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Bidding war for Folkestone

Nick Lenaghan

Rich list investors Alex Waislitz and Bill Bowness have sweetened their recapitalisation proposal for listed developer Folkestone in a bid to fend off a rival plan by Greg Paramor.

The sweetened offer emerged over the weekend, prompting chairman Alister Maitland to postpone today's scheduled shareholder meeting for two more weeks.

Investors were due to vote today on Mr Paramor's plan to recapitalise the tiny Melbourne company and take over the management of it.

Mr Paramor had himself improved the price at which equity would be raised in his plan – from 8¢ to 12¢.

The rival proposal, underwritten by Bell Potter, has also lifted its rate from 10¢ a share to 12.5¢.

The four-man board is now bitterly divided between Mr Maitland and Michael Parkinson, who are supporting the Waislitz-Bowness proposal, and Mr Paramor and his ally Hugh Gurner.

Mr Waislitz, the son-in-law of the late Richard Pratt, looks after the family investment vehicle Thorney Holdings, which has a 9.58 per cent stake in Folkestone.

Mr Bowness, a property developer who also sits on the board of Centro Retail Trust, has a 10.76 stake.

Mr Paramor's 4.74 per cent stake would have been excluded from the vote today, but he was confident most shareholders were backing him, based on the flow of proxies.

"The party canvassing the shareholder interest indicated that there was overwhelming support from the non-aligned shareholders to our

proposal," Mr Paramor said. "Overall, we were expecting it to have been positive our way."

Mr Paramor said the appearance of the revised Waislitz-Bowness proposal after proxy votes had closed, raised issues of procedural fairness and shareholder democracy.

As well, Mr Paramor, who formerly headed Mirvac, noted the board had failed to release an independent report it commissioned, comparing the rival proposals.

"It's been very much not released. I think you can draw your own conclusions on that," he said.

Under his plan, Folkestone would buy out Mr Paramor's boutique property platform, Equity Real Estate Partners, as part of a larger transformation away from development and into funds management.

The Folkestone board unanimously endorsed that plan until earlier this month, when Mr Maitland switched tack to back the Waislitz-Bowness plan.

Adding to the confusion for shareholders, the vote on Mr Paramor's plan will still go ahead even though the Maitland-led board has endorsed the rival plan.

In its statement to the stock exchange yesterday, the board said the Waislitz-Bowness proposal was fairer to shareholders because it would raise capital through a non-dilutive raising.

Mr Paramor has argued that Mr Waislitz and Mr Bowness could take up any shortfall under their plan, giving them as much as a 35 per cent combined stake.

"You are effectively positioning the company to be controlled by one or two shareholders."