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## ASX RELEASE

11 April 2011

### **Folkestone Limited confirms lodgement of Prospectus**

Folkestone Limited (ASX:FLK) today confirms that it has lodged a Prospectus with ASIC and ASX relating to an Offer to raise up to \$35 million through an Offer to Eligible Existing Shareholders and new investors of up to 291,666,666 ordinary shares at an Offer Price of \$0.12 per share. The shares will be issued on the same terms and will rank equally in all respects with all other ordinary shares on issue.

In order to recapitalise and reposition the Company to take advantage of the unique investment opportunities currently existing in the Australia real estate sector, the Board set out to raise between \$40 million and \$60 million. Following the recent successful raising of \$25 million under a Placement to institutions and sophisticated investors at \$0.12 per share on 31 March 2011, Folkestone is now seeking to raise up to \$35 million through an Offer to Eligible Existing Shareholders and new investors at an Offer Price of \$0.12 per share.

The Offer includes a \$20 million Priority Offer which is open to Eligible Existing Shareholders who were Folkestone Shareholders as at 30 March 2011. Further details on the number of New Shares that may be applied for by Eligible Existing Shareholders under the Priority Offer is detailed in the Prospectus, which will be sent to Eligible Existing Shareholders together with a personalised Application Form. The Priority Offer closes on 4 May 2011.

The Offer also includes a General Offer and Broker Firm Offer which opens on 11 April 2011 and closes on 4 May 2011 for the General Offer and 9 May 2011 for the Broker Firm Offer.

The Chairman, Mr Garry Sladden, said "Following the strong institutional and sophisticated investor support received from new investors who participated in the Placement, the Board is delighted to offer Eligible Existing Shareholders and retail investors an opportunity to participate in this capital raising by Folkestone."

Managing Director, Mr Greg Paramor, said "On behalf of the Board, we are excited about the future for Folkestone and believe that the Company now offers Shareholders a unique opportunity to invest in a proven management team with a strategy focussed on taking advantage of real estate investment opportunities with attractive risk-adjusted returns."

Please refer to the Prospectus which contains detailed information about Folkestone and the details of the Offer. The Prospectus is available by contacting Folkestone on 1800 127 953, from the Folkestone website at [www.folkestone.com.au](http://www.folkestone.com.au) or by contacting your broker or financial adviser.

**For further information regarding this announcement please contact:**

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