

Griffin Property Fund

Product Disclosure Statement

Part 2 of 2 parts

This part must be read in conjunction with Part 1

ARSN 132 338 633

Responsible Entity:

DDH Graham Limited (ABN 28 010 639 219) Australian financial services licence no.: 226319

Investment Manager:

Griffin Capital Pty Ltd (ABN 53 654 173 629)



Griffin Property Fund

This Product Disclosure Statement (PDS) is in two parts. This document is Part 2 of the PDS and is dated 19 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

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 established on 21 July 2008.	
Initial Offer	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). The target amount sought to be initially raised is \$20 million (Initial Target) (through the issue of Units in the Fund).	2
Minimum subscription amount	The minimum amount that must be raised under the Initial Offer is \$3 million.	2
Minimum initial investment amount	\$100,000.	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>	4

Key Information		Section (s) in this Part 2
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 near 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>	2

Key Information		Section (s) in this Part 2
Minimum Subscription Date	The Responsible Entity seeks to raise the minimum subscription amount by 19 March 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.	2
Further capital raising	<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>	3
Cooling-off	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.	2



2. The Initial Offer

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 \$100,000.

Minimum subscription date

The Responsible Entity is seeking to raise the minimum subscription amount by 19 March 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.

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, 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).

Due to the Fund's targeted allocation to direct property assets, it is not expected that the Fund will be considered 'liquid' other than in the short term.

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

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 objectives. 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 \$10,000.

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.



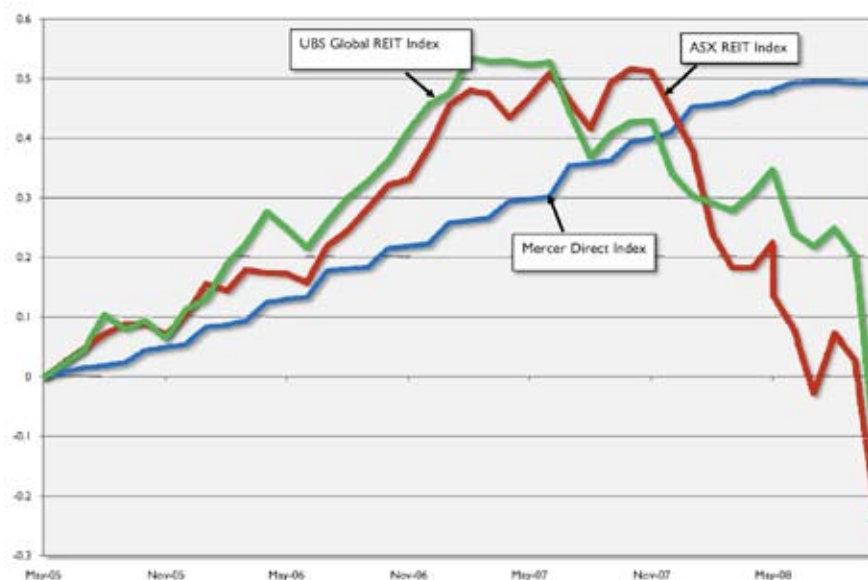
4. The Initial Investments

4 The Initial Investments

As noted earlier, it is expected the Fund's initial investments will be in Property Securities, whilst the Fund's investment strategy in the medium term is to have a majority allocation to direct property assets.

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 domestic 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 equity raised under the Initial Offer in one or more of the following wholesale domestic Property Securities funds:

Fund	Fund Manager
Goldman Sachs JBVere Property Securities Wholesale Fund	Goldman Sachs JBVere Asset Management
AMP Capital Listed Property Trusts Fund	AMP Capital Investors
SGH 20	SG Hiscock & Company Limited
EQT SGH Wholesale Property Income Fund	SG Hiscock & Company Limited
SGH Professional Investor Listed Property Securities Trust	SG Hiscock & Company Limited
Vanguard Property Securities Index Fund	Vanguard Investments Australia Ltd
RREEF Paladin Property Securities Fund	Deutsche Asset Management (Australia) Limited

Therefore, Applicants should note that, whilst the Fund's investment strategy in the medium to long term is to have a majority allocation to direct property 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 November 2011).



**5. Additional Glossary for
Part 2 of PDS**



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	19 March 2009.