



# Castlerock Government Property Fund

Product Disclosure Statement

ARSN: 644 680 893

Investment in a portfolio of Commonwealth and State Government leased assets located throughout Australia.

## Important notice and disclaimer

Castlerock Investment Management Ltd (ACN 125 737 091, AFSL No. 318368) ("Responsible Entity") as responsible entity for the Castlerock Government Property Fund ARSN 644 680 893 ("Fund") is the issuer of this Product Disclosure Statement ("PDS"), which is dated 28 August 2024. The Responsible Entity has engaged Castlerock Property Pty Ltd (ACN 075 504 399) ("Manager" or "Castlerock") as the manager of the Fund.

### This PDS relates to the offer of units in the Fund

Neither the Responsible Entity, the Manager, nor their related entities, directors, associates or other officers make any promise or representation or give any guarantees as to the success of the Fund, the payment or amount of any distributions or the amount you will receive on any withdrawal or on the winding up of the Fund; or as to the amount or rate of any income or capital return; or as to the taxation consequences of investing in the Fund.

### No investment advice

The information contained in this PDS is general information only and does not take into account your individual objectives, financial situation or needs. Investors should read the PDS carefully and in full and assess whether the information, and any investment, is appropriate for them, having regard to their own objectives, financial situation and needs, before making any decision about whether to acquire units in the Fund. Investors should obtain professional investment advice before accepting the invitation to apply for units in the Fund set out in this PDS. An investment in the Fund is subject to investment risks and other risks; including, but not limited to, those risks set out in this PDS.

### Forward looking statements

This PDS contains forward looking statements relating to future matters (such as information about return objectives), which are subject to known and unknown risks, uncertainties and other important factors that could cause the actual results, performance and achievements of the Fund to be materially different from those expressed or implied by such statements. Therefore, neither the Responsible Entity, the Manager, nor their directors, related entities and other officers, make any promise or representation, or give any guarantees, about any forward-looking statements in this PDS or about the achievement of any particular rate of return from this investment. This PDS contains information about the past performance of the Fund and the assets of the Fund. Past performance is not a reliable indicator of future performance.

### Target Market Determination

A target market determination ("TMD"), made by the Responsible Entity under section 994B of the Corporations Act 2001 (Cth) ("Act"), is available on our website. You should carefully consider the TMD before making any investment decision.

The information in this PDS has not been independently audited.

This PDS does not constitute an offer or invitation in any jurisdiction outside of Australia.

### Applicability of information

The information in the PDS is current as at the issue date but may change from time to time.

### Updated information

The Responsible Entity may issue a supplementary product disclosure statement to supplement any relevant information not contained in this PDS, in accordance with its obligations under the Act. Any supplementary product disclosure statement and updated information should be read together with this PDS. A printed copy of any supplementary product disclosure statement and other information regarding the Fund will be available from us free of charge upon request.

### Pictures

Unless stated otherwise, all pictures of properties in this PDS are actual photos or artists' impressions of properties which are held, under development, or contracted to be acquired by the Fund.

### Currency

References to currency are to Australian currency unless otherwise specified. Definitions of certain terms used in this PDS appear in the glossary.

### Continuous disclosure

In accordance with ASIC Regulatory Guide 198 "Unlisted disclosing entities: Continuous disclosure obligations", the Responsible Entity advises it will fulfil its continuous disclosure requirements by way of website disclosures that comply with ASIC's good practice guidance. All disclosures required under continuous disclosure requirements will be uploaded onto the investor portal which is accessible at [invest.castlerockproperty.com.au](https://invest.castlerockproperty.com.au)

Dated: 28 August 2024

# Contents

<b>1</b>	<b>Overview</b>	<b>2</b>	<b>8</b>	<b>Taxation Information</b>	<b>47</b>
1.1	Key Features	2	8.1	Fund Taxation	49
1.2	ASIC Disclosure Benchmarks and Principles for Unlisted Property Funds	5	8.2	Taxation of Australian Tax Resident Investors	49
<b>2</b>	<b>Fund Investment Strategy</b>	<b>9</b>	<b>9</b>	<b>Additional Information</b>	<b>51</b>
2.1	History	11	9.1	The Constitution	53
2.2	Fund Strategy	11	9.2	Investors' Right to Information	53
2.3	Debt Strategy	12	9.3	Valuation Policy	54
<b>3</b>	<b>Investment Overview</b>	<b>13</b>	9.4	Conflicts of Interest	54
3.1	Structure of the Fund	15	9.5	Related Party Transactions	55
3.2	The Offer	15	9.6	Future Capital-Raising	55
3.3	Fund Term & Liquidity	17	9.7	Investors' Rights	56
3.4	Distributions	18	9.8	Labour Standards & Environmental, Social or Ethical Considerations	56
<b>4</b>	<b>Management</b>	<b>19</b>	9.9	Complaints Handling	57
4.1	The Responsible Entity	21	9.10	Personal Information	57
4.2	About Castlerock	23	9.11	Custodian	58
<b>5</b>	<b>Fund Performance</b>	<b>27</b>	9.12	Anti-Money Laundering & Counter-Terrorism Financing	58
<b>6</b>	<b>Risk Overview</b>	<b>31</b>	9.13	United States of America (US) Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standards (CRS)	59
<b>7</b>	<b>Fees &amp; Other Costs</b>	<b>39</b>		<b>Glossary</b>	<b>60</b>
7.1	Fees & Other Costs	41			
7.2	Example of Annual Fees & Costs for the Fund	43			
7.3	Additional Explanation of Fees & Other Costs	44			



As investors we are regularly kept up to date by the Directors and fully informed about how the fund is doing financially, as well as what future purchases or developments are being considered. We are made to feel like “part of the family” not just an investor; choosing to include Castlerock in our investment portfolio is the best decision we have made.



Frankston, VIC – Under Development

# Chair's Letter

Dear Investor,

On behalf of the Responsible Entity, I thank you for considering this opportunity to invest in the Castlerock Government Property Fund ("Fund").

Our fund strategy is to develop and purchase a portfolio of Commonwealth and State Government leased assets throughout Australia, that provides Investors with reliable income distributions and the potential for long-term capital growth.

Combining extensive funds management experience and full-service property expertise, the Fund's management team is well placed to deliver on this strategy by identifying, developing, and optimising quality investment opportunities.

Our government-centric strategy is underpinned by an experienced management team and deep property knowledge. The quality of our properties along with a strong weighted average lease expiry enables the Fund to generate stable returns<sup>1</sup> for our investors.

Launched in 2014, the Fund has demonstrated consistent distribution growth, with an increase in distributions of 22.5% since commencement of the Fund from 8 cents per unit to an impressive 9.8 cents per unit<sup>1</sup>.

The Fund has delivered strong performance to date, which is a result of our in-house ability to add value to the assets in our portfolio, through development and proactive property management<sup>1</sup>.



The Fund offers Investors the opportunity to invest in a Fund that owns an established and growing portfolio located in New South Wales, Victoria, Queensland, Tasmania and Western Australia. Details of the Fund's investment portfolio are located at [www.castlerockproperty.com.au](http://www.castlerockproperty.com.au).

We have a proactive approach to identifying opportunities and we aim to maximise Investor returns through strategic acquisitions and development.

We commend this opportunity to you and look forward to welcoming you as an Investor in the Fund.

Yours sincerely,

**Carl Rooke**  
Chair

<sup>1</sup> Past performance is not a reliable indicator of future performance. The payment of distributions is not promised or guaranteed.

# Benefits of Investing<sup>1</sup>



Attractive distribution yield<sup>1</sup>

Distributions paid quarterly<sup>1</sup>

Experienced management team

High occupancy, predominantly leased to Commonwealth and State Governments

Geographically diverse portfolio

Long Weighted Average Lease Expiry

Highly hedged debt-strategy

5-Yearly periodic exit opportunities, and annual limited withdrawal offers<sup>2</sup>

Partially tax deferred distributions<sup>1</sup>

<sup>1</sup> Applicants should read this PDS and the TMD (available on our website [www.castlerockproperty.com.au](http://www.castlerockproperty.com.au)) in full prior to making a decision as to whether to invest. An investment in the Fund is subject to risk, including those set out in Section 6.

Past performance is not a reliable indicator of future performance. Actual returns may differ materially from the forecast. Distributions will be paid if declared by the Responsible Entity and are subject to the Responsible Entity's discretion. The payment of distributions on a quarterly basis (or at all) is not promised or guaranteed.

<sup>2</sup> The ability to withdraw your investment in whole or in part is not guaranteed. Refer to Section 3.3 for more information regarding withdrawal rights.

# Overview

## 1.1 Key Features

The table below sets out the key features of the Fund. However, potential Investors should read this PDS in its entirety and consider the TMD before making a decision to invest in the Fund.




Key feature	Details	Section
Fund name	Castlerock Government Property Fund ARSN 644 680 893 ("Fund").	–
Responsible Entity	Castlerock Investment Management Limited ACN 125 737 091 AFSL 318368 ("Responsible Entity").	4.1
Fund structure	Open-ended unlisted property trust.	2 & 3
Independent custodian	Sandhurst Trustees Limited ABN 16 004 030 737.	9.11
Fund investment strategy	The Fund is an existing unlisted property trust which was established to develop and purchase a portfolio of Commonwealth and State Government-leased assets located throughout Australia, with the aim of providing Investors with stable income distributions and the potential for long-term capital growth.	2
Current portfolio	As at the date of this PDS, the portfolio is diversified across New South Wales, Victoria, Queensland, Tasmania and Western Australia.  Up to date information about the Fund's investment portfolio is available at <a href="http://www.castlerockproperty.com.au">www.castlerockproperty.com.au</a>	–
Distributions	The Fund has an attractive distribution yield.  Distributions are intended to be paid on a quarterly basis in arrears by the end of the following month.  The Responsible Entity has a distribution reinvestment plan whereby Investors can elect to reinvest all (or some) of their distributions to acquire additional Units in the Fund.  Distributions are forecast to be partially tax deferred in each financial year.  The latest distribution rate per unit is available at <a href="http://www.castlerockproperty.com.au">www.castlerockproperty.com.au</a>	3.4
Regular reporting	Investors will receive quarterly Fund updates, annual management reports (including audited financial statements), as well as being able to access information regarding the Fund's current investments available at <a href="http://www.castlerockproperty.com.au">www.castlerockproperty.com.au</a>	–



# Overview

## 1.1 Key Features

Key feature	Details	Section
How to invest <sup>1</sup>	<p>Read this PDS and the TMD in full, consider if an investment is appropriate for you, and if so, complete the application form online at <a href="https://invest.castlerockproperty.com.au">invest.castlerockproperty.com.au</a>.</p> 	–
Unit class	All units issued under this PDS will be ordinary units.	–
Minimum investment	New Investors must make an initial investment in the Fund of at least \$50,000. If you are an existing Investor then the minimum investment is \$10,000. The Responsible Entity may accept initial investments that are less than \$50,000 at its discretion.	–
Suggested investment period	Long-term: 5 to 10 years.	–
Issue of Units	<p>Applications made under this PDS will be processed on a monthly basis. If an application is accepted by the Responsible Entity, then the relevant Units will be issued on the first calendar day of the month after which the application is received. Units will be issued at an issue price calculated as at the day an application is accepted.</p> <p>Any interest earned on application money received will form part of the assets of the Fund and will not be paid to Applicants.</p> <p>No cooling-off rights apply with respect to an application made to invest in the Fund.</p>	–
Liquidity	<p>The Responsible Entity intends to provide Investors with the opportunity to realise some or all of their investment through a combination of:</p> <ul style="list-style-type: none"> <li>▪ Annual Limited Withdrawal Offers</li> <li>▪ 5-Yearly Periodic Exit Opportunities</li> </ul> <p>Annual Limited Withdrawal Offers are intended to be made by the Responsible Entity, in accordance with the Constitution, annually in February each year (except for February 2026, when a 5-Yearly Periodic Exit Opportunity is intended to be provided).</p> <p style="text-align: right;">cont...</p>	3.3

<sup>1</sup> Paper and electronic application forms can be requested from the Responsible Entity at [investor@castlerockproperty.com.au](mailto:investor@castlerockproperty.com.au).

