

Form 603

Corporations Act 2001
Section 671B

Notice of initial substantial holder

To: Company Name/Scheme FOLKESONE LIMITED
ACN/ARSN 004 715 226

1. Details of substantial holder (1)
Name GJP INVESTMENTS PL, ADKAR INVESTMENTS
ACN/ARSN (if applicable) PL, JONATHAN SWEENEY

The holder became a substantial holder on 01/05/10

2. Details of voting power

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on the date the substantial holder became a substantial holder are as follows:

Class of securities (4)	Number of securities	Person's votes (5)	Voting power (6)
ORDINARY SHARES	6,396,871	6,396,871	6.43%

3. Details of relevant interests

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

Holder of relevant interest	Nature of relevant interest (7)	Class and number of securities
GJP INVESTMENTS PL	DIRECT	4,730,205 ORDINARY
JONATHAN SWEENEY	DIRECT	833,333 ORDINARY
ADKAR INVESTMENTS PL	DIRECT	833,333 ORDINARY

4. Details of present registered holders

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Class and number of securities
GJP INVESTMENTS PL	GJP INVESTMENTS PL	GJP INVESTMENTS PL	4,730,205 ORDINARY
JONATHAN SWEENEY	JONATHAN SWEENEY	JONATHAN SWEENEY	833,333 ORDINARY
ADKAR INVESTMENTS PL	ADKAR INVESTMENTS PL	ADKAR INVESTMENTS PL	833,333 ORDINARY

5. Consideration

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four months prior to the day that the substantial holder became a substantial holder is as follows:

Holder of relevant interest	Date of acquisition	Consideration (9)		Class and number of securities
		Cash	Non-cash	
SEE ANNEXURE A				

SEE ANNEXURE A

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6. Associates

The reasons the persons named in paragraph 3 above are associates of the substantial holder are as follows:

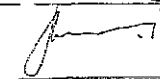
Name and ACN/ARSN (if applicable)	Nature of association
GJP INVESTMENTS PTY LTD	GREG PARANOR (WHO CONTROLS GJP INVESTMENTS PTY LTD)
ADLAR INVESTMENTS PTY LTD	ADLAN HARRINGTON (WHO CONTROLS ADLAR INVESTMENTS PTY LTD) AND JONATHAN SWEENEY (FORMER) WHO ARE DIRECTORS OF EQUITY REAL ESTATE PARTNERS PTY LTD AND HOLD SHARES

7. Addresses

The addresses of persons named in this form are as follows:

Name	Address
JONATHAN SWEENEY	33 WALLARON RD, WOLLANBA NSW 2025
ADLAR INVESTMENTS PTY LTD	PO BOX 501 BONDI JUNCTION NSW 1355
GJP INVESTMENTS PTY LTD	

Signature

print name: GREG JAMES PARANOR capacity: DIRECTOR
 sign here:  date: 04/05/10

DIRECTIONS

- (1) If there are a number of substantial holders with similar or related relevant interests (eg. a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 7 of the form.
- (2) See the definition of "associate" in section 9 of the Corporations Act 2001.
- (3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.
- (4) The voting shares of a company constitute one class unless divided into separate classes.
- (5) The total number of votes attached to all the voting shares in the company or voting interests in the scheme (if any) that the person or an associate has a relevant interest in.
- (6) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
- (7) Include details of:
 - (a) any relevant agreement or other circumstances by which the relevant interest was acquired. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
 - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).

See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.
- (8) If the substantial holder is unable to determine the identity of the person (eg. if the relevant interest arises because of an option) write "unknown".
- (9) Details of the consideration must include any and all benefits, money and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.



Equity Real Estate Partners

Equity Real Estate Partners
Pty Ltd ABN 93 138 110 826

Equity Real Estate Funds Management
Pty Ltd ABN 99 138 125 881

Level 10, 60 Carrington Street
Sydney NSW 2000

T +61 2 9026 0428

F +61 2 9026 0406

W www.equityrep.com.au

4th May 2010

Annexure A

This is Annexure A of 1 page referred to in Form 603: Notice of initial substantial holder

GJP INVESTMENTS

Holder of relevant interest

Name	Date of Acquisition	Quantity	Consideration
GJP Investments	11/02/2010	35,000 ¹	\$4,776.98
	12/02/2010	720,000 ¹	\$106,346.88
	15/02/2010	665,000 ¹	\$99,750.00
	16/02/2010	340,000 ¹	\$51,224.59
	04/05/2010	2,970,205 ²	\$356,424.60

TOTAL **4,730,205** **Totaling: 4.76%**

Name	Date of Acquisition	Quantity	Consideration
Jonathan Sweeney	04/05/2010	833,333 ²	\$99,999.96
Adkar Investments	04/05/2010	833,333 ²	\$99,999.96

1,666,666

GRAND TOTAL **6,396,871** **Totaling: 6.43%**

1. Purchased on market
2. Subscribed for placement shares

Greg Paramor

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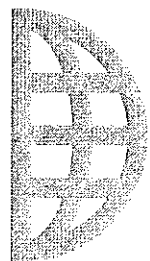
Placement Agreement

Folkestone Limited

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Baker & McKenzie

Solicitors
Level 19, CBW
181 William Street
MELBOURNE VIC 3000
Tel: (03) 9617-4200
Fax: (03) 9614-2103
Email: kieu.truong@bakermckenzie.com
Email: richard.lustig@bakermckenzie.com



Ref: 1121029-v3\MELDMS\AUSKT7

Date

29th April

2010

Parties

Folkestone Limited (ABN 21 004 715 226) of Suite 8, Lionel Road, Mount Waverley, Victoria, 3149 (*Company*)

The person named in item 1 of the Schedule of the address set out in item 2 of the Schedule (*Subscriber*)

Recital

The Subscriber wishes to subscribe for, and the Company wishes to issue, the Placement Shares on the terms contained in this Agreement.

