

# Games Folkes play

Alex Waislitz and Bill Bowness are by reputation two of the smartest investors on the street, which makes you wonder what game they are playing at property minnow Folkestone.

The two own a combined 22 per cent of the company and have done so over a period in which revenues have fallen from about \$80.4m in 2007 to \$2.5m at the end of last financial year. Profit over the period has fallen \$4.3m to a loss of \$3.5m, according to Bloomberg Data.

Company secretary and acting CEO Scott Martin has declined to return phone calls, as has the chair, Alistair Maitland.

The two major shareholders have been happy to watch the finances deteriorate until, it seems, a possible rival in the shape of Greg Paramor appeared.

Even then they were happy to accept the \$850,000 or so he and his associates invested in the \$14m company in May last year.

That placement was the first leg of an agreed deal in which Paramor would effectively backdoor list a new property funds management venture into Folkestone.

Earlier this month, one independent director, Kaye Denning, quit in protest at the sudden change in stance from the chair and the major shareholders.

Chief executive Oscar Guglielmi quit last December for much the same reason.

The board now consists of four people, Hugh Gurner and Paramor on one side of the fence and Alistair Maitland and Michael Parkinson on the Waislitz side.

Maitland was up for re-election last November and got back by 1.2 million votes out of 68 million cast, which suggests he is not hugely popular, for the obvious reason the company's performance has been woeful.

In recent days, Contango Asset Management, which voted against Maitland, sold its stake of about 8 per cent in an open auction, which landed in favour of the Paramor forces. Waislitz has since topped up his holding from 9.6 per cent to 11.6 per cent and may well have been the buyer of about 900,000 shares, or three times average volume that traded yesterday. The reason is, on March 9 a rescheduled meeting will vote on the planned Paramor deal, which Waislitz can vote against but as a related party Paramor can't.

At this stage we could all stand and cheer, but we should ask: given the past performance, just why have they bothered, just how minority shareholders fare and just what is the future of a company whose governance record stinks and whose major shareholders have no apparent strategy for future growth.

If the deal is voted down, Waislitz would be the major beneficiary of a proposed \$25m capital raising that would push him and Bowness to 35 per cent control.

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An article by John Durie from:  
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