

Folkestone

ASX ANNOUNCEMENT

27 June 2013

FOLKESTONE SUCCESSFULLY COMPLETES SECOND UNLISTED FUND CAPITAL RAISING

Folkestone Funds Management (Folkestone) is pleased to announce that the Folkestone Real Estate Income Fund at Wollongong (Fund) closed for applications approximately 50 per cent oversubscribed.

As a result, Folkestone has increased the amount of equity raised by \$1.0 million, from \$14.5 million to \$15.5 million, to assist in satisfying part of this excess demand. The forecast FY14 distribution remains unchanged at 10.5 per cent due in part to the lower initial gearing (47 per cent down to 43 per cent) and the debt being secured for three years at 5.55 per cent, 10 basis points lower than forecast in the PDS.

The Fund is a single asset, closed end, unlisted real estate fund which owns a six level commercial office building with 90 car spaces at 43 Burelli Street and 34 Stewart Street, Wollongong (Asset). The Asset comprises a strong tenancy mix anchored by Commonwealth and State Government tenants – representing approximately 79 per cent of the building's income.

Folkestone's Managing Director, Mr Greg Paramor said, "the success of the capital raising demonstrates that investors continue to seek investments with strong income returns and quality covenants. The Fund's forecast FY14 distribution yield of 10.5 per cent with the majority of the Asset's income being derived from Commonwealth and State Government tenants offers investors, particularly self-managed superannuation funds, with an attractive risk-adjusted return."

"Our distribution network continues to grow as illustrated by the strong support from both financial planners and private client investors. Given the continued appetite for quality, yield orientated investments, Folkestone plans to launch the third in its series of real estate income funds in the next few months" Mr Paramor said.

Folkestone's balance sheet underwrote \$8.0 million of the equity raising to assist in the acquisition which has now been repaid from investor applications.

For further information, please contact:

Mr Greg Paramor
Managing Director
02 8667 2800

Mr Adrian Harrington
Head of Funds Management
02 8667 2800

About Folkestone

Folkestone (ASX:FLK) is an ASX listed real estate funds manager, investor and developer. Folkestone's on balance sheet activities focus on value-add and opportunistic real estate investments and its funds management platform, with approximately \$630 million under management, offers listed and unlisted funds to private clients, high net worth individuals and institutional investors. For further information on Folkestone visit, www.folkestone.com.au.

Folkestone Funds Management Limited ACN 138 125 881 AFSL 340 990