

FOLKESTONE

FY17 - Full Year Results
ASX:FLK

24 August 2017



Folkestone

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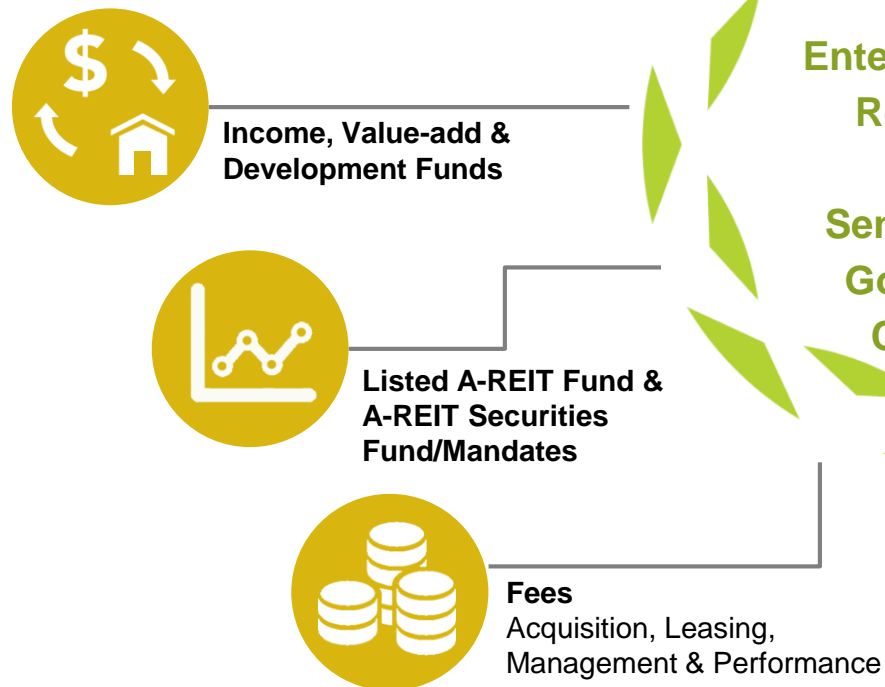


FOLKESTONE OVERVIEW

Folkestone is an ASX listed real estate funds manager and developer providing real estate wealth solutions for private clients and select institutions

FUNDS MANAGEMENT

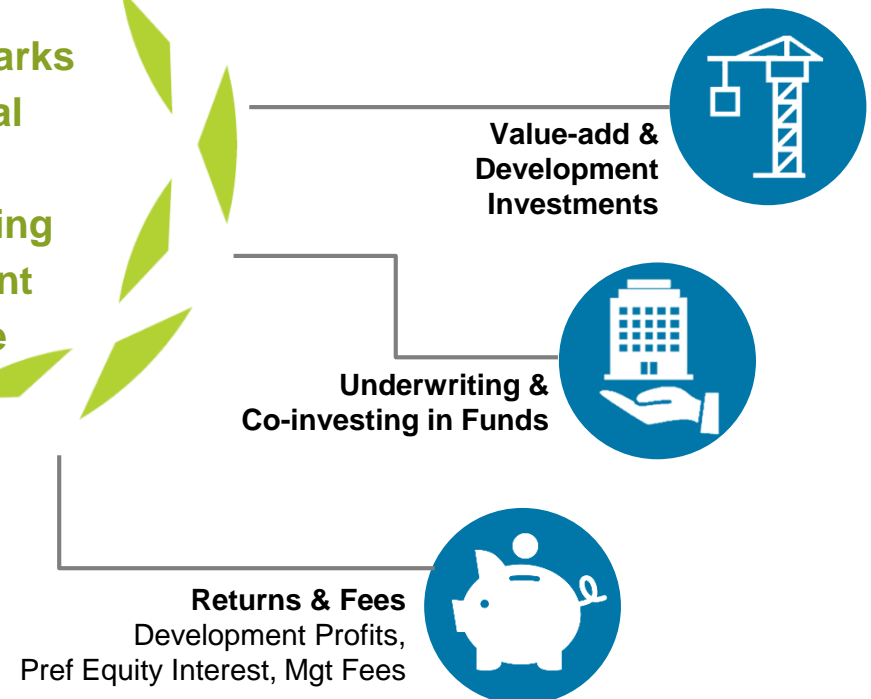
Offers listed and unlisted real estate funds to private clients and select investors with \$1.3 billion in funds under management¹



¹ As at 23 August 2017

DIRECT BALANCE SHEET

On balance sheet activities focus on value-add & opportunistic (development) investments



FOLKESTONE OVERVIEW

Capital Structure

Share Price ¹ (cents)	1.10
Fully Paid Ordinary Shares (m)	147.6
Market Capitalisation ¹ (\$m)	160.0
Look Through Gearing (%)	8.8

Major Shareholders

Phoenix Portfolios	10.11%
GJP Investments (related to Greg Paramor)	9.22%
FDC Construction & Fitout	6.34%
Kaplan Funds Management	5.57%
Top 20 Shareholders	58.1%

Share Price²: 1 July 2012 – 23 August 2017



Directors & Senior Management

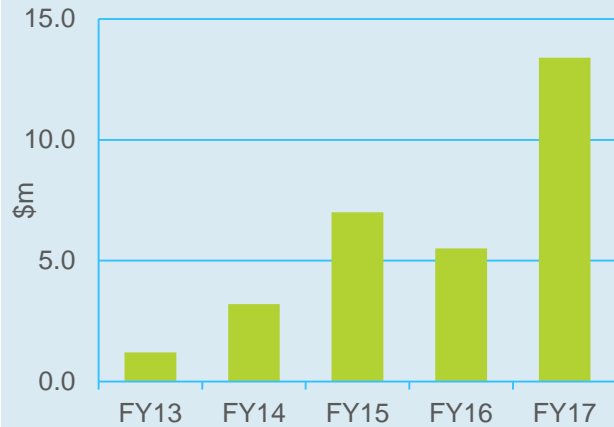
Garry Sladden	Non-Executive Chairman
Mark Baillie	Deputy Chairman
Ross Strang	Non-Executive Director
Greg Paramor AO	Managing Director
Ben Dodwell	Head of Real Estate
Adrian Harrington	Head of Funds Management
Nick Anagnostou	CEO - FET
Stuart Nicolson	CEO - Seniors Living
Scott Martin	CFO & Company Secretary

1. As at 23 August 2017.

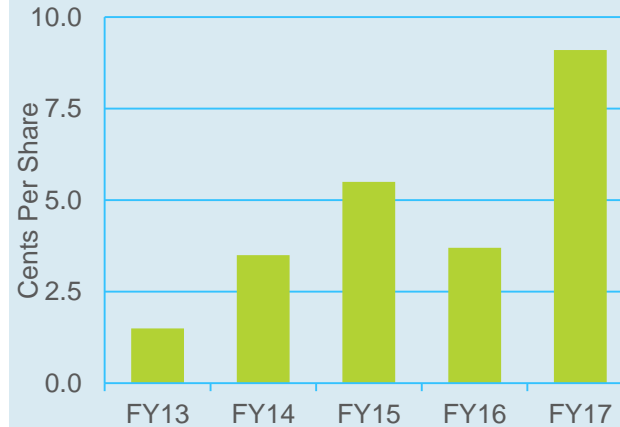
2. Share price has been restated to account for the 1:5 share consolidation completed in November 2015.

