

Media Release

Serco and Pepper appointed preferred bidder to service portfolio of Irish mortgage loans

3 July 2013

National Asset Management Agency (NAMA) in Ireland have today confirmed that the consortium of Serco, the international services company, and Pepper Asset Servicing (Pepper), a leading asset manager and advisory company, has been selected as preferred bidder to provide primary¹ and special servicing² on a portfolio of approximately 28,000 residential mortgages. The contract will involve the management of the loans as well as day to day customer services and specialised case management.

The portfolio, which NAMA may acquire from the Special Liquidators to Irish Bank Resolution Corporation (IBRC), could comprise approximately 28,000 residential mortgages with a potential aggregate nominal par debt value of €1.8 billion. These are loans that will be unsold after completion of the Special Liquidators' current loan valuation and sales process.

If the acquisition of the residential portfolio by NAMA proceeds and contractual terms are agreed, the new five-year contract will represent a significant move into the Irish banking and financial services market for Serco's global Business Process Outsourcing (BPO) business, and would also represent Pepper's largest residential special servicing contract in Ireland since acquiring the former GE Money business in September 2012.

The contract is expected to start early in 2014, and will result in the expansion in Ireland of both Serco and Pepper's operations in Dublin and Shannon, as well as protecting the jobs of the IBRC workforce currently servicing this portfolio.

Pepper and Serco will be responsible for delivering on NAMA's objectives to maximise the performance of the portfolio by managing risk, ensuring best-in-class service delivery, and meeting all regulatory, compliance and reporting requirements.

Paul Doddrell, Pepper's CEO in Ireland, said: "The NAMA appointment is an acknowledgement of Pepper's expertise and experience in servicing third party portfolios, underpinned by our strong track record of improving the performance of assets under our management. It is also another important milestone in the growth of Pepper's Irish platform, and our stated desire to create new, sustainable job opportunities in both Shannon and Dublin where our operations are principally based."

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Jerry Benson, Managing Director for Serco's Private Sector BPO business in Europe added, "This is a significant step for Serco and further demonstrates our strength and capability in the banking and financial services market. Working in partnership with Pepper, we will be providing transformative BPO solutions for our clients in an exciting new market for Serco."

Ends

¹ Primary servicing, also known as loan administration services, comprises the administrative and operational activities associated with the management of loans, including the processing and charging of loan interest and fees.

² Special servicing is also known as case management or relationship management and involves on-going interaction with debtors and the assets securing their loans with the objective of maximising the cash realised from loans and assets.

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About Serco

Serco is a FTSE 100 international service company, which combines commercial know-how with a deep public service ethos.

Around the world, we improve essential services by managing people, processes, technology and assets more effectively. We advise policy makers, design innovative solutions, integrate systems and - most of all - deliver to the public.

Our global BPO business has over 60,000 employees across 100 locations, with a presence in 12 countries providing the complete spectrum of business services to customers in the public and private sector around the world.

As a dynamic global service organisation, our people have the expertise and intimate knowledge of our customers' markets as well as best practice processes and technologies to exceed expectations. We have the vision, agility and determination to deliver cutting-edge business process solutions and set ever-higher standards in the markets we serve.

More information can be found at www.serco.com

About Pepper Asset Servicing

Pepper Asset Servicing (Pepper) is a leading asset manager and provider of third-party loan and advisory services spanning a range of asset classes including commercial real estate, residential mortgages, commercial mortgages, auto finance, unsecured loans and equipment finance.

With operations in Dublin and Shannon where it employs over 150 people, Pepper Asset Servicing is part of the Pepper Group, a global financial services business, specialising in Lending, Advisory and Asset Management Services across the residential and commercial property sectors.

The Group currently has over €5 billion of assets under management outside of Ireland and is Australia's largest non-bank residential mortgage lender, having originated more than \$4 billion of residential mortgages since 2001.

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Pepper is ranked by S&P as a “STRONG” Residential Loan Servicer and is included on S&P’s Global Select Servicer List.

Pepper was established in Ireland in September 2012 when the Pepper Group acquired the share capital of GE Capital Woodchester Home Loans Limited. The Company currently has approximately €2 billion of loan and commercial real estate assets under management, including commercial real estate portfolios, residential mortgages, as well as personal, small enterprise and auto loans.

Since setting up in Ireland in September 2012, Pepper has continued to grow its business and earlier this year the company was appointed by Carval Investors to manage the €380 million Pittsburgh portfolio of Irish loans and separately, by Danske Bank to provide special servicing and asset management on a significant portfolio of Irish commercial property with an aggregate outstanding principal loan balance of over €600 million.

The growth of the Irish business forms part of a broader European strategy for Pepper Group, which recently saw it enter the Spanish market through the acquisition of financial services firm Celeris, subsequently renamed Pepper Spain.