

Background

- The Board of DDH Graham Limited (DDH) resolved to establish an audit committee (“Committee”) to assist the Board in discharging its responsibility to exercise due care, diligence and skill in relation to the audit, accounting policies and financial disclosure responsibilities and to monitor management’s performance in providing an effective corporate risk management function, for all trusts for which DDH acts as Responsible Entity. Accordingly, all references to “Trusts” in this Charter include all trusts for which DDH acts as Responsible Entity. Schedule 1 detail the Trusts to which this Charter applies.

Composition

- The Chairperson of the committee should be an independent member.
- The committee should comprise at least one executive director so as to provide the committee with direct access to senior management’s views on matters being considered by the committee.
- At least one member of the committee should have a background in financial reporting, accounting, or auditing to guide the committee when difficult technical issues arise.
- The committee must have recourse to specialist advice in areas where they are not competent. If necessary, independent professionals may be appointed to the committee to provide additional expertise.

Role

- The role of the Committee is to ensure the credibility of financial reporting and financial management by providing, on behalf of the Board of Directors of the Responsible Entity, oversight of the financial reporting and management processes as well as internal controls. The Committee also gives the Responsible Entity additional assurance regarding the quality and reliability of financial information prepared for inclusion in the financial report.
- To carry out this role, the Committee must perform the following functions:-
 - (a) Review the Trust’s financial report and other information distributed externally. Financial reports should be reviewed prior to lodgement (ie. draft stage) and again after lodgement (ie. finalised).
 - (b) Review any new accounting policies to ensure compliance with Australian Accounting Standards (including Australian Equivalents to International Accounting Standards) and generally accepted accounting principles.
 - (c) Reviewing audit reports of the Trust to ensure that where major deficiencies or breakdowns in controls or procedures have been identified, appropriate and prompt remedial action is taken by management.
 - (d) Liaising with the external auditors and ensuring the annual statutory audits of the Trust are conducted in an effective manner.

- (e) Monitoring the Responsible Entity's establishment of an appropriate internal control framework and considering enhancements.
- (f) Monitoring the procedures in place to ensure compliance with the Trust Constitution, Corporations Law, Listing Rules, Australian Taxation Office, and Australian Securities and Investments Commission requirements.
- (g) Reviewing reports on any major defalcations, frauds and thefts from the Trust.
- (h) Ensure the existence and effective operation of accounting and financial controls.
- (i) Consider significant transactions and key management decisions that are likely to impact on the financial statements.
- (j) Monitor and independence and assess the performance of the Trusts auditor.

Investment Risk Management

- DDH in its business of funds management is continuously involved in the assessment and measurement of investment risk. This is part of the process undertaken by its investment professionals (both external and external) to maximise returns for DDH's clients. DDH's investment professionals monitor and develop strategies to mitigate or exploit identified investment and financial market risks. The Management Committee(s) (including Investment Committees) and the Board receive reports from management and supervise these processes.
- The role of the Committee is to ensure that management considers and monitors corporate and operational risk management areas as distinct from investment risk which is the responsibility of management and the Board.

Meetings

- Meetings of the Committee should be held usually to coincide with the release of the annual and half-yearly financial statements.
- Two members are required to be present to constitute a quorum.

Reporting to the Board

- The Committee's findings and recommendations shall be reported to the Board at the first appropriate opportunity after each Committee meeting.

Access to information

- The Committee must have access to all information relevant to fulfilling its obligations.

Access to Professional Advisers, Auditors & Management

- Professional advisers may be appointed, where necessary, to assist the Committee in evaluating specific issues or risks and the strategies put in place to deal with the issue or manage the risk.

DDH Graham Limited – Audit Committee Charter



-
- The Committee has the right of direct contact with management, and with the Auditors of the Trust.
 - The Committee shall meet at least annually with the Auditors of the Trust, and where necessary hold a separate private (without the presence of members/staff internal to DDH Graham Limited) meeting with the Auditors of the Trust.
 - The Auditors of the Trust have a right of direct and unfettered access to the Committee through the Chairman of the Committee.

Currency

- This Charter is current as at 31 October 2008.

Schedule 1

List of Trusts to which this Charter applies:

1. The Park Road Property Trust
2. DDH Preferred Income Fund
3. Selector Australian Equities Fund
4. DDH Australian Equities Fund
5. DDH Australian Small Companies Fund
6. DDH Fixed Interest Fund
7. DDH Global Fixed Interest Alpha Fund
8. DDH Tactical Return Fund
9. DDH Cash Fund
10. Griffin Property Fund
11. Joseph Palmer & Sons Property Fund