Key feature	Details	Section
Liquidity	<p>These offers will be limited in size to 2.5% of the value of the net assets of the Fund.</p> <p>At the end of each five-year period, there will be a 5-Yearly Periodic Exit Opportunity where, subject to its obligations at law, the Responsible Entity will endeavour to provide liquidity for all Investors wishing to redeem all or some of their investment. The first 5-Yearly Periodic Exit Opportunity is intended to be made in February 2026, and subsequent 5-Yearly Periodic Exit Opportunities will occur every 5 years thereafter. In exceptional circumstances, the Responsible Entity may suspend 5-Yearly Periodic Exit Opportunities or Annual Limited Withdrawal Offers. The ability to withdraw your investment in whole or in part is therefore not guaranteed.</p>	3.3
Fees and other costs	<p>The Responsible Entity is entitled to the following fees from the Fund:</p> <ul style="list-style-type: none"> <li>▪ Acquisition/Development Fee: 2.675% of the completed value of each real property asset developed or acquired by the Fund or any controlled Sub Trust;</li> <li>▪ Management Fee: Up to 0.85% per annum of the Fund's Gross Asset Value;</li> <li>▪ Performance Fee: 20% of the amount by which the internal rate of return ("IRR") of the Fund exceeds 11% p.a. over the period February 2014 to February 2026, and over each 10 year period thereafter (or to the time the Responsible Entity is removed or retires);</li> <li>▪ Disposal Fee: 1% of the gross consideration received by the Fund (or any Sub Trust) for the disposal of any property.</li> </ul> <p>In addition, the Responsible Entity is entitled to pay or recover from the Fund administration costs properly incurred in the operation of the Fund.</p> <p>The Responsible Entity may also be entitled to a management handover fee if it is removed or retires.</p>	7
Key risks	<p>All investments carry risk and there are risks associated with investing in the Fund, including the risk that the value of the Fund's assets decreases and you may lose all or part of your capital invested. The Fund also has other risks, including but not limited to, development cost risk, development duration risk, market rent review risk, valuation risk and gearing, refinancing and interest rate risk.</p>	6
Investor relations	If you have any queries on the Fund please contact the Responsible Entity on 03 8639 9100 or <a href="mailto:investor@castlerockproperty.com.au">investor@castlerockproperty.com.au</a> .	–

# Overview

## 1.2 ASIC Disclosure Benchmarks and Principles for Unlisted Property Funds

ASIC Regulatory Guide 46 "Unlisted property schemes: Improving disclosure for retail investors" ("RG 46") contains six disclosure benchmarks and eight disclosure principles for unlisted property funds that are intended to assist investors to analyse and understand the risks associated with investing in these types of funds and decide whether such investments are suitable for them.

Responsible entities of unlisted property funds are required to apply these disclosure benchmarks and principles in their product disclosure statements and in other information they provide to their investors on an ongoing basis.

The below table contains a brief explanation of each RG 46 disclosure benchmark and principle, together with a reference to the section of this PDS where more information can be found. Any future changes will be updated in the Fund's RG 46 Disclosure Guide which is located on the Fund's investor portal.

ASIC's Disclosure Benchmarks and Principles	Summary	Refer to Section
<b>Gearing</b> (Benchmark 1 and Disclosure Principle 1)	<p>Benchmark is satisfied. The Responsible Entity maintains and complies with a written policy that governs the level of gearing by the Fund, at an individual credit facility level.</p> <p>A fund's gearing ratio indicates the extent to which the fund's assets are funded by borrowings. The Fund's gearing ratio is calculated as the Fund's total interest-bearing liabilities divided by the value of the Fund's total assets.</p>	2.3
<b>Interest Cover Policy and Interest Cover Ratio</b> (Benchmark 2 and Disclosure Principle 2)	<p>Benchmark is satisfied. The Fund meets this benchmark, as the Responsible Entity maintains and complies with a written policy that governs the level of interest cover at an individual credit facility level.</p> <p>The interest cover ratio ("ICR") measures a fund's ability to service interest payments on debt from earnings. The lower the ICR, the higher the risk that the fund will not be able to meet its interest payments.</p>	2.3
<b>Interest Capitalisation</b> (Benchmark 3)	Benchmark is satisfied. The interest expense of the Fund is not capitalised.	–

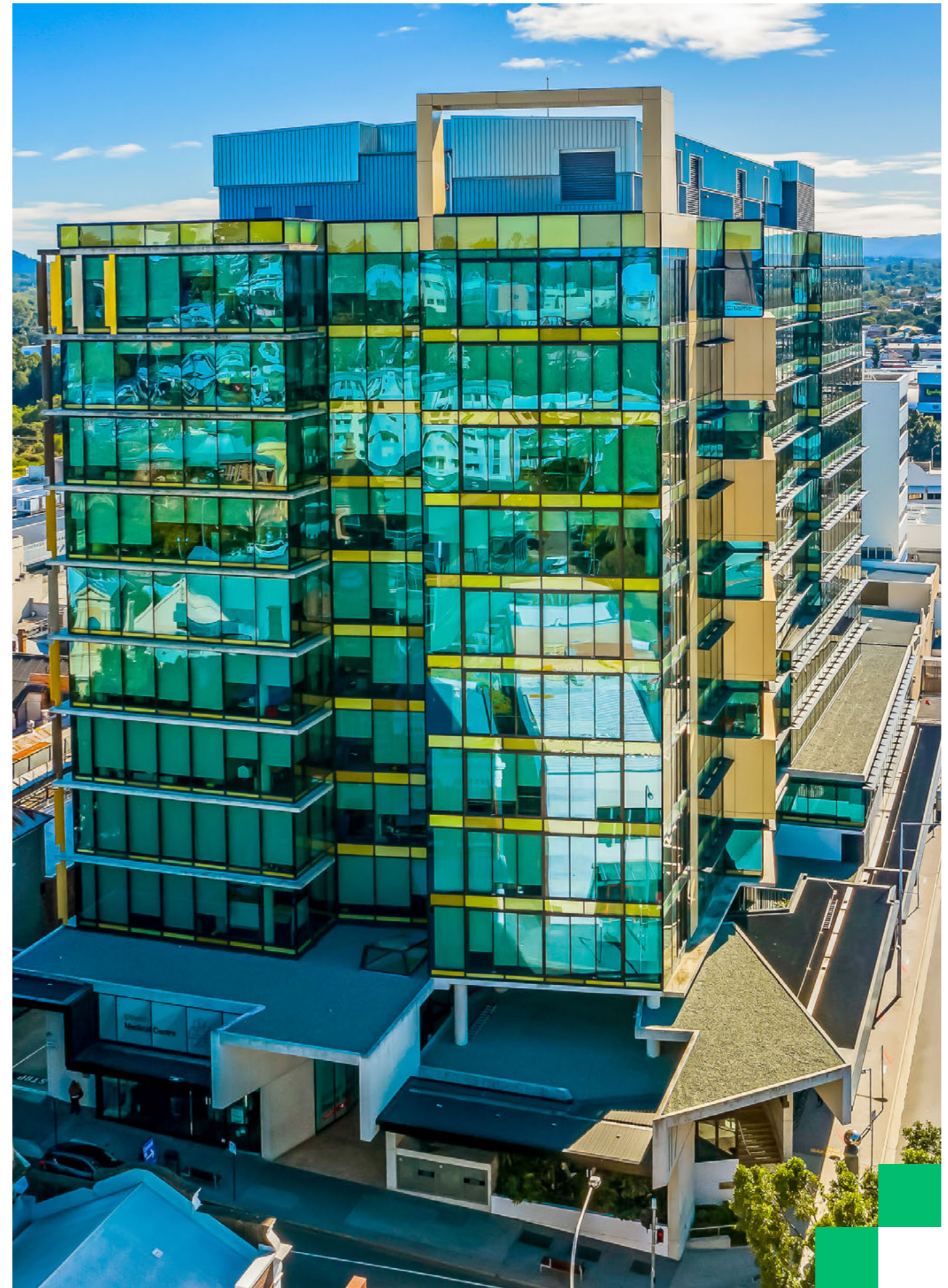
ASIC's Disclosure Benchmarks and Principles	Summary	Refer to Section
<b>Scheme Borrowing</b> (Disclosure Principle 3)	<p>This principle requires disclosure of information on the Fund's borrowing, including the following:</p> <ul style="list-style-type: none"> <li>▪ The aggregate amount owing and the maturity profile.</li> <li>▪ The percentage by which either the operating cash flow or the value of the assets used as security must fall before the Fund will breach the loan covenants;</li> <li>▪ Specific details about each credit facility, including the aggregate undrawn amount, applicable interest rate, LVR and interest cover covenants, the assets to which the facility relates and whether the facility is hedged;</li> <li>▪ Any associated risks with the Fund's borrowing maturity profile, including whether borrowings have been hedged and, if so, to what extent;</li> <li>▪ Any information about breaches of loan covenants that is reasonably required by Investors.</li> </ul> <p>All borrowing by the Fund will be non-recourse to Investors.</p> <p>All amounts owing to lenders and other creditors of the Fund rank before an Investor's interest in the Fund.</p>	2.3
<b>Portfolio diversification</b> (Disclosure Principle 4)	The principle requires disclosure of information about the current composition of the Fund's direct property investments. Generally, the more diversified a portfolio is, the lower the risk that an adverse event affecting one property or one lease will put the overall portfolio at risk.	–
<b>Valuation policy</b> (Benchmark 4)	<p>Benchmark is satisfied. The Responsible Entity maintains and complies with a written valuation policy for the valuation of the Fund's properties.</p> <p>A fund's valuation policy helps investors understand how assets will be valued and can help them assess the reliability of valuations.</p> <p>The Responsible Entity's valuation policy satisfies the requirements of this Benchmark.</p>	9.3
<b>Related party transactions</b> (Benchmark 5 and Disclosure Principle 5)	<p>Benchmark is satisfied. The Responsible Entity maintains and complies with a written policy for related party transactions, including the assessment and approval processes for such transactions and arrangements to manage conflicts of interest.</p> <p>This principle requires the provision of information on a responsible entity's approach to related party transactions.</p> <p>The Responsible Entity's policy ensures that any actual or potential conflicts of interest are identified and appropriately dealt with.</p>	9.4 & 9.5

# Overview

## 1.2 ASIC Disclosure Benchmarks and Principles for Unlisted Property Funds

ASIC’s Disclosure Benchmarks and Principles	Summary	Refer to Section
<b>Distribution practices</b> (Benchmark 6 and Disclosure Principle 6)	Benchmark is not satisfied. Distributions are normally paid from operations. However, some distributions may comprise a component of capital and be paid from reserves. This is because when funds are raised from Investors to finance development activities, a certain amount of funds are put aside to pay distributions while the asset is under development.	3.4
<b>Withdrawal arrangements</b> (Disclosure Principle 7)	It is intended that there will be a limited withdrawal opportunity each year, as well as a periodic withdrawal opportunity every 5 years.	3.3
<b>Net tangible assets</b> (Disclosure Principle 8)	<p>The Responsible Entity calculates the net tangible assets ("NTA") of the Fund based on the Fund’s latest financial statements using the following formula:</p> $\text{NTA} = \frac{\text{Net assets} - \text{intangible assets} \pm \text{any other adjustments}}{\text{Number of units in the scheme on issue}}$ <p>The NTA calculation of a fund helps investors understand the value of the assets of the fund upon which the value of their units are determined.</p>	–

Updates to the information required by RG 46 will, from time to time, be updated in the Fund’s RG 46 Disclosure Guide which is located on the Fund’s website at [www.castlerockproperty.com.au/funds/castlerock-government-property-fund](http://www.castlerockproperty.com.au/funds/castlerock-government-property-fund).



Ipswich, QLD



# Fund Investment Strategy



Mirrabooka, WA

We back our investments because we build them



Mirrabooka, WA

**Castlerock**



# Fund Investment Strategy

## 2.1 History

The Fund was established (initially as a wholesale investment trust) in February 2014. The Fund was later registered as a managed investment scheme with ASIC on 12 October 2020.

## 2.2 Fund Strategy

The strategy of the Fund is to purchase and/or develop a portfolio of Commonwealth and State Government leased assets with the objective of providing stable income distributions, and the potential for capital growth in the long term. The assets in the Fund will primarily be leased to the Commonwealth and State Governments of Australia.

Due to the nature of some buildings, there may be non-government tenants, particularly at ground level. For new developments, the Fund will only commit funds if:

- A government department or agency has committed to a lease for the majority of the building from its completion;
- A development proposal has been assessed and approved by the Responsible Entity's Board; and
- Debt funding is expected to be available in line with the target loan to value ("LVR") ratio explained in this PDS.

The Responsible Entity may in its sole discretion determine that it is in the best interests of the Investors as a whole that the Fund no longer purchases and develops further buildings in accordance with the strategy set out in this PDS.

## 2.3 Debt Strategy

The policy of the Fund is to maintain an overall LVR of below 50%. The major Australian trading banks are intended to be the financiers for the Fund and the debt facilities will normally be secured by a first mortgage over the properties and a general security interest over the trustee of the Sub Trust that holds each asset. The debt is limited in recourse to the Assets, meaning that the lender will have no right of recourse against any individual Investor.

Repayment of borrowings ranks ahead of Investors' interests in the Fund and payment of interest on borrowings must be funded prior to any distributions being made to Investors.

Certain information and undertakings will be required by the financier, which are likely to relate to the provision of annual and half-yearly accounts, insurance policies for the Fund's Properties, updated Fund models, divestment strategies and tenancy schedules.

Additionally, certain events of default will be set out in the terms of the debt facility and may include a failure to pay amounts due to the lender or the breach of loan to value ratio or interest coverage ratio covenants.

