



ASX RELEASE | 25 March 2022

Special Purpose Financial Statements for Progress 2019-1 Trust

Progress 2019-1 Trust (ASX: POX)

Attached are the special purpose financial statements for Progress 2019-1 Trust for the period ended 31 December 2021.

Gwenneth O'Shea
Head of Securitisation
Ph: +61 434 607 437

Authorised for release by the Head of Securitisation

Progress 2019-1 Trust

ABN: 26 293 667 229

**Special Purpose Annual Report
for the year ended
31 December 2021**

Progress 2019-1 Trust

ABN: 26 293 667 229

Special Purpose Annual Report For the year ended 31 December 2021

Table of Contents

TRUSTEE'S REPORT.....	2
TRUST MANAGER'S REPORT	3
STATEMENT OF COMPREHENSIVE INCOME	5
STATEMENT OF FINANCIAL POSITION	6
STATEMENT OF CHANGES IN NET LIABILITIES ATTRIBUTABLE TO UNITHOLDERS.....	7
STATEMENT OF CASH FLOWS	8
NOTES TO THE FINANCIAL STATEMENTS	9
1. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	9
2. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS	13
3. NET INTEREST INCOME	14
4. OPERATING EXPENSES	14
5. OTHER ASSETS.....	14
6. LOANS TO RELATED PARTIES	14
7. OTHER LIABILITIES	15
8. DEBT SECURITIES ON ISSUE	15
9. UNITS ON ISSUE.....	15
10. AUDITOR'S REMUNERATION	15
11. COMMITMENTS	16
12. NOTES TO THE STATEMENT OF CASH FLOWS.....	16
13. EVENTS OCCURRING AFTER THE REPORTING DATE	16
TRUST MANAGER'S DECLARATION.....	17
INDEPENDENT AUDITOR'S REPORT.....	18

PROGRESS 2019-1 TRUST

Trustee's Report

for the year ended 31 December 2021

The financial statements for the year ended 31 December 2021 have been prepared by the Trust Manager, Priority One Agency Services Pty Limited as required by the Trust Deed.

The Auditor of the Trust, Ernst & Young, who has been appointed by us in accordance with the Master Trust Deed, has conducted an audit of these financial statements.

A review of the operations of the Trust and the results of those operations for the year ended 31 December 2021 is contained in the Trust Manager's Report.

Based on our ongoing program of monitoring the Trust, the Trust Manager's review and our review of the financial statements, we believe that:

- (i) the activities of the Trust have been conducted in accordance with the Trust Deed; and
- (ii) the financial statements have been appropriately prepared and contain all relevant and required disclosures.

We are not aware of any material matter or significant change in the state of affairs of the Trust occurring up to the date of this report that requires disclosure in the financial statements and the notes thereto that has not already been disclosed.



For and on behalf of
Perpetual Trustee Company Limited

Sydney, 22 March 2022

PROGRESS 2019-1 TRUST

Trust Manager's Report

for the year ended 31 December 2021

The Trust Manager presents its report on the financial statements of the Progress 2019-1 Trust ("the Trust") for the year ended 31 December 2021.

Trust manager

The Trust Manager of the Trust throughout the year ended 31 December 2021 was Priority One Agency Services Pty Limited.

Principal activities

The principal activities of the Trust during the year were the holding of assets of the Trust and the distribution to the unitholders of the Trust.

Review of operations

The Trust was established under a Master Trust Deed dated 24 June 1997 (amended 24 November 2004) and the Trust Series Notice dated 12 June 2019.

Financial results and distributions

The net liabilities attributable to the unitholders as at 31 December 2021 were \$12,032k (2020: \$30,860k) following distributions to unitholders, as reported in the Statement of comprehensive income, of \$2,832k (2020: \$3,409k).

Significant changes in the state of affairs

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

Environmental regulations

The Trust's operations are not subject to any particular and significant environmental regulation under a law of the Commonwealth, State or Territory.

Events occurring after the reporting date

As at the date of this report, the Trust Manager is not aware of any matter or circumstance that has arisen since the reporting date that has significantly affected or may significantly affect the Trust's operations in future years, the results of those operations in future years, or the Trust's state of affairs in future years.

