

FOLKESTONE

FY16 - Full Year Results
ASX:FLK

25 August 2016



Folkestone

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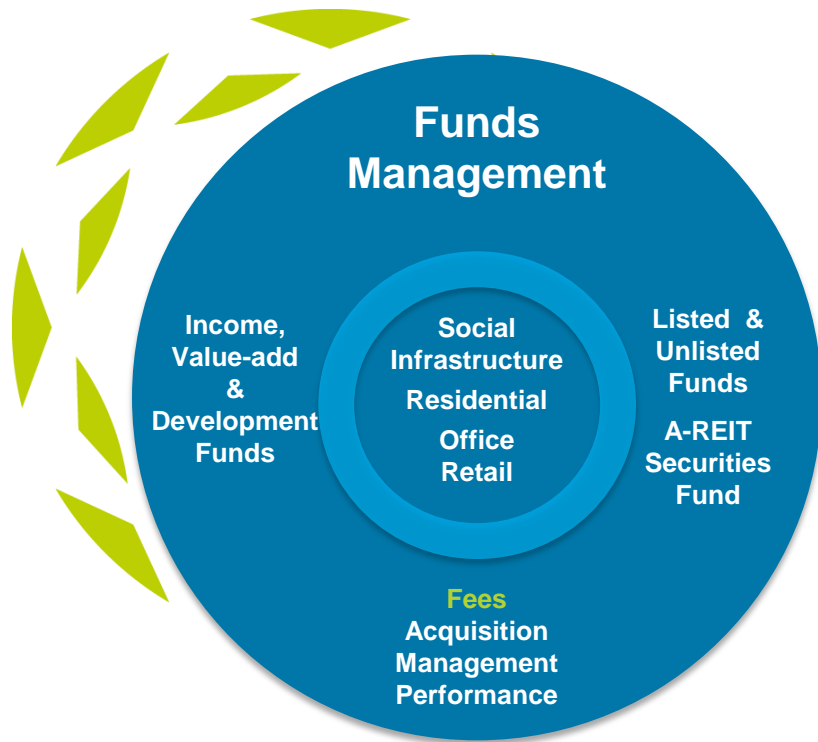
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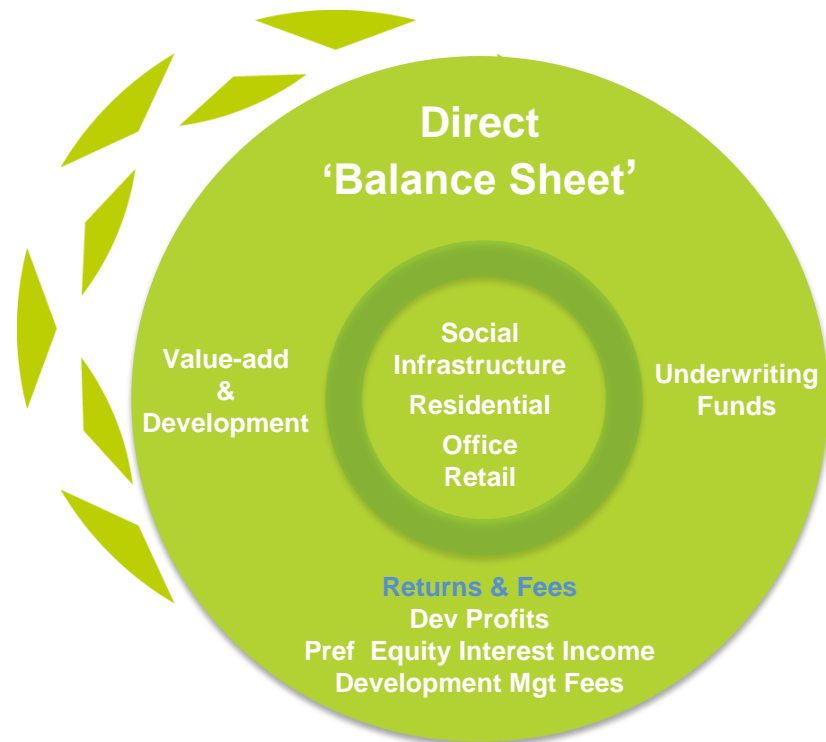


FOLKESTONE OVERVIEW

AN ASX LISTED REAL ESTATE FUND MANAGER AND DEVELOPER
PROVIDING REAL ESTATE WEALTH SOLUTIONS FOR
PRIVATE CLIENTS AND SELECT INSTITUTIONS



Offers listed and unlisted real estate funds to private clients and select institutional investors
\$1.05 billion in funds under management¹



On balance sheet activities focus on value-add and opportunistic (development) investments
Market capitalisation of \$144 million¹

¹ As at 24 August 2016

FOLKESTONE OVERVIEW

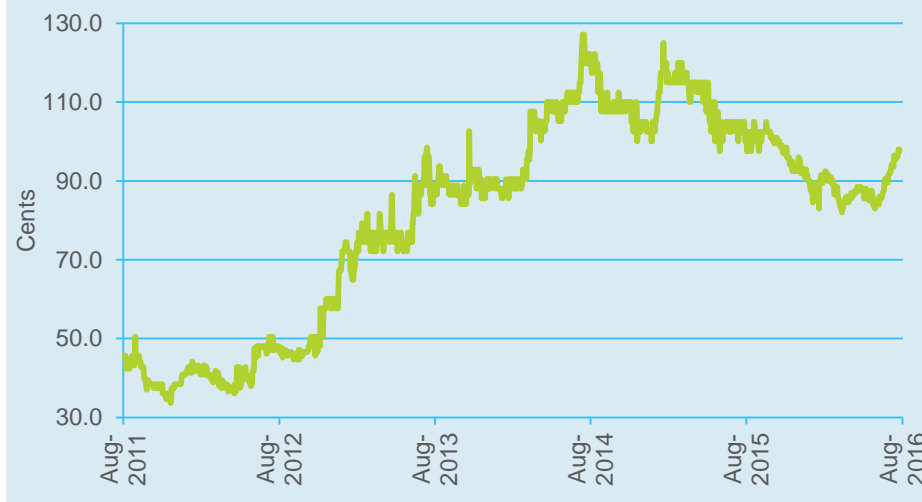
Capital Structure

Share Price ¹ (cents)	97.5
Fully Paid Ordinary Shares (m)	147.6
Market Capitalisation ¹ (\$m)	143.9

Major Shareholders

GJP Investments (related to Greg Paramor)	9.22%
Phoenix Portfolios	8.44%
FDC Construction & Fitout	6.77%
Top 20 Shareholders	56.8%

Share Price²: August 2011 – August 2016



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 - Social Infrastructure
Stuart Nicolson	CEO - Seniors Living
Scott Martin	CFO & Company Secretary

