Non-conforming Ijarah Finance Target Market Determination

1. About this document

This Target Market Determination (TMD) provides information about the target market for Pepper Money's non-conforming Ijarah Finance product. It outlines the likely objectives, financial situation and needs of the target market as well as the key attributes of the product.

This document is not to be treated as a full summary of the product's terms and conditions and is not intended to provide financial advice.

Refer to the product terms and conditions detailed below when making a decision about this product:

- Pepper Ijarah Finance General Terms & Conditions
- Pepper Money Ijarah Finance Agreement
- Mortgage Common Provisions

Target market determination date

28 July 2026

If you require a previous version of this TMD, please email ddoreporting@pepper.com.au. Please provide the time period in your request.

2. Product

Non-conforming Ijarah Finance

3. Description of target market, including likely objectives, financial situation and needs

The features of this product, including its key attributes, have been assessed as meeting the likely objectives, financial situation and needs of consumers who:

- Satisfy our eligibility criteria, including (but not limited to) the following:
  - Must be 18 years or older at the time of application.
  - Must be a resident of Australia.
  - Able to demonstrate their capacity to repay the finance over a sustained period of time.
  - May have adverse credit history.
- Require finance:
  - To purchage residential real property.
  - To refinance a finance secured against residential real property.
  - To access equity in a residential real property including for consolidation of balances of finance agreements.
  - That is Sharia compliant.

Some product features may alter the target market. See below for details.

Key product features and attributes

This product has the following features and attributes:

- Variable and fixed rate options.
- Part fixed rate, part variable rate split options available.
- Principal and Rental and Rental Only instalment options, rental only for up to 5 years.
- 100% rental offset sub-account available.
- Maximum loan to value ratio (LVR) 98%.
- Maximum finance size A$5,000,000, minimum finance size A$50,000.
- Maximum term 40 years, minimum finance term 10 years.
- Instalments available monthly, fortnightly and weekly.

- Ability to redraw additional instalments made on a variable rate finance agreement.
- Pricing for risk:
    - If a finance agreement is approved, the rate offered and fees and charges will depend on our assessment of a number of factors at the time of application including the consumer's credit history income and financial position, the LVR, the term and the nature of the security property. A risk loading may apply.
- Fees and Charges include:
    - Establishment fee
    - Monthly account keeping fee
    - Legal fee
    - Discharge fee
    - Fixed rate lock fee
    - Lender protection fee

Fees and charges are not refundable (except where required by law). Other fees and charges may apply, as set out in the finance agreement.

Sub target market for consumers with 100% rental offset sub-account feature

This feature is likely to be appropriate for consumers within the target market who:

- Have surplus cash and want to use this to reduce the rental payable on their finance agreement while retaining access to their money.

The offset sub-account feature is not available with a fixed rate finance agreement.

Sub target market for consumers with a variable rate finance agreement

This feature is likely to be appropriate for consumers within the target market who:

- Will benefit from the additional features available with a variable rate finance agreement who understand and are able to manage instalments which can change at any time.
- Are likely to have the ability to make extra instalments, at any time, up to the outstanding finance amount.

Consumers can choose to have a split financial agreement with a variable rate and fixed rate portion providing instalment certainty in relation to the fixed rate portion and the ability to have an offset sub-account, redraw facility available on the variable rate portion.

Sub target market for consumers with a fixed rate finance agreement

This feature is likely to be appropriate for consumers within the target market who:

- Require the certainty of a fixed rate and fixed instalments for a fixed period up to 10 years, understanding that they will not benefit from rate decreases during the fixed rate period.
- Will not need access to any additional instalments made to their loan during the fixed rate period.
- Benefit from having the instalment certainty offered by a fixed rate even though any additional instalments made during the fixed rate period cannot be accessed.
- May need to break their fixed rate finance agreement prior to the end of the fixed period and will benefit from a product which does not charge break costs.
- May want to have a rental only period during the fixed rate period.

Consumers can choose to have a split option with a variable rate and fixed rate portion providing instalment certainty in relation to the fixed rate portion and the ability to have an offset sub-account, and redraw facility available on the variable rate portion.

Consumers have the option to lock in a fixed rate at application stage (fees apply).

[1] The maximum term, finance size, fees and charges and will vary depending on the consumer's circumstances, including the method of income validation and credit history. E.g., discharged bankrupt or defaults. Refer to the key product attributes to ensure that the available product options meet the consumer's likely objectives,

Sub target market for consumers with Principal and Rental instalment

This feature is likely to be appropriate for consumers within the target market who:

- Want to pay down their outstanding balance on a regular basis in addition to their instalments , to save on rental over the finance term and build equity in the property.

Sub target market for consumers with a rental only installment

This feature is likely to be appropriate for consumers within the target market who:

- Will benefit from the ability to pay rental only payments on the outstanding balance for the duration of the rental only period.
- Understand that they may pay more rent over the life of the finance agreement as not paying down principal during the rental only period.

Rental Only is available for a maximum period of 5 years, after which instalments will revert to Principal and Rental

Purchase or refinance of an owner-occupied residential property[1]

This product allows consumers to finance the purchase or refinance of an owner-occupied residential property and make principal and rental ‘instalments in order to reduce the balance of the finance agreement and build equity in the property.

