

Suncorp Covered Bond Trust

ABN 14 274 852 576

Financial report for the financial year ended 30 June 2021

Contents	Page
Manager's report	2
Statement of comprehensive income	3
Statement of financial position	4
Statement of changes in equity	5
Statement of cash flows	6
Notes to the financial statements	7
1. Reporting entity	7
2. Basis of preparation	7
3. Secured loan	8
4. Payables	9
5. Interest-bearing liabilities	9
6. Units on issue	10
7. Reconciliation of cash flows from operating activities	10
8. Auditor's remuneration	10
9. Significant accounting policies	11
10. Subsequent events	13
Trustee's report	14
Manager's declaration	15
Independent auditor's report to the unitholders	16

MANAGER'S REPORT

For the financial year ended 30 June 2021

For the purposes of this report, the 'Manager' refers to SME Management Pty Limited, being the Cash Manager and Administrative Agent of the Trust. The Manager has prepared this special purpose financial report under delegation of Perpetual Corporate Trust Limited (the **Trustee**).

The Manager of Suncorp Covered Bond Trust (the **Trust**) presents its report together with the financial statements of the Trust for the financial year ended 30 June 2021.

Principal activities

The Trust's principal activities during the year consisted of carrying on a business to purchase a cover pool of assets by equitable assignment and to guarantee the covered bonds issued by the parent entity, Suncorp-Metway Limited (**SML**). The Trust entered into an Intercompany Loan Agreement with SML to fund the purchase of the cover pool by equitable assignment. The intercompany loan consists of a guarantee loan and demand loan, which represent the debts of the Trust.

There have been no significant changes in the nature of the principal activities of the Trust during 2021.

Operating and financial review

The Trust's net profit from operating activities before distribution expense for the financial year ended 30 June 2021 is \$11.58m (2020: \$8.81m).

Significant changes in state of affairs

There were no significant changes in the state of affairs of the Trust during the financial year.

Events subsequent to reporting date

The Manager is not aware of any matter or circumstance that has occurred since the end of the financial year that has significantly affected or may significantly affect the operations of the Trust, the results of its operations or the state of affairs of the Trust in subsequent financial year.

Likely developments

There has been no substantial change in the operations of the Trust, and no substantial changes are expected in the coming financial year.

Environmental disclosure

The operations of the Trust are not subject to significant environmental regulation under any law of the Commonwealth of Australia or of any state or territory of Australia. The trust has not incurred any liability (including for rectification costs) under any environmental legislations.

Rounding of amounts

All amounts have been rounded to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the directors of the Manager, SME Management Pty Limited.



Director **ERIN STRANG**
SME Management Pty Limited

Brisbane

27 August 2021

STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 30 June 2021

	Note	2021 \$000	2020 \$000
Revenue			
Interest income on secured loan		53,347	67,671
Interest income on cash and cash equivalents		68	814
Other income on secured loan		3,695	2,680
Total revenue		57,110	71,165
Expenses			
Interest expense		(45,086)	(59,120)
Cash manager and Administrative agent fee		(2,035)	(1,935)
Covered bond guarantee fee		(198)	(182)
Expected credit loss on financial assets - release/(expense)	3.1	1,788	(1,115)
Total expenses		(45,531)	(62,352)
Profit before distribution expense		11,579	8,813
Servicing fee		(5,815)	(5,528)
Residual income rights		(5,764)	(3,285)
Total distribution expense		(11,579)	(8,813)
Profit before tax		-	-
Income tax expense		-	-
Profit for the financial year attributable to the unitholders of the Trust		-	-
Total comprehensive income for the financial year attributable to the unitholders of the Trust		-	-

