



Joseph Palmer & Sons Property Fund

Product Disclosure Statement

Part 1 of 2 parts

This part must be read in conjunction with Part 2

ARSN 133 409 382
Responsible Entity:
DDH Graham Limited (ABN 28 010 639 219) Australian financial
services licence no.: 226319
Investment Manager:
Joseph Palmer & Sons (ABN 29 548 490 818)

**Joseph Palmer & Sons Property Fund ARSN 133 409 382
Supplementary Product Disclosure Statement No.3**

Dated: 19 December 2013

This Supplementary Product Disclosure Statement (SPDS) supplements, and should be read in conjunction with the Joseph Palmer & Sons Property Fund (Fund) Product Disclosure Statement dated 28 November 2008 (Parts 1 and 2) (PDS) and SPDS's issued 19 March 2009 and 6 May 2011 issued by DDH Graham Limited (DDH) ABN 28 010 639 219 AFSL 223 619.

The terms defined in the PDS have the same meaning where used in this SPDS.

The purpose of this SPDS is to inform investors of changes in asset allocation ranges and targets effective 19 December 2013.

An amendment to the asset allocation ranges for the Fund as set out in the PDS is made to reflect that there is not, and in the near term is unlikely to be, direct property asset investments. This is because the Fund has not yet reached a level where it could consider the purchase of direct property that would satisfy its investment criteria.

Therefore DDH on advice from the investment manager, Joseph Palmer & Sons have agreed to amend the asset allocation ranges and the indicative target asset allocations for the Fund over the medium to long term. The table below sets out the revised asset allocation ranges and targets and replaces the table on page 19 of the PDS Part 1.

Asset Class	Asset Range	Medium Term Target Allocation
Property Securities	50-100%	95%
Direct property assets	0 – 40%	0%
Cash investments	0 – 10%	5%

Enquiries about this Supplementary PDS

For enquiries about the Supplementary PDS, please telephone DDH toll free on 1800 226 174 during business hours (AEST) or via email at jpalmer@ddhgraham.com.au.

Joseph Palmer & Sons Property Fund ARSN 133 409 382 Supplementary Product Disclosure Statement No.2

Dated: 6 May 2011

This Supplementary Product Disclosure Statement (SPDS) supplements, and should be read in conjunction with the Joseph Palmer & Sons Property Fund (Fund) Product Disclosure Statement dated 28 November 2008 (PDS) issued by DDH Graham Limited ABN 28 010 639 219 AFSL 223 619.

The terms defined in the PDS have the same meaning where used in this SPDS.

The purpose of this SPDS is to inform investors of changes in relation to the Fund as detailed below. The changes are effective from 6 May 2011.

FEES AND OTHER COSTS

(a) The fund management fee (Responsible Entity) for administering the Fund, as set out in the section numbered (i) on page on page 28 of the PDS, is deleted and replaced as follows (figures are inclusive of GST less any applicable reduced input tax credits).

% per annum of the gross value of assets of the Fund with a minimum fee of \$51,250 per annum	Value of the Fund	Details
0.25625%	First \$50million of gross assets	Payable to the Responsible Entity. This fee accrues daily and is paid monthly in arrears, out of the Fund
0.20500%	Next \$25million of gross assets	
0.15375%	Next \$25million of gross assets	
0.10250%	Thereafter	

(b) The table and commentary “Example of Annual fees and Costs for the Fund” on page 29 of the PDS is deleted in its entirety and replaced as follows:

EXAMPLE OF ANNUAL FEES AND COSTS FOR THE FUND

This table gives an example of how the fees and costs of the Fund can affect your investment over a 1 year period. You should use this table to compare this product with other managed investment products.

EXAMPLE		BALANCE OF \$50,000 WITH A CONTRIBUTION OF \$5,000 DURING YEAR
Contribution fees	0%	For every additional \$5,000 you put in, you will be charged \$0.
PLUS Management costs	1.07125% ^{1 & 2}	And, for every \$50,000 you have in the fund it is estimated that you will be charged \$535.63 each year.
EQUALS Cost of fund		If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during this year, you would be charged fees of \$535.63 ³ This example does not include any fees agreed between the investor and their financial advisor.

¹ The total annual management costs for the Fund are 1.07125% p.a. on a gross assets basis (assuming expense recoveries of 0.2% p.a.) and includes the Investment Manager's fee of 0.615% p.a. of gross asset value.

² Responsible Entity due diligence fees may also be incurred where direct property assets are acquired. These fees are not included in the management costs for the purpose of this example, because they will only be incurred when acquisitions occur and are therefore not typical ongoing management costs.

³ The annual management costs are incurred progressively throughout the year, but for the purpose of the above fee example we have not included any annual management fees incurred on the \$5,000 contributed during the year.

Enquiries about this Supplementary PDS

For enquiries about the Supplementary PDS, please call us toll free on 1800 226 174 during business hours (AEST) or via email at jpalmer@ddhgraham.com.au.

This supplementary product disclosure statement (SPDS) is dated 19 March 2009. It supplements the two part product disclosure statement (PDS) for the Joseph Palmer & Sons Property Fund ARSN 133 409 382 (Fund) dated 28 November 2008, which was issued by DDH Graham Limited ABN 28 010 639 219 (AFS licence 226319). This SPDS must be read together with the PDS (Parts 1 and 2).

1. Definitions

Terms defined in the PDS have the same meaning when used in the SPDS.

2. Purpose of this SPDS

This SPDS has been issued because the Minimum Subscription Date for the Fund's initial capital raising has been extended, to 19 July 2009.

3. Details

As explained in Part 2 of the PDS, the Responsible Entity is seeking to raise initial capital for the Fund. The target amount sought to be initially raised is \$20 million; however, the minimum amount to be raised under the Initial Offer is \$3 million.

Part 2 also explains that this minimum subscription amount was originally sought to be raised by 28 February 2009 (the Minimum Subscription Date); although the Responsible Entity retained the discretion to extend the Minimum Subscription Date, without notice.

The Responsible Entity extended the Minimum Subscription Date until 19 March 2009.

The Responsible Entity has now decided to extend the Minimum Subscription Date for a further period of four months, until 19 July 2009. This is to allow further time for the minimum subscription amount to be raised.

4. What does this mean for Applicants?

As a result of the extension to the Minimum Subscription Date, the Responsible Entity is giving existing Applicants (who have lodged an application before 19 March 2009) a choice of two options.

Applicants can choose to either—

- (a) withdraw their application to invest in the Fund; and have their Application Money repaid to them, or
- (b) leave their application to invest in the Fund with the Responsible Entity; in which case (provided the minimum subscription amount is raised) Units will be issued to successful Applicants within 14 days of the new Minimum Subscription Date of 19 July 2009.

Applicants should note the Responsible Entity reserves the right to issue Units to successful Applicants earlier than 19 July 2009, provided the minimum subscription amount (\$3 million) has been raised.

An Applicant who wishes to withdraw their investment application must notify the Responsible Entity (using the election form which accompanies this SPDS—see below) within one month of receiving this SPDS.

All Applicants are requested to indicate which option they choose, by completing the election form which accompanies this SPDS and returning it to the Responsible Entity within one month. The form should be sent to:

DDH Graham Limited
GPO Box 330
Brisbane QLD 4001

If an Applicant does not complete and return the election form to the Responsible Entity within one month, then they will be taken to have decided to proceed with their application.

It is expected Application Money will be refunded to Applicants who choose to withdraw their Application, within approximately seven days after receipt by the Responsible Entity of the completed election form.

Applicants should note that, as explained in Part 1, any interest earned on Application Money will form part of the Fund; and interest will therefore not be paid to Applicants, on their Application Money.

5. Questions

If you have any queries in relation to this SPDS, then please telephone or email the Responsible Entity (details shown below):

T : 07 3210 2277
E : jpalmer@ddhgraham.com.au

Alternatively, please contact your licensed or authorised financial adviser.

Important Notice

This Product Disclosure Statement (PDS) is in two parts. This document is Part 1 of the PDS and is dated 28 November 2008.

This Part 1 of the PDS must be read in conjunction with Part 2.

The PDS is for the offer of Units in the Joseph Palmer & Sons Property Fund ARSN 133 409 382 (the Fund).

Part 1 provides some information on the Fund, its features and investment strategy, as well as information about the fees associated with an investment in the Fund.

Part 2 provides information on the Fund's current investments, financial position and performance history (where available), as well as other information about the current offer being made under the PDS.

This PDS has been issued by DDH Graham Limited (ABN 28 010 639 219), Australian financial services licence no. 226319, in its capacity as responsible entity of the Fund (referred to throughout this PDS as the "Responsible Entity", "DDH Graham", or (except in the letter from the Investment Manager) "we").

The Investment Manager for the Fund is Joseph Palmer & Sons (ABN 29 548 490 818) (referred to throughout this PDS as the "Investment Manager" or "Joseph Palmer & Sons").

This PDS contains information of a general nature only. It does not take into account your specific objectives, financial situation or needs. You should consider the information having regard to your own circumstances, before deciding whether or not to invest.

Please read this PDS (both Parts) in its entirety, before making a decision to invest. It is also recommended that you seek advice from a licensed or authorised financial advisor. If you have any questions, please contact the Responsible Entity on (07) 3210 2277, or your professional advisor.

None of the Responsible Entity, the Custodian, the Investment Manager, nor their partners, associates or directors, guarantee the success of the Fund, the repayment of capital or any particular rate of capital or income return.

This PDS does not constitute an offer of Units in any place which, or to any person to whom, it would not be lawful to do so. The distribution of this PDS in jurisdictions outside Australia may be restricted by law and any person into whose possession this PDS comes (including nominees, trustees or custodians) should seek advice on and observe those restrictions.

This PDS is made available in electronic form on the DDH Graham website at www.ddhgraham.com.au

If you wish to apply for Units, you may either use the Application Form which accompanies this PDS, or print a copy of the PDS and Application Form from the above internet address. The Offer constituted by this PDS in electronic form is available only to persons receiving this PDS in electronic form within Australia. If you have received this PDS electronically, you may request a paper copy to be provided to you free of charge by contacting the Responsible Entity.

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this PDS. Any information or representation not contained in this PDS may not be relied upon as having been authorised by the Responsible Entity in connection with the Offer.

The Responsible Entity, the Investment Manager and their related bodies corporate, together with their directors, partners, officers and associates, may hold Units in the Fund from time to time.

Information in this PDS (in either Part) may change from time to time. If the change will be materially adverse to Investors, then in accordance with the *Corporations Act 2001*, the Responsible Entity will issue a supplementary PDS. If however the change will not be materially adverse to Investors, then the Responsible Entity will not issue a supplementary PDS. Updated information will be available on the Responsible Entity's website at www.ddhgraham.com.au and upon request the Responsible Entity will provide you with a paper copy of any updated information free of charge. The Responsible Entity and the Investment Manager strongly recommend that you review this material before making a decision to invest in the Fund.

The Custodian is not the issuer of this PDS and has not prepared this PDS. The Custodian makes no representation regarding, and takes no responsibility for, the accuracy or truth of any statement in, or omission from, any part of this PDS.

Throughout the PDS, certain defined terms are used. Defined terms appear in the glossary section of the PDS (Section 11).

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SYDNEY NSW 2001

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Letter from the Partners of the Investment Manager

Dear Applicant

On behalf of the Investment Manager, Joseph Palmer & Sons, we are pleased to be involved in providing the opportunity to invest in the Joseph Palmer & Sons Property Fund (Fund). The Fund is designed for investors seeking both regular income distributions and potential capital gains, from a diversified portfolio of property securities, direct property and cash.

The Fund is an open-ended unlisted unit trust, which has a mandate to acquire property-related investments, such as property securities and direct property. The intention is to expand the portfolio asset base, with the aim of helping to reduce risk and enhance returns, through diversification.

Applicants should refer to Part 2 of this PDS for details of the Fund's size and current investments.

The Responsible Entity of the Fund is DDH Graham Limited, whose origins date back to 1981. DDH Graham Limited has considerable experience in trust management and administration, overseeing over \$2 billion in funds under management.

Joseph Palmer & Sons is an investment manager, stockbroker and financial advisory firm, which was established in 1872. Joseph Palmer & Sons has offices in Sydney and Melbourne and manages or administers over \$500m in investment assets.

We draw your attention to the information about Joseph Palmer & Sons and its executives, set out in Section 4 of this Part of the PDS.

The Investment Manager is focussed on growing the Fund's asset base, by actively pursuing property investment opportunities, being both property securities investments and direct property assets, which meet the Fund's investment objectives and criteria.

We invite you to consider this investment opportunity.

Malcolm Palmer
Managing Partner
Joseph Palmer & Sons

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1 FUND SUMMARY

This Section provides an overall summary of the Fund's purpose, structure, main features and investment strategy.

Details of the Fund's current investments are not provided in this Section, nor in the balance of this Part 1 document. Applicants should refer to Part 2 of the PDS for information about the Fund's current investments, and for some other key information about the Fund.

Applicants should read Part 1 and Part 2 of the PDS, in their entirety.

