

# FOLKESTONE

SCHEME MEETING  
PRESENTATION

17 OCTOBER 2018



Folkestone

# AGENDA

- Chairman's Address – Garry Sladden, Chairman
- Ordinary Business and Voting
  - Resolution 1: To Approve The Scheme of Arrangement





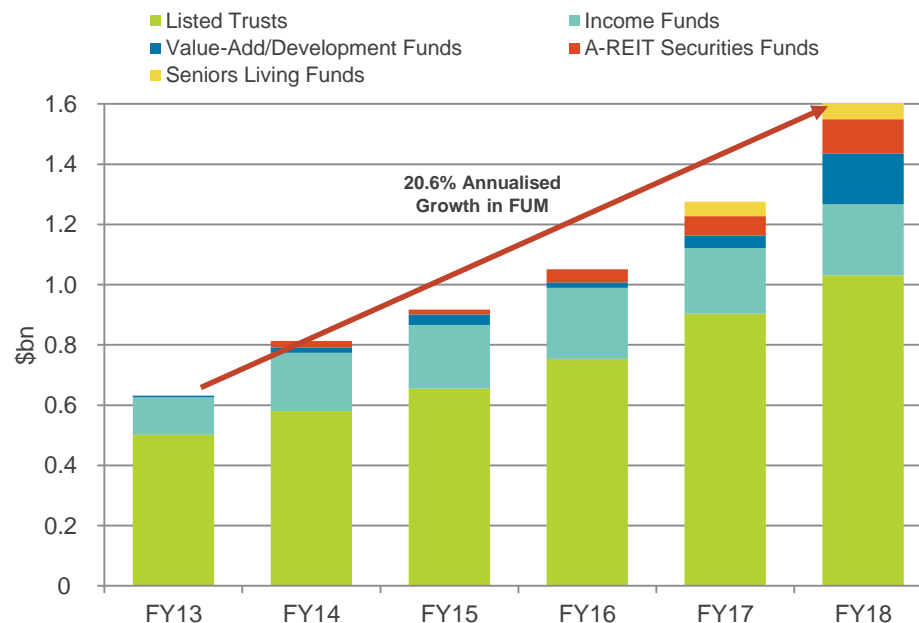
# CHAIRMAN'S ADDRESS

Garry Sladden  
Chairman



- FLK listed on the ASX in June 2000
- In March 2011, FLK shareholders approved the:
  - recapitalisation of Folkestone;
  - acquisition of Equity Real Estate Partners; and
  - transformation of FLK from a pure developer to a fund manager and developer
- Since that time, FLK has:
  - ✓ grown its funds under management to \$1.6bn;
  - ✓ acquired in 2012 the Austock property funds platform – the manager of Folkestone Education Trust and the Folkestone CIB Fund;
  - ✓ undertaken a range of developments across retail, commercial, residential, hotel and seniors living; and
  - ✓ turned around the profitability of FLK from a statutory loss of \$12.2m in FY11 to a statutory profit after tax of \$13.9m in FY18

## Growth in Funds Under Management: FY13 – FY18



# PROPOSED ACQUISITION BY CHARTER HALL

- FLK announced on 22 August 2018 the proposed acquisition of 100% of FLK by Charter Hall Group (ASX: CHC) via a Scheme of Arrangement (Scheme)
- FLK shareholders will receive \$1.39 cash per share<sup>1</sup> (Scheme Consideration), comprising:
  - a Charter Hall cash consideration of \$1.354 per share<sup>1</sup>; and
  - a Special Dividend<sup>2</sup> of \$0.036 per share<sup>1</sup> (Special Dividend)
- Scheme Consideration represents:
  - 25.2% premium to the previous closing price;
  - 25.6% premium to 30 day VWAP; and
  - 25.6% premium to the 3-month VWAP
- FLK Board commissioned Lonergan Edwards & Associates as an Independent Expert to prepare an Independent Expert's Report in respect of the Scheme. The Independent Expert:
  - assessed the value of FLK to be between \$1.30 and \$1.42; and
  - concluded the scheme is fair and reasonable and in the best interests of FLK shareholders
- The implementation of the Scheme is subject to customary conditions including:
  - FLK shareholder approval by the requisite majorities (being a majority in number of Shareholders who vote and at least 75% of the total number of shares voted);
  - no regulatory objections or interventions;
  - Independent Expert's recommendation that Scheme is in the best interests of FLK shareholders; and
  - Court approval of the Scheme