Likely developments

In the opinion of the Trust Manager, disclosure of further information about likely developments in the operations of the Trust is commercially sensitive and would likely be detrimental and result in unreasonable prejudice to the Trust.

Indemnification and insurance of Trust Manager and officers

Under its Constitution, the Trust Manager indemnifies, to the extent permitted by law, all current and former officers of the Trust Manager (including the directors) against any liability (including the reasonable costs and expenses of defending proceedings for an actual or alleged liability) incurred in their capacity as an officer of the Trust Manager. This indemnity is not extended to current or former employees of the AMP group against liability incurred in their capacity as an employee, unless approved by the AMP Limited Board.

During and since the end of the year ended 31 December 2021, AMP Limited (the Trust Manager's ultimate parent company) maintained and paid the premium for directors' and officers' and company reimbursement insurance for the benefit of all of the officers of the AMP group (including each director, secretary and senior manager of the Trust Manager) against certain liabilities (including legal costs) as permitted by the Corporations Act 2001. The insurance policy prohibits disclosure of the nature of the liabilities covered, the amount of the premium payable and the limit of liability.

PROGRESS 2019-1 TRUST

Trust Manager's Report (continued)

for the year ended 31 December 2021

Indemnification and insurance of Trust Manager and officers (continued)

In addition, AMP Group Holdings Limited ("AMPGH") and each of the current and former directors and secretaries of the Trust Manager are parties to deeds of indemnity, insurance and access. Those deeds provide that:

- these officers will have access to Board papers and specified records of the Trust manager (and of certain other companies) for their period of office and for at least ten (or, in some cases, seven) years after they cease to hold office (subject to certain conditions);
- AMPGH indemnifies the relevant officers to the extent permitted by law, and to the extent and for the amount that the relevant officer is not otherwise entitled to be, and is not actually, indemnified by another person;
- the indemnity covers liabilities (including legal costs) incurred by the relevant officer in their capacity as a current or former director or secretary of the Trust Manager, or of another AMP group company or, an AMP representative of an external company; and
- the AMP group will maintain directors' and officers' insurance cover for those officers, to the extent permitted by law, for the period of their office and for at least ten years after they cease to hold office.

Indemnification of auditors

To the extent permitted by law, the Trust Manager has agreed to indemnify its auditor, Ernst & Young, as part of the terms of its audit engagement agreement, against claims by third parties arising from the audit, other than where the claim is determined to have resulted from breach or any negligent, wrongful or wilful act or omission by or of Ernst & Young. No payment has been made to indemnify Ernst & Young during or since the financial year ended 31 December 2021.

Rounding

The amounts in the accompanying financial report have been rounded off to the nearest thousand Australian dollars unless stated otherwise.



Gwenneth O'Shea
On behalf of the Trust Manager
Priority One Agency Services Pty Ltd (ABN 40 074 621 131)

Date: 22 March 2022

PROGRESS 2019-1 TRUST
Statement of comprehensive income

for the year ended 31 December 2021

	Note	2021 \$'000	2020 \$'000
Interest income	3	17,288	25,182
Interest expense	3	(13,203)	(20,125)
Net interest income		4,085	5,057
Fee income		332	409
Net changes in fair value of financial instruments		18,828	(6,755)
Operating expenses	4	(1,585)	(2,057)
Net profit / (loss) attributable to unitholders before finance costs		21,660	(3,346)
Finance costs - distribution to unitholders		(2,832)	(3,409)
Changes in net liabilities attributable to unitholders		(18,828)	6,755
Total comprehensive income attributable to unitholders		-	-

PROGRESS 2019-1 TRUST
Statement of financial position

as at 31 December 2021

	Note	2021 \$'000	2020 \$'000
Assets			
Cash and cash equivalents	12(b)	20,268	23,010
Other assets	5	23	242
Loans to related parties	6	474,943	650,217
Total assets		495,234	673,469
Liabilities			
Derivative financial liabilities		12,032	30,860
Other liabilities	7	1,886	2,892
Debt securities on issue	8	493,348	670,577
Total liabilities		507,266	704,329
Net liabilities attributable to unitholders		(12,032)	(30,860)

