



Pepper Group Limited
Level 27, 177 Pacific Hwy
North Sydney NSW 2060
t +61 2 8913 3030
f +61 2 9463 4666
pepper.com.au

23 March 2017

Pepper Group achieves a record breaking PRS18 RMBS transaction

Pepper Group Limited (ASX:PEP) has priced its \$900m Pepper Residential Securities Trust No 18 (PRS18) RMBS issue today.

The senior AAA-rated floating AUD note priced at 140bps over 1m BBSW which is 9bps lower than the equivalent PRS17 note margin achieved in October 2016. Across all other PRS18 tranches, the pricing margins achieved were on average 10bps inside the equivalent PRS17 pricing outcomes.

Particularly strong demand from both new and repeat investors saw the transaction upsized from its original size of \$600m and the order book also needed to be heavily scaled. In creating a similar structure to PRS17, Pepper welcomed 32 separate investors from the US, Australia, Europe and Asia.

Of the total 32 investors, 15 were new accounts who had not previously participated in the PRS17 (October 2016) transaction. 10 investors were entirely new to the Pepper PRS program, comprising 5 new investors from Asia, across Singapore, Hong Kong, Korea and Japan, as well as 5 new Australian investors.

Commenting on the strong outcome, Pepper Group Co Group CEO, Patrick Tuttle, said “The success of this transaction can almost exclusively be measured by the number of both existing and new investors who participated across multiple jurisdictions, including Australia, the US, Europe and Asia. From a book build perspective, we are delighted with the depth and breadth of investor engagement and support which augers well for the future success of the PRS program as we continue to grow our domestic residential mortgage volumes and remain a programmatic RMBS issuer across the global debt capital markets.”

Pepper Group's Co Group CEO, Mike Culhane said “At this upsized deal volume, the PRS18 transaction continues to break securitisation records both at Pepper and for the industry as a whole. Being a regular issuer in the securitisation market ensures that even at these record breaking levels we can attract and retain a diverse pool of investors who see value in investing in Pepper's regular RMBS program.”

Pool composition for PRS18

The pool for PRS18 comprises characteristics that are similar to Pepper Group's overall loan portfolio. This clearly demonstrates Pepper Group's disciplined credit policy and commitment to maintaining a well-balanced mortgage portfolio regardless of market trends.

Pool Composition for PRS18

Average LVR	71%
Average loan size	Approx. \$417,000
Occupancy type	Owner occupied 76% Investment 24%
Property type	Residential House 83% Duplex / Townhouse / Unit 16%
Document type	Full doc 65% Alt doc 35%
Location	Metro 78% Non Metro 22% Inner city 0.1%

Since inception, Pepper has issued approximately AUD\$7.5 billion non-conforming RMBS and \$1.6bn prime RMBS transactions, making it one of the most experienced and regular issuers in the market.

-ENDS-

For more information please contact:

Melinda Hofman
Corporate Affairs Manager
(612) 9463 4675
61 (0) 438 855 991

About Pepper Group Limited

Pepper Group Limited (Pepper) is a specialist residential mortgage and consumer lender and loan servicer, operating in targeted market segments in Australia and internationally, many of which are underserved by traditional bank and other prime lenders. Pepper was established in 2000 and commenced lending as a specialist residential mortgage lender in the Australian market in March 2001.

Pepper offers a broad range of lending products including residential mortgages, auto and equipment finance, point-of-sale finance and personal loans. Pepper also provides loan servicing for its own products as well as for third parties across residential mortgages, consumer unsecured and secured loans and commercial real estate (CRE) backed loans. Pepper has become a specialist lending and loan servicing group through a combination of organic growth and targeted acquisitions across Australia, New Zealand, Ireland, the United Kingdom, Spain, South Korea, and Hong Kong and China through its 12% equity interest in PrimeCredit.

At 31 December 2016, Pepper had \$52.4 billion of assets under management (AUM).