

ASX/MEDIA RELEASE

***Firstfolio in exclusive talks to acquire a controlling stake in Non-Bank Lender
Calibre Financial Services***

Sydney, 18 July 2011 – Mortgage and financial services company, Firstfolio Limited (ASX: FFF), today announced it was in exclusive negotiations to acquire a controlling interest in non-bank mortgage lender Calibre Financial Services Pty Ltd.

Subject to completion of formal documentation with key shareholders and satisfaction of conditions precedent, Firstfolio will acquire a controlling interest in Calibre. Sydney-based Calibre operates with a warehouse funding line from a major Australian bank and issued its first mortgage-backed security in October 2007 with institutional investors. Calibre has a combined loan book of circa \$440m.

Firstfolio Chief Executive Officer Mark Forsyth said the company now has the scale and capability to enter the non-bank lending market, which had been largely vacated in Australia following the global financial crisis.

“In acquiring an interest in Calibre, Firstfolio gains a securitised lending platform that will give us additional options over funding, product and pricing of residential mortgages as a non-bank lender. It will be a great supplement to our existing lines.” said Mr Forsyth. “Two to three years after the worst of the financial crisis, institutional appetite for quality RMBS (Residential Mortgage Backed Securities) issues is growing, and we will be in a position to satisfy that demand.”

Issued by Sefiani Communications Group on behalf of Firstfolio. Media contacts:

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About Firstfolio

Firstfolio Limited is a mortgages and financial services distribution business, listed on the Australian Securities Exchange under ASX code: FFF. The company offers a diversified range of mortgage lending, aggregation, processing and managing solutions, across the full cycle of the loan, through its national network of mortgage brokers, affiliates and related-industry partners, and *eChoice* – Australia's leading online mortgage brand.

The majority of the company's income is derived from the residential mortgages sector, where it offers aggregation, wholesale lending and management services to a national network of brokers, partner firms and home loan consumers. Firstfolio also offers property-related and financial service solutions including equipment finance, real estate leasing bonds, fee funding, property investment, professional services and insurance.

Loans under management (LUM) have grown to over \$21 billion since the Firstfolio brand was founded in 2006 – making it one of Australia's largest independent platforms for the delivery of financial products and services. It has secure lines of funding through a range of wholesale lenders including ING, Advantedge and Adelaide Bank.

Firstfolio aims to generate long-term earnings growth by continuing to develop the largest independent distribution platform in Australia and expanding its range of products and services, including life insurance, mortgage protection, asset finance and financial planning.

For more information visit: www.firstfolio.com.au.

About Calibre

Calibre commenced operations as a wholesale mortgage funder of high quality prime loans in July 2005. Calibre's key executives were former executives of Australian Mortgage Securities Limited, with loan origination, management and securitisation funding experience dating back to 1988.

Calibre operates its own fully integrated technology platform, developed in-house by Calibre executives with proven track records in delivering IT solutions. Built on today's technology for today's market and product needs, the platform provides the foundation for Calibre's comparative advantage.

Since commencing operations in 2005, the Calibre platform has originated circa \$1bn in mortgages. With quality people, systems and funding, Calibre has been able to deliver market leading branding, product and service to its clients.

Calibre entered the Australian securitisation market in October 2007 with its initial A\$200m RMBS issue. The issue was well supported by a broad cross section of predominantly domestic investors.