

## SUPPLEMENTARY PRODUCT DISCLOSURE STATEMENT

### TFS SANDALWOOD PROJECT 2009 (ARSN 135 373 938)

#### Important Information

This document is a Supplementary Product Disclosure Statement and should be read together with the Product Disclosure Statement dated 4 March 2009 (**Original Product Disclosure Statement**) issued by T.F.S. Properties Limited (ABN 31 093 330 977) for interests in the TFS Sandalwood Project 2009 (ARSN 135 373 938) (the **Project**).

This Supplementary Product Disclosure Statement is dated 29 September 2009 being the date that its preparation was completed.

Unless otherwise indicated, defined terms used in this 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](http://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. Availability of Finance

A set out on page 27 of the Original Product Disclosure Statement, finance for Establishment Fees is available from the preferred financier MIS Funding No. 1 Pty Ltd or Arwon Finance Pty Ltd.

From the date of this Supplementary Product Disclosure Statement, MIS Funding No. 1 Pty Ltd will no longer provide finance for Establishment Fees. Accordingly, the Original Product Disclosure Statement is amended as follows:

- (a) By deleting the following sentence on page 9:

*"MIS Funding No. 1 Pty Ltd is the Project's preferred financier, and offers interest only terms for up to three years. Finance is also available through Arwon Finance Pty Ltd."*

And inserting in its place:

*"Finance is available through Arwon Finance Pty Ltd."*

- (b) By deleting the following words on page 27 and 29:

*"the preferred financier MIS Funding no.1 Pty Ltd or"*

This is a Supplementary Product Disclosure Statement dated 29 September 2009 to be read in conjunction with the Original Product Disclosure Statement dated 4 March 2009 as issued by T.F.S. Properties Limited (ABN 31 093 330 977) in respect of the TFS Sandalwood Project 2009 (ARSN 135 373 938).

- (c) By deleting the following words on page 31:

*"MIS Funding no.1 or"*

## 2. Product Ruling

At page 35 of the Original Product Disclosure Statement it is stated that:

*"The Responsible Entity has applied for, and been granted, a Product Ruling PR2009/5 for this Project by the Commissioner of Taxation. Set out below is a summary relating to the Product Ruling:*

*A Product Ruling is a binding public ruling under the Taxation Administration Act 1953, in relation to income tax and fringe benefits tax law. A Product ruling provides certainty for investors by confirming that the tax benefits set out in the Product Ruling are available, provided that the arrangement is carried out in accordance with the information provided to the ATO by the persons described in the Product Ruling as providing information.*

*The product ruling confirms that the relevant provisions of Part IVA of the Income Tax Assessment Act 1936 will not be applied to cancel a tax benefit obtained under a tax law covered in the ruling. The Product Ruling granted encompasses the provision of finance by MIS Funding No.1 in relation to the Project."*

As described above MIS Funding No. 1 Pty Ltd is no longer providing finance for Establishment Fees. Funding for Establishment Fees will now be provided only by Arwon Finance Pty Ltd.

Accordingly, the Responsible Entity has applied to the Commissioner of Taxation for, and has been granted, an addendum to the Product Ruling dated [insert date of addendum] (**Addendum**). The effect of the Addendum is to permit investors to invest in the Project, from the date of this Supplementary Product Disclosure Statement until 31 December 2010, on the basis that only Arwon Finance Pty Ltd will be providing funding for the Establishment Fees (and not MIS Funding No. 1 Pty Ltd).

Accordingly, investors should note that the references to the "Product Ruling" in the Original Product Disclosure Statement now refer to the Product Ruling 2009/5 as amended by the Addendum.

## 3. Joint Venture Investment Option Not Available

The Original Product Disclosure Statement provides for a Joint Venture Option for making an investment under the Original Product Disclosure Statement. The Joint Venture Option is no longer available and the Original Product Disclosure Statement is amended according to the following:

- (a) Deleting the entire third last paragraph on page 9;
- (b) By deleting the following sentence on page 26:

*"THE TFS SANDALWOOD PROJECT 2009 OFFERS A NUMBER OF INVESTMENT OPTIONS FOR INVESTORS INCLUDING ANNUAL*

INVESTMENT, ANNUAL DEFERRED INVESTMENT OR JOINT VENTURE  
– ANNUAL INVESTMENT."

