

CASTLEROCK GOVERNMENT PROPERTY FUND

TARGET MARKET DETERMINATION

Target Market Determination

Date: 8 March 2024

Castlerock

Target Market Determination – Funds Management

Legal disclaimer

This Target Market Determination (TMD) is required under section 994B of the Corporations Act 2001 (Cth) (the Act). It sets out the class of consumers for whom the product, including its key attributes, would likely be consistent with their likely objectives, financial situation, and needs. In addition, the TMD outlines the triggers to review the target market and certain other information. It forms part of the Issuer's design and distribution arrangements for the product.

This document is **not** a product disclosure statement and is **not** a summary of the product features or terms of the product. This document does not take into account any person's individual objectives, financial situation or needs. Persons interested in acquiring this product should carefully read the Product Disclosure Statement (PDS) for the Castlerock Government Property Fund before making a decision whether to buy this product.

Important terms used in this TMD are defined in the TMD Definitions which supplement this document. Capitalised terms have the meaning given to them in the product's PDS, unless otherwise defined. The PDS can be obtained from the Responsible entity upon request:

Telephone: +61 3 8639 9100

Email: investor@castlerockproperty.com.au

Target Market Summary

This product is likely to be appropriate for a consumer seeking Income Distribution and Capital Growth as part of a Satellite allocation in a diversified portfolio where the consumer has a long investment timeframe, medium risk/return profile and does not need to access to capital for between 5 to 10 years until the end of the Fund.

Fund and Issuer identifiers

Issuer	Castlerock Investment Management Ltd ACN 125 737 091
Issuer ABN	48 125 737 091
Issuer AFSL	318368
Fund	Castlerock Government Property Fund
ARSN	644 680 893
Date TMD approved	8 March 2024
TMD Version	Version 4
Status	Current

Description of Target Market

TMD indicator key

The Consumer Attributes for which the product is likely to be appropriate have been assessed using a red/amber/green rating methodology with appropriate colour coding:

In target market	See Issuer instructions ¹	Not in target market
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¹ Please see the 'Product description including key attributes' in the table below for Issuer instructions.

Instructions

In the tables below, Consumer Attributes, indicates a description of the likely objectives, financial situation and needs of the class of consumers that are considering this product. The TMD Indicator, indicates whether a consumer meeting the Consumer Attribute is likely to be in the target market for this product.

Investment products and diversification

A consumer (or class of consumer) may intend to hold a product as part of a diversified portfolio (typically with an intended product use of satellite/small allocation or core component). In such circumstances, the product should be assessed against the consumer's attributes for the relevant portion of the portfolio, rather than the consumer's portfolio as a whole. For example, a consumer may seek to construct a conservative portfolio with a satellite/small allocation to growth assets. In this case, it may be likely that a product with a High or Very High risk/return profile is consistent with the consumer's objectives for that allocation notwithstanding that the risk/return profile of the consumer as a whole is Low or Medium. In making this assessment, distributors should consider all features of a product (including its key attributes).

Consumer Attributes	TMD Indicator	Product Description
Consumer's investment objective		
Capital Growth	In target market	The Fund's objective is to build a portfolio of Commonwealth and State Government leased assets located throughout Australia to provide investors with a regular income stream paid quarterly, and the potential for long-term capital growth.
Capital Preservation	See Issuer instructions	
Capital Guaranteed	Not in target market	

Consumer Attributes	TMD Indicator	Product Description
Income Distribution	In target market	<p>Key features:</p> <ul style="list-style-type: none"> • Regular distribution yield with tax advantages. • Rental income underpinned by Commonwealth and State Government tenants. • Quality, highly specified, portfolio of 13+ assets. • Property location diversification throughout Australia. <p>The Fund is not capital guaranteed. The value of an investment is subject to movements in the value of the real property owned by the Fund, however the Fund is designed and expected to have low volatility and modest capital growth over the recommended investment horizon of 5 to 10 years. Therefore, the Fund may be suitable for an investor who seeks to preserve their capital but who accepts there is a risk they may lose some or all of their money. The Fund is not suitable for an investor who cannot accept any loss of their capital.</p> <p>The Fund uses gearing which increases the potential for larger capital losses (and gains). Investors should therefore have a higher risk tolerance than if the Fund did not use gearing.</p>
Consumer's intended product use (% of Investable Assets)		
Whole Portfolio (up to 100%)	Not in target market	<p>The Fund offers exposure to the property asset class in Australia and seeks to maintain a diversified portfolio in this asset class via owning multiple Commonwealth and State Government leased assets in different Australian States. The Fund's portfolio diversification is Low (see diversification definitions on page 7 below), and therefore should be used as a Satellite allocation to spread this risk across a broad portfolio of investments. Investors may also use the Fund as a minor allocation where the Investor seeks increased exposure to the Fund's strategy and has at least a high risk/return profile.</p>
Major allocation (up to 75%)	Not in target market	
Core Component (up to 50%)	Not in target market	
Minor allocation (up to 25%)	See Issuer instructions	
Satellite allocation (up to 10%)	In target market	
Consumer's investment timeframe		
Short (≤2 years)	Not in target market	The Fund is open-ended and has no fixed term. The suggested minimum investment period is long-term: 5 to 10 years.
Medium (2–5 years)	Not in target market	<p>The Fund has rolling five-year investment terms and at the end of each term there is expected to be a Periodic Exit Opportunity. The first Periodic Exit Opportunity is expected to be held in February 2026, followed by February 2031 and every five years thereafter.</p> <p>(See Consumer's need to withdraw money on Page 3)</p>
Long (> 5 years)	In target market	

