SMART ABS SERIES 2019-1 Trust

A.B.N. 49 912 964 167

Special Purpose Financial Report of the Trust as an individual entity
For the financial period ended 31 March 2020

MACQUARIE

The Trust's registered office is:
Perpetual Trustee Company Limited
Level 12 Angel Place
123 Pitt Street
Sydney NSW 2000
Australia

SMART ABS SERIES 2019-1 Trust

2020 Special Purpose Financial Report
Contents

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PRICEWATERHOUSECOOPERS
SYDNEY

Income statement
For the financial period ended 31 March 2020

	Notes	19 February 2019 to 31 March 2020 $
Interest and similar income	3	79,527,274
Interest and similar expense	3	(35,039,603)
Net interest income		44,487,671
Fees and commission income	3	2,810,214
Fees and commission expense	3	(2,738,450)
Net fees and commission income		71,764
Net trading expense	3	(34,124,743)
Net operating income		10,434,692
Other operating expenses	3	(14,388,874)
Total operating expenses		(14,388,874)
Operating loss for the financial period		(3,954,182)
Financing costs attributable to unitholder		
Distributions paid to unitholder		(29,543,977)
Increase in net liabilities attributable to unitholder of the Trust	9	33,498,159
Profit for the financial period		-

The above income statement should be read in conjunction with the accompanying notes.

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Statement of comprehensive income
For the financial period ended 31 March 2020

	Notes	19 February 2019 to 31 March 2020 $
Profit/(loss) for the financial period		-
Other comprehensive income/(loss)		
Total comprehensive income/(loss)		-
Total comprehensive income/(loss) attributable to		
The unitholder of SMART ABS SERIES 2019-1 Trust		-

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

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Statement of financial position
As at 31 March 2020

	Notes	2020 $
Assets		
Cash, bank & other demand deposits	4	**41,292,893**
Other assets	5	**28,001**
Loans and lease receivables	6	**812,019,990**
Total assets		853,340,884
Liabilities		
Other liabilities	7	**764,661**
Derivative liabilities		**24,656,474**
Debt issued	8	**861,417,908**
Total liabilities (excluding net liabilities- attributable to the unitholder)		886,839,043
Net liabilities- attributable to the unitholder	9	(33,498,159)

The above statement of financial position should be read in conjunction with the accompanying notes.

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Statement of changes in equity

For the financial period ended 31 March 2020

	Total equity $
Balance as at 19 February 2019	-
Balance as at 31 March 2020	-

Under Australian Accounting Standards (AAS), net liabilities- attributable to the unitholder are classified as financial liabilities rather than equity. As a result there was no equity at the start or the end of the period. The net liabilities- attributable to the unitholder are disclosed in note 9 to the financial statements.

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of cash flows
For the financial period ended 31 March 2020

	Notes	19 February 2019 to 31 March 2020 $
Cash flows generated from operating activities		
Operating profit for the financial period		(3,954,182)
Adjustments to operating profit:		
Interest and similar income	3	(79,527,274)
Interest and similar expense	3	35,039,603
Impairment charge on financial and non–financial assets		12,683,804
Loans and receivables written off	3	2,291,368
Changes in assets and liabilities:		
Net loan assets purchased		(826,096,293)
Change in other assets and other liabilities		736,660
Change in derivative liabilities		24,656,474
Cash flows utilised in operating activities		(834,169,840)
Interest and similar income received		78,628,405
Interest and similar expense paid		(34,135,382)
Net cash flows utilised in operating activities		(789,676,817)
Cash flows generated from investing activities		
Net cash flows generated from investing activities		-
Cash flows utilised in financing activities		
Net notes issued[1]		860,513,687
Distributions paid		(29,543,977)
Net cash flows generated from financing activities		830,969,710
Net increase in cash and cash equivalents		41,292,893
Cash and cash equivalents at the beginning of the financial period		-
Cash and cash equivalents at the end of the financial period	10	41,292,893

[1] For gross movement on notes (repaid)/issued, refer note 8.

The above statement of cash flows should be read in conjunction with the accompanying notes.

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PRICEWATERHOUSECOOPERS
SYDNEY

Notes to the financial statements
For the financial period ended 31 March 2020

Note 1. Trust information

The SMART ABS SERIES 2019-1 Trust (Trust) is a Trust registered and domiciled in Australia. The address of the Trust's registered office is Perpetual Trustee Company Limited, Level 12, Angel Place, 123 Pitt Street, Sydney, NSW 2000, Australia.

