

## APPENDIX 4D

### RESULTS FOR ANNOUNCEMENT TO THE MARKET

Half Year Report  
For the period ended 31 December 2022

<b>Name of Entity:</b> Region Group (RGN)
Region Group comprises the stapled securities in two trusts, being Region Management Trust (ARSN 160 612 626) and Region Retail Trust (ARSN 160 612 788) (collectively the Trusts) and their controlled entities. Region RE Limited (ABN 47 158 809 851; AFSL 426603) is the Responsible Entity for the Trusts.

	6 months to 31 Dec 2022 \$m	6 months to 31 Dec 2021 \$m	Variance \$m	Variance %
Revenue from ordinary activities (\$m)	188.8	172.8	16.0	9.3%
Net profit/(loss) from ordinary activities after tax attributable to members (\$m)	(95.1)	432.4	(527.5)	(122.0%)
Net profit/(loss) for the period attributable to members (\$m)	(95.1)	432.4	(527.5)	(122.0%)
Funds from Operations (FFO) <sup>1</sup> (\$m)	94.1	94.3	(0.2)	(0.2%)

Earnings and Distribution per security	6 months to 31 Dec 2022	6 months to 31 Dec 2021	Variance	Variance
Basic earnings/(loss) per security (cents per security)	(8.44)	39.30	(47.74)	(121.5%)
Weighted average FFO per security (cents per security) <sup>1</sup>	8.35	8.57	(0.22)	(2.6%)
Interim distribution (cents per security)	7.50	7.20	0.30	4.2%
Record Date for determining entitlement to distribution	30 Dec 2022	31 Dec 2021	NA	NA
Date on which distribution was paid	31 Jan 2023	31 Jan 2022	NA	NA
Amount per security of interim distribution franked (cents per security)	-	-	No change	No change

Net Tangible Assets	31 Dec 2022	31 Dec 2021	Variance	Variance
	\$	\$	\$	%
Net tangible asset per security (\$ per stapled security)	2.65	2.84	(0.19)	(6.7%)

#### Notes:

1. Region Group reports net profit/(loss) attributable to security holders in accordance with International Financial Reporting Standards (IFRS). The Responsible Entity considers the Property Council of Australia's definition of Funds from Operations (FFO) to be a measure that reflects the underlying performance for the period.

**Details of entities over which control has been gained or lost during the period:**

None.

**Details of any associates and Joint Venture entities required to be disclosed:**

Region Group has a 20.0% interest in the SCA Metro Convenience Shopping Centre Fund (Metro Fund). Refer to attached Interim Financial Report, note B2.

**Audit**

The accounts have been subject to a review report with an unqualified review report conclusion. Refer to attached Interim Financial Report.

**Distribution Reinvestment Plan (DRP)**

The Group has a Distribution Reinvestment Plan (DRP) under which security holders may elect to have all or part of their distribution entitlements satisfied by the issue of new securities rather than being paid in cash. The DRP was activated for the distribution in respect of the half year ended 31 December 2022. The cut-off for electing to participate or change an existing election to participate in the DRP was 5.00pm on 3 January 2023.

In accordance with the DRP Rules, this issue price has been calculated as the arithmetic average of the daily volume weighted average price of all sales of securities sold through a Normal Trade recorded on ASX for the first 10 ASX Trading Days following 3 January 2023, less 1.0% (being the Board approved DRP discount for this distribution) and rounded to the nearest whole cent. On this basis the issue price of the DRP applying to the distribution in respect of the half year ended 31 December 2022 was \$2.61.

**Other significant information and commentary on results**

See attached ASX announcement and materials referred to below.