DELIVERING STRONG PERFORMANCE

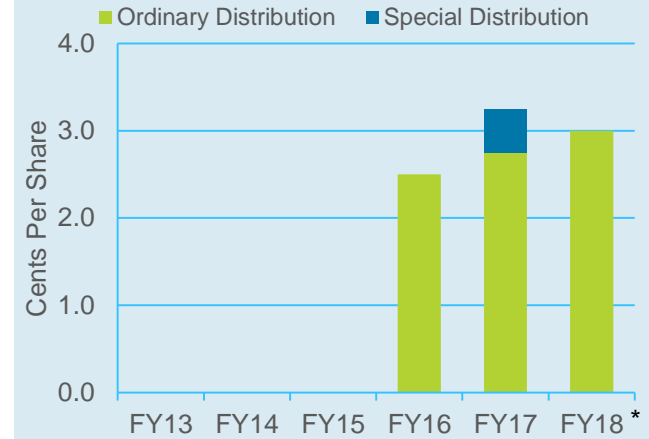
Statutory Net Profit



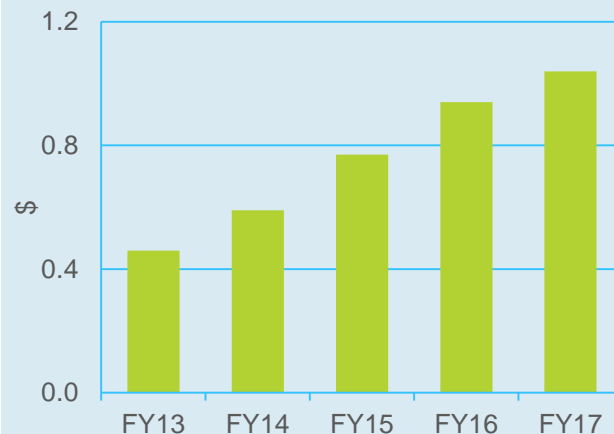
Statutory EPS



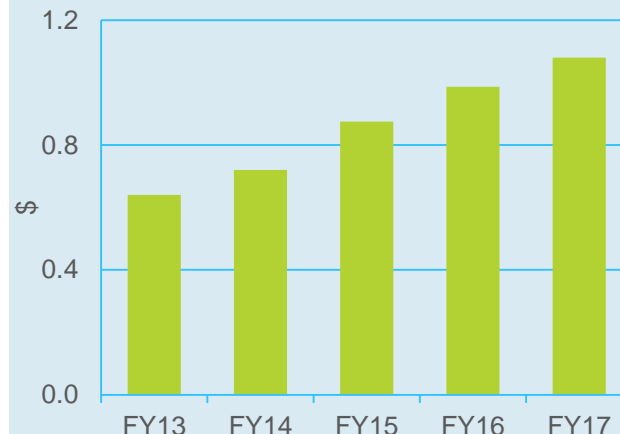
DPS



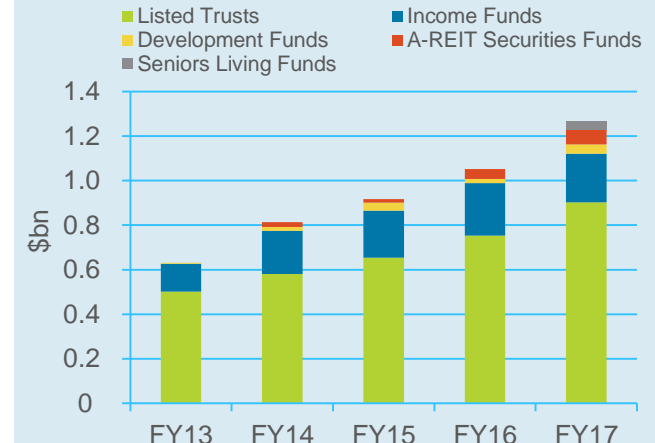
NTA Per Security



NAV Per Security



Funds Under Management



* FY18 guidance. Assumes no material change in market conditions



FY17 PERFORMANCE

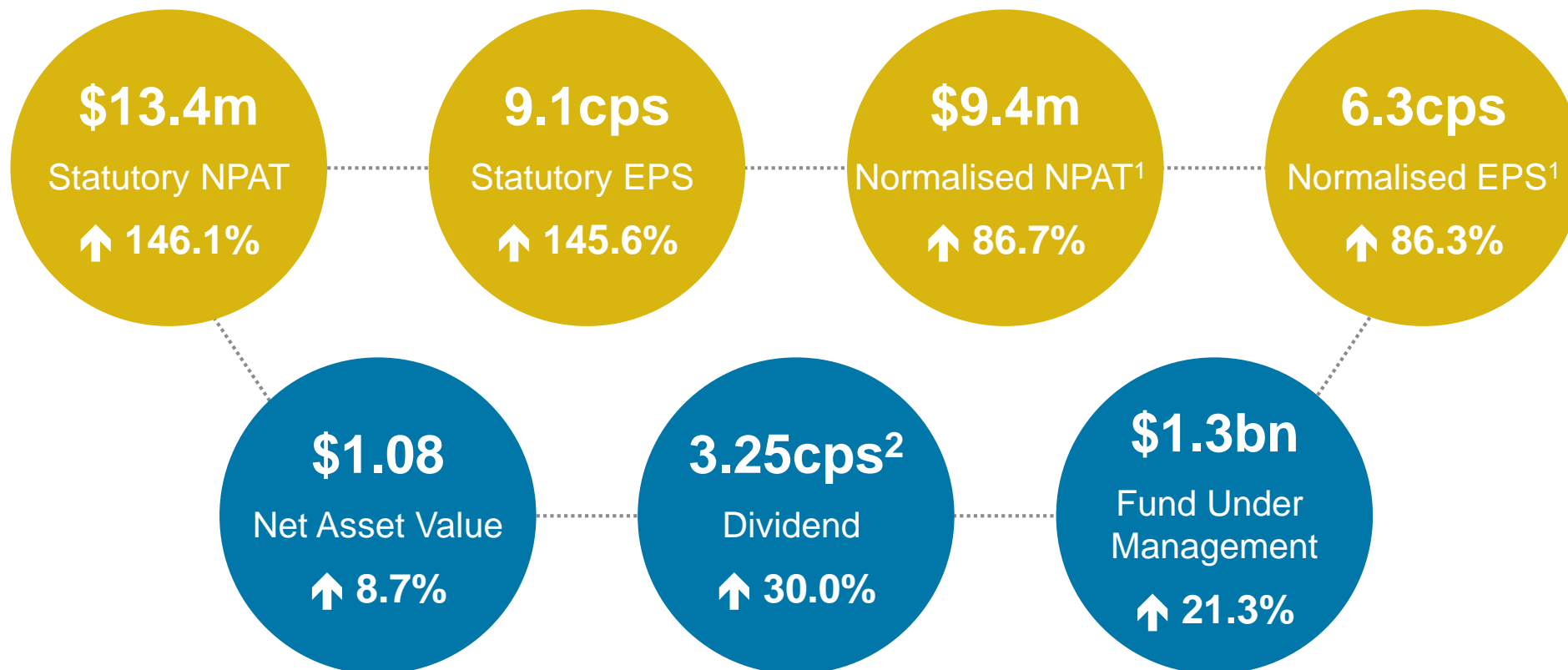


Folkestone

Only About Children, Cheltenham –
an asset of the Folkestone Education Trust

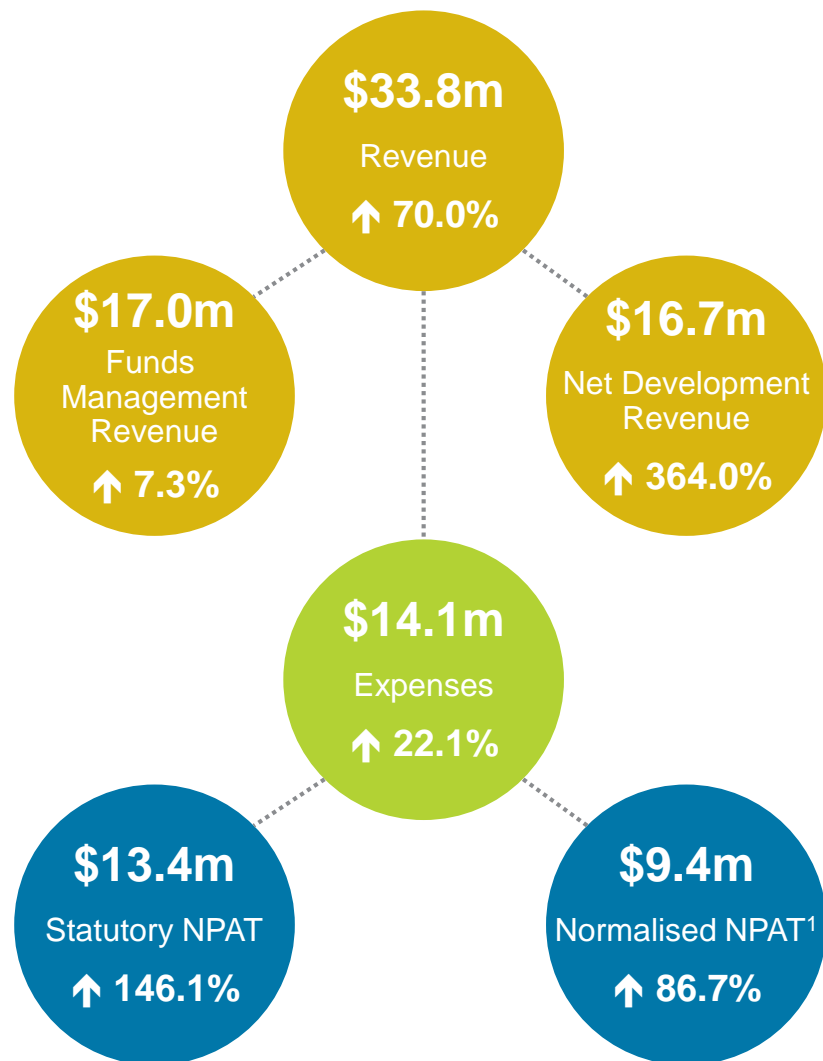
FY17 RESULTS – HIGHLIGHTS

The strong results in FY17 reflect the positive contributions from our funds management platform and our on-balance sheet development activities



1. The normalised NPAT and EPS are non-statutory amounts and in Folkestone's view better reflect the underlying operating performance of the business. The normalised figures exclude significant one-off items. See slide 8.
2. Comprises a final ordinary dividend of 2.75cps fully franked and a special dividend of 0.5cps fully franked.

