

SECOND SUPPLEMENTARY PRODUCT DISCLOSURE STATEMENT

TFS SANDALWOOD PROJECT 2008 (ARSN 128 710 261)

Important Information

This Second Supplementary Product Disclosure Statement should be read together with the Product Disclosure Statement dated 1 February 2008 (**Original Product Disclosure Statement**) issued by T.F.S. Properties Ltd (ABN 31 093 330 977) for interests in the TFS Sandalwood Project 2008 (**ARSN 128 710 261**) (the **Project**) as amended by the Supplementary Product Disclosure Statement dated 16 April 2008.

This Second Supplementary Product Disclosure Statement is dated 23 June 2008 being the date that its preparation was completed.

Unless otherwise indicated, defined terms used in this Second Supplementary Product Disclosure Statement have the same meaning as given to those terms in the Original Product Disclosure Statement. To the extent of any inconsistency between this Supplementary Product Disclosure Statement and the Original Product Disclosure Statement the provisions of this Supplementary Product Disclosure Statement will prevail.

This Supplementary Product Disclosure Statement may be viewed, together with the Original Product Disclosure Statement, at the Company's website address www.tfsltd.com.au.

This document is important and should be read in its entirety. If you do not understand its contents, you should consult your stock broker, accountant or other professional adviser without delay.

Supplementary Information

1. Additional Sandalwood Lots – Section 1.1 and Section 7.1

Section 1.1 and Section 7.1 of the Original Product Disclosure Statement states that the Project consists of up to 3,900 Sandalwood Lots of one sixth (0.167) of a hectare each.

Pursuant to this Supplementary Product Disclosure Statement, TFS Properties extends the number of Sandalwood Lots offered under the Project by 1,500. Accordingly, the Project now consists of up to 5,400 Sandalwood Lots of one sixth (0.167) of a hectare each.

2. Product Rulings – Section 6.2

Section 6.2 of the Original Product Disclosure Statement states:

"The Responsible Entity has applied for, and been granted, a Product Ruling for this Project by the Commissioner of Taxation."

Product Ruling PR 2008/4 was issued in relation to the Project and relates to the 3,900 Sandalwood Lots that were offered pursuant to the Original Product Disclosure Statement. Pursuant to this Second Supplementary Product Disclosure Statement, the Responsible Entity has extended the number of Sandalwood Lots

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offered by an additional 1,500 Sandalwood Lots. However, PR 2008/4 does not extend to the additional 1,500 Sandalwood Lots.

Accordingly, the Responsible Entity has applied for, and expects to be granted, an addendum to its Product Ruling in respect of the additional 1,500 Sandalwood Lots.

The addendum to the Product Rulings will be granted on the same basis as PR 2008/4. Accordingly, the information contained in Section 6.2 of the Original Product Disclosure Statement applies to investors to the additional 1,500 Sandalwood Lots but the reference to a Product Ruling should include the addendum to the Product Ruling 2008/4.

3. Additional Land and Head Lease

The Original Product Disclosure Statement was drafted on the basis that all of the land comprised in the Plantation is owned by TFS Properties. Due to the extension of the number of Sandalwood Lots being offered under the Original Product Disclosure Statement, the Plantation may now be constituted partly by land owned by TFS Properties, and partly by land owned by an unrelated third party and leased by the Lessor, and be leased pursuant to more than one Head Lease.

Accordingly, Section 9.6 of the Original Product Disclosure Statement should be amended to read:

"Pursuant to the Head Leases, the registered proprietors of the land comprising the Plantation have agreed to lease that portion of the Plantation which they own to the Lessor and have consented to the Lessor sub-leasing Sandalwood Lots to Growers."

The definition of 'Head Lease' in Section 10 of the Original Product Disclosure Statement should be amended as follows:

"'Head Leases' means the leases of the land comprised in the Plantation entered into between the Head Lessors and the Lessor."

4. Director's Authorisation and Responsibility Statement

Each Director of T.F.S. Properties Ltd has given and has not, as at the date of this Second Supplementary Product Disclosure Statement withdrawn their consent to the preparation and content of this Second Supplementary Product Disclosure Statement.

This Second Supplementary Product Disclosure Statement was completed on 23 June 2008 and signed on the same date by Frank Wilson, Director of T.F.S. Properties Limited.



Frank Cullity Wilson
For and on behalf of
T.F.S. PROPERTIES LIMITED

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