



ASX Release

29 June 2016

TFS finalises sale of part of its plantation investor loan book

TFS Corporation Limited ("TFS", ASX: TFC, "the Company"), the world's largest owner and manager of commercial Indian sandalwood plantations, today announced the signing of agreements to sell a portfolio of loans and receivables advanced to plantation investors and the commencement of on-going loan funding programs with two Australian based financiers.

Consistent with TFS's established practice of periodically releasing capital by divesting loans issued to plantation owners, the Company has entered into agreements to sell loans and receivables with a book value of \$25 million for cash proceeds of \$24 million. Cash proceeds of \$10 million have been received in Q4 FY16, with the settlement of the balance subject to certain conditions (which are expected to be satisfied in July).

Under the terms of the loan sale agreements, non-performing loans will be re-purchased by the Company. Each loan is secured by the underlying Indian sandalwood plantation asset and provides full recourse to the borrower.

In addition, together with its financing partners, TFS has established two new on-going funding programs that enable the Company to elect to divest loans written in future plantation sales seasons.

TFS's Managing Director, Frank Wilson, said: "We are very pleased to enter into these new financing arrangements, which we had previously identified as a key business objective. The transactions include attractive financial terms and generate additional operating cash flow. Importantly, the establishment of the on-going funding programs provides TFS with valuable optionality to release capital from future loans on pre-arranged terms."

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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 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.