Purchase or refinance of an investment residential property[1]

This product allows consumers to finance the purchase or refinance an investment residential property with the ability to select principal and rental instalments to reduce the balance of the finance agreement and build equity or rental only instalments for a maximum of 5 years for tax purposes

Access equity[1]

This product allows consumers to access part of the equity in their owner occupied or investment residential property to use the funds for an approved purpose in accordance with our finance criteria.

Acceptable purposes include purchasing another property; home improvement, debt consolidation or investment.

Consumers for whom this product may not be appropriate

This product may not be appropriate for individuals who:

- Do not satisfy our non-conforming finance eligibility criteria.
- Do not require Sharia compliant finance.
- Need to borrow greater than 98% of the value of the property.
- Require a finance term greater than 40 years.
- Are borrowing to construct a dwelling.
- Do not have ongoing income and/or employment.
- Cannot demonstrate their capacity to repay the finance over a sustained period.
- Require a line of credit facility.

Pepper may also exclude consumers based on factors including, but not limited to, purpose of the finance.

[1] The maximum term, finance amount, fees and charges and will vary depending on the consumer’s circumstances, including the method of income validation and credit history. E.g., discharged bankrupt or defaults. Refer to the key product attributes to ensure that the available product options meet the consumer’s likely objectives,

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4. How this product is to be distributed

This product is designed to be distributed through the following channels:

- Pepper Money accredited and licensed mortgage brokers subject to Best Interests Duty and Licensed Intermediaries (Third Party Channel);

Distribution Conditions

Conditions specified below are deemed appropriate and that most of the customers who acquire the products will likely be in the target market if distributed in accordance with them. These conditions:

- Limit the channels through which the products can be provided, thereby ensuring that applications are only received through channels that are subject to appropriate conditions, controls and monitoring;
- Ensure that those who distribute the products (e.g. mortgage brokers and Pepper Money staff) are adequately trained, accredited, monitored, and subject to other compliance obligations; and
- Ensure these products are only distributed in accordance with a consistent application and assessment process:
    - Subject to controls in our application and approval systems that ensure that appropriate information is gathered about applicants, including:
    - Financial information, which is analysed to assess whether the customer will be able to meet their financial obligations without substantial hardship; and
    - Making reasonable inquiries with customers about their needs and objectives in relation to the products.
    - Only approved by us in line with our credit assessment policy after a completed application is received from an eligible customer, which makes it likely that the product is affordable for the customer based on their financial situation as reported to us at the time of assessment.

When distributed by a third party:

Mortgage brokers may only submit an application for a Home Loan:

- Using approved application systems, forms and documents, where authorised employees of third-party introducers will receive this TMD when first provided access to the origination system.
- Where they are accredited with Pepper Money and have met Pepper Money's training requirements, demonstrated adequate skills and knowledge to distribute the product in accordance with this TMD.
- Where they are a member or representative of a mortgage aggregator or other third-party introducer which has:
    - Been accredited by Pepper Money; and
    - Entered into an agreement with Pepper Money that is subject to legal and regulatory obligations that the aggregator and the broker must meet; and
    - Where the mortgage broker or aggregator is required to comply with the Pepper Money Broker Code of Conduct (or an equivalent policy).
- Where they maintain the licensing or authorisation status necessary to distribute regulated credit products; and
- Where they are not currently subject to any suspension or revocation of that accreditation.

If aggregators and mortgage brokers fail to comply with the above requirements, it may result in Pepper Money terminating their authority to distribute these products.

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5. Reviewing this target market determination

Pepper Money will review this TMD in accordance with the following:

Review periods	First review date: within twelve months of the effective date. Periodic reviews: every twelve months after the initial review and each subsequent review.
Review triggers	This TMD will be reviewed if any of the events should occur: • There is a material change to the product including to the fees or the terms and conditions of the product, except where the TMD has there is a material change to the product including to the fees or the terms and conditions of the product, except where the TMD has already been reviewed in relation to that change; • There is a material change in the regulatory requirements in relation to the product, except where the TMD has already been reviewed in relation to that change • Aa significant dealing of the product to consumers outside the target market occurs; • External events such as adverse media coverage or regulatory attention suggest that the target market for the product might not be appropriate; • There is a material, unexpected increase in complaints, declined applications, clients in default or hardship when measured against approved metrics, determined by reference to our Design and Distributions Obligations (DDO Policy); or • We receive correspondence from a regulator, including a regulatory order or direction (including the use by ASIC of its Product Intervention Powers) that expressly states or directly implies that this TMD is no longer appropriate.

Where a review trigger has occurred, this TMD will be reviewed within 10 business days.

6. Reporting and monitoring of this target market determination

The following information must be provided by Pepper Money distributors to Pepper Money in relation to the distribution conduct of the Pepper Money Ijarah Finance product, if not available to Pepper Money.

Distributors should provide all reporting to **ddoreporting@pepper.com.au**

Type of Information	Description	Reporting Period
Specific complaints received in relation to the product, Pepper Money or the distributor	Written details of the complaint, including name and contact details of complainant and substance of the complaint	Within 5 business days from the date of the complaint.
Number of complaints received in relation to the product, Pepper Money or the distributor	Number of complaints	Quarterly, and in any case no later than 10 business days* from the end of the quarter or from receiving a request from Pepper Money.

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