
FOLKESTONE LAUNCHES NEW DEVELOPMENT FUND

Folkestone Limited (“Folkestone”) is pleased to announce that it has launched the Folkestone Wollert Development Fund (“Fund”) which has an 80 per cent interest in a circa 42.2 hectare residential land subdivision known as Amber in Wollert (“Amber” or “Project”).

Amber is located within the Wollert Precinct Structure Plan (“PSP”) which was recently approved by the Victorian Government as a major new masterplanned suburb in Melbourne’s northern growth corridor. Wollert is located in the City of Whittlesea, approximately 25 kilometres north of the Melbourne CBD and is ideally positioned between Craigieburn and Mernda, and will essentially form a bridge between these two thriving suburbs.

The Fund will develop, in joint venture with ID-Land (20% of the Project), approximately 560 residential lots providing a selection of lot sizes and price points to suite a range of buyers. ID-Land will manage the delivery of the Project on behalf of the joint venture.

In December 2015, Folkestone and ID-Land secured the site on deferred settlement terms in a 50/50 joint venture. Since that time, Folkestone and ID-Land has sought a rezoning, established the Amber brand and secured 115 pre-sales, representing 20.5 per cent of the forecast total lots in the estate. Folkestone and ID-Land will now sell down part of their positions in the Project so that the Folkestone Wollert Development Fund has an 80 per cent interest in the Project and ID-Land a 20 per cent interest in the Project. Folkestone will maintain an effective 20 per cent interest in the Project via holding a 25 per cent co-investment in the Fund. In return, Folkestone will receive a rezoning fee of \$8.8 million payable by the Project on completion of the successful equity raising by the Fund.

The Folkestone Wollert Development Fund will be seeking to raise \$19.05 million of third party capital with Folkestone investing an additional \$6.35 million via its co-investment in the Fund. The Fund will have a target IRR of 17.0 per cent (pre-tax, post fees) and a forecast return on equity (pre-tax, post fees) of 56.0 per cent.

Folkestone’s Managing Director, Mr Greg Paramor, said “The securing of the land in Wollert, in joint venture with ID-Land, prior to rezoning and then selling down to a Folkestone managed fund once re-zoning has been achieved, is consistent with our strategy to use our balance sheet to secure attractive investment opportunities for our funds management platform. At the same time it has generated a strong investment return to Folkestone from the rezoning fee.”

“We expect strong interest in the Fund’s capital raising from our investor base given the attractive forecast returns, the strong pre-sales we have achieved to date and its location in one of Australia’s fastest growing areas¹” said Mr Paramor.

¹ According to the latest ABS population figures for LGA’s (ABS Cat. 3218.0), the City of Whittlesea was the 7th fast growing LGA in 2014-2015 at 4.6% and also recorded the 5th largest increase in population of 8,554.



Folkestone

Mr Matthew Belford, ID-Land Director said “We are pleased to be continuing our involvement with Folkestone and to be partnering with the Folkestone Wollert Development Fund on this exciting new residential project. This is our fourth partnership with Folkestone or one of its funds, and we look forward to working with them to deliver a quality residential masterplanned community in Melbourne’s rapidly growing northern suburbs.”

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 \$1.2 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

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