

## PROSPECTUS 2011

**1. ISSUE – INTEREST RATE SECURITIES**

Progressive Mortgage Company Limited (Progressive or the Company) is a registered financial corporation under the Financial Sector (Collection of Data) Act 2001, a disclosing entity as defined in the Corporations Act, holder of Australian Financial Services and Australian Credit Licences and is regulated by the Australian Securities and Investments Commission (ASIC).

*Prospectus 2011* is for the issue of interest paying investments (Investments) which are secured by first charge over the assets of Progressive.

The Company's assets are cash and registered mortgages predominantly secured on owner-occupied homes and rental property - (see 4. **INVESTING WITH PROGRESSIVE**).

ASIC now requires investment products of this kind to be described under s283BH of the Corporations Act 2001 as 'unsecured notes'. This change does not affect Investors' first ranking security over the Company's assets detailed above.

Investors should note these investments are different to bank deposits and the Company is not authorised under the Banking Act and is not supervised by APRA; and the depositor protection provisions in section 13A of the Banking Act will not cover your investment.

**1.1 ASIC BENCHMARKS**

These investments are 'unlisted', which means they cannot be bought and sold on a securities exchange like shares on the ASX.

ASIC has set 8 benchmarks for unlisted issues that can help Investors understand the risks, assess the rewards being offered, and decide whether these investments are suitable for them.

Issuers are required to disclose to Investors whether these benchmarks are followed, and where not, to explain how and why the issuer deals with the issues underlying the benchmark.

Table 1 lists the ASIC benchmarks and whether they are met for this issue, and where they are referred to in *Prospectus 2011*.

Table 1 – ASIC Benchmarks		
Benchmark	Issuer meets benchmark?	Refer to item:
Equity Capital	Yes	4.1
Liquidity	Yes	4.2
Rollovers	Yes	1.13
Debt Maturity	Yes	4.3
Loan Portfolio	Yes	4.4
Related Party Transactions	Yes	4.5
Valuations	Yes	4.6
Lending Principles	Yes	4.7

Details of how Progressive meets these benchmarks are included within *Prospectus 2011*.

**1.2 CONTINUOUS DISCLOSURE OBLIGATIONS**

As an unlisted disclosing entity under the Corporations Act Progressive must ensure price sensitive information not disclosed in this prospectus is made available to Investors as soon as practical. To comply with these continuous disclosure obligations all such information is posted in a timely manner online at [www.progressive.com.au/investments.html](http://www.progressive.com.au/investments.html)

**1.3 INVESTMENT OPTIONS**

Progressive accepts money from Investors for investment at the interest rates and for the terms agreed at the time of investment or renewal, on the conditions set out in this prospectus.

Investment options are:

- One, two and three year fixed term investments.
- Variable interest rate no fixed term investment.
- Investment for other terms can be negotiated on request.

**1.4 INTEREST RATES**

- During the currency of *Prospectus 2011* Progressive retains the right to change fixed term interest rates from time to time but any variation will apply only to investments made or renewed after such a change.
- The interest rate applying to an investment option is the rate current on the date of acceptance of the application (refer to **1.10 TO MAKE AN INVESTMENT**).

**1.5 ACCRUAL AND PAYMENT OF INTEREST TO INVESTORS**

- Interest for all investment options accrues from the date of receipt of investment funds.
- Interest can be paid monthly or quarterly or may be added at quarterly intervals to the account to earn compound interest to be paid at maturity.
- Any interest compounded since the last investment renewal may be withdrawn in full or in part at any time, without interest rate adjustment or charge.

**1.6 FIXED TERM INVESTMENTS**

- Provide an assured income over the term of the investment.
- Normally receive a higher interest rate than our variable rate no fixed term investment.

**1.7 VARIABLE INTEREST RATE NO FIXED TERM INVESTMENTS**

- Pay attractive interest rates whilst retaining ready access to funds invested predominantly in real estate mortgages.
- Will have the applicable interest rate changed from time to time in response to the market without prior notice to Investors.
- Have no fixed repayment date, but repayment normally will be made in part or in full on request for such payment. Investors should note the following:
  - Apart from liquidity arrangements (**4.2 LIQUIDITY BENCHMARK**), Progressive's major sources of capital funds are mortgage instalments and repayments and new Investments.

