

# PROGRESSIVE

## PROSPECTUS 2019

This prospectus was lodged with the Australian Securities and Investment Commission (ASIC) on 7<sup>th</sup> November 2019. ASIC takes no responsibility for the contents of this prospectus. No securities will be issued on the basis of this prospectus after its date of expiry which is 7<sup>th</sup> December 2020.

**Progressive Mortgage Company Limited** ABN 88 000 192 012 | ACL / AFSL 269822  
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## 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).

This prospectus (*Prospectus 2019*) is for the issue of interest-paying investments (Investments) which are secured by a first-ranking security interest over the assets of Progressive.

The Company's assets are predominantly bank deposits and loans secured by registered mortgages on owner-occupied homes and rental property - (see **4. Investing with Progressive**).

Investment products of this kind are classified as 'secured notes' under s283BH of the *Corporations Act 2001* as modified by *ASIC Class Order CO 12/1482*.

Investors should note these investments are not bank deposits and that there is a risk that investors could lose some or all of their money. The Company is not supervised by the Australian Prudential Regulatory Authority (APRA) and is not authorised under the *Banking Act 1959*, the depositor protection provisions in section 13A of that act will not cover your investment; and your investment will not be covered by the financial claims scheme established under Division 2AA of the Banking Act.

In the Company's assessment, the property that constitutes the security for the issued Investments is sufficient and reasonably likely to be sufficient to meet the liability for the repayment of all such money and all other liabilities that have been or may be incurred; and rank in priority to, or equally with, that liability.

### 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 met, and where not, to explain why and how the issuer deals with the issues underlying the benchmark.

**Table 1 - ASIC Benchmarks**

Benchmark	Issuer meets benchmark?	Refer to item:
Benchmark 1 - Equity Ratio	Yes	4.1
Benchmark 2 - Liquidity	Yes	4.2
Benchmark 3 - Rollovers	Yes	1.14
Benchmark 4 - Debt Maturity	Yes	4.3
Benchmark 5 - Loan Portfolio	Yes	4.4
Benchmark 6 - Related Party Transactions	Yes	4.5
Benchmark 7 - Valuations	Yes	4.6
Benchmark 8 - Lending Principles	Yes	4.7

Table 1 lists the ASIC benchmarks and whether they are met for this issue. Details of how Progressive meets, and expects to continue to meet, these benchmarks are included within *Prospectus 2019*.

## 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 on Progressive's website:

[www.progressive.com.au/invest](http://www.progressive.com.au/invest).

## 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:

- 3 month, 6 month and one, two and three year *Fixed Term* investments.
- Variable interest rate *31 Day Notice* investment.
- Investment for other terms can be negotiated on request.

## 1.4 31 Day Notice Period for Withdrawal of Investment

31 days' notice is required to be given to withdraw funds from a *31 Day Notice* investment or from a *Fixed Term* investment before it reaches maturity, except if the investor is suffering financial hardship. The 31-day notice period commences on the day Progressive receives the investor's request.

## 1.5 Interest Rates

During the currency of *Prospectus 2019* 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 **1.11 To Make an Investment**).

## 1.6 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.

## 1.7 Fixed Term Investments

- Provide a stable income over the term of the investment.
- Normally receive a higher interest rate than our variable rate *31 Day Notice* investment.

## 1.8 Variable Interest Rate Investments

Progressive's variable interest rate *31 Day Notice* investment:

- Pays attractive interest rates whilst retaining short-term (minimum 31 days) 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.
- Has no fixed repayment date, but repayment normally will be made in part or in full 31 days from the date a request for repayment is received from the investor.

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.
- 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 an unprecedented level of requests for repayment.
- In the unlikely event that requests for redemption of variable rate *31 Day Notice* investments exceed liquidity, then their repayment, with accrued interest, will be made in order of time of request 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.

## 1.9 Fees

Progressive does not charge establishment, management or ongoing fees.