The statement of comprehensive income is to be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Note	2021 \$000	2020 \$000
Assets			
Cash and cash equivalents		168,461	205
Secured loan income receivable		2,533	4,049
Related party receivable		-	79,277
GST receivable		145	122
Secured loan	3	2,248,101	3,181,043
Total assets		2,419,240	3,264,696
Liabilities			
Payables	4	1,414	2,065
Interest payables		3,487	6,507
Distribution payable		11,489	6,124
Related party payables		142,850	-
Interest-bearing liabilities	5	2,260,000	3,250,000
Total liabilities excluding outstanding units		2,419,240	3,264,696
Units on issue	6	-	-
Total liabilities		2,419,240	3,264,696
Net assets		-	-

The statement of financial position is to be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 June 2021

The Trust's net assets attributable to unit holders are classified as a liability under AASB 132 *Financial Instruments: Presentation*. As such the Trust has no equity, and no items of changes in equity have been presented for the current or comparative year.

STATEMENT OF CASH FLOWS

For the financial year ended 30 June 2021

	Note	2021 \$000	2020 \$000
Cash flows from operating activities			
Secured loan interest income receipts		86,785	93,131
Other operating income received		3,784	3,694
Interest paid on interest-bearing liabilities		(75,303)	(81,587)
Distribution paid		(12,320)	(11,460)
Fees paid		(2,871)	(2,660)
Cash advanced under secured loan		1,158,180	(231,422)
Net cash from (used in) operating activities	7	1,158,256	(230,304)
Cash flows from financing activities			
Repayment of interest-bearing liabilities		(990,000)	(1,020,000)
Proceeds from interest-bearing liabilities		-	1,250,000
Net cash (used in) from financing activities		(990,000)	230,000
Net increase (decrease) in cash and cash equivalents		168,256	(304)
Cash and cash equivalents at the beginning of the financial year		205	509
Cash and cash equivalents at end of the financial year		168,461	205

The statement of cash flows is to be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

1. Reporting entity

The Suncorp Covered Bond Trust (the **Trust**) is a Trust domiciled in Australia.

The Trust was established with the purpose of carrying on a business to purchase a cover pool of assets by equitable assignment and to guarantee the covered bonds issued by the parent entity, Suncorp-Metway Limited (**SML**). The ultimate parent entity of the Trust is Suncorp Group Limited.

The Trust was established by the Trust Deed between the Issuer, Seller and Servicer (**SML**), the Cash Manager and Administrative Agent, being SME Management Pty Limited (the **Manager**) and the Covered Bond Guarantor (Perpetual Corporate Trust Limited, in its capacity as Trustee of the Trust) dated 10 May 2012.

In accordance with the Trust Deed, the Trust was constituted on 25 May 2012 following the receipt of \$20, being the initial assets of the Trust.

The Trust entered into an Intercompany Loan Agreement with SML to fund the purchase of the cover pool by equitable assignment. The intercompany loan consists of a guarantee loan and demand loan, which represent the debts of the Trust.

The financial report was authorised for issue by the directors of SME Management Pty Limited (the **Directors**) on 27 August 2021. The registered office of the Manager is at Level 28, 266 George Street, Brisbane QLD 4000.

2. Basis of preparation

The Trust is a for-profit entity and its financial statements have been prepared on the historical cost basis unless the application of fair value measurement is required by relevant accounting standards.

In the opinion of the Directors, the Trust is not a reporting entity as there are no users dependent on general purpose financial reports. The financial statements of the Trust have been prepared as special purpose financial statements for the sole purpose of fulfilling the requirements of the Trust Deed dated 10 May 2012.

The financial report is presented in Australian dollars which is the Trust's functional and presentation currency.

Significant accounting policies applied in the preparation of the financial statements are set out in note 9.

Where necessary, comparatives have been restated to conform to changes in presentation in the current year.

2.1. New Australian Accounting Standards

Revised Conceptual Framework

The Trust has applied the Revised Conceptual Framework (AASB Framework) for Financial Reporting from 1 July 2020. The AASB Framework establishes consistent concepts upon which future accounting standards will be developed. The AASB Framework also includes amendments to the definition and recognition criteria for assets, liabilities, income and expenses, guidance on measurement and derecognition, and other relevant financial reporting concepts. The impact on the Trust's financial statements is not considered to be material.