1. As at 24 August 2016

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



FULL YEAR PERFORMANCE



Folkestone

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

RESULTS - HIGHLIGHTS

- Revenue of \$19.9m up 31.8%
- Statutory NPAT of \$5.5m down 22.3%
- Normalised NPAT¹ of \$5.0m up 71.2%
- Normalised EPS¹ of 3.4 cps up 49.3%
- Strong balance sheet
 - net assets of \$145.7m up 13.6%
 - gearing reduced to 4.2% down from 15.6%
- Net Asset Value of 98.9cps up 13.1%
- Funds under management of \$1.05 billion up 14.7%
- All funds outperformed their relevant benchmark
- \$1.2m in realised and \$16.9m in unrealised gains generated from FLK's co-investment in the Folkestone Education Trust
- Strong sales across active development projects
- Added three new development projects to the pipeline
- Established FLK's seniors living platform
- **FLK to pay a dividend of 2.5cps – the first dividend in 8 years**

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 7



The Station Oxley, Oxley, QLD – an asset of the Folkestone Real Estate Income Fund at Oxley

RESULTS – PROFIT & LOSS

- Total revenue of \$19.9m up 31.8% primarily due to:
 - funds management revenue up 51.6% to \$15.9m
- Total expenses of \$11.6m up 15.4% primarily due to:
 - \$1.2m in due diligence costs on transactions reviewed during the year
- Normalised NPAT of \$5.0m up 71.2% after adjusting for:
 - \$1.4m realised gains on investments
 - \$1.2m on sale of FET units
 - \$0.3m on sale of A-REIT securities used to seed a new A-REIT securities SMA
 - \$0.8m on due diligence costs of transactions not proceeding
 - tax adjustments of \$4.1m in FY15 relating to the re-recognition of \$13.6m of carried forward tax losses previously derecognised in prior reporting periods
 - tax impact of one-off items in FY16

Profit & Loss Attributable to Folkestone¹

Year to June (\$m)	FY15	FY16	% Change
Revenue			
Funds Management	10.46	15.85	51.6
Development (Net)	4.01	3.59	(10.4)
Other	0.62	0.44	(29.4)
Total Revenue	15.09	19.88	31.8
Expenses			
Employee	(8.10)	(8.02)	1.0
Administration	(1.36)	(1.99)	(47.0)
Due Diligence (DD)	(0.24)	(1.18)	(403.0)
Rental	(0.31)	(0.36)	(14.1)
Total Expenses	(10.01)	(11.55)	(15.4)
EBITDA (Statutory)	5.08	8.33	64.0
One-Off Items			
DD Costs - Transactions Not Proceeding	-	0.81	-
Realised Gain on Investments	-	(1.44)	-
Total One-off Items	-	(0.63)	
EBITDA (Normalised)	5.08	7.70	51.7
Depreciation & Amortisation	(0.11)	(0.11)	6.3
Interest	(0.52)	(0.54)	(4.3)
Net Profit Before Tax	4.45	7.68	72.8
Tax	2.57	(2.23)	(187.2)
Net Profit After Tax (Statutory)	7.02	5.45	(22.3)
Tax Adjustments	(4.09)	-	-
One-Off Items (Tax Effected)	-	(0.44)	-
Net Profit After Tax (Normalised)	2.93	5.01	71.2
Normalised EPS	2.3	3.4	49.3

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

RESULTS – BALANCE SHEET

- Strong balance sheet
- Net assets of \$145.7m, up 13.6% driven by:
 - \$16.9m uplift in FET unit holding (\$11.8m net of tax)
 - \$5.5m statutory net profit after tax
- NAV of 98.9cps, up 13.1%
- NTA of 93.6cps, up 21.6%
- Gearing reduced to 4.2%, down from 15.6%
- \$20.2m in cash and \$25.0m in undrawn facilities available giving significant capacity to fund new opportunities

Balance Sheet Attributable to FLK¹

As at 30 June	2015 \$m	2016 \$m	% Change
Total Current Assets	59.94	42.82	(28.6)
Total Non-Current Assets	95.10	123.52	29.9
Total Assets	155.04	166.34	7.3
Total Current Liabilities	6.39	10.08	(57.6)
Total Non-current Liabilities	20.38	10.54	48.3
Total Liabilities	26.77	20.62	23.0
Net Assets	128.27	145.72	13.6
NAV (cents per security)²	87.5	98.9	13.0
NTA (cents per security)²	77.0	93.6	21.6
Gearing – Balance Sheet (%)	15.6	4.2	70.9

1. Balance Sheet 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
2. June 2015 restated to account for the 1:5 share consolidation completed in November 2015



FUNDS MANAGEMENT



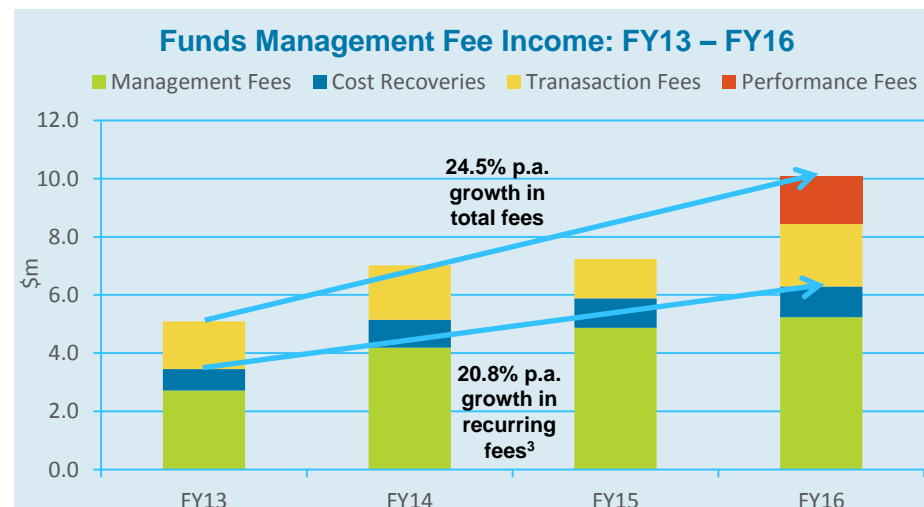
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Sydney Olympic Park, NSW – an asset of the Folkestone Real Estate Income Fund at Sydney Olympic Park

FUNDS MANAGEMENT – RESULTS OVERVIEW

- Funds under management of \$1.05bn up 14.7%
- Total revenue of \$15.9m up 51.6% on FY15
- FET manages Folkestone Education Trust (ASX: FET) and owns 12.4% of units on issue:
 - \$6.5m in fees to FLK – up 37.0%
 - \$4.2m in distributions to FLK – up 36.0%
 - \$1.2m profit realised on sale of FET units
 - \$16.9m unrealised gain on units held at 30 June 2016²
- West Ryde Development Fund generated a strong return to investors and a performance fee to FLK of \$1.6m
- Strong investment performance of all FLK's funds in FY16
 - all funds currently outperforming their relevant benchmark
 - 5 funds have performance fee structures which should generate additional performance fees when each fund's term expires between FY18 and FY19

