



Folkestone

NOTICE OF ANNUAL
GENERAL MEETING

2014

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Notice of Annual General Meeting

Folkestone Limited ABN 21 004 715 226

The forty seventh Annual General Meeting of **Folkestone Limited** will be held at the offices of Deloitte Touche Tohmatsu at Level 9, 225 George Street, Sydney NSW 2000 on **Thursday, 16 October 2014 commencing at 11:30am AEDT.**

Agenda

1. Financial Statements

To receive and consider the Directors' Report, Financial Statements and Independent Audit Report for the year ended 30 June 2014.

2. Resolution 1 - Re-election of Mr Garry Sladden

To consider and, if thought fit, to pass the following as an ordinary resolution:

"That Mr Garry Sladden, a Director retiring from office by rotation in accordance with Article 58 of the Constitution, being eligible, is re-elected as a Director of the Company."

3. Resolution 2 - Adoption of the Remuneration Report

To consider and, if thought fit, to pass the following as an advisory ordinary resolution:

"That the Remuneration Report for the financial year ended 30 June 2014 be adopted."

Note to Shareholders: The vote on this item is advisory only and does not bind the Directors or the Company.

4. Resolution 3 – Approval of Issue under Executive Incentive Plan to Mr Gregory Paramor

To consider and, if thought fit, to pass the following as an ordinary resolution:

"That for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the issue to, and acquisition by, Mr Gregory Paramor, a Director of the Company of 1,002,330 Share Appreciation Rights and, in consequence of vesting of those Share Appreciation Rights, of Shares in accordance with the Executive Incentive Plan and on the basis described in the Explanatory Memorandum."

5. Resolution 4 – Ratification of the placement of Shares to institutional investors in November 2013

To consider and, if thought fit, to pass the following as an ordinary resolution:

"That the issue of 55,542,905 ordinary Shares in the Company to institutional investors on 21 November 2013, as described in the Explanatory Memorandum accompanying this Notice of Meeting convening the Meeting, is ratified and approved for the purposes of ASX Listing Rule 7.4 and for all other purposes."

Voting Exclusion Statements

Resolution 2

The Company will disregard any votes cast on Resolution 2 by or on behalf of:

- a. a member of the Key Management Personnel, details of whose remuneration are included in the remuneration report; or
- b. any closely related party of such a member.

However, the Company does not need to disregard votes by such a person provided:

- a. the voter casts the vote as proxy for another person who is entitled to vote if the vote is cast in accordance with the directions on the proxy form; or
- b. the voter is the chair of the Meeting as a proxy for a person who is entitled to vote and the vote is cast either:
 - in accordance with the direction on the proxy form; or
 - in circumstances where the proxy form does not specify the way the proxy is to vote on the resolution and the proxy form expressly authorises the Chair to exercise the proxy (even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel of the Company).

Resolution 3

The Company will disregard any votes cast on Resolution 3 by or on behalf of:

- any Director and any of their associates; or
- a member of the Key Management Personnel (or any related party of such a member) who has been appointed as a proxy.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 4

The Company will disregard any votes cast on Resolution 4 by any person who participated in the institutional placement the subject of Resolution 4 and any associate of that person.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.



By Order of the Board
Scott Martin
Company Secretary
12 September 2014

Explanatory Memorandum

Folkestone Limited Annual General Meeting

Recommendation

The Directors of the Company recommend that Shareholders vote in favour of each of the Resolutions.

Item 1 – Financial Statements

In accordance with section 317 of the Corporations Act, the Financial Report, the Directors' Report and Auditor's Report for the most recent financial year will be tabled before the Meeting.

No resolution is required by either the Corporations Act or the Constitution, however, Shareholders will be given a reasonable opportunity to ask questions and make comments on these reports at the Meeting.

Item 2 (Resolution 1) – Re-election of Mr Garry Sladden

Mr Sladden was appointed as a non-executive Director of the Company in March 2011. Pursuant to article 58 of the Constitution, Mr Sladden retires and offers himself for re-election as a Director of the Company.

