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US INSTITUTIONAL INVESTOR EXERCISES PLANTATION OPTIONS

The Board of TFS Corporation Ltd (TFS) (ASX: TFC) today announced that, on 31 December 2014, a respected US institutional investor exercised two of its remaining three options to invest in 399 hectares of TFS Indian sandalwood plantations.

Subject to certain conditions, the plantations will be established in the Northern Territory in Q4 FY15 and settlement funds are expected in two tranches, the first in Q3 FY15 and the second in Q4 FY15.

“This amounts to an estimated \$40m-plus life of plantation investment (excluding performance fees) in Indian sandalwood plantations through TFS' Beyond Carbon product and is the fourth and largest investment by the US investor to date,” said TFS Chief Executive Officer Frank Wilson.

“TFS is delighted that it has been able further develop its significant business relationship with such a major, respected investment institution.”

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For investor queries, please contact:

Frank Wilson
Chief Executive Officer
Ph: (08) 9386 3299

Alistair Stevens
CFO & COO
Ph: (08) 9386 3299

Quentin Megson
GM of Communications & HR
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 Indian sandalwood plantations in the world, with approximately 9,000 hectares planted of which TFS owns directly and indirectly nearly 3,200 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 50% subsidiary Santalis Pharmaceuticals Inc., entered into a supply agreement for pharmaceutical grade oil with Galderma, a leading global dermatology company.

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 and 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 and the global pharmaceutical market has the potential to be a significant consumer of Indian sandalwood oil.