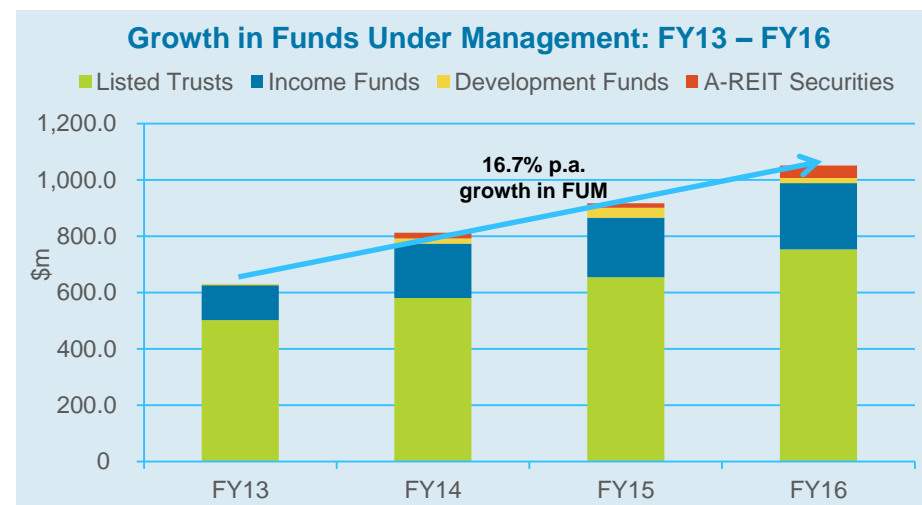
For the Year Ended 30 June	2015 (\$m)	2016 (\$m)	% Change
Management Fees/Cost Recoveries	6.05	6.33	4.7
Transaction Fees	1.35	2.18	61.5
Performance Fees ¹	-	1.58	-
Distributions (FET & A-REIT Securities)	3.14	4.24	34.8
Realised Gains (FET & A-REIT Securities)	-	1.44	-
Other	(0.08)	0.10	218.5
Total Revenue	10.46	15.87	51.6



- A performance fee of \$1.6 m has been paid in respect of the Folkestone West Ryde Development Fund. This fee has been eliminated upon the consolidation of the Fund into the Consolidated Financial Statements of the Group
- The \$16.9m unrealised gain on units held at 30 June 2016 is recognised as Other Comprehensive Income in the Consolidated Financial Statements of the Group
- Management fees and cost recoveries from each fund

FUNDS MANAGEMENT – FUNDS UNDER MANAGEMENT

- FLK has more than 7,600 investors
 - retail – unlisted and A-REIT securities funds
 - high net worth – unlisted and A-REIT securities funds
 - institutions – principally via the ASX listed FET
 - wrap platforms – A-REIT securities
- FLK's FUM has grown 16.7% p.a. over the past four years
- Folkestone Maxim's FUM increased 185% to \$44m in FY16
 - awarded a \$15m mandate in April 2016
 - recently added to BT Wrap platform
 - strong ratings from three major research houses
- New funds in FY17 already active or identified
 - Folkestone Seniors Living Fund No. 1 – launched in July 2016 - \$25.65m initial equity raising (see slide 23)
 - Wollert Residential Development Fund – circa 500 lots in Melbourne's northern corridor awaiting planning approval currently warehoused on FLK's balance sheet
 - Truganina Residential Development Fund No. 2 – circa 560 lot subdivision immediately adjoining FLK's existing Truganina development – FLK is in exclusive due diligence



FUNDS MANAGEMENT – FUND OVERVIEWS

	Folkestone Education Trust	CIB Fund	Sydney Olympic Park Income Fund	Wollongong Income Fund	Altona North Income Fund	Oxley Income Fund	Truganina Development Fund	Folkestone Maxim A-REIT Securities
Type	Listed	Unlisted Income	Unlisted Income	Unlisted Income	Unlisted Income	Unlisted Income	Development	A-REIT Securities
FUM (\$m)	754	85	38	33	40	40	18 (equity) 140 (end value)	44
FLK Co-Invest (\$m)	81.9	-	-	-	-	-	5.0 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	1.3% of Net Assets	\$400,000	0.5% to 0.95% of Gross Assets
Other Fees	Debt Arrange/ Dev Mgt/ Leasing	Leasing	Acquisition/ Performance	Acquisition/ Performance	Acquisition/ Performance	Acquisition/ Performance	Underwriting/ Acquisition/ Performance	-
No. of Properties	406 ²	11	1	1	1	1	1	n/a
Gearing (%)	26.6	14.4	38.4	39.5	38.7	41.8	Nil at Fund Level	-
Total Return (%)	34.8	31.9	29.9	24.1	28.9	17.4	21.5 ⁴	25.9
Benchmark	24.6 ¹	12.7 ⁶	10.0 ³	12.0 ³	10.0 ³	10.0 ³	18.0 ⁴	24.6 ¹

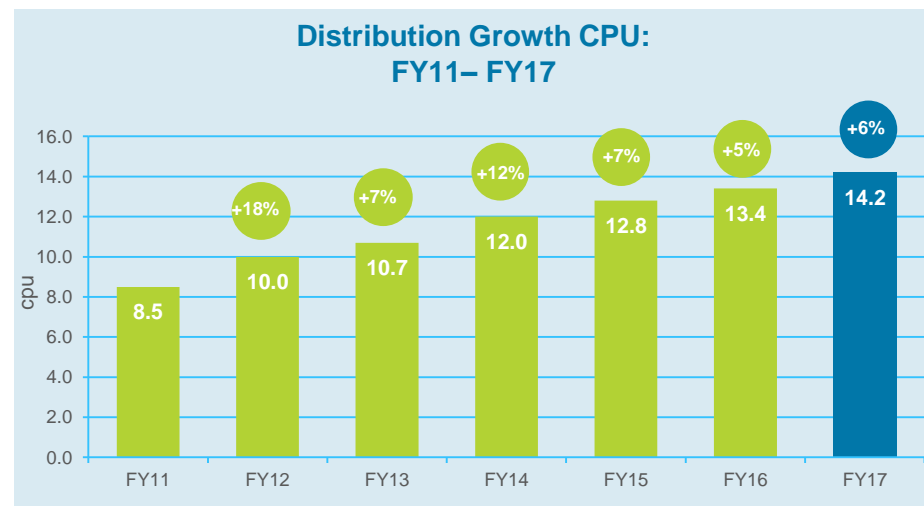
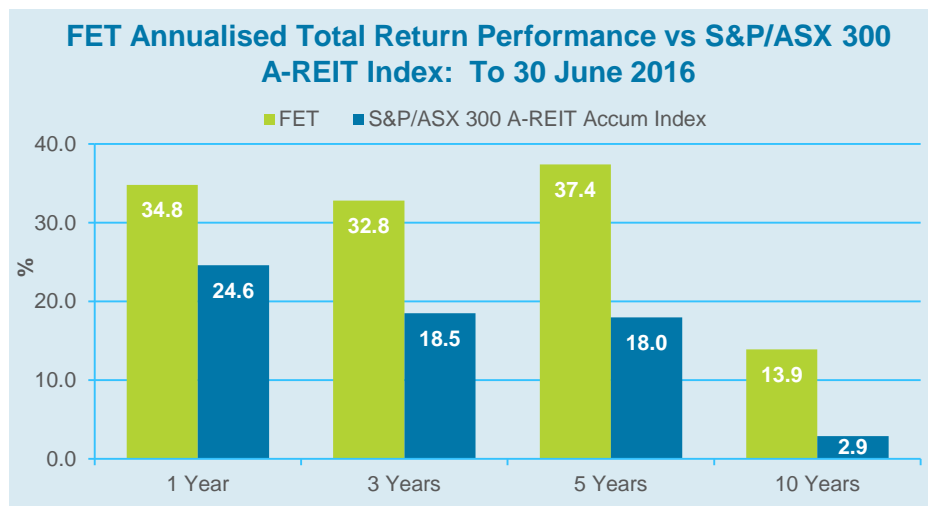
1. S&P/ASX300 A-REIT Accumulation Index
2. Includes 394 investment properties, 10 development sites and 2 centres under contract
3. Annualised Total Return forecast over life of Fund

