

R H G

ASX Announcement

Tuesday 8 September, 2009.

RHG Limited - Requisition of a General Meeting

RHG has received a requisition for a General Meeting from a group of shareholders holding just over 5% of the Company's issued shares. Details are attached to this note.

The Board does not endorse the statements made in the Members Statement and will comment at an appropriate time.

RHG will arrange for the appropriate notices, including timing and location of the meeting, to be sent to shareholders shortly.

RHG has previously advised the market that the Annual General Meeting is scheduled for the 12th November 2009. To comply with the Corporations Act the General Meeting that has been requisitioned by 12 members must be held within two months of the receipt of the requisition and consequently will be held before the Annual General Meeting.

Further media enquiries

Matthew Horan
0403 934 958

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7 September 2009

The Directors
RHG Limited
Level 22
1 York Street
SYDNEY NSW 2000

RHG Limited - Requisition of a General Meeting

We enclose requisitions for a general meeting of RHG Limited (**RHG** or the **Company**). The requisition is signed in counterpart by 12 members of RHG (**Members**). **Together the Members hold at least 5% of the votes that may be cast at a general meeting of the Company.**

In accordance with Section 249D of the Corporations Act, the directors of RHG are required to call the requested general meeting within 21 days of the date of this request, and the general meeting is required to be held within 2 months of the date of this request. If the directors do not call the meeting within this timeframe, the Members will be entitled to call and arrange a general meeting at the expense of RHG for the purpose of passing the attached resolutions pursuant to Section 249E of the Corporations Act.

In accordance with Section 250N of the Corporations Act, the Members give notice of the attached resolutions that they propose to move at a general meeting of RHG. The Members request that the company call and arrange to hold a general meeting to consider the following resolutions:

Proposed Resolution

1. To be considered and, if thought fit, passed as an ordinary resolution:

"That Mr David Coe be removed from office with effect from the close of the meeting."

2. To be considered and, if thought fit, passed as an ordinary resolution:

"That Mr Steven Johnson be appointed as a director of the Company, with effect from the close of the meeting."

3. To be considered and, if thought fit, passed as an ordinary resolution:

"That Mr Gregory Hoffman be appointed as a director of the Company, with effect from the close of the meeting."

We also enclose a member statement which we require that RHG gives to all of its members in accordance with Section 249P of the Corporations Act.

Yours faithfully,



Steven Johnson
on behalf of the Members

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Consent to Nomination and to Act as Director

**RHG Limited
(Company)**

I, Steven Johnson, consent to my nomination as a director of the Company for the purposes of rule 10.6 of the constitution of the Company and consent to act as a director of the Company for the purposes of section 201D of the Corporations Act.



Steven Johnson

Date: 7 September 2009

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Consent to Nomination and to Act as Director

**RHG Limited
(Company)**

I, Gregory Hoffman, consent to my nomination as a director of the Company for the purposes of rule 10.6 of the constitution of the Company and consent to act as a director of the Company for the purposes of section 201D of the Corporations Act.



Gregory Hoffman

Date: 4th September 2009

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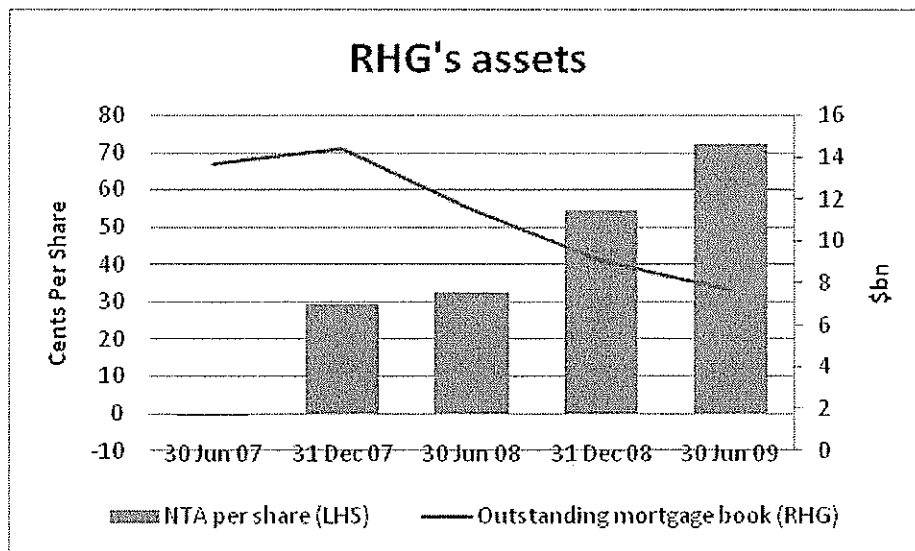
Section 249P Member Statement

Fellow shareholders, members have taken the substantial step of requisitioning a meeting to effect a change to the board of directors of RHG Limited (**RHG** or the **Company**). Our objective is to maximise the value of shareholder wealth.

