

Folkestone

ASX ANNOUNCEMENT

29 June 2012

FOLKESTONE SETTLES ON SALE OF MINORITY INTEREST IN DONNYBROOK ROAD, MICKLEHAM PROJECT AND EXTENDS SHARE BUYBACK

- **Donnybrook Road, Mickleham net settlement proceeds total \$10.7m**
- **Strategy to recycle capital from legacy projects has realised over \$19.0m since April 2011**
- **Share buyback extended to 31 December 2012**

DONNYBROOK ROAD, MICKELHAM

Folkestone Limited (ASX: FLK) today announced the settlement of its 20.0 per cent interest in the Donnybrook Road, Mickleham project. Folkestone's net proceeds from the sale are \$10.7 million (2.9 cents a share), which is in line with the book value. This final result is an improvement over that previously announced to the market due to lower than anticipated costs associated with the sale. Since April 2011, Folkestone has realised over \$19.0 million in funds from its legacy projects.

Greg Paramor, Folkestone's Managing Director said, "this sale is an important step in executing our strategy to free up capital for redeployment into shorter dated projects. The net proceeds from the sale increase our cash reserves to approximately \$35.0 million representing 9.5 cents cash per share".

SHARE BUYBACK

The share buyback that commenced on 30 January 2012 has been extended until 31 December 2012. The Board continues to assess the merits of this capital management initiative and the amount of shares to be repurchased as market conditions evolve throughout the year and will keep the market informed of the buyback's progress.

To date Folkestone has purchased 550,000 shares under the buyback from the total 9,969,923 shares permitted to be purchased without having to obtain shareholder approval. This leaves 9,419,923 left for purchase, however Folkestone reserves the right to suspend or terminate the share buyback program at any time and to buyback less than 9,969,923 shares.

For further information regarding this announcement please contact:

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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 whilst its funds management platform, Folkestone Funds Management, offers funds to private clients, high net worth individuals and select institutional investors.