

## ASX RELEASE

25 March 2011

### Folkestone Limited

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### Successful Placement and EREP Acquisition

Folkestone (ASX:FLK) is pleased to announce the successful completion of a \$25 million Placement to institutional and sophisticated investors at an issue price of \$0.12 per share.

The Placement is the first part of a two stage Capital Raising which comprises:

- a Placement to institutional and sophisticated investors; and
- a Priority/Entitlement Offer to existing shareholders and General Offer.

The Capital Raising is being undertaken in accordance with shareholder approval at the Extraordinary General Meeting (EGM) on 9 March 2011. The Shareholders supported the Equity Real Estate Partners (EREP) proposal to recapitalise Folkestone and undertake value-added and opportunistic real estate based investments and grow EREP's existing real estate funds management platform.

As approved by shareholders at the EGM, following the successful raising of a minimum of \$20 million, EREP will be acquired for total consideration of \$1 million to be paid via the issue of 8.33 million Folkestone shares at \$0.12 per share to the EREP Principals - Greg Paramor, Adrian Harrington and Jonathan Sweeney. Mr Greg Paramor will become Managing Director of Folkestone.

Mr Garry Sladden, Chairman said, "We are delighted with the strong support we have received for the EREP proposal from both existing shareholders at the recent EGM and the new investors who participated in the Placement."

Mr Greg Paramor, Managing Director designate said, "Folkestone now has a suitably capitalised balance sheet to pursue opportunistic investments, predominantly in residential, retail and commercial development projects. 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 shares issued under the Placement will be allotted on 31 March 2011 and will rank equally with existing ordinary shares.

Further details of the Priority/Entitlement Offer to eligible Shareholders and General Offer to retail investors will be announced in April 2011. The record date for the Priority/Entitlement Offer will be 30 March 2011. Shares issued under the Priority/Entitlement Offer and General Offer will be issued at the same price as the shares offered under the Placement.

Macquarie Capital Advisers acted as Joint Lead Manager, Sole Bookrunner and Financial Adviser. Moelis & Company acted as Joint Lead Manager and Financial Adviser. BG Capital acted as Financial Adviser.

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

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