Details in relation to Mr Sladden are as follows:

Garry Sladden **B.BUS, CPA, FINSA** **Non-Executive Director**

Garry is a business and strategic adviser who has a diversified business background in the areas of real estate, private equity, business operations, banking and finance, and equity raising, having held the position of General Manager Operations at Consolidated Press Holdings for six years. Garry is Chairman of Ashton Manufacturing Pty Limited, Non-Executive Director of Melanoma Institute Australia and Non-Executive Chairman of Clarius Limited (ASX:CND).

The Board unanimously recommends that Shareholders vote in favour of the re-election of Mr Sladden.

Item 3 (Resolution 2) - Adoption of Remuneration Report

As required by section 250R(2) of the Corporations Act, a resolution that the remuneration report for the year ended 30 June 2014 be adopted must be put to a vote. The vote on the remuneration report is advisory only and will not bind the Directors or the Company. However, the Board will take the outcome of the vote into consideration when reviewing remuneration practices and policies.

A copy of the report is set out in the Company's 2014 annual report and financial report. This report can also be found on the Company's website at www.folkestone.com.au.

A reasonable opportunity will be provided for discussion of the remuneration report at the Meeting.

Item 4 (Resolution 3) - Approval of Issue under Executive Incentive Plan to Mr Gregory Paramor

At the Company's 2013 Annual General Meeting, Shareholders voted to approve the Company's amended Executive Incentive Plan.

The Company amended its Executive Incentive Plan following a review of the Company's remuneration policies and practices in order to ensure that it was consistent with the Company's strategic goals and human resources objectives and to ensure that it is appropriately structured in order to enhance corporate and individual performance. The Company is committed to a remuneration strategy which is designed to attract, retain and motivate appropriately qualified and experienced Directors and senior executives.

Key principles in developing the Company's remuneration structure and levels include the creation of longer term Shareholder value, alignment with Shareholder interests, market competitiveness, recognition of individual performance and experience and divisional and group performance.

Pursuant to the Executive Incentive Plan, it is proposed that 1,002,330 Share Appreciation Rights be granted to Mr Gregory Paramor, a Director of the Company.

The grant of Performance Rights to Mr Paramor is proposed to be made in two tranches on or before 31 October 2014. Mr Paramor will pay no monetary consideration for the issue of the Share Appreciation Rights.

Each Share Appreciation Right gives Mr Paramor the right to receive Shares in the Company to the value of the Payout (described below) subject to the satisfaction of the applicable vesting conditions. The Share Appreciation Rights will be issued in two tranches, the first tranche comprising 415,620 Share Appreciation Rights (Tranche 1 Share Appreciation Rights) and the second tranche comprising 586,710 Share Appreciation Rights (Tranche 2 Share Appreciation Rights). The vesting conditions applying to Mr Paramor's Tranche 1 Share Appreciation Rights are as follows:

- all of Mr Paramor's Tranche 1 Share Appreciation Rights will vest on 31 August 2015 if the average compound return on equity of the Company over the period from 1 July 2013 to 30 June 2015 is 12.5% per annum or higher;
- 50% of Mr Paramor's Tranche 1 Share Appreciation Rights will vest on 31 August 2015 if the average compound return on equity of the Company over the period from 1 July 2013 to 30 June 2015 is 7.5% per annum; and
- where the average compound return on equity of the Company over the period from 1 July 2013 to 30 June 2015 is higher than 7.5% but lower than 12.5%, the number of Tranche 1 Share Appreciation Rights which will vest on 31 August 2015 will be calculated on a straight line basis with 50% vesting at 7.5% per annum and 100% vesting at 12.5% per annum.

If Mr Paramor's Tranche 1 Share Appreciation Rights do not vest by 14 September 2015, they will lapse.

Upon vesting of the Tranche 1 Share Appreciation Rights, Mr Paramor will be entitled to receive the number of Shares in the Company calculated by dividing the Payout by the Share price applicable on the vesting date. The Payout is calculated by multiplying the number of Tranche 1 Share Appreciation Rights which vest by the increase in the Share price from 30 June 2013 (being 15.56 cents) to the Share price as at 31 August 2015. The Share price is calculated using the average daily weighted traded price of a Share for the 10 business days prior to the business day immediately prior to the date of calculation.