And inserting:

*"THE TFS SANDALWOOD PROJECT 2009 OFFERS INVESTMENT  
OPTIONS FOR INVESTORS INCLUDING ANNUAL INVESTMENT OR  
ANNUAL DEFERRED INVESTMENT."*

- (c) By deleting the following sentence under the heading Annual Deferred Investment Option on page 27:

*"Note – The Annual Deferred Investment Option does not apply to Joint Venture Growers."*

- (d) By deleting the following on page 27:

***"JOINT VENTURE GROWERS – ANNUAL INVESTMENT OPTION***

***(Minimum of 2 Sandalwood Lots)***

*This feature allows you to share your investment with a third party, with a decision to share to be nominated upfront on the Joint Venture Growers' Application Form attached to this PDS.*

*In terms of product ruling PR2009/5 investors wishing to participate in this Joint Venture Option are required to invest in a minimum of two Sandalwood Lots.*

*You may participate in the Project in a joint venture with another party. At the time of Application you ('Initial Grower') may split the investment with another party ('Secondary Grower') by both of you completing the Joint Venture Growers' Application Form on page 91 of this PDS. The arrangement will operate as a joint venture in that you take responsibility for the Establishment Fee component of the investment, whilst the other party is responsible for the ongoing Annual Fee and Rent in respect of the Annual Investment Option.*

*You will both be entitled to the Net Proceeds of Sale and be responsible for Fees payable to the Manager (such as the Incentive Fee) divided between you on a commercial basis.*

*TFS will split the Net Proceeds of Sale and pay these proceeds directly to both you and the Secondary Grower.*

*Note – you must pay the ongoing Annual Fee and Rent for Joint Venture Growers Option."*

- (e) By deleting the following definition on page 83:

*"'Application Form' means one of the forms attached to or accompanying this PDS and includes the Joint Venture Growers Application Form."*

And inserting:

*“ ‘Application Form’ means one of the forms attached to or accompanying this PDS.”*

(f) By deleting the following definition on page 84:

*“ ‘Joint Venture Growers’ Application Form’ means the form attached to this PDS entitled ‘Joint Venture Growers’ Application Form.”*

(g) By deleting the following on page 87:

*“Please complete and sign the relevant application Form on the following pages:*

(i) *Standard Applicants must complete the ‘Grower Application Form’ (pages 89 – 90) and each Applicant must sign. Joint applicants will be deemed to be holding their Sandalwood Lots as joint tenants, not as tenants in common.*

(ii) *Joint Venture Applicants must complete the ‘Joint Venture Growers’ Application Form’ (pages 91 – 93) and both the Initial and Secondary Growers must sign.*

A. *The Initial Grower is ‘Joint Venture Applicant No.1’ and must complete the Application in respect of the Establishment Fee.*

B. *The Secondary Grower is ‘Joint Venture Applicant no.2’ and must complete the Application in respect of the investment.”*

And inserting:

*“Applicants must complete the ‘Grower Application Form’ (pages 89 – 90) and each Applicant must sign.”*

(h) By deleting the following section on page 87:

***“SECTION 3 – (JOINT VENTURE GROWERS) SANDALWOOD LOT(S) APPLIED FOR***

*Please complete the number of Sandalwood lots in the Project for which you have applied and calculate the Establishment Fee to be paid by Joint Venture Applicant No.1.”*

- (i) By deleting the Joint Venture Application Form on page 91.

#### 4. Establishment Period is Extended

Pursuant to the Addendum to the Product Ruling, the Establishment Period in relation to a Grower must not terminate later than 31 December 2010.

The definition of "Establishment Period" in the Glossary at page 84 of the Original Product Disclosure Statement is deleted with the following definition inserted:

- "(a) if a Grower's Application is accepted by the Responsible Entity on or before 30 June 2009, in circumstances where the Responsible Entity considers that the Establishment Services cannot be performed prior to 30 June 2009 but can be performed within [insert] months of the Commencement Date and if the Establishment Services are performed within [insert] months of the Commencement Date – the period of [insert] months from the Commencement Date; or
- (b) if a Grower's Application is accepted by the Responsible Entity on or before 30 June 2010, in circumstances where the Responsible Entity considers that the Establishment Services cannot be performed prior to 30 June 2010 but can be performed within [insert] months of the Commencement Date and if the Establishment Services are performed within [insert] months of the Commencement Date – the period of [insert] months from the Commencement Date,

*but in any event, no later than 31 December 2010."*

#### 5. Director's Authorisation and Responsibility Statement

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

This Supplementary Product Disclosure Statement was completed on 29 September 2009 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**