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RAMS founder John Kinghorn forced into uneasy truce

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RAMS Home Loans founder John Kinghorn was preparing to back down last night over an element of the controversial plan to buy out minority shareholders in what is now called RHG Ltd, by withdrawing his proposal to delist the stock.

Until yesterday, his position was that if he and his son Geoffrey, who own 23.6 per cent of RHG, were able to complete a buyback at 88c a share, he would seek delisting from the ASX and it would cease paying dividends.

He put up the original proposal at the company's annual meeting last November after it became apparent there were no obvious buyers for the rump company. Fund managers Geoff Wilson of Wilson Asset Management and Karl Siegling of Cadence Asset Management have requisitioned an extraordinary general meeting for April 28 in a bid to derail the buyback proposal, which they believe undervalues the company.

RHG is effectively a mortgage book in run-off and an independent valuation by Deloitte valued the shares in a range between 96c and \$1.31.

Investment group The Intelligent Investor, whose members own 12-14 per cent, also opposes the buyback and values the stock at between \$1.20 and \$1.50.

Vas Kolesnikoff, chief executive of the Australian Shareholders Association and a firm opponent of the buyback, welcomed news of a possible backdown but added "the proof of the pudding will be on April 28".

Mr Wilson, who is understood to speak for a sizeable chunk of stock in a looming vote where the Kinghorns may not vote their 23.5 per cent stake, declined to comment last night.

The EGM proponents have included a motion in the meeting agenda to remove Kinghorn allies John McGuigan and Greg Jones from the board and instal Malcolm McComas, Gabriel Radzynski and Paul Jensen. Mr Kinghorn would remain a director but would be outnumbered by the new arrivals.

Mr Kinghorn achieved notoriety by floating off an 80 per cent stake in RAMS for \$650 million in 2007, two months before global credit markets seized and the group had to be put in run-off.