KEY FEATURE		SECTION (S) IN PART 1 OF PDS
Fund history	The Fund was registered with ASIC on 8 October 2008.	
Nature of the Fund	<p>The Fund is an unlisted unit trust, designed for Investors seeking regular income distributions and the potential for capital growth, from a diversified portfolio of property related investments¹.</p> <p>The Fund is open-ended, meaning that for as long as the Responsible Entity (through the Investment Manager) is able to source investments meeting the Fund's investment objectives and criteria, it will be kept open for further subscription.</p>	3
Investment strategy	<p>The Fund has a mandate to invest in Property Securities, as well as direct property assets.</p> <p>Property Securities investments may comprise direct investments in listed property funds (otherwise known as "A-REITS" and "REITS"), investments in unlisted property securities funds, or investments in unlisted direct property funds.</p> <p>The Investment Manager aims to diversify the Fund's portfolio (by investment type, property sector and location), over the medium to longer term.</p> <p>The Investment Manager may also maintain a portion of the Fund in cash investments.</p>	5
The Responsible Entity	DDH Graham Limited is the responsible entity for the Fund. DDH Graham oversees more than \$2 billion in funds under management and has been successfully operating since 1981.	3
The Investment Manager	<p>Joseph Palmer & Sons is the Fund's investment manager.</p> <p>Joseph Palmer & Sons is an experienced investment manager, stockbroker and financial advisory firm, which was established in 1872. As at the date of this PDS (Part 1), Joseph Palmer & Sons currently manages or administers over \$500 million in investment assets.</p>	4

¹ The Investment Manager's aim is to build and diversify the Fund's investment portfolio, over time. Applicants should however refer to Part 2 of this PDS for details of the Fund's current portfolio.

The Custodian	Australian Executor Trustees Limited is the custodian of the Fund's assets.	3
Key benefits	<ul style="list-style-type: none"> • Diversified portfolio structure (i.e., listed and unlisted Property Securities investments and direct property), that focuses on increasing diversification over time, with the aim of helping to minimise risk and maximise returns; • Tax-deferred distributions – the Investment Manager will aim to structure investments to maximise the flow-on of tax-deferred distributions to Investors (see Section 7); • Six-monthly distributions, with both cash and distribution reinvestment options available; • Access to property-related investment opportunities which are presented to Joseph Palmer & Sons, as well as access to Joseph Palmer & Sons' core investment selection and management competencies; • Superannuation funds are able to invest in the Fund (subject to their own investment mandates). 	N/A
Risks	<p>Applicants should be aware there are risks associated with making an investment in the Fund, including risks associated with investing in direct property, risks associated with investing in Property Securities, risks associated with borrowing and risks associated with investing generally.</p> <p>Distributions from the Fund are not guaranteed and neither is the return of Investors' capital.</p> <p>The categories of risks associated with investing in the Fund include, but are not limited to:</p> <ul style="list-style-type: none"> • Property market and other property-related risks; • Risks of adverse movements in the market price of listed securities; • Investment Manager performance risk; • Risk of increases in interest rates, and other risks associated with borrowing to help fund property acquisitions. <p>Applicants should particularly keep in mind that an investment in the Fund is not a liquid one. Withdrawal opportunities will only become available after three years from the Fund's commencement and those opportunities will be limited in their size and regularity. For a more detailed discussion of some of the risks involved in investing in the Fund, refer to Section 6.</p>	6
Borrowing policy	<p>The Fund may utilise debt to assist with any direct property acquisitions.</p> <p>The Responsible Entity's aim is to maintain a gearing ratio for the Fund (that is, the ratio of the Fund's total borrowings to the total gross value of its assets) of 30% or less, over the medium to long term. However,</p>	3

	<p>borrowings may exceed this level for short periods of time, to enable the Fund to pursue particular acquisitions.</p> <p>Further information in relation to any borrowings of the Fund can be found in Part 2.</p>	
Distributions	<p>Distributions from the Fund are paid six-monthly, based on periods ending 31 December and 30 June each year. Payment of distributions will be made (to Investors' nominated bank accounts, for those not participating in the distribution reinvestment plan) within 60 days from the end of each distribution period.</p>	3 & 7
Distribution reinvestment plan	<p>Investors may elect to reinvest all of their distributions under the Fund's distribution reinvestment plan.</p>	3
Unit Price	<p>The Unit Price is calculated by the Responsible Entity as and when needed (but at least monthly), in accordance with the Constitution and the Fund's Pricing Policy.</p>	Section 3 (and also see Part 2 of PDS)
Minimum initial Investment	<p>Minimum investment of \$10,000, and then in increments of \$5,000.</p>	2
Subsequent investments	<p>Existing Investors can make additional investments in increments of \$5,000 (unless invested under the Fund's distribution reinvestment plan).</p>	2
Minimum on-going investment	<p>Investors are required to maintain a minimum balance of \$5,000 in the Fund.</p>	2
Liquidity	<p>Regardless of the make-up of the Fund's investments at any point in time, Investors have no right to withdraw from the Fund, unless there is a withdrawal offer currently open for acceptance.</p> <p>Investors should therefore regard their investment in the Fund as medium to long term.</p> <p>For the first three years following the establishment of the Fund (and regardless of the make-up of the Fund's investment portfolio during that time), Investors will not have an opportunity to withdraw their investment. After then, the Responsible Entity intends to make limited, six monthly withdrawal offers to Investors, under which Investors will have the opportunity to redeem their Units for cash (subject to the amount available to meet withdrawals at the time).</p> <p>It is expected the first withdrawal offer will be made in or about December 2011.</p> <p>The amount available for withdrawal from the Fund on each occasion will be capped at 10% of the Fund's liquid assets (that is, available cash, cash-based investments and listed Property Securities).</p> <p>The Responsible Entity may suspend the making of withdrawal offers at any time, or choose to increase or decrease the amount available for withdrawals, if it believes this is in the best interests of Investors. The Responsible Entity also reserves the right to, in the</p>	3

	future, increase the frequency of withdrawal offers, however, Applicants should note that as at the date of this PDS, the Responsible Entity has no intention of doing this. Accordingly, Applicants should expect withdrawal opportunities will be strictly limited, in the manner explained above and in Section 3.	
Withdrawal Price	The Withdrawal Price will not be calculated until withdrawals from the Fund are offered (i.e., starting approximately three years after the establishment of the Fund). After then, the Withdrawal Price will be calculated semi-annually, to coincide with the closure of withdrawal offers made. The Withdrawal Price for a single Unit will be calculated by the Responsible Entity at the relevant time, in accordance with the Constitution and the Fund's Pricing Policy.	3
Fees	There are management fees and other costs associated with an investment in the Fund. Please see Section 8 for further information.	8
Buy/sell spread	There will be a buy spread associated with investing in the Fund, expected to be approximately 1% ² (an allowance for transaction costs). When withdrawals are offered, the sell spread on withdrawal is expected to be approximately 0.45% ³ (an allowance for transaction costs).	3
Cooling-off	Whether or not a cooling-off period applies to applications will depend on the make-up of the Fund's investments at the time— see Part 2.	2 (and also see Part 2 of PDS)

² As at the date of this PDS (Part 1).

³ As at the date of this PDS (Part 1).

2 INVESTMENT IN THE FUND

THE OFFER

This PDS offers investment in the Fund. By investing, Investors acquire Units in the Fund.

The Fund is open-ended, so as long as the Responsible Entity considers equity raised can be applied in accordance with the Fund's investment criteria, the Fund will remain open for investment. However, the Responsible Entity may in its discretion decide to close the Offer for periods of time and then re-open the Offer, without notice, or it may issue subsequent offer documents.

Part 2 of the PDS provides information concerning the Fund's current investments, financial position and performance history (where available), as well as other information relevant to the Offer under this PDS from time to time. Therefore, Part 2 of this PDS may change (or be supplemented by the Responsible Entity) from time to time. Applicants should make sure they read Part 2, before deciding whether to make an investment.

HOW TO INVEST

Applications for Units must be made by completing the Application Form accompanying this PDS.

The Application Form should be completed in accordance with the instructions in Section 10.

Application Forms must be accompanied by a cheque or electronic funds transfer for the Application Money. Cheques must be made payable to "AETL ACF Joseph Palmer & Sons Property Fund Applications Account" and crossed 'not negotiable'.

Your Application Form and cheque should be sent to:

DDH Graham Limited
GPO Box 330
Brisbane QLD 4001

For payments made by electronic funds transfer, the bank account details are:

Account name: AETL ACF Joseph Palmer & Sons Property Fund Applications Account

Bank: National Australia Bank

BSB: 082-067

Account number: 82-887-6950

If you forward Application Money to us by electronic funds transfer, you will need to advise us by email (jpalm@ddhgraham.com.au) or fax (07 3210 6986) when the payment is made, so that we can identify your money. If your Application Money has not been received and identified by our bank and by us, then we cannot process your Application Form.

Any Application Money received by electronic funds transfer without being separately advised to the Responsible Entity may be rejected and returned to the paying financial institution.

Any fees charged by a financial institution, in relation to identifying or rejecting money, will be deducted from the Application Money.

If a cheque or electronic funds transfer is dishonoured after Units are issued to the Applicant, then the Responsible Entity may treat the Units as void (i.e., the Units will be deemed never to have been issued).

A completed and lodged Application Form, together with payment of the Application Money, constitutes a binding application for Units and cannot be withdrawn.

If an Application Form is not completed correctly, then the Responsible Entity can either treat it as valid, or reject it, at the Responsible Entity's absolute discretion.

The Responsible Entity retains the discretion to reject any application (in whole or in part), and does not need to give a reason for doing so.

The minimum initial investment is \$10,000, and then in increments of \$5,000.

Existing Investors can make an additional investment in the Fund, by completing an Application Form. The minimum additional investment is \$5,000, unless invested under the Fund's distribution reinvestment plan.

Additional copies of the PDS (which includes the Application Form) can be requested by contacting the Responsible Entity, or they can be accessed via the Responsible Entity's website.

Investors can also elect to subscribe for further Units under the distribution reinvestment plan. See Section 3.

APPLICATION MONEY HELD IN TRUST

All Application Money received under this PDS will be held in trust in a bank account maintained solely for the purpose of depositing money received under this PDS, until the relevant Units are issued. Any interest earned on Application Money will be paid to and form part of the Fund. Applicants will not receive interest on their Application Money.

COOLING OFF PERIOD

Applicants should note that where the Fund is not "liquid" (according to the meaning of that term in the Corporations Act), no cooling-off period will apply to applications. In the future, it is possible the Fund will not be considered "liquid" (because of the Fund's target allocation to direct property investments). However, Applicants should ensure they refer to Part 2 of this PDS for some more information (including an explanation of the term "liquid"). If at a particular time the Fund has a substantial portfolio of Property Securities and/or cash investments, then it is possible a cooling-off period could apply.

ALLOTMENT AND PRICE OF UNITS

Applicants should refer to Section 3 of this document, and to Part 2 of this PDS, for information concerning when Units will be issued to successful Applicants, and how Units will be priced.

ENQUIRIES

If you have any queries regarding this Offer, please write to, phone or email the Responsible Entity (details shown below):

DDH Graham Limited
GPO Box 330
Brisbane QLD 4001

Phone: (07) 3210 2277
Fax: (07) 3210 6986
Email: jpalmer@ddhgraham.com.au

Alternatively, contact your licensed or authorised financial advisor.

3 THE FUND

STRUCTURE OF THE FUND

The Fund is an unlisted unit trust which is registered with ASIC as a managed investment scheme. Investors receive Units in the Fund, each of which confers an equal and undivided interest in the assets of the Fund.

The Fund is open-ended, which means that for as long as the Responsible Entity (through the Investment Manager) is able to source assets which meet the Fund's objectives and investment criteria, it will remain open for further investment. In this way, Investors have the opportunity to invest additional capital in the Fund, enabling it to grow and diversify its asset base.

WHAT IS A MANAGED INVESTMENT SCHEME?

Under a managed investment scheme, investors' funds are pooled with those of other investors, to facilitate larger scale investments in various classes of assets. Investors hold units in the scheme, which represent an interest in the assets of the scheme, based on the amount invested and the application price of the units at the time of entry. The unit price reflects the value of the underlying assets and may increase or decrease over time, with fluctuations in the value of those assets.

INVESTMENTS OF THE FUND

The Fund was established to invest in a portfolio of domestic and global listed and unlisted Property Securities and Australian direct property assets, with the aim of reducing risk and enhancing returns, through diversification. The Fund may also maintain a portion of its assets in cash-based investments.

See Section 5 for more information about the objectives and investment strategy of the Fund.

Applicants should also refer to Part 2 of this PDS, for details of the Fund's current investments and asset allocations.

THE RESPONSIBLE ENTITY

The responsible entity of the Fund is DDH Graham Limited, which was established in 1981. DDH Graham is an experienced fund manager, which has built a substantial business in administering/managing several investment and property trusts, as well as operating a money market fund. DDH Graham administers/manages more than \$2 billion in funds.

WHAT IS THE ROLE OF THE RESPONSIBLE ENTITY?

A responsible entity is required, to operate a registered managed investment scheme. The responsible entity must comply with certain statutory duties and perform the functions conferred on it by the scheme's constitution and the Corporations Act. To act as a responsible entity of a registered managed investment scheme (such as the Fund), the responsible entity must be a public company and hold an Australian financial services licence authorising it to operate the scheme.

THE INVESTMENT MANAGER

Joseph Palmer & Sons is the Fund's investment manager.

Joseph Palmer & Sons' role is primarily to source, acquire and manage the Funds' listed and unlisted Property Securities investments and direct property assets.

Please see Section 4 for information about the Investment Manager.

THE CUSTODIAN

The Responsible Entity has appointed an independent custodian to hold the assets of the Fund.

The Custodian of the Fund is Australian Executor Trustees Limited. Australian Executor Trustees Limited is one of Australia's largest and oldest statutory trustee companies. It has a wealth of experience in acting as either trustee or custodian. Australian Executor Trustees Limited is a subsidiary of Australian Wealth Management Limited, which is listed on the Australian Securities Exchange.

The Responsible Entity has appointed Australian Executor Trustees Limited under a Custody Agreement. The Custodian's main role is to hold the assets in its name and act on the direction of the Responsible Entity to effect cash and investment transactions.

Australian Executor Trustees Limited has no supervisory role in relation to the operation of the Fund and has no liability or responsibility to an Investor for any act done or omission made in accordance with the Custody Agreement.