**For all other information required by Appendix 4D, please refer to the following attached documents:**

- Directors' report
- Interim Financial Report
- Results presentation

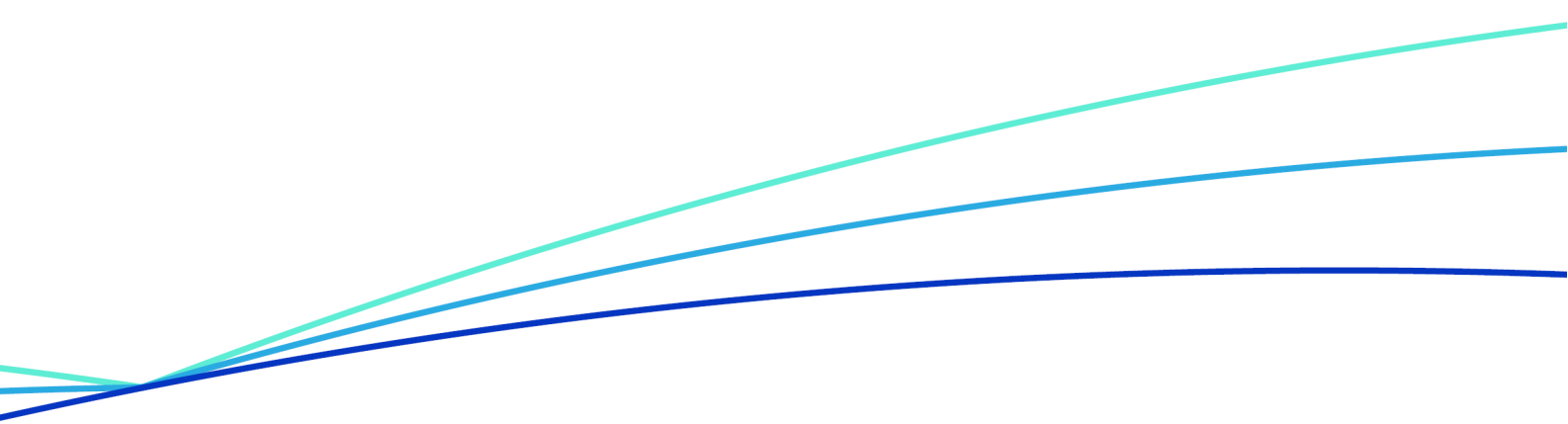
This document has been authorised to be given to the ASX by the Board of RGN.

Erica Rees  
Company Secretary  
6 February 2023



# Interim Financial Report

Half year ended 31 December 2022



Region Group comprises the stapled securities in two trusts, being Region Management Trust (ARSN 160 612 626) and Region Retail Trust (ARSN 160 612 788) (collectively the Trusts) and their controlled entities. Region RE Limited (ABN 47 158 809 851, AFSL 426603) is the Responsible Entity for the Trusts and is incorporated and domiciled in Australia. The registered office of Region RE Limited is Level 5, 50 Pitt Street, Sydney, New South Wales.

# Directors' Report

Region Group (RGN or the Group) comprises the stapled securities in two trusts, being Region Management Trust (Management Trust) and Region Retail Trust (Retail Trust) (collectively the Trusts) and their controlled entities.

Region RE Limited (Responsible Entity) is the Responsible Entity for the Trusts, which presents its report together with the Trusts' Financial Reports for the half year ended 31 December 2022 and the auditor's report thereon.

The Directors' Report is a combined Directors' Report that covers the Trusts. The financial information for the Group is taken from the Interim Consolidated Financial Reports and notes.

## 1. Directors

The Directors of the Responsible Entity at any time during the half year and up to the date of this report are:

Mr Steven Crane	Non-Executive Director, Chair (from 1 December 2022) and Deputy Chair (until 30 November 2022)
Mr Philip Marcus Clark AO	Non-Executive Director and Chair (until 30 November 2022)
Mr Michael Herring	Non-Executive Director (from 18 August 2022)
Mr Angus James	Non-Executive Director
Ms Beth Laughton	Non-Executive Director
Ms Antoinette Mills	Non-Executive Director (from 8 December 2022)
Ms Belinda Robson	Non-Executive Director
Mr Anthony Mellows	Executive Director and CEO
Mr Mark Fleming	Executive Director, COO (from 1 September 2022) and CFO (until 31 August 2022)

The Company Secretary at any time during the half year and up to the date of this report was Ms Erica Rees.

## 2. Principal activities

The principal activity of the Group during the half year was investment in and management of shopping centres in Australia. The materials in this Directors' Report deal with the operational and financial review. Additional material on the operational and financial review is in the other announcements to the ASX related to the results of the Group for the half year.

## 3. Investment property portfolio

At 31 December 2022 the investment property portfolio consisted of 95 shopping centres valued at \$4,486.7 million (30 June 2022: 91 shopping centres valued at \$4,460.9 million) and one shopping centre classified as held for sale and valued at \$23.5 million (30 June 2022: nil shopping centres at \$nil). The portfolio consists of convenience-based shopping centres with a strong weighting towards non-discretionary retail segments.

