

Notice of Annual General Meeting

Folkestone Limited

ABN 21 004 715 226

The forty second Annual General Meeting of FOLKESTONE LIMITED will be held at the offices of Baker & McKenzie at Level 19, 181 William Street, Melbourne on Tuesday, 24 November 2009 commencing at 11.30 am.

Agenda

Financial Statements

1. To consider the Directors' Report, Financial Statements and Independent Audit Report for the year ended 30 June 2009.

Unless the Company's Share Registry has been notified otherwise, shareholders will not be sent a hard copy of the Annual Report. All shareholders can view the Annual Report, which contains the Financial Report for the year ended 30 June 2009 on the website of the Company (www.folkestone.com.au), under Investor Centre/Annual Reports.

Questions and Comments

Following the consideration of Reports, the Chairman will give shareholders an opportunity to ask questions about or comment on the management of the Company or its financial statements.

Election of Director

To consider and, if thought fit, to pass the following as ordinary resolutions:

2. "That Ms Kaye Dening, a Director retiring from office by rotation in accordance with Rule 58 of the Constitution, being eligible, is re-elected as a Director of the Company."

Information about Ms Dening is set out in the Explanatory Notes.

Adoption of the Remuneration Report

3. To adopt the Remuneration Report for the financial year ended 30 June 2009. Please see the attached Explanatory Notes.

(Note that the vote on this item is advisory only and does not bind the Directors of the Company.)

By Order of the Board



Company Secretary
16 October 2009

Entitlement to attend and vote

In accordance with Reg 7.11.37 of the Corporations Regulations 2001, the Board has determined that persons who are registered holders of shares of the Company as at 7:00pm (AEDT) on 22 November 2009 will be entitled to attend and vote at the Meeting as a shareholder.

If more than one joint holder of shares is present at the meeting (whether personally, by proxy or by attorney or by representative) and tenders a vote, only the vote of the joint holder whose name appears first on the register will be counted.

Proxies

If you are unable to attend and vote at the meeting and wish to appoint a person who is attending as your proxy, please complete the enclosed proxy form. This form must be received by the Company by 11.30am (AEDT) on Sunday, 22 November 2009.

The completed proxy form may be:

- Mailed to Link Market Services Limited, Locked Bag A14, Sydney South, NSW 1235;
- Faxed to 61-2-9287-0309; or
- Delivered by hand to Link Market Services Limited, Level 12, 680 George Street, Sydney, NSW 2000.

A member entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specific proportion of the members voting rights. A proxy need not be a member of the Company.

Voting by Attorney

A proxy form and the original power of attorney (if any) under which the proxy form is signed (or a certified copy of that power of attorney or other authority) must be received by the Company no later than 11.30am (AEDT) on 22 November 2009 being 48 hours before the meeting.

Corporate Representatives

A body corporate which is a shareholder, or which has been appointed as a proxy, is entitled to appoint any person to act as its representative at the meeting. The appointment of the representative must comply with the requirements under section 250D of the Corporations Act. The representative should bring to the meeting a properly executed letter or other document confirming their authority to act as the company's representative.

Explanatory Notes on Resolutions

Resolution 2 – Re-election of Kaye Dening as a Director of Folkestone Limited

Kaye H Dening (64)

AM, BEc, AAPI (Val), AAIB, JP

Non-Executive Director

Kaye was appointed as a Non-Executive Director in June 2007 and is a member of the Audit and Risk Management and Remuneration Committees. Kaye has a long history of involvement in the construction and property development industries as CEO of Dening Group and has worked with Stockland Limited and NSW Government Landcom.

Resolution 3 – Adoption of Remuneration Report

The Directors' Report for the year ended 30 June 2009 contains a Remuneration Report which sets out the policy for the remuneration of the directors of the Company and specified executives of the Company.

The Corporations Act requires that a resolution be put to the vote that the Remuneration Report be adopted. The Corporations Act expressly provides that the vote is advisory only and does not bind the directors or the Company.

Shareholders attending the AGM will be given an opportunity to ask questions about, or make comments on the Remuneration Report.