Australian Executor Trustees Limited's role as Custodian is limited to holding the assets of the Fund.

BORROWINGS AND DEBT MANAGEMENT STRATEGY

The Fund may borrow to assist it in making direct property investments.

The Fund has a strategy to maintain borrowings equal to 30% or less of the Fund's total gross asset value, over the medium to long term. However, borrowings may exceed this level for short periods of time, to enable the Investment Manager to pursue particular acquisitions. When this occurs, the Responsible Entity will endeavour to apply additional equity raised under this PDS, to gradually reduce the Fund's level of borrowings.

The Responsible Entity may, from time to time, also choose to reduce borrowings using proceeds from the sale of the Fund's liquid investments.

To help minimise the negative impact of interest rate fluctuations on the earnings of the Fund, the Responsible Entity may, where it considers appropriate, choose to fix the interest rate on some or all of the Fund's borrowings, for periods of time.

All borrowings of the Fund will be on a limited recourse basis (so that a financier's recourse in relation to amounts lent is to the Fund and its assets, rather than to Investors and their personal assets).

Further information in relation to any borrowings of the Fund can be found in Part 2 of this PDS.

EQUITY MANAGEMENT

As the Fund is open-ended, the Responsible Entity and Investment Manager will have access to additional equity which is raised, to enable the pursuit of investment opportunities.

The Responsible Entity may, in its discretion, choose to sell assets of the Fund, if it considers the returns provided by an asset have been maximised. The Responsible Entity may, in its discretion, elect to return equity to Investors from time to time, if suitable reinvestment opportunities are not readily available.

DISTRIBUTIONS

It is the aim to make distributions from the Fund on a six monthly basis, following 31 December and 30 June each year. Distributions (for those Investors not participating in the distribution reinvestment plan) are usually paid within 60 days after the end of the relevant distribution period, by electronic funds transfer directly into an Investor's nominated Australian bank, building society or credit union account. If you do not provide account details for the payments, then your distribution amount will be automatically reinvested under the distribution reinvestment plan.

Similarly, if the account details provided are incorrect and the payment is rejected by your financial institution, then your distribution amount will be automatically reinvested under the distribution reinvestment plan (at the Unit Price applying on the next Business Day after receipt of the notice of rejection from the financial institution).

Only Investors named on the Unit register on the last day of a distribution period are entitled to distributions for that period.

Investors may choose to have all of their six monthly distributions reinvested, under the Fund's distribution reinvestment plan (see below).

The amount to be distributed to Investors will be determined at the absolute discretion of the Responsible Entity, but it will be based on the realised net income of the Fund. Distributions may from time to time include tax-deferred amounts (See Section 7). In addition, as mentioned earlier, when the Responsible Entity sells an asset of the Fund, it may at its discretion decide to return capital to Investors, if a suitable reinvestment opportunity is not readily available at the time.

DISTRIBUTION REINVESTMENT PLAN

The Responsible Entity operates a distribution reinvestment plan, under which Investors may elect to reinvest their distributions from the Fund to acquire further Units. Units are issued under the distribution reinvestment plan at the Unit Price applying on the last day of the relevant distribution period (as at the close of business).

Investors may elect to join, or withdraw from, the distribution reinvestment plan at any time, by giving the Responsible Entity at least 45 days' advance notice in writing.

The Responsible Entity may at any time change the terms of the distribution reinvestment plan or decide to suspend, cancel or reinstate the distribution reinvestment plan, in its absolute discretion. The Responsible Entity will give Investors at least 45 days' notice in writing before making any change to or cancelling the plan.

Investors who choose not to participate in the distribution reinvestment plan should note that their proportionate investment (i.e., percentage holding) in the Fund will be diluted over time, relative to those Investors who choose to participate.

TAXATION OF DISTRIBUTIONS

Section 7 contains some general information about the taxation of distributions from the Fund.

UNIT PRICE & ISSUE OF UNITS

Except for any period in relation to which the Unit Price is fixed (see Part 2), the Unit Price may fluctuate.

The Unit Price is calculated by the Responsible Entity as and when required (usually monthly), in accordance with the Constitution and the Fund's Unit Pricing Policy. The current Unit Price is available on the Responsible Entity's website.

The Unit Price is calculated by determining the net asset value of the Fund, adding an allowance for transaction costs (buy spread), and then dividing that amount by the number of Units on issue at the time. The buy spread is explained below.

The net asset value of the Fund at any time is calculated by subtracting from the value of the Fund's assets, all liabilities of the Fund (including any provisions the Responsible Entity considers should be taken into account). Amounts subscribed by Investors for Units are excluded from this calculation of the Fund's liabilities.

The Unit Price includes (in the net asset value calculation) a share of the distributable income already accrued in the Fund for the current distribution period. Accordingly, the Unit Price will normally fall immediately after the end of a distribution period (i.e., after 31 December and 30 June each year). Therefore, some of the capital paid by an Applicant to invest may be returned to the Applicant in the form of a distribution.

The Responsible Entity intends to issue Units to successful Applicants on a monthly basis, on or about the first Business Day of each calendar month. The Unit Price applied will be the Unit Price calculated as at the commencement of business on that day.

This means that if an Applicant lodges an application to invest during a month, and the application is accepted, then Units will **not** be issued to that Applicant until the beginning of the next month.

The fact that Units are issued monthly (rather than, for example, daily), at the Unit Price on or about the first day of the relevant month, can have a number of consequences, which Applicants should keep in mind when they invest:

- The price at which Units are issued to a successful Applicant may not be the same as the Unit Price on the day an Applicant lodges their application to invest. The Unit Price actually applied (on or about the first Business Day of the month immediately following lodgement) may be higher (in which case the number of Units allotted should be smaller), or it may be lower (in which case the number of Units allotted should be greater). Changes in the Unit Price can result from, for example, the distributable income of the Fund accruing as the current distribution period progresses, or changes in the value of the Fund's investments (e.g., when a direct property asset of the Fund is re-valued).
- If an Applicant invests in December or June (the last month of a distribution period), then they will not share in any distributions for that current distribution period, because their Units will not be allotted until on or about the first Business Day in January or July, respectively. They will only start to participate in distributions from the commencement of the next sixth-monthly distribution period after they invest.
- Also, if an Applicant invests in December or June, then (ignoring the impact of any increase or decrease in the Fund's net asset value) normally, the Unit Price will reduce to the extent of distributions declared on 31 December or 30 June.

The current Unit Price is published on the Responsible Entity's website (www.ddhgraham.com.au) however it is important to note that for the reasons explained above, the price at which Units are issued to a successful Applicant may be different from the Unit Price applying on the day the Applicant lodged their investment application with the Responsible Entity.

Investors will generally receive confirmation of their investment, which will include the Unit Price applied and the number of Units issued, within 5 Business Days after their Units are issued by the Responsible Entity.

WITHDRAWAL PRICE

The Withdrawal Price will not be calculated until withdrawals from the Fund are offered (i.e., starting approximately three years after the establishment of the Fund, in or about December 2011). The Withdrawal Price will then be calculated semi-annually, to coincide with the closure of withdrawal offers made. The calculation will be made in accordance with the Constitution and the Fund's Pricing Policy.

As with the Unit Price, the Withdrawal Price is calculated by first determining the net asset value of the Fund at the time. However, an allowance for transaction costs (sell spread) is then deducted, before the resulting amount is divided by the number of Units on issue, to arrive at the Withdrawal Price. The sell spread is explained below.

PRICING POLICY

The Constitution allows the Responsible Entity to exercise a certain amount of discretion in determining the Unit Price and Withdrawal Price. The purpose of the Fund's Pricing Policy is to explain how the Responsible Entity will exercise the discretions it has. A copy of the Pricing Policy can be obtained free of charge on request, by contacting the Responsible Entity, or it can be viewed on the Responsible Entity's website.

All Unit pricing calculations will be rounded to four decimal places; and the number of Units to be issued or redeemed (as the case may be) in any transaction will also be rounded to four decimal places.

BUY/SELL SPREAD

The Fund generally incurs costs in buying new investments and in selling investments. So that existing Investors do not continually bear the transaction costs resulting from new investments or from the sale of investments, Investors pay an amount on account of expected transaction costs, when they enter or exit the Fund. The amount paid on entering the Fund is known as the buy spread and the amount paid on exiting the Fund is known as the sell spread.

As explained earlier, the buy spread is added on to the net asset value of the Fund when calculating the Unit Price. The sell spread is subtracted from the net asset value when calculating the Withdrawal Price.

The buy/sell spread is determined by the Responsible Entity and may cover costs such as stamp duty, brokerage, agent's fees and legal expenses, along with due diligence and financing costs.

That part of the Unit Price or Withdrawal Price allocated to the buy/sell spread remains in the Fund as an asset to meet the cost of transacting and is for the benefit of Investors, to ensure equality between them. The buy/sell spread is not a fee payable to the Responsible Entity or Investment Manager.

As at the date of this PDS (Part 1), the Responsible Entity expects that in normal operating conditions, the buy spread will be 1% and the sell spread will be 0.45%.

WITHDRAWALS

An investment in the Fund should be viewed as a medium term one.

There is no present intention to list Units in the Fund on the Australian Securities Exchange or any other stock exchange and there is not expected to be a secondary market for selling Units.

Regardless of the make-up of the Fund's investments at any point in time, Investors may only make a request to withdraw some of their investment in the Fund where there is a current withdrawal offer open for acceptance. The Responsible Entity does not expect to make any withdrawal offers for the initial three years following the establishment of the Fund.

After that period, the Responsible Entity intends to make limited withdrawal offers every six months, under which Investors will be able to request redemption of their Units for cash, from the Fund. However, the total amount available for withdrawal under each six monthly offer will be capped at 10% of the Fund's liquid assets (cash, cash-based investments and listed Property Securities) at the time.

Where the withdrawal requests exceed the amount available, requests will be scaled back and met proportionately.

The Responsible Entity may, in its discretion, suspend the making of withdrawal offers, cancel a withdrawal offer, or choose to increase or decrease the amount available for withdrawals, if it considers it is in the best interests of Investors to do so. For example, it is possible the Responsible Entity might suspend the making of withdrawal offers if it considers the financial position of the Fund does not support a withdrawal offer being made at that time.

The Responsible Entity also reserves the right to, in the future, increase the frequency of withdrawal offers; however, Applicants should note that as at the date of this PDS, the Responsible Entity has no intention of doing this. Accordingly, Applicants should expect withdrawal opportunities will be strictly limited, in the manner explained in this Section.

The minimum amount that may be withdrawn by an Investor at any one time is \$5,000. The minimum balance an Investor must maintain in the Fund (if they are not withdrawing all their investment) is \$5,000. If giving effect to a particular withdrawal request would result in an Investor having an investment balance of less than \$5,000, then the Responsible Entity may treat the withdrawal request as relating to the whole of the Investor's remaining balance in the Fund.

4 THE INVESTMENT MANAGER AND ITS INVESTMENT PROCESS

The Investment Manager, Joseph Palmer & Sons, is an experienced investment management, stockbroking and financial advisory firm. Established in 1872, Joseph Palmer & Sons has (at the date of this Part 1 document) over \$500 million in investment assets under management or administration. The firm is Australia's oldest family-owned financial services business and holds Australian financial services licence no. 247067.

Founded and 100% owned by the Palmer family, Joseph Palmer & Sons is directly involved in and responsible for driving the performance of the Fund. Investors benefit from the extensive experience of Joseph Palmer & Sons' partners and executives in investment funds management.

Joseph Palmer & Sons has experience in most facets of the Australian investment and financial markets. The firm provides investment advice to individuals, corporations and institutions; and manages funds for more than 100 clients. Joseph Palmer & Sons' funds management operation encompasses all major asset classes, including shares, fixed interest and property.

INVESTMENT MANAGER'S EXECUTIVE TEAM

<p>Malcolm Palmer – Malcolm Palmer is the Managing Partner and Responsible Executive of Joseph Palmer & Sons and is the great-grandson of the firm's founder. Malcolm was elected a Member of the Australian Securities Exchange in 1993 and has more than 25 years experience in investment analysis and markets.</p> <p>Prior to 1993, Malcolm was an investment director at Tyndall Investment Management (now a subsidiary of Suncorp). At Tyndall, Malcolm managed share and fixed interest funds that were ranked amongst the best performing in Australia. Malcolm's extensive experience in investment analysis led him to assist in developing proprietary investment analytical systems at both Joseph Palmer & Sons and Tyndall.</p> <p>Malcolm has been a lecturer at numerous Australian Securities Exchange investor education courses and conducts regular presentations on investments and related topics. Joseph Palmer & Sons is a member of the Securities & Derivatives Industry Association.</p>
<p>Allan Furlong – Allan is the Manager of Private Client Services and manages the firm's Brokers & Dealing Room operations, in addition to acting as fund manager to a large portfolio of private clients. He supports Malcolm in the progression of Joseph Palmer & Sons to a more diverse financial services organisation, leveraging off his 23 years experience in the banking sector across branch banking, international trade finance, relationship management, human resources policy & procedures, quality assurance & procedures, and national processing operations management.</p>
<p>Graham Wearn – Graham is a senior Client Adviser at Joseph Palmers & Sons and acts as a fund manager to a large portfolio of private clients. Prior to joining the firm in 2003, he had a diverse career background spanning 20 years in retail banking & international trade finance with a major Australian bank and also worked for a large international commodity firm.</p>

INVESTMENT MANAGER'S ROLE

Joseph Palmer & Sons' primary role is to source, select and manage the Fund's investments, to meet the investment objectives of the Fund.

JOSEPH PALMER & SONS' INVESTMENT PROCESS

Property-related investments represent a core component of the investment portfolios of many of Joseph Palmer & Sons' clients. The firm has extensive experience in the analysis, selection and management of both direct property and property securities.