### Acquisitions

During the half year, the Group completed the following property acquisitions for \$180.0 million (excluding transaction expenses). Details of these properties include:

Property	State	Settlement date	Purchase price (\$m)	31 Dec 2022 fair value (\$m)
Dernancourt Shopping Centre	SA	July 2022	46.0	45.5
Fairview Green Shopping Centre	SA	July 2022	39.5	36.0
Brassall Shopping Centre	QLD	July 2022	46.5	48.0
Port Village Shopping Centre	QLD	July 2022	36.0	37.0
Tyne Square	WA	July 2022	12.0	13.5
			180.0	180.0

## Disposals

The Group agreed to sell Carrara Shopping Centre (QLD) during November 2022, therefore this investment property is classified as held for sale for financial reporting purposes at 31 December 2022. The sale is expected to complete in March 2023 for \$23.5 million. The book value is equal to its contracted sale value.

## Revaluations

During the half year ended 31 December 2022, all investment properties were internally valued and independent valuations were obtained for 20 investment properties. The weighted average market capitalisation rate (cap rate) of the portfolio at 31 December 2022 was 5.67% excluding the held for sale property (30 June 2022: 5.44% on a like for like basis).

The change in value of the investment properties during the period was primarily due to the acquisitions partially offset by a fair value loss mainly due to the softening of cap rates.

## 4. Financial review

A summary of the Group's and Retail Trust's results for the half year is set out below:

		Region Group		Retail Trust	
		31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Net profit/(loss) after tax	\$m	(95.1)	432.4	(96.4)	431.7
Basic earnings/(loss) per security (weighted for securities on issue during the period)	(cents per security)	(8.44)	39.30	(8.55)	39.24
Diluted earnings/(loss) per security (weighted for securities on issue during the period)	(cents per security)	(8.44)	39.12	(8.55)	39.05
Funds from operations	\$m	94.1	94.3	92.8	93.6
Funds from operations (weighted for securities on issue during the period)	(cents per security)	8.35	8.57	8.23	8.51
Adjusted funds from operations	\$m	85.7	80.9	84.4	80.2
Adjusted funds from operations per security (weighted for securities on issue during the period)	(cents per security)	7.60	7.35	7.49	7.29
Distributions paid and payable to security holders	\$m	84.9	79.9	84.9	79.9
Distributions	(cents per security)	7.50	7.20	7.50	7.20
Net tangible assets	(\$ per security)	2.65	2.84	2.64	2.83
Weighted average number of securities used as the denominator in calculating basic earnings per security	(millions of securities)	1,127.2	1,100.2	1,127.2	1,100.2
Weighted average number of securities used as the denominator in calculating diluted earnings per security	(millions of securities)	1,127.2	1,105.4	1,127.2	1,105.4

### Funds from operations and adjusted funds from operations

The Group reports net profit/(loss) after tax (statutory) attributable to security holders in accordance with International Financial Reporting Standards (IFRS). The Responsible Entity considers the Property Council of Australia's (PCA) definition of Funds from Operations (FFO) and Adjusted Funds from Operations (AFFO) to be measures that reflect the underlying performance of the Group. AFFO is an important indicator of the underlying cash earnings and the basis of distribution during the respective period.

	<b>Region Group</b>		<b>Retail Trust</b>	
	<b>31 Dec 2022</b>	<b>31 Dec 2021</b>	<b>31 Dec 2022</b>	<b>31 Dec 2021</b>
	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>
<b>Net profit/(loss) after tax (statutory)</b>	<b>(95.1)</b>	<b>432.4</b>	<b>(96.4)</b>	<b>431.7</b>
<i>Adjustments for non-cash items included in statutory profit</i>				
Reverse: Straight-lining of rental income and amortisation of incentives	9.1	6.2	9.1	6.2
Reverse: Fair value or unrealised adjustments				
- Investment properties	148.3	(349.4)	148.3	(349.4)
- Derivatives	26.7	(8.4)	26.7	(8.4)
- Foreign exchange	6.1	12.6	6.1	12.6
<i>Other adjustments</i>				
Reverse: Other items	2.3	1.4	2.3	1.4
Reverse: Net unrealised (profit)/loss from associates	3.8	(0.5)	3.8	(0.5)
Reverse: IT project expenses	1.8	-	1.8	-
Reverse: Net insurance proceeds	(9.2)	-	(9.2)	-
Reverse: Transaction expenses	0.3	-	0.3	-
<b>Funds from Operations</b>	<b>94.1</b>	<b>94.3</b>	<b>92.8</b>	<b>93.6</b>
Less: Maintenance capital expenditure	(4.1)	(7.6)	(4.1)	(7.6)
Less: Capital leasing incentives and leasing costs	(4.3)	(5.8)	(4.3)	(5.8)
<b>Adjusted Funds from Operations</b>	<b>85.7</b>	<b>80.9</b>	<b>84.4</b>	<b>80.2</b>

## 5. Contributed equity

### Distribution Reinvestment Plan (DRP)

The Group has a DRP under which security holders may elect to have their distribution entitlements satisfied by the issue of new securities at the time of the distribution payment rather than being paid in cash. The DRP was in place for the distribution declared in June 2022 (paid in August 2022) and the distribution declared in December 2022 (paid in January 2023).