Consumer Attributes	TMD Indicator	Product Description
Consumer's Risk (ability to bear loss) and Return profile		
Low	Not in target market	<p>The objective of the Fund is to provide investors with income distributions paid quarterly, and the potential for long-term capital growth.</p> <p>Returns to investors will be sought through:</p> <ul style="list-style-type: none"> Rental income from completed buildings. Potential capital growth from completed buildings. Potential capital growth from development opportunities.
Medium	In target market	<p>Distributions and capital returns are not certain and there are risks involved with an investment in the Fund, including:</p> <ul style="list-style-type: none"> the value of the properties may change, and losses may be incurred upon sale of the properties development and construction risks which may impact the value of a property and the ability of the Fund to pay distributions the Fund may borrow up to 50% of the value of its assets which may amplify capital losses (or gains) tenants may fail to pay rents and/or breach lease covenants, resulting in a decrease in quarterly distributions, and interest rate increases can result in a reduction of the distributions paid to investors.
High	In target market	<p>The Fund is considered to be medium risk (i.e., may experience up to 4 negative returns over a 20-year period (SRM 3 to 5)) (see risk definitions on page 7 below).</p>
Very High	In target market	
Consumer's need to access capital		
Daily	Not in target market	<p>Under ordinary circumstances, the Fund provides investors with the opportunity to realise some or all of their investment through a combination of:</p> <ul style="list-style-type: none"> Annual Limited Withdrawal Offers 5-year Periodic Exit Opportunity
Weekly	Not in target market	
Monthly	Not in target market	<p>The first Periodic Exit Opportunity is intended to be made in February 2026, and every 5 years thereafter.</p>
Quarterly	Not in target market	<p>It is also intended Limited Withdrawal Offers will be made in February each year however these offers will be limited in size to 2.5% of the value of the net assets of the Fund and should not be relied on as a means of liquidity as withdrawal requests may be scaled back. Therefore, the Fund is not suitable for Investors who need to withdraw money before the next Periodic Exit Opportunity (expected to be in February 2026).</p>
Before next Periodic Exit Opportunity (expected February 2026)	Not in target market	<p>In exceptional circumstances, Periodic Exit Opportunities and Limited Withdrawal Offers may be suspended. It is therefore important for investors to consider that in exceptional circumstances, they may not be able to withdraw their investment from the Fund before it is eventually wound up and the properties sold.</p>
At next Periodic Exit Opportunity (expected February 2026)	In target market	

Appropriateness

The Issuer has assessed the product and formed the view that the product, including its key attributes, is likely to be consistent with the likely objectives, financial situation and needs of consumers in the target market as described above, as the Product Description are likely to be suitable for consumers with the Consumer Attributes identified with a **green** TMD Indicator.

The Issuer considers that the distribution conditions below will make it likely that the investors who acquire units in the Fund are in the target market because of the following:

- The Fund's advertisements and website content is directed towards consumers in the Fund's target market.
- The online and paper application forms for the Fund include filtering questions and alerts.
- The distributors' past performance in relation to the distribution of financial products, about which the Issuer is aware.

Distribution conditions/restrictions

Distribution channel	Distribution condition and rationale
Direct investors	<ul style="list-style-type: none"> • Direct investors who are wholesale or sophisticated investors can invest in the Fund. • Retail investors are asked to complete an online or paper application form, including filtering questions relating to the TMD. The filtering questions have been designed to assist the Issuer to assess whether it is likely the investor is in the target market for the Fund. The Issuer will review the information provided in response to the filtering questions and assess those answers against the Fund's key attributes (set out above). Where the Issuer concludes the investor is not likely to be within the target market, the Issuer may reject the application or seek further information from the investor. The Issuer also uses these answers to analyse the extent of any distribution outside of the Fund's identified target market.
Advised investors	<ul style="list-style-type: none"> • Investor to confirm through online or paper application they have received personal financial advice. • Financial advisers to provide details of their AFS license and confirm they have reviewed and considered the TMD in providing personal advice to the investor.
Other authorised representatives (i.e. Power of Attorney)	<ul style="list-style-type: none"> • Proper authority verified. • All other requirements of wholesale, retail and advised investors apply, with proper authority to action on behalf of the investor.