Operative provisions

1 Definitions and interpretation

Definitions

1.1 In this Agreement, unless the context requires another meaning:

ASX means ASX Limited or the stock exchange operated by it (as the context requires).

ASX Listing Rules means the official listing rules of the ASX.

Business Day means a day that is not a Saturday, Sunday or a public holiday or bank holiday in Melbourne.

Completion means completion under clause 3.

Completion Date means 4 May 2010.

Constitution means the constituent documents of the Company in force from time to time.

Corporations Act means the *Corporations Act* 2001.

Dollars and \$ means the lawful currency of Australia.

EREP means Equity Real Estate Partners Pty Ltd (ABN 93 138 110 826).

Mutual Confidentiality Agreement means the agreement of the same name between the Company and EREP dated 22 February 2010 as amended by the letter agreement dated 31 March 2010.

Party means a party to this Agreement.

Shares means fully paid ordinary shares in the capital of the Company.

Transaction has the meaning given to it in clause 4.

Placement Consideration means the amount set out in item 3 of the Schedule.

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Placement Shares means the number of Shares in the Company as set out in item 4 of the Schedule.

Interpretation

1.2 In this Agreement:

- (a) unless the context otherwise requires, a reference:
 - (i) to the singular includes the plural and vice versa;
 - (ii) to a gender includes all genders;
 - (iii) to a document (including this Agreement) is a reference to that document (including any Schedules and Annexures,) as amended, consolidated, supplemented, novated or replaced;
 - (iv) to an agreement includes any agreement, agreement or legally enforceable arrangement or understanding whether written or not;
 - (v) to a person (including any party) includes a reference to an individual, company, body corporate, association, partnership, firm, joint venture, trust or government agency as the case requires, and the person's successors, permitted assigns, executors and administrators;
 - (vi) to a law or a rule:
 - (A) includes a reference to any constitutional provision, subordinate legislation, treaty, decree, convention, statute, regulation, rule, ordinance, proclamation, by-law, judgment, rule of common law or equity or rule of any applicable stock exchange;
 - (B) is a reference to that law or rule as amended, consolidated, supplemented or replaced; and
 - (C) is a reference to any regulation, rule, ordinance, proclamation, by-law or judgment made under that law;
 - (vii) to liquidation includes official management, appointment of an administrator, compromise, arrangement, merger, amalgamation, reconstruction, winding-up, dissolution, assignment for the benefit of creditors, scheme, composition or arrangement with creditors, insolvency, bankruptcy, or any similar procedure or, where applicable, changes in the constitution of any partnership or person, or death; and
 - (viii) is a reference to the body which replaces it or which substantially succeeds to its powers or functions;
- (b) headings are for convenience only and are ignored in interpreting this Agreement;
- (c) if a payment or other act must (but for this clause) be made or done on a day which is not a Business Day, then it must be made or done on the next Business Day;
- (d) the words "including" or "includes" mean "including but not limited to" or "including without limitation";

- (e) where a word or phrase is defined, its other grammatical forms have a corresponding meaning; and
- (f) this Agreement must not be construed adversely to a party solely because that party or its legal counsel were responsible for preparing it.
-

2 Placement Shares

Placement

2.1 On the Completion Date:

- (a) the Subscriber must subscribe for the Placement Shares for the Placement Consideration; and
- (b) the Company will issue the Placement Shares to the Subscriber.

Bound by Constitution

2.2 The Subscriber agrees to be bound by the Constitution on issue to it of the Placement Shares.

3 Completion

Time and place of Completion

3.1 Completion will take place on the Completion Date at the offices of the Company at 11.00am, or at such other place and time as the Parties may agree.

Subscriber Obligations on Completion

3.2 On Completion the Subscriber must provide the Company the Placement Consideration by way of:

- (a) cheque; or
- (b) electronic transfer to the following account:

BSB No.: 062-028

Account No.: 10455870

Name: Link Market Services Limited - Capital Markets Projects Client Account

Reference: "FLK" or "Folkestone"

If by way of electronic transfer, the Subscriber must ensure that the deposit is clearly referenced with the word "FLK" or "Folkestone" for identification purposes.

Company Obligations

3.3 The Company must on Completion:

- (a) give the Subscriber such documents to evidence the fact that the Placement Shares have been duly issued and allotted to the Subscriber free from any encumbrances; and

- (b) take all steps to procure the delivery to the Subscriber as soon as practicable a holding statement or other evidence that the Placement Shares have been issued and allotted to the Subscriber.

