

ASX RELEASE

30 November 2010



Chairman's Address

The following address is being given by the Folkestone Chairman Mr Alister Maitland at the Annual General Meeting today.

Good morning Ladies and Gentlemen and welcome to the 43rd AGM for Folkestone Limited.

This has been a year of seeking to complete the recapitalizing of the Company. As noted to the market earlier in the year, Folkestone made a 15% share placement to the principals of EREP together with other sophisticated private investors and also invited a representative of EREP to join the Board with the express intention of undertaking a major capital raising and introducing new management and Board members to refresh the company.

We delayed the AGM to the latest possible date in the hope that we could come to the meeting with a proposition for shareholders to vote on, re a proposed capital raising. In the event, we were not able to complete the necessary documentation which would form the basis of a prospectus or explanatory memorandum. We remain hopeful that this process can be finalised in the near term and enable shareholders to vote on the future capital structure of the company. A substantial capital raising including the ability of existing shareholders to participate, is considered the best basis for ensuring the future viability of Folkestone and therefore of benefit to shareholders.

As most shareholders would know the company has three significant projects in joint ventures with an AMP Fund. I would like to express my gratitude to AMP for the strong support they have shown the company and recognise that an increased capital base for Folkestone will help these projects reach their full potential. In summary the three projects are the industrial site at Altona, the residential infill project at Clifton Hill and the very major industrial site at Donnybrook, in Melbourne's Northern growth corridor. The Altona project has been a considerable disappointment in the wake of the GFC but it is ideally located and there appears to be some renewed interest being expressed for this property. The Clifton Hill project is progressing well with over 95% of the development pre sold. Settlements of the initial stages have commenced and the balance of the site is now under construction and is on schedule to be completed in the second half of the 2011 calendar year. Donnybrook remains the jewel in the portfolio due to its strategic location and the joint venture expect that the interest in this site will be strong as it continues to progress with works to ensure the site is in a position to capitalise on market demand for industrial land requirements. This major project should be of benefit to the joint venture and therefore Folkestone for many years to come.

I appreciate the commitment and effort of Oscar and Scott in seeking to develop these projects while also being diligent about containing costs in the wake of the GFC.

We will now proceed to the formal part of the meeting and hope that this time next year the company will be on an new trajectory with a new Board and management expertise.

For further information regarding this announcement, please contact:

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