The distribution declared in June 2022 resulted in \$44.7 million being raised by the DRP through the issue of 15.9 million securities at \$2.80 per security in August 2022. The \$44.7 million includes \$23.4 million pursuant to an underwriting agreement.

The distribution declared in December 2022 resulted in \$42.5 million being raised by the DRP through the issue of 16.3 million securities at \$2.61 per security in January 2023. The \$42.5 million includes \$23.1 million pursuant to an underwriting agreement.

### Other equity issues

During the half year 365,355 securities were issued in respect of executive compensation plans and 22,143 for employee compensation plans for nil consideration.

## 6. Significant changes and developments during the half year

### Capital management – debt

In February 2022 the Group entered into an interest rate swap with a face value of \$150.0 million where the Group pays a fixed rate of 2.61% starting in July 2023 and expiring in February 2032. This swap was restructured in August 2022 to a face value of \$250.0 million where the Group pays a fixed rate of 1.44% starting in August 2022 and expiring in July 2024.

In November 2022 the Group entered into two forward starting interest rate swaps with a face value of \$100.0 million each where the Group pays a fixed rate of 3.82% starting in July 2023 and expiring in July 2025.

The Group's next debt expiries are in June 2024 and are made up of a \$50.0 million bilateral facility and an AU\$ medium term note (MTN) with a face value of \$225.0 million.

At 31 December 2022, the Group had cash and undrawn debt facilities of \$277.3 million (30 June 2022: \$452.7 million).



The average debt facility maturity of the Group at 31 December 2022 was 4.8 years (30 June 2022: 5.3 years). At 31 December 2022, 76.5% of the Group's debt was fixed or hedged (30 June 2022: 69.6%).

## Gearing

The Group maintains a prudent approach to managing the balance sheet with gearing of 31.7% at 31 December 2022 (30 June 2022: 28.3%). The Group's target gearing range is 30-40%, however the Group prefers gearing to be around the lower end of the range at this point in the cycle.

Considering the DRP for the distribution paid in January 2023, the completion of the sale of the Group's investment in Charter Hall Retail REIT (ASX: CQR) (refer to subsequent events), and the sale of Carrara Shopping Centre (expected to complete in March 2023), the Group's proforma gearing would decrease to under 30% and the Group's cash and undrawn facilities would increase to approximately \$370 million.

## Change of corporate name and ASX code

In November 2022 SCA Property Group announced the change of the company name to Region Group. Consequently, on 28 November 2022, Shopping Centres Australasia Property Group RE Limited, Shopping Centres Australasia Property Retail Trust and Shopping Centres Australasia Property Management Trust were renamed to Region RE Limited, Region Retail Trust and Region Management Trust, respectively. Additionally, from the commencement of trading on 28 November 2022 the Australian Securities Exchange (ASX) code changed from SCP to RGN.

## 7. Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* (Cth) is set out on the following page.

## 8. Subsequent events

At 31 December 2022 the Group had a holding of 6.8 million securities in CQR. During January 2023 the Group sold its securities for an average price of \$3.94 each, realising net proceeds of \$26.7 million.

Since the end of the half year, the Directors of the Responsible Entity are not aware of any other matter or circumstance not otherwise dealt with in this report or the Interim Consolidated Financial Statements that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial periods.

## 9. Rounding of amounts

In accordance with Legislative Instrument 2016/191 issued by the Australian Securities and Investments Commission relating to the rounding off of amounts in the Financial Statements, amounts in the Financial Statements have been rounded to the nearest hundred thousand dollars in accordance with that Legislative Instrument, unless otherwise indicated.

