

ASX ANNOUNCEMENT

29 June 2011

Market Update

Real estate investment, development and funds management group Folkestone Limited (ASX:FLK) provides the following market update:

The Ranges, Karratha

The acquisition of the 25% interest in the accommodation and housing solution development in Karratha, Western Australia was settled on 3 June 2011, for \$1.6m. Site establishment works have now commenced and construction of Stage 1a is due to commence in late 2011.

Officer, Victoria

The acquisition of the 50% interest in a 14.1 hectare proposed residential development site at Officer, Melbourne was settled on 29 June 2011, and Folkestone is now fully engaged with its joint venture partner to progress the development plan in conjunction with the Officer Precinct Structure Plan approval process.

Performance Rights

In the announcement to the ASX on 10 May 2011 Folkestone stated that "In accordance with the approvals received at the 9 March 2011 shareholder meeting, the quantum of Performance rights issued to the EREP Principals has been adjusted to 15,768,214 Performance Rights based upon the final quantum of gross proceeds raised under the Capital Raising."

The Announcement should have read, "...the quantum of Performance Rights to be offered to the EREP Principals..."

Due to the current size of the Company and his large personal shareholding in the Company, Mr Greg Paramor has decided to waive his entitlement to his Performance Rights approved by shareholders at the shareholder meeting in March 2011.

Mr Adrian Harrington and Mr Jonathan Sweeney were offered and have accepted their offers of 3,942,053 Performance Rights each. This is reflected in the amended Appendix 3B which has been released to the ASX.

The performance period for the Performance Rights will operate from 1 July 2011 to 30 June 2014 thereby aligning the performance period with Folkestone's financial year.

For further information regarding this announcement please contact:

Mr Greg Paramor
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Mr Garry Sladden
Chairman
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