2.2 Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts reported in the financial statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Estimates and underlying assumptions are reviewed on an ongoing basis. Where revisions are made to accounting estimates, any financial impact is recognised in the period in which the estimate is revised.

Significant estimates, judgments and assumptions are discussed in the following notes:

- Expected credit loss model methodology, estimates and assumptions (note 3.3)
- recognition of secured loan as a consequence of the sale of cover pool assets by SML not qualified for derecognition (note 9.6)

COVID-19 impact on the use of estimates and assumptions

Given the ongoing economic uncertainties from COVID-19, the Trust has continued to monitor its financial reporting procedures and governance practices surrounding the preparation of the financial statements. While the effects of COVID-19 do not change the areas requiring significant estimation and judgment in the preparation of the financial statements, it has resulted in estimation uncertainty and application of further judgment within those identified areas and, where relevant, is disclosed in the notes to this financial report. Consistent with previous periods the most significant area impacted by COVID-19 is the provision for expected credit loss (ECL) impairment on financial assets which is outlined in note 3.3.

3. Secured loan

	Note	2021 \$000	2020 \$000
Gross secured loan		2,248,649	3,183,379
Provision for expected credit loss	3.1	(548)	(2,336)
Net secured loan		2,248,101	3,181,043

The Trust recognised a receivable due from SML, representing a secured loan (also refer note 9.6) rather than the underlying securitised mortgages. The secured loan is secured by an equitable interest in the mortgage loans held by SML.

The collateral against the cover pool held by SML is in the form of mortgage interests over Australian residential property. Estimates of fair value are based on the value of collateral assessed at the time of origination, and generally are not updated except when a loan is individually assessed as impaired.

The provision for impairment of the secured loan reflects the potential impairment of the underlying cover pool assets managed by SML.

3.1. Reconciliation of provision for expected credit loss

	Note	2021 \$000	2020 \$000
Provision for expected credit loss opening balance		(2,336)	(1,221)
Movement during the year	3.2	1,788	(1,115)
Provision for expected credit loss closing balance		(548)	(2,336)

3.2. Expected credit loss on financial assets

	2021 \$000	2020 \$000
Decrease (increase) in collective provision for impairment	1,760	(1,087)
Decrease (increase) in specific provision for impairment	28	(28)
Total expected credit loss on financial assets	1,788	(1,115)

3.3. Expected credit loss model methodology, estimates and assumptions

COVID-19 impact on significant estimates, judgements and assumptions

The provision for impairment on financial assets is considered to be a significant accounting estimate and judgment as forecast macroeconomic conditions are a key factor in determining the ECL for loans and advances. The COVID-19 pandemic and the associated prevention measures continue to have a profound impact on the Australian and global economy. Key economic indicators such as residential property prices and unemployment have improved. However, there remains downside economic risk associated with future lockdowns and delays in vaccine rollouts which could impede economic recovery.

Expected credit loss model

Expected credit losses (**ECL**) is recorded for all financial assets measured at amortised cost. ECL is calculated as the probability of default (**PD**) x loss given default (**LGD**) x exposure at default. The credit models are calibrated to reflect PD and LGD estimates based on historical observed experience, as well as reflecting the influence of unbiased forward-looking views of macroeconomic conditions, through macroeconomic variables that influence credit losses, for example unemployment rates and changes in residential property prices.

The economic forecasts underpinning the PD and LGD estimates are reviewed on at least a 6-monthly basis, taking into account expert judgment, and are approved by the Bank's Asset and Liability Committee. Management has included overlays to the modelled provisions to capture emerging risks that have not yet been captured in the ECL model.

Financial assets that are subject to credit risk are assigned to one of three stages and could be reassigned based on changes in asset quality:

	Asset quality	Provision established to provide for ECL for:
Stage 1	Performing and/or newly originated assets.	A 12 month period.
Stage 2	Have experienced a significant increase in credit risk (SICR) since origination.	The remaining term of the asset (lifetime ECL).
Stage 3	In default as they are either past due but not impaired or impaired assets.	Lifetime ECL.