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

Steven Crane

Chair

Sydney

6 February 2023

The Board of Directors  
Region RE Limited as Responsible Entity of  
Region Retail Trust and  
Region Management Trust  
Level 5, 50 Pitt Street  
Sydney NSW 2000

6 February 2023

Dear Directors

## **Auditor's Independence Declaration to Region Retail Trust and Region Management Trust**

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Region RE Limited in its capacity as Responsible Entity of Region Retail Trust and Region Management Trust.

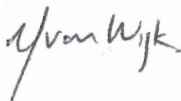
As lead audit partner for the review of the half-year financial statements of Region Retail Trust and Region Management Trust for the half-year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully



DELOITTE TOUCHE TOHMATSU



Yvonne van Wijk  
Partner  
Chartered Accountants





**Region Group - Interim Financial Report**  
Consolidated Statements of Comprehensive Income  
For the half year ended 31 December 2022

	Note	Region Group		Retail Trust	
		31 Dec 2022 \$m	31 Dec 2021 \$m	31 Dec 2022 \$m	31 Dec 2021 \$m
<b>Revenue</b>					
Rental income		152.7	151.7	152.7	151.7
Recoveries and recharge revenue		22.7	19.3	22.7	19.3
Funds management income		1.5	1.0	-	-
Distribution income		0.9	0.8	0.9	0.8
Insurance income	A1	11.0	-	11.0	-
		<u>188.8</u>	<u>172.8</u>	<u>187.3</u>	<u>171.8</u>
<b>Expenses</b>					
Property expenses		(63.1)	(58.6)	(63.1)	(58.6)
Corporate expenses		(9.9)	(9.8)	(9.9)	(9.8)
IT project expenses		(1.8)	-	(1.8)	-
		<u>114.0</u>	<u>104.4</u>	<u>112.5</u>	<u>103.4</u>
<b>Unrealised gain/(loss) including change in fair value through profit or loss</b>					
- Investment properties	B1	(148.3)	349.4	(148.3)	349.4
- Derivatives		(26.7)	8.4	(26.7)	8.4
- Foreign exchange		(6.1)	(12.6)	(6.1)	(12.6)
- Share of net profit/(loss) from associates	B2	(3.8)	0.7	(3.8)	0.7
Transaction expenses		(0.3)	-	(0.3)	-
Interest income		0.2	-	0.2	-
Finance expenses		(23.9)	(17.6)	(23.9)	(17.6)
<b>Net profit/(loss) before tax</b>		<u>(94.9)</u>	<u>432.7</u>	<u>(96.4)</u>	<u>431.7</u>
Tax		(0.2)	(0.3)	-	-
<b>Net profit/(loss) after tax</b>		<u>(95.1)</u>	<u>432.4</u>	<u>(96.4)</u>	<u>431.7</u>
<b>Other comprehensive income/(loss)</b>					
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Movement on revaluation of investment - fair value through other comprehensive income/(loss)		0.4	3.1	0.4	3.1
<b>Total comprehensive income/(loss)</b>		<u>(94.7)</u>	<u>435.5</u>	<u>(96.0)</u>	<u>434.8</u>
<b>Net profit/(loss) after tax attributable to security holders of:</b>					
Region Management Trust		1.3	0.7		
Region Retail Trust (non-controlling interest)		(96.4)	431.7		
<b>Net profit/(loss) after tax</b>		<u>(95.1)</u>	<u>432.4</u>		
<b>Total comprehensive income/(loss) attributable to security holders of:</b>					
Region Management Trust		1.3	0.7		
Region Retail Trust (non-controlling interest)		(96.0)	434.8		
<b>Total comprehensive income/(loss)</b>		<u>(94.7)</u>	<u>435.5</u>		
<b>Distributions per security (cents)</b>	A2	7.50	7.20	7.50	7.20
Weighted average number of securities used as the denominator in calculating basic earnings per security below					
<b>Basic earnings/(loss) per security (cents)</b>		(8.44)	39.30	(8.55)	39.24
Weighted average number of securities used as the denominator in calculating diluted earnings per security below					
<b>Diluted earnings/(loss) per security (cents)</b>		(8.44)	39.12	(8.55)	39.05
<b>Basic earnings per security (cents)</b>					
Region Management Trust		0.11	0.06		
<b>Diluted earnings per security (cents)</b>					
Region Management Trust		0.11	0.06		

The above Consolidated Statements of Comprehensive Income should be read in conjunction with the accompanying notes.



