

SERIES 2017-1 REDS TRUST

ABN 91 884 796 255

2018 ANNUAL FINANCIAL REPORT (REISSUED)

FOR THE YEAR ENDED 31 AUGUST 2018

SERIES 2017-1 REDS TRUST
2018 ANNUAL FINANCIAL REPORT (REISSUED)

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**SERIES 2017-1 REDS TRUST
STATEMENT BY MANAGER
FOR THE YEAR ENDED 31 AUGUST 2018**

In the opinion of the Manager:

- (a) the reissued financial report set out on pages 3 to 12 is drawn up so as to present fairly in accordance with notes 1 (a) and (b) the results and cash flows for the year ended 31 August 2018, and the state of affairs at 31 August 2018 of the Series 2017-1 REDS Trust.
- (b) the Trust has operated during the year ended 31 August 2018 in accordance with the provisions of the Master Trust Deed dated 10 February 1998 (as amended) and the Series 2017-1 REDS Trust Series Supplement dated 8 February 2017.
- (c) at the date of this statement, there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

Subsequent to issuance of the year ended 31 August 2018 financial statements, it was discovered that the statement of profit or loss and other comprehensive income, statement of cash flows and accompanying notes had been misstated in the 2018 financial statements issued on 14 November 2018. The errors have been corrected by restating each of the affected financial statements line items for the year ended 31 August 2018. The table in Note 12 summarises the impact to the Trust's financial statements.

Dated in Brisbane this 18th day of December 2018.

Signed on behalf of the Manager, B.Q.L. Management Pty Ltd,



Anthony Rose
Director

**SERIES 2017-1 REDS TRUST
TRUSTEE'S REPORT
FOR THE YEAR ENDED 31 AUGUST 2018**

The reissued financial statements for the financial year ended 31 August 2018 have been prepared by the Trust's Manager, B.Q.L. Management Pty Ltd, as required by the Master Trust Deed dated 10 February 1998 (as amended).

The auditors of the Trust, KPMG, who have been appointed by us in accordance with the Master Trust Deed, have conducted an audit of the reissued financial statements.

Based on our ongoing program of monitoring the Trust, we believe that:

- (a) the Trust has been conducted in accordance with the Master Trust Deed dated 10 February 1998 (as amended) and the Series 2017-1 REDS Trust Series Supplement dated 8 February 2017.
- (b) the reissued Financial Report has been appropriately prepared and contains all relevant and required disclosures.

Subsequent to issuance of the year ended 31 August 2018 financial statements, it was discovered that the statement of profit or loss and other comprehensive income, statement of cash flows and accompanying notes had been misstated in the 2018 financial statements issued on 14 November 2018. The errors have been corrected by restating each of the affected financial statements line items for the year ended 31 August 2018. The table in Note 12 summarises the impact to the Trust's financial statements.

In making this statement, the Trustee has relied upon information, representations and warranties provided by the Manager.

We are not aware of any material matters or significant changes in the state of affairs of the Trust occurring up to the date of this report that require disclosure in the reissued financial statements and the notes thereto that have not already been disclosed.

Signed for and on behalf of
Perpetual Trustee Company Limited



Nathan Gale
Senior Client Service Manager

Dated in Sydney this 18th day of December 2018.

SERIES 2017-1 REDS TRUST
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 AUGUST 2018

	2018 \$'000 Restated *	9 February 2017 to 31 August 2017 \$'000 **
Revenue		
Interest income	31,656	22,141
Other income	429	238
Total income	32,085	22,379
Expenses		
Interest paid to Class A1 noteholders	21,279	12,977
Interest paid to Class A2 noteholders	1,033	635
Interest paid to Class AB noteholders	647	335
Interest paid to Class B noteholders	638	332
Interest paid to Class C noteholders	489	256
Interest paid to Class D noteholders	85	45
Management fees	650	431
Trustee and custodian fees	277	183
Contracted servicing fees	1,625	1,073
Other expenses	219	155
Total expenses before distribution expense to unitholders	26,942	16,422
Profit from operating activities	5,143	5,957
Distribution expense and net assets attributable to unitholders	(5,143)	(5,957)
Changes in net assets attributable to unit holders / total comprehensive income	-	-

* For details of the restatement refer to note 12

** For details of comparative length refer to note 1(b)

The statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

**SERIES 2017-1 REDS TRUST
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 AUGUST 2018**

As the Trust has no equity, the Trust has not included any items of changes in equity for the current year.