If an event of default occurs, the financier may take enforcement action against the Fund, including requiring that the payment of distributions be suspended and requiring that all outstanding monies be immediately repaid. The financier will only have recourse to the assets of the Fund and will not have recourse to the assets of individual Investors. The financier has recourse to the assets of the Fund in priority to the claims of Investors' interests.

Some facilities may also have conditions that enable the financier to call on the loan if investors exercise their rights to remove and replace the Responsible Entity of the Fund.

The interest expense of the Fund is not capitalised.

A summary of the terms applicable to any debt facility entered into by the Fund are set out in the Fund's regular RG 46 disclosures.

### Gearing ratio

A gearing ratio indicates the extent to which a fund's assets are funded by interest bearing liabilities.

RG 46 requires the Responsible Entity to disclose the Fund's gearing ratio, calculated as follows:

$$\text{Gearing ratio} = \frac{\text{Total interest-bearing liabilities}}{\text{Total assets}}$$

It is intended that the Fund's gearing ratio will be between 35% to 50%. At times the level of gearing may move out of this range, primarily occurring at times prior to the acquisition of assets or after the sale of assets.

A lower gearing ratio means a fund will have a lower level of debt relative to the value of its assets, which helps to mitigate valuation risk by providing a buffer in times of financial stress. A higher gearing ratio means a higher reliance on external borrowings to fund assets and exposes a fund to increased debt costs if interest rates rise.

It is important to note that any financier of the Fund may use a different methodology to measure its LVR covenant.

Refer to [www.castlerockproperty.com.au](http://www.castlerockproperty.com.au) for the latest gearing ratio.

### Interest cover

The interest cover ratio ("ICR") of a fund gives an indication of the fund's ability to meet the interest payments on its borrowings from earnings.

RG 46 requires the Responsible Entity to disclose the Fund's ICR calculated as follows:

$$\text{ICR} = \frac{\text{EBITDA} - \text{unrealised gains} + \text{unrealised losses}}{\text{Interest expense}}$$

It is intended that the Fund's ICR will be above 2.0 times.

Refer to [www.castlerockproperty.com.au](http://www.castlerockproperty.com.au) for the latest interest cover ratio.

### Hedging

The Responsible Entity may determine to hedge all or a portion of the interest rate exposure of the Fund from time to time. Hedging refers to the means by which the Responsible Entity can manage the rate of interest for the debt facility for an agreed period of time. Any such interest rate hedge is notified to Investors in the Fund's regular RG 46 disclosures and is accounted for on a mark to market basis in the Fund's financial accounts.

### Other financing arrangements with related entities

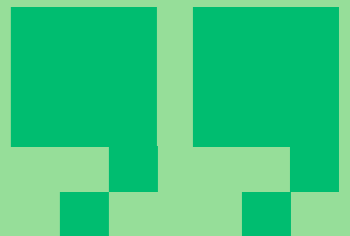
The Responsible Entity may also arrange short-term debt finance from related entities to secure Properties for the Fund from time to time. Where the Fund obtains finance from a related entity, the Responsible Entity will ensure that the arrangements are made on arm's-length terms and in the best interests of Investors in accordance with its conflicts-of-interest policy. Any short-term funding arrangements will be disclosed in the Fund's continuous disclosure announcements. Investors should note, any short-term finance obtained by the Fund will contribute the Fund's overall gearing ratio.

# Investment Overview

# 3



My family, friends and I have all invested with Castlerock – we have a close relationship with the team, so it’s nice to connect with them. They aren’t just buying or developing buildings to slap tenants into...they’re actually developing buildings for a greener economy.



N.V. – Investor  
 Castlerock Services Australia Fund (2010) | Castlerock Government Property Fund (2019)

# Investment Overview

## 3.1 Structure of the Fund

The Fund is a registered managed investment scheme, which is operated and managed by its Responsible Entity. The Responsible Entity has engaged Castlerock as the manager of the Fund.

The Fund is an open-ended unlisted property trust. The Fund may hold properties through wholly-owned Sub Trusts.

## 3.2 The Offer

This PDS contains an offer to apply for ordinary units in the Fund. The Responsible Entity is seeking to raise equity for the Fund under this PDS to continue to pursue the strategy of the Fund outlined in Section 2.

The Offer will remain open until the Responsible Entity withdraws this PDS from the market. Investors should read this PDS in its entirety and make independent enquiries prior to making a decision to invest in the Fund.

### Minimum investment

The minimum amount an Applicant must invest is \$50,000. If you are an existing Investor in the Fund, then the minimum investment amount is \$10,000.

The Responsible Entity may accept lower amounts in its discretion.

### How to apply

Refer to the 'How to invest' section located at the back of this PDS for information as to how you may apply to invest in the Fund.

### When to apply

You can apply to invest in the Fund at any time the Offer is open.

The Responsible Entity generally determines whether to approve applications on the first calendar day of each calendar month. If your application is accepted, then Units will be deemed to have been issued to you on the day your application is accepted.

In order for an application to be approved and the corresponding Units issued to the Applicant on the first calendar day of a month, a duly completed application form, any required supporting documentation, and the

corresponding application money (in cleared funds) must have been received from the Applicant by the Responsible Entity on or before 5.00pm AEST on the last Business Day of the preceding calendar month ("Cut-off Time").

When we receive your application, we will contact you to confirm the application has been received and, if required, request any further information or documentation you need to provide.

We will confirm the number of Units issued to you and the relevant price per Unit within 10 Business Days of the day we approve your application.

Please note, the Responsible Entity may accept or reject Applications, in whole or in part, in its absolute discretion. The Responsible Entity does not need to give any reason for rejecting an application.

The Responsible Entity encourages you to submit your application and pay your application money as early as possible in a given month. This will enable the Responsible Entity to contact you so that you may provide any further information or documentation, if required, prior to the relevant Cut-off Time. Paying your application money early will also ensure the Responsible Entity receives the application money in cleared funds prior to the relevant Cut-off Time.

### No interest or cooling off rights

Any interest earned on application money received by the Responsible Entity will form part of the assets of the Fund and will not be paid to Applicants.

No cooling-off rights apply with respect to an application made to invest in the Fund.



Morwell, VIC

### Issue Price

Units issued to Applicants will be issued at a price calculated as at the day the application is accepted ("Issue Price").

The Issue Price is the prevailing net asset value of the Fund ("NAV") plus the amortised value of Acquisition Costs, plus any transaction costs ('buy spread'), less any 'accrued distributions' for the relevant period, divided by the number of Units.

Acquisition Costs are costs and expenses associated with the raising of capital for the Fund and the acquisition of assets (including by any Sub Trusts). These costs are usually written off over a five-year period. However, when an Asset is sold, any outstanding Acquisition Costs, insofar as they relate to the acquisition of that Asset, are written off immediately.

At the date of this PDS, the Responsible Entity estimates the buy spread is nil. However, the Responsible Entity may apply a buy spread to the Issue Price if it considers it is in the best interests of Investors to do so (see Section 7 for more detail). Any buy spread will be notified on the Fund's website.

The amount of any 'accrued distributions' for a period represents the amount the Responsible Entity calculates as the amount available for distribution for the Fund during the quarter.

Investors should be aware there will be a difference between the Issue Price and the Fund's NAV per Unit. This is because of the amortisation of Acquisition Costs and the deduction of accrued distributions, as discussed above. Nevertheless, the NAV per Unit may help Investors better understand the value of the Assets upon which the value of their Unit is determined.

The Responsible Entity has a unit pricing policy in place in relation to the Fund. Investors may obtain a copy of this policy, at no charge, by contacting the Responsible Entity.

The prevailing Issue Price will be published on the Fund's website at [www.castlerockproperty.com.au](http://www.castlerockproperty.com.au)

### Suspension of applications

Where it is considered to be in the best interest of Investors, the Responsible Entity may temporarily suspend accepting applications under this PDS. The Responsible Entity will make this determination as it monitors the Fund's capital allocation policy, liquidity and investment pipeline. If a suspension occurs, the Responsible Entity will either return your application and application money, or, subject to its obligations under the Act, process your application when the suspension is lifted on the next issue day.

If the Responsible Entity temporarily suspends accepting applications, it will notify Investors through an announcement on the Fund's website at: [www.castlerockproperty.com.au](http://www.castlerockproperty.com.au)

# Investment Overview

## 3.3 Fund Term & Liquidity

The Fund term is open-ended and does not have a fixed term. The Responsible Entity intends to provide Investors with the opportunity to realise some or all of their investment through a combination of:

- Annual Limited Withdrawal Offers
- 5-yearly Periodic Exit Opportunities

### Annual Limited Withdrawal Offers

Annual Limited Withdrawal Offers are intended to be made in February each year, subject to the Fund having available sufficient liquid assets at the time.

The total amount made available for withdrawals each year will be limited and will be communicated to Investors at the time of the offer, however, it is expected to be capped at 2.5% of the net assets of the Fund at that date.

In the event the Fund receives withdrawal requests that exceed the total amount available, Investors will receive a pro-rata amount of their withdrawal request.

Full details of each withdrawal offer, including the amount made available and payment timing, will be communicated at the time of the offer.

### 5-Yearly Periodic Exit Opportunities

At the end of each five-year period it is intended there will be a Periodic Exit Opportunity where, subject to its obligations at law, the Responsible Entity will endeavour to provide liquidity for all Investors wishing to redeem all or some of their investment. The first Periodic Exit Opportunity will be in or around February 2026, and subsequent 5-Yearly Periodic Exit Opportunities will occur every 5 years thereafter.

At a Periodic Exit Opportunity, the Responsible Entity will communicate formally with Investors, providing an outline of the liquidity strategy proposed. Investors will be provided with a withdrawal request form as part of each Periodic Exit Opportunity. To provide liquidity, the Responsible Entity may:

- Increase the Fund's borrowings;
- Sell one or more of the Fund's properties;
- Raise new equity;
- Provide a matching facility, where (subject to the law), Investors who wish to purchase more Units can do so from those Investors who wish to exit; or
- Undertake a combination of these measures.

However, Annual Limited Withdrawal Offers or 5-Yearly Periodic Exit Opportunities may be cancelled, deferred, scaled back or suspended in exceptional circumstances such as where it is impracticable to offer liquidity or it would not be in the best interests of remaining Investors for liquidity to be offered. The ability to withdraw from the Fund is therefore not promised nor guaranteed.

It is therefore important for Investors to consider an investment in the Fund to be a long-term one, and not to expect to be able to withdraw their investment from the Fund before it is eventually wound up and the properties sold.

### Withdrawal Price

The amount per Unit an Investor will receive upon a withdrawal will be communicated at the time of the offer ('Withdrawal Price'). The Withdrawal Price is the prevailing NAV per Unit plus the amortised value of Acquisition Costs, less any transaction costs ('sell spread') and less any 'accrued distributions'. At the date of this PDS, the Responsible Entity has estimated the sell spread is 2.5% (see Section 7 for more detail.) Any change to the sell spread will be notified on the Fund's website.

## 3.4 Distributions

The objective of the Fund is to provide Investors with stable income distributions, and the potential for long-term capital growth. Returns to Investors will be sought through:

- Rental income from completed buildings.
- Potential capital growth from completed buildings; and
- Potential capital growth from development opportunities.

Distributions are normally paid from operations. However, some distributions may comprise a component of capital and be paid from reserves. This is because when funds are raised from investors to finance development activities, a certain amount of funds are put aside to pay distributions while the asset is under development.

Although not currently intended, the Fund may pay distributions from other sources if it is considered to be in the best interests of Investors and where payment from that source is expected to be sustainable in the relevant circumstances.

Distributions do not comprise any unrealised income or unrealised capital gains.

It is the aim of the Responsible Entity that distributions will be made quarterly. Any distributions declared will be paid by the last day of the month following the distribution period. The timing of payment of distributions from the Fund may be impacted by any delay or timing difference in the Fund receiving distributions in respect of its underlying investments. Such a delay may cause a corresponding delay in the Responsible Entity being able to pay distributions to Investors.

The Responsible Entity anticipates that a proportion of distributions will be tax-deferred for Australian tax residents. An advantage of the investment structure is the ability of the Fund to pass on taxation allowances, such as building allowances, imputation credits, and plant and equipment depreciation to Australian tax residents. Please refer to Section 8 for further information on the tax implications for Australian tax residents investing in the Fund.

### Entitlement to distributions

The amount of income distributions you receive will be proportionate to the number of Units you held each day during the distribution period. The amount will vary and it is possible that sometimes there may be no distribution. Please see Section 6 in relation to risks.

### Distribution Reinvestment Plan ("DRP")

The Responsible Entity has in place a DRP enabling Investors to reinvest some or all of their distributions in additional Units in the Fund.