3.4 The parties agree that:

- (a) immediately after signing this Agreement, the Company will make an announcement in that regard to the ASX in a mutually agreed form; and
- (b) as soon as practicable after Completion, the Company must:
 - (i) apply for quotation for the Placement Shares on the ASX and do all things reasonably necessary to ensure that the Placement Shares are quoted as soon as practicable on such terms and conditions as are usual for quotation of securities; and
 - (ii) satisfy the conditions set out in section 708A(5) of the Corporations Act, and issue a cleansing notice that complies with the requirements under section 708A(6) of the Corporations Act.

4 Post-Completion

- 4.1 The Parties acknowledge the Company's present, non-binding intention to pursue discussions with EREP and its principals in relation to the potential recapitalisation of the Company and the potential acquisition of EREP after Completion (the *Transaction*), however, there are no consequences for either Party if the Transaction does not proceed or does not proceed as contemplated. Nothing in this clause 4 constitutes an offer in relation to the Transaction by any person that is capable of acceptance by any other person.

5 Warranties

- 5.1 Each Party warrants and represents to each other Party that each of the following statements is true, correct and not misleading on the date of this Agreement until and including the Completion Date:
- (a) it has full and lawful authority to execute and deliver this Agreement and to perform or cause to be performed its obligations under this Agreement and is not in liquidation, under external administration or other similar circumstance;
 - (b) this Agreement constitutes a full and binding legal obligation upon it;
 - (c) this Agreement does not conflict with or result in the breach of or default under any provision of its constituent documents or any material term or provision of any agreement, deed, writ, order, injunction, rule, judgment, law or regulation to which it is a party or is subject or by which it is bound; and
 - (d) subject to the Company obtaining the requisite shareholder approvals, it has obtained all authorisations and approvals necessary for it lawfully to enter into and perform its obligations under this Agreement.
- 5.2 The Subscriber warrants that it is an excluded investor to whom no prospectus need be provided as permitted under the Corporations Act.

- 5.3 The Company represents and warrants that the Placement Shares will, once issued, rank equally with all other Shares and may be traded on ASX from the date of their quotation.

Separate

- 5.4 Each representation and warranty in this Agreement is to be construed independently of each other representation and warranty in, and each other provision of, this Agreement. The interpretation of any statement made may not be restricted by reference to or inference from any other statement.

Acknowledgements

- 5.5 The parties acknowledge that each Party has entered into this Agreement in reliance on the Warranties given by the other Party.

6 Notices

Requirements

- 6.1 All notices must be:

- (a) in legible writing and in English;
- (b) addressed to the recipient at the address or facsimile number set out below or to such other address or facsimile number as that party may notify to the other parties:

to the Subscriber:

Address: As set out in item 2 of the Schedule

Attention: The person set out in item 5 of the Schedule

Facsimile no: The number set out in item 6 of the Schedule

to the Company:

Address: Suite 8, 14 Lionel Road, Mount Waverley Victoria 3149

Attention: Company Secretary

Facsimile no: +61 3 9544 6290

- (c) signed by the party or where the sender is a company by an officer of that company or under the common seal of that company; and
- (d) sent to the recipient by hand, prepaid post (airmail) or facsimile.

Receipt

- 6.2 Without limiting any other means by which a party may be able to prove that a notice has been received by another party, a notice will be deemed to be duly received:

- (a) if sent by hand when left at the address of the recipient;
- (b) if sent by pre-paid post, 10 days after the date of posting; or

- (c) if sent by facsimile, upon receipt by the sender of an acknowledgment or transmission report generated by the machine from which the facsimile was sent indicating that the whole facsimile was sent to the recipient's facsimile number,

but if a notice is served by hand, or is received by the recipient's facsimile on a day which is not a Business Day, or after 5.00 pm on a Business Day, recipient's local time the notice is deemed to be duly received by the recipient at 9.00 am on the first Business Day after that day.

7 General provisions

Entire agreement

- 7.1 Subject to the terms of the Mutual Confidentiality Agreement:
- (a) this Agreement and any documents referred to in this Agreement is the entire agreement of the Parties about the subject matter of this Agreement and supersedes all other representations, negotiations, arrangements, understandings or agreements and all other communications; and
 - (b) no Party has entered into this Agreement relying on any representations made by or on behalf of the other, other than those expressly made in this Agreement.

Further assurances

- 7.2 Each Party must, at its own expense, whenever reasonably requested by the other Party, promptly do or arrange for others to do, everything reasonably necessary to give full effect to this Agreement and the transactions contemplated by this Agreement.

No merger

- 7.3 The warranties, other representations and covenants by each Party in this Agreement are continuing and will not merge or be extinguished on Completion.

Costs

- 7.4 Each Party must pay its own costs in relation to the preparation, negotiation and execution of this Agreement and the documents and transactions contemplated by this Agreement.

Assignment

- 7.5 A Party must not assign, create an interest in, specify any other restrictions or deal in any other way with any of its rights under this Agreement without the prior written consent of the other Party.

Invalid or unenforceable provisions

- 7.6 If a provision of this Agreement is invalid or unenforceable in a jurisdiction:
- (a) it is to be read down or severed in that jurisdiction to the extent of the invalidity or unenforceability; and
 - (b) that fact does not affect the validity or enforceability of:
 - (i) that provision in another jurisdiction; or
 - (ii) the remaining provisions.