Agency ratings reflect the quality of underlying securitised mortgages. A SICR event occurs if agency ratings deteriorate below the point where substantially all units issued are no longer considered to be investment grade.

As at 30 June 2021, given the nature of the secured loan being a fully collateralised receivable due from SML and relevant agency ratings concerning investment quality of the Trust, the entire ECL for each Trust is classified as stage 1.

4. Payables

	2021	2020
	\$000	\$000
Servicer's fee	761	588
Cash manager fee	167	147
Administrative agent fee	478	59
Unapplied funds	-	1,262
Covered bond guarantee fee	8	9
Total payables	1,414	2,065

5. Interest-bearing liabilities

	2021	2020
	\$000	\$000
Demand loan	13,045	425,593
Guarantee loan	2,246,955	2,824,407
Total Interest-bearing liabilities	2,260,000	3,250,000

6. Units on issue

	2021		2020	
	No. of units	\$	No. of units	\$
Residual income unit	1	10	1	10
Residual capital unit	1	10	1	10
On issue at the end of the year	2	20	2	20

The Residual Income Unitholder has no right to receive distributions in respect of the Trust except:

- any amounts payable to the Residual Income Unitholder under clause 18.7 of the Trust Deed, the Priorities of Payments and the Security Trust Deed and when the Trust ends, a distribution of all of the remaining Trust's assets, subject to the rights of the Residual Capital Unitholder; and
- when the Trust ends subject to the amount of available funds, an amount equal to the subscription price of the Residual Capital Unit.

7. Reconciliation of cash flows from operating activities

	2021	2020
	\$000	\$000
Net profit for the financial year	-	-
Non-cash items		
Expected credit loss on financial assets	(1,788)	1,115
Change in assets and liabilities		
Decrease (increase) in secured loan	934,730	(213,583)
Decrease (increase) in trade and other receivables	80,770	(14,745)
Increase (decrease) in all payables	144,544	(3,091)
Net cash (used in) from operating activities	1,158,256	(230,304)

8. Auditor's remuneration

	2021	2020
	\$	\$
KPMG Australia		
Audit of the financial report	27,360	28,500
Total auditor's remuneration	27,360	28,500

Fees for services rendered by the Trust's auditor KPMG Australia in relation to the statutory audit are borne by the income and capital unitholder, SML.

9. Significant accounting policies

The special purpose financial report has been prepared in accordance with the requirements of the Trust Deed, and the recognition and measurement aspects of all applicable Australian Accounting Standards (AASB) as issued by the Australian Accounting Standards Board.

The financial statements have been prepared in accordance with the disclosure requirements of AASB 101 *Presentation of Financial Statements*, AASB 107 *Statement of Cash Flows*, AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, AASB 1048 *Interpretation of Standards*, AASB 1054 *Australian Additional Disclosures* and AASB 1057 *Application of Australian Accounting Standards*. They do not comply with all the disclosure requirements of Australian Accounting Standards.

The financial statements do not comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board.

The accounting policies set out below have been applied consistently to all financial years presented in these financial statements.

9.1. Revenue and expense recognition

Interest revenue and expense are recognised in profit or loss for all interest-bearing instruments measured at amortised cost using the effective interest method.

The effective interest method uses the effective interest rate to allocate interest income and expense over the relevant accounting period for the financial asset or liability. The effective interest rate is the rate that exactly discounts estimated future cash payments and receipts through the expected life of the financial instrument, or when appropriate, a shorter period to the gross carrying amount of the financial asset or liability.

This calculation includes all fees and basis points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other discounts or premiums.

Interest income on the secured loan (refer note 9.6) comprises interest income from the cover pool, any fee income earned from the cover pool, and the net interest income/expense not separately recognised under the interest rate swap (refer note 9.7).

9.2. Income tax

The Trust is only liable to income tax to the extent that accumulated income is assessable. Under current legislation the Trust is not subject to income tax as the taxable income, including assessable realised capital gains are distributed in full to the unitholder.

