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# **Folkestone to acquire Access Constructions**

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Property developer Folkestone Limited today announced its intention to acquire Access Constructions, a design and construction builder specialising in industrial and low rise commercial buildings within Victoria. Settlement is due on 31 March subject to finalisation of due diligence.

Access Constructions, established by Mr Peter Herschell some 14 years ago, has carved a niche market in the delivery of industrial complexes using the design and construct ("D&C") delivery system. Turnover has averaged about \$20 million pa in recent years. Mr Herschell will remain with Access for the calendar year, while the key senior executives have committed to the expanded organisation.

Current work in hand is strong with Folkestone set to obtain the benefit of 10 projects currently underway or due to commence within the next few months.

The acquisition will be funded by cash and shares and the final price will be determined by the profitability of the entity up to December 2005.

The impact on Folkestone's earnings per share for the current financial year will be neutral as settlement is due to occur on 31 March 2005. The EPS contribution for 2005/06 is expected to be positive and in the range of 1.0 - 1.5 cents per share.

Access Constructions has constructed two projects for Folkestone over the past few years. These were the Wellington Road Business Park in Clayton (which Mr Herschell was a joint venture partner) and the refurbishment of Miles Street, Mulgrave.

The Folkestone Board wants Access to remain primarily an independent D&C contractor, sourcing and undertaking building works for third party clients. It anticipates that approximately 75-80% of the revenue will be external to the expanded group with the remainder being D&C building activity for Folkestone's developments. Folkestone's Chairman, Mr Alister Maitland noted that "One of the attractions of Access is its specialisation in a niche market and we will not be asking it to undertake major office buildings or the like as this is not its forte."

Mr Allan Davison, Folkestone's Managing Director says "Access has a stable history of profits over the last 14 years and should provide Folkestone with a steady income stream. This will help smooth out our earnings which are inherently volatile. Access' expertise will also provide a significant benefit in Folkestone's own industrial project."

Folkestone sees this as a further step in developing the group and becoming a integrated property company.

## **Background on Folkestone**

Listed in June 2000 on the ASX. Over the past month it has announced the joint acquisition of industrial land with MAB Corporation Pty Ltd in Port Melbourne, advised that it has secured development rights in a joint venture (75/25) with MAB Corporation over land owned by Macquarie Goodman Property Group in Port Melbourne and a pre-lease commitment by Fuji Xerox on land owned by it and MAB Corporation Pty Ltd in Port Melbourne.

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