4. Equity IRR (post fees, pre tax) forecast over life of Fund
5. Includes \$3.4m co-investment and \$1.6m in Loan Notes
6. Mercer/IPD Australian Monthly Property Fund Index

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 – 393 centres
- FET's returns ranked 5th over 1 year and 3 years and 1st over 5 years and 10 years¹
- Strong contribution to FLK
 - \$6.5m in fees to FLK – up 37.0%
 - \$4.2m in distributions to FLK – up 36.0%
 - \$1.2m profit realised on sale of FET units
 - \$16.9m unrealised gain on units held at 30 June 2016²

For the Year Ended 30 June	2015 (\$m)	2016 (\$m)	% Change
Gross Assets	654.5	753.6	15.1
FLK Co-investment in FET	65.8	81.9	24.5
Fees Paid to Folkestone	4.74	6.49	37.0
Distribution Paid to FLK	3.09	4.20	36.0

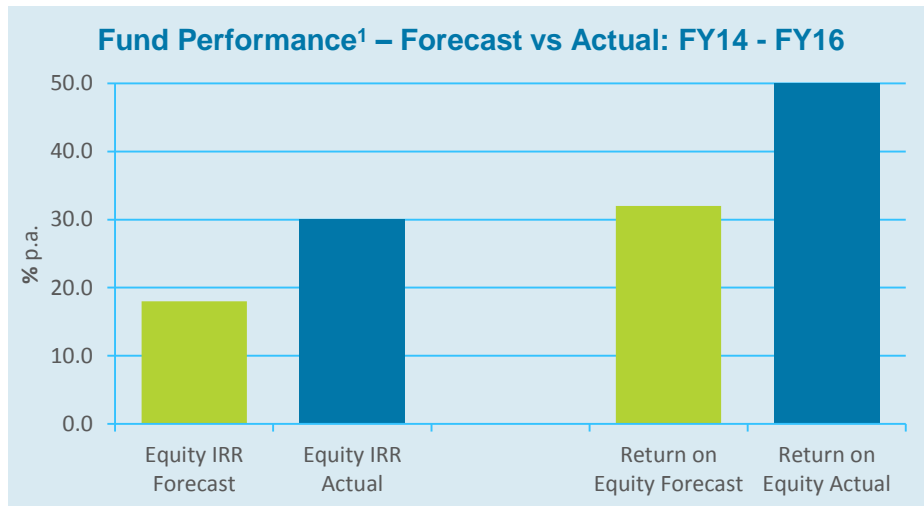


1. Based on all A-REITs in S&P/ASX300 A-REIT Index as at 30 June 2016

2. The \$16.9m unrealised gain on units held at 30 June 2016 is recognised as Other Comprehensive Income in the Consolidated Financial Statements of the Group

WEST RYDE DEVELOPMENT FUND – CASE STUDY

- 50/50 JV with Toga Group, a leading developer
- 229 apartments in West Ryde, Sydney
- FLK's 50% share held in an FLK managed fund with FLK holding 50% of fund units i.e. effective 25% interest in project
- FLK invested \$8.7m in equity in the Fund and generated a return on equity of 79% over the life of Fund comprising:
 - acquisition fee of \$0.6m
 - management fees and cost recoveries \$0.3m
 - performance fee of \$1.6m paid in FY16
 - co-investment net profit before tax of \$4.4m with \$3.3m earned in FY16



¹ Post fees, pre tax



West Ryde Development – a development in the West Ryde Development Fund

DEVELOPMENTS



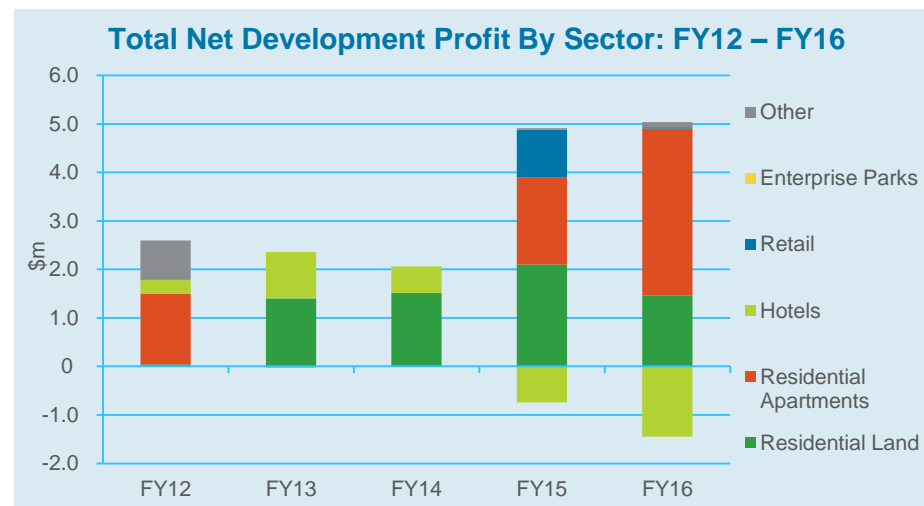
Folkestone

Potters Grove Officer, Vic

DEVELOPMENTS – RESULTS OVERVIEW

- Total net development division returns of \$3.6m in FY16 down 10.4%
- Key contributions:
 - \$3.3m¹ from FLK's share of development profit in West Ryde
 - \$0.5m net development profit from Potters Grove
 - \$1.1m preferred equity interest - Wollert, South Dural, Hornsby, Officer Northside, the Truganina Development Fund Loan Notes and other sundry loans
 - \$1.5m in reversal of prior period impairment on Stage 3 land at Altona North
 - \$1.2m impairment of FLK's interest in The Ranges, Karratha
 - \$1.6m rental expense on land under option adjacent to Stage 3 land at Altona North

For the Year Ended 30 June Attributable to FLK ²	2015 (\$m)	2016 (\$m)	% Change
Net Development Profit	2.53	3.85	52.0
Development Fees	1.15	-	(100.0)
Preferred Equity Income	0.05	1.08	2,104.1
Reversals of Prior Period Impairment	1.92	1.54	(19.7)
Impairment Provisions	(0.70)	(1.24)	(78.2)
Rental Expense on Operating Leases	(0.95)	(1.64)	(72.9)
Total Net Development Division Returns	4.01	3.59	(10.4)