9.3. Goods and services tax (GST)

Revenues, expenses and assets are recognised net of GST, except where the amount of GST incurred is not recoverable. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or the amount of expense.

Receivables and payables are stated with the amount of GST included.

9.4. Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash on deposit, and money at call. They are measured at face value or the gross value of the outstanding balance.

9.5. Non-derivative financial assets

For assets where cash flows are solely payments of principal and interest and the business model is held-to-collect these cash flows, the classification is at amortised cost. This category includes secured loan.

They are initially measured at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost less any impairment losses.

The secured loan is an example of a non-derivative financial asset recognised by the Trust. Refer to note 9.6 for further details on its accounting treatment.

9.6. Secured loan

Secured loan represents the Trust's interest in the cover pool assets purchased from SML by equitable assignment.

The sale of the cover pool assets from SML to the Trust does not qualify for derecognition in accordance with AASB 9 *Financial instruments* (AASB 9), because the sale is deemed to have failed to transfer substantially all the risks and rewards of ownership. Consequently, SML continues to recognise the cover pool assets and recognise a corresponding financial liability to the Trust on its statement of financial position. In turn, the Trust recognises a financial asset due from SML, being the secured loan, and a corresponding financial liability to SML under the Intercompany Loan Agreement.

The transfer of substantially all the risks and rewards of ownership is evaluated by comparing the entity's exposure, before and after the transfer, with the variability in the amounts and timing of the net cash flows of the transferred asset. An entity has retained substantially all the risks and rewards of ownership of a financial asset if its exposure to the variability of the future net cash flows from the financial asset does not change significantly as a result of the transfer.

Under the sale agreement, the Trust assumes any variability of principal cash flows from the cover pool, while the variability of the interest income cash flows, as a result of the interest rate swap agreement (refer note 9.7) and the ownership of the residual income unit (refer note 6), remains with SML.

As a result, after considering all reasonably possible variability in net cash flows, with greater weight being given to those outcomes that are more likely to occur, SML is deemed to have failed to transfer substantially all of the risk and rewards.

9.7. Derivative financial instruments

The Trust has entered into an interest rate swap with SML. The purpose of the swap is to align the basis of revenue from the cover pool assets purchased under equitable assignment from SML (refer note 9.6) to the interest expense under the debt. The interest rate swap converts the revenue receipts from the variable and fixed rate mortgages to a floating rate basis.

As a consequence of SML's sale of cover pool assets to the Trust not qualifying for derecognition (refer note 9.6), AASB 9 also denies the Trust from separately recognising derivatives that cause the failure for derecognition. Therefore, the Trust has not separately recognised the interest rate swap in the statement of financial position and no gains or losses have been recognised in profit or loss.

9.8. Impairment of financial assets

For cash and cash equivalents and receivables, the Trust applies a simplified approach in calculating ECLs. Under the simplified approach the Trust does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL's at each reporting date. The Trust determines the ECL's based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors (i.e., probability of default) and the economic environment.

9.9. Non-derivative financial liabilities

Financial liabilities at amortised cost are initially recognised at fair value plus transaction costs that are directly attributable to the issue of the financial liability. Subsequent measurement is at amortised cost using the effective interest method.

9.10. Units issued

The units issued by the Trust satisfy the definition of a liability under AASB 132 *Financial Instruments: Presentation* and are accounted for as a financial liability at amortised cost.

9.11. New standards and amendments not yet effective

In March 2020, the AASB issued an amending standard *AASB 2020-2 Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities* that removes the ability to prepare special purpose financial statements and *AASB 1060 General Purpose Financial Statements – Simplified Disclosures for profit and Not-for-profit Tier 2 Entities (AASB 1060)* that replaces the reduced disclosure requirements framework. As a result, the Trust would prepare general purpose financial statements – Tier 2, and apply the disclosures as set out in AASB 1060. As the Trust already applies all the recognition and measurement requirements of all Australian Accounting Standards, there will be no impact on the amounts recognised in the financial statements. Both standards are effective for the financial year beginning 1 July 2021.