FY17 RESULTS – PROFIT & LOSS



Profit & Loss Attributable to Folkestone²

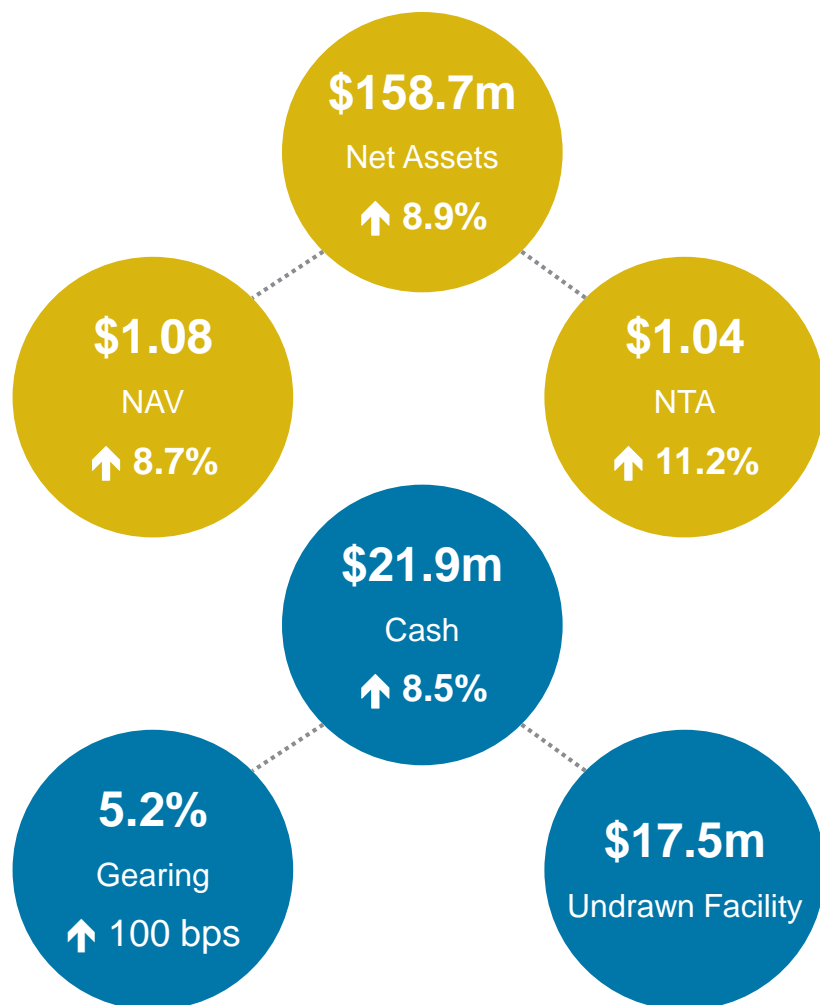
Year to June (\$m)	FY16	FY17	% Change
Revenue			
Funds Management	15.85	17.00	7.3
Development (Net)	3.59	16.66	364.0
Other	0.44	0.14	(68.8)
Total Revenue	19.88	33.80	70.0
Expenses			
Employee	(8.02)	(10.47)	(30.7)
Administration	(1.99)	(2.69)	(35.1)
Due Diligence (DD)	(1.18)	(0.63)	47.1
Rental	(0.36)	(0.30)	15.3
Total Expenses	(11.54)	(14.09)	(22.1)
EBITDA (Statutory)	8.33	19.71	136.5
One-Off Items			
Wollert Rezoning Fee Outperformance	-	(5.80)	-
DD Costs - Transactions Not Proceeding	0.81	-	-
Realised Gain on Investments	(1.44)	-	-
Total One-off Items	(0.63)	(5.80)	(823.6)
EBITDA (Normalised)	7.70	13.91	80.5
Depreciation & Amortisation	(0.11)	(0.12)	(17.5)
Interest	(0.54)	(0.58)	(7.4)
Net Profit Before Tax	7.69	19.00	147.2
Tax	(2.24)	(5.59)	(149.7)
Net Profit After Tax (Statutory)	5.45	13.42	146.1
One-Off Items (Tax Effected)	(0.44)	(4.06)	(823.6)
Net Profit After Tax (Normalised)²	5.01	9.36	86.7
Statutory EPS	3.7	9.1	145.6
Normalised EPS²	3.4	6.3	86.3

1. The normalised NPAT and EPS are non-statutory amounts and in Folkestone's view better reflect the underlying operating performance of the business. The normalised figures exclude significant one-off items.

2. Summary of profit & loss excludes the impact of consolidation of the Folkestone West Ryde Development Fund in FY16 which is included in the Consolidated Financial Statements of the Group.

FY17 RESULTS – BALANCE SHEET

Strong balance sheet provides the financial flexibility to take advantage of new investment opportunities



Balance Sheet Attributable to Folkestone

As at	June 2016 \$m	June 2017 \$m	% Change
Total Current Assets	42.79	40.93	(4.4)
Total Non-Current Assets	123.52	144.90	17.3
Total Assets	166.32	185.83	11.7
Total Current Liabilities	10.08	11.94	(18.5)
Total Non-Current Liabilities	10.51	15.19	(44.5)
Total Liabilities	20.59	27.13	(31.8)
Net Assets	145.73	158.70	8.9
NAV (cents per security)	98.9	107.5	8.7
NTA (cents per security)	93.6	104.1	11.2
Gearing – Balance Sheet (%)	4.2	5.2	(21.5)



FUNDS MANAGEMENT



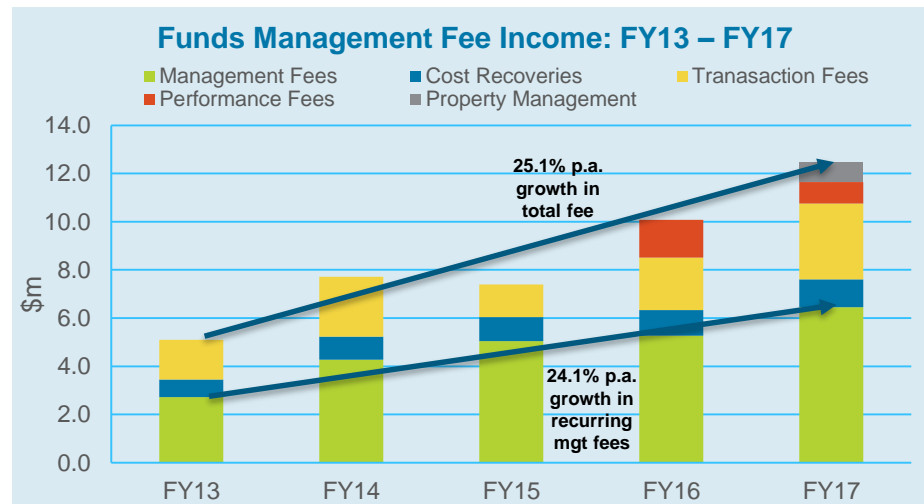
Folkestone

Only About Children, Brighton East –
an asset of the Folkestone Education Trust

FUNDS MANAGEMENT – RESULTS OVERVIEW

- Funds under management of \$1.3bn up 21.3% on FY16
- Total revenue of \$17.0m up 7.3% on FY16:
 - recurring fees/cost recoveries up 20.2% due to 2 new funds and growth in existing fund FUM
 - transaction fees up 44.5% due to acquisition fees in 2 new funds, debt establishment fees and leasing fees
 - \$0.8m performance fee on sale of The Station, Oxley retail centre
- FLK manages Folkestone Education Trust (ASX: FET) and owns 12.2% of units on issue:
 - \$7.6m in fees to FLK – up 17.2% on FY16
 - \$4.4m in distributions to FLK – up 3.7%
 - \$27.4m unrealised gain on units held at 30 June 2017¹
- FLK established a property management division in FY17 to manage FET & FCIB assets
 - \$0.8m in fees earned since October 2016
- All funds outperformed their relevant benchmark in FY17

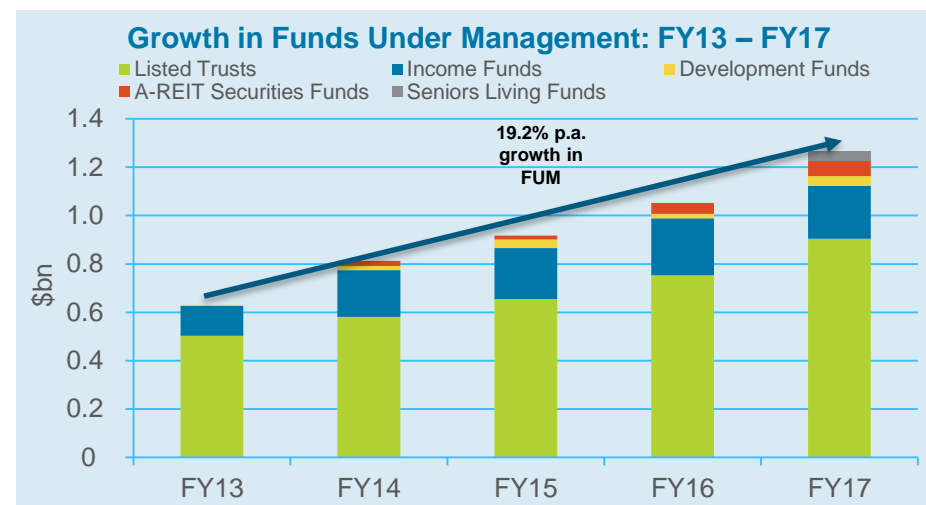
For the Year Ended 30 June	2016 (\$m)	2017 (\$m)	% Change
Management Fees/Cost Recoveries	6.33	7.60	20.2
Transaction Fees	2.18	3.15	44.5
Performance Fees	1.58	0.90	(43.2)
Property Management Fees	-	0.82	-
Distributions (FET & A-REIT Securities)	4.22	4.36	3.7
Realised Gains (FET & A-REIT Securities)	1.44	-	-
Other	0.10	0.18	82.3
Total Revenue	15.85	17.00	7.3



1. Comprises \$23.7m unrealised gain recognised to 30 June 2016 and a \$3.7m unrealised gain in FY17. Unrealised Gains/Losses are recognised as other Comprehensive Income in the Consolidated Financial Statements of the Group.

