
FOLKESTONE ENTERS INTO A JV FOR A HOTEL DEVELOPMENT AT GREEN SQUARE, SYDNEY

Folkestone (ASX:FLK) announced today that it had entered into a 50/50 joint venture with Furnished Property to develop a 142 room hotel at Green Square, Sydney.

The site, at 18 O’Riordan Street, Alexandria, is located within the \$13 billion, 278 hectare Green Square Urban Regeneration Area (‘GSURA’) and is strategically located approximately 100 metres from the Green Square Train Station. The Sydney Airport Domestic and International Terminals are two and three stops respectively to the south with Central Station, one stop to the north. Green Square is one of the most significant urban transformation programs under construction in Australia, revitalising the industrial edge of Sydney’s inner south into a vibrant global village. Green Square Town Centre, which is the centerpiece of the GSURA, is in close proximity to the proposed hotel.

Folkestone intends to launch the Folkestone Green Square Hotel Fund in March 2017, to raise circa \$22.5 million of third party capital, which together with construction finance, will fund the development of the hotel on a fund-through basis reducing FLK and Furnished Property’s funds employed to develop the hotel. The Fund will own the hotel long-term.

Construction is scheduled to commence in early 2017 and the hotel is forecast to open in late 2018. Furnished Property will take a 10 year lease (with 8 x 5 year options), with a minimum base rent with annual increases, and a turnover rent. Furnished Property will operate the hotel under their VERIU Brand.

Folkestone’s Managing Director, Mr Greg Paramor said, “we are delighted to be undertaking our first hotel development and partnering with Furnished Property, a boutique hotel operator in Sydney. The Sydney hotel market, which has seen underinvestment due to the strong residential market, is now experiencing buoyant trading conditions and we believe the outlook is positive. Inbound and domestic tourism is expected to increase, buoyed by the opening of the International Convention Centre at the end of the year, a lower Australian dollar and Sydney continuing to rate as a major tourism destination.”

“The Folkestone Green Square Hotel Fund is consistent with Folkestone’s strategy of manufacturing quality real estate investment product which can be owned long-term by an Folkestone managed fund” said Mr Paramor.

For further Information:

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About Folkestone

Folkestone (ASX:FLK) is an ASX listed real estate funds manager and developer providing real estate wealth solutions. Folkestone's funds management platform, with more than \$1.0 billion under management, offers listed and unlisted real estate funds to private clients and select institutional investors, while its on balance sheet activities focus on value-add and opportunistic (development) real estate investments. www.folkestone.com.au

About Furnished Property

Furnished Property is a market leader in share accommodation and furnished apartments in Sydney. Furnished Property has been providing furnished accommodation since 2002 and has more than 700 keys under management.

Location of 18 O'Riordan Street, Alexandria

