



Media Release
Pepper Group

Friday, 1 March 2013

Pepper Group Completes Acquisition of Spanish Loan Business from Celeris

- ▶ Company will commence trading under Pepper brand
- ▶ All 121 Celeris employees have transferred to Pepper
- ▶ Pepper intends to grow Spanish business through third-party servicing and further acquisitions

Madrid, Spain – 01 March 2013: Pepper Group (“Pepper”) today announced that it has completed the acquisition of the Spanish consumer loan business of Celeris, originally announced on 11 February 2013.

As part of the deal, Pepper has now acquired a portfolio of approximately 164,000 performing consumer loans and a small non-performing loan book representing, in aggregate, approximately €290 million in receivables. All of Celeris’ 121 employees have also transferred to Pepper, where they will continue to service existing customers from Celeris’s office in Madrid. Pepper has also, under a separate agreement, taken over the servicing of Celeris’ €300 million portfolio of residential mortgages.

Pepper has established a new business in Spain “Pepper Asset Services S.L.” and will commence trading under its Pepper brand name following the completion of the deal.

Mike Culhane, Chairman of Pepper Group, said the completion of the acquisition marks the establishment of Pepper’s first operation on mainland Europe, which is a significant milestone in the company’s strategy to establish a best-in-class loan servicing and real estate asset management operation in Europe.

“The Celeris business provides us with an excellent platform, and local expertise, to establish and grow a leading Asset Management and Third-Party servicing operation in Spain, where we have already identified very significant opportunities. Our future clients are likely to include financial institutions who require specialist expertise, support and services in managing their residential,



commercial, auto and consumer loan portfolios. This will include an extensive range of loan management, administration, and collection services to third parties. In addition to this we will provide detailed due diligence and portfolio pricing services to financial investors, hoping to invest in the Spanish market.”

Patrick Tuttle, Group Managing Director & CEO of Pepper, said that Pepper would also consider acquiring additional loan books in Spain, which it could now service through the Celeris platform: “We believe Spain holds significant opportunities as financial institutions in the country, and throughout Europe, look to deleverage. In tandem with growing and operating the asset management and loan servicing business we will be actively pursuing new acquisition opportunities in the Spanish market to further expand the business.”

Celeris was previously owned by a consortium of leading Spanish savings banks and financial institutions. It ceased advancing loans in the Spanish market in 2012. According to Tuttle, Pepper does not have immediate plans to recommence lending in Spain. “We will consider originating new lending in Spain in the future, market conditions permitting, but currently our primary focus is on growing our Asset Management and Loan-Servicing Business in the country,” he said.

Pepper’s Spanish business will be led by CEO Paco Pedraza Sanchez, Chief Operations Officer Carlos Montoya Reguera, Fernando Garcia Gonzalez as Commercial Director, and Guillermo Arnaiz as Chief Legal Counsel.

Funding partner to Pepper, Goldman Sachs, acted as exclusive financial advisor to the consortium.

Headquartered in Sydney, Pepper is one of Australia’s leading providers of specialist residential mortgage finance and a servicer of third-party asset portfolios, including residential and commercial mortgages, equipment and auto leases, and unsecured small business and personal loans. The company currently has approximately EUR 4.0 billion of loan and lease assets under management and is ranked by Standard and Poor’s as a “STRONG” Residential Loan Servicer.

In June 2012, the company announced its ambitious European expansion plans, when it acquired the mortgage business of GE Capital in Ireland in a transaction



that saw about 150 GE employees transfer to Pepper. Since then, Pepper has continued to invest in and expand the Irish operation and has recently announced significant new business wins in the Irish market.

- Ends -

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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 €4 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.