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Folkestone Limited - Operations Update

Set out below is a brief update of the current status of Folkestone's existing development projects and Access Constructions' operations.

'Jolimont Square', Wellington Parade South, East Melbourne

Construction of Stage 1 (Charles Street) has now been completed and all 7 dwellings have been sold, with 5 dwellings already settled and the balance due to settle over the coming 4 months.

Construction of Stage 2 (Agnes Street) is progressing well and is due for completion by the end of June 2006. Sales enquiry has been strong with 3 sales already secured.

Total project sales now stand at 17 out of the 21 dwellings/lots available which represents \$25m in sales revenue.

21-29 Miles Street, Mulgrave

Folkestone has entered into a contract of sale for Miles Street Mulgrave for \$3.7m. The purchaser is an owner-occupier and settlement will take place on 1 November 2006.

Toyota Business Park, 50 Bertie Street, Port Melbourne

This project is a joint venture between Folkestone Limited and MAB Corporation Pty Ltd and comprises two office/industrial buildings totalling 6672 m² together with associated carparking.

Construction of Building A was completed in mid May 2006 and the tenant, Fuji Xerox, is now in occupation. Building B contains four separate office/warehouse units and is on track for completion in June 2006. There are active tenancy negotiations on three of the four units and a sale negotiation for the whole building is at an advanced stage.

Toyota Business Park, 155 Bertie Street, Port Melbourne

This business park is being built in three stages in a joint venture between Folkestone Limited, MAB Corporation Pty Ltd and Macquarie Goodman.

Construction of Stage 1 is due for completion in August 2006. It comprises five buildings totalling 7162 m², one of which has been leased to date. Negotiations are close to being finalised for the pre-lease of a purpose built, hi-tech facility which will account for the majority of space planned for Stage 2.

530 Lonsdale Street, Melbourne

Settlements scheduled for the March 2006 quarter occurred as forecasted leaving Level 5 and a small ground floor office suite as the only available space remaining. Marketing of this remaining space is ongoing. All debt on this project was repaid in March 2006.

Access Constructions

Access Constructions is a wholly owned subsidiary of Folkestone and operates as a "design and construct" contractor in the specialised area of industrial buildings.

Access has continued to perform well following their strong first half performance and currently have 8 projects under construction and a further 7 are in the planning/design phase. Profit estimates for this financial year are in line with budget and the forward workbook stands at a healthy \$42m which is equivalent to approximately 12 months turnover.

Profit Guidance

The profit guidance remains as previously stated in the December 2005 half year report.

For further information please contact:

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