## Region Group - Interim Financial Report

### Consolidated Balance Sheets

As at 31 December 2022

	Note	Region Group		Retail Trust	
		31 Dec 2022 \$m	30 June 2022 \$m	31 Dec 2022 \$m	30 June 2022 \$m
<b>Current assets</b>					
Cash and cash equivalents		3.3	8.7	1.9	6.7
Receivables		62.6	43.3	62.2	39.2
Derivative financial instruments	C2	10.8	9.1	10.8	9.1
Investment in CQR	B3	26.0	25.6	26.0	25.6
Other assets		9.0	14.0	7.2	13.2
		<u>111.7</u>	<u>100.7</u>	<u>108.1</u>	<u>93.8</u>
Assets classified as held for sale	B1	23.5	-	23.5	-
<b>Total current assets</b>		<u>135.2</u>	<u>100.7</u>	<u>131.6</u>	<u>93.8</u>
<b>Non-current assets</b>					
Investment properties	B1	4,486.7	4,460.9	4,486.7	4,460.9
Derivative financial instruments	C2	76.3	102.3	76.3	102.3
Investment in associates	B2	27.1	24.6	27.1	24.6
Other assets		6.2	6.5	5.7	5.7
		<u>4,596.3</u>	<u>4,594.3</u>	<u>4,595.8</u>	<u>4,593.5</u>
<b>Total non-current assets</b>		<u>4,596.3</u>	<u>4,594.3</u>	<u>4,595.8</u>	<u>4,593.5</u>
<b>Total assets</b>		<u>4,731.5</u>	<u>4,695.0</u>	<u>4,727.4</u>	<u>4,687.3</u>
<b>Current liabilities</b>					
Trade and other payables		75.0	78.9	88.3	89.1
Distribution payable	A2	84.9	89.3	84.9	89.3
Derivative financial instruments	C2	5.6	3.2	5.6	3.2
Provisions		3.6	5.4	0.5	0.5
		<u>169.1</u>	<u>176.8</u>	<u>179.3</u>	<u>182.1</u>
<b>Total current liabilities</b>		<u>169.1</u>	<u>176.8</u>	<u>179.3</u>	<u>182.1</u>
<b>Non-current liabilities</b>					
Interest bearing liabilities	C1	1,553.9	1,376.4	1,553.9	1,376.4
Provisions		0.6	0.7	-	-
Other liabilities		7.0	7.2	6.6	6.5
		<u>1,561.5</u>	<u>1,384.3</u>	<u>1,560.5</u>	<u>1,382.9</u>
<b>Total non-current liabilities</b>		<u>1,561.5</u>	<u>1,384.3</u>	<u>1,560.5</u>	<u>1,382.9</u>
<b>Total liabilities</b>		<u>1,730.6</u>	<u>1,561.1</u>	<u>1,739.8</u>	<u>1,565.0</u>
<b>Net assets</b>		<u>3,000.9</u>	<u>3,133.9</u>	<u>2,987.6</u>	<u>3,122.3</u>
<b>Equity</b>					
Contributed equity	C3	10.6	10.2	2,114.2	2,070.1
Reserves		-	-	10.9	8.4
Accumulated profit		2.7	1.4	862.5	1,043.8
Non-controlling interest		2,987.6	3,122.3	-	-
		<u>3,000.9</u>	<u>3,133.9</u>	<u>2,987.6</u>	<u>3,122.3</u>
<b>Total equity</b>		<u>3,000.9</u>	<u>3,133.9</u>	<u>2,987.6</u>	<u>3,122.3</u>

The above Consolidated Balance Sheets should be read in conjunction with the accompanying notes.



**Region Group - Interim Financial Report**  
**Consolidated Statements of Changes in Equity**  
For the half year ended 31 December 2022