The principal activity of the Trust during the financial year ended 31 March 2020 was to act as a special purpose vehicle for the securitisations of Macquarie Leasing Pty Limited's (MLPL) lease receivables portfolio. MLPL is a commercial leasing and finance Company which provides finance leases, chattel mortgages and commercial hire purchase agreements to individuals, corporates, government entities, local authorities and small businesses.

Macquarie Securities Management Pty Limited (MSMPL) was the Trust Program Manager for the SMART securitisation program. Effective from 1st April 2019, MSMPL ceased to be the Manager of the Trust, followed by appointment of Macquarie Securitisation Limited. Perpetual Trustee Company Limited is the Trustee of the Trust (The Trustee) and PT Limited is the Security Trustee of the Trust (The Security Trustee). Macquarie Bank Limited (MBL) is the parent and capital unitholder and Boston Australia Pty Limited (BAPL) is the residual income unitholder ("unitholder") of the trust.

Under the terms of the securitisation, the Trust issued notes based on the value of the lease receivables being securitised. These note holders receive interest income and principal repayments over the term of the transactions. Boston Australia Pty Limited (BAPL) receives any residual cash from the Trust after all disbursements.

Note 2. Summary of significant accounting policies

(i) Basis of preparation

The Trust is not a reporting entity because, in the opinion of the Directors of the Trust Program Manager (Directors), there are no users dependent on General Purpose Financial Reports. This is a special purpose Financial Report that has been prepared in compliance with the Trust Deed.

The principal accounting policies adopted in the preparation of this Special Purpose Financial Report ("Financial Report") are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

The Directors have determined that the recognition and measurement principles of all the applicable Australian Accounting Standards (AAS) and Interpretations issued by the Australian Accounting Standards Board are adopted as by the Trust Program Manager to meet the needs of the members. Disclosure requirements (including AASB 7 "*Financial Instruments Disclosure*") have not been adopted with the exception of the following:

- AASB 101: *Presentation of Financial Statements;*
- AASB 107: *Cash Flow Statements;*
- AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors;*
- AASB 1048: *Interpretation and Application of Standards; and*
- AASB 1054: *Australian Additional Disclosures.*

Deficiency of net assets

The Financial statements for the current financial year has been prepared on a going concern basis despite there being an excess of liabilities over assets as at 31 March 2020 of $33,498,159. The negative net assets position is largely attributable to distributions made by the Trust during the period which was calculated based on distributable taxable income. The distributable taxable income do not take into account the unrealised gain/(losses) on interest rate swap. The Trust has been structured to earn a net interest income each year and as such the financial statements have been prepared on a going concern basis.

Basis of measurement

This Financial Report has been prepared under the historical cost convention, as modified by the revaluation of derivative instruments at fair value.

Critical accounting estimates and significant judgements

The preparation of the Financial Report in conformity with AAS requires the use of certain critical accounting estimates. It also requires the directors to exercise judgment in the process of applying the accounting policies.

The notes to the financial statements set out areas involving a higher degree of judgment or complexity, or areas where assumptions are significant to the Trust and the Financial Report such as:

- determining the appropriate business model for a group of financial assets which includes determining the level at which the business model condition is applied and whether past or expected business activity is consistent with a held to collect business model (note 2(vi)(d)).
- assessing whether the cash flows generated by a financial asset constitute solely payment of principal and interest (SPPI) may require the application of judgement, particularly for certain subordinated or non-recourse positions, and in the determination of whether compensation for early termination of a contract is reasonable (note 2(vi)(d));
- fair value of financial assets and financial liabilities (note 2(vi));
- the validity of applying the "going concern" assumption where the Trust is in a net liability position (note 2(i));
- the choice of inputs, estimates and assumptions used in the measurement of Expected Credit Loss (ECL) including the determination of significant increase in credit risk (SICR), forecast of economic conditions and the weightings assigned thereto (note 2 (ix)).

Notes to the financial statements
For the financial period ended 31 March 2020 (continued)

Note 2. Summary of significant accounting policies (continued)

(i) Basis of preparation (continued)

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events.

The directors believe the estimates used in preparing the Financial Report are reasonable. Actual results in the future may differ from those reported and therefore it is reasonably possible, on the basis of existing knowledge, that outcomes within the next financial year that are different from the directors' assumptions and estimates could require an adjustment to the carrying amounts of the assets and liabilities reported.

Coronavirus (COVID-19) impact

Background

COVID-19, which is a respiratory illness caused by a new virus, was declared a world-wide pandemic by the World Health Organisation in March 2020. COVID-19, as well as measures to slow the spread of the virus, have since had a significant impact on global economies and equity, debt and commodity markets. The Trust has considered the impact of COVID-19 and other market volatility in preparing its financial statements.