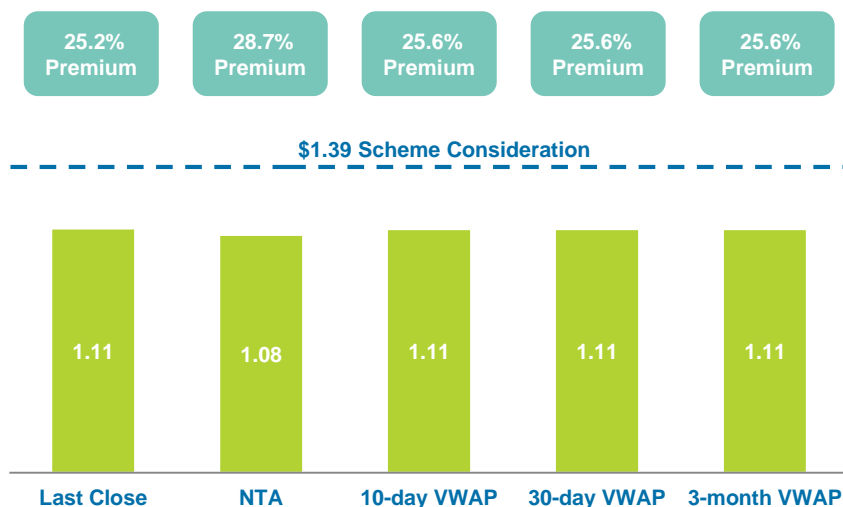
1. As at the date of the announcement on 22 August 2018, there were 148,099,564 shares on issue and 3,268,128 unvested employee performance rights. In accordance with the terms of Executive Incentive Plan, the Board has determined that these performance rights will vest and as a result will receive the Scheme Consideration.

2. FLK has applied to the ATO for a class ruling in relation to the tax implications of the Scheme, including the availability of franking credits for the Special Dividend.

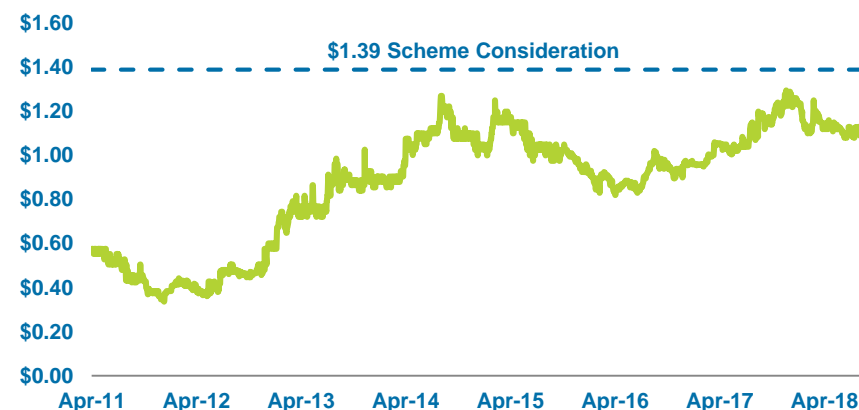


# FLK HISTORICAL SHARE PERFORMANCE

- The Scheme Consideration:
  - represents a significant premium to recent trading performance of FLK Shares;
  - exceeds all historical trading prices of FLK since 2011; and
  - is all cash which delivers certainty and immediate value for FLK Shareholders
- FLK Shareholders will receive a Special Dividend of \$0.036 per FLK Share. The Special Dividend is expected to be 100% franked subject to ATO ruling<sup>1</sup>
- If the Scheme does not proceed, and no Superior Proposal emerges, the price of FLK shares is unlikely in the short-term to trade at the price of the Scheme Consideration



**Share Price<sup>2</sup>:  
2011 – 2018 vs. Scheme Consideration**



1. Folkestone has applied to the ATO for a class ruling in relation to the tax implications of the Scheme, including the availability of franking credits for the Special Dividend.

