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Pepper Group announces a \$400 million Whole Loan Sale of a Residential Mortgage Portfolio

Pepper Group Limited, (Pepper) (ASX:PEP) has agreed contractual terms on its second whole loan sale transaction in Australia for 2016 that comprises a \$400m portfolio of residential mortgage loans.

As previously advised in March 2016, the company expected to execute further Whole Loan Sales throughout the year, subject to acceptable terms and conditions.

Whole loan sales, where economic ownership transfers from Pepper to the buyer, are an important source of funding for Pepper. They are in addition to regular issuances in the Residential Mortgage Backed Securities (RMBS) markets through its Pepper Residential Securities (PRS) program for non-conforming residential mortgages and the Pepper Prime Trust (PPT) program for prime residential mortgages.

Commenting on the transaction, Pepper's Co-Group CEO, Patrick Tuttle, said "Pepper's ability to complete a second whole loan sale inside of 12 months is testament to the platform we have built over the past few years, the quality of our existing loan book and rate of origination we are experiencing in Australia."

Mike Culhane, Pepper's Co-Group CEO continued, "Pepper proactively manages its funding program to ensure adequate headroom is maintained across all our warehouses in a diversified way. The use of whole loan sales in addition to our regular securitisation programs is demonstration of this diversity."

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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 March 2016, Pepper had \$44.5 billion of assets under management (AUM).