FUNDS MANAGEMENT – FUNDS UNDER MANAGEMENT

- FLK has more than 8,500 investors
 - retail – unlisted and A-REIT securities funds
 - high net worth – unlisted and A-REIT securities funds
 - institutions – principally via the ASX listed FET and CIB
 - wrap platforms – A-REIT securities
- FUM grew 21.3% since June 2016 and 102.1% since FY13
- Two new funds closed significantly oversubscribed in FY17
 - Folkestone Seniors Living Fund No. 1 – \$25.7m equity raising completed in September 2016
 - Wollert Residential Development Fund – \$25.4m equity raising completed in April 2017
- One fund wound-up early following sale of The Station, Oxley
 - unitholders received an equity IRR of 14.6% p.a. (hurdle rate 10.0% p.a.)
 - FLK generated \$0.8m performance fee
- Folkestone Maxim A-REIT Securities Fund was a finalist in the 2017 Money Management/Lonsec Fund Manager of the Year Awards for:
 - Property and Infrastructure Securities Manager
 - Emerging Manager



FUNDS MANAGEMENT – FUND OVERVIEWS

	Folkestone Education Trust	CIB Fund	Sydney Olympic Park Income Fund	Wollongong Income Fund	Altona North Income Fund	Truganina Development Fund	Wollert Development Fund	Folkestone Maxim A-REIT Securities	FLK Seniors Living Fund No. 1
Type	Listed	Unlisted Income	Unlisted Income	Unlisted Income	Unlisted Income	Land Development	Land Development	A-REIT Securities	Seniors Living
FUM (\$m)	903.3	98.8	39.7	35.5	44.5	18 (equity) 142.1 (end value)	25.4 (equity) 124.5 (end value)	64.5	47.9
FLK Co-Invest (\$m) ⁶	85.6	-	-	-	-	3.5	6.1	-	2.5
Base Fees (pa)	0.5% of Gross Assets	0.25% of Gross Assets	1.3% of Net Assets	1.3% of Net Assets	1.1% of Net Assets	\$400,000	\$450,000	0.4% to 0.95% of Gross Assets	0.7% of Net Assets
Other Fees	Debt Arrange/ Dev Mgt/ Leasing	Leasing	Acquisition/ Performance	Acquisition/ Performance	Acquisition/ Performance	Underwriting/ Acquisition/ Performance	Acquisition/ Performance	-	Acquisition/ Performance
No. of Properties	407	11	1	1	1	1	1	n/a	1
Gearing (%)	27.7	10.0	36.8	36.6	34.8	Nil at Fund Level	Nil at Fund Level	-	Nil at Fund Level
Total Return in FY17 (%)	10.1	25.9	16.4	27.3	29.0	21.5 ³	n/a ⁵	0.49	n/a ⁵
Benchmark (%)	-5.6 ¹	12.0 ⁴	10.0 ²	12.0 ²	10.0 ²	18.0 ³	17.0 ³	-5.6 ¹	15.0 ³

1. S&P/ASX300 A-REIT Accumulation Index.

2. Annualised total return forecast over life of Fund.

3. Equity IRR (post fees, pre tax) forecast over life of Fund.

4. Mercer/IPD Australian Monthly Property Fund Index.

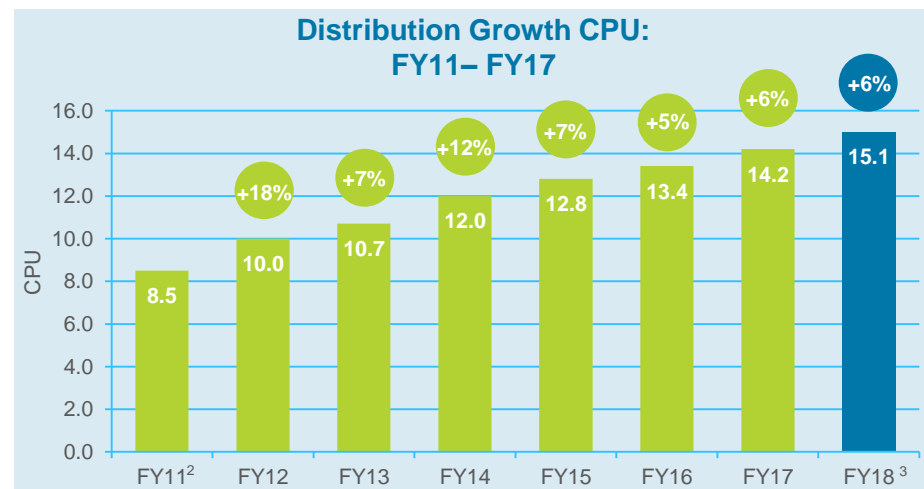
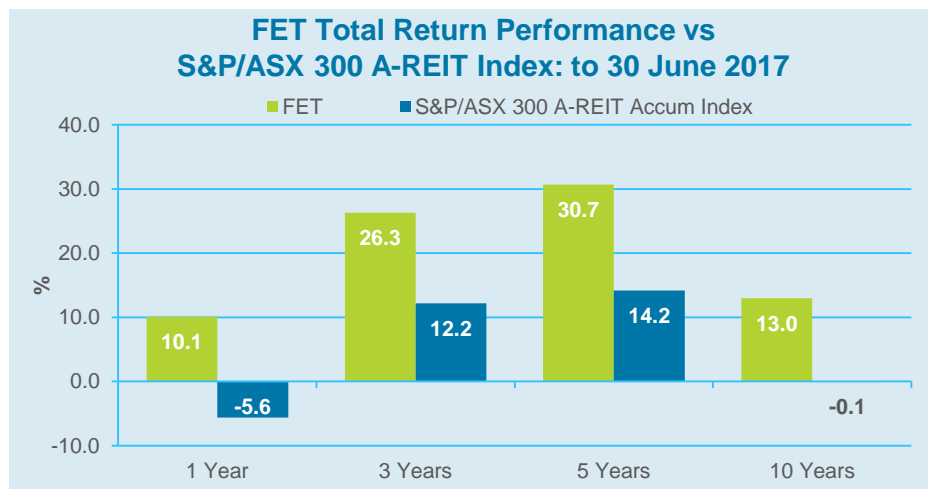
5. Fund was launched during FY17

6. Reflects current Unit price value

FOLKESTONE EDUCATION TRUST (ASX: FET)

- Continued strong performance driven by execution of a clear strategy of focusing on childcare centres
- Australia's largest owner of childcare properties
- Significantly outperformed the S&P/ASX 300 A-REIT Accumulation Index over 1, 3, 5 and 10 years
- Strong contribution to FLK in FY17:
 - \$7.6m in fees/cost recoveries to FLK – up 17.2%
 - \$4.4m in distributions to FLK – up 3.7%
 - \$3.7m unrealised gain on Units in FY17¹

	30 June 2016 (\$m)	30 June 2017 (\$m)	% Change
Gross Assets	753.6	903.3	19.9
FLK Co-investment in FET	81.9	85.6	4.5
Fees Paid to FLK	6.5	7.6	17.2
Distribution Paid to FLK	4.2	4.4	3.7



1. Total unrealised gain of \$27.4m recognised to 30 June 2017. Unrealised Gains/Losses are recognised as other Comprehensive Income in the Consolidated Financial Statements of the Group.

FY17 NEW FUNDS – SENIORS LIVING

Folkestone Seniors Living Fund No. 1

- 7 year fixed term fund to invest in high quality seniors living communities in Sydney that are to be developed or have the capacity to be expanded
- Target return - equity IRR 15.0% p.a. (pre-tax, net of fees)
- Target equity - \$60m with initial equity raising of \$25.7m closing significantly oversubscribed in September 2016
- Initial asset – Watermark Castle Cove 58 independent living units (ILU) with another 18 under construction and 3 to be developed
- FLK received an \$0.58m acquisition fee and will generate fund management fees and a potential performance fee over the life of the Fund
- Future acquisition already identified:
 - FLK is in JV with Watermark Partners to partner with Chatswood golf club on Sydney's Lower North Shore to develop a high quality retirement living community
 - FLK has used its balance sheet to take the development approval (DA) risk and then intends to sell down its position in the JV to the Fund once the DA has been secured



Watermark Castle Cove –
an asset of the Folkestone Seniors Living Fund No. 1

FY17 NEW FUNDS – RESIDENTIAL LAND

Folkestone Wollert Development Fund

- Circa 560 lot residential land subdivision in Wollert, 25kms north of Melbourne CBD
- Undertaken in an 80/20 JV with ID_Land
- Target fund return - equity IRR 17.0% p.a (pre-tax, net of fees)
- Fund equity - \$25.4m closed significantly oversubscribed in April 2017
- In December 2015, Folkestone and ID_Land secured the site on deferred settlement terms in a 50/50 JV with ID_Land
- FLK and ID_Land sought a rezoning, established the Amber brand and secured 115 pre-sales (20.5% of total lots) prior to selling down part of their positions to the Fund in April 2017
- FLK has maintained an effective 20 per cent interest in the Project via holding a 25 per cent co-investment in the Fund
- FLK received a rezoning fee of \$8.8m payable by the Project in April 2017 on completion of the Fund's equity raising
- FLK received an acquisition fee of \$0.88m and will generate management fees and a potential performance fee over the life of the Fund