The key features of the DRP are as follows:

- You may apply the DRP to some or all of your Units in the Fund;
- You may join, vary your participation or withdraw from the DRP at any time, subject to adequate notice of 10 Business Days being given to the Responsible Entity;
- Units issued to you under the DRP rank equally with existing Units from the date of issue;
- Units are issued and priced on the day the distribution is paid;
- There will be no residual amount when allocating Units under the DRP, as conventional rounding to the nearest whole number is used; and
- You receive quarterly statements, which set out the details of your distribution amount, the number of Units you have acquired under the DRP and the applicable Unit Price.

You can elect to participate in the Fund's DRP by completing the relevant section in the Application Form. You may also vary your participation, or withdraw from participating, in the DRP by completing a 'Unitholder Change of Details Form' which can be requested by contacting us on (03) 8639 9100 or [investor@castlerockproperty.com.au](mailto:investor@castlerockproperty.com.au).

The Responsible Entity may suspend or cancel the DRP in its absolute discretion. If the Manager suspends or cancels the DRP, it will update Investors on the Fund's website [www.castlerockproperty.com.au](http://www.castlerockproperty.com.au)

### Access to Information

Investors can keep up to date with information related to their investment, including all Fund correspondence, quarterly updates, latest RG 46 disclosure for the Fund and specific Property performance by visiting our website at [www.castlerockproperty.com.au](http://www.castlerockproperty.com.au)

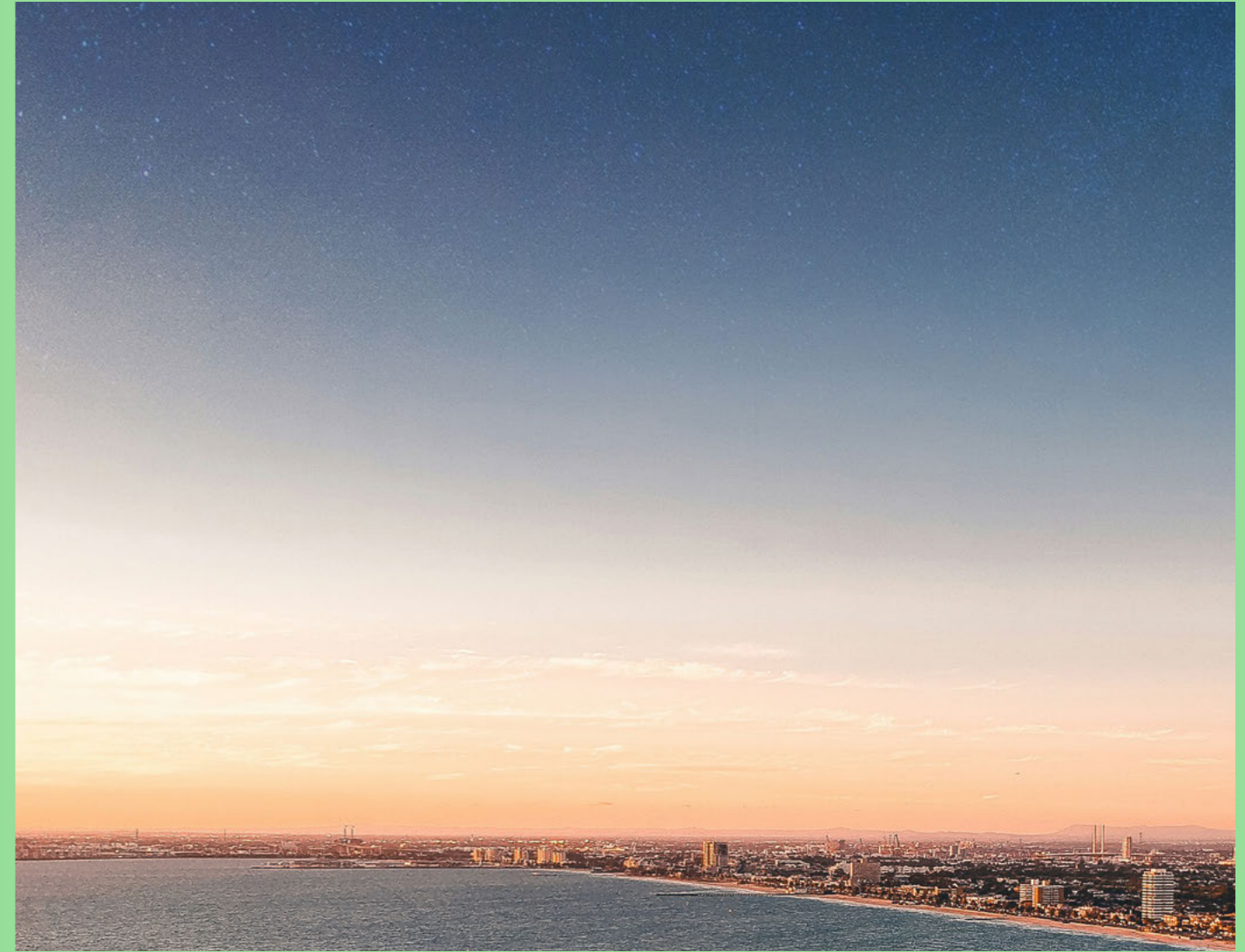
The Responsible Entity provides quarterly Fund updates which includes information regarding the Fund's current investments and annual management reports (including audited financial statement) to Investors.

Alternatively, you can contact the Responsible Entity directly for updates and details in relation to your investment. The Responsible Entity's contact details are set out in the How to Invest section at the back of this PDS.

# Management

The Fund management team comprises the Responsible Entity and Castlerock as the Manager.

With many years combined funds management and property industry experience, the management team is committed to pursuing an investment strategy that is focused on government-tenanted assets, with the aim to generate a stable income stream.



The funds manager  
that sees opportunity  
beyond the CBD

# Management

## 4.1 The Responsible Entity

The Responsible Entity is responsible for the management of the Fund and must perform its role in accordance with its duties under the Constitution, the Act and the general law.

The Responsible Entity's Board of Directors brings together a wealth of experience in finance, management, corporate governance, property development, legal practice and general business.

Our Board comprises leaders who have held key positions within public office and private sector organisations. Many are also well-respected senior members of their respective peak industry bodies.

The fees payable to the Responsible Entity are summarised in Section 7.

### Directors



**Carl Rooke**  
Independent Chairman of the Board of Directors

Carl is a former National Chairman of Horwath Australia and currently acts as a consultant to BDO Chartered Accountants. Carl commenced his career in Chartered Accounting in 1970 and established his own firm in 1974. Carl is a Director on a number of large private company boards and is a Fellow of the Institute of Chartered Accountants and the Institute of Company Directors. Carl has a history of successful business practice with over 30 years' experience in management, accounting and finance.



**Hank Bronts**  
Executive Director

Hank has been successfully providing property development and asset management services in the government sector space since 1990. During his career, Hank has delivered and managed more than 30 buildings, advising on equity and debt finance, project feasibility, site selection, planning, design, construction and asset management.



**Pearse Morgan**  
Non-Executive Director

Pearse has gained extensive experience in funds management, property development and investment, having been involved in raising funds for commercial office developments and investments, and ongoing finance and accounting roles since 1990. Pearse is a Fellow of the Institute of Chartered Accountants, and a member of the Institute of Company Directors.



**Peter Ryan**  
Non-Executive Director

Peter was a long-serving Member for Gippsland South, representing the electorate for 22 years. During this time Peter served as Leader of the Victorian Nationals for 15 years, and from 2010 to 2014 was the Deputy Premier of Victoria. Peter has a deep knowledge of corporate and political governance based on 20 years in legal practice prior to a career in politics and is a highly skilled negotiator and trained and qualified mediator.



**Jason Bronts**  
Executive Director

Jason brings experience in funds management, property development and property finance, having worked for Macquarie Bank in Sydney, KordaMentha in Melbourne, Legal & General Investment Management in London and more recently with Castlerock. Jason holds bachelor's degrees in Commerce and Engineering.



**Vince Peluso**  
Non-Executive Director

Vince has 46 years' experience in the financial services sector and is a retired director of RGM Financial Group where he specialised in financial planning and compliance since 2001. Prior to RGM Vince was employed by Westpac for 28 years in management positions within corporate and commercial finance.



## 4.2 About Castlerock

Castlerock is a dynamic Australian commercial property investment partner with deep property knowledge and a relationship-led approach. Our highly experienced team sees opportunities others miss, unlocks value others can't, and applies genuine care in all that we do.

Our difference lies in our ability to understand the value and potential of property beyond Australia's CBDs. We specialise in acquiring and developing quality assets in high-stability areas that are often overlooked. Our proactive and savvy approach ensures we match excellent buildings with 'just-right' tenants, while continually optimising and upgrading our properties. We've built a positive and enduring reputation with government stakeholders at both the State and Commonwealth levels, successfully managing government-leased assets across Australia for over two decades.

We are a forward-thinking business with the purpose of delivering enduring satisfaction for investors, tenants, and the community. Our expertise, values, and ability to maintain strong relationships over time ensure high levels of service, excellent tenant retention, and strong, stable returns on investment.



**86,000m<sup>2</sup>**  
Leased to Government Tenants

**33**  
Buildings

**7**  
States & Territories

**\$670<sup>+</sup> million**  
in Value



Funds Management



Asset Management



Development Management



Leasing Management



Facilities Management



Property Management



Transaction Management

Figures above include Government leased assets managed by Castlerock across a number of Funds as of 1 July 2024.



# Management

## 4.2 About Castlerock

### Management Team



**Adam Bronts**  
Director | Business Development

Adam has been with Castlerock since 2003 and has played a pivotal role in the growth of Castlerock. Focusing on property development and acquisitions, he has overseen the successful development and purchase of more than 40 commercial properties throughout Australia, many of which continue to provide strong returns for investors today.



**Aaron Ballenger**  
Project Director

Aaron joined Castlerock in 2009 and has a proven track record of delivering successful projects for nearly two decades. Aaron holds a Bachelor of Civil Engineering, a Bachelor of Science and several other qualifications. In his role Aaron provides leadership to Castlerock's design, procurement, construction and facility management teams.



**Mark Shanks**  
Group Financial Controller

Mark has over 20 years of global working experience, most recently as a Group Financial Controller. His experience spans banking, insurance, retail, construction, development, property management and funds management. Mark has been at Castlerock for 8 years and prior to this spent 7 years at one of Australia's leading retail groups, the Just Group.



**Naomi Waters**  
Head of Property

Naomi brings experience in property advisory having worked as a commercial valuer for 10 years, providing services to major banking institutions and Government. A certified Practising Valuer and an associate member of the Australian Property Institute, she was a Senior Advisor to the Victorian Government for the State's office accommodation portfolio, providing strategy and real estate solutions. Naomi has been with Castlerock for over 4 years.



**Dayne Carmichael**  
National Facilities Manager

Dayne has worked in the construction and facilities industries for close to 20 years after starting off in the plumbing trade. Dayne is a certified NABERS assessor, and has been at Castlerock for over 7 years, now leading the Facilities Management division. His role is to manage the strategic and operational management of Castlerock's extensive portfolio of buildings and facilities.



**David Evers**  
Senior Development Manager

David has over 20 years of experience in the property and construction industry, bringing a range of specialist skills to his role at Castlerock Property. Currently a member of the Property Council Australia Future Trends & Innovations Committee and previously serving on the Property Council of Australia's Sustainable Development Committee, David effectively manages the acquisition, conversion, and delivery of Castlerock's development projects, ensuring performance metrics are met whilst delivering a high-quality project to the end user.

# Fund Performance

This section provides a summary of the distribution returns provided to Investors since the inception of the Fund. However, it is important to note that past performance is not a reliable indicator of future performance.

# 5



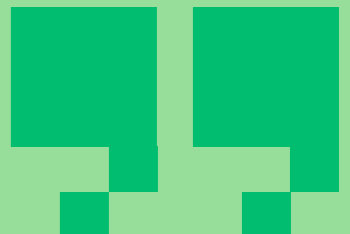
Butler, WA



Butler, WA

I was attracted to the company's ethos of investing in excellent quality, government-tenanted real estate that's distributed throughout high-growth regional areas in Australia.

M.H. – Investor  
Castlerock Services Australia Fund (2012) | Castlerock Government Property Fund (2021)



# Fund Performance

Our government-centric investment strategy, underpinned by deep property knowledge, has a proven track record of generating stable returns.



