



#### EXPLANATORY MEMORANDUM REGISTERED WITH ASIC

Folkestone Limited ("**Folkestone**") announces that on 12 September 2018 the Federal Court of Australia ("**Court**") ordered the convening of a meeting of Folkestone Shareholders ("**Scheme Meeting**") to consider and vote on the previously announced scheme of arrangement, under which Charter Hall Limited will acquire 100% of the ordinary shares in Folkestone ("**Scheme**").

The Scheme Meeting will be held at 11:30am (Sydney time) on Wednesday, 17 October 2018 at the offices of Boardroom Pty Limited at Level 12, 225 George Street, Sydney NSW 2000.

Following Court hearing, the Australian Securities and Investments Commission has as of today registered the Explanatory Memorandum in relation to the Scheme, which includes a Notice of Meeting and an Independent Expert's Report from Lonergan Edwards & Associates Limited ("**Independent Expert**"). The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of Folkestone Shareholders in the absence of a Superior Proposal. A copy of the Explanatory Memorandum and a copy of the Proxy Form for the Scheme Meeting is attached to this announcement.

Folkestone Shareholders who have elected to receive communications electronically will receive an email which contains instructions about how to download a copy of the Explanatory Memorandum, and to lodge their Proxy Form via email. Folkestone Shareholders who have not made such an election will be mailed a printed copy of the Explanatory Memorandum, which is expected to be despatched on or before Monday, 17 September 2018. The Explanatory Memorandum will also be available for viewing and download on Folkestone's website at <http://www.folkestone.com.au/investors/asx-announcements/>.

Folkestone's Board of Directors unanimously recommend that Folkestone Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Folkestone shareholders. Each Folkestone Director intends to vote all the Folkestone Shares that he or she holds in favour of the Scheme, subject to those same qualifications.

If the Scheme is successfully implemented, Folkestone Shareholders who are registered on both the Special Dividend Record Date and the Scheme Record Date (please refer to the indicative Timetable outlined below) will receive a total cash payment of \$1.39 for each Folkestone Share they own, which will comprise:

- a fully franked Special Dividend of \$0.036 per share; and
- Bidder Consideration of \$1.354 per share.



Folkestone has applied to the Australian Taxation Office (“**ATO**”) requesting a class ruling in relation to the tax implications of the Scheme, including the availability of franking credits on the Special Dividend. On the proviso that a favourable class ruling is obtained from the ATO (please refer to section 8 of the Explanatory Memorandum for further details), Folkestone Shareholders who are able to obtain the full benefit of the franking credits associated with the Special Dividend may also receive additional value. Whether a Folkestone Shareholder is able to obtain the full benefit of the franking credits depends on their personal tax circumstances.

Folkestone Shareholders should seek independent legal, financial or other professional advice before making any decision regarding the Scheme.

## INDICATIVE TIMETABLE

The important dates and expected Timetable for the Scheme are set out fully in the Explanatory Memorandum and include the following:

Date	Event
Monday, 17 September 2018	Explanatory Memorandum despatched to Folkestone Shareholders
11.30am Monday, 15 October 2018	Deadline for receipt of Proxy Forms by the Folkestone Registry for Scheme Meeting
7:00pm Monday, 15 October 2018	Time and date for determining eligibility to vote at the Scheme Meeting
11.30am Wednesday, 17 October 2018	Scheme Meeting
Monday, 22 October 2018	Second Court Hearing
Tuesday, 23 October 2018	Effective Date
Friday, 26 October 2018	Special Dividend Record Date
Wednesday, 31 October 2018	Scheme Record Date
Wednesday, 7 November 2018	Scheme Implementation Date / Special Dividend Payment Date

All dates are indicative only. Folkestone reserves its right to vary any of the dates set out in the above table, subject to obtaining any necessary approvals. The actual timetable will depend upon the time at which the Conditions to the Scheme are satisfied or, if applicable, waived.



## SHAREHOLDER INFORMATION

Folkestone encourages all of Folkestone Shareholders to read the Explanatory Memorandum carefully and in its entirety before deciding whether or not to vote in favour of the Scheme at the Scheme Meeting. If you have any questions in relation to the Scheme or the Explanatory Memorandum, you should contact the Folkestone Shareholder Information Line on 1300 032 756 (within Australia) or +61 2 8023 5418 (outside of Australia) between 9:00am and 5:00pm (Sydney time) on Business Days.

For further information, please contact:

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### About Folkestone

Folkestone (ASX:FLK) is an ASX listed real estate funds manager and developer providing real estate wealth solutions. Folkestone's funds management platform, with more than \$1.6 billion under management, offers listed and unlisted real estate funds to private clients and select institutional investors, while its on balance sheet activities focus on value-add and opportunistic (development) real estate investments. [www.folkestone.com.au](http://www.folkestone.com.au)