This prospectus was lodged with the Australian Securities & Investment Commission (ASIC) on 16<sup>th</sup> MARCH 2011. ASIC takes no responsibility for the contents of this prospectus. Date of Expiry is 16<sup>th</sup> April 2012.

Registered Office: Level 4, 131 Clarence Street Sydney NSW 2000 Telephone (61 2) 9299 5843 Facsimile (61 2) 9262 1064  
[www.progressive.com.au](http://www.progressive.com.au)

- As it is necessary for mortgage funds to be lent for fixed periods, it is prudent to make provision for the orderly repayment of investments in the event of a winding-up of the Company or an unprecedented level of requests for repayment.
- In the unlikely event that requests for redemption of *variable rate no fixed term investments* exceed liquidity, then their repayment, with accrued interest, will be made in sequence out of funds available from Progressive's liquidity provisions or funds not committed to a borrower or due for repayment to other Investors. Mortgage loans previously approved will be advanced but no further loans may be approved or other investments made until every Investor who has requested repayment has been repaid.

### 1.8 FEES

Progressive does not charge establishment, management or ongoing fees.

### 1.9 REGULAR STATEMENTS OF ACCOUNT

Statements are sent to Investors when interest is paid or compounded informing of balances, interest paid and other transactions that may have occurred in the period. Annual interest statements sent to Investors provide information required for income tax purposes.

### 1.10 TO MAKE AN INVESTMENT

- Read this prospectus carefully to inform yourself about this offer.
- Complete the Application Form accompanying this prospectus. Requested are:
  - certain Investor details (including tax file number, which is optional);
  - instructions for payments to the Investor; and
  - details of the investment options applied for.
- Current interest rates may be obtained from our website at [www.progressive.com.au/investments.html](http://www.progressive.com.au/investments.html) or by phoning us on (02) 9299 5843.
- Send the completed Application Form and, if paying by cheque, payment for the total amount to be invested: to Progressive Mortgage Company Limited, Level 4, 131 Clarence Street Sydney NSW 2000, or visit our office and apply in person.
- Payment can be made by 'not negotiable' cheque made payable to Progressive Mortgage Company Limited, or by direct credit or BPAY® after arrangement with Progressive - more details are on the Application Form.
- If an application when received by Progressive specifies a non-current interest rate for an investment option sought, Progressive will either:
  - return the money to the applicant; or
  - treat the application as though it specified the current interest rate applying to the option. The applicant will be notified and given the option to redeem the investment within fourteen days with full repayment of the application money plus accrued interest at the current rate.

**FOR HELP COMPLETING THE APPLICATION FORM  
CALL PROGRESSIVE (02) 9299 5843.**

### 1.11 ISSUE AND RECORD OF INVESTMENT

A Record of Investment will be issued on acceptance of a completed Application Form and receipt of payment of the investment amount. A statement of the details of investment dated the day of acceptance, being the record of investment, will be forwarded to the Investor within 14 days.

### 1.12 REPAYMENTS AND INTEREST PAYMENTS

Repayments and interest payments will be either by funds transfer to a nominated bank account, or by cheque posted in the ordinary mail, as instructed by the Investor in the Application Form or otherwise in writing.

### 1.13 ROLLOVERS BENCHMARK – RENEWAL ON MATURITY

Progressive meets the ASIC Rollovers benchmark. On or about the maturity of a fixed term investment, a written notice will be sent to you:

- Inviting your instructions for reinvestment;
- Advising the current interest rates applying to our investment options; and
- Informing you of the availability of the current prospectus and any other relevant disclosure.

If no instructions are received we will assume you wish reinvestment under the same terms at the then current rate.

If you instruct us that an investment is not to be renewed, at the expiration of the term interest will cease and the money will be repaid to you in the prescribed manner within one working day.

### 1.14 EARLY REPAYMENT, REDEMPTION AND TRANSFERS

On receipt of a written application for early repayment, Progressive may, at its discretion, repay part or all of a fixed term investment before it has matured. The Company will normally require a financial adjustment based on its current lending rate, as compensation for the loss of earning capacity of the money repaid.