1. Net of fund administration costs and performance fee

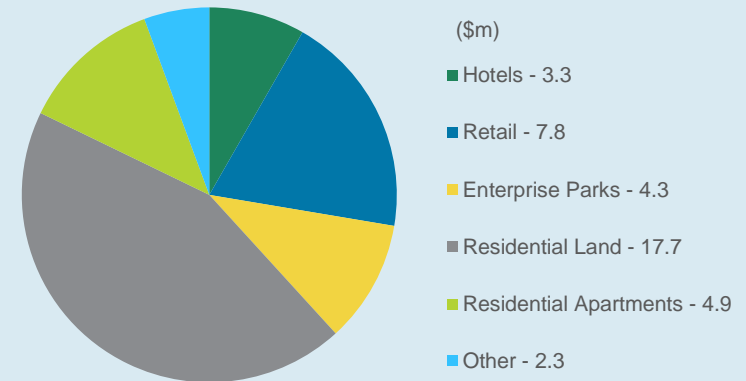
2. Development results summary excludes the impact of the consolidation of the Folkestone West Ryde Development Fund which is included in the Consolidated Financial Statements of the Group

DEVELOPMENTS - OVERVIEW

- Total funds employed - \$40.3m reflects use of capital efficient structures (i.e. deferred settlement, JV's, options)
- Disciplined acquisition strategy
- Quality JV partners – ID_Land, Wilmac, Lyon Group
- Three new projects secured in FY16
 - South Dural – north-west Sydney residential land in JV with Lyon Group
 - Nunawading – Melbourne enterprise park in JV with Wilmac
 - Wollert – northern corridor Melbourne residential land in JV with ID_Land
- Additional site acquired to expand FLK/Lyon Group's strategic land holding to circa 3,200 sqm in Hornsby, Sydney
- Development business set for strong profit contribution in FY17 and beyond given pipeline that has been established in past three years

1. 2.2ha of Altona North Stage 3 to be developed as an Enterprise Park
2. 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
3. FLK and ID_Land may sell down part of their investment into a FLK managed development fund
4. It is assumed that the land is sold in 1st 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
5. FLK may decide to develop this in JV with the Lyon Group or bring in other third party capital
6. STCA – Subject to Council Approval

Funds Employed By Sector: June 2016



FLK Development Book

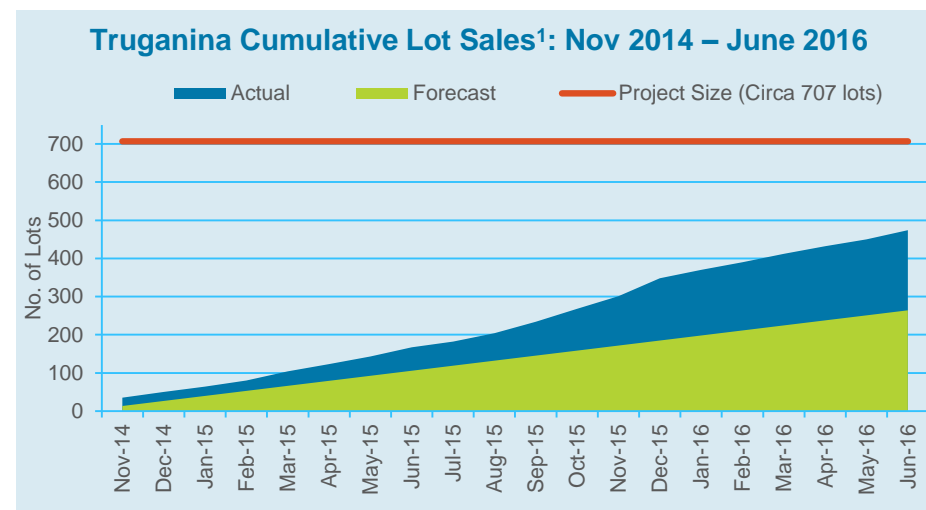
Settlements Forecast		FY17		FY18		FY19		FY 20+
Financial Year	Status	1st HY	2nd HY	1st HY	2nd HY	1st HY	2nd HY	
Millers Junction Business	Construction							
Millers Junction Business 2 ¹	STCA ⁶							
Knoxfield	Construction							
Nunawading	STCA ⁶							
Truganina ²	Construction							
Potters Northside	Construction							
Wollert ³	STCA ⁶							
Millers Junction Retail	STCA ⁶							
Truganina NAC Retail	STCA ⁶							
Hornsby ⁴	STCA ⁶							
South Dural ⁵	STCA ⁶							

Forecast project duration as at 30 June 2016

Original forecast project duration – these projects are now ahead of schedule

DEVELOPMENTS - OVERVIEW

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



1. Lot sales as at 30 June 2016, 154 lots of the 469 sold 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

DEVELOPMENTS - OPPORTUNITIES

- FLK seeks to regularly recycle its balance sheet capital for development opportunities to:
 - invest directly (on-balance sheet)
 - sell down to an FLK fund (recycle)
 - co-invest with an FLK fund (invest along side)
- Sectors – residential land and apartments in Sydney/Melbourne, enterprise parks, retail, commercial, social infrastructure (seniors living and medical)
- Prefer strategic alliances with quality JV partners
- Exclusive due diligence on 6 projects – estimated completion value of circa \$670.0m (FLK indicative share circa \$397.0m)

Under Exclusive Due Diligence	Location	Status	FLK Indicative Share ² (%)	Estimated Completion Value (\$m)	FLK Indicative Value (\$m)
Mixed Use (medical, aged care, retail, hotel)	NSW	Planning	50.0	190.0	95.0
Seniors Living ¹	NSW	Planning	33.3	170.0	60.0
Seniors Living ¹	NSW	Planning	80.0	90.0	72.0
Office	NSW	Planning	100.0	30.0	30.0
Residential	Vic	Planning	80.0	150.0	120.0
Hotel	NSW	Planning	50.0	40.0	20.0
Total				670.0	397.0

¹ These are greenfield opportunities which would be developed in JV with leading operators. FLK is also in due diligence on a number of completed seniors living assets (see page 22)

² Part, or all, of FLK's share maybe sold down to an FLK managed development fund

DEVELOPMENTS – FOCUS FOR FY17

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)
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
Medical	<ul style="list-style-type: none">• Target margin >10%• Capable of staging and systematic sell down into FLK funds or sell to open market