## 1.10 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.

## 1.11 To Make an Investment

- Read this prospectus carefully so you are informed about this offer.
- Current interest rates may be obtained from our website at [www.progressive.com.au/invest](http://www.progressive.com.au/invest) or by phoning us on (02) 9299 5843.
- Complete the application form accompanying this prospectus. Requested are:
  - certain personal details (including tax file number, which is optional);
  - instructions for payments made to you; and
  - details of the investment options applied for.
- 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.
- 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 one month 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

### 1.12 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.

### 1.13 Repayments and Interest Payments

Repayments and interest payments will be either by funds transfer to a nominated account with a bank or other Authorised Deposit-Taking Institution (ADI), or by cheque posted in the ordinary mail, as instructed by the investor in the application form or otherwise in writing.

### 1.14 ASIC Benchmark 3 - Rollovers: Renewal on Maturity

Progressive meets the ASIC Rollovers benchmark by making the following disclosures. 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 including continuous disclosure information (see 1.2).

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.

### 1.15 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, 31 days (or sooner in cases of financial hardship) from the date of receipt of the request. The Company will normally require a financial adjustment as compensation for the loss of earning capacity of the money repaid, except in respect of any interest compounded since the last investment renewal and included in the amount 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 2019* 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 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 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 92.9% at 30<sup>th</sup> June 2019) 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 82.3% at 30<sup>th</sup> June 2019).
- 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, for example, consider the accounts or to give the Trustee instructions.
- How meetings of 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;

- 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 Company is responsible for the preparation of the prospectus and the Trustee's role has been limited to providing comments on the prospectus for the Company to address as the Company considers appropriate. Neither the Trustee nor any member of the Trust Company Group makes any representations or warranties as to the truth or accuracy of the contents of this prospectus. The Trustee does not make any representation or warranty regarding, or accepting any responsibility for any statements or omissions in or from any parts of this prospectus including statements as to whether or not the Company meets ASIC Benchmarks or statements or omissions as to whether or not the company will continue to meet ASIC Benchmarks. The Trustee has relied upon the Company for the accuracy of the contents of this prospectus. Neither the Trustee nor any member of the Trust Company Group gives any advice as to whether any person should invest in the securities offered in *Prospectus 2019* nor in any way makes any representations or gives any guarantee or assurances as to the performance of the Company or the performance of any investment, payments under the investment including repayment of principal or payment of interest on investments with the Company or the maintenance of capital, or any particular rate of return.

### **3. INVESTMENT RISKS**

These Investments are secured by a first-ranking security interest over Progressive's total assets which are primarily loans secured by registered mortgages and bank deposits (see Table 4).

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 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<sup>1</sup>.

### 4.1 ASIC Benchmark 1 - Equity Ratio

The level of equity in a company is the amount of its shareholder's own funds invested in the business, and provides a margin of safety for secured note holders as equity holders are the last to be repaid if the company is wound up. Progressive meets the ASIC Equity Ratio benchmark by ensuring that a minimum 8% *equity ratio* (total equity / (total equity + total liabilities)) is maintained to ensure prudent capitalisation of its mortgage financing business. At June 30<sup>th</sup>, 2019 Progressive's *equity ratio* was 17.7% and 0.0% of its lending was related to property development (June 30<sup>th</sup>, 2018: 16.0%; 0.0%).

### 4.2 ASIC Benchmark 2 - Liquidity

Liquidity is a measure of ability to meet short-term payment obligations. Progressive maintains a prudent level of liquidity, and meets the ASIC Liquidity benchmark which requires that it has 3-month forward cash flow estimates and that it maintain at all times a cash balance at least equal to its estimated cash requirement for the next 3 months.

At June 30, 2019, Progressive's:

- Cash balance requirement assuming a rollover rate of 90% of *Fixed Term* investments and retention of 91% of *No Fixed Term* (31-day notice) investments, and no new investments, was \$1,448,475.
- Estimated cash requirement for the previous quarter using the same assumptions was \$1,495,329 and actual net cash outflow for the previous quarter was \$145,421.
- Actual average quarterly rollover and retention rates for the preceding 12 months were 88% and 96%, and for the preceding quarter were 97% and 94%.
- Cash balance requirement would have been \$5,451,966 if the rollover and retention rates for the next 3 months were 20% less than the actual rates experienced for the prior 3 months.
- Actual available cash balance was \$47,654,041 (June 30, 2018: \$52,045,052) representing 115% of total investor liabilities. This balance comprises \$38,531,503 cash and term deposits held directly, and amounts held by the parent company that can be drawn upon.

