

# Kensington buyers on Investec short list

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INVESTEC has short-listed potential buyers for Kensington, one of the largest specialist mortgage businesses in the UK, which it acquired for £283m just before the subprime crisis in 2007.

Investec CEO Stephen Koseff said yesterday the group was in the "second phase" of discussions to sell the business after Sky News reported the short list included private equity companies Blackstone Group and TPG Capital

Management, which are expected to make a combined offer.

Investec has been through a period of restructuring since the 2008 crisis, selling a number of noncore businesses including its banking operations in Australia.

Speaking at the release of the group's full-year results to March, Mr Koseff said there had been a "lot of interest" in the business.

Sky News reported that Lonestar, a specialist US property investor, was on the short list.

Goldman Sachs, Virgin Money and Metro Bank had all bid for the

business, although at least two of them were no longer involved, according to Sky News.

Mr Koseff said an announcement on the buyer would be made late next month or in July.

Commenting on Investec's financial performance, Mergence portfolio manager Brad Preston said Investec's results were "generally good".

"We are generally happy with the progress to address the legacy businesses, and the market has been rewarding the share for the progress that management is

making. The sale of Kensington would be a next step in the strategy and a positive catalyst if they manage to achieve it," he said.

Investec's full-year results to March were hurt by the rand's depreciation of about 20% against the pound over the year as it reports in sterling. "The rand killed us. If you look at our results in rand, operating profit was up 28%, and in currency-neutral it was up 20%," Mr Koseff said.

In sterling, operating profit increased 6% to £452m.

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