

**Folkestone Limited**

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email: [office@folkestone.com.au](mailto:office@folkestone.com.au)website: [www.folkestone.com.au](http://www.folkestone.com.au)**FOLKESTONE SHAREHOLDERS APPROVE EREP PROPOSAL**

Folkestone (ASX:FLK) is pleased to announce the results of the Extraordinary General Meeting to approve the recapitalisation of Folkestone and the acquisition of Equity Real Estate Partners (EREP) .

All 10 resolutions as set out in the Notice of Meeting and Explanatory Memorandum dated 10 January 2011 and updated in the ASX Announcement dated 10 February 2011 received majority shareholder approval.

The results of the voting on each resolution are attached.

The newly appointed Non-executive Chairman of Folkestone, Mr Garry Sladden and Non-executive Director Mr Greg Paramor, said “We are delighted that shareholders have endorsed the EREP proposal to recapitalise Folkestone and implement the new strategy to restore shareholder value.”

The results of today’s meeting is an important milestone in the re-positioning of Folkestone for future growth and prosperity. As a result of this, Folkestone has the opportunity to recapitalise and then undertake value-added and opportunistic real estate based investments presented by the recent downturn in the real estate and financial markets and take advantage of EREP’s existing real estate funds management platform.

Mr Greg Paramor said “We believe we can be opportunistic in targeting predominantly residential, retail and commercial development projects in established markets in Australia. Capital for real estate remains scarce, and we are seeing a range of investment opportunities with attractive risk-adjusted returns being presented in the value-add and development sectors.”

The acquisition of EREP, which is subject to Folkestone raising a minimum of \$20 million dollars, will further strengthen Folkestone’s future growth potential through the addition of an experienced management team and funds management platform which will offer a range of real estate funds to private clients, high net worth individuals and select institutional investors. The funds management platform will enable Folkestone to create new revenue streams and access additional sources of capital, offering flexibility in assessing, funding, holding and managing real estate assets and generating enhanced shareholder returns.

Mr Paramor said “We believe there is a real opportunity to position Folkestone as a leading provider of real estate wealth solutions. Investors are seeking funds with simpler structures, fee transparency, greater alignment of interest and managers who are focused on actively managing the

assets to drive performance. We look forward to launching new funds that provide investors with access to quality real estate investment opportunities”.

Following the approval by shareholders of the EREP Proposal , Mr Garry Sladden and Mr Ross Strang were elected to the board. As foreshadowed in the Explanatory Memorandum, Mr Alister Maitland and Mr Michael Parkinson resigned from the Board effective immediately. The new Board will now comprise the following directors who have extensive experience in real estate, funds management, finance and the law:

- Mr Garry Sladden - Non-executive Chairman
- Hugh Gurner – Non-executive Director
- Ross Strang – Non- executive Director
- Mr Greg Paramor - currently Non-executive Director and will become Managing Director upon the completion of the acquisition of EREP.

Upon the successful completion of the acquisition of EREP, Mr Jonathan Sweeney will become Chief Operating Officer, Mr Adrian Harrington will become Head of Funds Management and Mr Ben Dodwell will become Head of Property. Mr Scott Martin, currently acting CEO of Folkestone, will be the Chief Financial Officer.

As detailed in the EREP Proposal and approved by shareholders, Folkestone will now undertake a capital raising to raise gross proceeds of a minimum of \$20 million at a minimum price of 12c per share to appropriately recapitalise Folkestone and implement the new strategy. The capital raising will comprise a placement to institutions and sophisticated investors and a priority offer/entitlement offer to existing shareholder and a public offer under a prospectus. Details of the capital raising will be announced shortly. Macquarie Capital Advisors, Molexis and BG Capital will be financial advisers to the issue.

For further information contact

Mr Garry Sladden  
Non-executive Chairman  
02 8667 2800

Mr Greg Paramor  
Non-executive Director  
02 8667 2882



GENERAL MEETING  
Wednesday, 9 March, 2011

As required by section 251AA(2) of the Corporations Act 2001 (Commonwealth) the following statistics are provided in respect of each resolution on the agenda.

Resolution	Manner in which the securityholder directed the proxy vote (as at proxy close):				Manner in which votes were cast in person or by proxy on a poll (where applicable)		
	Votes <i>For</i>	Votes <i>Against</i>	Votes <i>Discretionary</i>	Votes <i>Abstain</i>	<i>For</i>	<i>Against</i>	<i>Abstain</i> **
01 CHANGE OF BUSINESS	40,740,062	22,718,233	2,958,884	0	42,773,464	36,489,496	0
02 CAPITAL RAISING	48,733,758	22,091,524	2,974,884	13,884	50,767,160	35,878,787	13,884
03 ISSUE OF SHARES TO THE EREP VENDORS	40,667,597	23,816,278	1,913,304	20,000	42,850,999	36,391,961	20,000
04 EXECUTIVE INCENTIVE PERFORMANCE RIGHTS PLAN	40,514,194	22,968,101	1,831,987	0	42,737,596	35,303,277	0
05 ISSUE OF PERFORMANCE RIGHTS TO GREG PARAMOR	40,557,416	22,968,101	1,781,987	6,778	42,730,818	35,303,277	6,778
06 ISSUE OF PERFORMANCE RIGHTS TO JONATHAN SWEENEY	40,564,194	22,968,101	1,781,987	0	42,737,596	35,303,277	0
07 ISSUE OF PERFORMANCE RIGHTS TO ADRIAN HARRINGTON	40,557,416	22,968,101	1,781,987	6,778	42,730,818	35,303,277	6,778
08 APPOINTMENT OF GARRY SLADDEN AS A DIRECTOR	47,975,005	23,719,445	1,987,304	132,296	50,208,407	36,319,128	132,296
09 APPOINTMENT OF ROSS STRANG AS A DIRECTOR	47,978,420	23,716,030	1,987,304	132,296	50,211,822	36,315,713	132,296
10 PARTICIPATION IN PLACEMENT BY GREG PARAMOR	40,630,097	23,843,945	1,913,304	29,833	42,813,499	36,419,628	29,833

\*\* - Note that votes relating to a person who abstains on an item are not counted in determining whether or not the required majority of votes were cast for or against that item