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

SERIES 2017-1 REDS TRUST
STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2018

	Note	2018 \$'000	2017 \$'000
Assets			
Cash and cash equivalents	8(a)	19,079	21,097
Receivables	3	2,100	2,318
Financial assets	4	694,837	874,792
Total assets		716,016	898,207
Liabilities			
Payables	5	3,240	4,033
Interest bearing liabilities	6	712,776	894,174
Total liabilities (excluding net assets attributable to unitholders)		716,016	898,207
Represented by:			
Net assets attributable to unitholders – liability	7	-	-

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

SERIES 2017-1 REDS TRUST
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 \$'000 Restated*	9 February 2017 to 31 August 2017 \$'000**
Cash flows from operating activities			
Interest and fees received		32,232	21,296
Interest and fees paid		(26,918)	(15,567)
Payments to noteholders		(181,399)	894,174
Principal repayment of mortgage loans		179,810	(875,535)
Net cash inflow from operating activities	8(b)	3,725	24,368
Cash flows from investing activities			
Payment for mortgage loans		-	(1,000,000)
Net cash outflow from investing activities		-	(1,000,000)
Cash flows from financing activities			
Proceeds from issue of notes		-	1,000,000
Liquidity facility		-	150
Distribution paid to income unit holder		(5,743)	(3,421)
Net cash (outflow)/inflow from financing activities		(5,743)	996,729
Net (decrease)/increase in cash and cash equivalents		(2,018)	21,097
Cash and cash equivalents at the beginning of the financial year		21,097	-
Cash and cash equivalents at the end of the financial year	8(a)	19,079	21,097

* For details of the restatement refer to note 12

** For details of comparative length refer to note 1(b)

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

**SERIES 2017-1 REDS TRUST
NOTES TO THE REISSUED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

1. Significant accounting policies

The financial statements of Series 2017-1 REDS Trust (the Trust) for the year ended 31 August 2018 were authorised for issuance in accordance with the Trust Manager and Trustee on 14 November 2018. Subsequent to issuance, a misstatement to the statement of profit or loss and comprehensive income, statement of cash flows and the accompanying notes was discovered. The errors have been corrected by restating each of the affected financial statement lines (refer to note 12) and the reissued financial statements authorised for re-issuance with the Trust Manager and Trustee on 18 December 2018.

The registered office of the Manager, B.Q.L. Management Pty Ltd, is Level 6, BOQ Village, 100 Skyring Terrace, Newstead Queensland, 4006.

The significant policies which have been adopted in the preparation of these reissued financial reports are set out below:

(a) Statement of compliance

In the opinion of the Manager, the Trust is not a reporting entity. The reissued financial report of the Trust has been drawn up as special purpose financial report for distribution to the investors.

The special purpose reissued financial report has been prepared in accordance with Australian Accounting Standards ('AASB's') adopted by the Australian Accounting Standards Board ('AASB'), subject to the exceptions noted below, and the requirements of the Master Trust Deed dated 10 February 1998 (as amended).

The reissued financial report does not include the disclosure requirements of all AASBs except for the following minimum requirements:

AASB101	Presentation of financial statements
AASB107	Statement of cash flows
AASB108	Accounting policies, Changes in Accounting Estimates and Errors
AASB1048	Interpretation and Application Standards
AASB1054	Australian Additional Disclosures

The reissued financial report does not include all of the disclosure, measurement and recognition requirements of AASB 139 *Financial Instruments: Recognition and Measurement* (refer to note 1 (b)).