Waiver and exercise of rights

- 7.7 A waiver of a provision of or of a right under this Agreement is binding on the Party granting the waiver only if it is given in writing and is signed by the Party or an authorised officer of the Party granting the waiver;
- 7.8 A waiver is effective only in the specific instance and for the specific purpose for which it is given.
- 7.9 A single or partial exercise of a right by a Party does not preclude another exercise or attempted exercise of that right or the exercise of another right.
- 7.10 Failure by a Party to exercise or delay in exercising a right does not prevent its exercise or operate as a waiver.

Amendment

- 7.11 This Agreement may be amended only by a document signed by all Parties.

Counterparts

- 7.12 This Agreement may be signed in counterparts and all counterparts taken together constitute one document.

Governing law

- 7.13 This Agreement is governed by the laws of the State of Victoria.

Jurisdiction

- 7.14 Each party irrevocably and unconditionally:
- (a) submits to the non-exclusive jurisdiction of the courts of the State of Victoria; and
 - (b) waives, without limitation, any claim or objection based on absence of jurisdiction or inconvenient forum.

For personal use only

Execution

Executed as an agreement.

Signed by
Folkestone Limited
by a director and secretary/director:

MWP
Signature of director

MICHAEL PARKINSON
Name of director (please print)

Scott
Signature of secretary/~~director~~

SCOTT MARCAN
Name of secretary/~~director~~ (please print)

Signed by
the person set out in item 1 of the
Schedule

[Signature]
Signature of director person

SCOTT MARCAN
Name of director/person (please print)

[Signature]
Signature of director/secretary/witness

SCOTT MARCAN
Name of director/secretary/witness (please print)

Schedule

Placement Details

1.	Subscriber (including ACN/ABN if applicable)	CITP Investments Pty Ltd ATF Langham Trust.
2.	Address of Subscriber	CI-SOTHERTONS PO BOX 458 WEST PERTH WA 6872.
3.	Placement Consideration	\$ 356,424.60
4.	Number of Placement Shares	2,970,205
5.	Person to whom Subscriber notices should be sent	CI-GRANT PRIEST SOTHERTONS PO BOX 458 WEST PERTH WA 6005
6.	Facsimile number of Subscriber	(08) 9822 5564

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Placement Agreement

Folkestone Limited

Baker & McKenzie

Solicitors
Level 19, CBW
181 William Street
MELBOURNE VIC 3000
Tel: (03) 9617-4200
Fax: (03) 9614-2103
Email: kieu.truong@bakermckenzie.com
Email: richard.lustig@bakermckenzie.com

Ref: 1121029-v3\MELDMS\AUSKT7

Date

29th April

2010

Parties

Folkestone Limited (ABN 21 004 715 226) of Suite 8, Lionel Road, Mount Waverley, Victoria, 3149 (*Company*)

The person named in item 1 of the Schedule of the address set out in item 2 of the Schedule (*Subscriber*)

Recital

The Subscriber wishes to subscribe for, and the Company wishes to issue, the Placement Shares on the terms contained in this Agreement.

Operative provisions

1 Definitions and interpretation

Definitions

1.1 In this Agreement, unless the context requires another meaning:

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Completion means completion under clause 3.

Completion Date means 4 May 2010.

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Dollars and *\$* means the lawful currency of Australia.

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1.2 In this Agreement:

- (a) unless the context otherwise requires, a reference:
 - (i) to the singular includes the plural and vice versa;
 - (ii) to a gender includes all genders;
 - (iii) to a document (including this Agreement) is a reference to that document (including any Schedules and Annexures,) as amended, consolidated, supplemented, novated or replaced;
 - (iv) to an agreement includes any agreement, agreement or legally enforceable arrangement or understanding whether written or not;
 - (v) to a person (including any party) includes a reference to an individual, company, body corporate, association, partnership, firm, joint venture, trust or government agency as the case requires, and the person's successors, permitted assigns, executors and administrators;
 - (vi) to a law or a rule:
 - (A) includes a reference to any constitutional provision, subordinate legislation, treaty, decree, convention, statute, regulation, rule, ordinance, proclamation, by-law, judgment, rule of common law or equity or rule of any applicable stock exchange;
 - (B) is a reference to that law or rule as amended, consolidated, supplemented or replaced; and
 - (C) is a reference to any regulation, rule, ordinance, proclamation, by-law or judgment made under that law;
 - (vii) to liquidation includes official management, appointment of an administrator, compromise, arrangement, merger, amalgamation, reconstruction, winding-up, dissolution, assignment for the benefit of creditors, scheme, composition or arrangement with creditors, insolvency, bankruptcy, or any similar procedure or, where applicable, changes in the constitution of any partnership or person, or death; and
 - (viii) is a reference to the body which replaces it or which substantially succeeds to its powers or functions;
- (b) headings are for convenience only and are ignored in interpreting this Agreement;
- (c) if a payment or other act must (but for this clause) be made or done on a day which is not a Business Day, then it must be made or done on the next Business Day;
- (d) the words "including" or "includes" mean "including but not limited to" or "including without limitation";

- (e) where a word or phrase is defined, its other grammatical forms have a corresponding meaning; and
- (f) this Agreement must not be construed adversely to a party solely because that party or its legal counsel were responsible for preparing it.
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2 Placement Shares

Placement

2.1 On the Completion Date:

- (a) the Subscriber must subscribe for the Placement Shares for the Placement Consideration; and
- (b) the Company will issue the Placement Shares to the Subscriber.

