

Appendix 4D

Half-Year Report For the half-year ended 31 December 2014

1. Details of the reporting period and the previous corresponding period

Current period: 1 July 2014 to 31 December 2014
 Prior corresponding period: 1 July 2013 to 31 December 2013

2. Results for announcement to the market

| | | | | | \$A'000 Current period | \$A'000 Previous corresponding period |
|------------------------|---|----|------|----|------------------------------|--|
| Key Information | | | | | | |
| 2.1 | Revenues from ordinary activities | Up | 756% | To | \$38,121 | \$4,452 |
| 2.2 | Profit from ordinary activities after tax attributable to members | Up | 23% | To | \$1,959 | \$1,596 |
| 2.3 | Net profit for the period attributable to members | Up | 23% | To | \$1,959 | \$1,596 |

2.4 Dividends

The Board has resolved not to pay an interim dividend in respect of the half-year ended 31 December 2014 and no final dividend was paid for the year ended 30 June 2014.

2.5 Record date for determining entitlement to dividends

Not applicable

2.6 Brief explanation of the figures reported above

The net profit after tax attributable to members of the parent entity for the six months ended 31 December 2014 was \$2.0 million compared to a net profit after tax of \$1.6 million in the prior corresponding period.

The half year result includes the following material items:

- \$3.1 million of recurring fee income and cost recoveries generated from Folkestone's funds management platform;
- \$1.1 million of trust distributions received from Folkestone's unitholding in the Folkestone Education Trust (ASX:FET);
- \$0.9 million share of development profits from Folkestone's 50% interest in the Officer project joint venture; and
- \$0.5 million net contribution from the completion of the Stage 1 development, sale of land to Aldi and reversal of impairment on the stage 2 land being developed in joint venture with Wilmac Properties at the Millers Junction project at Altona North.

The increase in revenue from the prior corresponding period is as a result of the settlement of the Stage 1 development and Aldi site at the Millers Junction project at Millers Road, Altona North.

Please refer to the attached Half-Year Report for further information.

3. Net tangible asset backing per ordinary security

| Security | Current period | Previous corresponding period |
|-----------------|----------------|-------------------------------|
| Ordinary shares | 14.5c | 11.4c |

| Shares on issue at reporting date | Current period | Previous corresponding period |
|-----------------------------------|----------------|-------------------------------|
| Ordinary shares | 735,043,807 | 521,758,762 |

Folkestone Limited successfully completed a \$42 million Equity Raising in December 2014 which included the following components:

- Allotment of 78,756,571 shares at 20.0 cents per share by way of a share placement to institutional investors on 4 December 2014;
- Allotment of 64,863,781 shares at 20.0 cents per share on 4 December 2014 as part of the institutional component of the pro-rata 1 for 4.00 entitlement offer; and
- Allotment of 66,379,648 shares at 20.0 cents per share on 19 December 2014 as part of the retail component of the pro-rata 1 for 4.00 entitlement offer.

4. Control gained or lost over entities in the period

| | Ownership Interest | Date of gain of control |
|---------------------------------------|--------------------|-------------------------|
| Folkestone Truganina Development Fund | 100% | 4 August 2014 |
| Folkestone Hornsby Development Fund | 100% | 15 December 2014 |

5. Dividend details

Not applicable

6. Dividend or distribution reinvestment plan details

Not applicable

7. Details of associates and joint venture entities

| Name | Ownership interest % | |
|-------------------------------------|----------------------|-------------------------------|
| | Current period | Previous corresponding Period |
| 330 Princes Highway Pty Ltd | 50% | 50% |
| Noone St Clifton Hill Pty Ltd | 50% | 50% |
| Toga West Ryde Developments Pty Ltd | 50% | 50% |
| ID-FLK Dohertys Road Pty Ltd | 80% | 0% |
| ID-FLK Bayview Road Pty Ltd | 50% | 0% |
| Wilmac-FLK Millers Road Pty Ltd | 51% | 0% |
| Folkestone Lyon Hornsby Pty Ltd | 50% | 0% |
| Greenvalley Asset Property Trust | 25% | 25% |

8. Applicable accounting standards for foreign entities

Not applicable



Folkestone

9. Statement if accounts are subject to modified opinion, emphasis of matter or other matter paragraph

The half-year report has been subject to review, and is not subject to review with a modified opinion, emphasis of matter or other matter paragraph.