

Folkestone

ASX ANNOUNCEMENT

18 May 2012

FOLKESTONE SELLS ITS MINORITY INTEREST IN DONNYBROOK ROAD, MICKLEHAM PROJECT

Following the sale by the Donnybrook joint venture of 140 hectares of land to the Commonwealth Government (which is expected to settle by 31 July 2012) Folkestone has executed a binding contract of sale to sell its 20.0 per cent interest in the Donnybrook Road, Mickleham project to its joint venture partner AMP Capital Investors. Folkestone's sale price will reflect the book value at settlement which will be approximately \$10.7 million.

The sale is in line with Folkestone's strategy to recycle capital from its legacy projects (Donnybrook Road, Altona North and Clifton Hill) and redeploy it into other investment opportunities. We have allowed for costs associated with the sale of Folkestone's interest in the project of up to \$0.5 million. On this basis the sale will return at least \$10.2 million (2.8 cents per share) in cash to Folkestone.

Upon settlement, Folkestone will have released over \$19.0 million in funds from the legacy assets since April 2011. Only one legacy asset will remain being Altona North, and this asset is being improved via completion of civil works to provide up two super-lots thereby significantly improving access to the site. Negotiations are continuing with key bulky goods tenants for Stage 1 of the development.

Greg Paramor, Folkestone's Managing Director said, "this sale is an important milestone for Folkestone and is the result of extensive work undertaken by the Folkestone management team over the past 13 months. We now are freeing up capital, representing 22.0 per cent of our 31 December 2011 balance sheet assets, from a minority investment in a long term project thereby enabling us to redeploy this capital towards shorter dated projects as per our stated strategy."

For further information regarding this announcement please contact:

Mr Greg Paramor
Managing Director
Folkestone Limited
02 8667 2800

Mr Garry Sladden
Chairman
Folkestone Limited
02 8667 2800

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 investments and its funds management platform offers funds to private clients, high net worth individuals and select institutional investors.