SENIORS LIVING

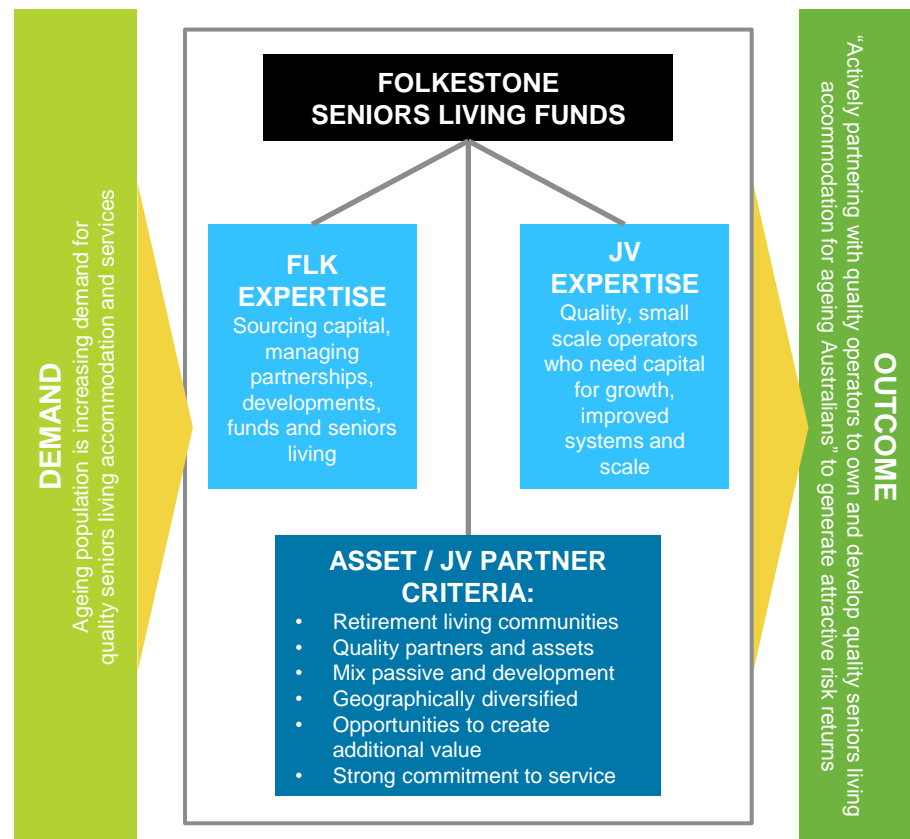


Folkestone

SENIORS LIVING

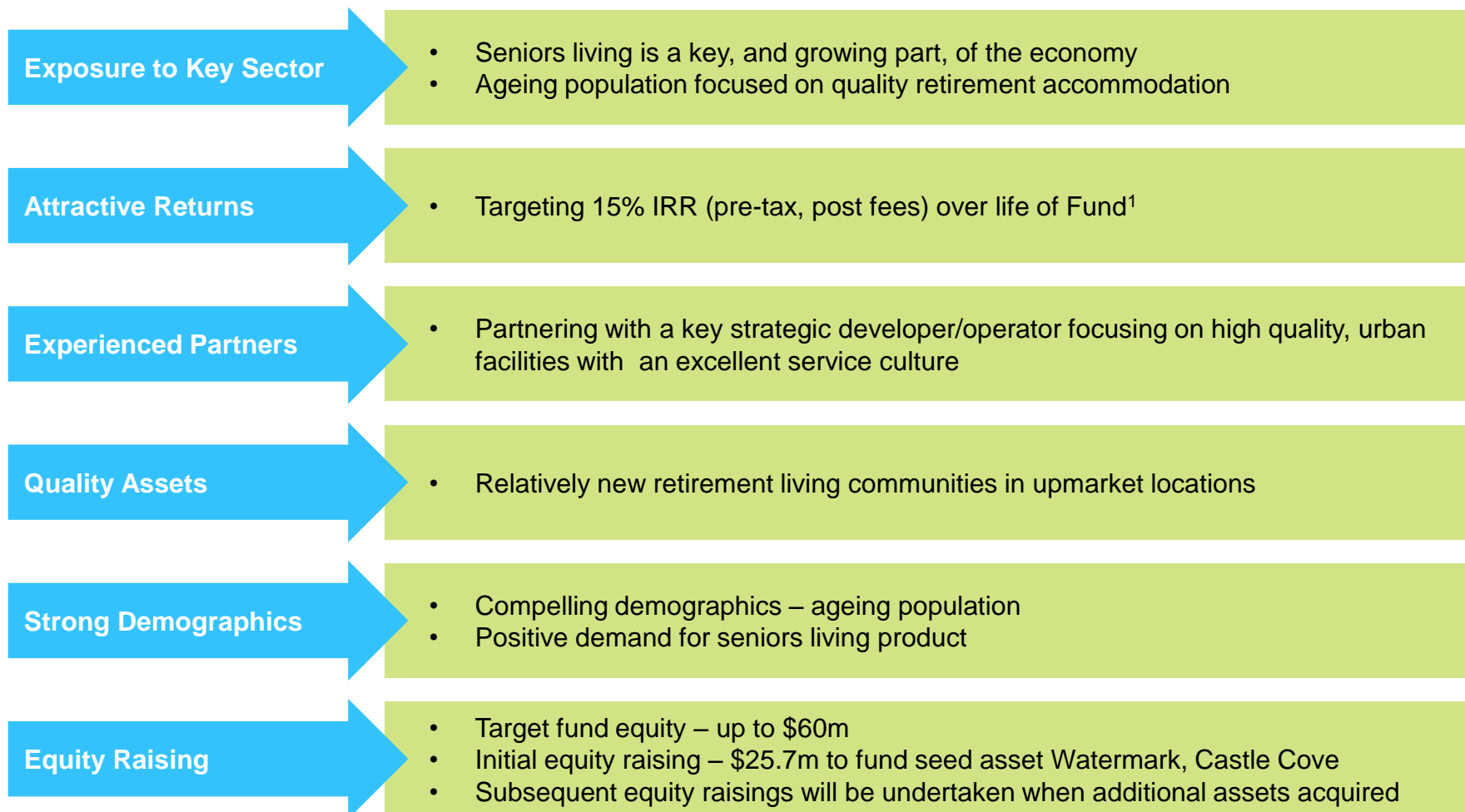
- FLK has entered into the seniors living sector as part of its plan to expand its exposure to real estate social infrastructure beyond childcare and gov't assets
- Strong growth drivers:
 - ageing population and extended life expectancy
 - growing penetration rates of use
 - consolidation opportunities in the sector
 - Integration of independent living and the provision of home care and/or aged care
 - opportunities to develop new facilities and services that respond to changing consumer demands and government regulations
- Led by Stuart Nicolson, former CEO of Retirement Alliance
- FLK will use both its balance sheet and establish fund(s) to invest in the sector
- Initial focus to partner with best of breed operators in both operations and real estate
- FLK acquired first asset and launched the Folkestone Seniors Living Fund No.1 in July 2016
- FLK in due diligence on a number of other opportunities

Folkestone's Seniors Living strategy is anchored in 3 dynamics which collectively represent a compelling market opportunity and investment thesis



