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Folkestone Limited

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CEO Address to the 2007 Annual General Meeting.

Ladies and Gentlemen,

At last year's Annual General Meeting I outlined management's strategy to achieve sustainable earnings per share growth.

This strategy involved:

- Identifying and controlling parcels of land capable of supporting multi-year development programs and to,
- Co- invest with like-minded investors in the development.

The strategy enables Folkestone to:

- Generate fee income as it manages the project through the various stages of the development process,
- Produce development profits by co-investing in the development
- Leverage its purchasing power to build a diversified portfolio of projects thereby enhancing its earnings and reducing its risk profile.

In the last year Folkestone has made considerable progress implementing this strategy with the following acquisitions:

- 52 hectares of industrial land in Kororoit Creek Rd, Altona
- 320 hectares of future employment land at Donnybrook Rd, Mickleham and
- 1.1 hectares of mixed use land at Noone St, Clifton Hill .

Each of these three acquisitions met our objective of securing strategic parcels of land with value adding opportunities that could deliver a pipeline of development work over the medium to long term.

The sale of the Altona property after less than a year does not reflect a departure from these objectives. Rather it recognises that from time to time opportunities emerge that enables us to realise our target returns earlier than anticipated.

Prior to its sale Folkestone, added significant value to the property through various planning and development applications.

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As one of the last large land holdings within the rapidly expanding northern growth corridor of Melbourne the Mickleham land has substantial long term potential. An application to have the land rezoned for employment uses has been lodged with the City of Hume.

The Clifton Hill property is a former industrial site that will be reinvigorated and given new life as a residential precinct. The location is highly attractive being only 3km from the CBD and opposite riverbank parkland near Dights Falls. Planning is in progress with the sales program targeted to commence in the third quarter of 2008.

Folkestone's strategy is underpinned by strong relationships with our partners who share our approach to development opportunities. Our approach is attracting interest from a growing number of fund managers providing a solid platform for future growth.

Looking forward the main challenge facing Folkestone is to secure additional projects in a very competitive market.

Demand for property assets of all classes is being driven by:

- Very strong economic conditions both at a federal and state level
- Population growth
- The ever expanding Superannuation Industry and its insatiable appetite of investment assets.

Through the repositioning of the company over the past year it has to be said that the company's construction arm, Access Constructions has continued to deliver excellent results. Access has operated at a high level of activity for the past two years and currently has a strong order book.

Against rising competition, the company will take a cautious and highly selective approach to acquisitions and we are confident that our value creating strategy provides a point of difference and competitive advantage for our development partners.

We look forward to reporting new initiatives to shareholders over the course of the year.



Oscar Guglielmi
Managing Director & Chief Executive Officer

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