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Look who's turned up on RHG register

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THE RHG home loans book was endorsed as a continuing target of investor interest yesterday when the former Babcock & Brown managers Phil Green and Trevor Loewensohn emerged as major shareholders in the company.

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A rumoured bid by Mr Loewensohn's Alceon Group for RHG took a more concrete form yesterday when Alceon announced a 10.25 per cent stake in RHG.

Both Mr Loewensohn and Mr Green were named in the substantial shareholder notice lodged last night, although Mr Green's family company only had a beneficial interest in about a third of the 31.4 million shares owned by the group.

The group announced it has been buying the stock since April, although it has built up most of its stake since June 27.

The stake roughly matches the 11 per cent shareholding sold by RHG's founder and existing chairman, John Kinghorn, in May.

Mr Kinghorn sold his 35 million shares at prices between \$1.24 and \$1.28 after his proposal to buy back the company for 88 cents a share was knocked back by institutional investors.

Institutional investors, led by Geoff Wilson at Wilson Asset Management, objected loudly to the proposal, arguing it was a lowball offer that failed to accurately value the business.

They also voiced fears the buyback was a prelude to the business being privatised by Mr Kinghorn. At the time, the business had a net asset value of \$1.16 per share.

The institutional shareholders' argument of more value than was reflected in the buyback was partly vindicated when the company made a 79 cent distribution after the buyback failed.

Shares in RHG are still trading above 50 cents, closing yesterday at 51 cents.

After Mr Kinghorn's campaign was rolled, the company resolved to find the best way of exiting its existing home loan book and returning money to shareholders.

Late last month Deutsche Bank also revealed it had become a substantial holder with a 5.6 per cent stake.

RHG is made up of the surviving loans from the ill-fated RAMS home loan business that Mr Kinghorn listed on the Australian Securities Exchange in 2007, before it quickly collapsed due to its reliance on short-term funding.

Mr Kinghorn made an estimated \$650 million in the float.

Westpac subsequently bought the RAMS brand and re-launched it as a wholly-owned lender.

This story was found at: <http://www.theage.com.au/business/look-whos-turned-up-on-rhg-register-20110704-1gz5z.html>