The vesting conditions applying to Mr Paramor's Tranche 2 Share Appreciation Rights are as follows:

- all of Mr Paramor's Tranche 2 Share Appreciation Rights will vest on 31 August 2016 if the average compound return on equity of the Company over the period from 1 July 2014 to 30 June 2016 is 12.5% per annum or higher;
- 50% of Mr Paramor's Tranche 2 Share Appreciation Rights will vest on 31 August 2016 if the average compound return on equity of the Company over the period from 1 July 2014 to 30 June 2016 is 7.5% per annum; and
- where the average compound return on equity of the Company over the period from 1 July 2014 to 30 June 2016 is higher than 7.5% but lower than 12.5%, the number of Tranche 2 Share Appreciation Rights which will vest on 31 August 2016 will be calculated on a straight line basis with 50% vesting at 7.5% per annum and 100% vesting at 12.5% per annum.

If Mr Paramor's Tranche 2 Share Appreciation Rights do not vest by 14 September 2016, they will lapse.

Upon vesting of the Tranche 2 Share Appreciation Rights, Mr Paramor will be entitled to receive the number of Shares in the Company calculated by dividing the Payout by the Share price applicable on the vesting date. The Payout is calculated by multiplying the number of Tranche 2 Share Appreciation Rights which vest by the increase in the Share price from 30 June 2014 (being 22.10 cents) to the Share price as at 31 August 2016. The Share price is calculated using the average daily weighted traded price of a Share for the 10 business days prior to the business day immediately prior to the date of calculation.

Reasons for seeking approval

Shareholder approval for the grant of Share Appreciation Rights to Mr Gregory Paramor under the Executive Incentive Plan is sought for all purposes, including under ASX Listing Rule 10.14, which provides that the acquisition of securities by a Director under an employee incentive scheme requires Shareholder approval. Shareholder approval is therefore sought for the acquisition of Share Appreciation Rights, and Shares upon vesting of Share Appreciation Rights, by Mr Gregory Paramor.

The Board has formed the view that Shareholder approval under Chapter 2E of the Corporations Act is not required because the issue of Share Appreciation Rights, and Shares upon vesting of Share Appreciation Rights, to Mr Gregory Paramor reflects the provision of reasonable remuneration for the purposes of section 211 of the Corporations Act.

Required disclosures

For the purposes of ASX Listing Rule 10.15A, the following disclosures are provided to Shareholders:

- Mr Gregory Paramor is a director of the Company.
- the maximum number of Share Appreciation Rights that may be acquired by Mr Gregory Paramor under this approval is 1,002,330;
- the price payable on the issue or exercise of each Share Appreciation Right, and of each Share on the vesting of each Share Appreciation right, is nil;
- no director of the Company, nor any associate of a director of the Company, has received any Share Appreciation Rights, Performance Rights, Shares or other securities pursuant to the Executive Incentive Plan since the last approval of the Executive Incentive Plan at the 2013 Annual General Meeting;
- each of the directors of the Company is entitled to participate in the Executive Incentive Plan, namely, Mr Gregory Paramor, Mr Garry Sladden, Mr Ross Strang and Mr Mark Baillie;
- there will be no loan made in conjunction with the proposed award of Share Appreciation Rights to Mr Gregory Paramor;
- details of any securities issued under the Executive Incentive Plan will be published in each annual report of the Company relating to a period in which securities have been issued, and that approval for the issue of securities was obtained under ASX Listing Rule 10.14;
- any additional persons who become entitled to participate in the Executive Incentive Plan after Resolution 3 has been approved and who were not named in this Notice of Meeting will not participate until approval is obtained under ASX Listing Rule 10.14; and
- the Share Appreciation Rights that are awarded to Mr Gregory Paramor are intended to be awarded on or before 31 October 2014 and in any event will not be awarded later than 3 years after the Meeting.

