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## **SUCCESSFUL COMPLETION OF THE INSTITUTIONAL COMPONENT OF FOLKESTONE'S EQUITY RAISING**

Folkestone Limited (ASX: FLK) today announced the successful completion of the accelerated institutional component of its pro-rata 1.0 for 4.0 entitlement offer (Institutional Entitlement Offer) and the institutional placement ("Placement") which raised \$28.8 million. The Institutional Entitlement Offer and the Placement form part of the Company's \$42 million Equity Raising announced on 24 November 2014.

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

- increasing FLK's strategic interest in the Folkestone Education Trust (FET) (ASX code: FET) via the acquisition of:
  - a \$21.7 million unitholding from a third party holder of FET units which is conditional on the settlement of the Placement; and
  - a further \$16.8 million unitholding in FET from Folkestone Social Infrastructure Trust (FST) (ASX:FST)<sup>1</sup>.

The acquisitions will be partly be funded by drawdown on a new debt facility (\$12.8 million) and proceeds from the Equity Raising. If the merger of FET and FST, announced on 13 November 2014, proceeds then FLK's holding in FET will increase from 1.3 per cent to 9.5 per cent<sup>2</sup>;

- provide working capital to accelerate the growth of FLK's funds management platform and its pipeline of on-balance sheet development activities. FLK is in exclusive due diligence on 6 development projects across the residential (land subdivision and apartment markets), mixed use and neighbourhood retail sectors. These projects have a combined end value of more than \$715 million, of which FLK's share would be approximately \$332 million and will provide the basis to either launch new development funds or provide an attractive opportunity for FLK to invest capital directly in the project or co-invest in the new funds.

The Placement received very strong support from both existing and new institutional investors and was significantly oversubscribed. The Institutional Entitlement Offer was strongly supported by existing eligible institutional shareholders with approximately 92 per cent take up. Entitlements not taken up by eligible institutional shareholders were sold and cleared in the institutional shortfall bookbuild at \$0.20 per entitlement.

Mr Greg Paramor, Folkestone's Managing Director, said "We are delighted with the support we have received for the Placement and Institutional Entitlement Offer. Folkestone is well positioned for its next stage of growth and this \$42 million of new capital will allow the business to continue to grow our funds management platform, and invest in select development opportunities on its balance sheet or co-invest in its development funds."

Moelis Australia Advisory Pty Ltd, who is joint lead manager, has underwritten the Equity Raising.

### **Commencement of the Retail Entitlement Offer**

The retail component of the Equity Raising ("Retail Entitlement Offer") will open on Tuesday 2 December 2014 and close at 5.00pm (AEDT) on Thursday 11 December 2014.

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<sup>1</sup> Subject to the approval of FST Unitholders at the FST Unitholder meeting scheduled for 19 December 2014

<sup>2</sup> Adjusted for the FET units on issue post the merger with FST

Eligible retail shareholders will be able to subscribe for 1.0 new share for every 4.0 FLK shares held at the record date of 7.00pm (AEDT) on Thursday 27 November 2014, at the same price as the Institutional Entitlement Offer (\$0.20 cents per new share). The Retail Entitlement Offer will raise approximately \$13.2 million.

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 worth of additional new shares per shareholder and subject to scale back and otherwise as described in the Retail Entitlement Offer Booklet). A copy of the Retail Entitlement Offer Booklet and a personalised Entitlement and Acceptance Form for the Retail Entitlement Offer will be mailed to eligible retail shareholders on Tuesday 2 December 2014.

The Retail Entitlement 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 Entitlement 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 Entitlement Offer Booklet.

### Timetable<sup>3</sup>

Event	Date
Trading in FLK shares recommences	Wednesday, 26 November 2014
Record date for the Retail Entitlement Offer (7:00pm AEDT)	Thursday, 27 November 2014
<b>Retail Entitlement Offer opens</b>	<b>Tuesday, 2 December 2014</b>
Dispatch of Retail Entitlement Offer Booklet and entitlement and acceptance forms	Tuesday, 2 December 2014
Settlement of Placement and Institutional Entitlement Offer	Wednesday, 3 December 2014
Allotment and quotation of New Shares issued under the Placement and Institutional Entitlement Offer	Thursday, 4 December 2014
<b>Retail Entitlement Offer closes (5pm AEDT)</b>	<b>Thursday, 11 December 2014</b>
Settlement of New Shares issued under the Retail Entitlement Offer	Wednesday, 17 December 2014
Allotment of New Shares issued under the Retail Entitlement Offer	Thursday, 18 December 2014
Quotation of New Shares issued under the Retail Entitlement Offer	Friday, 19 December 2014
Dispatch of holding statements	Monday, 22 December 2014

3. Dates are subject to change

For further information:

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