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<sup>1</sup> ASIC Benchmark 3 is addressed in section 1.14 on page 4



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 regulated under the *National Consumer Credit Protection Act 2009* ('Credit Code loans'), are subject to recall after 3 years.

### 4.3 ASIC Benchmark 4 - Debt Maturity

To meet the ASIC Debt Maturity disclosure benchmark, a maturity profile of amounts owing to investors and other interest-bearing liabilities, and applicable average interest rates, 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 1.8) and amounts owing to related parties.

**Table 2 - Maturities at June 30, 2019**

Matures:	Cash and Term Deposits \$	Loans Receivable \$	Interest-Bearing Liabilities \$
< 3 Months	22,129,452	11,247,019	31,498,721
3 - 12 Months	16,402,051	2,957,388	11,623,807
1 - 3 Years	-	5,380,531	4,816,986
Totals	38,531,503	19,584,938	47,939,514
Av Interest Rate	2.55%	4.98%	2.66%

### 4.4 ASIC Benchmark 5 - Loan Portfolio

Factors to consider when assessing the level of risk associated with investment in a loan portfolio include those set out following. In general the fewer loans in the portfolio, the greater the impact an adverse event affecting one loan has on the portfolio as a whole. 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:

- All loans are secured by registered mortgage over real estate which is assessed to be readily saleable or income earning.
- Registered first and second mortgages are accepted. Second mortgages comprise a minor part of the portfolio (refer to Table 3.3).
- Loans are made predominantly within New South Wales and mostly within the greater Sydney Metropolitan area.
- 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;
  - satisfactory evidence of value;
  - a solicitor's certificate that the title is in order;

- a registrable mortgage; and
  - with the exception of unimproved land, satisfactory proof that the property to be mortgaged has been insured.
- 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 ASIC Benchmark 6 - Related Party Transactions

To meet the ASIC Related Party Transactions benchmark an issuer must disclose its approach to lending to related parties, as such loans *'might not be made with the same rigour and independence as transactions made on an arm's-length commercial basis'*.

Progressive meets this benchmark by disclosing that it does not lend to related parties.

#### 4.6 ASIC Benchmark 7 - Valuations

The purpose of meeting the ASIC Valuations benchmark is to provide investors with information enabling them to assess the quality of security valuations which affects the riskiness of the associated loan portfolio.

Progressive meets this benchmark by adhering to the following policies:

- Real estate is valued on an “as is” and (for development property) an “as if complete” basis.
- Progressive uses a panel of independent licensed valuers, appointed with the consent of the Trustee, and ensures that no single valuer conducts more than 1/3 of its valuations.
- Before any property is mortgaged a current independent valuation is required.
- Development loans are advanced in stages to cover completion costs based on external evidence of the progress of the development.
- 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, for example when there is a change in interest rate or the term of the loan, or when changes to zoning or local environment or major economic events occur that potentially adversely impact property values.

**Table 3.1 – Loans at June 30, 2019- Valuations and Securitles**

Security	Number Loans	Outstanding Loans Value	Weight	Security Valuation	Actual Loan/ Value Ratio	Maximum Loan / Value Ratio
Owner-Occupied Homes	37	11,271,729	57.6%	35,762,842	31.5%	65.7%
Rental Property	24	8,313,209	42.4%	20,198,483	41.2%	74.5%
Construction/Development	0	0	0.0%	0	N/A	N/A
Totals	61	19,584,938	100.0%	55,961,325	35.0%	
Averages		321,065		917,399		

**Table 3.2 – Loans at June 30, 2019 - 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	13	11	6	6	5	4	1	5	5	4	1	61
Weight	21%	30%	7%	8%	8%	4%	0%	8%	4%	10%	0%	100%