FOLKESTONE SENIORS LIVING FUND NO. 1 – OVERVIEW

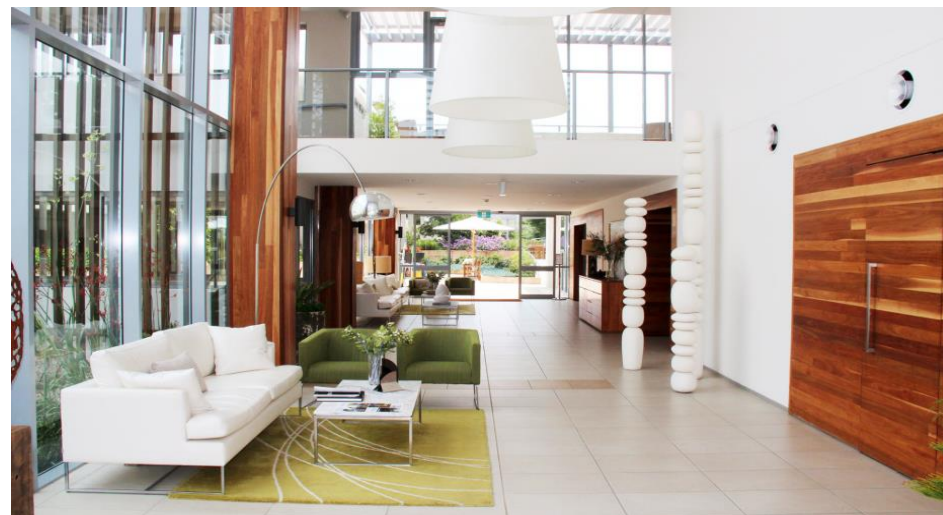
Unique opportunity to invest in a high quality portfolio of retirement living communities in Sydney



¹ Assuming additional assets are acquired. Should the Fund only acquire the Initial Asset, the Fund's forecast total return would be an equity IRR of 11.0% (pre-tax, net of fees) over the life of the Fund. Forecast returns are based on the Initial Portfolio and are subject to a number of assumptions and risks. You should read a copy of the Offer document before deciding to invest. Forecast returns are not guaranteed

FOLKESTONE SENIORS LIVING FUND NO. 1 – INITIAL ASSET

Watermark Retirement Living Community – Castle Cove, Sydney



OUTLOOK

ARK
OVER



Folkestone

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

Funds Management

- Launch new funds across seniors living, development, and income when assets become available
- Grow the A-REIT securities funds business

Seniors Living

- Expand FLK's seniors living platform

Development

- Deliver on the existing pipeline of projects
- Selectively acquire new projects that can be undertaken on balance sheet or seed/co-invest, in FLK managed development funds

Capital Management

- Focussed and disciplined approach to capital allocation to drive sustainable growth
- Continue to employ capital efficient structures to optimise ROE

Dividend Forecast

- Current intention to pay a dividend of 2.625 cps fully franked in respect of FY17 (5% growth on FY16) assuming no material change in market conditions

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

APPENDIX 1 - FINANCIALS

Folkestone

Miller Junction Home, Altona North, Vic –
an asset of the Folkestone Real Estate Income Fund at Altona North

PROFIT & LOSS AND OTHER COMPREHENSIVE INCOME – CONSOLIDATED GROUP

	30 June 2015 (\$m)	30 June 2016 (\$m)	Variance (%)	Key Items At 30 June 2016
Revenue				
Funds Management	10.46	15.86	51.6	Includes \$6.2m management fees & cost recoveries, \$1.1m FET debt establishment fee, \$0.4m leasing fees (FET) and \$0.4m development management fees (FET), \$4.2 m FET trust distributions, \$1.2 realised gain on sale of FET units and \$0.3m realised profit on A-REIT securities
Development (Net)	5.53	6.86	24.2	Includes share of project profits (West Ryde \$8.2m, Potters Grove \$0.5m) \$1.1m preferred equity interest (Wollert, South Dural, Hornsby, Officer Northside) and a \$1.2m impairment provision against Karratha investment
Other	0.62	0.44	(29.4)	Interest on cash reserves
Total Revenue	16.61	23.16	39.5	
Expenses				
Employee Expenses	(8.10)	(8.02)	1.0	
Administration	(1.35)	(1.99)	(47.0)	Prior year admin expenses include \$0.2m reversal of June 2014 expense accrual. \$0.3m increase in travel & marketing costs
Due Diligence	(0.24)	(1.18)	(403.0)	\$0.8m in DD costs relating to transactions not proceeding
Finance	(0.52)	(0.54)	(4.3)	
Rental	(0.31)	(0.36)	(14.1)	
Depreciation & Amortisation	(0.11)	(0.11)	6.3	
Total Expenses	(10.63)	(12.20)	(14.7)	
Net Profit before Tax	5.98	10.96	83.6	
Income Tax Benefit/(Expense)	2.22	(1.93)	(186.6)	June 2015 included one-off tax benefit of \$3.9m relating to re-recognition of carried forward tax losses
Net Profit after Tax	8.20	9.03	10.3	
Other Comprehensive Income (Net of Tax)	4.52	11.85	162.2	Unrealised gain on FET units (\$16.9m before tax)
Total Comprehensive Income	12.72	20.88	64.3	
Total Comprehensive Income Attributable to FLK	11.54	17.30	50.0	
Total Comprehensive Income Attributable to NCI	1.18	3.58	204.4	
Total Comprehensive Income	12.72	20.88	64.3	

BALANCE SHEET – CONSOLIDATED GROUP

	30 June 2015 (\$m)	30 June 2016 (\$m)	Variance (%)	Key Items At 30 June 2016
Total Current Assets	69.45	42.95	(38.2)	Principally comprises cash reserves (\$20.2m), Altona North land (\$15.0m), trade and other receivables including project loans (\$6.9m)
Total Non-Current Assets	95.10	123.52	29.9	Principally comprises FET units (\$81.9m), non-current JV investments (\$7.4m), management rights/goodwill (\$12.8m), non-current trade and other receivables including project related loans (\$16.5m), units in Truganina Development Fund (\$3.7m)
Total Assets	164.55	166.47	1.2	
Total Current Liabilities	6.40	10.16	(58.8)	Altona Stage 3 debt facility and Stage 2 JV loan (\$7.2m), trade and other payables (\$2.4m)
Total Non-current Liabilities	20.38	10.54	48.3	ANZ loan currently drawn to \$5.0m and secured against FET units, deferred tax liability of \$5.0m principally relating to unrealised gain on FET units
Total Liabilities	26.78	20.70	22.7	
Net Assets	137.77	145.77	5.8	
- FLK Interest	128.27	145.73	13.6	
- Non-controlling Interest	9.50	0.04	(99.6)	West Ryde project completed during FY16 and funds returned to NCI's
Total Net Assets	137.77	145.77	5.8	

CAPITAL MANAGEMENT

- Extension of facility providing additional debt capacity:
 - ANZ facility restructured during the year into a fully redrawable facility
 - base facility limit increased from \$20.0m to \$22.5m
 - a further \$7.5m temporary facility limit also provided to assist with securing seniors living opportunities for the funds management platform
 - facility secured by FLK's unitholding in FET
 - negotiations underway to extend facility term beyond December 2017
- Drawn debt of \$5.0m at 30 June 2016:
 - LVR against security pool of 6.1% (on drawn funds) and 36% on total facility limit
 - all LVR and ICR covenants have significant headroom
- Balance sheet gearing of 4.2%