When RHG (formerly RAMS Home Loans) listed in June 2007, the Company was a mortgage origination business. Less than a month after listing, the overseas debt markets from which the Company obtained the majority of its funding collapsed¹. In November 2007, RHG sold the RAMS brand to Westpac, leaving RHG with a \$15.0bn mortgage book². These mortgages are held in special purpose vehicles which are not owned by RHG (**SPV**). RHG has a right (Future Servicing Right or **FSR**) to keep the difference between what these vehicles collect from their customers and what they must pay to lenders who provide the funding to these SPVs.

As it is in run-off mode, the mortgage book amortises as the loans are repaid and will, one day, be worth nothing. In the interim, this FSR is a valuable asset. While the mortgage portfolio has been paid down to \$7.7bn, profits being generated increased the net tangible assets on RHG's balance sheet from less than zero as at 30 June 2007 to \$233.5m as at 30 June 2009. This represents 72 cents per share based on the existing capital structure of the Company. This does not attribute any additional value to \$57m of franking credits that have also accrued³.

This increase in NTA as the mortgage book is run-off is illustrated below:



During the next five years, there is the potential for a further \$120m of value, not including any return on the existing assets or attributing any value to franking credits. This calculation is based on the directors' forecast profit of \$55m -\$65m for the 2010 financial year, and correspondingly lower profits in future years as the loan book amortises.

The existing board

The board has in previous years indicated that net income and surplus cash would be returned to shareholders over time. Despite refinancing the majority of its funding facilities and generating a substantial amount of surplus cash, nothing has been returned to shareholders.

¹ Source: 14 August 2007 ASX announcement: Impact of global debt market on RHG funding.

² Source: Explanatory Memorandum B released to the ASX 26 Oct 2007.

³ Source: RHG profit guidance provided to the ASX 24 August 2009, audited financial statements for the year ended 30 June 2009, financial statements for the half year ended 31 December 2007.

At the 2008 AGM, chairman John Kinghorn indicated that the Company may re-enter the Australian home loan market after November 2010. Neither strategy - returning the cash to investors or investing it in a new business venture - has been mentioned since.

It appears that the board does not have a strategy for returning these assets to shareholders, does not plan to do so, or has not clearly communicated its strategy to shareholders. Investors are in the dark regarding what is to become of the existing and future assets accruing on RHG's balance sheet.

The existing board is not functioning in a manner befitting a \$170m publicly listed company.

The RHG board only has four directors. Despite being paid a total of \$403,500 in directors' fees, the board only held four (4) meetings in the 2009 financial year. Only one director, John McGuigan, managed to attend all four meetings. David Coe only attended half of the meetings. We are not aware of another publicly listed company with a market capitalisation greater than \$100m that has given less time to their duties as stewards of shareholders' capital.

The proposed solution

The members are proposing a reconstruction of the RHG board by removing David Coe as a director, and appointing Steven Johnson and Gregory Hoffman as new directors to the board.

The two new directors would work with the rest of the board to develop a clear strategy for the maximisation of shareholder wealth including, where possible, the return of surplus cash to shareholders in the form of fully-franked dividends or return of capital. Once developed, this strategy would be clearly communicated to shareholders, enabling shareholders to make a fully informed decision about their investment in RHG.

The new five-member board would be more representative of the RHG's diverse shareholder base and more appropriate for a company of this size and level of profitability.

Proposed new directors

Steven Johnson - B. Economics, Econometrics and Finance (UNSW)

Steve is the Managing Director and Company Secretary of The Intelligent Investor Publishing Pty Ltd (AFSL 282288). He is also a Responsible Manager for the company's Australian Financial Services Licence and sits on the compliance committee.

Steve has managed the day to day operations of the business, developed the company's business plans, managed staff and been a key driver of The Intelligent Investor's development. In addition to these management duties, he has played a key role in the company's value-based research, with primary responsibility for infrastructure and finance stocks. Prior to joining The Intelligent Investor in 2003, Steve worked for Macquarie Group in Sydney, Vienna and London and worked on a number of large project finance and cross-border leasing transactions.

Gregory Hoffman - B. Business (UTS)

Greg is The Intelligent Investor Pty Ltd's Research Director. He is also a Responsible Manager for the company's Australian Financial Services Licence and sits on the compliance committee.

Greg manages The Intelligent Investor's research team and is responsible for analyst development, the company's research framework and has ultimate responsibility for recommendations. He has worked for The Intelligent Investor for nine years and has a wealth of experience in security analysis.