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15 November 2017

Scheme of arrangement – election and indicative scale back results

Reference is made to the Scheme Booklet for Pepper Group Limited's (**Pepper**) proposed scheme of arrangement under which Red Hot Australia Bidco Pty Ltd, an entity owned by certain funds, clients or accounts managed or advised by KKR Credit Advisors (US) LLC or its affiliates, will acquire all of the ordinary shares in Pepper¹ (**Scheme**). Defined terms in this announcement have the meaning given to them in the Scheme Booklet.

Pepper advises that 5.00pm (Sydney time) on 9 November 2017² (**Election Date**) was the close of the period during which elections to receive the Scrip Option or the Retention Option could be validly submitted by Pepper Shareholders in relation to the Scheme.

Set out below is the outcome of valid elections received as at the Election Date. As stated in the Scheme Booklet, a valid election by a Pepper Shareholder on or before the Election Date will apply to the total number of Pepper Shares held by the Pepper Shareholder as at the Scheme Record Date. This is the case regardless of whether the holding as at that date is greater or less than the shareholder's holding of Pepper Shares as at the Election Date.

Please note that under the Scheme, the scale backs (which are expressed as a percentage of the shareholding of a Pepper Shareholder in respect of which cash consideration will be, or will be deemed, to be received despite the shareholder making a valid election) may apply to the shareholdings of Pepper Shareholders as at the Scheme Record Date (currently proposed as 7.00pm (Sydney time) on 27 November 2017) who made a valid election on or before the Election Date. As the number of Pepper Shares held by a Pepper Shareholder who has made an election may change following the Election Date, or a Pepper Shareholder who has made an election may dispose of their entire shareholding following the Election Date, Pepper Shareholders (particularly those who have made an election) should be aware that scale backs may apply despite the below election results (which are based on shareholdings as at the Election Date) indicating that no scale backs will be applicable. Because those shareholdings as at the Election Date may change before the Scheme Record Date, the extent of the scale backs (if any) will not be known for certain until the Scheme Record Date.

Election results and indicative scale back

Retention Option election and indicative scale back

Valid elections for the Retention Option were received from Pepper Shareholders who hold a total of 10,352,713 Pepper Shares. As this does not exceed 9.9% of Pepper Shares on issue, if those shareholders hold the same or a lesser number of Pepper Shares as at the Scheme Record Date,

¹ Except the Retained Pepper Shares the subject of the Retention Option.

² Or such other time and date otherwise agreed between Red Hot Australia Bidco Pty Ltd and Pepper in respect of an election by a Pepper Shareholder.

those Pepper Shareholders will retain all of their Pepper Shares that they hold as at the Scheme Record Date and will not be scaled back.

Maximum election scale back

Valid elections (for both the Retention Option and the Scrip Option) were received from Pepper Shareholders who hold a total of 84,751,614. As this does not exceed the Maximum Election Cap of 48.5% of Pepper Shares on issue, if those shareholders hold the same or a lesser number of Pepper Shares as at the Scheme Record Date, those Pepper Shareholders will not be scaled back.

Receipt of Scheme Consideration

Subject to the Scheme becoming Effective, Pepper Shareholders who qualify as Scheme Shareholders will receive their Scheme Consideration on the Implementation Date (currently proposed to be Monday, 4 December 2017). Pepper Shareholders who made a valid election to receive the Scrip Option or the Retention Option will need to hold Pepper Shares on the Scheme Record Date in order to receive Holdco Shares (in the case of the Scrip Option) or retain their Pepper Shares (in the case of the Retention Option). As noted above, a valid election by a Pepper Shareholder on or before the Election Date will apply to the total number of Pepper Shares held by the Pepper Shareholder as at the Scheme Record Date. This is the case regardless of whether the holding as at that date is greater or less than the shareholder's holding of Pepper Shares as at the Election Date.

The holder of any Pepper Shares acquired after the Election Date and held as at the Scheme Record Date and who was not a Pepper Shareholder on the Election Date or who has not made a valid election on or before the Election Date will receive the Cash Consideration in respect of those Pepper Shares.

Pepper Shareholders who have any questions in relation to the Scheme can call the Pepper Shareholder Information Line on 1300 618 051 (within Australia) or +61 3 9415 4003 (outside Australia) Monday to Friday between 9.00am and 5.00pm (Sydney time).

ENDS

For further information please contact:

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