**22.5%**

Increase in distributions over the Fund's lifetime

From **8.0¢** to **9.8¢** per unit

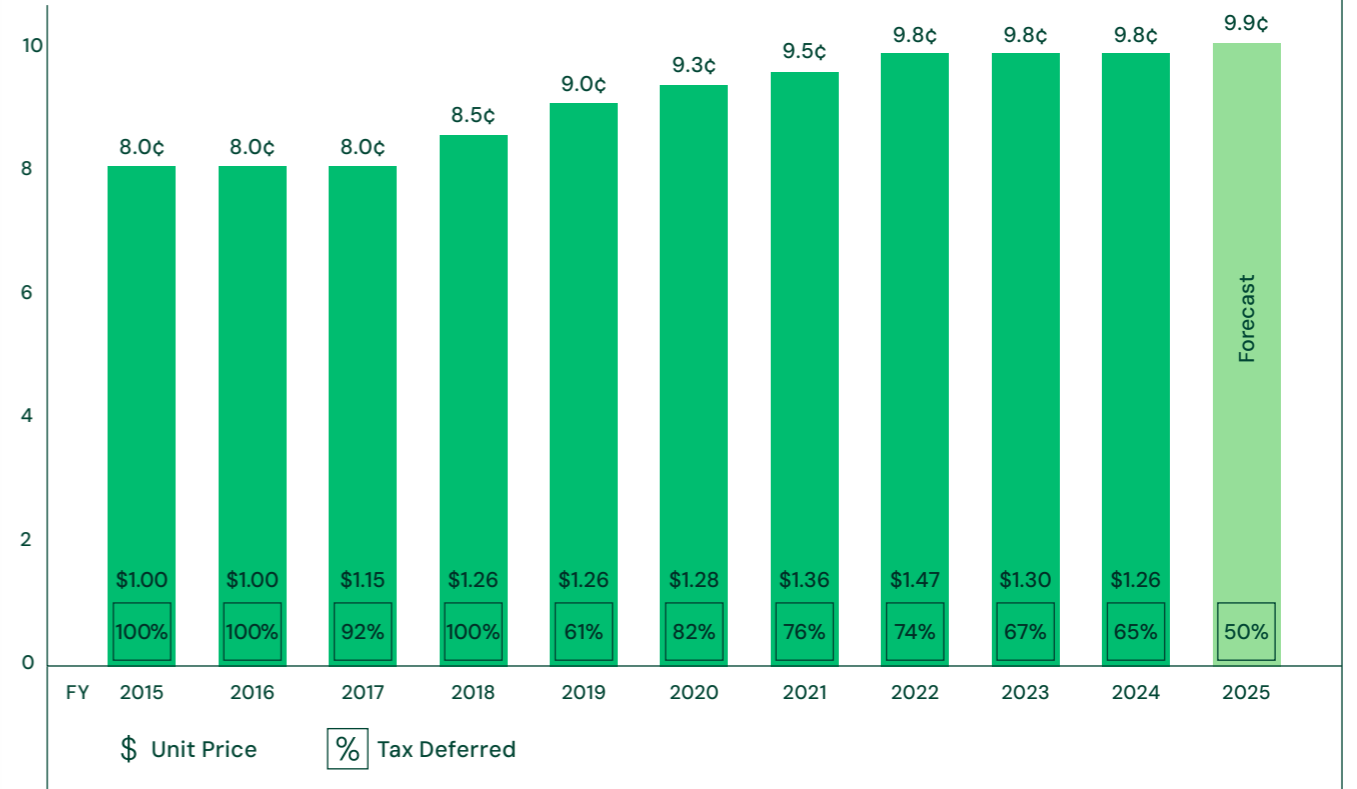


Frankston, VIC – Under Development



## Unit-holder Returns

Distributions (Cents Per Unit)



The quality of our properties, strong and experienced management team and consistent investor returns have been acknowledged by our peers in the industry – The Fund was named **Unlisted Property Fund of the Year (2019)** by **Core Property Research**.

# Risk Overview

An investment in the Fund is subject to risk. Set out below are a number of key risk factors associated with an investment in the Fund and how the Responsible Entity aims to mitigate and manage those risks.

This PDS contains forward-looking statements which are based on certain assumptions that are inherently uncertain. Actual events and results of the Fund's operations could differ materially from those anticipated. Some of the risks may be mitigated by the use of safeguards and appropriate systems and actions, but some are outside the control of the Responsible Entity and cannot be mitigated. The Responsible Entity does not guarantee any rate of return in terms of income or capital or investment performance of the Fund.

Investors should note that this is not an exhaustive list of the risks associated with the Fund and you should read this PDS in its entirety to gain an understanding of the risks associated with an investment in the Fund and obtain professional investment advice before making a decision to invest in the Fund.



Townsville, QLD



Townsville, QLD



In everything we do we always go further



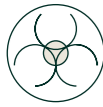
# Risk Overview



## Planning risk

Planning approvals for developments may be delayed or denied thereby slowing or preventing developments. Further, they may not be granted in the form anticipated.

**Risk management:** The Responsible Entity ensures that before a property is purchased for development, the development has planning approval, or the Responsible Entity has gained sufficient comfort from the appropriate Council that a permit is likely to be obtained.



## Contamination risk

The value of a property could be adversely affected by the discovery of environmental contamination or incorrect assessment of costs associated with a contamination.

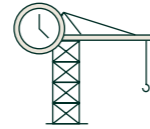
**Risk management:** The Responsible Entity will make enquiries as to the environmental condition of each property prior to its acquisition and ensure cost estimates are prepared in the event any environmental contamination may be present.



## Market rent review risk

Rental levels for government departments are generally above commercial office rental rates in the surrounding area due to the high building specifications required by government departments. Market rent reviews can be undertaken during the lease term and upon the expiry of the initial lease term and each option period and may result in lower rentals.

**Risk management:** The Responsible Entity will make use of Castlerock's market rent review procedure for government-leased assets that compares the rental to rents for similar government leased assets in the cities, towns and regional areas of Australia, as opposed to the buildings in the surrounding area.



## Development duration risk

Completion of a development may be delayed due to unforeseen circumstances or delays in construction, which may result in increased costs, lower returns on an investment (e.g. delays may occur in receiving rent), the need for additional finance, penalties for the delay in the availability of the property and/or the government seeking to withdraw from the commitment to lease and the building being left unoccupied.

**Risk management:** The time allowance included in the development feasibility for a property will be estimated by Castlerock. Castlerock has extensive experience in the development of government leased assets all over Australia and a history of delivering projects on time. Castlerock will seek to minimise the risk of time overruns by selecting suitable sub-contractors and including liquidated damages clauses where applicable. Where overrun proves to be unavoidable, close relations with government agencies and good communication on the status of the building project will be employed, with the aim of avoiding any termination of the lease and providing the government with access to the building as soon as possible.



## Vacancy risk

Returns from the Fund are largely dependent upon the tenants paying rent and the tenancies being long term. There is always the risk that the tenant may default on payment or not renew the lease on completion of the initial term or option periods. There is also a risk that the tenant may seek to withdraw from the commitment to lease the building on completion and leave the building unoccupied.

**Risk management:** To maintain the government department as a tenant for the long term, all new buildings will be purpose built, highly specified and specifically located to meet the needs of the government tenants. The buildings will also be proactively managed and maintained and periodically upgraded to meet the requirements of the government departments. The Responsible Entity considers Castlerock's experience and expertise in this area to increase the chance of lease extensions. To minimise the risk of the tenant seeking to withdraw from the lease, the Responsible Entity and Castlerock will do all things reasonably possible to ensure that all terms of the agreement to lease are adhered to and maintain close relations with the government department to keep them fully informed.



## Development cost risk

An incorrect development cost estimate, an unexpected development cost increase or the insolvency of a sub-contractor or parties related to the development, all may increase development costs. In this event it may be that additional finance needs to be sourced, with a resultant decrease in returns to Investors.

**Risk management:** The total construction cost allowance included in the development feasibility for a property will be estimated by Castlerock. Castlerock has extensive experience in the development of government-leased assets all over Australia and a history of delivering developments within budget. Castlerock will seek to minimise the risk of cost overruns by selection of suitable sub-contractors and the inclusion of liquidated damages clauses where applicable.

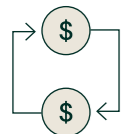


## Valuation risk

The carrying value and eventual sale price of the assets in the Fund may be influenced by capitalisation rates considered appropriate by valuers, changes in property market conditions and investors' views on property. Values of properties can also be negatively impacted by global and local economic conditions and downturns.

**Risk management:** The Responsible Entity considers that the quality of the asset, the quality of the tenant, the lease term and the structure of the fixed rental increases will help cushion the Fund against any potential falls in property values as a result of changes in property market conditions.

# Risk Overview



## Gearing, refinancing and interest rate risk

Using debt to finance Fund property enhances the potential for reductions in distributions and capital losses in the event that the Fund property falls in value, Fund income reduces, or debt servicing costs increase. The use of gearing involves arranging debt facilities with debt providers and these facilities have a fixed term to expiry, which can be brought forward in the event that the Responsible Entity breaches any covenant in the terms of the debt facility.

If the financier enforces its security over the property or the Fund is unable to obtain finance on expiry of a debt facility, the Fund could be required to repay the proceeds under the facility. This could result in an early sale of a property, additional equity being sought, or distributions being reduced to repay borrowings, all of which could result in lower returns to investors.

The Fund may require financing in the future and there is no certainty that debt funding will be obtained or will be obtained on favourable terms. The Responsible Entity will not borrow funds to invest in funds that are already geared.

A rise in interest rates or bank margins can result in increased costs for the Fund, which may have an impact on returns to Investors.

**Risk management:** The policy of the Fund is to maintain gearing below 50% of the total value of the Fund's Assets. The Responsible Entity will aim to ensure debt facilities and interest rates are managed appropriately. This will include a combination of fixed and floating interest rates and short and long-term debt facilities.



## New projects and insufficient subscriptions

The Fund may not always have access to new developments and acquisitions and, may not receive sufficient subscriptions to allow it to implement its strategy of ongoing acquisition and development of properties for the purposes set out in this PDS.

**Risk management:** The Responsible Entity will rely on Castlerock to provide the Fund with new projects. Castlerock has a wealth of experience and success in securing contracts with government departments. The Responsible Entity will make all efforts to continue to raise funds to allow for ongoing expansion of the property portfolio of the Fund. However, it should be noted that the Responsible Entity can in its discretion cease acquiring new properties for the Fund.



## Liquidity

Direct property assets are by their nature illiquid investments. There is no guarantee the Responsible Entity will be able to provide the Annual Limited Withdrawal Offers or the 5-Yearly Periodic Exit Opportunities, although the Responsible Entity will endeavour to do so. Investors should not assume they will be able to withdraw their investment from the Fund at any particular time. The Responsible Entity has the discretion to decide not to make any withdrawal offer if it considers making a withdrawal offer is not in the best interest of Investors at the time (for example, due to market conditions at the time).

**Risk management:** The Responsible Entity aims to manage the Fund and its financial resources so that the Annual Limited Withdrawal Offers and the 5-Yearly Periodic Exit Opportunities are able to be provided. The Responsible Entity may use a number of means in order to be able to fund a withdrawal offer, such as, for example increasing the Fund's borrowings or raising additional equity.



## Capital expenditure risk

A building could be damaged as a result of fire, flood earthquake, cyclone or malicious damage which could lead to significant capital expenditure costs and possible litigation. Unforeseen capital expenditure may also arise on any of the properties.

**Risk management:** The Responsible Entity insures the properties against normal insurable risks. For new acquisitions due diligence is carried out by the Responsible Entity, including checks to ensure the cladding used on the building is deemed safe.



## Economic and market risk

The overall performance of the Fund may be impacted by changing economic or property market conditions or changes in governmental policy. Examples include movements in interest rates, exchange rates, securities markets, inflation, consumer spending, employment, the impact of a pandemic such as COVID-19 and the performance of individual, local, state, national and international economies.

**Risk management:** The Responsible Entity does not believe the Fund will be affected by economic or market risk to a greater extent than other property funds, and the Responsible Entity considers that the Fund's base of government tenants and purpose-built facilities helps minimise these risks and helps to provide relatively stable cash flow.



## Manager risk

Investing in the Fund means that an Investor is delegating control over investment decisions to the Responsible Entity and any external service providers including Castlerock.

**Risk management:** The Fund assets will be managed by the Responsible Entity and Castlerock, whose key personnel have considerable experience in the area of property funds and investment.



## Related party risks

The Fund may be affected by certain inherent conflicts of interests. There are a number of related party transactions described in this PDS in relation to the Fund, including fees payable by the Responsible Entity to other entities within the Castlerock Group under Property and Development Management Agreements.

**Risk management:** The Responsible Entity maintains and complies with a written policy on related party transactions, including the assessment and approval process for such transactions and arrangements to manage conflicts of interest.

# Risk Overview



## Reliance on experts risk

The Responsible Entity will from time to time obtain advice from independent experts. While the Responsible Entity believes it is reasonable to rely on experts, there is a risk that expert advice may prove incorrect if, for example, a technical Property report fails to identify the need for capital works or a revenue authority disagrees with a legal opinion and levies additional stamp duty.

**Risk management:** The Responsible Entity engages independent, reputable and appropriately qualified experts, engages peer reviews where appropriate and ensures independent experts hold appropriate insurances.



## Legal and counterparty risk

The Fund may, in the ordinary course of business, be involved in possible litigation and disputes. For example, tenancy disputes, environmental and occupational health and safety claims, industrial disputes and any legal claims or third-party claims.