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



# REASONS THAT YOU MIGHT VOTE FOR THE SCHEME



**The FLK Board has been considering a range of strategic options to maximise shareholder value, including maintaining the status quo, or the sale of selected assets**

**The FLK Directors unanimously recommend that you vote in favour of the Scheme:**

- ✓ the Independent Expert has concluded that the Scheme is fair and reasonable and in the best interest of FLK shareholders in the absence of a Superior Proposal
- ✓ the Scheme Consideration represents a significant premium to recent trading performance of FLK Shares
- ✓ the Scheme Consideration exceeds all historical trading prices of FLK since 2011
- ✓ the Scheme Consideration of all cash delivers certainty and immediate value for FLK Shareholders
- ✓ the Special Dividend is expected to be fully franked<sup>1</sup>. This may give an additional benefit to certain FLK Shareholders who are Australian tax residents
- ✓ if the Scheme does not proceed the price of FLK Shares is likely to fall

**Each FLK Director intends to vote all FLK shares they own or control in favour of the Scheme at today's meeting**

1. Folkestone has applied to the ATO for a class ruling in relation to the tax implications of the Scheme, including the availability of franking credits for the Special Dividend.



# KEY DATES

If the Resolution is passed, the following dates will apply to the Scheme Implementation<sup>1</sup>:

Date	Event
Monday, 22 October, 2018	Second Court Hearing
Tuesday, 23 October, 2018	Effective Date for Scheme Court order lodged with ASIC and announcement to the ASX
Tuesday, 23 October, 2018	FLK Shares Suspended from the ASX at close of trading
Friday, 26 October, 2018	Record Date for Special Dividend for determining entitlements to the Special Dividend
Wednesday, 31 October, 2018	Record Date for Scheme for determining entitlements to the Bidder Consideration
Wednesday, 7 November, 2018	Scheme Implementation Date - Payment of Scheme Consideration including Special Dividend
Thursday, 8 November 2018	De-listing of FLK from the ASX

1. This timetable is indicative only. The actual times and dates will depend on a number of factors, including the Court approval process and the satisfaction or, where applicable, waiver of the conditions precedent in the Scheme Implementation Agreement. Any variation to the timetable set out above will be publicly announced and posted on Folkestone's website and on the ASX.







Greg Paramor  
Managing Director





VOTING



- To consider and, if thought fit, to pass the following as a Scheme Resolution:
  - “That, pursuant to and in accordance with the provisions of section 411 of the Corporations Act, the members approve the arrangement between Folkestone Limited and the holders of its fully paid ordinary shares, designated the “Scheme”, as contained in and more particularly described in the Explanatory Memorandum accompanying the Notice of Scheme Meeting (with or without any modifications or conditions approved at this meeting or approved by the Federal Court of Australia after this meeting, and which are acceptable to Folkestone).”

	Shares	%
FOR:	103,890,886	97.08
OPEN:	2,698,414	2.52
AGAINST:	424,873	0.40
ABSTAIN:	4,000	-





# QUESTIONS



MEETING CLOSED







ENROL  
TODAY



# DIRECTORY

## FOLKESTONE

ASX Code: FLK

Website: [www.folkestone.com.au](http://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](mailto: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](mailto:enquiries@boardroomlimited.com.au)  
[www.boardroomlimited.com.au](http://www.boardroomlimited.com.au)

## DISCLAIMER:

This presentation has been published for information purposes only. The information contained in this presentation is of a general nature only and does not constitute financial product advice. This presentation has been prepared without taking account of any person's objectives, financial situation or needs. Because of that, each person should, before acting on this presentation, consider its appropriateness, having regard to their own objectives, financial situation and needs. You should consult a professional investment adviser before making any decision regarding a financial product.

In preparing this presentation the author has relied upon and assumed, without independent verification, the accuracy and completeness of all information available from public sources or which has otherwise been reviewed in preparation of the presentation. The information contained in this presentation is current as at the date of this presentation and is subject to change without notice. Past performance is not an indicator of future performance.

Neither Folkestone Limited, nor any of their associates, related entities or directors, give any warranty as to the accuracy, reliability or completeness of the information contained in this presentation. Except insofar as liability under any statute cannot be excluded, Folkestone Limited and its associates, related entities, directors, employees and consultants do not accept any liability for any loss or damage (whether direct, indirect, consequential or otherwise) arising from the use of this presentation.

If a product managed by Folkestone Limited or its associates is acquired, Folkestone Limited or its associates and related entities may receive fees and other benefits. The author of this presentation does not receive commissions or remuneration from transactions involving the financial products mentioned in this presentation.