PROGRESS 2019-1 TRUST

Statement of changes in net liabilities attributable to unitholders

for the year ended 31 December 2021

	2021	2020
	\$'000	\$'000
Balance at the beginning of the year	(30,860)	(24,105)
Changes in net liabilities attributable to unitholders	18,828	(6,755)
Balance at the end of the year	(12,032)	(30,860)

PROGRESS 2019-1 TRUST
Statement of cash flows

for the year ended 31 December 2021

	Note	2021 \$' 000	2020 \$' 000
Cash flows from operating activities			
Interest received		17,571	25,605
Interest paid		(13,278)	(20,297)
Fees received		332	409
Other operating expenses paid		(1,585)	(2,057)
Cash flows from operating activities before changes in operating assets and liabilities		3,040	3,660
Changes in operating assets and liabilities:			
Net decrease in loans to related parties		174,991	191,239
Net decrease / (increase) in other assets		219	(146)
Net (decrease) / increase in other payables		(248)	24
Net cash flows from operating activities	12(a)	178,002	194,777
Cash flows from investing activities			
Net cash flows from investing activities		-	-
Cash flows used in financing activities			
Repayment of debt securities on issue		(177,189)	(194,926)
Distribution to unitholders		(3,555)	(3,542)
Net cash flows used in financing activities		(180,744)	(198,468)
Net decrease in cash held		(2,742)	(3,691)
Cash and cash equivalents at the beginning of the year		23,010	26,701
Cash and cash equivalents at the end of the year	12(b)	20,268	23,010

PROGRESS 2019-1 TRUST

Notes to the financial statements

for the year ended 31 December 2021

1. Basis of preparation and summary of significant accounting policies

The principal accounting policies adopted in the preparation of the special purpose financial report are set out below. These policies have been consistently applied to the current year and the comparative year unless otherwise stated. The financial report includes financial statements for the Progress 2019-1 Trust ("the Trust") as a single entity.

a) Basis of preparation

Progress 2019-1 Trust was constituted on 12 June 2019 and will terminate on its Termination Date unless terminated earlier in accordance with the provisions of the Master Trust Deed and the Series Notice. The Termination Date means the earliest of the following dates to occur:

- (i) the date which is 80 years after the date of the constitution of the Trust;
- (ii) the date on which the Trust terminates by operation of statute or by application of the general principles of law;
- (iii) the date upon which the Trust terminates in accordance with the Master Trust Deed or the Series Notice.

The Trust is not a reporting entity because, in the opinion of the Priority One Agency Services Pty Limited ("the Trust Manager"), it is unlikely that there are any users of the financial report who are unable to command the preparation of reports that satisfy all of their information needs. Accordingly, this special purpose financial report has been prepared to satisfy the Trust Manager's reporting requirements under the Master Trust Deed.

COVID-19 impacts

The COVID-19 pandemic has resulted in significant disruptions to the global economy during the year ended 31 December 2021 and there remains substantial uncertainty over the ultimate duration and extent of the pandemic as well as the corresponding economic impacts. These uncertainties have been incorporated into the judgements and estimates used by management in the preparation of this report, including the carrying values of the assets and liabilities. Where the judgements and estimates are considered significant, they have been disclosed in the notes to this report.

b) Summary of significant accounting policies

The Financial Report has been prepared in accordance with the recognition and measurement basis of accounting specified by all applicable Australian Accounting Standards and the disclosure requirements of the following Australian Accounting Standards:

- (a) AASB 101 '*Presentation of Financial Statements*'
- (b) AASB 107 '*Statement of Cash Flows*'
- (c) AASB 108 '*Accounting Policies, Changes in Accounting Estimates and Errors*'

The Financial Report has been rounded to the nearest thousand Australian Dollars unless stated otherwise.

The Financial Report has been prepared on the historical cost basis, except for derivative financial assets and derivative financial liabilities which are at fair value.

New and amended accounting standards, and future accounting developments

AASB 2020-2 Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain-For-Profit Private Sector Entities ("AASB 2020-2")

AASB 2020-2 was issued in March 2020 and will be effective for the 31 December 2022 year end unless early adopted. This standard amends the Conceptual Framework and a number of Australian Accounting Standards to remove the ability of certain for-profit private sector entities to be able to self-assess financial reporting requirements and prepare Special Purpose Financial Statements ("SPFS"). Upon adoption, they will need to prepare General Purpose Financial Statements ("GPFS"), either full disclosure GPFS or a new Tier 2 GPFS that complies with all recognition and measurement requirements in Australian Accounting Standards (AAS) (as per AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*).