(b) Basis of preparation

The Series 2017-1 REDS Trust was established by the Master Trust Deed dated 10 February 1998 (as amended) between the Manager (B.Q.L. Management Pty Ltd) and the Trustee (Perpetual Trustee Company Limited) and the Series 2017-1 REDS Trust Series Supplement dated 8 February 2017 between the Seller and Servicer (Bank of Queensland Limited – "the Bank"), the Manager (B.Q.L. Management Pty Ltd) and the Trustee (Perpetual Trustee Company Limited).

The Trust was established with the purpose of carrying on a business to provide funds for the purchase of investments being mortgage loans. The Trust funded the purchase of mortgage loans through the issue of Class A1, Class A2, Class AB, Class B, Class C, Class D notes which represent the debt of the Trust.

The reissued financial report has been presented in Australian dollars and prepared on the historical cost basis.

Series 2017-1 REDS Trust was established on 9 February 2017. The comparative period is for seven months.

As noted above all the requirements of AASB 139 have not been adopted in the preparation of these financial statements. The major impact of fully adopting AASB 139 would have been that the Trust would have recognised a financial asset due from the Bank, representing a secured loan rather than the underlying securitised mortgages. The interest receivable on the financial asset would have represented the return on an imputed loan between the Bank and the Trust, being the interest income under the mortgages, net of the fees payable to the Bank by the Trust and the net interest income/expense recognised under derivative contracts such as interest rate swaps. Derivative financial instruments have not been recognised in these financial statements except to the extent set out in note 1(e).

The preparation of a financial report in conformity with AASB's requires the Manager to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

SERIES 2017-1 REDS TRUST
NOTES TO THE REISSUED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. Significant accounting policies (continued)

(b) Basis of preparation (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision effects only that period, or in the period of the revision and future periods if the revision effects both current and future periods.

New standards and interpretations not yet adopted

The following are the amendments to standards and interpretations applicable for the first time to the current year, and the impact of these on the Trust.

- AASB 2016-1 *Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses*;
- AASB 2016-2 *Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107; and*
- AASB 1048 *Interpretation of Standards*.

The Trust has reviewed the impact of the above and determined there to be no material impact.

The reissued financial report for the Trust has been prepared on a going concern basis as the carrying value of the assets and liabilities as at 31 August 2018 represent the amounts that will be received and paid prior to the termination of the Trust. It is also considered that there are no future liabilities that would arise upon termination of the Trust which would result in the Trust not being able to pay its debts as and when they fall due.

(c) Mortgage Loans

The mortgage loans are recognised at fair value at acquisition date plus transaction costs that are directly attributable to the loans. Mortgage loans are subsequently measured at amortised cost using the effective interest method less any impairment loss (refer to note 1 (d)). Mortgage loans are mortgage insured loans secured by first registered mortgages over residential properties.

Past-due loans

Past-due loans are loans which are over 90 days in arrears. Interest on these loans continue to be taken to income. Days in arrears are calculated for each loan in accordance with Clause 1.1 of the Series Supplement as follows:

<u>Principal balance of loan less Scheduled balance of loan</u>	x	30
Monthly principal and interest repayment due		

(d) Impairment

The carrying value of assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

Impairment of mortgage loans

Impairment of a mortgage loan is recognised when there is reasonable doubt that not all the principal and interest can be collected in accordance with the terms of the mortgage loan agreement.

The Trust uses the following method for calculating impairment:

(i) Specific impairment provisions

Impairment losses on individually assessed mortgage loans are determined on a case-by-case basis. If there is objective evidence that an individual mortgage loan is impaired then a specific provision for impairment is raised. The amount of the specific provision is based on the carrying amount of the mortgage loan, including the security held against the mortgage loan and the present value of expected future cash flows including amounts expected to be received from mortgage insurance. Any subsequent write-offs are then made against the specific provision for impairment.

A specific provision has not been recognised on the basis that all loans are mortgage insured.

SERIES 2017-1 REDS TRUST
NOTES TO THE REISSUED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. Significant accounting policies (continued)

(d) Impairment (continued)

(ii) Collective impairment provision

Where no evidence of impairment has been identified for mortgage loans, these mortgage loans are grouped together on the basis of similar credit characteristics for the purpose of calculating a collective impairment loss. Collective impairment provisions are based on historical loss experience adjusted for current observable data and mortgage insurance. The amount required to bring the collective provision for impairment to its required level is charged to the statement of profit or loss and other comprehensive income.

