

Folkestone triples first-half profit amid warning of price rises

By Elizabeth Redman
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Greg Paramor; CEO of Folkestone, in his offices in Sydney.

Developer and real estate funds management group Folkestone has warned of sky-high prices in some sectors and said it would be disciplined while looking for new opportunities.

The group tripled its first-half profit and reaped \$3.3 million in acquisition fees from three new funds during the half.

The funds were established to buy an office building at Sydney Olympic Park and the Mercure Sydney International Airport Hotel and to own a new hotel to be built in Sydney's Alexandria.

Net profit jumped to \$9.9m in the six months to December 31, compared with \$3.2m in the previous corresponding period. Revenue rose 4 per cent to \$21.8m in the half. Folkestone managing director Greg Paramor said the group would keep looking for suitable investment opportunities but took a cautious tone.

"Given pricing in certain property sectors and sub-markets is at an all-time high, Folkestone will remain disciplined and patient as it continues to look for investment opportunities across the residential, non-residential and social infrastructure sectors," Mr Paramor said.

Folkestone booked \$3.9m in fees from its listed Folkestone Education Trust, plus \$2.3m in distributions and a \$2.8m unrealised gain. Another three funds provided \$6.6m.

The development division made a profit of \$3.1m across its residential projects and enterprise parks in eastern states.