	30 June 2016 (\$m)
Total facility	30.0
Debt drawn	5.0
Available debt	25.0

	Interest Rate inclusive of Margin (%)	Line Fee (%)
Base Facility	2.92	0.83
Temporary Facility	3.0	0.90



APPENDIX 2 - DEVELOPMENTS



Folkestone

Potters Grove, Officer, Vic

MELBOURNE RESIDENTIAL LAND DEVELOPMENTS



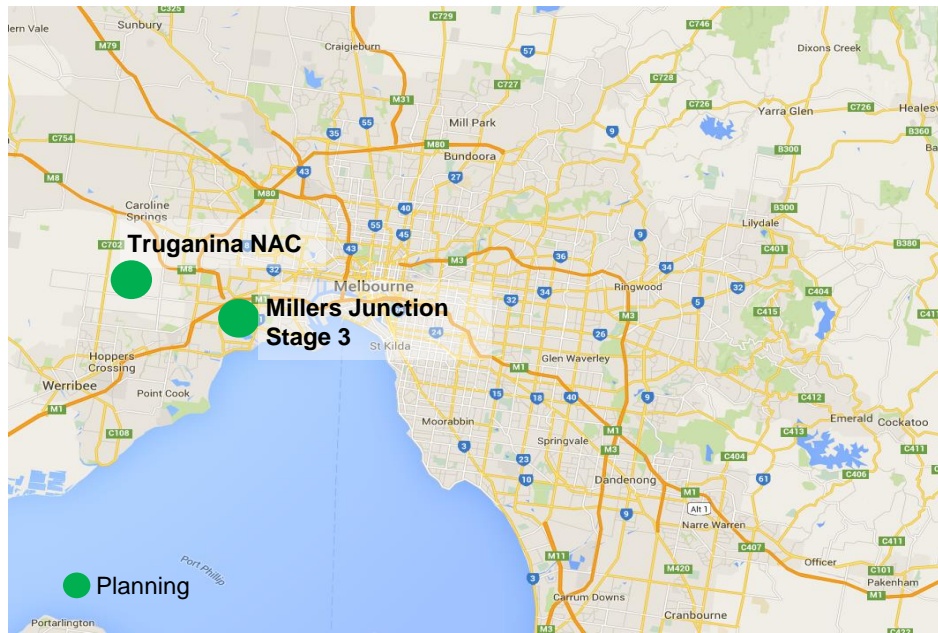
Project	Construction Commence Date	Forecast Completion	Total Lots	Total Sold as at June 2016	% Sold	FLK Share (%)	FLK Funds Employed (\$m) ¹
Current							
Elements	Jun-2015	Mid 2019	707	469	66.3	19	5.4
Potters Grove	Oct-12	Sept 2016	240	239	99.6	50	0.2
Potters Northside	Oct-15	Mid 2017	146	125	85.6	50	2.2
TOTAL			1,093	684	62.6		7.8
Pipeline							
Wollert	Planning	2021	~500	n/a	n/a	50	3.1
Elements North	Planning	2024	~600	n/a	n/a	-	-
TOTAL			2,193				3.1

- 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 – 1.9%² and is forecast for further strong population growth in the coming years
- Sales volumes at active projects ahead of budget
- Wollert subject to planning approval anticipated in late 2016 – estimated timeframe 5 years to complete

1. As at 30 June 2016

2. ABS 3101.0 - Australian Demographic Statistics - Dec 2015

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	2018	~13,286	n/a	n/a	100	9.9 ³
Truganina NAC	Planning	2020	~5,000	n/a	n/a	80 ²	-
TOTAL			~18,286				9.9

- 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
 - supermarket Agreement for Lease (AFL) executed
- Truganina – Neighbourhood Activity Centre (NAC):
 - supermarket operator commercial terms agreed, AFL pending
 - zoned for retail development – planning permit pending

1. As at 30 June 2016
 2. Folkestone Truganina Development Fund owns 80% of the project. FLK has an 18.8% investment in the Fund
 3. \$7.8m in equity and \$2.1m debt held on FLK's balance sheet

MELBOURNE ENTERPRISE PARKS DEVELOPMENTS

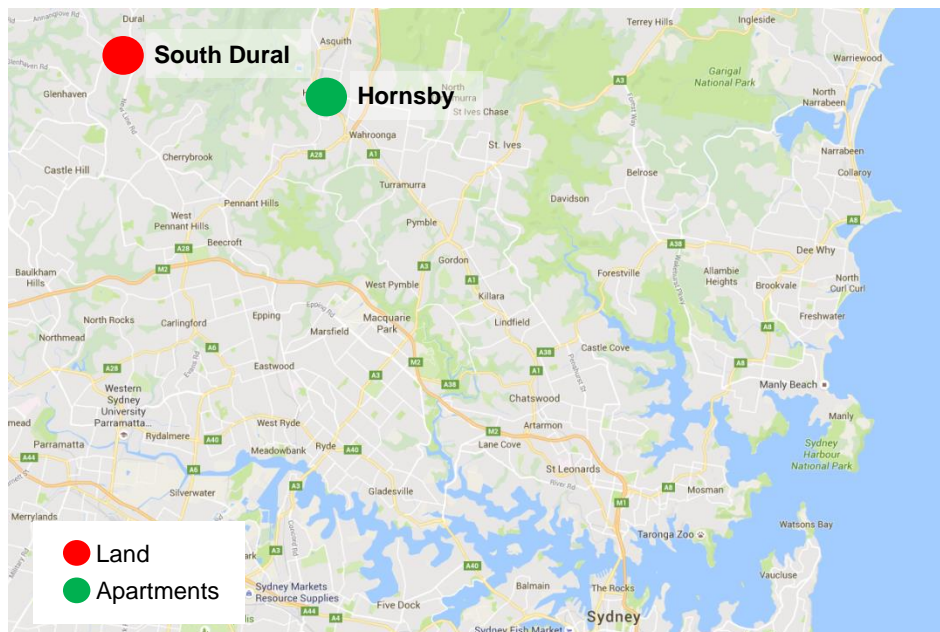


Project	Construction Commence Date	Forecast Project Completion	Total Mews/ Units	Total Sold as at 30 Jun 2016	% Sold	FLK Share (%)	FLK Funds Employed (\$m) ¹
Knoxfield	June 2016	Early 2020	90	17	18.9	50	1.8
Millers Junction	Sept 2015	Early 2018	69	43	62.3	51	2.0
Nunawading	Planning	Mid 2020	73	n/a	n/a	50	0.5
TOTAL			232	60	25.9		4.3

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

1. As at 30 June 2016

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	4.9
South Dural	Pre-Planning	FY2020 +	~1,500 Lots	n/a	n/a	50	6.7
TOTAL			2,100 Lots/ Apartments				11.6

- 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
 - FLK may decide to develop both in JV with the Lyon Group or bring in other 3rd party capital and sell down, all or part, once DA has been secured for both projects

1. As at 30 June 2016

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