Bound by Constitution

- 2.2 The Subscriber agrees to be bound by the Constitution on issue to it of the Placement Shares.
-

3 Completion

Time and place of Completion

- 3.1 Completion will take place on the Completion Date at the offices of the Company at 11.00am, or at such other place and time as the Parties may agree.

Subscriber Obligations on Completion

- 3.2 On Completion the Subscriber must provide the Company the Placement Consideration by way of:

- (a) cheque; or
- (b) electronic transfer to the following account:

BSB No.: 062-028
Account No.: 10455870
Name: Link Market Services Limited - Capital Markets Projects Client Account
Reference: "FLK" or "Folkestone"

If by way of electronic transfer, the Subscriber must ensure that the deposit is clearly referenced with the word "FLK" or "Folkestone" for identification purposes.

Company Obligations

- 3.3 The Company must on Completion:

- (a) give the Subscriber such documents to evidence the fact that the Placement Shares have been duly issued and allotted to the Subscriber free from any encumbrances; and

- (b) take all steps to procure the delivery to the Subscriber as soon as practicable a holding statement or other evidence that the Placement Shares have been issued and allotted to the Subscriber.

3.4 The parties agree that:

- (a) immediately after signing this Agreement, the Company will make an announcement in that regard to the ASX in a mutually agreed form; and
- (b) as soon as practicable after Completion, the Company must:
- (i) apply for quotation for the Placement Shares on the ASX and do all things reasonably necessary to ensure that the Placement Shares are quoted as soon as practicable on such terms and conditions as are usual for quotation of securities; and
 - (ii) satisfy the conditions set out in section 708A(5) of the Corporations Act, and issue a cleansing notice that complies with the requirements under section 708A(6) of the Corporations Act.

4 Post-Completion

- 4.1 The Parties acknowledge the Company's present, non-binding intention to pursue discussions with EREP and its principals in relation to the potential recapitalisation of the Company and the potential acquisition of EREP after Completion (the *Transaction*), however, there are no consequences for either Party if the Transaction does not proceed or does not proceed as contemplated. Nothing in this clause 4 constitutes an offer in relation to the Transaction by any person that is capable of acceptance by any other person.

5 Warranties

- 5.1 Each Party warrants and represents to each other Party that each of the following statements is true, correct and not misleading on the date of this Agreement until and including the Completion Date:
- (a) it has full and lawful authority to execute and deliver this Agreement and to perform or cause to be performed its obligations under this Agreement and is not in liquidation, under external administration or other similar circumstance;
 - (b) this Agreement constitutes a full and binding legal obligation upon it;
 - (c) this Agreement does not conflict with or result in the breach of or default under any provision of its constituent documents or any material term or provision of any agreement, deed, writ, order, injunction, rule, judgment, law or regulation to which it is a party or is subject or by which it is bound; and
 - (d) subject to the Company obtaining the requisite shareholder approvals, it has obtained all authorisations and approvals necessary for it lawfully to enter into and perform its obligations under this Agreement.
- 5.2 The Subscriber warrants that it is an excluded investor to whom no prospectus need be provided as permitted under the Corporations Act.

- 5.3 The Company represents and warrants that the Placement Shares will, once issued, rank equally with all other Shares and may be traded on ASX from the date of their quotation.

Separate

- 5.4 Each representation and warranty in this Agreement is to be construed independently of each other representation and warranty in, and each other provision of, this Agreement. The interpretation of any statement made may not be restricted by reference to or inference from any other statement.

Acknowledgements

- 5.5 The parties acknowledge that each Party has entered into this Agreement in reliance on the Warranties given by the other Party.

6 Notices

Requirements

- 6.1 All notices must be:

- (a) in legible writing and in English;
- (b) addressed to the recipient at the address or facsimile number set out below or to such other address or facsimile number as that party may notify to the other parties:

to the Subscriber:

Address: As set out in item 2 of the Schedule

Attention: The person set out in item 5 of the Schedule

Facsimile no: The number set out in item 6 of the Schedule

to the Company:

Address: Suite 8, 14 Lionel Road, Mount Waverley Victoria 3149

Attention: Company Secretary

Facsimile no: +61 3 9544 6290

- (c) signed by the party or where the sender is a company by an officer of that company or under the common seal of that company; and
- (d) sent to the recipient by hand, prepaid post (airmail) or facsimile.

Receipt

- 6.2 Without limiting any other means by which a party may be able to prove that a notice has been received by another party, a notice will be deemed to be duly received:

- (a) if sent by hand when left at the address of the recipient;
- (b) if sent by pre-paid post, 10 days after the date of posting; or

- (c) if sent by facsimile, upon receipt by the sender of an acknowledgment or transmission report generated by the machine from which the facsimile was sent indicating that the whole facsimile was sent to the recipient's facsimile number,

but if a notice is served by hand, or is received by the recipient's facsimile on a day which is not a Business Day, or after 5.00 pm on a Business Day, recipient's local time the notice is deemed to be duly received by the recipient at 9.00 am on the first Business Day after that day.