The Company may redeem any issued investment, whether or not its term has expired. Interest on such redeemed investments will cease to accrue from the date of repayment.

Progressive will accept and facilitate at no charge transfer of issued securities by sale or other proper means to new ownership.

## 2. TRUST DEED

*Prospectus 2011* is issued under a trust deed dated January 21, 2003 made by Progressive Mortgage Company Limited in favour of Investors (the Trust Deed). By deed dated February 27, 2008, The Trust Company (Nominees) Limited (formerly known as Permanent Nominees (Aust.) Ltd) ABN 14 000 154 441 (the Trustee) was appointed trustee. The manner and extent of the safeguards of the interests of the Investors provided by the Trustee are as set out in this Trust Deed. A copy of the Trust Deed is available to you - call Progressive (02) 9299 5843.

### 2.1 SUMMARY OF TRUST DEED PROVISIONS

Under the Trust Deed Progressive:

- Has granted a floating charge in favour of the Trustee for Investors over the whole of the assets and undertakings of the Company to secure repayment of all outstanding investments and interest accrued thereon.
- Is restricted in the application of the monies subscribed by Investors to investments of cash, loans secured on mortgages of real estate, bank securities and deposits, government and semi-government securities and certain credit-rated and other secure investments.
- Must maintain liquid assets greater than 5% of monies subscribed (Actual was 77.2% at 31 January 2011) and its power to issue Investments is limited by the requirement that the Company's total external liabilities including the Investments

cannot exceed 97% of its total tangible assets (Actual was 88.1% at 31 January 2011).

- Is subject to obligations as to payment of principal and interest, and provision of auditor's reports and financial and compliance information to the Trustee.

Further, the Trust Deed states:

- That the Trust Deed can be amended by Progressive and the Trustee if:
  - approved or sanctioned by extraordinary resolution of Investors; or
  - the Trustee is of the opinion that the amendment is of a formal or technical nature, or necessary or expedient to correct a manifest error or comply with the law or for listing on a stock exchange or is not prejudicial to the interests of Investors.
- That the Trustee or the Company must convene a meeting of Investors upon written requisition of holders of not less than 10% of outstanding Investments to consider the accounts or to give the Trustee instructions.
- How meetings of the Investors are to be held including that voting rights in polling are in proportion to the total amount paid in respect of Investments held.
- The circumstances whereby Progressive can default and the Trustee may declare default and enforce the security provided under the terms of the Trust Deed.
- That Investors can enforce their rights only through the Trustee and will be bound by the Trustee's action in accordance with the Trust Deed.

## 2.2 TRUSTEE ROLE

The Trustee:

- To the extent permitted by the Corporations Act, will not be liable under the Trust Deed except in respect to its own wilful neglect or default.
- Has certain discretions in exercising its powers under the Trust Deed. In particular the Trustee:
  - may delegate its powers and duties;
  - is not required to enforce the charge or exercise any power unless it has been sufficiently indemnified;
  - is entitled to be indemnified out of the funds received in enforcing the Trust Deed; and
  - may, if it is not prejudicial to the interests of Investors, waive any breach of the Trust Deed by the Company.
- Is paid an annual fee.
- Can be replaced by the Company if it retires, failing which, the Trustee can appoint or convene a meeting of Investors to appoint a new trustee.

The Trustee's role in the preparation of this prospectus has been limited to reviewing this prospectus to ensure that its contents are not inconsistent with the terms and conditions of the Investments and the Trust Deed. The Trustee does not give any advice as to whether any person should invest in the securities offered in *Prospectus 2011* and does not in any way guarantee or assure the return or the performance of any investment generally.

## 3. INVESTMENT RISK

These Investments are secured by first charge over Progressive's total assets which are registered mortgages, bank accepted bills of exchange and bank deposits.

Under the Trust Deed (see 2.1) these assets are required to exceed external liabilities at all times and Progressive is prohibited from

creating any liability by way of charge with priority over monies due to Investors.

Investors therefore rely for repayment on the financial position and performance of Progressive. In this way there is exposure to the risks incurred by Progressive in its mortgage lending business which include:

- market risks whereby economic conditions can reduce property values and borrowers' ability to meet loan repayments to Progressive;
- loan risks specific to circumstances of individual borrowers' capacity to meet repayments;
- risks related to loan management; and
- capital adequacy and liquidity risks whereby Progressive has insufficient equity or ready cash to meet payments due to Investors.