While the specific areas of judgement as noted on the previous page did not change, the impact of COVID-19 resulted in the application of further judgement within those identified areas. Given the dynamic and evolving nature of COVID-19, limited recent experience of the economic and financial impacts of such a pandemic, and the short duration between the declaration of the pandemic and the preparation of these financial statements, changes to the estimates and outcomes that have been applied in the measurement of the Trust's assets and liabilities may arise in the future. Other than adjusting events that provide evidence of conditions that existed at the end of the reporting period, the impact of events that arise after the reporting period will be accounted for in future reporting periods.

Processes applied

As a consequence of COVID-19 and in preparing these financial statements, the Directors:
- re-evaluated whether there were any additional areas of judgement or estimation uncertainty beyond what has been disclosed above;
- updated its economic outlook – principally for the purposes of inputs into its ECL through the application of forward-looking information, but also for input into the impairment analysis of financial asset classes;
- conducted several internal processes to ensure consistency in the application of the expected impact of COVID-19 across all asset classes;
- assessed the carrying values of its assets and liabilities and determined the impact thereon as a result of market inputs and variables impacted by COVID-19; and
- considered the impact of COVID-19 on the Trust's financial statement disclosures.

Consideration of the statements of financial position and further disclosures

Key items in the statements of financial position and the related disclosures that have been impacted by COVID-19 were as follows:

<u>Derivative assets and liabilities</u>

Given recent market volatility, the Trust reviewed the appropriateness of the inputs to its valuations at the balance sheet date. These included valuation adjustments (XVA) and notably the credit valuation adjustment (CVA), debit valuation adjustment (DVA) and funding valuation adjustment (FVA).

<u>Loan assets, Lease assets and other assets</u>

In response to COVID-19 the Trust undertook a review of retail credit portfolios and other financial asset exposures and the ECL for each. The review considered the macroeconomic outlook, customer credit quality, the type of collateral held, exposure at default, and the effect of payment deferral options as at the reporting date. The ECL methodology, SICR thresholds, and definition of default remained consistent with prior periods. The impact of COVID-19 on the credit risk management disclosures, notably in relation to credit quality and collateral and other credit enhancements was also considered.

<u>Debt issued</u>

Debt-related covenants were assessed to determine whether there were any breaches for which disclosure is required. The Trust identified no such breaches at 31 March 2020 nor at the time at which these financial statements were authorised for issue.

<u>Risk management</u>

The robust risk management framework continues to be applied and Risk Management Group (RMG) continues to monitor the impact of COVID 19 on the Trust's risk profile. Non financial risks emerging from global movement restrictions, and remote working by our staff, counterparties, clients and suppliers, are being identified, assessed, managed and governed through timely application of the Trust's risk management framework.

Notes to the financial statements
For the financial period ended 31 March 2020 (continued)

Note 2. Summary of significant accounting policies (continued)

(i) Basis of preparation (continued)

New Australian Accounting Standards and amendments to Australian Accounting Standards and Interpretations that are not yet effective for the financial year

AASB Revised Conceptual Framework for Financial Reporting

The revised AASB Framework is effective for the Trust's annual financial reporting period beginning on 1 April 2020.

The AASB Framework provides the AASB with a base of consistent concepts upon which future accounting standards will be developed. The AASB Framework will also assist financial report preparers to develop accounting policies when there is no specific or similar standard that addresses an issue.

The AASB Framework 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 application of the AASB Framework from 1 April 2020 is not expected to have a material impact on the Trust's financial statements.

New Australian Accounting Standards and amendments to Australian Accounting Standards that are either effective in the current financial year or have been early adopted

AASB 16 ***Leases***

AASB 16 replaced AASB 117 Leases (AASB 117) standard for the Trust's financial year commencing on 1 April 2019. Subject to certain exceptions, contracts that are leases within the scope of AASB 16 from the lessee's perspective require the recognition of a 'right-of-use' (ROU) asset and a related lease liability. The classification of leases where the Trust is lessor remains unchanged under AASB 16 and there is no impact on the retained earnings of the trust.

(ii) Foreign currency translations

Functional and presentation currency

The Trust's financial statements are presented in Australian dollars (the presentation currency), which is also the Trust's functional currency.

Transactions and balances

Foreign currency transactions are translated into the Trust's functional currency using the exchange rates prevailing at the transactions date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(iii) Revenue and expense recognition

Net interest income

Interest income and interest expense is brought to account using the Effective Interest Rate (EIR) method. The effective interest rate method calculates the amortised cost of a financial instrument and allocates the interest income or expense over the relevant period. The effective interest rate is that rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or liability.