Review triggers

Material change to key attributes, fund investment objective and/or fees.

Material deviation from benchmark / objective over sustained period.

Key attributes have not performed as disclosed by a material degree and for a material period.

Determination by the issuer of an ASIC reportable Significant Dealing.

Material or unexpectedly high number of complaints (as defined in section 994A(1) of the Act) about the product or distribution of the product.

The use of Product Intervention Powers, regulator orders or directions that affects the product.

Where the Issuer is unable to provide liquidity for all investors wishing to redeem their investment within 12 months of a 5 Yearly Periodic Exit Opportunity.

Mandatory review periods

Review period	Maximum period for review
Initial review	NA – initial review has already occurred.
Subsequent review	Within 1 year of a prior review for whatever reason.

Distributor reporting requirements

Reporting requirement	Reporting period	Which distributors this requirement applies to
Complaints (as defined in section 994A(1) of the Act) relating to the product design, product availability and distribution. The distributor should provide all the content of the complaint, having regard to privacy.	As soon as practicable but in any case, within 10 business days following end of calendar quarter.	All distributors
Significant dealing outside of target market, under s994F(6) of the Act. See Definitions for further detail.	As soon as practicable but in any case, within 10 business days after distributor becomes aware of the significant dealing.	All distributors

If practicable, distributors should adopt the FSC data standards for reports to the Issuer. Distributors must report to the Issuer using the method specified at <https://www.castlerockproperty.com.au/funds/castlerock-government-property-fund> (registration required). This link also provides contact details relating to this TMD for the Issuer.

Definitions

Term	Definition
Consumer's investment objective	
Capital Growth	The consumer seeks to invest in a product designed to generate a capital gain. The consumer prefers exposure to growth assets (such as shares or property) or otherwise seeks an investment return above the current inflation rate.
Capital Preservation	The consumer seeks to invest in a product to reduce volatility and minimise loss in a market downturn. The consumer prefers exposure to defensive assets that are generally lower in risk and less volatile than growth investments.
Capital Guaranteed	The consumer seeks a guarantee or protection against capital loss whilst still seeking the potential for capital growth (typically gained through a derivative arrangement). The consumer would likely understand the complexities, conditions and risks that are associated with such products.
Income Distribution	The consumer seeks to invest in a product designed to distribute regular and/or tax-effective income. The consumer prefers exposure to income-generating assets (typically, high dividend-yielding equities, REITs, fixed income securities and money market instruments).
Consumer's intended product use (% of Investable Assets)	
Whole Portfolio (up to 100%)	The consumer may hold the investment as up to 100% of their total investable assets. The consumer is likely to seek a product with high portfolio diversification.
Major allocation (up to 75%)	The consumer may hold the investment as up to 75% of their total investable assets. The consumer is likely to seek a product with medium to high portfolio diversification.
Core Component (up to 50%)	The consumer may hold the investment as up to 50% of their total investable assets. The consumer is likely to seek a product with at least medium portfolio diversification.
Minor allocation (up to 25%)	The consumer may hold the investment as up to 25% of their total investable assets. The consumer is likely to seek a product with low to medium portfolio diversification.
Satellite (up to 10%)	The consumer may hold the investment as up to 10% of the total investable assets. The consumer may seek a product with low portfolio diversification.
Investable Assets	Those assets that the investor has available for investment, excluding the residential home.
Portfolio diversification (for completing the key product attribute section of consumer's intended product use)	
Low	Single asset class, single country, low or moderate holdings of securities – e.g. high conviction Aussie equities.
Medium	1-2 asset classes, single country, broad exposure within asset class, e.g. Aussie equities "All Ords".
High	Highly diversified across either asset classes, countries or investment managers, e.g. Australian multi-manager balanced fund or global multi-asset product (or global equities).
Consumer's intended investment timeframe	
Short (≤2 years)	The consumer has a short investment timeframe and may wish to redeem within two years.