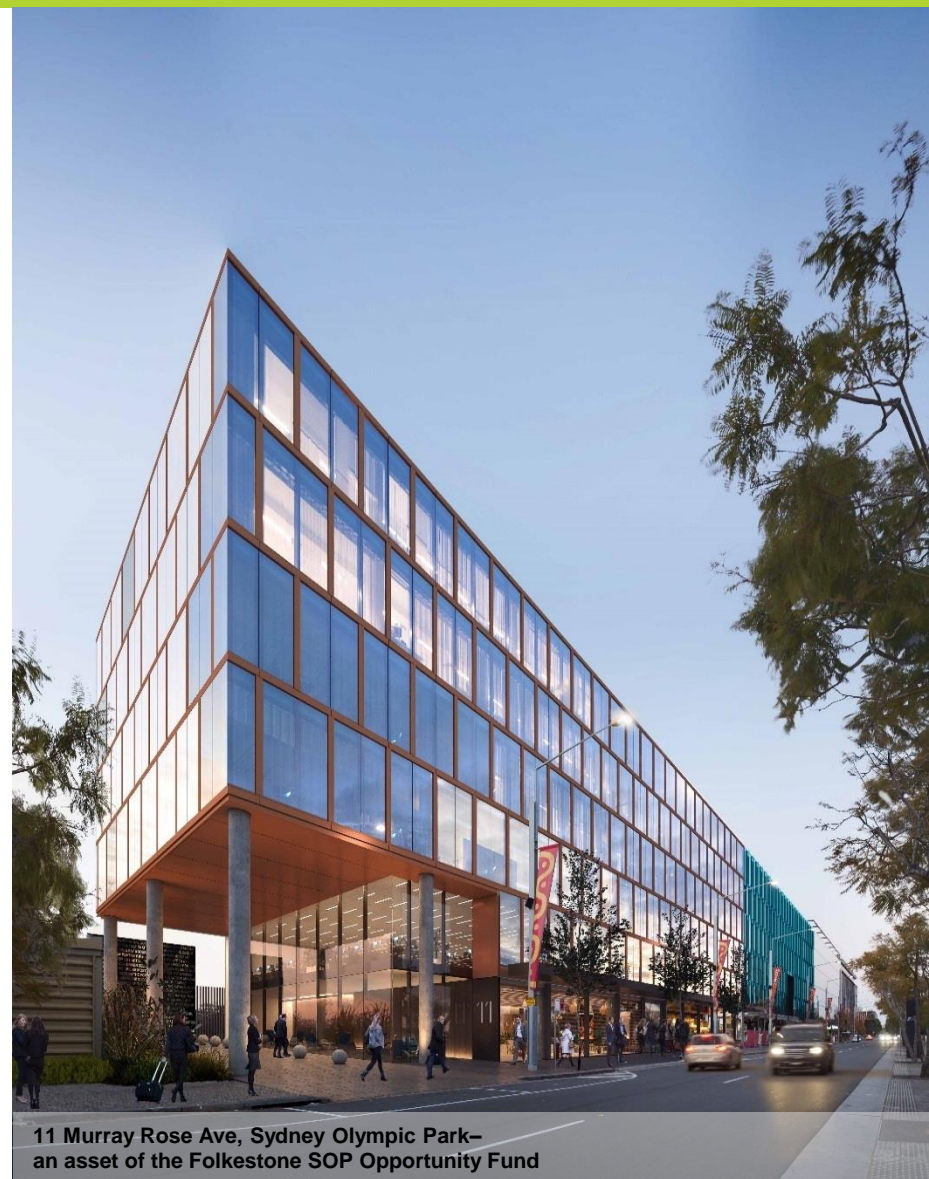
Amber, Wollert –
an asset of the Folkestone Wollert Development Fund

NEW FUNDS ALREADY IDENTIFIED FOR FY18 - OFFICE

Folkestone SOP Opportunity Fund

- 11 Murray Rose Ave, Sydney Olympic Park
- 5,810sqm comprising five levels of office with ground floor retail and basement car parking currently under construction
- Fund is taking leasing, valuation, financing and market risk, but not planning or construction risk
- \$24.7m committed from HNWs and family offices – drawn down in 2 tranches - August 2017 and upon practical completion forecast to be February 2018
- Target fund return - equity IRR 14.3% p.a. (pre-tax, net of fees)¹
- FLK generated an acquisition fee of \$0.72m (recognised in FY18) and will generate fund management fees and a potential performance fee over the 2 year life of the Fund²

1. Base case feasibility – assumes 50% of the building leased at Practical Completion. FLK's performance fee hurdle is an equity IRR of 14.0% p.a. (pre-tax, net of fees)
2. Two years from Practical Completion. The Fund term may be extended or shortened subject to a unitholder vote.

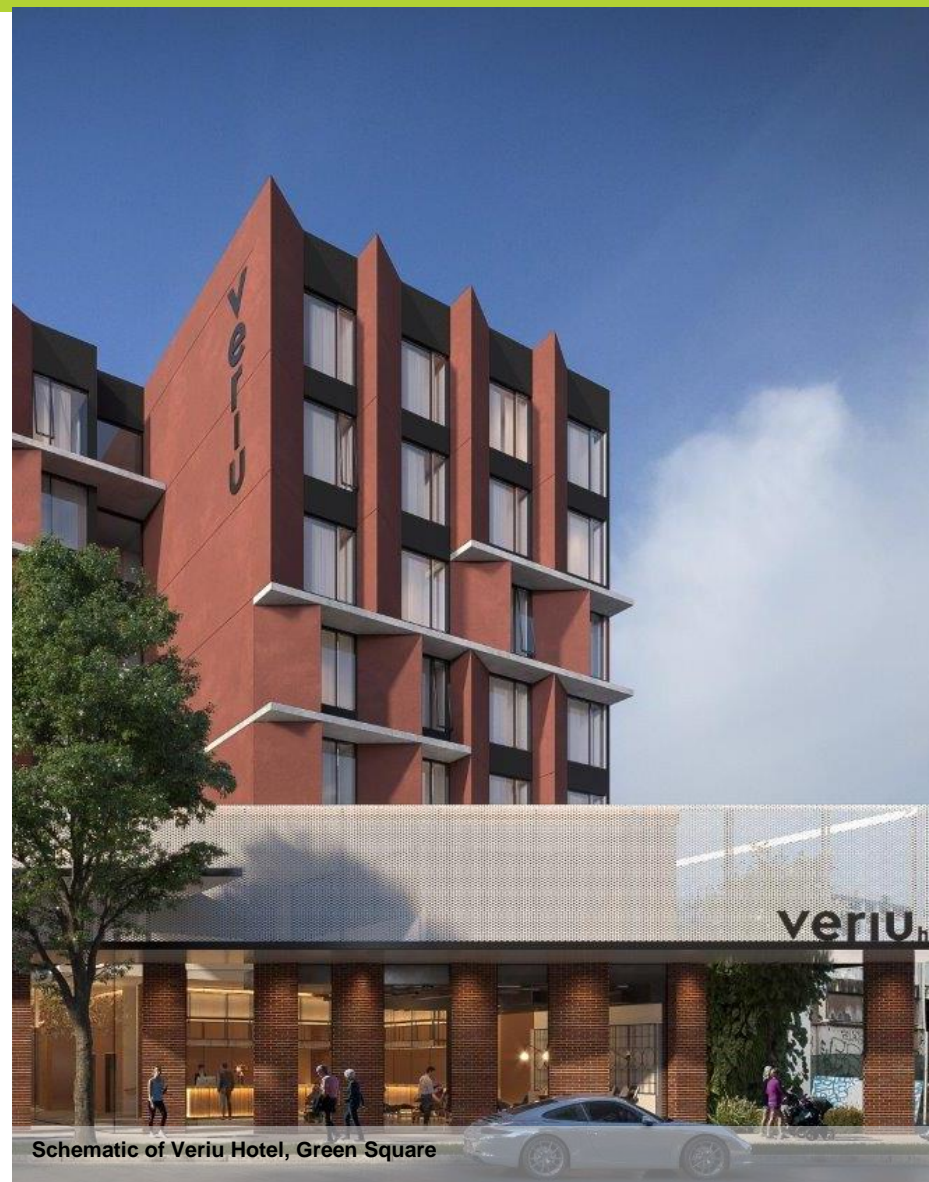


11 Murray Rose Ave, Sydney Olympic Park—
an asset of the Folkestone SOP Opportunity Fund

NEW FUNDS ALREADY IDENTIFIED FOR FY18 - HOTEL

Green Square Hotel Fund

- O'Riordan St, Green Square, Sydney
 - within the \$13bn, 278 hectare Green Square Urban Regeneration Area
 - 100 metres from Green Square Station
 - 2 stops from Domestic Airport Station to the south and one stop to Central Station to the north
- Targeting a \$22.75m equity raising in 2nd half 2017 to fund development of (on a fund through basis) and own long term a circa 144 room hotel
- FLK and Furnished Property will act as Developer to develop the hotel on behalf of the Fund - a 50% interest in the land is currently held on FLK's balance sheet
- Furnished Property will operate the hotel under their VERIU brand on a 10 year lease with options
- FLK will earn profits from the development, an acquisition fee from establishing the Fund, fund management fees and a potential performance fee



Schematic of Veriu Hotel, Green Square

DEVELOPMENTS



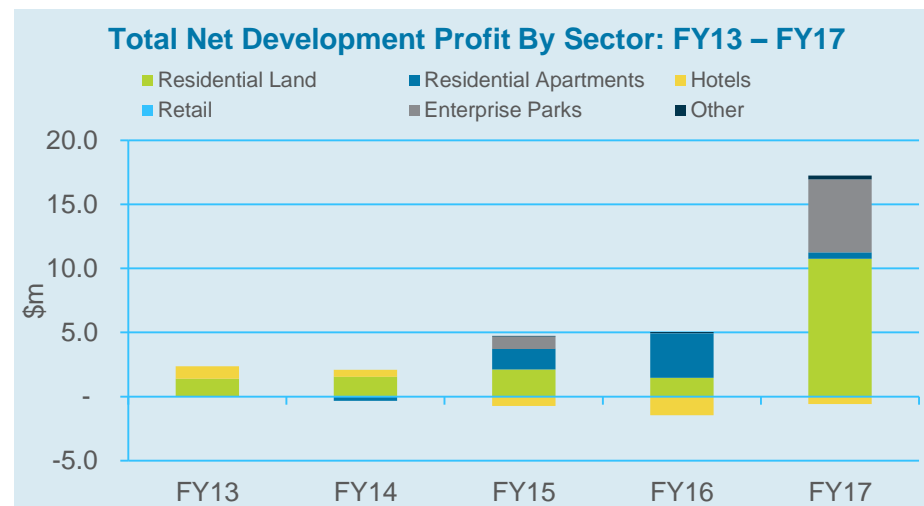
Folkestone

Industria Enterprise Park - Knoxfield, VIC

DEVELOPMENTS – RESULTS OVERVIEW

- Total net Development Division returns of \$16.7m in FY17 up 364.0%
- Key contributions:
 - \$8.8m rezoning fee received from the Amber residential land project at Wollert, VIC
 - \$4.3m from FLK's share of development profit from Millers Junction Business project at Altona North, VIC
 - \$1.8m from FLK's share of development profit from the Northside residential land project at Officer, VIC
 - \$1.4m from FLK's share of development profit from Industria project at Knoxfield, VIC
 - \$2.2m preferred equity interest - Wollert, South Dural, Hornsby, Northside, the Truganina Development Fund Loan Notes and other sundry loans
 - (\$1.0m) expensing of development costs in relation to South Dural, NSW project
 - (\$0.6m) impairment of FLK's interest in Karratha, WA project