To guard against market and loan risks, prudent lending criteria and procedures are necessary:

- to achieve diversification, and sufficient margin of cover; and
- for detailed assessment of each borrower's capacity to meet repayments.

To mitigate loan management risks, effective policies and procedures and compliance management are required to guard against failure to:

- obtain accurate valuations of mortgaged properties;
- properly secure loans;
- secure insurance on mortgaged property;
- efficiently detect arrears in payments and deal with defaulting accounts; and
- manage business disruption.

Management of capital adequacy and liquidity risks relies on:

- prudent capital and liquidity provisions;
- accounting procedures to accurately measure and monitor the financial position of the Company; as well as
- control of other risks.

## 4. INVESTING WITH PROGRESSIVE

The measures and procedures Progressive has in place to mitigate and manage risk in its mortgage lending are addressed below in the context of the ASIC benchmarks.

### 4.1 EQUITY CAPITAL BENCHMARK

Progressive meets the ASIC Equity Capital benchmark by ensuring that a minimum 8% equity ratio is maintained to ensure prudent capitalisation of its mortgage financing business; and if and when more than a minor part of lending were to be directly or indirectly for property development this minimum ratio would increase to 20%. At December 31, 2010 Progressive's equity ratio was 12.15% and 0% of its lending was related to property development (2009: 14.15%; 0%).

### 4.2 LIQUIDITY BENCHMARK

Progressive meets the ASIC Liquidity benchmark which requires that a cash balance be maintained on a rolling basis at least equal to its estimated cash requirement for the next 3 months.

At December 31, 2010 Progressive's:

- Cash balance requirement assuming a rollover rate of 90% of fixed term investments and retention of 91% of no fixed term investments was \$1,094,768.
- Cash balance requirement would have been \$4,127,861 if the rollover and retention rates were 20% less than the actual rates experienced for the prior 3 months (96% and 96% respectively).

- Actual available cash balance was \$42,581,924 (2009: \$32,087,268).

#### 4.3 DEBT MATURITY BENCHMARK

To meet the ASIC Debt Maturity disclosure benchmark, a maturity profile of amounts owing to Investors and other interest-bearing liabilities is set out below in Table 2. Included in liabilities payable within 3 months are variable rate no fixed term Investments for which the investment terms and conditions provide for an orderly repayment in sequence out of funds available (see 1.7).

Progressive ensures that assets maturing within 1 year are always at least equal to liabilities maturing within 1 year (see Table 2).

This balancing of maturities is aided by a policy that all mortgage loans other than loans under the National Credit Code are subject to recall after 3 years.

Matures:	Cash and Term Deposits \$	Loans Receivable \$	Interest-Bearing Liabilities \$
Within 3 Months	19,034,007	7,167,326	35,894,468
3 – 12 Months	17,330,115	20,899,305	11,685,205
1 – 3 Years	-	586,832	9,634,092
Totals	36,364,122	28,653,463	57,213,765
Av Interest Rate	6.0%	7.1%	5.9%

#### 4.4 LOAN PORTFOLIO BENCHMARK

To meet the ASIC Loan Portfolio disclosure benchmark, details of Progressive's current loan portfolio are set out above in Table 2 and below in Tables 3.1, 3.2, 3.3 and 3.4, and the policies applied by Progressive in the origination and management of mortgage assets are listed as follows:

Security	Number Loans	Outstanding Loans Value	Weight	Security Valuation	Actual Loan/Value Ratio	Maximum Loan/Value Ratio
Owner-Occupied Homes	87	17,215,171	60.1%	59,703,858	28.8%	80%
Rental Property	26	11,438,292	39.9%	25,812,220	44.3%	80%
Construction/Development	0	0	0.0%	0	N/A	70%
Totals	113	28,653,463	100%	85,516,078	33.5%	80%
Averages		253,570		756,779	33.5%	

