



Australian Government

Takeovers Panel

# MEDIA RELEASE

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No: TP13/45

Thursday, 26 September 2013

## RHG Limited – Panel Receives Application

The Panel has received an application from Resimac Limited and Australian Mortgage Acquisition Company Pty Limited (together the **Resimac Syndicate**) dated 25 September 2013 in relation to the affairs of RHG Limited. RHG is currently party to a merger implementation deed with the Resimac Syndicate under which the Resimac Syndicate would acquire 100% of RHG shares. RHG has received a competing proposal from Pepper Australia Pty Limited and Cadence Capital Limited.

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

On 8 July 2013, RHG and the Resimac Syndicate entered into a merger implementation deed under which the Resimac Syndicate would acquire 100% of RHG shares for \$0.441 cash per share.

RHG subsequently received three proposals from Pepper (initially acting alone, then with Cadence, a 17.1% shareholder in RHG) and, separately, two further proposals from the Resimac Syndicate. The most recent proposals were:

- (a) from the Resimac Syndicate on 23 August 2013, involving the acquisition of 100% of RHG shares for \$0.495 cash per share and
- (b) from Pepper/Cadence on 9 September 2013, involving the acquisition of 100% of RHG shares for \$0.36 cash per share plus 1 Cadence share for each 10 RHG shares.<sup>1</sup> Under this proposal Cadence would receive \$0.50 cash for each of its

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<sup>1</sup> Or \$0.43 cash per share plus 1 Cadence share for every 20 RHG shares, if the relevant approvals for the issue of Cadence shares sufficient to offer the 1:10 ratio cannot be obtained

RHG shares and \$1.40 cash per Cadence share issued as a part of the proposal.<sup>2</sup> In addition, Cadence stated that its board has resolved to approve a buyback of up to 10% of Cadence's shares on issue and it may implement the buyback if the Cadence share price trades materially below net tangible assets.

Cadence has stated that it does not support the Resimac Syndicate proposal and intends to vote all the RHG shares it owns against it.

RHG has stated that it is assessing the current Pepper/Cadence proposal against the current Resimac Syndicate offer.

The Resimac Syndicate submits that:

- (a) Pepper has offered Cadence collateral benefits to induce it to vote against the Resimac Syndicate scheme of arrangement, thereby denying RHG shareholders (other than Cadence) a reasonable and equal opportunity to participate in the Resimac Syndicate proposal and that the Resimac Syndicate will be denied the opportunity to compete for corporate control of RHG and
- (b) Cadence's announcements in relation to its potential buyback are inadequate.

The Resimac Syndicate does not seek interim orders.

The Resimac Syndicate seeks final orders that Cadence be restrained from voting against the Resimac Syndicate scheme of arrangement unless the RHG board has withdrawn its recommendation of the Resimac Syndicate offer, and that Cadence make additional disclosure in relation to the details of its proposed buyback.

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<sup>2</sup> Because Cadence cannot receive its own shares as consideration. Pepper/Cadence acknowledge this is likely to put Cadence in a separate class for voting purposes if the scheme of arrangement is put to RHG shareholders