When the estimates of payments or receipts of a financial instrument are subsequently revised, the carrying amount is adjusted to reflect the actual or revised cash flows with the re-measurement recognised as part of interest income (financial assets) or interest expense (financial liabilities) in the income statement. The calculation of the EIR does not include ECL.

Fees and commission income

Fees income (including fees in relation to dishonoured payments, account management fee, penalty fee income etc) are recognised when the services are provided.

Net trading income

Net trading income comprises gains and losses related to unrealised fair value changes on derivative financial instruments.

Fees and commission expense

The Trustee and the Trust Program Manager are entitled to a fee for performing their duties in respect of each collection period. Such fee is an amount agreed per the Trust Deed and Offer Memorandum or equivalent and is payable in arrears on the distribution date following the end of the collection period. Fee and commission expense is recognised on accrual basis.

Notes to the financial statements
For the financial period ended 31 March 2020 (continued)

Note 2. Summary of significant accounting policies (continued)

(iii) Revenue and expense recognition (continued)

Other operating income and charges

Other operating income and charges include credit impairment charges on financial instruments, recovery of loan losses previously written off, loan losses written off and other income.

(iv) Distributions

In accordance with the Trust Deed, the Trust distributes its distributable (taxable) income, and any other amounts determined by the Manager, to unitholder in cash. The distributions are recognised in the income statement as distributions to the unitholder.

(v) Income tax

All eligible Australian resident wholly owned subsidiaries of Macquarie Group Limited ("MGL", the Trust's ultimate parent entity) is part of the MGL (head entity) tax consolidated group. As a consequence, the Trust is not liable to make income tax payments and does not recognise any current tax balances or any deferred tax assets arising from unused tax losses or credits.
The tax consolidated group recognises its current and deferred taxes using the 'group allocation approach' detailed in AASB Interpretation 1052 Tax Consolidation Accounting. Under the current legislation, MGL does not charge the Trust any current tax or deferred tax in respect of their activities and reimburses trust for any tax assets arising from unused tax losses.
Under the current legislation, the Trust is not subject to income tax because all taxable income has been distributed in full to the unitholder.

(vi) Financial instruments

(a) Recognition of financial instruments

Financial instruments are recognised when the Trust becomes a party to the contractual provisions of the instrument.

A financial instrument is initially recognised at fair value and is adjusted for (in the case of instruments not carried at Fair Value Through Profit or Loss (FVTPL)) transaction costs that are incremental and directly attributable to the acquisition or issuance of the financial instrument.

(b) De-recognition of financial instruments

Financial assets

Financial assets are de-recognised from the statement of financial position when:

– the rights to cash flows have expired; and

– where the Trust has transferred the financial asset such that it has transferred substantially all the risks and rewards of ownership of the financial asset.

A financial asset is transferred if, and only if, the Trust i) transfers the contractual rights to receive the cash flows of the financial asset, or ii) retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients in an arrangement where:
- The Trust is not obligated to pay amounts to the eventual recipients unless it collects equivalent amounts from the original asset;
- The Trust is prohibited from selling or pledging the original asset other than as security to the eventual recipients, and
- The Trust is obligated to remit any cash flows it collects on behalf of the eventual recipients without material delay.

In transactions where the Trust neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset, the asset is derecognised if control over the asset is lost. Any interest in the transferred and derecognised financial asset that is created or retained by the Trust is recognised as a separate asset or liability. In transfers where control over the asset is retained, the Trust continues to recognise the asset to the extent of its continuing involvement as determined by the extent to which it is exposed to changes in the value of the transferred asset.

Financial liabilities

Financial liabilities are de-recognised from the statement of financial position when the Trust's obligation has been discharged, cancelled or has expired.

Gains and losses arising from the derecognition of debt financial assets or financial liabilities that are subsequently measured at amortised cost are recognised in other income as part of other income and charges, while those arising from the derecognition of debt financial assets or financial liabilities that are subsequently measured at FVTPL or at Fair Value through Other Comprehensive Income (FVOCI) are recognised as investment income as part of other operating income and charges.

Notes to the financial statements
For the financial period ended 31 March 2020 (continued)

Note 2. Summary of significant accounting policies (continued)

(vi) Financial instruments (continued)

(c) Modification of financial instruments
A financial instrument is modified when its original contractual cash flows are renegotiated or modified. A financial instrument that is renegotiated is derecognised if the existing agreement is cancelled and a new agreement is made on substantially different terms or if the existing terms are modified such that the renegotiated financial instrument is a substantially different financial instrument. Where the modification results in de-recognition of the original financial instrument, the new financial instrument is recorded initially at its fair value and the resulting difference is recorded in other income in the income statement.

