

Folkestone

ASX ANNOUNCEMENT

19 September 2012

FOLKESTONE FUND ACQUIRES ASSET AT SYDNEY OLYMPIC PARK

Folkestone's (ASX:FLK) real estate funds management subsidiary, Folkestone Funds Management announced today, the Folkestone Real Estate Income Fund at Sydney Olympic Park (the Fund) has settled the acquisition of 7 Murray Rose Avenue, Sydney Olympic Park.

The six level commercial building, being built by FDC Construction and Fitout Pty Ltd comprises five levels of office and ground floor retail with basement car parking. Practical Completion is forecast to occur in late 2012. The asset is located in one of Sydney's newest and most vibrant office markets, Sydney Olympic Park.

Thales Australia has agreed to lease 100 per cent of the office space for 10 years, for their new Australian headquarters. Thales Australia is part of the Thales Group, a leading international electronics and systems group serving the defence, aerospace, space, security and transport markets globally.

"We are delighted to have acquired 7 Murray Rose Avenue for our first real estate income fund given its excellent location, quality design and construction, long-term lease with secure covenant to Thales Australia and the strong environmental credentials of the new building", said Folkestone's Managing Director, Mr Greg Paramor.

"The commencing annualised forecast distribution of 8.10 per cent per annum offers investors a very attractive premium of 460 basis points to the current cash rate" he added.

Folkestone Limited has underwritten \$8.0 million of the \$16.46 million of equity to assist with the acquisition. This underwriting commitment will be reduced as new investors subscribe for units in the Fund.

For further information, please contact:

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About Folkestone

Folkestone is an ASX listed real estate investment, development and funds management company. Folkestone's on balance sheet activities focus on value-add and opportunistic real estate whilst its funds management platform, Folkestone Funds Management, offers funds to private clients, high net worth individuals and select institutional investors.

Folkestone Funds Management Limited

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