**Table 3.3 - Loans at June 30, 2019- 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	22	10,898,655	55.65%	27,006,775	40.36%
Investment Purpose Loans	8	2,509,507	12.81%	6,735,508	37.26%
Personal Purpose Loans	31	6,176,776	31.54%	22,219,042	27.80%
Loans secured or part secured by second mortgages	0	0	0	0	N/A
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	10,558,503	53.91%	21,616,224	48.85%
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 June 30, 2019 – Loans of 5% or More of Total Loan Book Value (Weight)**

Loan 1		
Loan Value		1,689,514
Type of Loan	Business Purpose	
Security Valuation	1) Owner-Occupied Home	1,800,000
	2) Vacant Land	775,000
	Total:	2,575,000
Loan / Value Ratio		65.6%
Weight		8.63%
Security Details	1) 2-storey retail/residential building comprising 2 shops and a 3-bedroom residence on 461.6 m <sup>2</sup> in Southern Sydney 2) 638.6 m <sup>2</sup> vacant land zoned residential in Southern Sydney	
Valuation Details	1) Independent valuation dated August 2013 based on sales evidence and market conditions. 2) Valuer-General land value July 2016.	

**Table 3.4 ctd - Loans at June 30, 2019 – Loans of 5% or More of Total Loan Book Value (Weight)**

Loan 2		
Loan Value		1,035,346
Type of Loan	Business Purpose	
Security Valuation	1) Owner-Occupied Home	2,400,000
	Total:	2,400,000
Loan / Value Ratio		43.14%
Weight		5.29%
Security Details	1) Fine executive house with deep water frontage in Southern Sydney.	
Valuation Details	1) Independent valuation dated October 2005 based on sales evidence and market conditions.	
Loan 3		
Loan Value		1,234,697
Type of Loan	Business Purpose	
Security Valuation	1) Owner-Occupied Home	1,650,000
	2) Residential Investment Property	1,350,000
	Total:	3,000,000
Loan / Value Ratio		41.16%
Weight		6.30%
Security Details	1) Two-storey 5-bedroom 3-bathroom Victorian home with period features, district views and double parking in Sydney Inner West. 2) Freestanding single level Federation dwelling in Sydney Inner West with 3 bedrooms and double off-street parking.	
Valuation Details	1) Independent valuation dated April 2013 based on sales evidence and market conditions. 2) Independent valuation dated April 2018 based on sales evidence and market conditions.	
Loan 4		
Loan Value		1,285,734
Type of Loan	Residential Investment Purpose	
Securities	1) Owner-Occupied Home	3,000,000
	2) Land	210,000
Security Valuation	Total:	3,210,000
Loan / Value Ratio		40.05%
Weight		6.56%
Security Details	1) Owner-occupied home in Sydney northern suburbs. 2) 1.44 hectares land in country NSW	
Valuation details	1) Independent valuation dated July 2018 based on sales evidence and market conditions. 2) Valuer-General land value July 2018.	

**Table 3.4 ctd - Loans at June 30, 2019 – Loans of 5% or More of Total Loan Book Value (Weight)**

Loan 5		
Loan Value		1,395,122
Type of Loan	Residential Investment Purpose	
Securities	1) Residential Investment Property	1,000,000
	2) Residential/ commercial property	488,000
	3) Owner-Occupied Home	980,000
Security Valuation	Total:	2,468,000
Loan / Value Ratio		56.53%
Weight		7.12%
Security Details	1) Two storey townhouse with double garage in Sydney southern suburbs. 2) Commercial property with residence above in western Sydney. 3) Two storey townhouse with double garage in Sydney southern suburbs.	
Valuation details	1) Independent valuation dated December 2017 based on sales evidence and market conditions. 2) Valuer-General land value July 2013. 3) Independent valuation dated December 2017 based on sales evidence and market conditions.	

#### 4.7 ASIC Benchmark 8 - Lending Principles

The higher the value of a loan compared to the value of the asset it is secured against, the less protection there is for the investor against adverse changes in market conditions such as a downturn in property prices. 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 Directors and Related Party Transactions

The directors of the Company are Judith Beswick, Leo James Lynch, and Timothy Lynch.

