Ltd to the licensee if Mr Frank Wilson is a director of Sandalwood Growers Co-op Ltd;
- b. shall ensure that any agreement or understanding with Sandalwood Growers Co-op Ltd includes a condition that if, at any time during the term of the agreement or understanding, Mr Frank Wilson becomes a director of Sandalwood Growers Co-op Ltd the agreement or understanding ceases; and
- c. shall not enter into any agreement or understanding with Mr Frank Wilson for the provision of services or advice by Mr Frank Wilson to the licensee.

We are asking Huntley to update Growers on whether Huntley can comply with these conditions, given Mr Wilson’s various roles at the Sandalwood Growers Co-op Ltd (“the SGC”).

In particular, these conditions raise a number of important questions about whether Huntley and the SGC are capable of providing the forestry, harvesting and sales services for your trees in the absence of Mr Wilson.

We look forward to an update from Huntley that responds to these questions and we will update Growers once that information is received.

Separately, we note that ASIC has commenced civil proceedings against Mr Wilson, a founding Director of the SGC, for failing to properly discharge his duties as a Director. ASIC is seeking civil penalty orders and an order prohibiting Mr Wilson from managing corporations for such period as the Court thinks fit.

OUTCOME OF YESTERDAY’S MEETING

There was a meeting of the Growers in the TFS2003 Sandalwood Project yesterday. The first item of business at the meeting was to appoint a Chairman of the meeting. A poll was conducted which resulted in a majority supporting the first Chairman proposed at the meeting. Unfortunately, the Interim Chair, Mr Teague Czislawski of the SGC, was unwilling to declare the outcome of this vote and adjourned the meeting until next Monday, 19 November 2018.

VOTE FOR SANDALWOOD PROPERTIES LIMITED

We encourage you to vote to retain Sandalwood Properties as your Responsible Entity for the following reasons:

- Quintis has been recapitalised and has committed to preserve your current agreements. With \$145m in the bank, Quintis' financial issues have been resolved.

In contrast, Huntley and the SGC have never explained how they are funded or how they can fund the maintenance of your trees. Critically, they have refused to guarantee your current agreements.

- Your trees will continue to be maintained and irrigated by Quintis's industry-leading forestry team.

In contrast, Huntley and the SGC appear to have no permanent forestry employees and limited access to important infrastructure. Huntley and SGC's limited capability is further reduced given ASIC's requirement for Mr Wilson to be excluded.

- Your trees will be sold in an open market sales process, in which all market participants will be encouraged to bid. This process will be over-seen by PwC to ensure growers' interests are protected.

In contrast, Huntley and the SGC do not intend to run an open process (meaning Quintis, a long time buyer of wood, will not be able to bid) and have no plans to use a third party observer.

Submitting your Proxy Form

For your convenience, attached is a copy of your proxy form. Your proxy form must be submitted to the Responsible Entity. Please note, there is no requirement for your proxy form to be lodged with the Sandalwood Growers Co-Op at any stage.

Please submit your Proxy Form to the Responsible Entity no less than 48 hours before the time of the meeting, by:

- Email: info@quintis.com.au
- Fax: (08) 9215 3090
- Mail: PO Box 3040 Broadway, Nedlands WA 6009
- In Person: The Old Swan Brewery, Level 2, 171-173 Mounts Bay Rd, Perth, WA 6000

If you have any queries about anything to do with the upcoming votes, please do not hesitate to contact David Renton or Marina de Grys on 08 9215 3000 or info@quintis.com.au.