Term	Definition
Medium (2–5 years)	The consumer has a medium investment timeframe and is likely to redeem within two to five years.
Long (> 5 years)	The consumer has a long investment timeframe and is unlikely to redeem within five years.
Consumer’s Risk (ability to bear loss) and Return profile	
<p>The Issuer has adopted the Standard Risk Measure (SRM) to calculate the likely number of negative annual returns over a 20 year period, using the guidance and methodology outlined in the Standard Risk Measure Guidance Paper For Trustees. The assessment has been undertaken assuming likely returns after fees and costs but before taxes. SRM is not a complete assessment of risk and potential loss. For example, it does not detail important issues such as the potential size of a negative return or that a positive return could still be less than a consumer requires to meet their investment objectives/needs.</p>	
Low	The consumer is conservative or low risk in nature, seeks to minimise potential losses (e.g. has the ability to bear up to 1 negative return over a 20 year period (SRM 1 to 2)) and is comfortable with a low target return profile. Consumer typically prefers defensive assets such as cash and fixed income.
Medium	The consumer is moderate or medium risk in nature, seeking to minimise potential losses (e.g. has the ability to bear up to 4 negative returns over a 20 year period (SRM 3 to 5)) and comfortable with a moderate target return profile.
High	Consumer typically prefers a balance of growth assets such as shares, property and alternative assets and defensive assets such as cash and fixed income.
Very high	The consumer is higher risk in nature and can accept higher potential losses (e.g. has the ability to bear up to 6 negative returns over a 20 year period (SRM 6)) in order to target a higher target return profile. Consumer typically prefers predominantly growth assets such as shares, property and alternative assets with only a smaller or moderate holding in defensive assets such as cash and fixed income.
Consumer’s need to access capital	
<p>Daily/Weekly/Monthly/Quarterly / Before next Periodic Exit Opportunity (expected February 2026)/At next Periodic Exit Opportunity (expected February 2026)</p>	<p>This consumer attribute addresses the likely period of time between the making of a request for redemption/withdrawal (or access to investment proceeds more generally) and the receipt of proceeds from this request under ordinary circumstances. Issuers should consider both the frequency for accepting the request and the length of time to accept, process and distribute the proceeds of such a request. To the extent that the liquidity of the underlying investments or possible liquidity constraints (e.g. ability to stagger or delay redemptions) could impact this, this is to be taken into consideration in aligning the product to the consumer’s need to access capital. Where a product is held on investment platforms, distributors also need to factor in the length of time platforms take to process requests for redemption for underlying investments. Where access to investment proceeds from the product is likely to occur through a secondary market, the liquidity of the market for the product and likely realisable value on market should be considered, including in times of market stress.</p>

Term	Definition
Review triggers and distributor reporting	
Significant dealings	<p>Section 994F(6) of the Act requires distributors to notify the issuer if they become aware of a significant dealing in the product that is not consistent with the TMD. Section 994G of the Act requires the Issuer to notify ASIC if it becomes aware of a significant dealing in the Fund that is not consistent with the TMD. Neither the Act nor ASIC defines when a dealing is 'significant' and distributors have discretion to apply its ordinary meaning.</p> <p>Whether or not a dealing is significant is a matter to be determined in the circumstances of each case and must be determined having regard to ASIC's policy in RG 274.</p> <p>The issuer will rely on notifications of significant dealings to monitor and review the product, this TMD, and its distribution strategy, and to meet its own obligation to report significant dealings to ASIC.</p> <p>Dealings outside this TMD may be significant because:</p> <ul style="list-style-type: none"> • they constitute an individual transaction which has resulted in, or will or is likely to result in, significant detriment to the consumer (or class of consumer). <p>In each case, the distributor should have regard to:</p> <ul style="list-style-type: none"> • the nature and risk profile of the product (which may be indicated by the product's risk rating or withdrawal timeframes), • the actual or potential harm to a consumer (which may be indicated by the value of the consumer's investment, their intended product use or their ability to bear loss), and • the nature and extent of the inconsistency of distribution with the TMD (which may be indicated by the number of red or amber ratings attributed to the consumer). <p>Objectively, a distributor may consider a dealing (or group of dealings) outside the TMD to be significant if:</p> <ul style="list-style-type: none"> • the consumer's intended product use is Solution / Standalone, or • the consumer's intended product use is Core component and the consumer's risk (ability to bear loss) and return profile is Low.

Important Notice and Disclaimer

As responsible entity for and the issuer of units in the Castlerock Government Property Fund ('Fund'), Castlerock Investment Management Ltd ('Castlerock Investment' or 'Responsible Entity') is the issuer of this document, and any additional disclosure or updated information available from <https://www.castlerockproperty.com.au/funds/castlerock-government-property-fund>.

Castlerock Investment Management Ltd may update this document from time to time. Castlerock Investment Management Ltd recommends investors refer to the Castlerock Investment Management Ltd website at <https://www.castlerockproperty.com.au/funds/castlerock-government-property-fund> for these updates.

From time to time, Castlerock Investment Management Ltd may become aware of information that is material to investors but not covered by a disclosure principle. Any such information will be provided to investors in continuous disclosure notices on our website.

The information in this document is general information only and does not take into account your objectives, financial situation or needs. Therefore, in deciding whether to acquire or continue to hold an investment you should consider the PDS and any website updates to it carefully and assess, with or without your financial adviser, whether the product fits your objectives, financial situation or needs. Past performance is not a reliable indicator of future performance.

You are entitled to receive a paper copy of this document upon request.

CASTLEROCK GOVERNMENT PROPERTY FUND

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