For financial instruments measured at amortised cost, and for financial assets measured at fair value through other comprehensive income, when the modification does not result in de-recognition, a gain or loss is recognised in other income in the income statement reflecting the adjustment of the gross carrying amount to reflect there negotiated or modified contractual cash flows, discounted at the original EIR.

(d) Classification and subsequent measurement
Financial assets

Financial assets are classified based on the business model within which the asset is held and on the basis of the financial asset's contractual cash flows characteristics.

Business model assessment

The Trust Program Manager determines the business model at the level that reflects how groups of financial assets are managed. In determining the business model, all relevant evidence that is available at the date of the assessment is used including:

(i) how the performance of the financial assets held within that business model is evaluated and reported to the Directors of the Trust Program Manager.

(ii) the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and

(iii) how managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

The Trust Program Manager exercises judgement to determine the appropriate level at which to assess its business models and its intention with respect to its financial assets.

Solely payment of principal and interest (SPPI)

The contractual cash flows of a financial asset are assessed to determine whether these represent SPPI on the principal amount outstanding. This includes an assessment of whether cash flows primarily reflect consideration for the time value of money and the credit risk of the principal outstanding. Interest may also include consideration for other basic lending risks and costs.

Amortised cost

A financial asset is subsequently measured at amortised cost using the EIR method where:

(i) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

(ii) the contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI requirements.

Interest income determined in accordance with the EIR method.

All financial assets held with Macquarie group entities are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI requirements. Hence, these are measured at amortised cost. This category also includes Cash and bank balances, loan and lease receivables and other assets.

Notes to the financial statements
For the financial period ended 31 March 2020 (continued)

Note 2. Summary of significant accounting policies (continued)

(vi) Financial instruments (continued)

(d) Classification and subsequent measurement (continued)

Reclassification of financial instruments

The Trust reclassifies financial assets when and only when its business model for managing those assets changes. Financial assets that are reclassified are subsequently measured based on the financial instrument's new measurement category.

The Trust does not reclassify financial liabilities after initial recognition.

Financial liabilities

Financial liabilities are subsequently measured at amortised cost. All derivative financial liabilities are designated as hedging instruments in qualifying hedge relationships.

Gains and losses arising from the derecognition of financial liabilities that are subsequently measured on an amortised cost basis are recognised in other income as part of other operating income and charges in the income statement.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount reported on the statement of financial position, when there is a current legally enforceable right to offset the amounts and either there is an intention to settle on a net basis or realise the financial asset and settle the financial liability simultaneously.

(vii) Derivative instruments

Derivative instruments entered into by the Trust include interest rate swaps. These derivative instruments are principally used by the Trust for the risk management of existing financial assets and financial liabilities.

All derivatives, including those held for hedging purposes, are recognised in the statement of financial position as an asset where they have a positive fair value at balance date or as a liability where they have negative fair value at the reporting date.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and subsequently remeasured to their fair value. Fair values are obtained from quoted prices in active markets where applicable, and valuation techniques including discounted cash flow models and option pricing models, as appropriate. Movements in the fair value of derivatives are recognised as net trading income/expense in the income statement.

The best evidence of a derivative's fair value at initial recognition is its transaction price, unless its fair value is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets. Where such alternative evidence exists, the Trust recognises profits or loss immediately when the derivative is recognised.

The Trust applies trade date accounting to the recognition and derecognition of derivative financial instruments. Where the derecognition criteria are met, the Trust derecognises the derivative and records a trade receivable or trade payable from trade date until settlement date.

(viii) Financial assets

With the exception of derivatives which are classified separately in the statement of financial position, the remaining investments in financial assets are classified as loans and lease receivables. The classification depends on the purpose for which the investment was acquired, which is determined at initial recognition and is re-evaluated at each reporting date.

Loans and lease receivables

Loans and lease receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Loan assets are initially recognised at fair value adjusted for directly attributable transaction costs on settlement date. Loan assets are subsequently measured in accordance with the Trust's accounting policy for financial instruments in Note 2 (vi).

Where finance leases are granted to third parties, the present value of the minimum lease payments plus an estimate of the value of any unguaranteed residual value is recognised as a receivable and included in loan assets. The difference between the gross receivable and the present value of the receivable is unearned interest income. Lease receipts are discounted using the interest rate implicit in the lease. Lease income is recognised over the term of the lease using the EIR method, which reflects a constant rate of return.

