



ASX Release

21 July 2016

TFS TO ISSUE US\$250 MILLION OF NEW SENIOR SECURED NOTES

Highlights:

- Issuance of US\$250m of New Notes with a coupon of 8.75%
- New Notes mature in August 2023, with a non-call period of 3 years
- Issuance extends the maturity and significantly reduces the cost of TFS's debt
- Proceeds will primarily be used to redeem TFS's existing Notes of US\$200m
- Surplus net proceeds of around A\$50m available for general corporate purposes

TFS Corporation Limited ("TFS", ASX: TFC, "the Company"), the world's largest owner and manager of commercial Indian sandalwood plantations, today announced the pricing of US\$250 million in aggregate principal amount of New Senior Secured Notes due in August 2023. The New Notes will bear interest at a rate of 8.75% per annum. The settlement of the New Notes offering is expected to occur in New York on 27 July 2016, and is subject to customary closing conditions.

The New Notes issuance reduces the cost of the Company's debt from 11.00% to 8.75% per annum and extends the maturity of the debt by five years to August 2023.

The size of the New Notes offering is US\$250 million. The net proceeds (after an early redemption premium of US\$8m) will be used to repay outstanding debt of US\$200m under the Company's existing Senior Secured Notes, with the balance being available for general corporate purposes.

TFS's Managing Director, Frank Wilson, said, "TFS's financial position is further strengthened by this New Note issuance. We have successfully extended our debt maturity profile and significantly reduced our cost of debt, with no maintenance covenants on our debt. The New Notes mature in 2023, which is aligned with the timing of our larger harvests."

"We have been very pleased with strong demand from existing global investors in our New Note issuance, which again demonstrates the confidence of major global investors in TFS's strategy and competitive position. This issuance will result in the early repayment in full of the Notes due in 2018."

This issuance is an offering to qualified institutional buyers in the United States pursuant to Rule 144A under the US Securities Act of 1933, as amended (the "Securities Act"), and to certain persons outside the United States in offshore transactions in reliance on Regulation S under the Securities Act.

This notice does not constitute an offer to sell, or the solicitation of any offer to buy, the Notes or any other securities. Any offer of the Notes will be made only by means of a private offering circular. The Notes are not being registered under the Securities Act, or the securities laws of Australia or any other jurisdiction. The Notes may not be offered or sold in the United States without registration under the Securities Act or an applicable exemption from such registration requirements.

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For investor queries, please contact:

Frank Wilson
Managing Director
Ph: (08) 9386 3299

Alistair Stevens
Chief Financial Officer
Ph: (08) 9386 3299

For analyst queries, please contact:

Gerry Bullon
gerry.bullon@insor.com.au
Ph: 0418 106 675

For media queries, please contact:

Cameron Morse
FTI Consulting
Ph: 0433 886 871

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 in 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.