Item 5 (Resolution 4) - Ratification of placement of Shares to institutional investors in November 2013

On 21 November 2013, the Company issued 55,542,905 new Shares pursuant to an institutional placement at a price of 16.5

cents per Share to sophisticated, professional and wholesale clients identified by Moelis Australia Advisory Pty Ltd ACN 142 008 446.

The institutional placement was conducted in conjunction with an entitlement offer to raise \$25 million. Funds from the equity raising were applied to establish and underwrite the Folkestone West Ryde Development Fund, to invest in the ASX listed Folkestone Education Trust (formerly known as Australian Education Trust) and to provide the Company with additional working capital to accelerate the growth of its funds management platform and its pipeline of on-balance sheet development activities.

Shares issued under the institutional placement ranked equally with existing Shares from the date of issue.

Under Resolution 4, the Company proposes that the above institutional placement be ratified so as to enable further placements of Shares within the following 12 month period.

Why is Resolution 4 being proposed?

ASX Listing Rule 7.1 imposes a limit on the number of Shares that an entity can issue or agree to issue by way of placement in a 12 month period without Shareholder approval. Generally, and subject to the exceptions set out in ASX Listing Rule 7.2, an entity may not, without Shareholder approval, issue by way of placement in any 12 month period more than 15% of the number of Shares on issue 12 months before the date of the issue. The institutional placement the subject of Resolution 4 was made in accordance with the Company's placement capacity under ASX Listing Rule 7.1. As such, if Resolution 4 was not passed, the Company could not undertake any material further institutional placements until November 2015. However, if Resolution 4 is passed, the Company's placement capacity will be refreshed which will allow the Company to undertake further placements within the following 12 month period.

What does refreshment mean for Members?

Advantages

The effect of an approval of Resolution 4 would be that the Shares issued under the institutional placement (the subject of Resolution 4) would not reduce the number of Shares that could be issued by the Company without Shareholder approval (within the 15% limit) and will increase the base number of Shares from which the 15% calculation is made.

Such a resolution provides funding flexibility in respect of potential acquisitions, investment opportunities, and general capital management initiatives that may arise from time to time.

Disadvantages/risks

The key potential disadvantage and risk associated with Resolution 4 is if the Company issues further equity by way of a placement (which it would be able to do, should Shareholders approve Resolution 4) the percentage holdings in the Company of Shareholders who do not participate in that future issue will be reduced. Furthermore, the value of Shareholders' Shares may be impacted by the price at which any new Shares are placed.

The Directors are of the opinion that this potential disadvantage and risk is substantially outweighed by the potential advantages and benefits associated with the Company refreshing its placement capacity, and accordingly considers that Resolution 4 is in the best interests of all Shareholders. However, Shareholders should consider their individual circumstances and make their own determination as to how to vote on Resolution 4.

What happens if Resolution 4 is not approved?

If Shareholders do not approve Resolution 4, the Company's ability to participate in any suitable investment opportunity in a timely manner, or at all, is likely to be constrained.

General Explanatory Notes

1. Voting at the Meeting

A Shareholder who is entitled to vote may vote on the items of business to be considered at the Meeting either in person at the Meeting or by completing and returning the proxy form enclosed with this Notice of Meeting.

If you attend the Meeting, you will need to register at the registration desk upon arrival on the day of the Meeting. The registration desk will be open from 11:15am AEDT.

2. Voting By Proxy

A Shareholder who is entitled to vote at the Meeting has the right to appoint:

- one proxy if the Shareholder is only entitled to one vote; or
- one or two proxies if the Shareholder is entitled to more than one vote.

Where the Shareholder appoints two proxies, the appointment may specify the proportion or number of votes that each proxy may exercise. If the appointment does not specify a proportion or number, each proxy may exercise one-half of the votes, in which case any fraction of votes will be disregarded.

A proxy may be an individual or a body corporate and does not need be a Shareholder of the Company. A body corporate appointed as a proxy may then nominate an individual to exercise its powers at the Meeting.

Where a Shareholder nominates the Chair of the Meeting as their proxy but does not indicate their voting intention, the Chair will (subject to law) vote the proxy in favour of all resolutions.

