

Challenge to RHG delisting plan

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John Kinghorn's RHG faces the overthrow of two directors as investors revolt against management's plan to delist the former RAMS Home Loans and end dividend payments following a controversial share buyback proposal.

Fund managers Karl Siegling of Cadence Capital and Geoff Wilson of Wilson Asset Management have a combined stake of 8.4 per cent in RHG and have joined forces to propose the requisition of a general meeting.

Mr Siegling and Mr Wilson said RHG's proposed buyback at 88¢ a share and subsequent delisting meant shareholders must accept the buyback or hold shares in an unlisted company that would not pay dividends.

Mr Siegling said: "We will push for RHG to remain listed and the new board would be committed to paying out surplus cash and dividends."

Mr Siegling and Mr Wilson are proposing the removal of Greg Jones and John McGuigan as directors. They have nominated their replacements as Malcolm McComas and fund managers Gabriel Radzyninski and Paul Jensen.

Mr Siegling said they would not attempt to remove Mr Kinghorn as he was a major shareholder and familiar with the business.

Mr Kinghorn holds 11.1 per cent of RHG, while his son Geoff Kinghorn has 12.7 per cent.

If appointed, the new directors would seek to implement a buyback on the same terms of 88¢ a share.

An independent expert's report by Deloitte concluded the fair market value of RHG's shares was between 96¢ and \$1.31.

The proposal backed by Mr Siegling and Mr Wilson would enable investors to stay in a listed company. Mr Siegling said the buyback price was likely to be maintained at 88¢, but emphasised their commitment to future capital returns, which are not flagged under Mr Kinghorn's plan.

RHG has a mix of retail and institutional shareholders, including members of Intelligent Investor, Naos Asset Management and Paradise Investment Management.

Intelligent Investor represents between 12 per cent and 14 per cent of RHG shareholders, most of these retail.

Managing director Steve Johnson said the company wanted to keep RHG listed and return capital but "retail shareholders need to be on their guard about the buyback go-ahead at the same price. Every share bought back at 88¢ will increase value for remaining shareholders."

Naos Asset Management portfolio manager Sebastian Evans said more detail on the proposals was needed.

"But we don't want Mr Kinghorn to get it all to himself in an unlisted vehicle with no further dividend payments," he said.

RHG spokesman Matthew Horan said: "We note the intention to seek a general meeting and will await formal notification."

The Australian Financial Review

KEY POINTS

- Two large investors want RHG to remain listed and pay dividends.
- They want to remove two directors and install three new ones.

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