A material or costly dispute or litigation may affect the value of the assets or the expected income of the Fund. The Fund has entered into, and may in the future enter into, legal documents and contracts in relation to numerous aspects of the Fund's operation, for example, property management arrangements, custody arrangements, debt financing arrangements, property development arrangements and tenancy arrangements. The Fund may be adversely affected where a party fails to perform under these agreements.

**Risk management:** The Responsible Entity has appropriate corporate governance procedures in place, including but not limited to, taking out appropriate insurances and the engagement of appropriately skilled and qualified consultants and legal advisors. The Responsible Entity considers Castlerock's experience and expertise in these areas to be appropriate.



## Outgoings

Where leases entered into by the Fund in respect of any real Property assets are on a gross basis, the Fund is required to meet all outgoings incurred in connection with the relevant Properties. If outgoings are greater than anticipated, there will be an adverse impact on the Fund's financial performance. Conversely, if outgoings are less than anticipated, there may be a positive impact on the Fund's financial performance.

**Risk management:** The majority of the Fund's assets are either net leases (where the tenant is responsible for paying outgoings) or are semi-gross leases (where the tenant pays for outgoings which exceed an agreed amount set at the commencement of the financial year).

---

You should consider the risks before investing and discuss the risks with your own professional investment adviser.

---



Townsville, QLD

# Fees & Other Costs

## 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% of your investment 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 fees where applicable. Ask the fund or your financial adviser.

## 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) moneysmart website [www.moneysmart.gov.au](http://www.moneysmart.gov.au) has a managed funds fee calculator to help you check out different fee options.



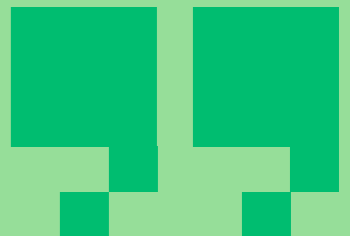
Launceston, TAS



Launceston, TAS

The Directors keep investors fully informed of the financial status of the Fund at all times, including its future direction, building developments and purchases.

M.H. – Investor  
Castlerock Services Australia Fund (2012) | Castlerock Government Property Fund (2021)





# Fees & Other Costs

## 7.1 Fees & 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 returns on your investment or from the assets of the Fund as a whole. You should read all the information about fees and costs because it is important to understand their impact on your investment. All fees listed below are inclusive of the net effect of GST. Information about tax is set out in Section 8.

### Fees & other costs summary

Type of fee or cost	Amount	How and when paid
<b>Ongoing annual fees and costs</b>		
<b>Management fees and costs<sup>2</sup></b> The fees and costs for managing your investment		
<b>Management fee</b>	0.85% per annum of the Fund's Gross Asset Value.	Payable from the Fund to the Responsible Entity within 21 days of the end of each calendar month.
<b>Administration costs</b>	0.17% per annum of the Fund's Gross Asset Value <sup>1</sup> .	Payable from the Fund as and when incurred.
<b>Performance fee</b> Amounts deducted from your investment in relation to the performance of the product.	See additional explanation in fees and costs section.	Payable from the Fund to the Responsible Entity within 90 days of the end of the calculation period, or upon retirement/removal of the Responsible Entity.
<b>Transaction costs</b> The costs incurred by the scheme when buying or selling assets.	0.02% per annum of the Fund's Gross Asset Value.	Payable from the Fund as and when incurred <sup>3</sup> .

<sup>1</sup> Based upon the Fund's administration costs for the financial year ended 30 June 2024. This does not include transactional costs (i.e. stamp duty, legals etc.) described in Section 7.3.

<sup>2</sup> The information in this section has been prepared based on amounts paid for the year to 30 June 2024. The fees and costs of the Fund will change over time as the cost of managing the Fund and the Fund's investments change and based on the performance of the Fund. Changes to the fees and costs of the Fund may take the form of a notice on the Fund's website.

<sup>3</sup> See additional explanation of transaction costs at Section 7.3.



Launceston, TAS

Type of fee or cost	Amount	How and when paid
<b>Member activity related fees and costs</b> Fees for services or when your money moves in or out of the scheme		
<b>Establishment fee</b> The fee to open your investment	Nil	Not applicable
<b>Contribution fee</b> The fee on each amount contributed to your investment	Nil	Not applicable
<b>Buy/sell spread</b> An amount deducted from your investment representing costs incurred in transactions by the scheme	Buy spread is nil. Sell spread is 2.5% of the exit value of the Units.	Retained as an asset of the Fund when an investor sells Units.
<b>Withdrawal fee</b> The fee on each amount you take out of your investment	Nil	Not applicable
<b>Exit fee</b> The fee to close your investment	Nil	Not applicable
<b>Switching fee</b> The fee for changing investment options	Nil	Not applicable



# Fees & Other Costs

## 7.2 Example of Annual Fees & Costs for the Fund

This table gives an example of how the ongoing annual fees and costs for this product can affect your investment over a one-year period. You should use this table to compare this product with other products offered by managed investment schemes.

Example	Balance of \$50,000 with a contribution of \$5,000 during the year	
<b>Contribution fee</b>	Nil	For every additional \$5,000 you put in, you will be charged \$0.
<b>Plus (+) Management fees and costs</b>	1.10% <sup>1 2</sup>	And, for every \$50,000 you have in the Fund you will be charged or have deducted from your investment \$550 each year.
<b>Plus (+) Performance fees</b>	Nil <sup>2</sup>	And, you will be charged or have deducted from your investment \$0 in performance fees each year.
<b>Plus (+) Transaction costs</b>	0.03% <sup>1 2</sup>	And, you will be charged or have deducted from your investment \$15 in transaction costs.
<b>Equals (=) Cost of Fund</b>	<p>If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees and costs in the range of: \$565 to \$622</p> <p>What it costs you will depend on the investment option you choose and the fees you negotiate.</p>	

<sup>1</sup> Represents the Fund's annual management fees and costs and transaction costs, expressed as a percentage of the Fund's net assets based on financial year ended 30 June 2024.

<sup>2</sup> The fees and costs of the Fund will change over time as the costs of managing the Fund and the Fund's investments change and based on the performance of the Fund. For example, in years where the Fund buys or sells properties, acquisition and disposal fees and other transaction costs such as stamp duty will be paid, and the Fund's transaction costs will therefore be higher than in years when the Fund does not transact.

## 7.3 Additional Explanation of Fees & Other Costs

### Management fees and costs

#### Management fees

These are the fees paid to manage and oversee the Fund's operations. The Management Fee is calculated and accrued daily and payable from the Fund to the Responsible Entity monthly in arrears.

#### Administration costs

The Fund will incur administration costs (refer to examples listed below) in relation to the proper performance of the Responsible Entity's duties in respect of the Fund which may be paid directly by the Fund and/or by the Responsible Entity and then reimbursed.

These costs will be payable when incurred. Expenses that may be paid by the Responsible Entity and then reimbursed include but are not limited to:

- fees and expenses of the auditors;
- fees and expenses of any approved valuer or other expert employed by the Fund;
- costs of convening and holding any meeting of Investors;
- expenses incurred in connection with the keeping and maintaining of accounting and financial records and registers;
- costs, charges and expenses and disbursements paid or payable to the Custodian;
- the fees and expenses of the compliance committee of the Fund; and
- fees and expenses in connection with any audit of the Compliance Plan.

#### Management handover fee

The management handover fee is payable from the Fund to the Responsible Entity on the retirement or removal of the Responsible Entity, and is equal to 2.5% of the Fund's Gross Asset Value.

#### Indirect costs

The Fund's indirect costs represent the costs and expenses incurred in any interposed vehicles. Indirect costs are disclosed based on amounts paid in the previous financial year and can differ in subsequent years depending on the Fund's portfolio composition. Any indirect costs would be included in the management fees and costs figure disclosed at Section 7.2. For the year ending 30 June 2024, there were no indirect costs incurred by the Fund.



# Fees & Other Costs

## 7.3 Additional Explanation of Fees & Other Costs

### Performance fee

This is the fee paid to the Responsible Entity as an incentive to maximise the value of the Fund's investment portfolio.

The Responsible Entity will be entitled to a performance fee of 20% of the amount by which the IRR of the Fund exceeds 11% p.a. over the period February 2014 to February 2026 and over each 10 year period thereafter (or to the time the Responsible Entity is removed or retires).

#### Example of calculation of performance fee

This example is provided for information purposes only to illustrate the calculation of the performance fee. Actual results may vary significantly from those in the example.

The benchmark performance for the period	11%
Period	1 year
The opening Unit price	\$1.00
The closing Unit price	\$1.05
Total distributions (cents per Unit)	\$0.08
Number of Units on issue at the end of the period	100,000,000

The Fund performance for the period is calculated as:

$$\text{Performance} = \frac{(\text{closing Unit Price} - \text{opening Unit Price} + \text{distributions})}{\text{opening Unit Price}}$$

Example

$$\text{Performance} = \frac{(\$1.05 - \$1.00 + \$0.08)}{\$1.00} = 13\%$$

The Fund's out performance and performance fee is calculated as:

$$\text{Performance Fee} = ((\text{Fund performance} - \text{Benchmark performance}) \times \text{Number of units on issue at the end of the period}) \times \text{Closing Unit Price} \times 20\%$$

Example

$$\text{Performance Fee} = ((13\% - 11\%) \times 100,000,000) \times \$1.05 \times 20\% = \$420,000$$

At the date of this PDS, the five-year historical average for the performance fee accrued by the Fund is nil. However, this is not an indication that the Responsible Entity does not expect a performance fee to be accrued in future years or to be payable for the period February 2014 to February 2026 and over each 10 year period thereafter (or to the time the Responsible Entity is removed or retires).

### Transaction costs

Transaction costs are costs incurred by the Fund for buying and selling properties. These costs include stamp duty, legal and tax advice, property settlement costs, acquisition fees, development fees, disposal fees and amounts payable in connection with interest rate hedging products.

#### Acquisition or development fee

The fee is 2.675% of the completed value of each real property asset developed or acquired by the Fund. For acquisition of completed buildings, the fee is payable on settlement. For developments, the fee is payable 50% on the acquisition of the land and 50% on completion of the development. For example, if a completed property is acquired for \$10,000,000, then the fee will be \$267,500.

#### Disposal fee

This fee is payable on completion of the sale of a property. The fee is 1% of the gross consideration received by the Fund (or any Sub Trust) for the disposal of any property. For example, if a property is sold for \$10,000,000 then the fee will be \$100,000.

#### Buy / sell spread

The buy spread is nil. The sell spread (where applied) is a portion of the transaction costs that is recovered from Investors by the Responsible Entity when redeeming Units. The sell spread affects the withdrawal price. The sell spread is set by the Responsible Entity and may change as a result of changes in the underlying transaction costs incurred by the Fund. It represents the Responsible Entity's estimate of transaction costs incurred by the Fund when selling investments.

As part of the most recent Annual Limited Withdrawal Offer which occurred at the beginning of 2024, a sell spread of 2.5% percent of the Unit price was factored into the withdrawal price (as a deduction). It is expected that this will likely be similar for future Annual Limited Withdrawal Offers. Any sell spread is an additional cost to an Investor, but is not paid to the Responsible Entity or Manager but rather is retained as an asset of the Fund and is recovered through adjustment to the Unit Price

### Other fees and costs

#### Property operating costs

Castlerock is paid fees to deliver new developments to the Fund. The fees vary for each development due to size and location, however, are generally within the following parameters:

- Success fee:** 3–4% of development cost
- Planning fee:** 1–1.5% of development cost
- Design fee:** 9–12% of construction cost
- Development management:** 6–12% of construction cost

Castlerock also is paid property and facility management fees out of the Fund's assets and which are usually recoverable from the property's tenancies.

These arrangements are documented and conducted on arm's length terms. Please see Sections 9.4 and 9.5.

### Additional information

#### Waiver and deferral

The Responsible Entity or Manager may, in their discretion, accept payment of lower fees and expenses than they are entitled to receive, or may defer payment of those fees and expenses for any time. If payment is deferred, then the fee will accrue until paid

#### Differential fees

The Responsible Entity may negotiate with Wholesale Investors, where permitted under the Act or relief granted by ASIC, in relation to rebates on fees or lower fees. In the event rebates or lower fees are offered, they will be paid or borne by the Responsible Entity and therefore will not affect the fees paid by, or any distributions to, other Investors.

#### Tax (including Goods and Services Tax)

All fees set out in this section are inclusive of the net effect of GST.

# Taxation Information

This section contains some general information about tax for Australian resident Investors who hold their investments on capital account. It is not intended to be tax advice and can not be relied upon as such. It is based on, and limited to, Australian tax law and practice in effect at the date of this PDS. Taxation laws, their interpretation and associated administrative practices may change over the term of an investment in the Fund. Applicants should obtain their own advice to take into account their individual circumstances.



