



PROJECT SUMMARY
TFS SANDALWOOD PROJECT
INDIAN SANDALWOOD
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INVESTING WITH TFS

EXPERIENCED MANAGERS

The TFS Sandalwood Project 2010 (TFS 2010) (ARSN 142 774 132) is the company's fourteenth Indian Sandalwood Project under management.

Expert Forester to TFS, Peter Kimber and our Senior Forester Chris Done, are widely renowned as Australia's foremost Sandalwood experts. Both Peter and Chris previously worked with the WA Department of Conservation and Land Management (CALM) on the original Sandalwood trial plantations in the area. Together with the experienced plantation management team located in Kununurra, your plantation is established and maintained to the highest order.

The TFS parent company, TFS Corporation Ltd, listed on ASX Limited in December 2004 (ASX Code: TFC).

In 2008 TFS acquired leading global VVA Sandalwood distiller Mt Romance. This WA based company adds expert knowledge in processing and distillation, as well as a blue-chip client base in the global fragrance industry. TFS is committed to exploring opportunities in an ever-expanding market place with demand for fragrances, religious products and pharmaceuticals forecast to increase.

DEDICATED TO SANDALWOOD

TFS first planted Indian Sandalwood in Kununurra in 1999 and has since planted over 2,500 hectares of commercial Indian Sandalwood plantations on behalf of over 2,100 individual growers and companies associated with TFS. By 30 June 2010 a further 689 hectares (approximately) of Indian Sandalwood will have been planted on behalf of over 1,000 growers and companies associated with TFS.

TFS is a specialist Indian Sandalwood plantation manager and is committed to the long term development of an Australian grown Indian Sandalwood industry.

The majority of our Directors are Growers and shareholders in TFS, confirming a dedication by the company to achieve the best possible Sandalwood growth, yields and returns for its Growers – in fact the company and Directors combined own almost 20% of the sandalwood trees under management. In addition to the trees owned directly by the Company, TFS has a vested interest in the trees of the growers who elect to defer payment of their annual management fees. In some instances this deferral could accumulate up to 40% of the harvest.

SUSTAINABLE DEVELOPMENT

TFS is committed to sustainable development to preserve long-term benefits for the community, environment and TFS.

TFS supports local and indigenous communities through the sponsorship of cultural and educational programs and the creation of local employment opportunities.

The unique climate and stunning landscape of the Kimberley provide an ideal location for the growth of Indian Sandalwood. TFS is committed to preserving this unique region and minimising the company's environmental footprint.

TFS believes that it can be part of a better world, starting with the Kimberley region.

ENVIRONMENTALLY RESPONSIBLE

TFS adopts a proactive approach to environmental management.

Locally, the TFS Sandalwood plantations are assisting to lower the water-table and reduce salinity problems across the Ord River Irrigation Area (ORIA). The bio-diverse nature of Sandalwood plantations also makes them an ideal nesting place for native birds.

In 2006 TFS opened the first ever water recycling project in the ORIA. TFS was recognised as a regional leader in environmental management, winning the inaugural 2006 Remote and Rural Water Award from the Western Australian State Government. The water recycling project has important environmental and economic advantages, helping to take environmentally friendly forestry to the next level.

TFS has obtained accreditation in ISO 14001 (Environment), ISO 9001 (Quality) and AS 4801 (Health & Safety).

On a global scale, TFS is ensuring the longevity of this much sought after species.



TFS 2010 PROJECT FEATURES

100% TAX EFFECTIVE PRODUCT RULINGS

TFS 2010 has been granted a Product Ruling (2010/6) from the Australian Taxation Office (ATO). The rulings confirm that all fees paid in relation to TFS 2010 are fully tax deductible in the financial year they are paid¹.

Growers that are registered for GST may also claim input tax credits for GST paid in relation to TFS 2010. By becoming a Grower, you are deemed to be in business and therefore entitled to register for GST.

DISCOUNT FOR ADDITIONAL LOTS

TFS 2010 has a minimum investment of one sixth of a hectare (1/6th Ha) for the entry price of \$11,750 plus GST, with volume discounts available.

