

PROGRESSIVE MORTGAGE COMPANY LIMITED

TARGET MARKET DETERMINATION: 31 DAY NOTICE SECURED NOTES

This document is not a product disclosure document nor is it a summary of the product's terms and features. Persons interested in investing in this product should carefully read the current Prospectus for this product before deciding whether to invest in it.

This *target market determination* ("TMD") is required under Division 2 of Pt 7.8A of the Corporations Act 2001 (Cth) and describes the class of investor for whom Progressive Mortgage Company Limited 31 Day Notice secured notes would likely be suitable ('target market'), how these investments are distributed, and arrangements for review of this document.

Issuer

Progressive Mortgage Company Limited, ABN 88 000 192 012, AFSL 269822

Description of Product

31 Day Notice secured notes are variable rate no fixed term interest-paying investments secured by a first-ranking security interest over the assets of Progressive Mortgage Company Limited.

Investors in Progressive secured notes rank first above other creditors and shareholders, and the notes are secured over all the Company's assets - predominantly bank deposits and a portfolio of carefully managed loans secured by registered first mortgages of real estate.

The Investor can choose the interest payment frequency: Interest can be paid monthly or paid or compounded quarterly or annually.

There is no fixed repayment date but repayment normally will be made in part or in full on 31 days' notice from the investor.

There is no minimum investment amount and no fees apply.

Statements are provided by post or email each time there is a change to the balance of the investment.

Target Market

Investors in Progressive secured notes may be individuals, trusts, companies or superannuation funds with likely objectives, needs and financial situation described below.

Likely Objectives and Needs

Progressive 31 Day Notice secured notes would likely be suitable for investors with the following investment aims:

- Open-ended investment timeframe not less than 31 days.
- Short term access to funds.
- Variable rate of return/ income stream.
- Indirect investment exposure to cash and first mortgages.
- Low risk of loss of capital.

Likely Financial Situation

An investor would likely:

- Have cash available to invest for a short to indeterminate term;
- Be able to provide 31 days' notice before accessing their funds invested;
- Prioritise the preservation of the sum invested;
- Have sufficient other resources to bear the risk of an investment that is not guaranteed.

How these investments are suitable for the target market

Progressive's 31 Day Notice secured notes are consistent with the target market described above:

Interest rates are variable; and no fees apply, providing a variable rate of return to grow the investment, or an income stream if interest is paid rather than compounded.

The investment term is not fixed – access to funds is subject to 31 days' notice.

Principal sum preserved – the sum invested plus any unpaid interest earned is returned at the end of the investment period if not reinvested.

First-ranking secured notes secured over all the Company's assets provide some investment exposure to first mortgages without directly bearing individual mortgage credit risk.

Distribution

Progressive issues and directly distributes its 31 Day Notice secured notes. Applications by email, post or fax must be made using the application form accompanying a current prospectus, which means investors are provided with detailed information about these investments before they apply. Applications are processed by appropriately trained staff who are able to further assist. No further distribution conditions are considered necessary to ensure that Progressive's secured notes are issued to the target market as described above.

Review

The TMD will be reviewed every two years and within 10 days of the Company becoming aware of any event or circumstance that would reasonably suggest that the TMD is no longer appropriate including:

- A significant change in product specifications;
- Change in financial situation of the company or prevailing economic conditions materially affecting the risk profile of secured notes investments;
- Change in laws or regulations governing the form and content of this document;
- A significant number of complaints in relation to the product;
- A significant dealing in this product which is inconsistent with the TMD;
- Any other event likely to materially affect the suitability of Progressive secured notes investments for the target market as described in this document.

Investors should note: *These investments are not bank deposits and there is a risk that investors could lose some or all of their money. Progressive is a Registered Financial Corporation under the Financial Sector (Collection of Data) Act 2001 and holder of Australian Financial Services Licence 269822 and is regulated by ASIC and as such, not supervised by 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.*