A collective provision has not been recognised on the basis that all loans are mortgage insured.

Bad debts are written off when identified and are recognised as expenses in the statement of profit or loss and other comprehensive income, to the extent they are not covered by mortgage insurance.

(e) Derivative financial instruments

The Trust is exposed to changes in interest rates from its activities. The Trust uses interest rate swaps as derivative financial instruments to hedge these risks. Derivative financial instruments are not held for speculative purposes. Interest payments and receipts under interest rate contracts are recognised on an accruals basis in the statement of profit or loss and other comprehensive income as an adjustment to interest income during the period.

(f) Income tax

Under current legislation the Trust is not subject to income tax as the taxable income, including the assessable realised capital gains, is distributed in full to the unitholder. The Trust fully distributes its distributable income, calculated in accordance with the Master Trust Deed (as amended) and Series Supplements and applicable taxation legislation, to the unitholders who are presently entitled to the income.

(g) Cash and cash equivalents

Cash and cash equivalents include deposits held at call with a bank or financial institution and highly liquid investments with short periods to maturity which are readily convertible to cash at the Manager's option and are subject to insignificant risk of changes in value.

(h) Income and expenses

Income and expenses are brought to account on an accruals basis.

The Manager and Trustee are entitled under the Master Trust Deed (as amended), to be reimbursed for certain expenses incurred in administering the Trust. The basis on which the expenses are reimbursed is defined in the Series Supplement. The amount reimbursed is disclosed in the statement of profit or loss and other comprehensive income and was calculated in accordance with the Series Supplement.

(i) Revenue recognition

Interest revenue

Interest income is recognised using effective interest rate on the financial asset. The effective interest rate is the rate that discounts estimated future receipts through the expected life of the financial asset or, where appropriate, a shorter period, to the net carrying amount of the financial asset. When calculating the effective interest rate, the Trust estimates cash flows considering all contractual terms of the financial instrument but not future credit losses. The calculation includes all amounts paid or received by the Trust that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts. Transaction costs include mortgage loan acquisition costs such as commissions paid to intermediaries.

Interest on impaired financial assets is recognised at the original effective interest rate of the financial asset applied to the carrying amount as reduced by any allowance for impairments.

SERIES 2017-1 REDS TRUST
NOTES TO THE REISSUED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. Significant accounting policies (continued)

(j) Receivables

Receivables are carried at their amortised cost less impairment losses. Refer to note 1(d).

(k) Payables

Liabilities are recognised for amounts to be paid in the future for services received. Accounts payable are non-interest bearing, stated at amortised cost and are normally settled within 30 days.

(l) Interest bearing liabilities

Interest bearing liabilities are initially recognised at fair value. Subsequent measurement is at amortised cost using the effective interest rate method.

(m) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax ('GST'), except where the amount of GST incurred (or portion of GST incurred) is not recoverable from the Australian Taxation Office ('ATO'). In these circumstances the irrecoverable GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(n) Clean up Provisions per Trust Deed Supplement

The Manager may direct the Bank to repurchase or transfer the remaining mortgage loans to another REDS Series Trust where:

- (i) The aggregate principal outstanding on the receivables on the last day of any Monthly Period, when expressed as a percentage of the total principal outstanding at the commencement of the Trust is below the clean up percentage of 10%; or
- (ii) The tenth anniversary of the Closing Date of the Trust occurs; provided the Australian Prudential Regulation Authority ("APRA") has advised that it will permit the Bank to exercise its rights to repurchase the remaining receivables.

(o) Rounding

The Company is an entity of the kind referred to in the ASIC Corporations Instrument 2016/191 dated 24 March 2016 and in accordance with that Instrument, amounts in this reissued financial report and Directors' report have been rounded off to the nearest thousand Australian dollars, unless otherwise stated.

