

## ASX RELEASE

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### Folkestone Limited

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### **Folkestone Limited announces result for the year ended 30 June 2010**

Folkestone Limited (ASX:FLK) today announced an operating loss after tax for the year ended 30 June 2010 of \$3.495m compared to an operating loss after tax of \$3.696m for the prior year.

The Board has resolved not to pay a dividend in respect of the year ended 30 June 2010.

A copy of the Appendix 4E and the Annual Report has been released simultaneously to the ASX which contain further details in relation to the company's results.

### ***Outlook***

In August 2009, Folkestone announced that its strategy was to complete an orderly sell through of existing projects in a manner and within a timeframe that would maximize shareholder returns. The stated timeframe was for this process to be completed by December 2011.

The Noone Street project remains on track to be completed by this date, however the ability of the Company to achieve this timeframe for the Millers Road and Donnybrook Road projects in a manner that will maximize shareholders returns continues to be impacted by the subdued state of the bulky goods and industrial property markets. The current market conditions together with the Company's limited capital base continue to adversely impact the underlying assumptions relating to both the estimated timing for the completion of the Realisation Strategy and the likely value to be realized upon its completion.

In April 2010, the Company announced that it had made a 15% Placement to the principals of Equity Real Estate Partners Pty Ltd, a real estate management company owned by Greg Paramor, Jonathan Sweeney and Adrian Harrington, together with other sophisticated private investors.

The parties have also been involved in discussions surrounding the potential purchase of EREP, the employment of EREP Principals and a significant recapitalisation of Folkestone which would coincide with a restructure of the composition of the Folkestone Board and EREP Principals assuming management control.

These discussions have advanced since the announcement of the Placement however they are yet to be concluded. The Folkestone Board remains committed to finalising the negotiations with EREP as it continues to work through the realisation of existing projects and hopes to be in a position to provide further details to shareholders shortly.

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

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