Joseph Palmer & Sons has an established investment process that ensures all investments meet the Fund's investment objectives and criteria. Analytical systems have been developed which are employed to help assess each proposed property-based investment, using key criteria such as rental yield, asset valuation, capitalisation rates and gearing levels.

Joseph Palmer & Sons continually researches the markets for suitable investment opportunities that it considers will meet the Fund's investment objectives.

The firm's ongoing investment management process then aims to ensure that each investment is performing in accordance with the investment objectives of the Fund.

5 THE INVESTMENT OBJECTIVES AND STRATEGY OF THE FUND

This section describes the overall investment objectives and strategy of the Fund.

Please refer to Part 2 of this PDS for more information about the Fund's current investments and current asset allocations.

INVESTMENT OBJECTIVES

The investment objectives of the Fund are to provide Investors with:

- Potential for capital gain, through capital growth in the underlying assets of the Fund;
- Regular distributions, with a percentage being tax-deferred distributions; and
- Exposure to a portfolio comprising, over the medium term, a diversified mix of Property Securities and direct property investments, which meet the Fund's investment criteria.

INVESTMENT STRATEGY

The investment strategy of the Fund is to invest in, and actively manage, a diverse portfolio of domestic and global listed and unlisted Property Securities investments, as well as direct property assets. It is intended the Fund's diversity will be achieved over time, however, Applicants should refer to Part 2 of this PDS for details of the Fund's current investment portfolio.

The below table shows the expected asset allocation ranges for the Fund, and the indicative target asset allocations intended to be achieved in the medium to long term (noting the actual asset allocations may be outside these ranges in the shorter term, while the Fund is in its establishment phase):

ASSET CLASS	ASSET RANGE	MEDIUM TO LONG TERM TARGET ALLOCATION
Property Securities (listed ¹ & unlisted)	50-90%	70%
Direct property assets	0 – 40%	25%
Cash and cash-based investments	0 – 30%	5%

1. This includes investments in unlisted funds which themselves invest directly or indirectly in listed Property Securities

DIRECT PROPERTY ASSETS

It can be seen the Fund has a targeted investment allocation to direct property assets.

The Investment Manager will seek to build up a portfolio of Australian office, retail and industrial assets, over a period of time (although it is not expected the Fund will acquire direct property assets in the short term).

The Investment Manager makes its investment decisions based on property fundamentals, seeking direct assets which are characterised by sustainable tenant covenants, located in strong markets, are of high quality, can provide stable cashflows and have the potential for capital growth.

The Investment Manager will target the three main commercial real estate classes of office, retail and industrial properties for the Fund.

It is envisaged that many of the potential direct property assets for the Fund will be sourced by the Investment Manager on an off-market basis, through the Investment Manager's contact network within the property and finance industries. The Investment Manager believes this will enable it to more effectively structure transactions and maximise the return potential for the Fund.

It is anticipated the direct property assets sought for the Fund will demonstrate, or will have the potential to demonstrate, the following characteristics:

- Well located within their market;
- A reliable cashflow, based on rental income from sound tenancies;
- Opportunity for the application of active management strategies (such as for example through potential refurbishment or re-leasing opportunities), to enhance income and capital return potential;
- Located in strong property markets, or markets the Investment Manager believes have the potential to perform; and
- Limited exposure to direct development or construction risk.

DIRECT PROPERTY ASSET DUE DILIGENCE PROCESS

The Investment Manager will establish a due diligence team for each proposed direct property acquisition, normally including independent legal, valuation and building consulting professionals (as may be considered appropriate by the Investment Manager), in addition to the Investment Manager's own team. All direct property acquisitions must first receive relevant sign-offs from independent consultants on the due diligence team and from the Responsible Entity, before they may proceed.

PROPERTY SECURITIES

The Investment Manager may invest between 50% and 90% of the Fund's asset base in Property Securities investments (both domestic and global), over the medium to long term.

The Property Securities investments which may be made could include—

- direct investments in Australian listed property funds (otherwise known as "A-REITS")
- investments in Australian domiciled unlisted funds which themselves invest in listed domestic or global property funds
- investments in unlisted direct property funds (unlisted funds which have Australian direct property assets).

It is possible the Fund might invest in a diversified fund—a fund which itself has a mixture of both Property Securities and direct property investments.

The Fund's exposure to any listed global Property Securities will be through professionally managed Property Securities funds, that are operated from Australia and deliver their returns in Australian dollars (including through currency hedging arrangements).

This approach ensures Investors obtain the benefits of some global market diversification, without direct exposure to foreign currency or overseas taxation.

INVESTMENT EXCLUSIONS

The Fund will not invest in mortgage funds or in residential property.

DEVELOPMENT EXPOSURE

The Fund will not invest in speculative development activity (i.e., acquiring land purely to develop and then sell for development profit).

The Fund may from time to time wish to refurbish, renovate or extend existing property assets, with the aim of increasing income returns and capital growth potential.

The Fund may also acquire a property which is not a completed building, but only on the basis the vendor, or developer, of the property is made contractually responsible for the construction process, and for development and leasing risks (to the greatest extent possible, including being obliged to achieve leasing pre-commitments of at least 70% (by expected net rental income) before completion of construction).

In addition, the Fund will only acquire properties for the purpose of deriving rental or similar income from them, over the medium to long term.

6. RISKS

Investing in a property investment fund carries with it certain risks, from general economic risks to specific risks associated with an asset or an asset class, whether it be cash, direct property or property related securities.

Neither the Responsible Entity, Investment Manager nor Custodian guarantee the capital, income returns or investment performance of the Fund or its underlying assets.

Listed in this Section are a number of significant risks associated with investing in the Fund. This is not an exhaustive list of all possible risks associated with investing in the Fund, however they are each provided as a guide to the significant risks associated with investing. Applicants should make their own assessment of the risks and satisfy themselves that they are comfortable with those risks. Should one or more of the risks materialise, then the return of Investors' capital, and/or the distributions from the Fund, may be adversely affected.

GENERAL RISKS

The future performance of the Fund may be adversely affected by a range of factors, including movements in inflation, interest rates, general economic conditions, changes in legislation and accounting standards, changes in government policy, changes in the supply and demand for property and property related securities and general property investments. Applicants should be aware that there are risks associated with any property related investment and that the price of these investments can move down as well as up.

PROPERTY MARKET AND OTHER PROPERTY RELATED RISKS

There are a number of risks associated with investing (directly or indirectly) in property and these include, but are not limited to:

- A downturn in the value of property, and in the property market in general;
- Tenant vacancy fluctuations;
- Increased competition from new or existing properties;
- A downturn in the economy;
- Interest rate fluctuations; and
- Amendments to regulations and statutes having a detrimental effect on the Fund and its property assets.

CAPITAL EXPENDITURE

The need for unforeseen capital expenditure on direct property assets over the life of the Fund, and how this expenditure will be funded, may have an adverse impact on the returns to Investors.

DUE DILIGENCE

When acquiring properties, the Investment Manager will engage appropriate experts to assist in its due diligence processes. However, despite all investigations, the Investment Manager cannot guarantee it will have completely identified and mitigated all risks associated with the acquisition of investments.

SECURING DIRECT PROPERTY

The Investment Manager will work to source appropriate direct property investments, however there is a risk that this may take considerable time or opportunities may not eventuate. The Investment Manager considers the risk of not being a patient investor, and selecting an investment unwisely, outweighs the risk associated with delaying direct property investment until the right asset can be secured for the right price.

DIRECT PROPERTY INCOME RISK

When the Fund undertakes direct property acquisitions, income distributions may have less tax-deferred portions than envisaged, or distributions from the property may be lower than expected. Where possible, the Investment Manager will seek acquisitions that are distribution accretive and which help sustain a reasonable level of tax-deferred distributions for the Fund.

DEVELOPMENT RISKS

As explained in Section 5, the Fund might invest in properties which are being developed or which are to be developed.

Whilst the Investment Manager will endeavour to put in place arrangements to minimise the Fund's direct exposure to development risk, all property development activities come with inherent risks and it will not be possible to negate all of those risks for the Fund.

Risks associated with property development (which includes re-development of, or the carrying out of improvements to, properties) include, for example:

- Cost overruns or increases.
- Delays in construction.
- Defaults by, or poor performance of, a developer, contracted builders or subcontractors.
- A developer (or builder) suffering financial difficulties and being unable to perform their obligations (which could mean the Responsible Entity has to make alternative arrangements to complete the work, or it may have to sell the incomplete property).
- An inability to obtain planning, building or development approvals, or an inability to obtain these on favourable terms.
- Economic conditions leading to increases in the cost of materials or services or the unavailability of labour.

PROPERTY SECURITIES

The significant risks associated with this type of investment are that securities may decline in value, or may not pay income distributions. Either may occur for a variety of reasons, including declining investor confidence in equity markets and poor management decisions by fund managers. Rising interest rates, political instability or war can also have a negative impact on Property Securities investments.

It is important to note that the value of investments in listed funds (like other equities) is generally determined by the market and market sentiment—the price of investments in listed funds can go down as well as up, due to factors which are all beyond the control of the Responsible Entity and the Investment Manager. Market volatility can therefore have an adverse impact on the value of the Fund's Property Securities investments and therefore on the value of Investors' Units in the Fund.

DEBT FUNDING AND INTEREST RATES

An investment in the Fund is an investment in income producing property-based assets, acquired partly using Investors' funds (equity) and, in the case of direct property assets, partly using borrowed funds (debt). Gearing a property investment generally increases the potential for both gains and losses. Gearing also means that acquisition costs, charges and fees represent a higher percentage of the equity used in a purchase than if there was no debt involved. In the event the Fund is unable to service its borrowings, through for example tenant defaults, then distributions may be reduced or suspended and the lender may enforce its security over assets of the Fund.

Changes in official interest rates can have a direct and indirect impact on investment returns. Should the Fund acquire a direct property asset and obtain borrowings to complete the purchase, the Fund will be directly exposed to interest rate fluctuations. The Responsible Entity will seek to minimise any negative impact on the earnings of the Fund by endeavouring to secure fixed interest rate arrangements, where appropriate and possible. However, when interest rates are not fixed, the Fund will be exposed to interest rate fluctuations.

Also, where a debt facility with a financier is to expire, then it will need to be re-financed by the Responsible Entity, with the same or another financier. At this time, interest rates may well be higher than they were when the facility was entered into. Having to re-finance debt funding at a higher interest cost will adversely impact on the Fund's income and therefore on returns to Investors. In addition, the Responsible Entity might be unable to secure suitable finance, which could lead to a need to sell investments of the Fund, to repay or reduce debt. In these circumstances, it is always possible that assets might need to be sold in unfavourable market conditions or on terms less favourable to the Fund than might have otherwise been achieved in different circumstances.

MARKET RISK

Changes in legal and economic policy, political events, technology failures, economic cycles, investor sentiment and social climate can all directly or indirectly create an environment that may influence (negatively or positively) the value of investments in the Fund. In addition (as mentioned earlier), movements in the general Property Securities markets or the Australian property market can influence the performance of the Fund.

TAXATION

The effect of taxation on Investors is complex and the summary in this PDS is general in nature only. The circumstances of each Investor may vary. Changes to taxation legislation may also impact adversely upon Investors' returns. Investors should obtain independent tax advice in respect of any investment in the Fund.

DILUTION

When the Fund issues new Units to Investors (including under the distribution reinvestment plan), the proportionate ongoing interest in the Fund of other Investors who do not participate will be reduced.

LIQUIDITY

As explained earlier in this PDS, an Investor will not be able to withdraw from the Fund whenever they want to. Limited six monthly withdrawal offers are expected to be made to Investors after three years (as explained in Section 3), however an investment in the Fund should be considered to be illiquid and medium to long term, because there is unlikely to be a secondary market for Units.

Even for periods of time during which all or a substantial portion of the Fund's investments are liquid assets (e.g., investments in cash and some Property Securities investments), the Responsible Entity intends to only enable Investors to withdraw when specific withdrawal offers are made.

The intended limited withdrawal offers may be suspended, further limited or cancelled by the Responsible Entity in its discretion, resulting in Investors not being able to redeem their Units when desired. Units may however be sold by Investors to other parties, subject to the approval of the Responsible Entity.

INVESTMENT MANAGER RISKS

The performance of the Fund may depend to some extent upon the expertise of the Investment Manager and of the managers of any Property Securities funds in which the Fund itself invests, and the quality of decisions made by them.

If the Investment Manager or any Property Securities fund managers default in their obligations, then this may adversely affect the ability of the Responsible Entity to source suitable new investments for the Fund; and any poor investment choices made by the Investment Manager or any Property Securities fund managers may in turn adversely impact on the financial performance of the Fund and the returns of income and/or capital to Investors.

The Responsible Entity considers the principals of Joseph Palmer & Sons have suitable experience and expertise in the selection and management of property-based investments, and therefore, it is considered Joseph Palmer & Sons will have the ability to perform its role as Investment Manager for the benefit of the Fund.

7. FINANCIAL AND TAX INFORMATION

DISTRIBUTIONS

Distributions from the Fund are normally paid six monthly, based on distribution periods ending 31 December and 30 June in each year. Payment of distributions will normally be made within 60 days of the end of each distribution period.

The Fund's distributions will generally consist of the net realised earnings of the Fund (before unrealised gains on Property Securities and before direct property revaluations). The distribution amount will be determined by the Responsible Entity, at its absolute discretion.

Distributions may also comprise some return of Investors' capital.

Investors may choose to have distributions paid directly into a nominated Australian bank account, or to have them reinvested to acquire additional Units in the Fund pursuant to the distribution reinvestment plan .

TAX

It is recommended Applicants seek professional taxation advice prior to investing. The information in this section is general information only, related to Australian residents only, and may change from time to time.

