



Australian Government

Takeovers Panel

# MEDIA RELEASE

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No: TP20/059

Thursday, 15 October 2020

## Thorn Group Limited – Panel Receives Application

The Panel has received an application from Forager Funds Management Pty Ltd in relation to the affairs of Thorn Group Limited (ASX: TGA).

Details of the application, as submitted by the applicant, are below.

A sitting Panel has not been appointed at this stage and no decision has been made whether to conduct proceedings. The Panel makes no comment on the merits of the application.

### Details

Thorn is an ASX listed diversified financial services organisation that provides consumer and commercial leasing products and consumer and commercial financing solutions.

On 12 October 2020, Thorn declared a fully franked special dividend of \$0.075 per share totalling approximately \$24 million, which is proposed to be paid to shareholders on 3 November 2020 (**Special Dividend**). Thorn's dividend reinvestment plan (**DRP**) will apply to the Special Dividend. Thorn also announced that the board "*...continues to consider, Thorn's ability to undertake a buy back of Thorn shares for an amount in the order of \$15 to 25 million...It is the present intention of Thorn's board to, in January 2021, seek shareholders' approval for the terms of an off-market buy back of Thorn shares...*"

The applicant submits (among other things) that:

- "*the application of the DRP to the Special Dividend is being applied for a purpose other than raising funds or allowing investors to remain invested in Thorn*" and Thorn's reliance on item 11 (dividend reinvestment) of section 611<sup>1</sup> will be inappropriate

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<sup>1</sup> Unless otherwise indicated, all statutory references are to the *Corporations Act 2001* (Cth), and all terms used in Chapter 6 or 6C have the meaning given in the relevant Chapter (as modified by ASIC)

- the application of the DRP will enable Thorn's largest shareholder, Somers Limited and its associates (**Somers**), to acquire further control over the shares in Thorn in a manner that is unacceptable and is contrary to the policy objectives under section 602
- *"the DRP (of itself), and also when considered in conjunction with the Proposed Buy Back, will have an effect on control of Thorn in unacceptable circumstances"* and
- the application of the DRP to the Special Dividend is *"in direct commercial conflict"* with the proposed off-market buy back.

The applicant seeks interim orders that Thorn not issue shares to any shareholders (or in the alternative, to Somers) under the DRP until after the Panel proceedings.

The applicant seeks final orders that Thorn be prohibited from applying its DRP to the Special Dividend or in the alternative, that recipients of the Special Dividend only be allowed to apply under the DRP for the number of shares that would be permissible under the creep exception in item 9 of section 611.

Allan Bulman  
Director, Takeovers Panel  
Level 16, 530 Collins Street  
Melbourne VIC 3000  
Ph: +61 3 9655 3500  
[takeovers@takeovers.gov.au](mailto:takeovers@takeovers.gov.au)