The proxy form and the original power of attorney or other authority (if any) under which it is signed (or a certified copy) must be received by the Company, by no later than **11:30am AEDT on Tuesday 14 October 2014**. The completed proxy form may be lodged using the following methods:

- Mailed to Boardroom Pty Limited, GPO Box 3993, Sydney NSW 2001 (using the enclosed reply paid envelope);
- Lodged online at www.votingonline.com.au/folkestoneagm2014;
- Faxed to +61 2 9290 9655; or
- Delivered by hand to Boardroom Pty Limited, Level 7, 207 Kent Street, Sydney NSW 2000.

If you require an additional proxy form, the Company will supply it on request.

Corporate Shareholders who wish to appoint a person to act as its representative at the Meeting can do so by providing that person with a certificate executed in accordance with section 127 of the Corporations Act authorising that person to act as its representative at the Meeting. The representative must bring the certificate with them to the Meeting.

3. Resolution Requirements

Resolution 1 (Item 2), Resolution 2 (Item 3), Resolution 3 (Item 4) and Resolution 4 (Item 5) are ordinary resolutions and will be passed if more than 50 per cent of the votes cast by Shareholders (in person or by proxy) entitled to vote on the resolutions are in favour of the resolutions.

The vote on Resolution 2 (Item 3) is advisory only and does not bind the Directors or the Company.

4. Voting Entitlements

In accordance with section 1074E(2)(g) of the Corporations Act and regulation 7.11.37 of the Corporations Regulations 2001 (Cth), the Company has determined that a person's entitlement to vote at the Meeting will be the entitlement of that person set out in the register of Shareholders as at 7.00pm AEDT on Tuesday 14 October 2014. Share transfers registered after that time will be disregarded in determining entitlements to vote at the Meeting.

If more than one joint holder of Shares is present at the meeting (whether personally, by proxy or by attorney or by representative) and tenders a vote, only the vote of the joint holder whose name appears first on the register will be counted.

5. Questions and Comments by Shareholders at the Meeting

In accordance with the Corporations Act, a reasonable opportunity will be given to Shareholders, as a whole, to ask questions or make comments on the management of the Company and the Remuneration Report at the Meeting.

Similarly, a reasonable opportunity will be given to Shareholders, as a whole, to ask the Company's external auditor questions relevant to:

- the conduct of the audit;
- the preparation and content of the auditor's report;
- the accounting policies adopted by the Company in relation to the preparation of its financial statements; and
- the independence of the auditor in relation to the conduct of the audit.

Shareholders may also submit a written question to the external auditor (via the Company) if the question is relevant to:

- the content of the audit report; or
- the conduct of its audit of the Company's annual financial report for the year ended 30 June 2014.

A list of those relevant written questions will be made available to Shareholders attending the Meeting. The external auditor will either answer the questions at the Meeting or table written answers at the Meeting. If written answers are tabled at the Meeting, they will be made available to Shareholders as soon as practicable after the Meeting.

Please send any relevant questions for the external auditor to the Company at our registered office, Level 12, 15 William, Street Melbourne VIC 3000 or by fax to +61 3 9200 2282, marked for the attention of the Company Secretary by no later than 5.00pm AEDT on Thursday 9 October 2014.

GLOSSARY

AEDT means Australian Eastern Daylight Savings Time.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691.

Board means the board of Directors of the Company as constituted from time to time.

Company means Folkestone Limited ABN 21 004 715 226.

Constitution means the constitution of the Company, as amended from time to time.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors mean the directors of the Company.

Executive Incentive Plan means the Company's Executive Incentive Plan referred to in the Explanatory Memorandum.

Explanatory Memorandum means the explanatory memorandum accompanying the Notice.

Key Management Personnel means those persons having authority and responsibility for planning, directing and controlling the activities of the Company (directly or indirectly), including any Director (whether executive or otherwise) of the Company.

Meeting or **Annual General Meeting** means the annual general meeting convened by the Notice.

Notice or **Notice of Meeting** means the Notice of Meeting on page 1.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Share means a fully paid ordinary share or shares in the capital of the Company.