Based on current tax legislation, the Fund should not be liable for income tax, as it is intended that Investors will be presently entitled to all of the income of the Fund. The Fund may however, be liable for income tax in any given year in circumstances where it meets the requirements to be classed as either a public trading trust or a corporate unit trust for that year. It is intended that the Fund will not meet either of these requirements and should therefore not be taxable in its own right.

Investors are liable to pay tax on their share of the taxable income of the Fund in the year in which they are presently entitled to that income. An Investor's share of the taxable income of the Fund for the year ended 30 June must therefore be included in the Investor's assessable income for the financial year ended on that date. This applies irrespective of whether the actual distribution of the income from the Fund is paid in a subsequent year, or reinvested to acquire further Units in the Fund.

Distributions from the Fund may include various components, the taxation treatment of which may differ. Depending on the types of investments made, the Fund can derive income in the form of dividends, interest, rent, capital gains on disposal of investments and other types of income. A distribution from the Fund to an Investor may include a tax-deferred component, a capital gains tax (CGT) discount concession component, as well as net capital gains. Each year, Investors will receive an annual tax statement for the Fund, which will assist in the completion of income tax returns.

The Responsible Entity expects that a portion of distributions will be tax-deferred. Tax-deferred distributions arise from property investments which attract building allowances, depreciation allowances and other tax timing differences. Tax-deferred amounts are not assessable when received, unless and until the total tax-deferred amounts received by an Investor exceed the Investor's cost base of the Units. For CGT purposes, amounts of tax-deferred distributions received reduce the Investor's cost base for their Units and therefore affect the Investor's capital gain/loss on disposal of the Units.

Where an asset that is owned by the Fund for at least 12 months is disposed of, the Fund may claim a 50% CGT discount concession on the capital gain realised upon disposal of that asset. The CGT discount concession

component of a distribution by the Fund will represent the CGT discount claimed by the Fund in respect of asset disposals. The CGT discount concession component is not assessable when received by Investors. Where a Fund distribution includes a CGT concession component, there will be no reduction to the cost base of the Units held by an Investor.

The capital gain component of a distribution must be included in the Investor's calculation of their net capital gain. Where the distributed capital gain includes a CGT discount concession component, the Investor is required to "gross up" that component by the discount applied by the Fund (i.e. 50%). The nominal capital gain (i.e. the whole amount of the gain prior to discounting) is then included in the calculation of the Investor's net capital gain. For example, in calculating the Investor's net capital gain, the Investor may be able to off-set their capital losses against the nominal capital gain. Once the Investor has calculated their net capital gain, the Investor may be entitled, in their own right, to a CGT discount concession if the Investor is an individual, a trust or a complying superannuation fund. Companies do not receive a discount concession on capital gains.

A disposal of Units in the Fund will have CGT implications. Broadly, Investors must include any realised capital gain or loss in the calculation of their net capital gain. A net capital gain will be included in Investor's assessable income. A net capital loss may be off-set against other net capital gains or carried forward until the Investor has realised capital gains against which the net capital loss can be off-set.

The net capital gain to Investor is generally worked out as follows:

- The capital gain or loss is the excess or shortfall of disposal proceeds over the cost base of the Units.
- If Units have been held for less than 12 months, this is the amount of gain or loss included in the net capital gain calculation.
- If Units have been held for 12 months or more and there is a loss, similarly this loss is included in the net capital gain calculation.
- If Units have been held for 12 months or more and there is a gain, a discounting factor may be available to certain Investors. The discounting factor for individuals and trusts is 50% (including non-complying superannuation funds), whilst a discount factor of 33 $\frac{1}{3}$ % *[note- make sure this is appears as a proper fraction in the final printed PDS]* applies to complying superannuation funds. Companies are not entitled to a discount.

GOODS AND SERVICES TAX

The Fund will be registered for GST. Generally, GST will be paid by the Fund on fees and expenses paid by it and the Fund will be entitled to claim input tax credits. In relation to certain expenses, the Fund will only be able to claim a reduced input tax credit (RITC), which will commonly be at least 75% of the GST paid in respect of the expense.

The issue and redemption of Units in the Fund to/by Investors will not be subject to GST. However, Investors will generally not be entitled to claim back any GST incurred on expenses associated with their investment in the Fund (such as legal and tax advice).

It is recommended that Applicants seek their own professional advice on how GST will impact their investment in the Fund.

STAMP DUTY

It is expected that, in most circumstances, stamp duty will not be payable on the issue, redemption or transfer of Units. The Responsible Entity will endeavour to manage the Fund's investments and equity raising processes so that stamp duty should not be payable where Investors transact in Units.

In the short to medium term, due to the number of unitholders and the spread of the unitholdings, it is not expected that the Fund will qualify as a "public unit trust scheme" for stamp duty purposes in the jurisdictions in which it will make direct property investments. However, provided no Investor (together with their "associates") acquires a 20% or more interest in the Fund (including as a result of the distribution reinvestment plan) at a time when the Fund holds a direct or indirect property interest, then it is anticipated that stamp duty will not be payable on the issue, redemption or transfer of Units.

However, the Responsible Entity cannot guarantee there will never be circumstances in which stamp duty may be payable on the issue, redemption or transfer of Units. If stamp duty is payable on one of these transactions, then it will have to be borne by the transacting Investor at the time, usually through an increased buy or sell spread (in the case of issues of new Units or withdrawals from the Fund).

It should be noted stamp duty legislation varies across the different States and Territories in Australia. The stamp duty law is very complex and changes from time to time. Accordingly, an Investor should seek stamp duty advice before making any decision to transfer their Units.

TAX FILE NUMBER

The Application Form contains space for you to disclose your tax file number and Australian Business Number, if applicable. If you do not provide us with your tax file number (or exemption details), we must withhold tax at the highest marginal rate (plus Medicare levy) from taxable distributions payable. It is not, however, against the law for you to choose not to quote your tax file number or exemption. The collection of tax file numbers is authorised, and the use of such information is regulated, by the tax laws and the privacy legislation.

8 FEES AND OTHER COSTS

Government regulations require the Responsible Entity to include the following standard consumer advisory warning. The information in the consumer advisory warning is standardised across all product disclosure statements and is not specific to information on fees and costs in relation to this Fund.

CONSUMER ADVISORY WARNING

DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.

For example, total annual fees and costs of 2.0% of your fund balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial advisor.

TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the **Australian Securities and Investments Commission (ASIC)** website (www.fido.asic.gov.au) has a managed investment fee calculator to help you check out different fee options.

FEES AND OTHER COSTS

This section shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the Fund assets as a whole.

Information in relation to taxes is set out in Section 7 of this PDS.

You should read all the information about fees and costs because it is important to understand their impact on your investment.

Unless otherwise stated, all amounts in this section are inclusive of GST, less any applicable reduced input tax credits. The Fund may also be entitled to additional input tax credits.

TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
Fees when your money moves in or out of the Fund		
Establishment fee The fee to open your investment.	Nil	Not applicable.
Contribution fee The fee on each amount contributed to your investment.	Nil	Not applicable.
Withdrawal fee The fee on each amount you take out of your investment.	Nil	Not applicable.
Termination fee The fee to close your investment.	Nil	Not applicable.

Management costs		
The fees and costs for managing your investment.	(i) Fund management fee (Responsible Entity) ¹ — This is the fee for administering the Fund. The fee is 0.154% p.a. of gross asset value, with a minimum fee of \$20,500 p.a.	Payable to the Responsible Entity. This fee accrues daily and is paid monthly in arrears, out of the Fund.
	(ii) Investment management fee (Investment Manager) — This is the fee for acting as investment manager for the Fund. The fee is up to 0.615% p.a. of the gross value of the assets of the Fund.	Payable to the Investment Manager. This fee accrues daily and is paid monthly in arrears, out of the Fund.
	(iii) Due diligence fee (Responsible Entity) ¹ — This fee is payable in connection with the acquisition of each additional property by the Fund. The fee will be in the range of \$10,000 to \$25,000.	Payable to the Responsible Entity following completion of a direct property asset purchase, out of the Fund.
	(iv) Expenses ² — Expected to be approximately 0.2% per annum of the gross value of the assets of the Fund.	Expenses are deducted from the income or assets of the Fund and are either paid when incurred to the relevant person, or reimbursed to the Responsible Entity.
	(v) Removal fee ³ — This fee is payable if the Investment Manager is removed as the investment manager of the Fund. The fee is not payable if the Investment Manager voluntarily retires, or if the removal is as a result of an unremedied default by the Investment Manager. The fee is equal to 3.075% of the gross value of the assets of the Fund.	This fee is calculated on the day before the removal of the Investment Manager is to take effect, and is payable out of the Fund within 3 days of the Investment Manager being removed. No subsequent or other investment manager may receive the benefit of this fee.
Service fees		
Investment switching fee The fee for changing investment options.	Nil	Not applicable.

1. See Additional Explanation of Fees and Costs — Management fees below.
2. See Additional Explanation of Fees and Costs — Expense recoveries below.
3. See Additional Explanation of Fees and Costs — Investment Manager removal fee below.

EXAMPLE OF ANNUAL FEES AND COSTS FOR THE FUND

This table gives an example of how the fees and costs of the Fund can affect your investment over a 1 year period. You should use this table to compare this product with other managed investment products.

EXAMPLE		BALANCE OF \$50,000 WITH A CONTRIBUTION OF \$5,000 DURING YEAR
Contribution fees	0%	For every additional \$5,000 you put in, you will be charged \$0.
PLUS Management costs	1.384% ^{1 & 2}	And, for every \$50,000 you have in the fund it is estimated that you will be charged \$692.00 each year.
EQUALS Cost of fund		If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during this year, you would be charged fees of \$692.00 ³ What it costs you will depend on the fees you negotiate with us and your financial advisor.

¹ The total annual management costs for the Fund are 0.969% p.a. on a gross assets basis (assuming expense recoveries of 0.2% p.a.) and include the Investment Manager's fee of 0.615% p.a. of gross asset value. The figure of 1.384% p.a. is therefore a measure of the annual costs charged against the Fund's net assets, assuming a gearing level for the Fund of 30%.

² Responsible Entity due diligence fees may also be incurred where direct property assets are acquired. These fees are not included in the management costs for the purpose of this example, because they will only be incurred when acquisitions occur and are therefore not typical ongoing management costs.

³ The annual management costs are incurred progressively throughout the year, but for the purpose of the above fee example we have not included any annual management fees incurred on the \$5,000 contributed during the year.

ADDITIONAL EXPLANATION OF FEES AND COSTS

Contribution fee under Constitution

Under the Constitution of the Fund, the Responsible Entity is entitled to charge a contribution fee (i.e., entry fee) equal to 5.125% of Application Money, in relation to each application to invest. However, the Responsible Entity does not currently charge this fee and it does not intend to charge this fee.

Buy/sell spread

Please refer to Section 3 for an explanation of the buy/sell spread.

Management fees

Responsible Entity management fee

The Responsible Entity's management fee is explained in the fees and other costs table. However, the Constitution of the Fund permits a responsible entity of the Fund to charge a management fee of up to 1.281% per annum of the gross value of the assets of the Fund (which is \$640.50 per \$50,000 of gross asset value). As at the date of this PDS (Part 1), the Responsible Entity does not intend to increase its Fund management fee above the level explained in the fees and other costs table.

If the Responsible Entity intends to increase its management fee, then it will give Investors 60 days written notice before doing so.

Due diligence fee

This fee is charged by the Responsible Entity to the Fund whenever a new direct property asset is to be acquired on a recommendation by the Investment Manager. The maximum due diligence fee chargeable in relation to an

acquisition is \$25,000. The actual amount the Responsible Entity will charge for a given acquisition will be based on the complexity of the recommended direct property transaction.

Investment Manager removal fee

If Joseph Palmer & Sons is removed as the investment manager of the Fund (other than as a result of fraud, dishonesty or gross negligence in the performance of its duties), then in consideration for work done in managing the assets of the Fund and facilitating the orderly replacement of the investment manager, Joseph Palmer & Sons is entitled to a fee equal to 3.075% of the value of the assets of the Fund (\$1,537.50 per \$50,000 of gross asset value). This fee will be calculated on the day before the removal of Joseph Palmer & Sons and is payable within 3 days of removal. No subsequent investment manager may receive the benefit of this fee (except where the subsequent investment manager is a related entity of Joseph Palmer & Sons).

Expense recoveries

The Responsible Entity is entitled to be reimbursed out of the Fund for costs, charges and expenses properly incurred in relation to the Fund. These expenses include but are not limited to the cost of items such as administration, custodian services, bank charges, audit and tax advice, compliance costs, stationery, postage, legal costs, printing and information technology expenses and the services of external consultants.

The Responsible Entity has estimated expense recoveries will be approximately 0.2% p.a. of the gross value of the assets of the Fund in the short to medium term.

If the Responsible Entity becomes liable for any duty, tax or liability, (including bank charges or bank accounts debits tax) which directly relates to a particular Investor, it is entitled to deduct the appropriate amount from any money, including income entitlements, payable or credited to that Investor.

The estimated percentage for expense recoveries shown in the fees and costs table includes the fee payable to the Custodian.

Related party payments

The Investment Manager may seek building (i.e., construction/improvement) services for the Fund from related entities of the Investment Manager. The fees for these services will be charged at normal commercial rates and they will be subject to approval by the Responsible Entity, prior to the engagement of the service provider.

Changes to fees and charges

The Responsible Entity or Investment Manager may, in its discretion, accept lower fees and expenses than it is entitled to receive, or it may defer payment of those fees and expenses for any time. If payment is deferred, then the fee accrues daily until paid.

Wholesale investors

The Responsible Entity may negotiate on an individual basis with "wholesale clients" (as defined in the Corporations Act) in relation to rebates on management fees in circumstances permitted by the Corporations Act or under applicable relief granted by ASIC. Any differential fee arrangements will not adversely affect the fees paid by other Investors.