2018	9 February 2017
\$'000	to 31 August 2017
	\$'000

2. Auditor's remuneration

The auditor's remuneration for the Trust is paid by the parent entity, the Bank. The following amounts were attributable to the Trust in relation to the audit, transaction testing and the securitisation set up fees for the Trust.

Fees paid to the Auditor of the Company, KPMG Australia:

Audit services	9	9
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SERIES 2017-1 REDS TRUST
NOTES TO THE REISSUED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

	2018 \$'000	9 February 2017 to 31 August 2017 \$'000
3. Receivables		
Interest receivable from mortgagors	1,143	1,448
Interest collections receivable from servicer	54	110
Principal collections receivable from servicer	889	743
GST recoverable	14	17
	2,100	2,318
4. Financial assets		
Mortgage loans	694,837	874,792
5. Payables		
Distribution payable to income unitholder	1,936	2,536
Interest payable to noteholders	748	689
Interest rate swap payable	260	475
Liquidity facility cash advance from servicer	150	150
Other	146	183
	3,240	4,033
6. Interest bearing liabilities		
Class A1 notes	644,024	818,319
Class A2 notes	26,252	33,355
Class AB notes	17,000	17,000
Class B notes	15,000	15,000
Class C Notes	9,400	9,400
Class D notes	1,100	1,100
	712,776	894,174
A floating charge exists over all the assets of the Trust securing the amounts owing to each noteholder and any other secured creditor.		
7. Net assets attributable to unitholders (restated)*		
Opening Balance		-
Profit from operating activities	5,143	5,957
Distribution expense	(5,143)	(5,957)
Closing balance	-	-

* For details of the restatement refer to note 12

SERIES 2017-1 REDS TRUST
NOTES TO THE REISSUED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

2018
\$'000

9 February 2017
to 31 August 2017
\$'000

8. Notes to statement of cash flows

(a) Reconciliation of cash

For the purposes of the statement of cash flows, cash includes cash on hand and at bank and short term deposits at call. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

Cash and cash equivalents	19,079	21,097
(b) Reconciliation of net operating income to net cash inflow from operating activities (restated)*		
Profit from operating activities	5,143	5,957
<i>Change in operating assets and liabilities during the financial year:</i>		
Decrease/ (increase) in receivable	219	(2,318)
Decrease/(increase) in financial assets	179,955	(874,792)
(Decrease)/increase in payables	(193)	1,347
(Decrease)/increase in interest bearing liabilities	(181,399)	894,174
Net cash inflow from operating activities	3,725	24,368

* For details of the restatement refer to note 12

9. Segment reporting

The Trust operates in the mortgage securitisation industry in Australia.

10. Contingencies and commitments

The Trust has no material contingent liabilities or commitments as at 31 August 2018.

11. Events subsequent to reporting date

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

12. Restatement of financial report

Subsequent to issuance of the year ended 31 August 2018 financial statements, it was discovered that the statement of profit or loss and other comprehensive income, statement of cash flows and accompanying notes had been misstated in the 2018 financial statements issued on 14 November 2018. The errors have been corrected by restating each of the affected financial statements line items for the year ended 31 August 2018. The following tables summarise the impact to the Trust's financial statements.

SERIES 2017-1 REDS TRUST
NOTES TO THE REISSUED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

12. Restatement of financial report (continued)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	As previously reported 2018 \$'000	Adjustments	As restated 2018 \$'000
Revenue			
Interest income	18,792	12,864	31,656
Other income	251	178	429
Total income	19,043	13,042	32,085
Expenses			
Interest paid to Class A1 noteholders	12,142	9,137	21,279
Interest paid to Class A2 noteholders	586	447	1,033
Interest paid to Class AB noteholders	384	263	647
Interest paid to Class B noteholders	378	260	638
Interest paid to Class C noteholders	289	200	489
Interest paid to Class D noteholders	50	35	85
Management fees	360	290	650
Trustee and custodian fees	153	124	277
Contracted servicing fees	901	724	1,625
Other expenses	135	84	219
Total expenses before distribution expense to unitholders	15,378	11,564	26,942
Profit from operating activities	3,665	1,478	5,143
Distribution expense and net assets attributable to unitholders	(3,665)	(1,478)	(5,143)
Changes in net assets attributable to unit holders / total comprehensive income	-	-	-

