

Friday, 22 March 2013 - Pepper Australia Pty Limited ("Pepper") today announced it has acquired a circa A\$250 million small balance commercial mortgage portfolio from Citigroup Pty Limited ("Citibank"). The acquisition is part of Pepper's strategic growth plans to extend its specialised lending services beyond residential home loan products.

This is Pepper's first domestic acquisition of 2013, but comes on the back of an 18 month period that has seen the Company acquire several whole loan portfolios and financial services businesses, in Australia and Europe, facilitating its expansion into new asset classes and markets.

The small balance commercial loan portfolio acquired by Pepper includes loans to approximately 730 customer relationships with an average balance of circa A\$345,000. The vast bulk of the loan book is secured by residential and commercial properties located in New South Wales (mainly Sydney) and Victoria, with some exposures in Queensland, Western Australia, South Australia and Tasmania.

Since launching in Australia in early 2001, Pepper has built a strong reputation for its expertise in originating and servicing high quality residential mortgage assets. During the GFC, Pepper further demonstrated its resilience with an expansion into third-party multi-asset loan servicing, with total proprietary and third-party assets under management now exceeding A\$6 billion across Australia, New Zealand and Europe.

This latest acquisition enables Pepper to further diversify its business into the commercial real estate space, while retaining its position as one of Australia's leading specialist lenders to self-employed and small business owners.

Patrick Tuttle, Pepper's Group Managing Director & CEO, is confident that the acquisition will be accretive to the Group's earnings and will provide a sound basis from which it can better assess the feasibility of commencing new Pepper-branded originations in the small balance commercial space in the near term, possibly within the next six to twelve months.

He added, "A small balance commercial mortgage offering would complement our existing range of specialist residential mortgages which have traditionally focused on providing competitive access to credit for self-employed and small business owners".

Tuttle said, "The small business sector has largely been forgotten in the wake of the GFC, so Pepper is keen to expand its product offerings to this sector as we continue to experience new lending growth well ahead of system growth".

George Trowse, Chief Financial Officer of Citibank in Australia, said "we are pleased to be able to sell this portfolio to Pepper, and believe it is a good outcome for Citi and our customers, whom we believe will benefit from this arrangement. This portfolio was moved into Citi Holdings following Citi's decision in 2009 to close its commercial property book in Australia and to focus on residential mortgages, capital markets services and lending to large property companies".

Pepper's Executive Chairman, Mike Culhane, noted: "The acquisition of this Citibank commercial loan book is a highly strategic investment for Pepper and leverages our deep experience in managing and servicing small balance commercial loan books on behalf of third-parties. It also provides further diversification of earnings for the Group and optionality around new secured lending against commercial property, a sector which Pepper now views as core business".

As part of the acquisition agreement between the two lenders, Citibank will continue to provide customer service to its former clients during a transition period that is expected to last approximately three months.

-Ends-

For more information please contact:

Natalie Cameron / Jo McIntosh

DEC Public Relations for Pepper Australia

02 8014 5039 / (02) 8014 5038

pepper@decpr.com.au

Notes to editors:

About Pepper – Key Facts

Pepper Group ("Pepper") is Australia's largest non-bank residential mortgage lender (as measured by total assets under management), a leading provider of specialty residential mortgage and consumer financing and a highly experienced third-party loan servicer and asset manager. Worldwide,

the company currently has approximately A\$6 Billion of loan and lease assets under management (comprising residential mortgages, commercial mortgages, equipment leases, small business loans, unsecured consumer loans and car loans). Since establishing itself as a specialist residential mortgage lender in the Australian market in March 2001, Pepper has originated more than A\$3.8 billion of specialist residential mortgages in Australia. In 2011 Pepper acquired GE Capital's Australian and New Zealand mortgage lending businesses, which comprised a portfolio of approximately A\$5.0 billion of Australian and New Zealand residential mortgages. This transaction was one of the largest whole loan transactions in Australian history. In June 2012, Pepper established Pepper Asset Servicing in Ireland, having acquired the Irish mortgage business of GE Capital which included 3,500 Irish mortgage accounts and €600 million in receivables. At the time the company also assumed responsibility for the servicing of GE Capital's Irish portfolio of personal, small enterprise and auto loans. Since then the company has invested significantly in the Irish operation and recently announced it had been appointed by CarVal Investors to provide special servicing, master servicing and asset management on the €380 million Pittsburgh portfolio of loans CarVal Investors acquired from Lloyds in December 2012. Pepper's current wholesale funding partners in Australia include Commonwealth Bank of Australia, National Australia Bank and Westpac Banking Corporation. In addition to lending and servicing its own mortgage portfolio, Pepper provides third party servicing of various types of mortgages, leases and unsecured loan products. Pepper is jointly led by Executive Chairman, Mike Culhane, and Group Managing Director & CEO, Patrick Tuttle. Mike and Patrick are focused on ensuring Pepper continues to leverage its core credit underwriting and loan servicing expertise both in its home market of Australia and other underserved markets in Europe and Asia. Pepper is regulated by the Australian Securities & Investments Commission ("ASIC") in Australia. Pepper Finance Corporation (Ireland) is regulated by the Central Bank of Ireland (CBI) in Ireland. Pepper is ranked by S&P as a "STRONG" Residential Loan Servicer and is included on S&P's Global Select Servicer List.