TWELVE MONTHS INTEREST FREE

Establishment Fees may be paid over a period of 12 months, exclusive of interest. A deposit of 20% of Establishment Fees will be required upon application.

ATTRACTIVE, LONG-TERM FINANCE

In-house finance company, Arwon Finance Pty Ltd, offers full-recourse loans to approved investors in TFS 2010.

- Principal and interest packages for up to 10 years
- Principal and interest rates start from 11.75% pa
- A deposit is payable upon application

Alternative forms of finance may also be available. Please contact us or view our website for further information.

ABILITY TO DEFER ONGOING FEES

Following the initial Establishment Fee, a Grower may elect to defer Annual Fees and Rent via an annual election.

A percentage of Gross Proceeds of Sale (GPS) will be deducted for each year a Grower elects to defer. This deferral percentage will decrease over the term of TFS 2010 (see table on following page).

COST AND OPTIONS

FEES PER SANDALWOOD LOT OF 1/6TH HECTARE

ANNUAL INVESTMENT OPTION

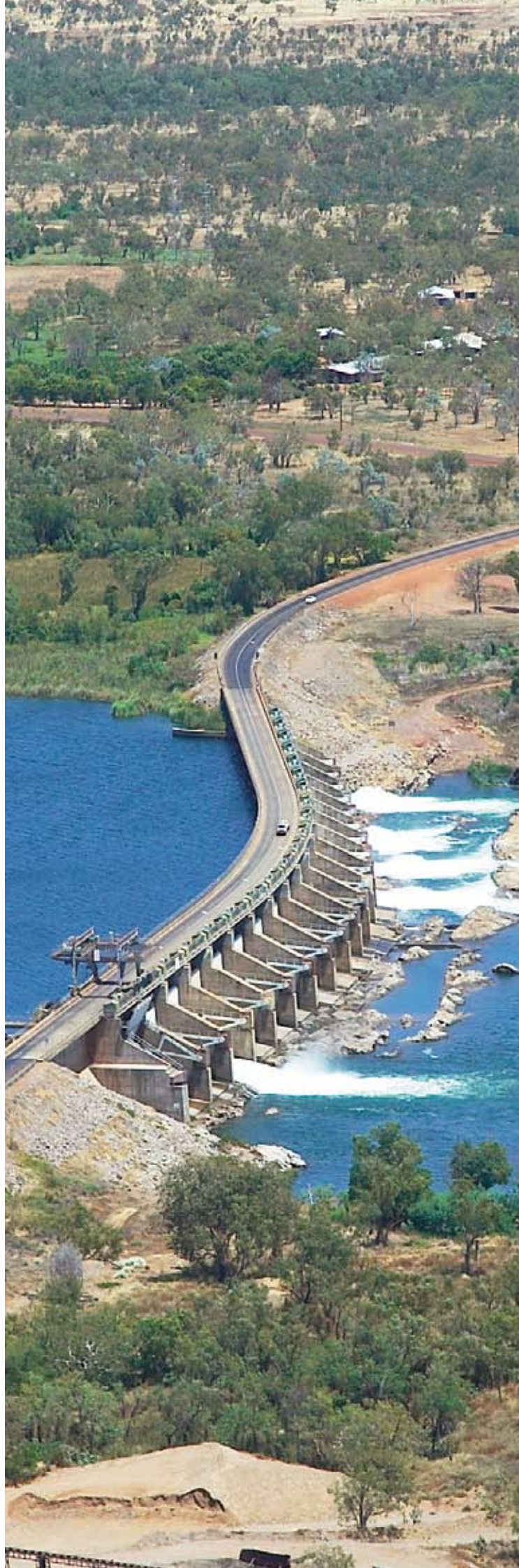
Establishment Fee (AUD)	TFS Fee (AUD)	GST (AUD)	Total (AUD)
1 to 5 lots	11,750	1,175	12,925
6 or more	11,250	1,125	12,375
Annual Fee ²	950	95	1,045
Rent ²	250	25	275

Annual deferral of Annual Fees and Rent is available on the following basis:

	Percentage of Gross Proceeds of Sale
Years 1 – 2	3%
Years 3 – 6	2%
Years 7 – 12	1%

Notes:

1. Growers should be aware that Product Ruling 2010/6 is based on the precise arrangements identified in the Rulings. If the arrangement described in the Ruling is materially different for the arrangements actually carried out, the Ruling has no binding effect on the Commissioner and will be withdrawn or modified. Growers are recommended to read the Product Ruling in its entirety and seek their own professional taxation advice concerning the taxation implications to term of investment in TFS 2010.
2. Annual Fees and Rent increase at a fixed rate of 3% per annum in the year following the Establishment Period. No Annual Fees and Rent will be payable for years 13 and 14.
3. TFS Properties anticipates that the Harvest of the Sandalwood will occur in Year 14 after Establishment.





