

4 April 2016



ASX Release

TFS successfully undertakes a \$60 million institutional share placement

Highlights

- Issuance of 39 million new ordinary shares at a price of \$1.55 per share
- Significant demand from existing and new institutional shareholders
- Capital raised will fund the buy-back of up to 221 hectares of MIS-owned plantations
- Buy-back provides TFS with certainty of future supply to satisfy increasing demand for Indian sandalwood
- Share Purchase Plan available to eligible shareholders on the same terms

TFS Corporation Ltd (“TFS”, “the Company”, ASX: TFC), the world's largest owner and manager of commercial Indian sandalwood plantations, today announced it had successfully undertaken an institutional placement of new fully paid ordinary shares to raise \$60.45 million. The placement was significantly oversubscribed with strong demand from both existing and new institutional investors.

Under the placement, TFS will issue approximately 39 million new ordinary shares at a price of \$1.55 per share. This price represents an 8.0% discount to TFS’s closing price of A\$1.685 on 30 March 2016 and a 9.6% discount to the 15 day VWAP.

Proceeds from the institutional placement will be used to fund the acquisition of up to 221 hectares of MIS Grower interests (“Buy-Back”) in five MIS Projects, with a total expected maximum cost of \$53 million¹. The Buy-Back will increase TFS’s direct ownership of plantation assets to up to 3,768 hectares¹. TFS expects to launch the Buy-Back by making offers to growers in the TFS 2000 Scheme in April 2016, with the price based on the book value of the plantations as at 31 December 2015, as reviewed by TFS’s auditor, EY.

TFS’s Managing Director, Frank Wilson, said: “We are delighted with the strong support received from both existing and new shareholders for this institutional placement.”

“Consistent with our strategy of increasing TFS’s ownership of Indian sandalwood plantations, we will deploy the new capital by making offers to acquire the interests of growers in schemes due to be harvested in the next five years. The successful completion of this Buy-Back programme is expected to provide TFS with very attractive financial returns.”

“We have recently signed new supply agreements with customers in China and India which add to our existing contracts with US pharmaceutical and European cosmetic companies. The Buy-Back programme will significantly increase TFS’s ownership and control of the supply of Indian sandalwood over the next five years and this will ensure we meet our end-customer obligations as well as maximise value for TFS’s shareholders.”

¹ Assuming 100% of Grower interests within MIS Projects are acquired.

Settlement of the placement is scheduled for 7 April 2016 and the placement shares are expected to be allotted the following day. The placement shares will rank equally with existing shares on issue. No shareholder approval is required as the placement will be made in accordance with ASX Listing Rule 7.1.

Canaccord Genuity (Australia) Limited and Moelis Australia Advisory Pty Ltd acted as joint lead managers and joint book-runners to the placement.

Share Purchase Plan

TFS will also make an offer to eligible shareholders to participate in a Share Purchase Plan ("SPP"). Eligible shareholders who elect to participate in the SPP will be entitled to acquire up to \$15,000 of new TFS shares.

A target of \$5 million will be raised via the SPP. TFS expects to apply an appropriate scale-back policy if valid applications exceed \$5 million. The offer price under the SPP will be \$1.55 per share, being the same price as the offer price for the placement. Shares issued under the SPP will rank equally with existing shares on issue.

The SPP will be open to eligible Australian and New Zealand resident shareholders on the register as at 7.00pm AEST on Friday 1 April 2016 and who are eligible to participate under the terms of the SPP.

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ABOUT TFS

TFS Corporation Ltd ("TFS", ASX: TFC) is an owner and manager of Indian sandalwood plantations in northern Australia. As part of its vision to be a vertically integrated producer of sandalwood products, TFS owns a significant proportion of the plantations in its own right. TFS also operates sandalwood processing and oil distribution facilities from Albany, Western Australia.

TFS was originally founded to exploit the success of government trials into the plantation growth of Indian sandalwood in the Ord River Irrigation Area (ORIA) of north-east Western Australia.

TFS now manages the largest area of commercial Indian sandalwood plantations in the world, with over 10,500 hectares planted of which TFS owns directly and indirectly over 3,500 hectares. TFS plantations are managed on behalf of both institutional, high net worth and MIS investors.

In 2014, TFS completed its first commercial harvest of its Indian sandalwood plantations and, via its subsidiary Santalis Pharmaceuticals Inc., entered into a supply agreement for pharmaceutical grade oil with Galderma, a leading global dermatology company wholly owned by Nestle.

The company listed on the Australian Stock Exchange in December 2004. Since March 2014, TFS has been an ASX300 company.

TFS is committed to adopting and maintaining the highest environmental and ethical standards in all aspects of its business.

ABOUT INDIAN SANDALWOOD

Indian sandalwood has a history as a tradeable commodity spanning thousands of years, but is now endangered due to the illegal harvest of wild trees throughout the world. As a result, Indian sandalwood is the world's most expensive tropical hardwood which continues to increase in price each year.

Indian sandalwood oil is a globally important ingredient in fine fragrances, cosmetics and toiletries, Indian consumer products and for medicinal purposes (Ayurvedic and Chinese medicine) and the wood is used for high quality carvings and artefacts and religious worship in the Hindu and Buddhist faiths. The efficacy of Indian sandalwood is being tested by US dermatology companies for a range of skin conditions and the global pharmaceutical market has the potential to be a significant consumer of Indian sandalwood oil.