7 General provisions

Entire agreement

- 7.1 Subject to the terms of the Mutual Confidentiality Agreement:
- (a) this Agreement and any documents referred to in this Agreement is the entire agreement of the Parties about the subject matter of this Agreement and supersedes all other representations, negotiations, arrangements, understandings or agreements and all other communications; and
 - (b) no Party has entered into this Agreement relying on any representations made by or on behalf of the other, other than those expressly made in this Agreement.

Further assurances

- 7.2 Each Party must, at its own expense, whenever reasonably requested by the other Party, promptly do or arrange for others to do, everything reasonably necessary to give full effect to this Agreement and the transactions contemplated by this Agreement.

No merger

- 7.3 The warranties, other representations and covenants by each Party in this Agreement are continuing and will not merge or be extinguished on Completion.

Costs

- 7.4 Each Party must pay its own costs in relation to the preparation, negotiation and execution of this Agreement and the documents and transactions contemplated by this Agreement.

Assignment

- 7.5 A Party must not assign, create an interest in, specify any other restrictions or deal in any other way with any of its rights under this Agreement without the prior written consent of the other Party.

Invalid or unenforceable provisions

- 7.6 If a provision of this Agreement is invalid or unenforceable in a jurisdiction:
- (a) it is to be read down or severed in that jurisdiction to the extent of the invalidity or unenforceability; and
 - (b) that fact does not affect the validity or enforceability of:
 - (i) that provision in another jurisdiction; or
 - (ii) the remaining provisions.

For personal use only

Waiver and exercise of rights

- 7.7 A waiver of a provision of or of a right under this Agreement is binding on the Party granting the waiver only if it is given in writing and is signed by the Party or an authorised officer of the Party granting the waiver;
- 7.8 A waiver is effective only in the specific instance and for the specific purpose for which it is given.
- 7.9 A single or partial exercise of a right by a Party does not preclude another exercise or attempted exercise of that right or the exercise of another right.
- 7.10 Failure by a Party to exercise or delay in exercising a right does not prevent its exercise or operate as a waiver.

Amendment

- 7.11 This Agreement may be amended only by a document signed by all Parties.

Counterparts

- 7.12 This Agreement may be signed in counterparts and all counterparts taken together constitute one document.

Governing law

- 7.13 This Agreement is governed by the laws of the State of Victoria.

Jurisdiction

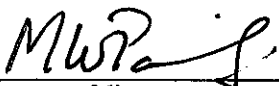
- 7.14 Each party irrevocably and unconditionally:
- (a) submits to the non-exclusive jurisdiction of the courts of the State of Victoria; and
 - (b) waives, without limitation, any claim or objection based on absence of jurisdiction or inconvenient forum.

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Execution

Executed as an agreement.

Signed by
Folkestone Limited
by a director and secretary/director:



Signature of director

MICHAEL PARKINSON

Name of director (please print)

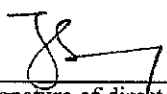


Signature of secretary/ ~~director~~

SCOTT MARTIN

Name of secretary/ ~~director~~ (please print)

Signed by
the person set out in item 1 of the
Schedule



Signature of ~~director~~ person

Jonathan Sweeney

Name of ~~director~~ person (please print)

Signature of director/secretary/witness

Name of director/secretary/witness (please print)

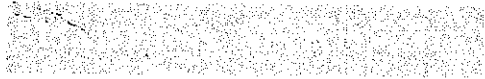
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Schedule

Placement Details

1.	Subscriber (including ACN/ABN if applicable)	Jonathan Sweeney
2.	Address of Subscriber	33 Walleray Road Wollakran NSW
3.	Placement Consideration	\$99,999.96
4.	Number of Placement Shares	833,333 only
5.	Person to whom Subscriber notices should be sent	Jonathan Sweeney
6.	Facsimile number of Subscriber	02) 90260 0406

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Placement Agreement

Folkestone Limited

Baker & McKenzie

Solicitors
Level 19, CBW
181 William Street
MELBOURNE VIC 3000
Tel: (03) 9617-4200
Fax: (03) 9614-2103
Email: kieu.truong@bakermckenzie.com
Email: richard.lustig@bakermckenzie.com



Ref: 1121029-v3\MELDMS\AUSKT7

Date

29th April

2010

Parties

Folkestone Limited (ABN 21 004 715 226) of Suite 8, Lionel Road, Mount Waverley, Victoria, 3149 (*Company*)

The person named in item 1 of the Schedule of the address set out in item 2 of the Schedule (*Subscriber*)

Recital

The Subscriber wishes to subscribe for, and the Company wishes to issue, the Placement Shares on the terms contained in this Agreement.

Operative provisions

1 Definitions and interpretation

Definitions

1.1 In this Agreement, unless the context requires another meaning:

ASX means ASX Limited or the stock exchange operated by it (as the context requires).

ASX Listing Rules means the official listing rules of the ASX.

Business Day means a day that is not a Saturday, Sunday or a public holiday or bank holiday in Melbourne.

Completion means completion under clause 3.

Completion Date means 4 May 2010.