INVESTING IN SANDALWOOD SANDALWOOD

An investment in Indian Sandalwood forestry with TFS offers a stable and tax effective investment in an alternative asset class with the potential for excellent returns.

HIGH DEMAND FOR INDIAN SANDALWOOD

Sandalwood has been an integral part of Asian culture and religion for thousands of years, and remains a key ingredient in leading fragrances and cosmetics.

The Indian species of Sandalwood (*Santalum album*) commands the highest price at auction due to its superior oil yields and long-term market acceptance. The current price for Indian Sandalwood logs averages over A\$100,000 per tonne.

DEPLETED SUPPLIES

Due to such high demand for the wood and oil of the Indian Sandalwood tree, and an unbridled black market, supplies are rapidly diminishing.

Experts predict that current production levels of the Indian Sandalwood tree cannot be sustained if illegal harvesting cannot be restricted.

Australia has the only known large-scale commercial plantations of Indian Sandalwood in the world, with TFS being the largest.

SOARING PRICES

An increase in the price of Indian Sandalwood of 21% per annum (compounded) has been sustained for the last 16 years.

Experts predict a continuing increase in price of at least 5% per annum due to the ever-increasing supply/demand imbalance of Indian Sandalwood.

OPTIMAL GROWING CONDITIONS

The Ord River Irrigation Area (ORIA) of tropical Western Australia displays ideal conditions for the healthy growth of Indian Sandalwood

The intellectual property built up by TFS over 10 years' of plantation experience in the ORIA is second to none.

Supporting this is over 20 years' of government research into Indian Sandalwood silviculture in the ORIA.



HOW TO INVEST

REQUEST A PDS

We recommend that you consult a licensed professional adviser before making a decision to invest in the TFS Sandalwood Project 2010 (TFS 2010).

A soft copy of the Product Disclosure Statement (PDS) for TFS 2010 is contained on the attached DVD-ROM. For a hard copy, please visit our website, or contact our marketing department for further information.

You should consider the Product Disclosure Statement in its entirety before deciding whether to invest in TFS 2010.

INVESTMENT CALCULATOR AND VIDEOS

The investment calculator, contained on the attached DVD-ROM and on our website, allows investors and advisers to calculate a potential return on TFS 2010 by inputting some basic assumptions.

For your further information about TFS and Indian Sandalwood, view our video on the attached DVD-ROM.

RESPONSIBLE ENTITY – TFS PROPERTIES LTD

The responsible entity of the TFS Sandalwood Project 2010 (TFS 2010) is TFS Properties Limited (ACN 093 330 977). TFS Properties Limited is the issuer of the investment products in TFS 2010, and can be contacted at the following addresses:

Street: 169 Broadway, Nedlands WA 6009

Postal: PO Box 3040 Broadway, Nedlands WA 6009

Phone: (08) 9386 3299

Fax: (08) 6389 1546

Email: tfs@tfsLtd.com.au

Web: www.tfsLtd.com.au

The financial assumptions and risks of TFS Sandalwood Project 2010 (TFS 2010) are shown in the Product Disclosure Statement (PDS). Only the PDS contains the offers to subscribe for securities in TFS 2010 and you should consider the PDS in deciding whether to acquire an investment in TFS 2010. You will need to complete the Application Form in or accompanying the PDS. The Responsible Entity for TFS 2010 and the entity making the offers is TFS Properties Ltd. Tropical Forestry Services Ltd and TFS Properties Ltd are both wholly-owned subsidiaries of TFS Corporation Ltd. A reference to TFS in this brochure is a reference to all or one of these entities, depending on the context.