

Appendix 4E

Preliminary final report Period ending 30 June 2014

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

Current period: 1 July 2013 to 30 June 2014
 Prior corresponding period: 1 July 2012 to 30 June 2013

2. Results for announcement to the market

Key Information					\$A'000 Current Period	\$A'000 Previous corresponding period
2.1	Revenues from continuing operations	Up	25%	To	9,248	7,381
2.2(a)	Profit from continuing operations after tax attributable to members	Up	168%	To	3,152	1,176
2.2(b)	Profit from discontinuing operations after tax attributable to members	No change			-	-
2.3	Net profit for the period attributable to members	Up	168%	To	3,152	1,176

2.4 Dividends

The Board has resolved not to pay a dividend in respect of the year ended 30 June 2014 and no final dividend was paid for the year ended 30 June 2013. No interim dividend was paid in respect of the current or prior period.

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 year ended 30 June 2014 was \$3.2m compared to a net profit after tax of \$1.2m in the prior corresponding period, a 168% increase over the period. This represents basic earnings per share of 0.7 cents, compared with 0.3 cents per share previously.

The current year result includes the following material items:

- \$5.1 million of recurring fee income and cost recoveries generated from the Company's funds management platform;
- \$1.2 million in acquisition fees generated from the successful completion of the Altona North and Oxley real estate income funds;
- \$0.3 million one off disposal fee in relation to the sale of 100% of the units in the Folkestone Childcare Fund to the Folkestone Education Trust (previously known as the Australian Education Trust)
- \$0.3 million in leasing fees generated from the successful negotiation of new leases for the Folkestone Education Trust;
- \$1.1 million in preferred equity interest income associated with Folkestone's direct real estate investments; and
- \$0.9 million share of development profits from Folkestone's 50% interest in the Officer project joint venture.

Last year's result included the following material items:

- \$3.8 million of fee income and cost recoveries generated from the Austock property funds management business acquired during the period;
- \$1.4 million in preferred equity interest income and project fees associated with Folkestone's direct real estate investments;
- \$0.6 million of development profits from Folkestone's 50% share of the first stage of the Officer project and \$0.3 million of development profits representing Folkestone's 25% share of the first stage of the Karratha project;
- \$1.2 million in fee income generated from the two new real estate income funds (SOP and Wollongong Funds) established during the prior year; and
- (\$0.3) million in one off transaction costs incurred during the prior year related to the acquisition of the Austock property funds management business.

The net profit after tax for the consolidated group was \$2.8 million. The consolidated group includes Folkestone West Ryde Development Fund ("Fund") even though Folkestone only owns 50% of the units in the Fund. The consolidated group's net profit after tax includes a net loss of \$0.8 million from the Fund relating to acquisition fund establishment and fund administration costs. 50% of the loss from the Fund (\$0.4 million) is attributable to the other unitholders in the Fund. Therefore, Folkestone's net profit after tax after adjusting for 50% of the Fund loss is \$3.2 million.

- 3. Statement of Comprehensive Income**
Refer to the 2014 Annual Report
- 4. Statement of Financial Position**
Refer to the 2014 Annual Report
- 5. Statement of Cash Flows**
Refer to the 2014 Annual Report
- 6. Dividend details**
Not Applicable.
- 7. Dividend or distribution reinvestment plan details**
Not applicable.
- 8. Statement of Changes in Equity**
Refer to the 2014 Annual Report

9. Net tangible asset backing per ordinary security as at 30 June 2014

Security	Current period	Previous corresponding period
Ordinary shares	11.7¢	9.2¢

Shares on issue at reporting date	Current period	Previous corresponding period
Ordinary shares	521,758,762	370,286,124

Folkestone Limited completed a \$25 million Equity Raising in November and December 2013 which included the following components:

- Allotment of 55,542,905 shares at \$0.165 per share by way of a share placement to institutional investors on 21 November 2013;
- Allotment of 36,340,557 shares at \$0.165 per share on 21 November 2013 as part of the institutional component of the pro-rata 1 for 3.86 entitlement offer; and
- Allotment of 59,589,176 shares at \$0.165 per share on 18 December 2013 as part of the retail component of the pro-rata 1 for 3.86 entitlement offer.

10. Control gained or lost over entities in the financial year

Name	Ownership interest %	
	Current period	Previous corresponding period
Folkestone West Ryde Development Fund	50%	0%
Folkestone Maxim Asset Management Ltd	100%	0%
Folkestone East Melbourne Trust	0%	100%

11. 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%	-
Greenvalley Asset Property Trust	25%	25%

12. Other information

Refer to the commentary in section 2.6.

13. Foreign entities

Not applicable.

14. Commentary on results for the financial year

Refer to the 2014 Annual Report

15. Audited report

The report is based on audited accounts. The audit opinion is unqualified.



Folkestone

16. Statement if Financial Report is not yet audited and likely to contain an independent audit report that is modified opinion, emphasis of matter or other matter paragraph

Not applicable as the financial report is audited and is not subject to a modified opinion, emphasis of matter or other matter paragraph.

17. Statement if Financial Report is audited and subject to modified opinion, emphasis of matter or other matter paragraph

The financial report has been audited and is not subject to a modified opinion, emphasis of matter or other matter paragraph.