10. Subsequent events

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Trustee of the Trust, to affect significantly the operations of the Trust, the results of those operations, or the state of affairs of the Trust in future financial years.

TRUSTEE'S REPORT

For the financial year ended 30 June 2021

Pursuant to the Trust Deed for the Trust this special purpose financial report has been prepared by the Cash Manager and Administrative Agent, being SME Management Pty Limited (the Manager), and has been audited by KPMG, who were appointed by the Trustee and whose report is attached.

The Trustee is not aware of any material matters that require disclosure and that have not been disclosed. The Trustee is not aware of any material matters that have occurred since the date of the financial report that require disclosure and that have not been disclosed.

Signed for and on behalf of
Perpetual Corporate Trust Limited

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke, positioned above a solid horizontal line.

Authorised Officer
Perpetual Corporate Trust Limited

Sydney

27 August 2021

MANAGER'S DECLARATION

For the financial year ended 30 June 2021

We report that in our opinion:

- (a) the financial statements and notes, set out on pages 2 to 13, present fairly, in all material respects, the financial position of the Trust as of 30 June 2021 and its financial performance and its cash flows for the period then ended in accordance with the accounting policies described in note 9 to the financial statements;
- (b) the Trust has operated during the financial year ended 30 June 2021 in accordance with the provisions of the Trust Deed dated 28 January 1999; and
- (c) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors of the Manager, SME Management Pty Limited.



Director **ERIN STRANG**
SME Management Pty Limited

Brisbane

27 August 2021



Independent Auditor's Report

To the Unitholders of Suncorp Covered Bond Trust

Opinion

We have audited the **Financial Report** of *Suncorp Covered Bond Trust (the Trust)*.

In our opinion, the accompanying Financial Report presents fairly, in all material respects, the financial position of Suncorp Covered Bond Trust as at 30 June 2021, and of its financial performance and its cash flows for the year then ended in accordance with the basis of preparation described in Notes 2 and 9 to the Financial Report.

The **Financial Report** comprises:

- Statement of financial position as at 30 June 2021;
- Statement of comprehensive income and Statement of cash flows for the year then ended; and
- Notes including a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Trust in accordance with the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the *Financial Reports* in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Emphasis of matter – basis of preparation and restriction on use and distribution

We draw attention to Notes 2 and 9 to the Financial Report, which describes the basis of preparation.

The Financial Report has been prepared to assist the Directors of SME Management Pty Limited (the Manager and Administrative Agent) in meeting the financial reporting requirements of the trust deed dated 10 May 2012 and in meeting the needs of the Unitholders.

As a result, the Financial Report and this Auditor's Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Our report is intended solely for the Perpetual Trustee Company Limited (the Trustee of the Trust), the Directors of SME Management Pty Limited and Unitholders and should not be used by or distributed to parties other than the Perpetual Trustee Company Limited, SMET Management Pty Limited and Unitholders. We disclaim any assumption of responsibility for any reliance on this report, or on the Financial Report to which it relates, to any person other than the *Perpetual Trustee Company Limited as Trustee of the Trust, SME Management Pty Limited and Unitholders* or for any other purpose than that for which it was prepared.



Other Information

Other Information is financial and non-financial information in Suncorp Covered Bond Trust's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. This includes the Trustee's Report and the Manager's declaration. The Trustee, Manager and Administrative Agent are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of Manager and Administrative Agent for the Financial Report

The Manager and Administrative Agent is responsible for:

- the preparation and fair presentation of the Financial Report and have determined that the basis of preparation described in Note 2 and 9 to the Financial Report is appropriate to meet the requirements of the Trust Deed dated 10 May 2012 and is appropriate to meet the needs of the Unitholders;
- implementing necessary internal control to enable the preparation and fair presentation of Financial Report that is a Financial Report that is free from material misstatement, whether due to fraud or error; and
- assessing the Trust's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf . This description forms part of our Auditor's Report.

KPMG

Brisbane
27 August 2021