These changes are not expected to have a material impact to the Trust.

New and amended accounting standards

There are no new or amended accounting standards and interpretations that were mandatorily effective for the annual reporting period beginning on 1 January 2021 which have a material effect on the financial position or performance of the Trust.

PROGRESS 2019-1 TRUST

Notes to the financial statements (continued)

for the year ended 31 December 2021

1. Basis of preparation and summary of significant accounting policies (continued)

c) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank that is available on demand and money market deposits that are held at call with financial institutions. They are held for the purpose of meeting short-term cash commitments (rather than for investment or other purposes). Interest is taken to the Statement of comprehensive income using the effective interest method when earned.

d) Other assets

Other assets comprise sundry receivables and are accounted at amortised cost.

e) Loans to related parties

Loans to related parties are initially recognised at fair value including direct and incremental transaction costs and subsequently measured at amortised cost using the effective interest method. It represents loans receivable from AMP Bank Limited and associated interest.

Under the terms of the Master Trust Deed, AMP Bank Limited assigns housing loan assets to Warehouse Trust. Subsequently, housing loan assets have been transferred from the Warehouse Trust to the Progress Trust.

Although the loans have been equitably assigned to the Trust, the majority of the risks and rewards relating to these assets have been assessed as remaining with AMP Bank Limited.

Accordingly, the assignment of the housing loans from AMP Bank Limited to the Trust does not meet the derecognition requirements set out in current accounting standards and the loans have been recognised as housing loan assets in the financial statements of AMP Bank Limited with a corresponding liability payable to the Trust. The recognition of these amounts as loans to related parties in the Trust ensures consistency in reporting.

The terms, conditions and maturity profile of the loans receivable from AMP Bank Limited are consistent to those of the underlying housing loan assets.

As Progress 2019-1 Trust has been equitably assigned the housing loans, the Trust has entered into, in accordance with the Master Trust Deed, various facilities and arrangements relating to the housing loans including a redraw facility.

As a resultant impact of COVID-19, the Bank introduced loan repayment deferral arrangements to mortgage customers in FY20 and FY21. The repayment deferrals were considered a continuation of customers' existing loans and recognised as non-substantial loan modifications as they continue to accrue interest on deferred repayments. A request for repayment deferrals is not automatically treated as, but may result in, a significant increase in credit risk, subject to management assessment.

f) Recognition and derecognition of financial assets and financial liabilities

Financial assets and financial liabilities are recognised at the date the Trust becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or are transferred. A transfer occurs when substantially all the risks and returns of ownership of the financial asset are passed to an unrelated third party. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired.

g) Impairment of assets

Assets measured at fair value, where changes in value are reflected in the Statement of comprehensive income, are not subject to impairment testing. All other assets are reviewed each reporting date to determine whether there is objective evidence of impairment.

An impairment expense is recognised in the Statement of comprehensive income, being the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

Impairment of financial assets

The Trust recognises expected credit losses (ECL) for financial assets measured at amortised cost.

The Trust applies a three-stage approach to measure the expected credit loss as follows:

Stage 1 (12-month ECL)

The Trust collectively assesses and recognises a provision at an amount equal to 12-month ECL when financial assets are current and/or have had a good performance history and are of low credit risk.

PROGRESS 2019-1 TRUST

Notes to the financial statements (continued)

for the year ended 31 December 2021

1. Basis of preparation and summary of significant accounting policies (continued)

g) Impairment of assets (continued)

Stage 2 (Lifetime ECL - not credit impaired)

The Trust collectively assesses and recognises a provision at an amount equal to lifetime ECL on financial assets where there has been a significant increase in credit risk since initial recognition but are not credit impaired.