Table 3.2 – Loans at December 31, 2010 - Loan Distribution – Sydney Regions

Region	Inner West	Southern	City and East	Upper North Shore	Outside Sydney	Canterbury / Bankstown	Lower North Shore	West	North West	Northern Beaches	South West	Total
Number	15	17	13	22	10	8	6	10	4	3	5	113
Weight	12 %	25 %	12 %	17 %	7 %	4 %	4 %	10 %	3 %	2 %	3 %	100%

- All loans are secured by registered mortgage over real estate which is assessed to be readily saleable or income earning.
- Loans are made within New South Wales and the Australian Capital Territory and predominantly within the greater Sydney Metropolitan area.
- All securities are valued by independent experienced valuers.
- Loans can be made to natural persons, companies or trusts provided they are not associates of Progressive.
- All mortgage loans other than Credit Code loans are subject to full repayment on written notice no later than three years from execution.
- Not more than 10% of total loan funds can be advanced to any one borrower.
- Experienced officers of Progressive appraise all loan proposals. No loan is made without:
  - the written consent of the loans manager and a director of the Company;
  - a valuer's certificate;
  - a solicitor's certificate that the title is in order;
  - a registrable mortgage; and
  - satisfactory proof that the property to be mortgaged has been insured.
- Loans that require loan insurance are not made.
- Loans are closely monitored for performance. Daily exceptions reports are generated to identify any accounts requiring maintenance such as insurance renewal, a review of interest rates or follow up on late payment.
- Loans in default or arrears are considered on an individual basis. Reasonable proposals for the borrower to normalise the account are allowed and scope for restructuring the loan is investigated. If a loan is considered no longer viable it will be called in and any actions thereafter necessary for recovery taken.

#### 4.5 RELATED PARTY BENCHMARK

Progressive meets this benchmark. Progressive does not lend to related parties.

**Table 3.3 - Loans at December 31, 2010 – Loan Purpose and Other Portfolio Details**

Type of Loan or Security	Number	Total Outstanding Loans value	Weight	Security Valuation	Loan/Value Ratio
Business Purpose Loans	39	15,832,006	55.2%	38,659,565	41.0%
Investment Purpose Loans	17	4,117,083	14.4%	13,333,433	30.9%
Personal Purpose Loans	57	8,704,374	30.4%	33,523,080	26.0%
Loans secured or part secured by Second mortgage	2	540,758	1.9 %	1,822,578	29.7%
Loans more than 30 Days In Arrears	0	0	0	0	N/A
Loans Impaired and Renegotiated Loans	0	0	0	0	N/A
Loans Subject to Legal Proceedings	0	0	0	0	N/A
Loans to 10 largest borrowers	10	10,548,269	36.8%	20,562,737	51.3%
Securities of 5% or more of total value of property secured	0	0	0	0	N/A
Loans to related parties (Progressive does not lend to related parties)	0	N/A	N/A	N/A	N/A

**Table 3.4 - Loans at December 31, 2010 – Loans of 5% or More of Total Loan Book Value (Weight)**

	Loan 1		Loan 2	
<b>Loan Value</b>		1,706,690		1,546,715
<b>Type of Loan</b>	Business Purpose		Business Purpose	
	1) Rental Property	600,000	1) Owner Occupied Home	2,400,000
<b>Securities</b>	2) Owner Occupied Home	600,000		
	3) Rental Property	355,000		
	4) X2 Rental Properties	540,000		
	5) Rental Property	500,000		
<b>Security Valuation</b>	Total:	2,595,000	Total:	2,400,000
<b>Loan / Value Ratio</b>		65.8%		64.5%
<b>Weight</b>		6.0%		5.4%

#### 4.6 VALUATIONS BENCHMARK

Progressive meets this benchmark:

- Real estate is valued on an “as is” and (for development property) an “as if complete” basis.
- Progressive uses independent licensed valuers and ensures that no single valuer conducts more than 1/3 of its valuations. Progressive has provided to and certified to the Trustee its panel of valuers that meet requirements under the Trust Deed and ASIC’s regulatory guide RG 69.
- Before any property is mortgaged a current valuation is required.
- New valuation of a mortgaged property is required whenever it is considered that the most recent valuation is:
  - insufficient for a new loan or further advance sought; or
  - inadequate because of changed circumstances.

