

Survivor unveils \$120m land deal

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One of the few surviving players in the managed agricultural scheme sector has notched up another win in its bid to reassure investors of its prospects as the rest of the industry crumbles.

Sandalwood grower TFS Corp, which is moving away from MIS-style plantation investments in a bid to shore up the sustainability of its business, yesterday announced a deal worth up to \$120 million over six years.

Under the investment agreement, the unnamed "AAA-rated" US institutional investor will buy 180ha of land on which TFS will establish and manage sandalwood plantations. The deal includes an option for the institution to take up another 180ha of plantations a year over five years, as well as options for performance bonuses of up to \$20 million a year.

"Our strategy to restructure our products to attract institutional investors has proved to be the right one in the wake of the MIS market fallout," TFS executive chairman Frank Wilson said yesterday.

"It is a big deal, and it's with a very well-respected institution. Hopefully we can get through to people that this really is the most tangible sign that our business is not tax-driven, it's an investment that stands on its own two feet."

The first of TFS' Indian sandalwood plantations are due for harvest in 2013. It supplements its income through its Mt Romance sandalwood oil processing facility in Albany, which it bought from founder Steve Birkbeck in 2008.

Investors responded to the bullish comments by sending the stock as much as 11 per cent higher before it ended 7¢ higher at 88¢.

The deal is subject to Foreign Investment Review Board approval.