	Note	Region Group				Total equity \$m
		Contributed equity \$m	Accumulated profit/(loss) \$m	Attributable to owners of parent \$m	Non-controlling interests \$m	
<b>Balance at 1 July 2022</b>		10.2	1.4	11.6	3,122.3	3,133.9
Net profit/(loss) after tax for the period		-	1.3	1.3	(96.4)	(95.1)
Other comprehensive income/(loss) for the period, net of tax		-	-	-	0.4	0.4
<b>Total comprehensive income/(loss) for the period</b>		-	1.3	1.3	(96.0)	(94.7)
<b>Transactions with security holders in their capacity as equity holders:</b>						
Equity issued	C3	0.5	-	0.5	44.1	44.6
Costs associated with equity raising	C3	(0.1)	-	(0.1)	-	(0.1)
Employee share based payments		-	-	-	2.1	2.1
Distributions paid and payable	A2	-	-	-	(84.9)	(84.9)
		0.4	-	0.4	(38.7)	(38.3)
<b>Balance at 31 December 2022</b>		10.6	2.7	13.3	2,987.6	3,000.9
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Balance at 1 July 2021		10.2	1.3	11.5	2,713.3	2,724.8
Net profit after tax for the period		-	0.7	0.7	431.7	432.4
Other comprehensive income for the period, net of tax		-	-	-	3.1	3.1
<b>Total comprehensive income for the period</b>		-	0.7	0.7	434.8	435.5
<b>Transactions with security holders in their capacity as equity holders:</b>						
Equity issued	C3	-	-	-	72.4	72.4
Costs associated with equity raising	C3	-	-	-	(0.1)	(0.1)
Employee share based payments		-	-	-	1.3	1.3
Distributions paid and payable	A2	-	-	-	(79.9)	(79.9)
		-	-	-	(6.3)	(6.3)
<b>Balance at 31 December 2021</b>		10.2	2.0	12.2	3,141.8	3,154.0

Retail Trust					
Note	Contributed equity \$m	Reserves		Accumulated profit/(loss) \$m	Total equity \$m
		Investment in CQR \$m	Share based payments \$m		
Balance at 1 July 2022	2,070.1	(0.4)	8.8	1,043.8	3,122.3
Net profit/(loss) after tax for the period	-	-	-	(96.4)	(96.4)
Other comprehensive income/(loss) for the period, net of tax	-	0.4	-	-	0.4
<b>Total comprehensive income/(loss) for the period</b>	-	0.4	-	(96.4)	(96.0)
<b>Transactions with security holders in their capacity as equity holders:</b>					
Equity issued	44.1	-	-	-	44.1
Costs associated with equity raising	-	-	-	-	-
Employee share based payments	-	-	2.1	-	2.1
Distributions paid and payable	-	-	-	(84.9)	(84.9)
	44.1	-	2.1	(84.9)	(38.7)
<b>Balance at 31 December 2022</b>	<b>2,114.2</b>	<b>-</b>	<b>10.9</b>	<b>862.5</b>	<b>2,987.6</b>
<hr/>					
Balance at 1 July 2021	1,980.3	(0.2)	7.2	726.0	2,713.3
Net profit after tax for the period	-	-	-	431.7	431.7
Other comprehensive income for the period, net of tax	-	3.1	-	-	3.1
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>3.1</b>	<b>-</b>	<b>431.7</b>	<b>434.8</b>
<b>Transactions with security holders in their capacity as equity holders:</b>					
Equity issued	72.4	-	-	-	72.4
Costs associated with equity raising	(0.1)	-	-	-	(0.1)
Employee share based payments	-	-	1.3	-	1.3
Distributions paid and payable	-	-	-	(79.9)	(79.9)
	72.3	-	1.3	(79.9)	(6.3)
<b>Balance at 31 December 2021</b>	<b>2,052.6</b>	<b>2.9</b>	<b>8.5</b>	<b>1,077.8</b>	<b>3,141.8</b>

*The above Consolidated Statements of Changes in Equity should be read in conjunction with the accompanying notes*



## Region Group - Interim Financial Report

### Consolidated Statements of Cash Flows

For the half year ended 31 December 2022

	Note	Region Group		Retail Trust	
		31 Dec 2022 \$m	31 Dec 2021 \$m	31 Dec 2022 \$m	31 Dec 2021 \$m
<b>Cash flows from operating activities</b>					
Property and other income received		180.7	178.5	179.2	177.3
Insurance proceeds		11.0	-	11.0	-
Property expenses paid		(62.8)	(59.9)	(62.8)	(59.9)
Distribution received from associate	B2	-	0.4	-	0.4
Distribution received from investment in CQR		0.9	0.9	0.9	0.9
Corporate expenses paid		(13.6)	(9.0)	(11.4)	(7.0)
Interest received		0.2	-	0.2	-
Finance expenses paid		(21.3)	(15.9)	(21.3)	(15.9)
Transaction expenses paid		(0.8)	-	(0.8)	-
Taxes and GST paid		(10.5)	(11.3)	(10.2)	(13.6)
<b>Net cash flow from operating activities</b>		<b>83.8</b>	<b>83.7</b>	<b>84.8</b>	<b>82.2</b>
<b>Cash flows from investing activities</b>					
Payments for investment properties purchased and capital expenditure	B1	(209.1)	(381.6)	(209.1)	(381.6)
Investment in associates	B2	(6.3)	-	(6.3)	-
Return of capital from investment in associates	B2	-	10.6	-	10.6
<b>Net cash flow from investing activities</b>		<b>(215.4)</b>	<b>(371.0)</b>	<b>(215.4)</b>	<b>(371.0)</b>
<b>Cash flow from financing activities</b>					
Proceeds from equity raising	C3	44.6	72.4	44.1	72.4
Costs associated with equity raising	C3	(0.1)	(0.1)	-	(0.1)
Proceeds from borrowings		251.0	618.2	251.0	618.2
Repayment of borrowings		(80.0)	(330.0)	(80.0)	(330.0)
Distributions paid	A2	(89.3)	(72.4)	(89.3)	(72.4)
<b>Net cash flow from financing activities</b>		<b>126.2</b>	<b>288.1</b>	<b>125.8</b>	<b>288.1</b>
Net change in cash held		(5.4)	0.8	(4.8)	(0.7)
Cash at the beginning of the period		8.7	11.6	6.7	10.3
<b>Cash at the end of the period</b>		<b>3.3</b>	<b>12.4</b>	<b>1.9</b>	<b>9.6</b>

