



Pepper Asset Servicing
News Release

January 10, 2013

PEPPER TO MANAGE €380M PORTFOLIO OF IRISH LOANS AND EXPAND IRISH OPERATION

- *Makes €3 million co-investment in portfolio alongside CarVal Investors*
- *New alliance with Arrow Asset Management puts Pepper in unique position to provide support to Irish banks and offshore investors*

Dublin, 10 January 2013: Pepper Asset Servicing (Pepper) has been appointed by CarVal Investors to provide special servicing, master servicing and asset management on the €380 million Pittsburgh portfolio of Irish loans CarVal Investors acquired from Lloyds last month for around 25c in the Euro.

The deal marks the first major commercial real estate asset management contract win for Pepper in Ireland and represents a significant step in positioning the Irish business as a best-in-class, pan-European loan servicing and real estate asset management operation, spanning a range of asset classes.

Pepper has also announced it will be making a €3 million co-investment alongside CarVal Investors in the portfolio, marking the company's first investment in an Irish commercial property portfolio and its second investment in Ireland since completing the acquisition of GE Capital's Irish residential mortgage book in June 2012.

Paul Doddrell, CEO of Pepper in Ireland, said: "The contract win with CarVal Investors is a significant milestone in the development of the Pepper business in Ireland, which reflects our ambition and ability to offer superior expertise and services to institutional investors looking to invest in Irish CRE portfolios, as well as local financial institutions that need specialised support in managing their residential and/or commercial portfolios. Our new strategic alliance with Arrow positions Pepper as the leading end-to-end CRE asset manager in Ireland and puts us in a unique position to cater to the growing requirement for a bespoke and innovative approach to managing CRE portfolios and take advantage of the deleveraging currently taking place in the Irish market."

The deal with CarVal Investors is the first project undertaken jointly by Pepper and Irish commercial real estate management firm, Arrow Asset Management, under a new strategic alliance formed between the two firms.

Robert Kehoe, managing director of Arrow Asset Management said: "Our new alliance with Pepper makes us unique because we can now provide a complete loan and asset management service to the Irish market."

Pepper Asset Servicing was established in June 2012 when the Pepper Group acquired the share capital of GE Capital Woodchester Home Loans Limited, including approximately 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.

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Arrow is a specialist asset management company with in-house experts in finance, banking, property development and construction. Arrow's clients are international funds and local institutions seeking to maximise the value of their portfolios.

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About Pepper – Key Facts

- ▶ The company currently employs over 150 people in Shannon and Dublin.
- ▶ Pepper Group is Australia's largest non-bank residential mortgage lender (as measured by total assets under management), a leading provider of specialty residential mortgage financing and a highly experienced third-party loan servicer and asset manager.
- ▶ The Company currently has approximately A\$5.0 billion of loan and lease assets under management comprising residential mortgages, commercial mortgages, equipment leases, small business 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 \$3.7 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 billion of Australian and New Zealand residential mortgages. This transaction was one of the largest whole loan transactions in Australian history.
- ▶ Pepper's current wholesale funding partners 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 residential and commercial mortgages, leases and unsecured loan products.
- ▶ Pepper is jointly led by Executive Chairman, Mike Culhane and Managing Director & CEO Patrick Tuttle. Both men 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.
- ▶ Pepper is ranked by S&P as a "STRONG" Residential Loan Servicer and is included on S&P's Global Select Servicer List.

About Arrow Asset Management – key facts

- ▶ Arrow was established in 2009 to assist clients in the management of distressed property assets.
- ▶ Managing director Robert Kehoe has 30 years experience in banking and property.

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- ▶ Arrow is managed and staffed by industry experts with first-hand experience in banking, finance, property and construction.
- ▶ Based in Dublin, Arrow employs 11 people and has operated in Ireland, the UK, Italy and Portugal.

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