STATEMENT OF CASH FLOW

	As previously reported 2018 \$'000	Adjustments	As restated 2018 \$'000
Cash flows from operating activities			
Interest and fees received	19,189	13,043	32,232
Interest and fees paid	(15,353)	(11,565)	(26,918)
Payments to noteholders	(181,399)	-	(181,399)
Principal repayment of mortgage loans	179,810	-	179,810
Net cash inflow from operating activities	2,247	1,478	3,725
Cash flows from financing activities			
Distribution paid to income unit holder	(4,265)	(1,478)	(5,743)
Net cash (outflow)/inflow from financing activities	(4,265)	(1,478)	(5,743)

SERIES 2017-1 REDS TRUST
NOTES TO THE REISSUED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

12. Restatement of financial report (continued)

NOTES TO THE FINANCIAL STATEMENTS

	As previously reported 2018 \$'000	Adjustments	As restated 2018 \$'000
7. Net assets attributable to unitholders			
Opening Balance	-	-	-
Profit from operating activities	3,665	1,478	5,143
Distribution expense	(3,665)	(1,478)	(5,143)
Closing balance	-	-	-

(b) Reconciliation of net operating income to net cash inflow from operating activities

Profit from operating activities	3,665	1,478	5,143
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Change in operating assets and liabilities during the financial year:

Decrease/ (increase) in receivable	219	-	219
Decrease/(increase) in financial assets	179,955	-	179,955
(Decrease)/increase in payables	(193)	-	(193)
(Decrease)/increase in interest bearing liabilities	(181,399)	-	(181,399)
Net cash inflow from operating activities	2,247	1,478	3,725

Independent Auditor's Report

To the investors of Series 2017-1 REDS Trust

Opinion

We have audited the reissued **Financial Report** of Series 2017-1 REDS Trust (the Trust).

In our opinion, the accompanying Financial Report of the Trust gives a true and fair view of the financial position as at 31 August 2018 and of its financial performance for the year ended on that date of the Trust, in accordance with the basis of preparation described in Note 1 to the Financial Report.

The reissued **Financial Report** comprises:

- Statement of financial position as at 31 August 2018
- Statement of profit or loss and other comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies

Basis for opinion

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

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

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

Emphasis of matter – reissuance of audit report

We draw attention to note 12, which describes the correction of errors in the previously issued financial report, and that the Trust Manager has chosen to amend and reissue this financial report. As a consequence, this audit report supersedes our previous independent audit report to the investors of Series 2017-1 REDS Trust dated 14 November 2018 on the Financial Report for the year ended 31 August 2018, signed and approved by the Trust Manager and Trustee on 14 November 2018. Our opinion is not modified in respect of this matter.

Emphasis of matter – basis of preparation and restriction on use

We draw attention to Note 1 to the Financial Report, which describes the basis of preparation.

The Financial Report has been prepared to assist the Trust Manager of Series 2017-1 REDS Trust in meeting the financial reporting requirements of the Trust Deed. As a result, the Financial Report and this Auditor's Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Our report is intended solely for the investors of Series 2017-1 REDS Trust and should not be used by parties other than the investors of Series 2017-1 REDS Trust. We disclaim any assumption of responsibility for any reliance on this report, or on the Financial Report to which it relates, to any person other than the investors of Series 2017-1 REDS Trust or for any other purpose than that for which it was prepared.

Responsibilities of the Trust Manager for the Financial Report

The Trust Manager is responsible for:

- preparing the Financial Report in accordance with the financial reporting requirements of the Trust Deed and have determined that the basis of preparation described in Note 1 to the Financial Report is appropriate to meet the needs of the investors;
- implementing necessary internal control to enable the preparation of a Financial Report that is free from material misstatement, whether due to fraud or error; and
- assessing the Trust's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

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

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

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

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



KPMG



Michael O Connell

Partner

Brisbane

18 December 2018