Constitution means the constituent documents of the Company in force from time to time.

Corporations Act means the *Corporations Act* 2001.

Dollars and \$ means the lawful currency of Australia.

EREP means Equity Real Estate Partners Pty Ltd (ABN 93 138 110 826).

Mutual Confidentiality Agreement means the agreement of the same name between the Company and EREP dated 22 February 2010 as amended by the letter agreement dated 31 March 2010.

Party means a party to this Agreement.

Shares means fully paid ordinary shares in the capital of the Company.

Transaction has the meaning given to it in clause 4.

Placement Consideration means the amount set out in item 3 of the Schedule.

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Placement Shares means the number of Shares in the Company as set out in item 4 of the Schedule.

Interpretation

1.2 In this Agreement:

- (a) unless the context otherwise requires, a reference:
 - (i) to the singular includes the plural and vice versa;
 - (ii) to a gender includes all genders;
 - (iii) to a document (including this Agreement) is a reference to that document (including any Schedules and Annexures,) as amended, consolidated, supplemented, novated or replaced;
 - (iv) to an agreement includes any agreement, agreement or legally enforceable arrangement or understanding whether written or not;
 - (v) to a person (including any party) includes a reference to an individual, company, body corporate, association, partnership, firm, joint venture, trust or government agency as the case requires, and the person's successors, permitted assigns, executors and administrators;
 - (vi) to a law or a rule:
 - (A) includes a reference to any constitutional provision, subordinate legislation, treaty, decree, convention, statute, regulation, rule, ordinance, proclamation, by-law, judgment, rule of common law or equity or rule of any applicable stock exchange;
 - (B) is a reference to that law or rule as amended, consolidated, supplemented or replaced; and
 - (C) is a reference to any regulation, rule, ordinance, proclamation, by-law or judgment made under that law;
 - (vii) to liquidation includes official management, appointment of an administrator, compromise, arrangement, merger, amalgamation, reconstruction, winding-up, dissolution, assignment for the benefit of creditors, scheme, composition or arrangement with creditors, insolvency, bankruptcy, or any similar procedure or, where applicable, changes in the constitution of any partnership or person, or death; and
 - (viii) is a reference to the body which replaces it or which substantially succeeds to its powers or functions;
- (b) headings are for convenience only and are ignored in interpreting this Agreement;
- (c) if a payment or other act must (but for this clause) be made or done on a day which is not a Business Day, then it must be made or done on the next Business Day;
- (d) the words "including" or "includes" mean "including but not limited to" or "including without limitation";

- (e) where a word or phrase is defined, its other grammatical forms have a corresponding meaning; and
- (f) this Agreement must not be construed adversely to a party solely because that party or its legal counsel were responsible for preparing it.
-

2 Placement Shares

Placement

2.1 On the Completion Date:

- (a) the Subscriber must subscribe for the Placement Shares for the Placement Consideration; and
- (b) the Company will issue the Placement Shares to the Subscriber.

Bound by Constitution

2.2 The Subscriber agrees to be bound by the Constitution on issue to it of the Placement Shares.

3 Completion

Time and place of Completion

3.1 Completion will take place on the Completion Date at the offices of the Company at 11.00am, or at such other place and time as the Parties may agree.

Subscriber Obligations on Completion

3.2 On Completion the Subscriber must provide the Company the Placement Consideration by way of:

- (a) cheque; or
- (b) electronic transfer to the following account:

BSB No.: 062-028
Account No.: 10455870
Name: Link Market Services Limited - Capital Markets Projects Client Account
Reference: "FLK" or "Folkestone"

If by way of electronic transfer, the Subscriber must ensure that the deposit is clearly referenced with the word "FLK" or "Folkestone" for identification purposes.

Company Obligations

3.3 The Company must on Completion:

- (a) give the Subscriber such documents to evidence the fact that the Placement Shares have been duly issued and allotted to the Subscriber free from any encumbrances; and

- (b) take all steps to procure the delivery to the Subscriber as soon as practicable a holding statement or other evidence that the Placement Shares have been issued and allotted to the Subscriber.

3.4 The parties agree that:

- (a) immediately after signing this Agreement, the Company will make an announcement in that regard to the ASX in a mutually agreed form; and
- (b) as soon as practicable after Completion, the Company must:
- (i) apply for quotation for the Placement Shares on the ASX and do all things reasonably necessary to ensure that the Placement Shares are quoted as soon as practicable on such terms and conditions as are usual for quotation of securities; and
 - (ii) satisfy the conditions set out in section 708A(5) of the Corporations Act, and issue a cleansing notice that complies with the requirements under section 708A(6) of the Corporations Act.

4 Post-Completion

- 4.1 The Parties acknowledge the Company's present, non-binding intention to pursue discussions with EREP and its principals in relation to the potential recapitalisation of the Company and the potential acquisition of EREP after Completion (the *Transaction*), however, there are no consequences for either Party if the Transaction does not proceed or does not proceed as contemplated. Nothing in this clause 4 constitutes an offer in relation to the Transaction by any person that is capable of acceptance by any other person.