For the Year Ended 30 June Attributable to FLK ¹	2016 (\$m)	2017 (\$m)	% Change
Net Development Profit	3.85	6.25	62.4
Development Fees	-	8.91	-
Preferred Equity Income	1.08	2.15	99.0
Reversals of Prior Period Impairment	1.54	0.24	(84.6)
Impairment Provisions	(1.24)	(0.65)	47.9
Rental Expense on Operating Leases	(1.64)	(0.24)	85.5
Total Net Development Division Returns	3.59	16.66	364.0



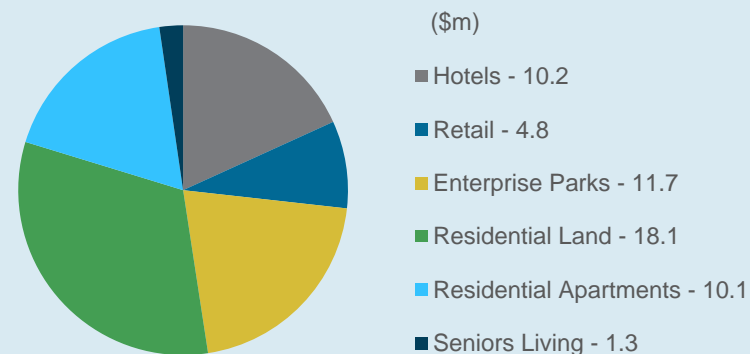
1. Development results summary excludes the impact of the consolidation of the Folkestone West Ryde Development Fund which is included in the Consolidated Financial Statements of the Group in FY16

DEVELOPMENTS - OVERVIEW

- Total funds employed - \$58.9m
- Disciplined acquisition strategy
- Use of capital efficient structures (i.e. deferred settlement, JV's, options)
- Quality JV partners – ID_Land, Wilmac, Lyon Group, Furnished Property
- Strong development pipeline diversified across:
 - location - Sydney and Melbourne
 - sector - residential land and apartments, retail, enterprise parks, hotel, and seniors living

1. 2.2ha of Altona North Stage 3 to be developed as an Enterprise Park.
2. It is assumed that the land is sold in 2nd Half FY19 as a DA approved site. FLK may decide to develop this in JV with the Lyon Group or bring in other third party capital.
3. It is assumed that the land is developed in JV with the Lyon Group with other third party capital an option. FLK may decide to sell the land as a DA approved site.
4. Assumes sale into FLK fund in first half FY19 and development completed in first half FY21.
5. Assumes sale into FLK fund in first half FY18 and completion in second half FY19

Funds Employed By Sector: June 2017



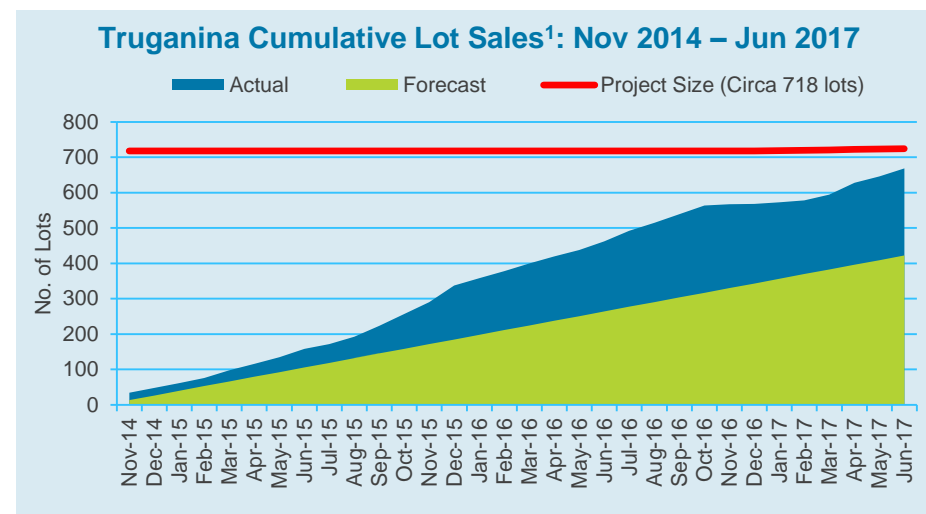
FLK Development Book

Settlement Forecast			FY18		FY19		FY20		FY 21+
Financial Year	Sector	Status	1st HY	2nd HY	1st HY	2nd HY	1st HY	2nd HY	
Millers Junction Bus.	Ent. Parks	Construction							
Millers Junction Bus 2 ¹	Ent. Parks	STCA							
Knoxfield	Ent. Parks	Construction							
Nunawading	Ent. Parks	Construction							
Truganina	Res Land	Construction							
Potters Northside	Res Land	Construction							
Wollert	Res Land	Construction							
Chatswood ⁴	Seniors Living	STCA							
Green Square ⁵	Hotel	Pre-Construct.							
Millers Junction Retail	Retail	STCA							
Truganina Retail	Retail	STCA							
Hornsby ²	Apartments	STCA							
South Dural ³	Res Land	STCA							

Forecast project duration as at 30 June 2017

DEVELOPMENTS - OVERVIEW

- Strong sales at active projects:
 - Truganina, Melbourne – residential land
 - Potters Northside, Melbourne – residential land
 - Wollert, Melbourne – residential land
 - Millers Junction Business, Melbourne – enterprise park
 - Knoxfield, Melbourne – enterprise park
 - Nunawading, Melbourne – enterprise park
- Core development markets continue to perform well – especially enterprise parks and residential land
- Key Melbourne markets are a priority to take advantage of strong population growth and improving economy



Project	No. Units/ Lots	Sales in FY17	Sales in FY17 as % of Total Project	Settlements in FY17	Settlements in FY17 as % of Total Project	Total Sales to 30 June 17	Sales to 30 June 17 as % of Total Project	Total Settlements to 30 June 2017	Settlements to 30 June 17 as % of Total Project
Potters Grove, Officer	240	0	0	1	0	240	100	240	100
Northside, Officer	146	17	12	114	78	146	100	114	78
Elements, Truganina	718	188	26	178	25	657	92	332	46
Amber, Wollert	563	189	34	0	0	189	34	0	0
Total Residential Land	1,667	394	24	293	18	1,232	74	686	41
Millers Junction Business, Altona North	70	11	16	61	87	69	99	61	87
Millers Junction Business 2, Altona North	76	0	0	0	0	0	0	0	0
Industria, Knoxfield	89	43	48	20	22	60	67	20	22
Industria, Nunawading	81	70	86	0	0	70	86	0	0
Total Enterprise Parks	316	124	39	81	26	199	63	81	26

1. Lot sales as at 30 June 2017, 332 lots of the 657 sold to date had settled. Truganina is in 80/20 JV between the Folkestone Truganina Development Fund and ID_Land of which FLK owns 18.8% of the units in the Fund.

NEW DEVELOPMENTS SECURED IN FY17

Green Square Hotel - Sydney

- 50/50 JV with Furnished Property
- Develop a 144 room hotel at Green Square, Sydney that is intended to be funded on a fund through basis by a new FLK fund to be launched in the 2nd half 2017
- Construction to commence in late 2017 with completion in 2nd half FY19

Chatswood Seniors Living - Sydney

- FLK is partnering with Watermark Partners to JV with Chatswood Golf Club to develop a high quality retirement living community
- FLK used its balance sheet to take the development approval (DA) risk and intends to sell down its position in the JV to the Folkestone Seniors Living Fund No 1 once the DA is secured
- Construction to commence in late 2018 with completion in 1st half FY21

Millers Junction Business 2 - Melbourne

- 4th JV with Wilmac Properties for enterprise park developments
- Develop 2.2ha of land into 76 office/warehouse units
- End value of circa \$28m
- Immediately opposite FLK and Wilmac's 1st enterprise park development – Millers Junction Business