James Lynch PhD, CPA, FFin, is managing director and a responsible officer for the Company’s AFSL and ACL licences. He has had hands on day-to-day experience over 23 years in the company’s business including direct involvement in the loan approval process.

Judith Beswick, LLB, FTIA, has had an executive role in oversight of the company since 1973 and is a responsible officer for the Company’s AFSL and ACL licences. Judith heads the loan approval process and in her capacity as partner in the law firm Beswick-Lynch Lawyers provides legal services to the company and receives legal fees from the Company and from mortgagors for legal services provided on normal terms and conditions.

Timothy Lynch, BEc LLB FFin, has been a director of the Company since 1996 and is a responsible officer of the company’s ACL licence. He has relevant financial and legal skills and is available on a day-to-day basis to fill managerial roles when needed including involvement in the loan approval process. In his capacity as partner in the law firm Beswick-Lynch Lawyers he provides legal services to the Company and receives legal fees from the Company and from mortgagors for legal services provided on normal terms and conditions.

The Company is and has been since before issue of securities under the trust deed part of a 100% family-owned company group headed by JLY Pty Limited. All directors are family members.

The Company receives fees for management and administration services from related entities in which directors have an interest, and pays rent for its business premises to the owner which is a related entity in which the directors have an interest. The amounts of these fees and payments are disclosed in the Company's annual financial reports lodged with ASIC and available from Progressive free of charge on request.

Also disclosed in the Company's financial reports are director remuneration and secured notes on issue to directors and director related parties, and interest paid in respect of those notes.

None of the directors have been paid director fees.

#### **4.9 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 auditor-reviewed December 31, 2018 interim financial report and audited June 30, 2019 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 December 31, 2018, and June 30, 2019 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 2019* of the summary information from the audited financial reports of the Company in Tables 4 and 5.

Progressive's profitability as set out in Table 5 reflects ongoing adverse lending conditions, leading to a shift in the portfolio from suitable mortgage loans to bank term deposits and hence reduced margins. Progressive maintains a sound financial position and is well placed to benefit from improved lending conditions.

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

	30 June 2019	30 June 2018
	\$	\$
Receivables and Prepaid Expenses	770,145	650,192
Bank Deposits & Bank Bill Investments	38,531,703	41,874,867
Registered Mortgage Loans	19,596,456	20,788,955
Other Assets	82,834	79,636
<b>Total Assets</b>	<b>58,981,138</b>	<b>63,393,650</b>
Investor Loans	41,474,239	44,738,867
Creditors & Provisions	592,933	461,305
<b>Total External Liabilities</b>	<b>42,067,172</b>	<b>45,200,172</b>
Shareholder Loans	6,462,522	8,018,413
<b>Total Liabilities</b>	<b>48,529,694</b>	<b>53,218,585</b>
Shareholder Equity	10,451,444	10,175,065
<b>Total Shareholder Funds (Incl. Loans)</b>	<b>16,913,966</b>	<b>18,193,478</b>

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

Year	Profit after Tax	Year	Profit after Tax
2013/14	\$305,461	2016/17	\$160,993
2014/15	\$286,023	2017/18	\$189,877
2015/16	\$162,105	2018/19	\$276,379

## 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 cover 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 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 Australian Financial Complaints Authority**

If the investor is unable to resolve the complaint directly with Progressive within the 45 day timeframe, the person may refer the complaint to Australian Financial Complaints Authority (AFCA). Complaints can be made online, or by letter, email or phone – you can download a complaint form from the AFCA website.

web: [www.afca.org.au](http://www.afca.org.au)  
tel: 1300 931 678  
email: [info@afca.org.au](mailto:info@afca.org.au)  
mail: GPO Box 3 Melbourne VIC 3001

AFCA 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 2019* we believe 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 consented to be named as Trustee in this prospectus. However, the Trustee has not authorised or caused the issue of this prospectus and was not involved in preparing, nor does it take responsibility for, this prospectus. The Trustee has not made any representations as to the truth or accuracy of the contents of this prospectus. The Trustee has relied upon the Company for the accuracy of the content of this prospectus. The Trustee has no involvement in the approval of any related party loans. The Trustee does not make any representations as to the performance of the Company, the compliance with benchmarks, the maintenance of capital or any particular rate of return.



