

SUPPLEMENTARY PRODUCT DISCLOSURE STATEMENT

TFS SANDALWOOD PROJECT 2007 (ARSN 123 883 830)

Important Information

This document is a Supplementary Product Disclosure Statement and should be read together with the Product Disclosure Statement dated 7 March 2007 (**Original Product Disclosure Statement**) issued by TFS Properties Limited (ABN 31 093 330 977) (**TFS Properties**) for interests in the TFS Sandalwood Project 2007 (ARSN 123 883 830) (the **Project**).

This Supplementary Product Disclosure Statement is dated 27 June 2007 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.

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 2100 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 1200. Accordingly, the Project now consists of up to 3300 Sandalwood Lots of one sixth (0.167) of a hectare each.

2. Product Rulings – Section 6.1

Section 6.1 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 2007/16 was issued in relation to the Project and relates to the 2100 Sandalwood Lots that were offered pursuant to the Original Product Disclosure Statement. Pursuant to this Supplementary Product Disclosure Statement, the Responsible Entity has extended the number of Sandalwood Lots

This is a Supplementary Product Disclosure Statement dated (*) 2007, to be read in conjunction with the Original Product Disclosure Statement dated 9 February 2007 as issued by TFS Properties Limited (ABN 31 093 330 977) in respect of the TFS Sandalwood Project 2007 (ARSN 123 883 830).

offered by an additional 1200 Sandalwood Lots. However, PR 2007/16 does not extend to the additional 1200 Sandalwood Lots.

Accordingly, the Responsible Entity has applied for, and has been granted, an addendum to its Product Ruling in respect of the additional 1200 Sandalwood Lots.

The addendum to the Product Rulings has been granted on the same basis as PR 2007/16. Accordingly, the information contained in Section 6.1 of the Original Product Disclosure Statement applies to investors to the additional 1200 Sandalwood Lots but the reference to a Product Ruling should include the addendum to the Product Ruling 2007/16.

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 will now be constituted partly by land owned by TFS Properties, and partly by land owned by an unrelated third party and leased by TFS Properties.

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

"Pursuant to the TFS Properties Head Lease, TFS Properties (as the registered proprietor of part of the land comprising the Plantation) has agreed to lease that portion of the Plantation which it owns to the Lessor and has consented to the Lessor sub-leasing Sandalwood Lots to Growers.

Pursuant to the Lerch Head Lease, Jason Robert Lerch (as the registered proprietor of part of the land comprising the Plantation) has agreed to lease that portion of the Plantation which he owns to TFS Properties and has consented to TFS Properties sub-leasing Sandalwood Lots to Growers.

Section 10 of the Original Product Disclosure Statement should include the following additional definitions:

'Lerch Head Lease' means the lease by Jason Robert Lerch of that portion of the Plantation of which he is the registered proprietor to TFS Properties.

'TFS Properties Head Lease' means the lease by TFS Properties of that portion of the Plantation of which it is the registered proprietor to the Lessor."

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

"'Head Lease' means the lease of the Plantation entered into between the Head Lessor and TFS Properties, comprising the TFS Properties Head Lease and the Lerch Head Lease, as the case may be."

4. Directors' Authorisation and Responsibility Statement

Each Director of TFS Properties 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 27 June 2007 and signed on the same date by Frank Wilson, Director of TFS Properties.



Frank Cullity Wilson
For and on behalf of
TFS PROPERTIES LIMITED