Stage 3 (Lifetime ECL - credit impaired)

The Trust recognises a loss allowances at an amount equal to lifetime ECL on financial assets that are determined to be credit impaired based on objective evidence of impairment. Financial assets are classified as impaired when payment is 90 days past due or when there is no longer reasonable assurance that principal or interest will be collected in their entirety on a timely basis.

h) Taxes

Income tax

Under current income tax legislation, the Trust is not liable to pay income tax on that part of taxable income which is distributed to beneficiaries of the Trust. Taxable losses cannot be distributed to beneficiaries of the Trust.

Goods and services tax (GST)

All income, expenses and assets are recognised net of any GST paid, except where they relate to products or services which are input taxed for GST purposes or where the GST incurred is not recoverable from the relevant tax authorities. In such circumstances, the GST paid is recognised as part of the cost of acquisition of the asset or as part of the relevant expense.

Receivables and payables are recorded with the amount of GST included. The net amount of GST recoverable from or payable to the tax authorities is included as a receivable or payable in the Statement of financial position.

Cash flows are reported on a gross basis reflecting any GST paid or collected. The GST component of cash flows arising from investing or financing activities, which are recoverable from, or payable to, the local tax authorities are classified as operating cash flows.

i) Financial liabilities

Financial liabilities other than derivatives are initially recognised at fair value including directly attributable incremental transaction costs. After initial recognition, financial liabilities are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of comprehensive income over the life of the financial liability using the effective interest method.

Debt securities on issue

The Trust issues medium term debt in the wholesale debt markets as part of its securitisation activities. Premiums, discounts and associated issue expenses are recognised using the effective interest method through the Statement of comprehensive income from the date of issue to ensure that securities attain their redemption values by maturity date.

Other liabilities

Other liabilities include payables to related parties, interest payable on derivatives, and other payables. These are measured at the nominal amount payable. Given the short-term nature of most payables, the nominal amount approximates fair value.

j) Derivative financial assets and derivative financial liabilities

Fair value estimation

The fair value of financial instruments that are not traded in an active market (for example over the counter derivatives) is determined using valuation techniques. Valuation techniques include net present value techniques, discounted cash flow models and comparison to quoted market prices or dealer quotes for similar instruments.

k) Offsetting financial instruments

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

PROGRESS 2019-1 TRUST

Notes to the financial statements (continued)

for the year ended 31 December 2021

1. Basis of preparation and summary of significant accounting policies (continued)

l) Interest income and expense

Interest income and expense for all financial instruments measured at amortised cost is recognised in the Statement of comprehensive income using the effective interest method.

When financial assets become credit-impaired and are, therefore, regarded as ECL “stage 3”, interest income is required to be calculated by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets are no longer credit-impaired, interest income is calculated on a gross basis.

The effective interest methodology is a method of calculating the amortised cost of a financial asset or liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, cash flows are estimated based upon all contractual terms of the financial instrument (for example, prepayment options) but do not consider future credit losses. The calculation includes all fees and other amounts paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

m) Fee income

Fee income includes servicing fees from housing loans and are generally recognised as earned.

n) Operating expenses

Operating expenses are expensed as incurred.

o) Distribution to unitholders

In accordance with the Trust Deed, the Trust fully distributes its distributable income to unitholders each tax year. Such distributions are determined by reference to the realised profit of the Trust. Distributions are recognised in the Statement of comprehensive income as finance costs – distribution to unitholders.

Distributable income does not include unrealised gains and losses on the changes in fair value of financial instruments held at fair value.

p) Going concern

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal trading operations and the realisation of assets and settlement of liabilities in the ordinary course of business.

The net liabilities position in the Trust represents the net unrealised negative fair value related to the interest rate swap contracts which is expected to reverse out to zero on the termination of the swaps.

The ability of the Trust to continue to pay its debts as and when they fall due is dependent upon the continuing financial support from financiers' positive cash flows and profitable operations. Given the Trust has sufficient financing facilities, the Trust Manager is of the opinion that the Trust is a going concern and can pay its debts as and when they fall due.