Share Appreciation Rights means share appreciation rights issued pursuant to, and in accordance with, the Executive Incentive Plan.

Shareholder means a holder of a Share.

All Correspondence to:

✉ **By Mail** Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia

Level 7, 207 Kent Street,
Sydney NSW 2000 Australia

📠 **By Fax:** +61 2 9290 9655

💻 **Online:** www.boardroomlimited.com.au

☎ **By Phone:** (within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600

YOUR VOTE IS IMPORTANT

For your vote to be effective this proxy form must be received by **11.30am AEDT on Tuesday 14 October 2014.**

🖥 TO LODGE THE PROXY FORM ONLINE

📱 BY SMARTPHONE

STEP 1: VISIT www.votingonline.com.au/folkestoneagm2014

STEP 2: Enter your holding/investment type:

STEP 3: Enter your Reference Number:

STEP 4: Enter your VAC:

PLEASE NOTE: For security reasons it is important you keep the above information confidential.

Scan QR Code using smartphone
QR Reader App

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a security holder of the company. Do not write the name of the issuer company or the registered security holder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the Meeting and vote. If you wish to appoint a second proxy, an additional proxy form may be obtained by contacting the Company's securities registry or you may copy this form.

To appoint a second proxy you must:

- complete two proxy forms. On each proxy form state the percentage of your voting rights or the number of Shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- return both forms together in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your Shares will be voted in accordance with such a direction unless you indicate only a portion of Shares are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your Shares your vote on that item will be invalid.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the Meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the Company's securities registry.

STEP 3 SIGN THE FORM

The form **must** be signed as follows:

Individual: This form is to be signed by the Shareholder.

Joint Holding: where the holding is in more than one name, all the Shareholders should sign.

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a director jointly with either another director or a company secretary. Where the company has a sole director who is also the sole company secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the Meeting, therefore by **11.30am AEDT on Tuesday 14 October 2014.** Any proxy form received after that time will not be valid for the scheduled Meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

💻 **Online** www.votingonline.com.au/folkestoneagm2014

📠 **By Fax** + 61 2 9290 9655

✉ **By Mail** Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia

👤 **In Person** Level 7, 207 Kent Street,
Sydney NSW 2000 Australia

Attending the Meeting

If you wish to attend the Meeting please bring this form with you to assist registration.

Interpretation

Capitalised terms in this proxy form have the same meaning as defined in the accompanying Notice of Meeting.



Folkestone

FOLKESTONE LIMITED
ABN 21 004 715 226

Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Shareholders sponsored by a broker should advise their broker of any changes.

Please note, you cannot change ownership of your Shares using this form.

PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a member/s of **Folkestone Limited** (Company) and entitled to attend and vote hereby appoint:

the **Chair of the Meeting** (mark box)

OR if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered Shareholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Annual General Meeting of the Company to be held at the offices of **Deloitte Touche Tohmatsu at Level 9, 225 George Street, Sydney NSW 2000 at 11:30am AEDT on Thursday, 16 October 2014** and at any adjournment of that Meeting, to act generally on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

The Chair of the Meeting intends to vote undirected proxies in favour of each of the items of business.

Important note for Resolutions 2 and 3: If I/we have appointed the Chair of the Meeting as my/our proxy (or the Chair of the Meeting becomes my/our proxy by default) and am/are entitled to vote on Resolutions 2 and 3, I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of Resolutions 2 and 3 (and any motion for amendment of, or any procedural motion relation to, those resolutions) even though the resolutions are connected directly or indirectly with the remuneration of a member of the Key Management Personnel of the Company and the Chair is a member of the Key Management Personnel.

STEP 2 VOTING DIRECTIONS

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

		For	Against	Abstain*
Resolution 1	To re-elect Mr Garry Sladden as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	To adopt the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	To approve an issue under Executive Incentive Plan to Mr Gregory Paramor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	To ratify the placement of Shares to institutional investors in November 2013	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

STEP 3 SIGNATURE OF SHAREHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Shareholder 1

Sole Director and Sole Company Secretary

Shareholder 2

Director

Shareholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2014