GST

Unless otherwise indicated, all fees stated in this PDS are inclusive of GST and reduced input tax credits. Where GST is payable in relation to a fee or expense and an input tax credit is available from the tax office, then the Fund will be credited with the amount of the input tax credit. A full input tax credit may not be available on some fees or expenses. In disclosing the fees and in calculating the dollar examples provided, it has been assumed that the Fund will be entitled to recover a reduced input tax credit (RITC) of 75% of the GST charged to the Fund. However, the Fund will also be entitled to additional input tax credits in relation to its direct investment in property.

9 ADDITIONAL INFORMATION

In this section are summaries of certain material documents relating to the Fund. These include the:

- Constitution;
- Compliance Plan;
- Investment Management Agreement; and
- Custody Agreement.

THE CONSTITUTION

The relationship between Investors and the Responsible Entity is governed by the Fund's Constitution (and also by the Corporations Act and the general law). The Constitution is dated 23 September 2008 and has been lodged with ASIC.

The Constitution deals with such matters as:

- The powers of the Responsible Entity;
- Liability of the Responsible Entity and its right of indemnity;
- Convening, conducting and voting at Investor meetings;
- The nature of Units;
- Creation of different classes of Units;
- Procedures for redemption of Units;
- Procedures for transfers of Units;
- Retirement and removal of the Responsible Entity;
- Distributions from the Fund;
- Fees payable and expenses reimbursable to the Responsible Entity;
- The ability of the Responsible Entity to enter into transactions with, and deal with, the Fund (in the Responsible Entity's personal capacity);
- Winding up of the Fund;
- Changing the Constitution;
- Complaints; and
- Rights and liability of Investors.

The Constitution is available for inspection and copies may be obtained free of charge by contacting the Responsible Entity.

COMPLIANCE PLAN

As required under the Corporations Act, the Responsible Entity has established a Compliance Plan for the Fund which is monitored by a compliance committee.

Matters covered by the Compliance Plan include procedures for investment in the Fund, distributions, monitoring of adherence to the Corporations Act, ASIC policy and the Constitution, audits, payment of fees, related party transactions, conflicts of interest and disclosure and reporting requirements.

INVESTMENT MANAGEMENT AGREEMENT

Joseph Palmer & Sons has been appointed as investment manager of the Fund under this agreement.

The Investment Manager's appointment is for an initial period of 10 years and the Investment Manager (at its option) is able to extend that term for subsequent 10 year periods (on a rolling basis).

Under the agreement, the Investment Manager has agreed to locate and oversee the management of direct property assets for the Fund and to select the Fund's Property Securities investments.

The Investment Manager has certain obligations to report to the Responsible Entity and to provide information to the Responsible Entity in relation to the Fund's investments.

The agreement provides for the Investment Manager's investment management fee and removal fee (detailed in Section 8).

The Responsible Entity can terminate the Investment Manager's appointment if the Investment Manager is in default under the agreement and does not remedy that default for a period of 90 days after the Responsible Entity asks it to do so. The agreement can also be terminated if it is alleged there has been an incident of fraud, dishonesty or gross negligence in the performance of the Manager's obligations, the incident is not resolved to the satisfaction of the Responsible Entity and it is found by an arbitrator that the incident is proved.

CUSTODY AGREEMENT

The Responsible Entity has entered into a Custody Agreement in respect of the Fund with Australian Executor Trustees Limited.

The Custodian is to enter into contracts to purchase and hold assets on the Responsible Entity's behalf. The Custodian's duties also include opening and maintaining bank accounts to hold Application Money and other income of the Fund. The Custodian's liability under the Custody Agreement is limited, except in the case of fraud, negligence or breach of the Custody Agreement by the Custodian.

The Custodian is entitled to compensation for expenses incurred in connection with the proper performance of its duties and the exercise of its powers.

The Custody Agreement continues until terminated. Either party may terminate the agreement on 2 months' written notice unless a different period is agreed. Either party may terminate the agreement immediately on the occurrence of certain other events, including changes in corporate control, acts of insolvency, and material breaches of the agreement.

INVESTOR COMMUNICATIONS

The Responsible Entity and Investment Manager will endeavour to provide the majority of their communications and Fund reports to Investors via internet access (where permitted under the Corporations Act), to reduce the impact on the environment by reducing unnecessary use of paper, and to reduce costs for the Fund.

Investors will be provided with the following reports:

- Six monthly distribution statements (internet access);
- Six monthly updates regarding the Fund's operations (internet access);
- Annual report and audited accounts for each 12 months ending 30 June (internet access); and
- An annual tax statement for each financial year ending 30 June showing details required to complete an Australian tax return (posted hard copy & internet access).

However, an Investor can instead request a hard copy of the Fund's annual reports and audited accounts, by contacting the Responsible Entity. If an Investor does not elect to receive a hard copy of the Fund's annual reports and audited accounts, then these documents will not be physically sent to the Investor (but they can still be accessed on the Responsible Entity's website).

CONTINUOUS DISCLOSURE

Whether the Fund is a 'disclosing entity' under the Corporations Act, and is therefore the subject of certain additional reporting and disclosure obligations, depends on the number of Investors in the Fund.

If the Fund does become a disclosing entity, then the Corporations Act will require the Fund to lodge annual and half-yearly accounts and notices of other important events, with ASIC. Copies of this information may be obtained from, or inspected at, an ASIC office. You may also contact the Responsible Entity and request copies of this information, free of charge.

VALUATION OF THE FUND'S INVESTMENTS

The Responsible Entity is entitled, under the Constitution, to determine the methods which will be used to value different types of assets held by the Fund (and how often assets will be valued).

If the Fund only has a small number of direct property assets (up to four), then it is the Responsible Entity's intention to arrange for each of those assets to be independently re-valued, as at 30 June each year.

However, once the Fund has more than four direct property assets, then each of the properties will still be independently valued every year, but the Responsible Entity will aim to stagger the timing of those valuations as evenly as is possible, across the year.

Direct property asset valuations will be carried-out by qualified professional property valuers, who are (where applicable) registered under the valuer registration regime in the State or Territory where the relevant property is located. The valuation methodology used by a valuer will depend on the type of property being valued— it is possible a combination of methodologies could be applied by the valuer, to arrive at their assessment of current value.

Where the Fund has direct property assets, then information about the current value of those assets will be made available in Part 2 of this PDS and on the Responsible Entity's website at www.ddhgraham.com.au.

Property Securities investments will be valued at the investment's current market price (for direct investments in listed funds - the most recent quoted price for the securities on the market; for investments in unlisted funds - as advised to the Responsible Entity by the manager of the relevant fund).

TRANSFERRING UNITS

Investors may only transfer Units in the Fund to any other person, with the Responsible Entity's approval. The Responsible Entity has the absolute discretion to refuse a transfer of Units, without having to give any reason for this refusal. The Responsible Entity may ask an Investor for details of the identity of the proposed purchaser of the Units.

To effect a transfer of Units to another person (assuming consent from the Responsible Entity has been given), the following will be required:

- A completed and signed standard Unit transfer form (with any stamp duty paid), and
- Notification of the transferee's name, together with any other details required by the Responsible Entity.

Standard Unit transfer forms are available by contacting the Responsible Entity.

A transfer of Units may have tax and stamp duty implications and Investors should seek their own professional advice in this regard.

There are legal restrictions on the ability of the Responsible Entity to assist Investors in selling their Units.

Any transfer of Units is only effective once it has been entered by the Responsible Entity into the Unit register for the Fund.

COMPLAINTS

If you have a complaint concerning your investment in the Fund please contact the Responsible Entity on Freecall 1800 226 174 or put your complaint in writing and send it to:

DDH Graham Limited
GPO Box 330
Brisbane QLD 4001

The Responsible Entity will acknowledge any complaint in writing within 14 days of receiving the complaint and make every effort to resolve your issue within 45 days of being notified.

If the action taken by the Responsible Entity is not satisfactory to you the complaint can be lodged with the Financial Ombudsman Service (FOS). FOS is an external dispute resolution service provider which provides free advice and assistance to consumers to help resolve complaints relating to financial service providers, and can be contacted as follows:

Mail: GPO Box 3, Melbourne, Victoria, 3001
Telephone: 1300 78 08 08
Facsimile: (03) 9613 6399
Email: info@fos.org.au

PRIVACY STATEMENT

In completing the Application Form to invest in the Fund, you provide the Responsible Entity with your contact details (name, address and phone numbers). We use this information to establish and manage that investment for you.

Under Australia's National Privacy Principles, you may access personal information about you held by us except in limited circumstances, and let us know if you think the information is inaccurate, incomplete or out of date. You can also tell us at any time not to pass on your personal information by advising us in writing.

If you do not provide us with your contact details and other information we may not be able to process your Application Form. The consequences of not providing your tax file number are described in Section 7 Financial and Tax Information.

Under various superannuation and tax laws we may be obliged to pass certain information on to other organisations including the Australian Tax Office.

If you have any complaints, please contact the Responsible Entity by calling (07) 3210 2277. To find out more about your rights and remedies for breaches of privacy, you can visit the Privacy Commissioner's website at www.privacy.gov.au or contact their hotline on 1300 363 992.

LABOUR STANDARDS AND ENVIRONMENTAL, SOCIAL AND ETHICAL CONSIDERATIONS

While the Investment Manager may instruct external consultants to undertake property due diligence on the Fund's prospective direct property investments, which may include an environmental audit, the investment criteria of the Fund does not take into account labour standards and environmental, social and ethical considerations in selecting, retaining and disposing of investments in the Fund.

DIRECTORS' INTERESTS

The directors of the Responsible Entity or partners of the Investment Manager may acquire Units in the Fund.

INVESTING THROUGH AN IDPS (MASTER TRUST OR WRAP ACCOUNT)

The Responsible Entity authorises the use of this PDS as disclosure to those who wish to access the Fund through an Investor Directed Portfolio Service (IDPS) or IDPS-like service, such as a wrap account or master trust or a nominee or custody service, where the IDPS operator has provided the Responsible Entity with a written undertaking in accordance with ASIC requirements. Persons who invest in the Fund through an IDPS should note that the IDPS operator or custodian will be recorded in the register as the Investor in the Fund and acquires the

rights attaching to Units in the Fund, including the right to receive or view reports and statements, the right to attend meetings and the right to make a complaint.

If you do invest using an IDPS, complaints and queries about your investment should be directed to the IDPS operator and if the issue remains unresolved you should contact the complaints scheme of which the IDPS operator is a member.

THIRD PARTY CONSENTS

None of the parties referred to below make, or purport to make, any statement in this PDS other than as expressly specified below and to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this PDS, other than the reference to its name and the statements included in this PDS with the consent of that party as specified below.

Joseph Palmer & Sons has given, and, at the date of this PDS, has not withdrawn its consent to being named in this PDS in the form and context in which it is included.

McMahon Clarke Legal acted as legal adviser to the Offer and has given, and, at the date of this PDS, has not withdrawn, its consent to being named in this PDS in the form and context in which it is included.

Australian Executor Trustees Limited has not withdrawn its consent to be named in this PDS as Custodian of the Fund in the form and context in which it is named. Australian Executor Trustees Limited does not make, or purport to make, any statement that is included in this PDS and there is no statement in this PDS which is based on any statement by Australian Executor Trustees Limited. To the maximum extent permitted by law, Australian Executor Trustees Limited expressly disclaims and takes no responsibility for any part of this PDS other than the references to its name. Australian Executor Trustees Limited does not guarantee the repayment of capital or any particular rate of capital or income return.

ANTI-MONEY LAUNDERING DISCLOSURE

Under Australian legislation, the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (AML/CTF Act), certain additional identification is required from Applicants.

The Responsible Entity is obliged under this legislation to satisfy thorough Applicant identification and verification requirements prior to accepting an application for Units in the Fund. These requirements are set out in the AML/CTF Checklist which forms part of the Application Form.

If an Applicant invests in the Fund through a dealer, IDPS or financial advisor then they will request and collect any verification materials from the Applicant. Applicants who invest in the Fund directly must provide the Responsible Entity with the relevant identification material (see the AML/CTF Checklist which forms part of the Application Form), along with a completed Application Form.

The Responsible Entity may request additional information from Applicants where it reasonably considers it necessary to satisfy its obligations under the AML/CTF Act.

The Responsible Entity will maintain all information collected from Applicants in a secure manner in accordance with the AML/CTF Act and relevant privacy principles. The Responsible Entity will only disclose information about an Applicant where they reasonably consider that they are required to do so by the laws of Australia. This means that identification information may be disclosed to government or law enforcement agencies. The Responsible Entity may also disclose this information to other entities involved with the Fund to the extent that this information is required to fulfil that entity's anti-money laundering obligations.

AUTHORISATION

This PDS is issued by the Responsible Entity. Each director of the Responsible Entity has consented to the issue of this PDS.

Section 10. How to Invest

Applications must be made on the Application Form attached to this Product Disclosure Statement.

Please complete all parts in BLOCK LETTERS.

