

ASX RELEASE

Folkestone

2 July 2007

Folkestone Limited

ACN 004 715 226

Level 24 / 360 Collins Street

Melbourne, Victoria 3000

Telephone: (03) 9670 7028

Facsimile: (03) 9642 1081

email: office@folkestone.com.au

website: www.folkestone.com.au

**FOLKESTONE AND AMP CAPITAL INVESTORS SELL
720-808 KOROROIT CREEK ROAD, ALTONA**

Folkestone announces that it has exchanged contracts for the sale of 720-808 Kororoit Creek Rd, Altona. Settlement is due to occur on 16 July 2007.

The property was acquired in September 2006 in a 50:50 joint venture with AMP Capital Investors' Select Property Portfolio Fund No:2.

Further to the announcement this morning, Folkestone expects to exceed its guidance on profit expectations for the year ending 30 June 2007, with an EPS of about 14 cents per share now forecast.

In commenting on the sale, Folkestone CEO Oscar Guglielmi said

"We are pleased that our strategy of identifying strategic parcels of land has been proved sound. This property is one of the last remaining large parcels of industrial land in Altona and the strong demand has enabled the joint venture to realise it's investment objectives earlier than forecast."

AMP Capital Investors' Head of Opportunity Funds, Dale Phillips said "Whilst the joint venture was very confident in its development plans for the project, the earlier than anticipated sale of the site will enable the joint venture to allocate additional capital to a range of other opportunities currently under consideration".

For further information regarding this announcement please contact:

Mr Oscar Guglielmi
Managing Director & Chief Executive
Folkestone Limited
03-9670-7028

Mr Scott Martin
CFO & Company Secretary
Folkestone Limited
03-9670-7028

Ms Tanny Tsanis
AMP Capital Investors
02-9257-2700