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Notes to the financial statements
For the financial period ended 31 March 2020 (continued)

Note 2. Summary of significant accounting policies (continued)

(ix) Impairment

Expected credit losses

The ECL requirements apply to financial assets measured at Amortised Cost. The Trust applies a three-stage approach ((i) Stage I – 12 month ECL, (ii) Stage II – Lifetime ECL not credit impaired and (iii) Stage III – Lifetime ECL credit impaired) to measure the ECL based on changes in the financial asset's underlying credit risk and includes forward-looking or macro-economic information (FLI). Where ECL is modelled collectively for portfolios of exposures, it is modelled as the product of the probability of default (PD), the loss given default (LGD) and the exposure at default (EAD).

Presentation of loss allowances

The loss allowances for ECL are presented in the statement of financial position as follows:
(i) Loan assets measured at amortised cost – as a deduction to the gross carrying amount;
(ii) Lease receivables measured at amortised cost – as a deduction to the gross carrying amount;
(iii) Other assets measured at amortised cost – as a deduction to the gross carrying amount.
When the trust concludes that there is no reasonable expectation of recovering cash flows from the financial asset and all possible collateral has been realised, the financial asset is written off, either partially or in full, against the related provision. Recoveries of loans previously written off are recorded based on the cash received.

(x) Debt issued

The Trust has on issue debt securities and other financial liabilities which are initially recognised at fair value net of transaction costs incurred, and subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the financial period of the borrowings using the effective interest rate method.

(xi) Other assets

Other assets primarily include amounts due from related entities and government taxes.

(xii) Other liabilities

Other liabilities include liabilities and accrued expenses owing by the Trust which are unpaid as at reporting date. The distribution amount payable to unitholder as at the reporting date is recognised separately on the statement of financial position when unitholder is presently entitled to the distributable income under the Trust's Deed.

(xiii) Cash and cash equivalents

Cash and cash equivalents comprise of cash and balance with banks.

(xiv) Net assets/(liabilities) attributable to unitholder

The income unitholder is entitled to the net income amount of the Trust following payment of Trust expenses, Manager fee, payment to swap providers or liquidity facility providers and interest expenses of the Trust. This net income payment may further be subordinated to make any principal shortfalls. Following all payments being made under the cash flow waterfall, the income unitholder is entitled to any residual. As a result, the net assets/(liabilities) attributable to unitholder are classified as financial liabilities.
Income/(expense) and other comprehensive income/(expense) not distributed is included in net assets/(liabilities) attributable to unitholder. Movements in net assets/(liabilities) attributable to unitholder is recognised in the income statement as finance costs or in other comprehensive income, as appropriate.
Where net assets/(liabilities) is largely attributable to distributions made by the Trust calculated based on distributable taxable income. The Trust has been structured to earn a net interest income each year. Non-cash losses are retained in the Trust and may result in a net liability position.

Notes to the financial statements
For the financial period ended 31 March 2020 (continued)

	19 February 2019 to 31 March 2020 $
Note 3. Profit for the financial period	
Net interest income	
Interest and similar income	79,527,274
Interest and similar expense	(35,039,603)
Net interest income	44,487,671
Net fees and commission expense	
Fees and commission income	
Lending fees income	23,712
Account management fees	2,360,298
Other fees and commission income	426,204
Fees and commission expense	
Service fees	(2,038,792)
Management fees	(509,001)
Trustee fees	(148,770)
Lending fees	(40,766)
Other fees and commission expense	(1,121)
Net fees and commission income	71,764
Net trading expense[1]	
Loss from derivatives	(34,124,743)
Net trading expense	(34,124,743)

[1]This also includes fair value changes on derivatives used to hedge the Trust's economic interest rate risk where hedge accounting requirements are not met - refer to note 2(vii) - Summary of significant accounting policies.

Net operating income	10,434,692
Other operating expenses	
Credit impairment (charges)/ reversal	
- Cash, bank & other demand deposits	(19,139)
- Loan assets	(12,662,787)
- Other assets	(1,878)
Recovery of loan losses previously written off	292,672
Loan losses written off	(2,291,368)
Other income[1]	293,626
Total other operating expenses	(14,388,874)

[1]Other income includes government taxes.

The Trust has no employees.

	2020 $
Note 4. Cash, bank & other demand deposits	
Due from parent	41,292,893
Total cash, bank & other demand deposits	41,292,893

The above amounts are expected to be recovered within 12 months of the balance date by the Trust.

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PRICEWATERHOUSECOOPERS
SYDNEY

Notes to the financial statements
For the financial period ended 31 March 2020 (continued)

	2020 $
Note 5. Other assets	
Due from other related entities	13,086
Others[1]	14,915
Total other assets	28,001

The majority of the above amounts are expected to be recovered within 12 months of the balance date by the Trust.