A	<p>APPLICATION AMOUNT</p> <p>The payment to be made on application is indicated in whole dollar amounts. Minimum initial investment is \$10,000.</p> <p>Cheque: Make your cheque payable to: "AETL ACF— Joseph Palmer & Sons Property Fund Applications Account" and crossed "Not Negotiable".</p> <p>EFT: Account name: AETL ACF Joseph Palmer & Sons Fund Applications Account Bank: National Australia Bank BSB: 082-067 Account Number: 82-887-6950</p> <p>Payment must be made in Australian currency. Cheques not properly drawn may be rejected. Cheques will generally be deposited on the day of receipt. Please clip or pin your cheque to the Application Form – do not use staples. We do not accept cash deposits.</p>		
B	<p>TYPE OF INVESTOR</p> <p>Please mark one of the boxes with a cross to indicate who is making the investment.</p>		
C	<p>INVESTOR DETAILS AND TAX FILE NUMBER</p> <p>If you already have an investment with the Fund, please provide your account number.</p> <p>You must enter the full name(s) and title(s) of all legal entities that are to be recorded as the registered holders. Full given name, surname, date of birth and current residential address are required for individuals. The name of a beneficiary or any other non registrable name (e.g. superannuation fund name) may be included as an account name if completed as detailed in the table below.</p> <p>You may enter the TFN, exemption code or ABN (if applicable) for each Applicant. Collection of TFNs is authorised by taxation laws. It is not compulsory to provide your TFN. However, if you do not do so, tax may be deducted from your taxable distributions at the highest marginal tax rate plus levies.</p> <p>Additional information will be required in accordance with the Anti-Money Laundering & Counter-Terrorism Financing legislation. Please refer to the AML/CTF Checklist for further details on pages 41 and 42, which forms part of the Application Form.</p>		
Type of investor	Instruction	Correct form	Examples of incorrect form
Individuals	Give full name, not initials	JOHN ANTHONY SMITH	J A Smith
Companies	Use company title, not abbreviations	PETER SIMPSON PTY LTD	P Simpson Co Peter Simpson P/L
Trusts	Use the name(s) of the trustee(s), not the name of the trust	JOHN ANTHONY SMITH <SMITH FAMILY A/C>	John Smith Family Trust
Partnerships	Use the personal name of the partner, not the name of the partnership	RICHARD JOHN JONES DAVID PETER JONES <RICHARD JONES & SON A/C>	Richard Jones & Son
Superannuation Funds	Use name(s) of trustee(s) followed by account name, not the name of the fund	MARY FIELDING PTY LTD <FIELDING SUPER FUND A/C>	Mary Fielding Pty Ltd Superannuation Fund

Section 10. How to Invest

D	CONTACT DETAILS You must provide a valid mailing address and email address (if available) for all future correspondence from us in relation to your holding in the Fund.
E	ANNUAL FINANCIAL REPORTS Complete this section if you want to receive a paper copy of the annual financial report for the Fund.
F	DISTRIBUTION PAYMENT DETAILS If you wish to have your distributions reinvested into the Fund, you need to mark the appropriate box with a cross. Alternatively, if you wish to have your distributions paid to you, provide us with details of your Australian Bank, Credit Union or Building Society account. If you do not provide us with account details, we will reinvest your distributions until such time as you provide these details.
G	DECLARATION AND SIGNING You must sign the form where indicated. If you are applying in joint names, all Applicants must sign. If you are executing the form under a power of attorney, you must attach a certified copy of the power. If you are applying in a company name, you must execute the form in accordance with the company's constitution and the Corporations Act.
H	ADVISOR DETAILS AND REMUNERATION If you are investing through a financial advisor, your advisor will complete this section.
LODGING THE APPLICATION FORM The Application Form should be addressed to: Joseph Palmer & Sons Property Fund C/- DDH Graham Limited GPO Box 330 Brisbane Qld 4001 The Responsible Entity may decide to accept or reject any application at its absolute discretion. Your application may be declined or accepted in part.	
CONTACTING US	
Investment enquiries: Tel +61 2 9233 2433 Fax +61 2 9232 4284 Email jps@jpalmer.com.au	In writing: Joseph Palmer & Sons Property Fund GPO Box 895 Sydney NSW 2001
Fund enquiries: Tel +61 7 3210 2277 Fax +61 7 3210 6986 Email jpalmer@ddhgraham.com.au	In writing: Joseph Palmer & Sons Property Fund C/- DDH Graham Limited GPO Box 330 Brisbane QLD 4001

This application form is part of the Product Disclosure Statement for the Joseph Palmer & Sons Property Fund dated 28 November 2008. You should read the Product Disclosure Statement in full before filling in this Application Form if you want to apply for Units in the Fund. It contains important information about the Fund and investment in the Fund.

A Application Amount

I/We lodge full application monies: \$

- ▶ Minimum initial application amount is \$10,000.
- ▶ Additional applications in increments of \$5,000.
- ▶ Payment of application monies may be made by cheque or EFT.

B Type of investor (please X appropriate box)

Individual Joint Partnership Sole Trader Company Trust Super Fund

C Investor Details (please X appropriate box)

New Investor Existing Investor If existing investor please provide Account Number **D D H**

(i) Individual / Joint / Sole Trader / Individual Trustee

Investor 1

Title Given Name Surname Date of Birth

TFN or ABN or reason for exemption

Business Name (for Sole Trader)

Investor 2

Title Given Name Surname Date of Birth

TFN or ABN or reason for exemption

(ii) Partnership (one partner must complete all details below)

Title Given Name Surname Date of Birth

TFN or ABN or reason for exemption

Partnership Name and Business Name (if applicable)

Country where established

(iii) Company / Corporate Trustee

Full Name of Company / Corporate Trustee

TFN or ABN or reason for exemption ACN

(iv) Trust / Superannuation Fund (Trustee to complete these details and either (i) or (iii) as relevant)

Full Name of Trust

TFN or ABN or reason for exemption Country where Trust is established

Partnership Name and Business Name (if applicable)

ARSN (if registered managed investment scheme) Type of Trust (i.e. Unit Trust)

D Contact details

Residential address (If a company or corporate trustee, provide registered office address)

Suburb, City or Town

State

Postcode

Country (if not Australia)

Home telephone

Telephone (Business Hours)

Mobile

Email Address

Postal address (If different to residential address)

Suburb, City or Town

State

Postcode

Country (if not Australia)

E Annual Financial Reports

Please X box if you would like to receive a hard copy of the Fund's annual financial reports.

F Distribution payment details (please X appropriate box) If you do not make a selection, your distributions will be automatically reinvested.

Please reinvest my distributions

Please do not reinvest my distributions, and make deposits to the following account:

Financial Institution

BSB

Account Name

Account Number

G Declaration and signing

By completing, signing and lodging this application form, you agree that:

- You have read and understood the Product Disclosure Statement in full to which this Application Form relates.
- You will be bound by the Constitution of the Fund.
- You have made an offer to become an Investor in the Fund and that offer cannot be revoked.
- We may accept or reject this application in whole or in part.
- You have had the opportunity to seek independent professional advice regarding the legal, taxation and financial implications of investing in the Fund.
- You have not relied on any statements or representations made by anybody (including the Responsible Entity and its officers, employees or agents) prior to applying, other than those representations made in this Product Disclosure Statement.
- The advisor whose stamp appears on the Application Form will receive payments as detailed in the Product Disclosure Statement and indicated on the Application Form. You authorise us to give information relating to your account and investment to your advisor.
- Monies invested in the Fund do not represent an investment in or a deposit with or other liability of DDH Graham Limited and an investment is subject to investment risk, including possible delays in the repayment and loss of income and capital invested.
- You have provided your advisor or us (if applying directly) all documentation requested for AML/CTF investor identification purposes (see pages 41 and 42).
- If your investment is via a trust that is not a registered managed investment scheme or a government superannuation fund and you have not provided details of the name of each beneficiary or class of beneficiary, you certify that the trust is an unregistered managed investment scheme that only has wholesale clients and does not make small scale offerings under section 1012E of the Corporations Act.
- DDH Graham Limited will use personal information provided for the purposes of accepting the application.

Please note:

- This Application Form must not be handed out or used unless attached to the Product Disclosure Statement. If received through electronic means, you declare you received the Application Form accompanied by or attached to a print out or paper copy of this Product Disclosure Statement. Units in the Fund will only be issued on receipt of an Application Form issued together with the Product Disclosure Statement.
- A complete copy of the paper form of the Product Disclosure Statement, this form, and any supplementary document will be sent to you free of charge upon request.
- The offer under the Product Disclosure Statement is available to people receiving the Product Disclosure Statement within Australia.

Name of Investor 1

Grid for Name of Investor 1

Signature

Position of Investor 1 (if applicable)

Sole Director Director Trustee

Name of Investor 2

Grid for Name of Investor 2

Signature

Position of Investor 2 (if applicable)

Secretary (company investments only) Director Trustee

Company Seal (if required)

H Advisor details and remuneration (if applicable)

Advisor Name

Dealer Group Name

Advisor Address

Suburb, City or Town State Postcode

Contact Telephone Number

Email Address (must be provided for Investor confirmations)

Advisor Stamp

11 GLOSSARY

AML/CTF	Anti-Money Laundering and Counter-Terrorism Financing
AML/CTF Act	Anti-Money Laundering and Counter-Terrorism Financing Act 2006
Applicant	A person/entity who has completed and submitted an Application Form and has paid their Application Money.
Application Form	The application form included in or accompanying this PDS.
Application Money	The money paid by an Applicant to invest in the Fund.
ASIC	Australian Securities and Investments Commission
Business Day	A day other than a Saturday, Sunday or public holiday in Brisbane, Queensland.
Compliance Plan	The Fund's compliance plan, as lodged with ASIC (as may be amended from time to time).
Constitution	The constitution establishing the Fund, dated 23 September 2008 and lodged with ASIC (as amended from time to time).
Corporations Act	The Corporations Act 2001 (Cth) for the time being in force together with the regulations of the Corporations Act.
Custodian	Australian Executor Trustees Limited ABN 84 007 869 794.
Custody Agreement	The agreement dated 28 October 2008 pursuant to which the Responsible Entity has appointed Australian Executor Trustees Limited ABN 84 007 869 794 to act as custodian in relation to the Fund.
DDH Graham	DDH Graham Limited ABN 28 010 639 219, the Responsible Entity.
Fund	Joseph Palmer & Sons Property Fund ARSN 133 409 382.
GST	Goods and services tax.
IDPS	An investor directed portfolio service, such as a master trust or wrap account or a nominee or custody service
Investment Management Agreement	The agreement dated 28 November 2008, under which the Responsible Entity has engaged the Investment Manager.
Investment Manager	Joseph Palmer & Sons ABN 29 548 490 818, the appointed investment manager for the Fund.
Investor	A holder of Units in the Fund.
Joseph Palmer & Sons	Joseph Palmer & Sons ABN 29 548 490 818, the Investment Manager.
Offer	The offer of Units under this PDS.

p.a.	Per annum.
Part	Means either Part 1 or Part 2 of this PDS, as the context requires.
Part 1	This document, being part 1 of the PDS.
Part 2	Part 2 of this PDS, which is a separate document identified on its cover as Part 2.
PDS	The product disclosure statement for the offer of investment in the Fund, made up of two parts, namely this Part 1, and Part 2 (including any supplementary product disclosure statement).
Pricing Policy	The policy adopted by the Responsible Entity in relation to the pricing of Units, a copy of which is available from the Responsible Entity.
Property Securities	Includes units in a property trust or fund, shares in a property investment company, or an investment in another vehicle which owns or develops property or which itself invests in other Property Securities.
Responsible Entity	DDH Graham Limited ABN 28 010 639 219.
Unit	An ordinary unit in the Fund.
Unit Price	The price to acquire a Unit in the Fund, calculated in accordance with the Constitution (and in the manner described in Section 3).
Withdrawal Price	The withdrawal price for a Unit, calculated in accordance with the Constitution (and in the manner described in Section 3).



Joseph Palmer & Sons Property Fund

Product Disclosure Statement

Part 2 of 2 parts

This part must be read in conjunction with Part 1

ARSN 133 409 382
Responsible Entity:
DDH Graham Limited (ABN 28 010 639 219) Australian financial
services licence no.: 226319
Investment Manager:
Joseph Palmer & Sons (ABN 29 548 490 818)

Joseph Palmer & Sons Property Fund

Product Disclosure Statement Part 2

This Product Disclosure Statement (PDS) is in two parts. This document is Part 2 of the PDS and is dated 28 November 2008.

This Part 2 document must be read in conjunction with Part 1.

Part 2 provides information on the Fund's current investments, financial position and performance history (where available), as well as other information about the current Offer being made under the PDS.

Part 1 provides information on the Fund, its features and investment strategy, as well as information about the fees associated with an investment in the Fund.

As noted in Part 1, information in the PDS (including information in this Part 2) may change from time to time. If the change will be materially adverse to Investors, then in accordance with the Corporations Act 2001, the Responsible Entity will issue a supplementary PDS. If however the change will not be materially adverse to Investors, then the Responsible Entity will not issue a supplementary PDS. Updated information will be available from www.ddhgraham.com.au and upon request, the Responsible Entity will provide you with a paper copy of any updated information free of charge. This information may include details about the investment performance of the Fund. The Responsible Entity and the Investment Manager strongly recommend that Applicants review this material before making a decision to invest in the Fund.

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1 KEY INFORMATION SUMMARY

This section provides information about the Offer currently being made under the PDS, an overall summary of the Fund's investments, as well as some other key information about the Fund. Information provided is current as at the date of this Part 2 document.

Applicants should read this Part 2 of the PDS, in its entirety.

Updated information about the Fund and its current investments is available on the Responsible Entity's website www.ddhgraham.com.au.