PROGRESS 2019-1 TRUST

Notes to the financial statements (continued)

for the year ended 31 December 2021

2. Significant accounting judgements, estimates and assumptions

The making of judgements, estimates and assumptions is a necessary part of the financial reporting process and these judgements, estimates and assumptions can have a significant effect on the reported amounts in the financial statements. Estimates and assumptions are determined based on information available to management at the time of preparing the financial report and actual results may differ from these estimates and assumptions. Had different estimates and assumptions been adopted, this may have had a significant impact on the financial statements. Significant accounting judgements, estimates and assumptions are re-evaluated at each reporting period in the light of historical experience and changes to reasonable expectations of future events. Significant accounting judgements, estimates and assumptions include but are not limited to:

a) Fair value of financial assets and financial liabilities

The Trust Manager measures certain financial assets and financial liabilities at fair value through the Statement of comprehensive income. Where available, quoted market prices for the same or similar instruments are used to determine fair value. Where there is no market price available for an instrument, a valuation technique is used. The Trust Manager applies judgement in selecting valuation techniques and setting valuation assumptions and inputs.

b) Provisions

Provisions for impairment

The accounting policy, as explained in Note 1(g) relating to impairment of financial assets, requires the Trust Manager to assess impairment at least at each reporting date. The impairment provisions represent outputs of ECL model with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies.

Key elements of the ECL models that are considered accounting judgements and estimates include the counterparty's probability of default and the Trust Manager's criteria for assessing if there has been a significant increase in credit risk.

The use of judgements and reasonable estimates is considered by the Trust Manager to be an essential part of the process for calculating impairment provisions.

PROGRESS 2019-1 TRUST

Notes to the financial statements (continued)

for the year ended 31 December 2021

3. Net interest income

	2021	2020
	\$'000	\$'000
Interest income		
Cash and cash equivalents	1	40
Loans to related parties	17,287	25,142
Total interest income	17,288	25,182
Interest expense		
Derivatives	(6,044)	(8,745)
Debt securities on issue	(7,159)	(11,380)
Total interest expense	(13,203)	(20,125)
Net interest income	4,085	5,057

4. Operating expenses

	2021	2020
	\$'000	\$'000
Trust Manager fees	(176)	(232)
Servicer fees	(1,234)	(1,598)
Trustee fees	(102)	(134)
Other expenses	(73)	(93)
Total operating expenses	(1,585)	(2,057)

5. Other assets

	2021	2020
	\$'000	\$'000
Sundry receivables	23	242
Total other assets	23	242

6. Loans to related parties

	2021	2020
	\$'000	\$'000
Housing loans	474,943	650,217
Total loans to related parties	474,943	650,217

PROGRESS 2019-1 TRUST

Notes to the financial statements (continued)

for the year ended 31 December 2021

7. Other liabilities

	2021	2020
	\$'000	\$'000
Interest payable on swaps	-	35
Payables to related parties	1,843	2,822
Other payables	43	35
Total other liabilities	1,886	2,892

8. Debt securities on issue

	2021	2020
	\$'000	\$'000
Term borrowings ⁽¹⁾	493,348	670,577
Total debt securities on issue	493,348	670,577

Footnote:

⁽¹⁾ Term borrowings consist of Class A, Class AB, Class B, Class C and Class D floating rate notes which pay interest at BBSW plus a specified margin. As security for the obligations to the note holders, the Trustee grants a charge over the assets of the Trust to the Security Trustee.

9. Units on issue

	2021	2021	2020	2020
	Number	\$	Number	\$
Residual capital units	10	50	10	50
Residual income units	1	5	1	5
Total units on issue	11	55	11	55

Residual capital units

The beneficial interest held by the holders of the residual capital units is limited to the Trust and each asset of the Trust (other than any asset of the Trust for the holders of residual income units). Residual capital units have no right to receive distributions in respect of the Trust other than the right to receive, on the termination of the Trust, the issue price paid for the residual capital unit and the entire beneficial interest of the Trust, subject to the right of the holders of residual income units.

Residual income units

The beneficial interest held by the holder of a residual income unit is limited to the right to receive distributions. A residual income unit must not be issued to any person unless that person is also then the holder of a residual capital unit.

The residual income unit holder has vested interest and is entitled to net Trust income of \$100 under the Trust Deed.

10. Auditor's remuneration

The audit fee for the Trust is \$13k (2020: \$13k).

PROGRESS 2019-1 TRUST

Notes to the financial statements (continued)

for the year ended 31 December 2021

11. Commitments

There were no outstanding commitments as at 31 December 2021 (2020: \$nil).