DEVELOPMENTS – FOCUS FOR FY18

Sector	Key Target Metrics
Residential Land	<ul style="list-style-type: none">• Target margin >17.5%• Key corridors in Melbourne/Sydney• Land purchased on deferred terms, capacity of 150–1,000 lots with possible town centre/infrastructure• Capable of being included in FLK development funds (e.g. Truganina and Wollert)
Residential Apartments and Townhouses	<ul style="list-style-type: none">• Target margin >17.5%• Strategic locations in Melbourne/Sydney with structural undersupply/quality infrastructure• 50+ apartments/townhouses• Capable of being included in FLK development funds (e.g. West Ryde)
Enterprise Parks	<ul style="list-style-type: none">• Target margin 20%• Strategic sites \$5m - \$10m in Melbourne/Sydney inner & middle ring• Capable of being staged
Retail/Commercial	<ul style="list-style-type: none">• Target margin >10%• Capable of being included in FLK development funds and upon completion into FLK income fund series (e.g. Millers Junction Home)• Value add, refurbishment or new build and fund through
Seniors Living	<ul style="list-style-type: none">• Target margin >15%• Strategic locations with strong ageing demographics• Capable of staging and systematic sell down into the FLK Seniors Living Funds platform
Hotels	<ul style="list-style-type: none">• Target margin >10%• Strategic locations in Sydney/Melbourne

OUTLOOK



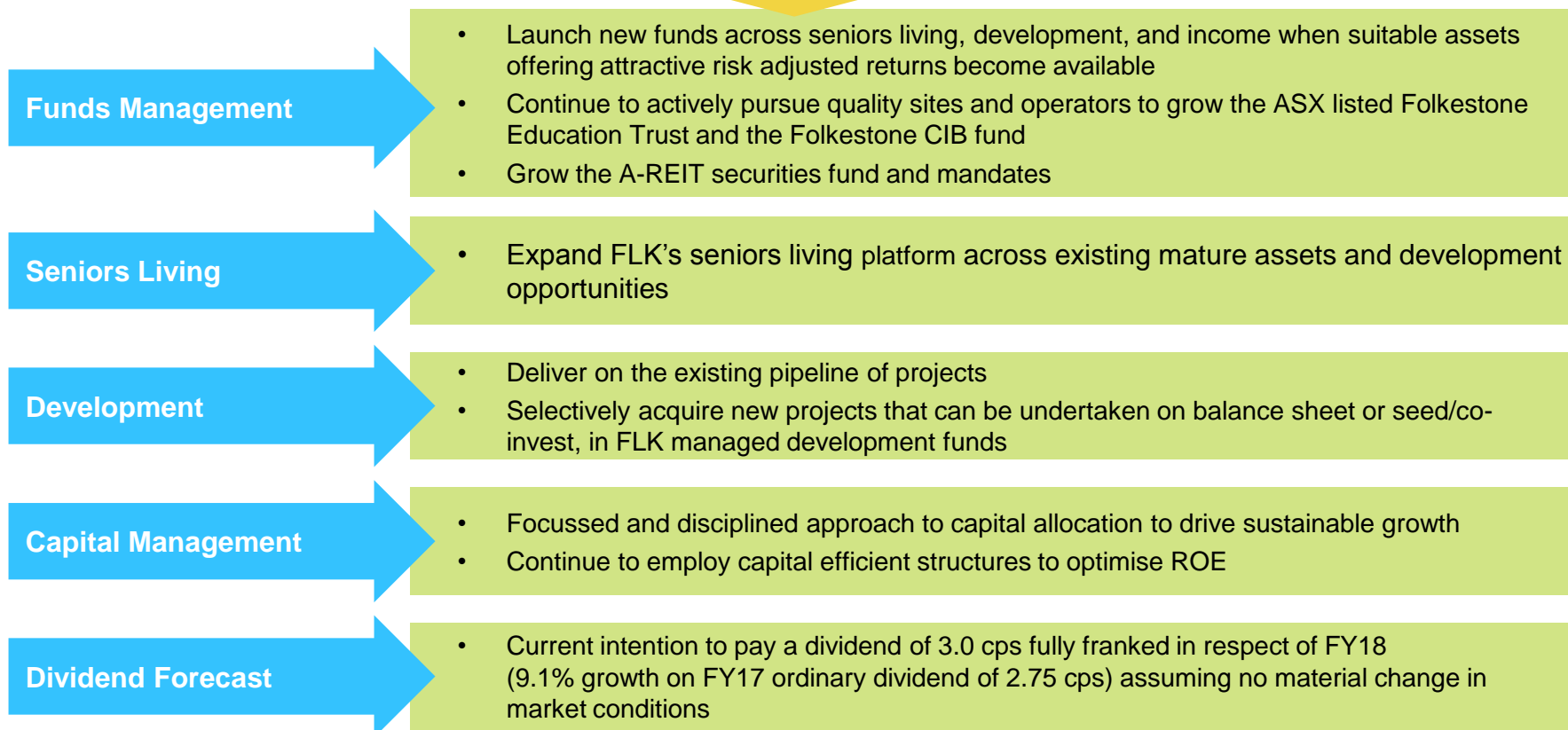
Folkestone

Watermark Castle Cove, NSW –
an asset of Folkestone Seniors Living Fund No. 1



WATERMARK
Residences Castle Cove

FLK has Created a Pipeline of Opportunities to Deliver in Future Years



Well Positioned For Sustainable Medium To Long-term Growth and Value Creation Across Funds Management and Development

APPENDIX 1 - FINANCIALS



Folkestone

Sydney Olympic Park, NSW – an asset of the Folkestone Real Estate
Income Fund at Sydney Olympic Park

PROFIT & LOSS AND OTHER COMPREHENSIVE INCOME – CONSOLIDATED GROUP

	30 June 2016 (\$m)	30 June 2017 (\$m)	Variance (%)	Key Items At 30 June 2017
Revenue				
Funds Management	15.85	17.00	7.3	Includes \$7.6m management fees & cost recoveries, \$0.5m debt establishment fee (FET), \$0.4m leasing fees (FET) and \$0.7m development management fees (FET), \$0.8m property management fees (FET/CIB) and \$4.4m in FET trust distributions and acquisition fees (Wollert \$0.9m and Seniors Living \$0.6m)
Development (Net)	6.86	16.66	142.7	Includes share of project profits (Millers Junction Business \$4.3m, Potters Northside \$1.8m, Knoxfield \$1.4m) \$2.2m preferred equity interest (Wollert, South Dural, Hornsby, Potters Northside, Green Square), \$1.0m expensing of South Dural development costs and a \$0.6m impairment provision against Karratha investment
Other	0.44	0.14	(68.8)	Interest on cash reserves
Total Revenue	23.15	33.80	46.0	
Expenses				
Employee Expenses	(8.02)	(10.47)	(30.7)	
Administration	(1.99)	(2.69)	(35.1)	
Due Diligence	(1.18)	(0.63)	47.1	
Finance	(0.54)	(0.58)	(7.4)	
Rental	(0.36)	(0.30)	15.3	
Depreciation & Amortisation	(0.11)	(0.12)	(17.5)	
Total Expenses	(12.19)	(14.79)	(21.4)	
Net Profit before Tax	10.96	19.00	73.4	
Income Tax Benefit/(Expense)	(1.93)	(5.59)	(190.2)	
Net Profit after Tax	9.04	13.42	48.5	
Other Comprehensive Income (Net of Tax)	11.85	2.58	(78.2)	Unrealised gain on FET units (\$3.7m before tax)
Total Comprehensive Income	20.89	16.00	(23.4)	
Total Comprehensive Income Attributable to FLK	17.30	16.00	(7.5)	
Total Comprehensive Income Attributable to NCI	3.59	-	(100.0)	
Total Comprehensive Income	20.89	16.00	(23.4)	

BALANCE SHEET – CONSOLIDATED GROUP

	30 June 2016 (\$m)	30 June 2017 (\$m)	Variance (%)	Key Items At 30 June 2017
Total Current Assets	42.92	40.93	(4.6)	Principally comprises cash reserves (\$21.9m), Altona North land (\$11.3m), trade and other receivables including project loans (\$5.1m)
Total Non-Current Assets	123.52	144.90	17.3	Principally comprises FET units (\$85.6m), non-current JV investments (\$18.0m), management rights/goodwill (\$12.8m), non-current trade and other receivables including project related loans (\$15.6m), units in Truganina Development Fund (\$3.3m), Wollert Development Fund (\$6.1m), and units in FSLF No.1 (\$2.7m)
Total Assets	166.44	185.83	11.6	
Total Current Liabilities	10.16	11.94	(17.5)	Altona Stage 3 debt facility (\$2.1m) and Stage 2 JV loan (\$0.6m), trade and other payables (\$4.1m), provision for income tax (\$4.1m)
Total Non-Current Liabilities	10.51	15.19	(44.5)	ANZ loan currently drawn to \$7.5m and secured against FET units, deferred tax liability of \$7.6m principally relating to unrealised gain on FET units
Total Liabilities	20.68	27.13	(31.2)	
Net Assets	145.77	158.70	8.9	
- FLK Interest	145.73	158.70	8.9	
- Non-Controlling Interest	0.04	-	-	
Total Net Assets	145.77	158.70	8.9	

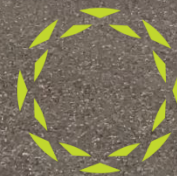
CAPITAL MANAGEMENT

- Corporate facility provides additional debt capacity:
 - ANZ facility extended during the year until December 2019
 - base facility limit increased from \$22.5m to \$25.0m
 - temporary facility limit increases to be negotiated on an as needs basis to assist with securing opportunities for the funds management platform
 - facility secured by FLK's unitholding in FET
- Drawn debt of \$7.5m at 30 June 2017:
 - LVR against security pool of 8.8% (on drawn funds) and 29.2% on total facility limit
 - all LVR and ICR covenants have significant headroom
- Balance sheet gearing of 5.2%
- Look through gearing of 8.8%

	30 June 2017 (\$m)
Total Facility	25.0
Debt Drawn	7.5
Available Debt	17.5

	Interest Rate inclusive of Margin (%)	Line Fee (%)
Base Facility	2.90	0.90

APPENDIX 2 - DEVELOPMENTS



Folkestone

Elements Truganina, VIC – a JV between the Folkestone Truganina
Development Fund and ID_Land