To make an investment

- Read Prospectus 2019 carefully so you are informed about this offer.
- Obtain the current interest rates applying to Progressive’s investment options from [www.progressive.com.au/invest](http://www.progressive.com.au/invest) 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.
- 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
  - **BPAY** Quote Progressive biller code 11478 and 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 7<sup>th</sup> December 2020 – the expiry date of Prospectus 2019.
- This application form must be accompanied by a copy of Prospectus 2019 if given to another person.
- Copies of Prospectus 2019 and this application form are available online at [www.progressive.com.au/invest](http://www.progressive.com.au/invest) or on request.

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.

Section 1 – Investor Details

I/We hereby apply for Progressive Mortgage Company Limited interest rate investments as itemised overleaf upon the terms and conditions set out in Prospectus 2019, which expires on 7<sup>th</sup> December 2020.

Applicant 1

Surname / Company or Other Entity Name			
Title	Date of Birth		
Mr <input type="checkbox"/> Mrs <input type="checkbox"/> Ms <input type="checkbox"/> Miss <input type="checkbox"/> Other :			
Given Name(s)			
Tax File Number*, ABN or Exemption Category		* quotation is not compulsory, but if your TFN is not provided we are required to deduct tax from any interest income you receive at the highest marginal rate plus Medicare levy.	
Address			
Suburb	State	Postcode	
Telephone	Mobile	Facsimile	
Email		<input type="checkbox"/> Please email correspondence	

**Applicant 2**

Surname / Company or Other Entity Name

Title  
 Mr  Mrs  Ms  Miss  Other :

Date of Birth

Given Name(s)

Tax File Number\*, ABN or Exemption Category

\* quotation is not compulsory, but if your TFN is not provided we are required to deduct tax from any interest income you receive at the highest marginal rate plus Medicare levy.

Address

Suburb State Postcode

Telephone Mobile Facsimile

Email  Please email correspondence

**Section 2 Instructions for payments to you:**

Please post cheque, or  Please pay to my account by electronic funds transfer (EFT):  
 Account Name BSB Account Number

**Section 3 Investment Options**

Please state Interest Rate and Amount for each investment option selected in the table below and also the Total Investment Amount. For current Interest Rates phone (02) 9299 5843 or visit [www.progressive.com.au](http://www.progressive.com.au).

Investment Type	Term	Please Tick Interest Payment Option			Interest Rate % p.a.	Amount
		Paid Monthly	Paid Quarterly	Compound Quarterly		
<b>Fixed Term*</b>	Months					\$
	1 Year					\$
	2 Year					\$
	3 Year					\$
<b>Variable Rate</b>	No Fixed Term 31 Day Notice					\$
*please note: 31 days' notice is required to withdraw funds during the term (except in cases of financial hardship).					<b>Total Investment Amount</b>	\$

**Signature of Applicant/s and Authority to Operate (Joint Holders)**

Signature of Applicant 1 Method of Operation:  Joint  Sole  
 Signature of Applicant 2 Date

All joint applicants must sign. The donee of Power of Attorney states that no notice of revocation has been received.

**Privacy Disclosure Statement**

Progressive is committed to protecting the privacy of Investors and handling all personal information in accordance with the Australian Privacy Principles. Progressive collects personal information to process applications for and to administer investments. Progressive may use and disclose personal information about Investors to government agencies and entities providing management services and may use such information to send Investors information about other products and services it offers. Progressive will not disclose such information to others for the purpose of marketing to you nor to recipients located overseas. Progressive's Privacy Policy, available on request, includes information about how to make a complaint about a privacy issue and how Progressive would deal with such a complaint, and about how to access and correct any of the personal information Progressive holds about you.