[1]The majority of the balances represents government taxes.

Note 6. Loans and lease receivables

Finance lease receivables	222,861,275
Loan receivables	601,975,930
Less: ECL allowance	(12,817,215)
Total loans and lease receivables[1,2]	812,019,990

[1]Included within this balance, $315,027,237 is expected to be settled within 12 months of the balance date by the Trust and the remaining $496,992,753 is expected to be settled after 12 months of the balance date.

[2]The assets of the Trust are pledged as security for the notes.

Following the economic consequences of COVID-19 at the reporting date the timing of contractual recovery is subject to evolving regulatory and industry support for counterparties requesting such support.

Note 7. Other liabilities

Creditors	392,323
Due to parent	345,232
Other[1]	27,106
Total other liabilities	764,661

The majority of the above amounts are expected to be settled within 12 months of the balance date by the Trust.

[1]The majority of the balances represents government taxes.

Note 8. Debt issued

Notes issued to external parties	
Opening balance	-
Notes issued during the year	1,000,000,000
Notes repaid during the year	(310,728,537)
Others	484,975
Closing balance	689,756,438
Notes issued to other related entities	
Opening balance	-
Notes issued during the year	176,500,000
Notes repaid during the year	(5,257,776)
Others	419,246
Closing balance	171,661,470
Total debt issued[1]	861,417,908

[1]Included within this balance, $268,409,887 is expected to be settled within 12 months of the balance date by the Trust and the remaining $593,008,021 is expected to be settled after 12 months of the balance date.

[1]The final maturity date of the registered stock is 14/04/2027. There is an interest rate of BBSW+1.02% on Class A notes, an interest rate of BBSW+5% on Seller notes. Seller notes is subordinate to class A in the event of liquidation.

Class A notes are listed on Australian Securities Exchange.

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Notes to the financial statements
For the financial period ended 31 March 2020 (continued)

	2020
	$
Note 9. Net liabilities- attributable to unitholder	
Net liabilities- attributable to unitholder is represented by:	
Opening balance	**-**
Increase in net liabilities attributable to unitholder	**(33,498,159)**
Total net liabilities- attributable to unitholder	**(33,498,159)**

The Trust comprises of 10 Capital units and a residual income unit. The residual income unitholder is entitled to residual income of the Trust.

Note 10. Notes to the statement of cash flows
Reconciliation of cash and cash equivalents

Cash and cash equivalents at the end of the financial period as shown in the statement of cash flows is reconciled to related items in the statement of financial position as follows:

Cash, bank & other demand deposits[1] (note 4)	**41,292,893**
Cash and cash equivalents at the end of the financial period	**41,292,893**

[1]Includes due from parent as per note 4.

Note 11. Related party information
The residual income unitholder for the Trust is Boston Australia Pty Limited (BAPL). The immediate parent entity is MBL and holds 10 capital units in the Trust. The ultimate parent entity is Macquarie Group Limited.

Macquarie Securities Management Pty Limited (MSMPL) was the Trust Program Manager for the SMART securitisation program. Effective from 1st April 2019, MSMPL ceased to be the Manager of the Trust, followed by appointment of Macquarie Securitisation Limited. Currently, the Trust Program Manager is Macquarie Securitisation Limited (MSL). Macquarie Leasing Pty Limited (MLPL) is the servicer of the Trust.

Key Management Personnel

The Directors of the Trust Program Manager had the authority and responsibility for planning, directing and controlling activities of the Trust (Key Management Personnel – KMP) during the financial period ended 31 March 2020 unless otherwise indicated:

Macquarie Securities Management Pty Limited

Name of the Director	Appointed on	Resigned on
Alan Cameron	9 June 2009	1 April 2019
David Timothy Castle	15 August 2018	1 April 2019
Russell Piggott	9 August 2012	10 August 2018
Simon Lawrence Wright	31 January 2010	1 April 2019

Macquarie Securitisation Limited

Name of the Director	Appointed on	Resigned on
Andrew Hall	1 April 2019	-
Daniel McGrath	1 April 2019	-
James Angus	1 April 2019	31 May 2019
James Casey	1 April 2019	31 May 2019
Jonathan Moodie	1 April 2019	31 May 2019
Kirk Graham Kileff	31 May 2019	-

No Directors of the Trust are Directors of the ultimate parent entity.

Remuneration to key management personnel

The KMPs did not receive any benefits or consideration in connection with the management of the Trust. All benefits that were received by the KMPs were solely related to other services performed with respect to their employment by Macquarie Group Limited.