12. Notes to the statement of cash flows

	2021	2020
	\$'000	\$'000
a) Reconciliation of net profit / (loss) attributable to unitholders before finance costs to net cash flows from operating activities		
Net profit / (loss) attributable to unitholders before finance costs	21,660	(3,346)
<i>Add / (deduct) non cash items:</i>		
Net changes in fair value of financial instruments	(18,828)	6,755
Decrease in interest receivable	283	423
Decrease increase in interest payable	(75)	(172)
Changes in operating assets and liabilities	174,962	191,117
Net cash flows from operating activities	178,002	194,777
b) Reconciliation of cash and cash equivalents		
Cash at bank and at call money market deposit	20,268	23,010
Balance at the end of the year	20,268	23,010
c) Changes in liabilities arising from financing activities		
Balance at the beginning of the year	670,577	865,710
Repayment of debt securities on issue	(177,189)	(194,926)
Other	(40)	(207)
Balance at the end of the year	493,348	670,577

13. Events occurring after the reporting date

As at the date of this report, the Trust Manager is not aware of any matter or circumstance that has arisen since the reporting date that has significantly affected or may significantly affect the Trust's operations in future years, the results of those operations in future years, or the Trust's state of affairs in future years.

PROGRESS 2019-1 TRUST

Trust Manager's Declaration

for the year ended 31 December 2021

As detailed in Note 1(a) to the financial statements, the Trust is not a reporting entity because in the opinion of the Trust Manager there are unlikely to exist users of the financial report who are unable to command the preparation of the reports tailored so as to satisfy specifically all of their information needs. Accordingly, this 'special purpose financial report' has been prepared to satisfy the Trust Manager's reporting requirements under the Trust Deed.

In accordance with a resolution, the Trust Manager declares that:

- (a) in the opinion of the Trust Manager the financial statements present fairly the financial performance and the cash flows for the year ended 31 December 2021, and the financial position of the Trust as at 31 December 2021;
- (b) in the opinion of the Trust Manager, the Trust has operated during the year ended 31 December 2021 in accordance with the provisions of the Master Trust Deed dated 24 June 1997 (amended 24 November 2004); and
- (c) in the opinion of the Trust Manager, there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.



Gwenneth O'Shea
On behalf of the Trust Manager
Priority One Agency Services Pty Ltd (ABN 40 074 621 131)

Date: 22 March 2022



**Building a better
working world**

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Independent Auditor's Report to the Unitholders of Progress 2019-1 Trust

Opinion

We have audited the financial report, being a special purpose financial report, of Progress 2019-1 Trust (the Trust), which comprises the statement of financial position as at 31 December 2021, the statement of comprehensive income, statement of changes in net liabilities attributable to unitholders and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the Trust Manager's declaration.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the Trust as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with the financial reporting requirements described in Note 1 of the financial statements.

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 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting and Restriction on Distribution and Reliance

We draw attention to Note 1 to the financial statements which describes the basis of accounting. The financial report is prepared to assist the Trust to meet the requirements of Master Trust Deed. As a result the financial report may not be suitable for another purpose. Our report is intended solely for the unitholders of Progress 2019-1 Trust (collectively the 'Recipients') and should not be distributed to parties other than the Recipients. A party other than the Recipients accessing this report does so at their own risk and Ernst & Young expressly disclaims all liability to a party other than the Recipients for any costs, loss, damage, injury or other consequence which may arise directly or indirectly from their use of, or reliance on the report. Our opinion is not modified in respect of this matter.

Other Information

The Trust Manager is responsible for the other information. The other information is the Trust Manager's report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, 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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Trust Manager for the Financial Report

The Trust Manager of the Trust are responsible for the preparation and fair presentation of the financial report and have determined that the basis of preparation described in Note 1 to the financial statements is appropriate to meet the requirements of the Master Trust Deed and is appropriate to meet the needs of the unitholders. The Trust Manager's responsibility also includes such internal control as the Trust Manager determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Trust Manager is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Trust Manager either intends 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trust Manager.

- Conclude on the appropriateness of the Trust Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Trust Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young

Ernst & Young
Sydney
22 March 2022