5 Warranties

- 5.1 Each Party warrants and represents to each other Party that each of the following statements is true, correct and not misleading on the date of this Agreement until and including the Completion Date:
- (a) it has full and lawful authority to execute and deliver this Agreement and to perform or cause to be performed its obligations under this Agreement and is not in liquidation, under external administration or other similar circumstance;
 - (b) this Agreement constitutes a full and binding legal obligation upon it;
 - (c) this Agreement does not conflict with or result in the breach of or default under any provision of its constituent documents or any material term or provision of any agreement, deed, writ, order, injunction, rule, judgment, law or regulation to which it is a party or is subject or by which it is bound; and
 - (d) subject to the Company obtaining the requisite shareholder approvals, it has obtained all authorisations and approvals necessary for it lawfully to enter into and perform its obligations under this Agreement.
- 5.2 The Subscriber warrants that it is an excluded investor to whom no prospectus need be provided as permitted under the Corporations Act.

- 5.3 The Company represents and warrants that the Placement Shares will, once issued, rank equally with all other Shares and may be traded on ASX from the date of their quotation.

Separate

- 5.4 Each representation and warranty in this Agreement is to be construed independently of each other representation and warranty in, and each other provision of, this Agreement. The interpretation of any statement made may not be restricted by reference to or inference from any other statement.

Acknowledgements

- 5.5 The parties acknowledge that each Party has entered into this Agreement in reliance on the Warranties given by the other Party.

6 Notices

Requirements

- 6.1 All notices must be:
- (a) in legible writing and in English;
 - (b) addressed to the recipient at the address or facsimile number set out below or to such other address or facsimile number as that party may notify to the other parties:
 - to the Subscriber:
 - Address: As set out in item 2 of the Schedule
 - Attention: The person set out in item 5 of the Schedule
 - Facsimile no: The number set out in item 6 of the Schedule
 - to the Company:
 - Address: Suite 8, 14 Lionel Road, Mount Waverley Victoria 3149
 - Attention: Company Secretary
 - Facsimile no: +61 3 9544 6290
 - (c) signed by the party or where the sender is a company by an officer of that company or under the common seal of that company; and
 - (d) sent to the recipient by hand, prepaid post (airmail) or facsimile.

Receipt

- 6.2 Without limiting any other means by which a party may be able to prove that a notice has been received by another party, a notice will be deemed to be duly received:
- (a) if sent by hand when left at the address of the recipient;
 - (b) if sent by pre-paid post, 10 days after the date of posting; or

- (c) if sent by facsimile, upon receipt by the sender of an acknowledgment or transmission report generated by the machine from which the facsimile was sent indicating that the whole facsimile was sent to the recipient's facsimile number,

but if a notice is served by hand, or is received by the recipient's facsimile on a day which is not a Business Day, or after 5.00 pm on a Business Day, recipient's local time the notice is deemed to be duly received by the recipient at 9.00 am on the first Business Day after that day.

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Entire agreement

- 7.1 Subject to the terms of the Mutual Confidentiality Agreement:
- (a) this Agreement and any documents referred to in this Agreement is the entire agreement of the Parties about the subject matter of this Agreement and supersedes all other representations, negotiations, arrangements, understandings or agreements and all other communications; and
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- (a) it is to be read down or severed in that jurisdiction to the extent of the invalidity or unenforceability; and
 - (b) that fact does not affect the validity or enforceability of:
 - (i) that provision in another jurisdiction; or
 - (ii) the remaining provisions.

For personal use only

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- 7.7 A waiver of a provision of or of a right under this Agreement is binding on the Party granting the waiver only if it is given in writing and is signed by the Party or an authorised officer of the Party granting the waiver;
- 7.8 A waiver is effective only in the specific instance and for the specific purpose for which it is given.
- 7.9 A single or partial exercise of a right by a Party does not preclude another exercise or attempted exercise of that right or the exercise of another right.
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- 7.11 This Agreement may be amended only by a document signed by all Parties.

Counterparts

- 7.12 This Agreement may be signed in counterparts and all counterparts taken together constitute one document.

Governing law

- 7.13 This Agreement is governed by the laws of the State of Victoria.

Jurisdiction

- 7.14 Each party irrevocably and unconditionally:
- (a) submits to the non-exclusive jurisdiction of the courts of the State of Victoria; and
 - (b) waives, without limitation, any claim or objection based on absence of jurisdiction or inconvenient forum.

For personal use only

Execution

Executed as an agreement.

Signed by
Folkestone Limited
by a director and secretary/director:

MWP
Signature of director

MICHAEL PARKINSON
Name of director (please print)

Scott Martin
Signature of secretary/ director

SCOTT MARTIN
Name of secretary/ director (please print)

Signed by
the person set out in item 1 of the
Schedule

Harion Hamington
Signature of director/person

Harion Hamington
Name of director person (please print)

Signature of director/secretary/witness

Name of director/secretary/witness (please print)

For personal use only

Schedule

Placement Details

Adkar Investments Pty Ltd < Harrington Family Trust >

1.	Subscriber (including ACN/ABN if applicable)	73 577 413 178
2.	Address of Subscriber	Po Box 501 Bardi Junction 1355
3.	Placement Consideration	\$99,999.96
4.	Number of Placement Shares	833,333
5.	Person to whom Subscriber notices should be sent	Adrian Harrington
6.	Facsimile number of Subscriber	02 9026 0406

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