#### 4.7 LENDING PRINCIPLES – LOAN-TO-VALUATION RATIOS BENCHMARK

Progressive meets the ASIC Lending Principles benchmark by adherence to the following:

- Maintaining the following loan-to-valuation ratios:
  - where the loan relates to property development a maximum of 70% on the basis of the latest ‘as if complete’ valuation; and
  - in all other cases – 80% on the basis of the latest market valuation.
- Requiring for any property development loan that funds may only be advanced in stages based on external evidence of the progress of the development.

#### 4.8 OTHER FACTORS

Other factors of importance in considering investments with Progressive include:

- Progressive Mortgage Company Limited is a member of JLY Pty Limited (ABN 27 065 799 966) group. Neither JLY Pty Ltd nor other group entities guarantee this issue.
- Progressive has maintained operations as a specialist in mortgage lending and issuer of interest rate securities since 1953.
- Progressive also arranges and manages mortgages directly assigned to particular persons.

### 5. FURTHER DETAILS OF ISSUE

The amount of subscriptions being sought during the life of this prospectus is not fixed and is to meet the demand for funds by Progressive in its ongoing operation.

Acceptance of applications is subject to the borrowing limitations of the Trust Deed and the Equity Capital benchmark and the right of the Company to close subscriptions at any time for any or all of the subscription options offered.

The Company reserves the right to refuse any application in part or in full and the right to offer different terms, rates and conditions to particular persons and groups of persons.

Money invested by two or more persons will be assumed to be held on a joint account at law and in equity.

Money expressed by an Investor to be in trust for another or others shall be deemed under the control of the Investor, his or her heirs, executors, administrators or assigns only.

Any mature investment unpaid because of default by the Company will continue to accrue interest at the then rate of interest payable for that investment option.

Progressive's audited June 30, 2010 financial report and auditor-reviewed December 31, 2010 interim financial report, which have been lodged with ASIC, set out in detail the financial performance of the Company and director remuneration during the respective reporting periods, and the Company's financial position at June 30 and December 31, 2010, and include directors' statements and reports. Extracts from these and earlier lodged financial reports are set out in Tables 4 and 5. Copies of these reports are available - call Progressive (02) 9299 5843.

The Company's auditors, Meagher, Howard & Wright Certified Practising Accountants ABN 42 664 097 441 - Level 5, 55 Grafton Street, Bondi Junction NSW 2022 - have given and have not withdrawn consent to be named in this prospectus and to the inclusion in *Prospectus 2011* of the summary information from the audited Financial Reports of the Company in Tables 4 and 5.

**Table 4 - Summary Information Extracted from Progressive's Financial Reports**

	30 Jun 2010 \$	31 Dec 2010 \$
Receivables	478,079	655,982
Bank Deposits & Bank Bill Investments	32,037,459	36,364,122
Registered Mortgages	29,879,185	28,646,716
Other Assets	74,466	95,702
Total Assets	62,469,189	65,762,522
Investor Loans	46,392,091	48,512,891
Creditors & Provisions	546,386	555,559
Total External Liabilities	46,938,477	49,068,450
Shareholder Loans	7,762,413	8,700,874
Total Liabilities	54,700,890	57,769,324
Shareholder Equity	7,768,299	7,993,198
Total Shareholder Funds (Incl. Loans)	15,530,712	16,694,072

**Table 5 - Progressive's Profit History Extracted from Audited Financial Reports**

Year	Profit after Tax	Year	Profit after Tax
2004/05	\$577,066	2007/08	\$697,766
2005/06	\$682,856	2008/09	\$582,878
2006/07	\$647,310	2009/10	\$402,904

## 6. COMPLAINT RESOLUTION

In situations where a matter of enquiry by a present or past Investor in Progressive Mortgage Company Limited about his or her investment cannot be resolved to that person's satisfaction by the usual method of contact and that person wishes to make a complaint the following arrangements are in place:

Step 1 - Complaints can be made by contacting Progressive directly in person, by mail, telephone, fax or email (see page 1 for [contact details](#))

When a complaint is received it will be recorded in a register and acknowledged in writing within five working days.

The complaint will be investigated by a Responsible Officer or other director and action initiated to resolve the matter.

The Company will provide a written response as soon as possible but in any event within 45 days of registration of the complaint.