KEY INFORMATION		SECTION (S) IN THIS PART 2
Fund history	The Fund was registered with ASIC on 8 October 2008.	N/A
Initial Offer	<p>The Responsible Entity is seeking to raise initial capital for the Fund, to enable the Fund to make its first investments, which will be in Property Securities (see the balance of this document).</p> <p>The target amount sought to be initially raised is \$20 million (Initial Target) (through the issue of Units in the Fund).</p>	Section 2
Minimum subscription amount	The minimum amount that must be raised under the Initial Offer is \$3 million.	Section 2
Minimum initial investment amount	\$10,000, then in increments of \$5,000.	Section 2
Initial investments	<p>The Fund's first investments, to be made using equity raised under the Initial Offer, are expected to comprise investments in domestic Property Securities.</p> <p>After the Fund makes its initial investments in Property Securities, some equity raised under the Initial Offer might also be contributed towards the acquisition of direct property assets which meet the Fund's investment criteria. However, it is noted that as at the date of this Part 2 document, no particular acquisitions have been identified by the Investment Manager.</p>	Section 4
Existing portfolio	As at the date of this Part 2 document, the Fund is yet to acquire any investments. The investments to be made using the equity raised under the Initial Offer will form the Fund's first investments and therefore its initial portfolio.	N/A

Initial borrowing level	<p>As explained in Part 1, the Fund will only borrow to make direct property acquisitions. Therefore, borrowings will not be used in making Property Securities investments with the equity comprising the Initial Target.</p> <p>However, Applicants should keep in mind that, as explained in Part 1, debt will be utilised to assist with direct property acquisitions and the Investment Manager does intend to pursue direct property investment opportunities in the future. The Responsible Entity's aim is to maintain a gearing ratio (that is, the ratio of the Fund's total borrowings to the total gross value of its assets) for the Fund of 30% or less, over the medium to long term. However, borrowings may exceed this level for short periods of time, to enable the Fund to pursue particular acquisitions.</p> <p>As the Fund has no borrowings as at the date of this Part 2 document, the Fund's gearing ratio is 0%.</p> <p>However, updated information in relation to any borrowings of the Fund (including the Fund's gearing ratio, interest cover ratio and any other important information) will be made available from time to time on the Responsible Entity's website at www.ddhgraham.com.au.</p>	N/A
Fund performance	As the Fund has only been recently established, it does not yet have a financial performance history.	N/A
Unit Price	<p>Until the minimum subscription amount of \$3 million is raised under the Initial Offer, the price of Units will be fixed at \$1.00 each (i.e., the first 3 million Units under the Initial Offer will be issued at \$1.00 each).</p> <p>After the minimum subscription amount has been raised, the Fund will move to variable Unit pricing. The Unit Price will be calculated by the Responsible Entity, in accordance with the methodology explained in Section 3 of Part 1 of this PDS.</p>	Section 2
Minimum Subscription Date	The Responsible Entity seeks to raise the minimum subscription amount by 28 February 2009 (Minimum Subscription Date). If the minimum subscription amount is not raised by the Minimum Subscription Date, then all Application Money will be returned to Applicants, without interest.	Section 2

	<p>However, the Responsible Entity reserves the right to extend the Minimum Subscription Date, in its discretion and without notice.</p>	
<p>Further capital raising</p>	<p>The current intention is to continue raising further equity under this PDS, after the Initial Target has been reached.</p> <p>Additional equity will be used by the Investment Manager to pursue further investment opportunities which fit within the Fund's investment criteria. In the future, equity raised may also be applied to reduce the Fund's borrowings (where the Fund does have borrowings).</p> <p>Therefore, as long as the Responsible Entity considers opportunities are available to apply equity raised in accordance with the Fund's investment criteria, then the Fund will remain open for investment.</p>	<p>Section 3</p>
<p>Cooling-off</p>	<p>Because the Fund's initial portfolio will comprise Property Securities investments (and cash-based investments), the Fund will initially be considered 'liquid' (as that term is defined in the Corporations Act). This means there will be a cooling-off period for Applicants who invest under the Initial Offer. See Section 2 of this Part 2 document.</p>	<p>Section 2</p>

2 THE INITIAL OFFER

PURPOSE OF THE INITIAL OFFER

The Responsible Entity is initially seeking capital for the Fund's first investments.

The target amount sought to be initially raised (through the offer of Units in the Fund under this PDS) is \$20 million (Initial Target).

Equity raised under the Initial Offer is expected to be used to make investments in Property Securities.

However (as explained in the Key Information Summary), after the Fund makes its initial investments in Property Securities, it is possible that some equity raised under the Initial Offer may be contributed towards the acquisition of direct property assets which meet the Fund's investment criteria (although as at the date of this Part 2 document, no particular acquisitions have been identified by the Investment Manager).

MINIMUM SUBSCRIPTION

The minimum amount which must be raised under the Initial Offer is \$3 million.

MINIMUM INITIAL INVESTMENT AMOUNT

The minimum investment amount under the Initial Offer is \$10,000, then in increments of \$5,000.

MINIMUM SUBSCRIPTION DATE

The Responsible Entity is seeking to raise the minimum subscription amount by 28 February 2009 (the Minimum Subscription Date).

If the minimum subscription amount is not raised by this date, then all Application Money will be returned to Applicants, without interest, within 14 days.

However, the Responsible Entity reserves the right to extend the Minimum Subscription Date, in its discretion and without notice.

ALLOTMENT OF UNITS

Assuming the minimum subscription amount is raised, the Responsible Entity intends to allot Units to successful Applicants within 14 days of the Minimum Subscription Date.

After that time, Units will be allotted on a monthly basis (as explained in Part 1).

Any interest earned on Application Money will be added to and form part of the Fund, rather than be paid to successful Applicants.

COOLING-OFF

Due to the fact that the Fund's portfolio is expected to initially consist of substantially (or entirely) Property Securities investments (and some cash-based investments), as at the date of this Part 2 document, a 14 day cooling-off period will apply to investments made under the Initial Offer. This cooling-off period will start on the earlier of—

- the date the Applicant receives confirmation of their investment, and
- immediately following the end of the fifth Business Day after the Units are issued to the Applicant.

During the 14 day cooling-off period, an Applicant can choose to cancel their investment in the Fund and have their Application Money repaid, by notifying the Responsible Entity of this choice, in writing.

It should be noted this cooling-off right will end if an Applicant chooses to exercise any right or power as an Investor, before the end of the 14 day period.

If an Applicant cancels their investment during the cooling-off period, then the amount repaid could be adjusted in accordance with the Corporations Act, to reflect any increase or decrease in the value of the investment, any tax or duties payable by the Responsible Entity, and administrative expenses and transaction costs associated with the cancellation of the investment.

Cooling-off rights are not available to Applicants who are wholesale clients (as defined in the Corporations Act).

Once the Fund acquires direct property assets and moves towards its targeted investment allocation to direct property, the Fund may possibly no longer be considered 'liquid', from which point there will no longer be a right of cooling-off associated with an investment in the Fund. The Corporations Act provides that a fund is 'liquid' when at least 80% of the value of the fund's assets are 'liquid' assets (such as for example cash and marketable securities).

Before investing, Applicants should check the Responsible Entity's website (www.ddhgraham.com.au) for details of the Fund's current investment portfolio make-up and to confirm whether there are still cooling-off rights associated with an investment in the Fund.

UNIT PRICE

Until the minimum subscription amount is raised, the price of all Units under the Initial Offer will be fixed at \$1.00 each (i.e., the first 3 million Units under the Initial Offer will be issued at \$1.00 each).

After this point, the Fund will then move to variable Unit pricing. The Unit Price will be calculated by the Responsible Entity, in accordance with the methodology explained in Section 3 of Part 1 of this PDS.

3 FURTHER CAPITAL RAISING

The current intention is to continue raising further equity under this PDS, after the Initial Target has been raised.

Therefore, the Offer under the PDS will not be closed when the Initial Target has been received.

Additional equity will be used by the Investment Manager to pursue further investment opportunities which fit within the Fund's investment criteria. Equity raised may, in time, also be applied to reduce the Fund's borrowings.

Therefore, as long as the Responsible Entity considers opportunities are available to apply equity raised in accordance with the Fund's investment criteria, the Fund will remain open for investment.

Investors can, if they wish, subscribe for further Units at any time.

Existing Investors can make additional investments, in multiples of \$5,000.

However, it should be noted that the Responsible Entity retains the discretion at all times to accept or reject any application for investment in the Fund.

The Responsible Entity may also close the Fund for further investment, or re-open the Fund for investment, at any time, at its discretion.

4 THE INITIAL INVESTMENTS

PROPERTY SECURITIES

As noted earlier, it is expected the Fund's initial investments will be in Property Securities.

The below graph helps demonstrate the historical performance of the Australian direct property market (through the Mercer Direct Property Index), the Australian listed property market (through the ASX 200 Property Accumulation Index) and the global listed property markets (through the UBS Global Investors Property (ex Australia, hedged to \$A) Index), over the period of 31 May 2005 to 31 October 2008.

Relative Property Sector Index Comparison Graph



The above comparison of the Mercer Direct Property Index, the ASX 200 Property Accumulation Index ("ASX REIT Index") and the UBS Global Investors Property (ex Australia, hedged to \$A) Index ("UBS Global REIT Index") shows the relative performance of the indices from a common starting point at 31 May 2005 through to 31 October 2008. The three indices do not numerically match (e.g., as at 30 June 2008 the Mercer Direct Property Index was 4886.11, whereas the ASX 200 Property Accumulation Index was 28542.91), accordingly the above graph just shows the relevant movement of each index against the others in the period (with the start of the period, May 2005, being allocated a notional number of "0" for each index).

The Investment Manager is of the view that, at present, the domestic listed property market provides some good investment opportunities, due to recent significant reductions in pricing across this market, as indicated by the ASX 200 Property Accumulation Index.

Therefore, the Investment Manager intends to pursue at least some domestic listed Property Securities investments using equity raised under the Initial Offer (although, as previously noted, it is possible that some equity raised under the Initial Offer might be contributed towards the acquisition of direct property assets which meet the Fund's investment criteria. However, as at the date of this Part 2 document, no particular acquisitions have been identified by the Investment Manager. The availability of direct property investment opportunities will be monitored by the Investment Manager and pursued only as and when suitable acquisition opportunities arise).

As at the date of this Part 2 document, the Investment Manager intends to invest some of the equity raised under the Initial Offer in the Griffin Property Fund (see below) and/or in one or more listed or unlisted domestic Property Securities funds.

Therefore, Applicants should note that, whilst the Fund's investment strategy in the medium to long term is to have an allocation to a variety of property-related assets, in the short term, the Fund will be substantially invested in Property Securities and in cash-based investments.

Although the Fund's initial investments will comprise substantially (or entirely) Property Securities and cash investments (and therefore, the Fund will be technically 'liquid', as that term is defined in the Corporations Act), the actual liquidity of an investment in the Fund will still be as described in Part 1. Apart from any cooling-off period, Investors will only be able to withdraw from the Fund when permitted by the Responsible Entity; and no withdrawal opportunities are expected to be made available for the first three years following the establishment of the Fund (i.e., until approximately December 2011).

THE GRIFFIN PROPERTY FUND

The Griffin Property Fund is a newly established, open-ended unlisted unit trust, which has a mandate to acquire Australian direct property investments and to invest in domestic, as well as global, listed property securities.

Griffin Capital Pty Ltd is the investment manager for the Griffin Property Fund.

Griffin Capital is a boutique property fund manager, which was established in 2003. As at the date of this Part 2 document, Griffin Capital currently manages over \$300 million in property assets.

Following are some details in relation to Griffin Capital's executive team:

- David Allen – is a director and co-founder of Griffin Capital. Prior to forming Griffin Capital, Mr. Allen was a portfolio manager with AMP Capital Investors (from 1998 to 2002), where he managed \$900 million of property portfolios for domestic and international groups. Prior to joining AMP Capital Investors, David worked with Colliers International in Australia, Singapore, and India. He has specialised in property investment for private, corporate, and pension fund groups. David has more than 22 years of property and property funds management experience. He is an associate member of the Australia Property Institute, a responsible manager under Griffin Capital's Australian financial services licence, a graduate of the University of South Australia (Bachelor of Applied Science in Property Resource Management (Valuation)) and a graduate of the University of Western Australia (MBA, Finance).
- David Websdale – is a director and co-founder of Griffin Capital. Prior to joining Griffin Capital, David was a portfolio manager at Multiplex Capital (now Brookfield Multiplex Capital), where he oversaw over \$2.5 billion in assets. Previous roles include portfolio management at the Ronin Property Group (Office Real Estate Investment Trust) and AMP Capital Investors. Prior to joining AMP Capital Investors in 1997, David worked at Colliers International as a valuer. David has more than 17 years experience in property valuation and property funds management. He is an associate member of the Australian Property Institute, a responsible manager under Griffin Capital's Australian financial services licence and a graduate of the Royal Melbourne Institute of Technology (Bachelor of Business, Property).
- Ian McCawley – is the general manager and a co-founder of Griffin Capital and has over 30 years of company secretarial, finance and compliance experience. Prior to joining Griffin Capital, Ian was a company secretary and finance manager at AMP Capital Investors, where he participated in the management of \$2.5 billion in funds, through overseeing the legal, financial and regulatory requirements for the group, over a period of 30 years. Prior to joining AMP Capital Investors, Ian worked for Schroders and in the mining industry for Mount Morgan Limited. Ian is a responsible manager under Griffin Capital's Australian financial services licence, a former Associate of the Institute of Company Secretaries and a retired Certified Practising Accountant.

It is understood Griffin Capital's intention is to gradually expand the asset base for the Griffin Property Fund, with the aim of helping to reduce risk and enhance returns, through diversification.

The Griffin Property Fund's exposure to domestic and global listed property securities will be obtained through investments in professionally managed property securities funds.

It should be noted that as at the date of this Part 2 document, the Griffin Property Fund is yet to acquire any investments. However, it is understood that Griffin Capital's intention is to make initial investments in one or more wholesale domestic Property Securities funds.

5. ADDITIONAL GLOSSARY FOR PART 2 OF PDS

Terms which are defined in Part 1 of the PDS have the same meanings when used in this Part 2.

In addition, the terms shown below have the following meanings in this Part 2:

Initial Offer	The initial offer being made under this PDS, to raise an amount of up to the Initial Target.
Initial Target	\$20 million.
Minimum Subscription Date	Expected to be 28 February 2009.