Wollongong, NSW



Wollongong, NSW

Strong and stable tenancies lead to strong and stable investments

# Tax Information

## 8.1 Fund Taxation

### Attribution managed investment Fund (AMIT) rules

The Fund has elected into the AMIT regime. As a result, the Fund will not pay tax in its own right but the taxable income of the Fund will attribute to Investors and the Investors will pay tax at their tax rates.

### Tax losses

Where a revenue loss or net capital loss is incurred by the Fund, the loss cannot be passed on to Investors for tax purposes. Instead, revenue tax losses will be carried forward in the Fund and offset against assessable income derived by the Fund in future income years provided the relevant loss rules are satisfied. The relevant loss rules for carrying forward revenue losses includes the 50% stake test which requires a continuity of more than 50% of the ownership interests in the Fund. Net capital losses will be carried forward in the Fund and offset against future capital gains (there are currently no restrictions on carrying forward capital losses incurred by a Fund).

### Capital gains tax

A capital gain (or loss) may be realised by the Fund if an existing property is sold (as the Fund has made a MIT capital account election). A capital gains tax discount may be available where the property is held for at least 12 months. Whether an investor can obtain the benefit of this will depend on their tax profile (see below)

## 8.2 Taxation of Australian Tax Resident Investors

### Taxation of distributions

Investors will be provided with an Attribution Managed Investment Trust member's annual statement (AMMA Statement) which sets out the details of the taxable income attributed to them for the relevant year. Investors will include the taxable income in the year to which the amount relates (i.e. the year in which the Fund derives the income, not when it is physically received by the Investor). Distributions by the Fund generally retain their source and character.

### Tax-deferred amounts / AMIT cost base net amount

Tax deferred amounts / AMIT cost base net amount (excess) represents the excess of the income distributed by the Fund over the taxable income component of the distributions. This results from the availability of tax deductions for depreciation of buildings fixtures and fittings, capital works, borrowing costs and Fund costs.

Tax deferred amounts / AMIT cost base net amount (excess) received by investors will result in a reduction in the cost base of the Units held by the Investor for tax purposes. If the cost base of the Investor's Units is reduced, at the time of

redemption or sale of the Units then the capital gain will be assessed on the difference between the reduced cost base and the selling price.

AMIT cost base net amount (shortfall) arises where your taxable distributions exceed the cash distribution. In this case the cost base of your units can be increased by this amount.

### AMIT CGT gross up amount

The AMIT CGT gross up amount of a distribution represents the component of a capital gain derived by the Fund which is not taxable by virtue of the CGT discount rules. Subject to the comments below regarding net capital gains, the AMIT CGT gross up amount is not taxable. The AMIT CGT gross up amount will not result in a cost base or reduced cost base adjustment under the AMIT legislation. This is because the Investor is required to double the amount of any discounted capital gain attributed to that Investor.

### Net capital gains

A realised capital gain distributed by the Fund should be included with an Investor's other capital gains and losses (i.e. in the calculation of their net capital gain or loss). Where the attributed capital gain includes a discounted capital gain component, the Investor is required to 'gross up' that amount by the discount applied by the Fund (i.e. 50%). The gross 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 or loss. The Investor may be entitled to a CGT discount if they are an individual, a trust or a complying superannuation entity (50% in the case of an individual or trust and 33% in the case of a complying superannuation entity). Companies do not receive a discount on capital gains.

### Redemption or sale of Units

Upon the redemption or sale of Units, Investors who dispose of their Units must include any realized capital gain or loss on disposal of the Units in the calculation of their capital gain or loss for the income year in which the redemption or sale occurred. A net capital gain will be included in assessable income. A net capital loss may be carried forward until the Investor has realised capital gains against which the net capital loss can be offset. A net capital loss cannot be deducted against other assessable income for the income year.

If the proceeds of redemption or sale comprise both a final distribution of the Fund's taxable income and a payment for redemption or sale, only the component relating to the payment for redemption or sale will be relevant in determining whether an Investor has made a capital gain or a capital loss.

### An Investor's net capital gain or loss is calculated as follows:

- the Investor should make a capital gain to the extent that the capital proceeds from the redemption or sale of the Units exceed the cost base;
- the Investor should make a capital loss to the extent that the reduced cost base of the Units exceeds the capital proceeds from the redemption or sale;
- the cost base of the Investor's Units will essentially be the purchase price or issue price paid for the Units, plus any AMIT Cost Base net amount – shortfall plus any incidental costs on acquisition or disposal, less and tax deferred distributions /AMIT Cost Base net amount – excess;

- if the Investor has held the Units for less than 12 months, this is the gain or loss included in the Investor's net capital gain or loss calculation;
- if the Investor has held the Units for 12 months or more and there is a loss, this loss is included in the Investor's net capital gain or loss calculation;
- if the Investor has held the Units for 12 months or more and there is a gain, a discounting factor may be available to certain Investors. The gain on the Units is initially reduced by any other capital losses of the Investor. If, as a result, a net capital gain arises, it may be reduced by the discount factor. The discount factor for individuals and trusts is 50%, while a discount factor of 33% applies for complying superannuation entities; and
- in determining the 12-month holding period, the Units are acquired when first issued to the Investor.

### GST

GST is not payable by Investors on the acquisition, transfer or redemption of Units. GST may apply to fees charged to Investors, such as fees charged by their advisers. Investors should obtain their own advice as to whether input tax credits can be claimed for such GST, as it will depend on their personal circumstances.

### Australian Tax File Number and Australian Business Number

An Investor need not quote a tax file number (TFN) when applying for Units. However, if a TFN is not quoted, or an appropriate TFN exemption is not provided, tax may be required to be deducted by the Responsible Entity from any distribution at the highest marginal tax rate. If the Investor holds Units during furtherance of an enterprise, an ABN can be quoted instead of a TFN.

# Additional Information

# 9

Mirrabooka, WA



Morwell, VIC



Every time we do something, we do it better than the time before

**Castlerock**

# Additional Information

## 9.1 The Constitution

The Fund was formed under the Constitution and this is the entity in which you will hold Units. The rights and obligations of the Responsible Entity are governed by the Constitution, the Act and the general law, as are an Investor's rights as an Investor. A copy of the Constitution is available on request.

Units are held subject to the terms of the Constitution and each Investor is bound by the terms of the Constitution. The Constitution contains provisions relating to:

- The term of the Fund;
- Creation and sale of Units;
- Application for Units and partly paid Units;
- Withdrawal price for Units and withdrawal procedures;
- Register of Investors;
- Interests of Investors;
- Valuation of assets;
- Responsible Entity's powers and duties;
- Financial reports and tax returns;
- Fees and expenses;
- Distributions from the Fund;
- Distribution reinvestment and deductions from distributions;
- Transfer and transmission of Units;
- Applications;
- Winding up of the Fund;
- Unvested interests;
- Indemnity and liability;
- Meetings of Investors;
- Retirement or removal of the Responsible Entity;
- Complaints handling;
- Changing the Constitution;
- Compliance plan and compliance committee; and
- Miscellaneous provisions.

## 9.2 Investors' Right to Information

At all times during which the Fund is a disclosing entity, the Fund will be subject to regular reporting and disclosure obligations. As at the date of this PDS, the Fund is a disclosing entity.

Copies of documents lodged with ASIC in relation to the Fund may be obtained from, or inspected at the Responsible Entity's office. You have a right to obtain a copy of the following documents:

- the Annual Financial Report most recently lodged with ASIC by the Fund;
- any half-year Financial Report lodged with ASIC by the Fund after lodgement of that Annual Report and before the date of this PDS; and
- any continuous disclosure notices given by the Fund after lodgement of that Annual Report and before the date of this PDS.

## 9.3 Valuation Policy

The Responsible Entity maintains and complies with a written valuation policy for the valuation of property assets.

Under the policy, a valuation is classified as either a directors' valuation or an independent valuation. A directors' valuation must be approved by the Board. An independent valuation is a valuation undertaken by an external valuer in accordance with the valuation policy. Both director and independent valuations may be adopted for the purposes of statutory and financial reporting or to advise investors in a fund of the current market value of a Property.

All investment properties are independently valued prior to their purchase. For development properties the Board will make an assessment as to whether an independent valuation is required prior to their purchase based on the quantum of the purchase price.

The Responsible Entity's valuation policy requires investment properties to be independently valued at least once every 2 years. If the Board forms the view that there is a likelihood that there has been a material change in the value of a property an independent valuation will generally be undertaken within two months.

This will usually arise where the directors identify a material change during the process of completing a directors' valuation.

Valuations for investment properties are generally conducted on an 'as is' basis using either a discounted cash flow or capitalisation approach. Valuations for development properties are generally conducted on an 'as if complete' basis and an 'as is' basis if required by the Board.

The capitalisation approach is the primary method and involves dividing the annual fully leased net market income of a Property by the appropriate capitalisation rate. The capitalisation rate is determined by analysing recent sales with similar characteristics to the subject Property, and calculating what the annual net market income of the Property is as a percentage of the sale price. The discounted cash flow approach, which complements the capitalisation approach and essentially acts as a check method, allows an investor or owner to make an assessment of the Property's current value and likely long-term return based on rental and capital growth assumptions over an assumed investment horizon, which is generally 10 years.

## 9.4 Conflicts of Interest

The Responsible Entity maintains and complies with a written conflicts-of-interest policy that governs the way in which conflicts-of-interest are managed.

The Responsible Entity's conflicts-of-interest policy requires these conflicts to be assessed and steps implemented by the Responsible Entity's compliance team to manage the conflict. The Board of the Responsible Entity must also consider and approve any conflicts-of-interest measures.

Where a related-party is appointed, the Responsible Entity's conflicts-of-interest measures ensure that the appointment is in the best interests of Investors and on arm's-length commercial terms.

Through the application of the Responsible Entity's conflicts-of-interest policy, the Responsible Entity is committed to:

- Identifying and monitoring all potential conflicts-of-interest, and avoiding conflicts-of-interest where this is the only way to properly protect Investors' interests;
- Taking appropriate steps to ensure the fair treatment of the Fund and all Investors potentially impacted by the conflict and that the Responsible Entity acts in the best interests of the Investor; and
- Dealing in an open manner and disclosing its conflicts-of-interest wherever this is likely to be relevant to Investors

For more detail on the Responsible Entity's conflicts-of-interest policy and procedures for related-party transactions, please contact the Responsible Entity.

# Additional Information

## 9.5 Related Party Transactions

All related party transactions are assessed, and where appropriate, approved by the Responsible Entity.

Transactions are only approved if evidence supports the transaction as being one on arm's length terms. Castlerock Group (and related parties) provide services to the Fund and may also subscribe for Units in the Fund. All agreements are documented and conducted on arm's length terms. A list of the key agreements is provided below

### Development Management Agreement

An agreement between the Fund and Castlerock to develop a property in accordance with an agreement for lease.

### Property Management Agreement

An agreement between the Fund and Castlerock to manage a property.

### Accounting

Castlerock provides accounting services to the Fund and receives fees in consideration for these services.

## 9.6 Future Capital-Raising

In addition to raising funds pursuant to this PDS, the Responsible Entity may, in its discretion, determine to raise additional capital for the Fund, including but not limited to:

- Discounted pro-rata rights offer to all Investors;
- Issuing of separate classes of Units with different rights; or
- Operation of a distribution reinvestment program

The Responsible Entity and its associates are permitted to acquire Units in the Fund under this PDS or via future capital raisings. The Responsible Entity may also enter into arrangements (including through the provision of finance) with underwriters or other entities to facilitate a purchase of Units including, for example, to secure the acquisition of an asset for the Fund.

Units acquired by, or as a result of an arrangement with, the Responsible Entity or its associates may be issued on different terms and may rank ahead of ordinary Units for withdrawal purposes or for payment of capital and income distributions.

## 9.7 Investors' Rights

The rights attached to the Units are set out in the Constitution. Those rights are, in certain circumstances, also regulated by the Act and the general law. The Responsible Entity has registered the Fund as a managed investment scheme under the Act.

The Constitution of the Fund is available for inspection at the offices of the Responsible Entity. The following is a summary of some of the principal rights of Investors:

- Investors are entitled to receive notice of, and to attend and vote at, a general meeting of the Fund and to receive all notices, accounts and other documents required to be sent to members under the Constitution of the Fund, the Act or the general law;
- Each Investor present in person or by an attorney, representative or proxy at a general meeting of the Fund has one vote on a show of hands and one vote per dollar value of the total interests they have in the Fund on a poll. Where there are two or more joint holders of a Unit and more than one of them is present at a meeting and tenders a vote in respect of the relevant Unit, only the vote cast by the holder whose name appears first in the Unit Register will count;
- The Responsible Entity may issue further Units in the Fund for the application price specified in the Constitution;
- Units may be transferred by a written document in the required form. The Responsible Entity may refuse to register a transfer of Units without giving any reason;
- If the Fund is wound up, Investors will be entitled to participate in any surplus assets of the Fund according to their rights and interests. Subject to rights attached to a particular class of Units, this means in proportion to their holdings. In addition to the circumstances in which the Fund may be wound up under the Act, the Responsible Entity may wind up the Fund by giving Investors in the Fund notice of the termination date;
- Subject to the Constitution of the Fund and the Act, the Responsible Entity has all the powers in respect of the Fund which it would have if it was the owner of the assets of the Fund. The Constitution of the Fund provides that the Responsible Entity will be paid out of the income or capital of the Fund certain fees and costs which are detailed in Section 7; and
- The Responsible Entity may hold Units and may contract with itself in another capacity, for example as trustee of another fund, and may contract with related entities for the provision of services to the Fund paid for by the Fund (such as Castlerock).