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Notes to the financial statements
For the financial period ended 31 March 2020 (continued)

Note 11. Related party information (continued)

Remuneration to key management personnel (continued)

Transactions with related parties

	19 February 2019 to 31 March 2020 $
During the financial period, the following transactions were made with the parent entity:	
Interest and similar income	431,986
Net trading expense (note 3)	(34,293,708)

During the financial year, the following transactions were made with other related entities:

Fees and commission expense	
Service fees (note 3)	(2,038,792)
Management fees (note 3)	(509,001)
Interest expense and similar charges	(15,689,040)
Distributions paid to unitholder	(29,543,977)

All other transactions between the Trust and MSL were under normal commercial terms and conditions.

Amounts receivable and payable to related entities are disclosed in notes 4, 5, 7 and 8 to the financial statements.

The Seller Notes issued by the Trust are held by BAPL (note 8).

There are derivative transactions entered for economic hedging on an arm's length basis with entities within the Macquarie Group.

All transactions with related entities were made on normal commercial terms and conditions and at market rates except where indicated.

Note 12. Contingent liabilities and commitments

The Trust has no contingent liabilities or commitments which are individually material or a category of contingent liabilities or commitments which are material.

Note 13. Audit and other services provided by PricewaterhouseCoopers

The cost of auditor's remuneration for auditing services of $13,700 has been borne by Macquarie Group Services Australia Pty Limited, a wholly-owned subsidiary within the Macquarie Group. The auditors received no other benefits.

Note 14. Events after the reporting period

There were no material events subsequent to 31 March 2020 that have not been reflected in the financial statements.

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Directors' Declaration

As stated in note 2(i) to the financial statements, in the opinion of the Directors of the Trust Program Manager (Directors), the Trust is not a reporting entity because there are no users dependent on general purpose Financial Reports. This is a special purpose Financial Report that has been prepared in compliance with the Trust Deed. The Financial Report has been prepared in accordance with the Australian Accounting Standards and mandatory professional reporting requirements to the extent described in note 2.

In the opinion of the Directors:

(a) the financial statements and notes set out on pages 2 to 17 are in accordance with the the Trust Deed dated 11 March 2002, as amended, including:
  (i) complying with the Australian Accounting Standards and regulations to the extent described in note 2; and
  (ii) giving a true and fair view of SMART ABS SERIES 2019-1 Trust's financial position as at 31 March 2020 and of its performance for the financial period ended on that date.

(b) there are reasonable grounds to believe that SMART ABS SERIES 2019-1 Trust will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

DocuSigned by:
Daniel McGrath
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Director

Sydney
30 July 2020

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SYDNEY

Independent auditor's report

To the unitholders of SMART ABS SERIES 2019-1 Trust

Our opinion

In our opinion the accompanying financial report gives a true and fair view of the financial position of SMART ABS SERIES 2019-1 Trust (the Trust) as at 31 March 2020 and of its financial performance and its cash flows for the period then ended in accordance with Australian Accounting Standards to the extent described in Note 2(i) and the Trust Deed dated 11 March 2002.

What we have audited

The financial report comprises:

- the statement of financial position as at 31 March 2020
- the statement of comprehensive income for the period 19 February 2019 to 31 March 2020
- the statement of changes in equity for the period 19 February 2019 to 31 March 2020
- the statement of cash flows for the period 19 February 2019 to 31 March 2020
- the income statement for the period 19 February 2019 to 31 March 2020
- the notes to the financial statements, which include a summary of significant accounting policies
- the directors' declaration

Basis for opinion

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

Independence

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 report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Emphasis of matter - basis of accounting and restriction on distribution and use

We draw attention to Note 2(i) in the financial report, which describes the basis of accounting. The financial report has been prepared to assist the directors of the Trust Program Manager (the directors) to meet the financial reporting requirements of the Trust Deed dated 11 March 2002. As a result, the financial report may not be suitable for another purpose. Our report is intended solely for the Trust and its unitholders and should not be distributed to or used by parties other than the Trust and its unitholders. Our opinion is not modified in respect of this matter.

Responsibilities of the directors for the financial report

The directors are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards to the extent described in Note 2(i) and the Trust Deed dated 11 March 2002, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. The directors have determined that the basis of preparation described in Note 2(i) to the financial report is appropriate to meet the needs of the unitholders.

In preparing the financial report, the directors are responsible for assessing the ability of the Trust to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors 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 objectives are 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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.

Pricewaterhouse Coopers

PricewaterhouseCoopers

R.W.McMahon

RW McMahon
Partner

Sydney
30 July 2020