Step 2 - Lodge a complaint with the Financial Ombudsman Service - T: 1300 780 808; F: 03 9621 2291; Email: [info@fos.org.au](mailto:info@fos.org.au); GPO Box 3 Melbourne VIC 3001

If the Investor is unable to resolve the complaint directly with Progressive within the 45 day timeframe, the person may refer the complaint to Financial Ombudsman Service Limited (FOS). Complaints can be made online or in writing - you can download a dispute form from the FOS website [www.fos.org.au](http://www.fos.org.au).

FOS is an independent body established to help customers in the resolution of complaints against members of the financial services industry. The service is free to members of the public.

## 7. DIRECTORS' STATEMENT

We, the directors of Progressive Mortgage Company Limited whose names appear below, have consented to and signed this prospectus.

We report that the Company continues to trade profitably and, that after due inquiries by us in relation to the interval since the last accounts of Progressive Mortgage Company Limited have been made up, we have not become aware of any circumstances which have, in our opinion, materially affected, or will materially affect, the trading profitability or the value of assets of Progressive Mortgage Company Limited.

At this date of lodgement of *Prospectus 2011* we believe that the Company will be able to repay all monies that have been or may be invested with the Company in respect to this prospectus and all other liabilities ranking in priority thereto or *pari passu* therewith, which have been or may be incurred.


- Leo James Lynch PhD FFin CPA - Managing Director since 1996.
- Timothy Lynch BEc LLB FFin, Solicitor - Director since 1996.
- Judith Beswick LLB BA FTIA, Solicitor - Director since 1973.

## 8. TRUSTEE CONSENT

The Trustee has given and not withdrawn its written consent to be named as the Trustee in this Prospectus. The Trustee has not authorised or caused the issue of this Prospectus. Neither the Trustee nor any member of The Trust Company Group makes any representations as to the truth or accuracy of the contents of this Prospectus other than the parts which refer directly to the Trustee. The Trustee does not make any representation regarding or accepting any responsibility for any statements or omissions in or from any other parts of this Prospectus. Other than the parts of this Prospectus which refer directly to the Trustee or which refer to the provisions of the trust deed, the Trustee has relied upon the Company for the accuracy of the content of this Prospectus. Neither the Trustee nor any member of The Trust Company Group makes any representations as to the performance of the issue, the maintenance of capital or any particular rate of return.

## APPLICATION FORM

### TO MAKE AN INVESTMENT:

- Read *Prospectus 2011* carefully to inform yourself about this offer.
  - Obtain the current interest rates applying to Progressive's investment options from [www.progressive.com.au/investments.html](http://www.progressive.com.au/investments.html) or by calling (02) 9299 5843.
  - Decide on the investment option(s) you want and when and how you want your interest to be paid.
  - Complete this application form. Requested are:
    - Certain Investor details (including tax file number, which is optional)
    - Instructions for payments to Investor; and
    - Details of the Investment Options applied for.
  - Send the completed Application Form and payment for the Total Investment Amount to:  
Progressive Mortgage Company Limited  
Level 4, 131 Clarence Street  
Sydney NSW 2000
  - Payment for the Total Investment Amount can be made by:
    - Cheque payable to Progressive Mortgage Company Limited and marked 'not negotiable';
    - Direct credit after arrangement with Progressive; or
    -  To use this option you will need to quote Progressive biller code 11478 – contact Progressive for the required customer reference number. For information about using BPAY contact your bank or visit [www.bpay.com.au](http://www.bpay.com.au).
- Cash is not accepted.

**FOR HELP COMPLETING THIS APPLICATION FORM CALL PROGRESSIVE (02) 9299 5843**

### PLEASE NOTE

- Application using this form is only available until April 16<sup>th</sup> 2012 - the expiry date of *Prospectus 2011*.
- This Application Form must be accompanied by a copy of *Prospectus 2011* if given to another person.
- Copies of *Prospectus 2011* and this Application Form are available free by calling Progressive on (02) 9299 5843.

### ISSUE AND RECORD OF INVESTMENT

- A statement of the details of Investment being a record of investment will be forwarded to the Investor within 14 days of the date of acceptance of a completed Application Form and receipt of the investment amount.