## 9.8 Labour Standards & Environmental, Social or Ethical Considerations

The Responsible Entity does not directly take labour standards or environmental, social or ethical considerations into account for the purpose of selecting, retaining or realizing investments of the Fund, as these decisions are primarily based on economic considerations.

However, sometimes these matters do indirectly affect the economic factors upon which investment decisions are based.



# Additional Information

## 9.9 Complaints Handling

The Responsible Entity has a system for dealing with any complaints you may have as an Investor.

If you have a complaint, then please contact the Responsible Entity at:

**Telephone:** +61 3 8639 9100

**Email:** investor@castlerockproperty.com.au

**Complaints Officer:** Jason Bronts

Complaints will be acknowledged as soon as possible, and a response will be provided no later than 30 calendar days after our receipt of the complaint. If you are not satisfied with our final response, you can lodge a complaint with the Australian Financial Complaints Authority:

**Telephone:** 1800 931 678

**Email:** info@afca.org.au

**Website:** www.afca.org.au

**Post:**

AFCA Service Complaints  
Australian Financial Complaints Authority  
GPO Box 3, Melbourne VIC 3001

Please note that a complaint must have gone through the Responsible Entity's complaints handling process before it can be referred to the Australian Financial Complaints Authority.

## 9.10 Personal Information

The Responsible Entity takes all reasonable steps to protect your personal information. The Responsible Entity will use your personal information for:

- processing your application for Units;
- informing you of any other potential investment opportunities in funds to be promoted and/or managed by the Responsible Entity or any of its related entities. If you do not wish to receive this information please contact the Responsible Entity on (03) 8639 9100;
- administering the Fund (including calculation of entitlements and distributions, and ownership and interests in Units); and
- any purpose related to the above purposes

Your personal information may be disclosed to related entities of the Responsible Entity and any organisation (such as an accountant or auditor) involved with the administration of the Fund for any of the above purposes.

The provision of the personal information requested is needed to allow your application to be processed. By completing the Application Form, you consent, for the purposes of the Spam Act 2003 (Cth) and similar laws in other jurisdictions to receiving commercial emails from the Responsible Entity, Castlerock or any other entity involved with the administration of the Fund.

You can get access to and correct the personal information about you that the Responsible Entity holds or a copy of the Responsible Entity's Privacy Policy by contacting the Responsible Entity on (03) 8639 9100. You can also review the full Privacy Policy at: [www.castlerockproperty.com.au/privacy-policy](http://www.castlerockproperty.com.au/privacy-policy).

## 9.11 Custodian

The Responsible Entity has engaged Sandhurst Trustees Limited ABN 16 004 030 737 ("Custodian") as custodian for the Fund.

The Custodian holds all bank accounts, and other scheme property. However, the beneficial interest in and legal title to certain real property assets is held by the Responsible Entity (or a related company).

## 9.12 Anti-Money Laundering & Counter-Terrorism Financing

The Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) ("AML Legislation") is aimed at addressing money laundering in Australia and the threat to national security caused by terrorism. This legislation requires us to collect identification information from you and to verify your identity from original or certified copies of specified documents. Further details of the anti-money laundering regime, including what identification information and documentation you are required to provide, are set out in the Application Form.

By applying for Units, you agree to the following:

- you will supply, or procure the supply of, any documentation and other evidence and perform any acts to enable the Responsible Entity to comply with the AML Legislation;
- if we suspect that an Investor is in breach of the AML Legislation applicable in Australia or elsewhere, or we believe it is required to take action under any laws relating to the AML Legislation or any other applicable law in Australia or elsewhere, we may take any action we consider appropriate, including transferring an Investor's Units and refusing or ceasing to provide you with services, in order to comply with any laws relating to the AML legislation or any request of a relevant authority; and

- we may at our absolute discretion, with or without notice to you, disclose or otherwise report the details of any transaction or activity, or proposed transaction or activity, in relation to the Fund (including any personal information, as defined in the Privacy Act 1988 (Cth) that an Investor may have provided to us) to any reporting body authorised to accept reports under any laws relating to the AML Legislation applicable in Australia or elsewhere.

If an Investor does not complete the relevant verification sections of the Application Form, this may delay the processing of an application or result in an Investor's application being returned.

# Additional Information

## 9.13 United States Of America (US) Foreign Account Tax Compliance Act (FATCA) & Common Reporting Standards (CRS)

FATCA is a US law which impacts investors worldwide. FATCA attempts to minimise US income tax avoidance by US persons investing in assets outside the US, including through their investments in foreign financial institutions. FATCA requires reporting of US persons' direct and indirect ownership of non-US accounts and non-US entities to the US Internal Revenue Service (IRS). The Australian Government has entered into an Inter-Governmental Agreement ("IGA") with the Government of the United States of America for reciprocal exchange of taxpayer information. Under the IGA and enacted legislation, financial institutions operating in Australia report information to the Australian Taxation Office ("ATO") rather than the US IRS. The ATO may then pass the information on to the US IRS.

The Fund meets the definition of a 'Foreign Financial Institution', therefore the Responsible Entity must comply with its FATCA obligations. These laws apply to all financial institutions offering bank or deposit accounts, investment funds, custodial accounts and certain insurance accounts in Australia.

The Tax Information Form included with the Application Form must be completed by all Investors and requires self certification of an Investor's taxation status under U.S. law. This is used by the Responsible Entity to determine if reporting is required in relation to your investment in the Fund.

The CRS is the single global standard for the collection, reporting and exchange of financial account information of non-residents. Under CRS, the Fund may need to collect and report financial account information of non residents to the ATO. The ATO may exchange this information with the participating foreign tax authorities of those non-residents.

# Glossary

Term	Description
ABN	Australian Business Number as defined in the Act.
Acquisition Costs	Costs and expenses associated with the raising of capital for the Fund and the acquisition of assets (including by any Sub Trust).
ACN	Australian Company Number as defined in the Act.
Act	The Corporations Act 2001 (Cth).
AFSL	Australian financial services licence as defined in the Act.
AMIT	A trust, for an income year, that is an attribution managed investment trust for the purposes of section 276-10 of the Income Tax Assessment Act 1997 (Cth).
AML Legislation	Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth).
Applicant	A person or entity who applies to subscribe for Units.
ARSN	Australian Registered Scheme Number as defined in the Act.
ASIC	Australian Securities and Investments Commission.
Assets	The assets of the Fund, including assets held in any Sub Trusts.
ATO	Australian Taxation Office.
Board	The board of directors of the Responsible Entity.
Business Day	A weekday on which banks are open for business in Melbourne, Victoria.
Castlerock	Castlerock Property Pty Ltd (ACN 075 504 399).
Castlerock Group	Castlerock Property Pty Ltd (ACN 075 504 399) and; Castlerock Property Developments Pty Ltd (ACN 616 515 756).
Castlerock Investment Management	Castlerock Investment Management Ltd (ACN 125 737 091) AFSL 318368.
CGT	Capital gains tax as determined under the Income Tax Assessment Act 1997 (Cth).
Compliance Plan	The Fund's compliance plan, which sets out the measures that the Responsible Entity will apply in operating the Fund to ensure compliance with matters as required by the Act and the Constitution.
Constitution	The constitution of the Fund dated 20 February 2014 as amended from time to time.
Custodian	Sandhurst Trustees Limited (ABN 16 004 030 737).

# Glossary

Term	Description
Cut-off Time	5.00pm AEST on the last Business Day of a month.
FATCA	U.S Foreign Account Tax Compliance Act.
Fund	Castlerock Government Property Fund (ASRN 644 680 893).
Gross Asset Value	The gross asset value of the Fund's assets, including the gross asset value of any wholly owned Sub Trusts in which the Fund invests.
GST	Goods and services tax as defined in the A New Tax System (Goods and Services Tax) Act 1999 (Cth) or goods and services tax as charged under equivalent legislation in jurisdictions outside Australia.
ICR	Interest Cover Ratio.
Investor	A holder of Units.
IRR	Internal Rate of Return.
Issue Price	The price at which a Unit will be issued in the Fund. Refer to Section 3.2 for more information.
LVR	Loan to valuation ratio.
Limited Withdrawal Offer	As described in Section 3.3 of the PDS.
Manager	Means Castlerock.
NAV	The net asset value of the Fund, calculated in accordance with the Constitution.
NLA	Net Lettable Area.
NTA	The net assets of the Fund less any intangible assets, plus or minus any other adjustments, divided by the number of Units on issue. This calculation is required to be disclosed by RG 46.
Offer	The offer under this PDS.
PDS	This product disclosure statement.
Privacy Act	Privacy Act 1988 (Cth) and Australian Privacy Principles.
Property Management Agreement	The property management agreement between the Fund and the Manager pursuant to which the Manager has been appointed to perform certain services for the Fund referred to in Section 9.5.

Term	Description
Property or Properties	Any one or all of the current and future properties that the Fund directly or indirectly invests in from time to time, including properties developed by the Fund.
Responsible Entity	Castlerock Investment Management Limited (ABN 48 125 737 091) (AFSL 318368).
RG 46	ASIC Regulatory Guide 46 (Unlisted Property Schemes: Improving Disclosure for Retail Investors).
RITC	Reduced input tax credits.
SMSF	Self Managed Superannuation Fund.
Sub Trust	A wholly-owned sub trust of the Fund.
TFN	Tax File Number.
TIN	Taxpayer Identification Number.
TMD	Target Market Determination.
Unit(s)	Ordinary unit(s) in the Fund.
Value as If Complete	The market value of the proposed improvements on the assumption that all construction has been satisfactorily completed in all respects as at the date of valuation. The valuation reflects the valuer's view of the market conditions existing as at the date of the valuation and does not purport to predict the market conditions and the value at the time of actual completion of the improvements, because of the time lag.
Valuation	The value of a property asset in the Fund in accordance with the valuation policy.
WALE	Means weighted average lease expiry.
Wholesale Investor	A wholesale client as defined in section 761G of the Act.
Withdrawal Price	The price at which a Unit will be redeemed. Refer to Section 3.3 for more information.
5-Yearly Periodic Exit Opportunity	As described in Section 3.3 of the PDS.



# How to Invest

## Application Process Checklist

<b>Step 1</b> Read the PDS	Read the PDS & TMD. Refer to: <a href="http://www.castlerockproperty.com.au">www.castlerockproperty.com.au</a>
<b>Step 2</b> Complete Application Form	Go to: <a href="https://invest.castlerockproperty.com.au">https://invest.castlerockproperty.com.au</a> If you are an <b>Existing Investor</b> please have your <b>Investor Number</b> with you when completing the form online.  If you wish to fill out a paper version of the application, please contact the Responsible Entity via phone or email to obtain a copy.  <b>Telephone:</b> 03 8639 9100 <b>Email:</b> <a href="mailto:investor@castlerockproperty.com.au">investor@castlerockproperty.com.au</a>
<b>Step 3</b> Provide Identification Documents	Identification documents required are outlined during the application process.
<b>Step 4</b> Payment	<p><b>Electronic Funds Transfer</b></p> <p>Please transfer funds electronically to the following account and email the receipt of your EFT to the email address below.</p> <p><b>Account Name:</b> Castlerock Government Property Fund  <b>BSB:</b> 083-004  <b>Account number:</b> 93-622-8643  <b>Reference:</b> (Name of investor)</p> <p>It is important to include your name as a reference. If the Fund is unable to match your application to a payment your application may be delayed.</p> <p><b>Cheque</b></p> <p>Please make cheques payable to Castlerock Government Property Fund. Please ensure cheque is crossed and marked as 'not negotiable' and send to the Responsible Entity.</p> <p>PO Box 16003 Collins Street West Melbourne VIC 8007</p>
<b>Step 5</b> Confirmation	The Responsible Entity will contact you to confirm the application has been received and, if required, to request any further information or documentation you need to provide. Refer to Section 3.2 for more information on the issue of Units under this PDS.



If you have any queries regarding the application process, please contact the Responsible Entity via email [investor@castlerockproperty.com.au](mailto:investor@castlerockproperty.com.au) or phone (03) 8639 9100.

### Contact

Castlerock Investment Management Ltd

PO Box 16003  
Collins Street West  
VIC 8007

(03) 8639 9100

