

Heritage Brands

19 September 2016

The Manager
National Stock Exchange of Australia Limited

Dear Sir/Madam

BREACH OF BANKING FACILITY

Heritage Brands Limited (the "**Company**") has been advised by its bank that it is in breach of its capital ratio financial covenant as at 31 July 2016.

The Company has not been asked to take any action to remedy the breach by its bank at this stage.

Further, as at the date of this letter, the Company's bank does not intend to withdraw any of the Company's loan facilities as a result of the breach and does not propose to charge any increased interest as a result of the breach.

The Company's financial covenants will be next reviewed by its bank as at 31 January 2017

In the meantime the Company is renegotiating its loan facility with its bank with the aim to avoid further breaches of financial covenants.

Yours faithfully,



Chris McGibbon
Company Secretary