MELBOURNE RESIDENTIAL LAND DEVELOPMENTS

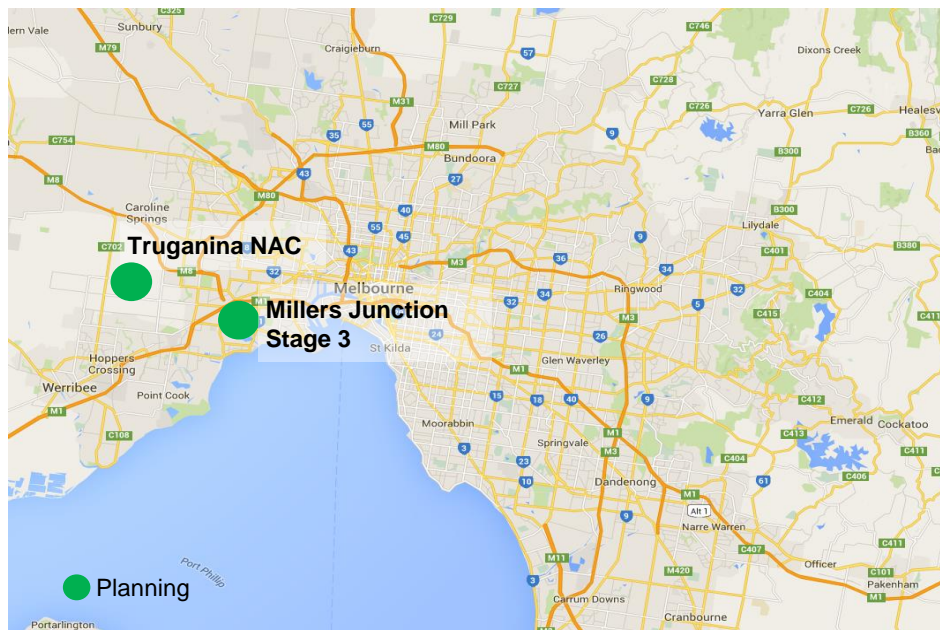


- Projects in JV with ID_Land
- Land acquired on deferred settlement terms
- Exposure in three key growth corridors of Melbourne
- Victoria recorded Australia's fastest population growth in year to December 2016 – 2.4%² and is forecast for further strong population growth in the coming years
- Sales volumes at active projects ahead of budget
- Wollert Fund capital raised in March 2017 – estimated timeframe 4.5 years to complete

1. As at 30 June 2017
2. ABS 3101.0 - Australian Demographic Statistics - Dec 2016
3. FLK holds 18.76% in the Truganina Development Fund (effective 15.0% interest in the project)
4. FLK holds 25.0% in the Wollert Development Fund (effective 20.0% interest in the project)

Project	Construction Commence Date	Forecast Completion	Total Lots	Total Sold as at Jun 2017	% Sold	FLK Share (%)	FLK Funds Employed (\$m) ¹
Current							
Elements	Jun 2015	Mid 2019	718	657	92	15 ³	3.5
Potters Grove	Oct 2012	Sept 2016	240	240	100	50	0.1
Potters Northside	Oct 2015	Mid 2018	146	146	100	50	1.1
Wollert	April 2017	Late 2021	~563	189	34	20 ⁴	6.1
TOTAL			1,667	1,232	63		10.7

MELBOURNE RETAIL DEVELOPMENTS



Project	Construction Commence Date	Forecast Project Completion	Sqm	% Pre-Committed	% Sold	FLK Share (%)	FLK Funds Employed (\$m) ¹
Millers Junction Stage 3	Planning	2019	13,300	n/a	n/a	100	4.8
Truganina NAC	Planning	2020	7,600	n/a	n/a	80 ²	-
TOTAL			20,900				4.8

- Strategic sites in key western growth corridor
- Sites sit within existing FLK projects – Altona North and Truganina
- Millers Junction, Altona North Stage 3 – supermarket/neighbourhood centre:
 - rezoning and DA application lodged
 - Agreement for Lease (AFL) executed with Woolworths
- Truganina – Neighbourhood Activity Centre (NAC):
 - zoned for retail development – planning permit pending
 - Agreement for Lease (AFL) executed with Coles
- Construction commencement subject to reaching a target population in the catchment area

1. As at 30 June 2017

2. Folkestone Truganina Development Fund owns 80% of the project. FLK has an 18.8% investment in the Fund

MELBOURNE ENTERPRISE PARKS DEVELOPMENTS

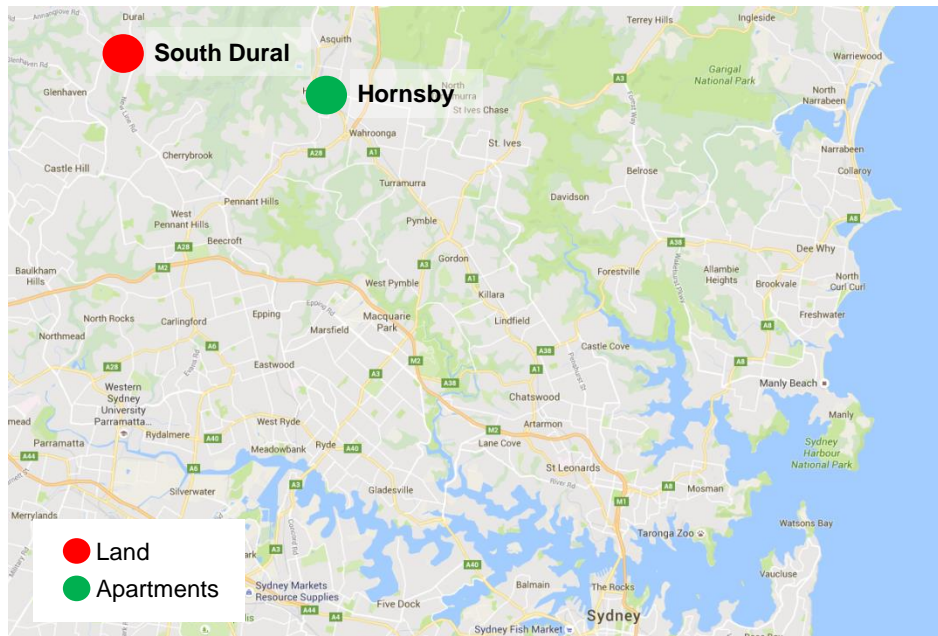


Project	Construction Commence Date	Forecast Project Completion	Total Units/ Cafe	Total Sold as at 30 Jun 2017	% Sold	FLK Share (%)	FLK Funds Employed (\$m) ¹
Millers Junction Business 1	Sept 2015	Mid 2017	70	69	99	51	1.2
Millers Junction Business 2	Early 2018	Late 2020	76	0	0	50	5.9
Knoxfield	June 2016	Early 2019	89	60	67	50	1.8
Nunawading	March 2017	Early 2019	81	70	86	50	2.8
TOTAL			316	199	63		11.7

- Projects in JV with Wilmac Properties
- Flexible uses through a mix of office/warehouse/retail units
- Industria brand used for Knoxfield and Nunawading
- Well located in established areas near major industrial and large format retail nodes
- Target purchasers – owner-occupiers and investors

1. As at 30 June 2017

SYDNEY RESIDENTIAL DEVELOPMENTS



Project	Construction Commence Date	Forecast Project Completion	Size	% Pre-Committed	% Sold	FLK Share (%)	FLK Funds Employed (\$m) ¹
Hornsby	Pre-Planning	FY2019	~ 600 Apartments	n/a	n/a	50	10.1
South Dural	Pre-Planning	FY2020 +	~2,900 ² Lots	n/a	n/a	50	7.4
TOTAL			3,500 Lots/ Apartments				17.5

- Projects in JV with Lyon Group
- Located in Sydney's fast growing north-west sector
- South Dural:
 - JV has acquired development rights to 60 ha of land owned or under option
 - JV appointed as Developer Proponent by local residents to facilitate rezoning of 240 ha of land

- Hornsby:
 - strategic site of circa 3,200 sqm owned or under option opposite Hornsby rail station and adjacent to Westfield Hornsby
 - medium term opportunity for substantial mixed use development consisting of apartments and commercial
 - once DA has been secured, FLK may decide to develop in JV with the Lyon Group or bring in other 3rd party capital and sell down, all or part of the project

1. As at 30 June 2017

2. A plan for 2,900 lots across the 240 hectares has been submitted to Council and may be subject to change if a precinct approach is adopted

DIRECTORY

FOLKESTONE

ASX Code: FLK

Website: www.folkestone.com.au

ABN: 21 004 715 226

Level 14, 357 Collins Street
Melbourne VIC 3000
T: +61 3 9046 9900

Level 10, 60 Carrington Street
Sydney, NSW 2000
T: +61 2 8667 2800

INDEPENDENT BOARD OF DIRECTORS

Garry Sladden
Non-Executive Chairman

Mark Baillie
Non-Executive Deputy Chairman

Greg Paramor AO
Managing Director

Ross Strang
Non-Executive Director

COMPANY SECRETARY

Scott Martin
Telephone: +61 3 9046 9910

INVESTOR RELATIONS

Lula Liossi
Telephone: +61 3 9046 9946
liossi@folkestone.com.au

REGISTRY

Boardroom Pty Limited
P.O. Box R67, Royal Exchange NSW 1223
Telephone: 1300 737 760 or +61 2 9290 9600
enquiries@boardroomlimited.com.au
www.boardroomlimited.com.au

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