

ASX ANNOUNCEMENT

18 November 2013

FOLKESTONE ANNOUNCES SUCCESSFUL COMPLETION OF THE INSTITUTIONAL COMPONENT OF ITS EQUITY RAISING

Folkestone Limited (ASX code: FLK) today announced the successful completion of the \$6.0 million accelerated institutional component of its pro-rata 1.0 for 3.86 entitlement offer (“Institutional Entitlement Offer”) and the \$9.2 million institutional placement (“Placement”). The Institutional Entitlement Offer and the Placement form part of the Company’s \$25 million Equity Raising announced on 15 November 2013.

The net proceeds of the Equity Raising will initially be applied to:

- establish and underwrite the \$18 million West Ryde Development Fund (“Fund”) which will develop, in joint venture with Toga, a 205 apartment and mixed use development in West Ryde, Sydney. FLK will retain a 50 per cent equity interest in the Fund following sell down of the remaining interest to external investors. The Fund is forecast to deliver a minimum IRR of 18 per cent (pre-tax, after fees). As the fund manager, FLK will generate acquisition, on-going management and potential performance fees from the Fund. FLK will also generate development profits from its co- investment in the Fund;
- an investment in the ASX listed Australian Education Trust (ASX code: AEU), which is the largest of FLK’s managed funds. FLK has entered into an agreement to sub-underwrite \$6.0 million of the AEU offer to facilitate FLK acquiring an interest in AEU; and
- provide FLK with additional working capital to accelerate the growth of its funds management platform and its pipeline of on-balance sheet development activities. FLK is in negotiation on a number of assets that will provide the basis to either launch new income or development funds, or provide an attractive opportunity for FLK to invest capital directly.

The Institutional Entitlement Offer and Placement received very strong support from both existing shareholders and new institutional investors and was significantly oversubscribed.

FLK’s Managing Director, Greg Paramor, said: “We are delighted with the support we have received for the Placement and Institutional Entitlement Offer. We believe the equity raising will allow Folkestone to accelerate the execution of its strategy to take advantage of opportunities that become available across the residential, non-residential and real estate related social infrastructure sectors”.

Mr Paramor further added: “Folkestone remains focused on its strategy of growing its suite of listed and unlisted real estate funds and seeking opportunistic (development) investments for its balance sheet”.

FLK shares will recommence trading with effect from the opening of the market on Tuesday 19 November 2013.

Commencement of the Retail Entitlement Offer

The retail component of the equity raising (“Retail Entitlement Offer”) will open on Thursday 21 November 2013 and close at 5.00pm (AEDT) on Monday 9 December 2013.

Eligible retail shareholders will be able to subscribe for 1.0 new share for every 3.86 FLK shares held at the record date of 7.00pm (AEDT) on Tuesday 19 November 2013, at the same price as the Institutional Entitlement Offer (\$0.165 cents per new share). The Retail Entitlement Offer will raise approximately \$9.8million.

Eligible retail shareholders can choose to take up their entitlement in whole, in part or not at all. If eligible retail shareholders decide not to take up their entitlement, their entitlement will lapse and they will receive no value for their entitlement.

Eligible retail shareholders may also apply for additional new shares in excess of their entitlement (up to a cap of \$100,000 per shareholder and subject to scale back and otherwise as described in the Retail Entitlement Offer Booklet). A copy of the Retail Offer Booklet and a personalised Entitlement and Acceptance Form for the Retail Entitlement Offer will be mailed to eligible retail shareholders on Thursday 21 November 2013.

The Retail Offer Booklet is an important document and eligible retail shareholders should read it carefully (including the risk factors outlined in the Investor Presentation included in the Retail Offer Booklet) in assessing the investment opportunity. Any eligible retail shareholders who wish to acquire new FLK shares under the Retail Entitlement Offer will need to complete, or otherwise apply in accordance with the personalised Entitlement and Acceptance Form which will accompany the Retail Offer Booklet.

Timetable

Event	Date
Placement and Institutional Entitlement Offer Opens	Thursday, 14 November 2013
Placement and Institutional Entitlement Offer Closes	Friday, 15 November 2013
Trading in FLK shares recommences	By, Tuesday 19 November 2013
Record Date for the Retail Entitlement Offer (7.00pm AEDT)	Tuesday, 19 November 2013
Settlement of Placement and Institutional Entitlement Offer	Wednesday, 20 November 2013
Allotment and trading of New Shares issued under the Placement and Institutional Entitlement Offer	Thursday, 21 November 2013
Retail Entitlement Offer opens	Thursday, 21 November 2013
Dispatch of Retail Offer Booklet and Entitlement and Acceptance Forms	Thursday 21 November 2013
Retail Entitlement Offer closes (5pm AEDT)	Monday 9 December 2013
Settlement of Retail Entitlement Offer	Tuesday 17 December 2013
Allotment under the Retail Entitlement Offer and dispatch of holding statements	Wednesday, 18 December 2013

Additional Information

Retail shareholders should contact the FLK Shareholder Information Line on 1300 737 760 (within Australia) or +61 2 9290 9600 (from outside Australia) between 8.30am and 5.30pm (AEDT) during the Retail Entitlement Offer period if they have any questions.

For further information regarding this announcement please contact:

Mr Greg Paramor
Managing Director
Folkestone Limited
02 8667 2800

Mr Garry Sladden
Chairman
Folkestone Limited
02 8667 2800

About Folkestone

Folkestone (ASX:FLK) is an ASX listed real estate investment, development and funds management company. Folkestone's on balance sheet activities focus on value-add and opportunistic real estate investments and its funds management platform offers listed and unlisted funds to private clients, high net worth individuals and institutional investors.