

ASX Release

26 November 2015

TFS Issues US\$25m of Additional Notes to US Debt Market

Highlights:

- Issuance of additional US\$25 million under the provisions of existing Senior Secured Notes
- Effective yield to maturity of 8.50% - significantly below the cost of TFS's existing debt
- Provides the funding for the recently announced programme to acquire trees from MIS growers

TFS Corporation Limited ("TFS", ASX: TFC), the world's largest owner and manager of commercial Indian sandalwood plantations, today announced the issuance of US\$25 million of Additional Notes under the provisions of its existing Senior Secured Notes. The Additional Notes will be issued at a premium to par of 5.75% and have the same terms and conditions as the existing Notes.

Mr Frank Wilson, Managing Director of TFS, said: "This issuance provides TFS with additional capital on flexible terms at an attractive rate. The proceeds from the issuance provide TFS with further balance sheet strength to support our growth, including the funding of the acquisition of Indian sandalwood interests owned by MIS growers.

"We recently announced that TFS would be issuing offers to growers in the FY2000 MIS project as part of our strategy to extend TFS's ownership of Indian sandalwood plantations. The acquisition of these and other MIS interests is expected to be EPS accretive for TFS as well as increase our control of near term supply.

"The issuance of these notes to a large existing bondholder is a very positive signal for the outcome of any future re-finance of our existing debt. These Additional Notes have an effective yield of 8.50%, well below our current cost of debt of 11.0% on our previously issued Notes."

The key terms of this Note issue include:

- US\$25 million of Additional Notes to be issued under the provisions of TFS's existing Senior Secured Notes
- Additional Notes priced at a premium to par of 5.75%
- Cash proceeds of approximately AU\$36.7m¹
- Settlement is subject to customary closing conditions
- Additional Notes to be listed on the Singapore Exchange along with the existing Notes
- Total Senior Secured Notes increased to US\$200 million
- All Notes have a maturity date of 15 July 2018 and optional redemption terms from 15 July 2015
- TFS gearing² of 21% at 30 June 2015

¹ Based on current AUD: USD rate of 0.72

² Gearing = Net Debt / (Total Equity + Net Debt)

-ENDS-

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

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 nearly 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.