

ASX RELEASE

4 May 2010

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Clarification of Article in the Australian Financial Review Tuesday 4 May 2010

Folkestone refers to the article in the Australian Financial Review today, in particular the reference to a Stanfield Funds Management Limited ("Stanfield") takeover offer of Folkestone. Folkestone wishes to clarify that it has not received a takeover offer from any party. Folkestone recently received an unsolicited non-binding placement proposal from Stanfield at which time the discussions with Equity Real Estate Partners Pty Ltd ("EREP") were already at an advanced stage and on superior terms.

Folkestone, in conjunction with its advisors, assessed both the EREP and Stanfield proposals. Folkestone resolved to proceed with the placement to EREP as it provides a path through to recapitalisation and a strategy for Folkestone moving forward.

For further information regarding this announcement, please contact:

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