The above Consolidated Statements of Cash Flows should be read in conjunction with the accompanying notes.



## About this Report

The Interim Financial Statements of Region Group (the Group) comprise the Interim Consolidated Financial Statements of Region Management Trust (Management Trust) (ARSN 160 612 626) and its controlled entities including the Region Retail Trust (Retail Trust) (ARSN 160 612 788) (collectively the Trusts). The Interim Financial Statements of the Retail Trust comprise the Interim Financial Statements of the Retail Trust.

The notes to these Interim Consolidated Financial Statements include additional information which is required to understand the operations, performance and financial position of the Group. They are organised into four key sections:

- **Group performance** – provides key metrics used to define financial performance
- **Investment assets** – explains the structure of the investment asset portfolio
- **Capital structure** – outlines how the Group manages its capital structure and various financial risks
- **Other disclosure items** – provides other information that is relevant in understanding the Financial Statements and that must be disclosed to comply with Australian Accounting Standards and other regulatory pronouncements

Group performance	Investment assets
A1 Revenue	B1 Investment properties
A2 Distributions paid and payable	B2 Investment in associates
	B3 Investment in CQR

Capital structure	Other disclosure items
C1 Interest bearing liabilities and liquidity	D1 Working capital and other
C2 Derivatives and other financial instruments	D2 Subsequent events
C3 Contributed equity	D3 Corporate information
	D4 Other significant accounting policies

## Critical accounting estimates

The preparation of the Interim Consolidated Financial Statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. Management may also be required to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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 and in any future periods affected.

The significant judgements and estimates used in the preparation of these Consolidated Financial Statements are:

- Fair value estimation – note B1 valuation of investment properties and note C2 valuation of financial instruments
- Provision for expected credit loss (ECL) – note D1 expected credit loss

## Group performance

This section provides additional information on the key financial metrics used to define the results and performance of the Group including revenue and distributions paid and payable.

### A1 Revenue

#### Segment reporting

Segment information is presented on the same basis as that used for internal reporting purposes with the Group and Retail Trust operating within one segment: shopping centres located in Australia.

For the purposes of segment reporting, \$49.2 million in rental income (31 December 2021: \$52.4 million) was from Woolworths Limited and its affiliates. Further, \$19.7 million in rental income (31 December 2021: \$18.4 million) was from Coles Limited and its affiliates.

#### Insurance income

During the year \$11.0 million has been received from insurers in relation to adverse weather events in the prior year, particularly flooding on the east coast of Australia. The Lismore Central Shopping Centre was most heavily impacted.

### A2 Distributions paid and payable

Distributions are recognised in the reporting period in which they are declared, determined or publicly recommended by the Directors. Where such distributions have not been paid at reporting date they are recognised as a distribution payable.

Region Group & Retail Trust	Cents per security	Total amount \$m	Date of payment
<b>1HY 23</b>			
Interim distribution <sup>1</sup>	7.50	84.9	31 January 2023
<b>FY22</b>			
Interim distribution	7.20	79.9	31 January 2022
Final distribution	8.00	89.3	31 August 2022
	15.20	169.2	

<sup>1</sup>The interim distribution of 7.50 cents per security was declared on 9 December 2022 and was paid on 31 January 2023.

## Investment assets

### B1 Investment properties

Investment properties comprise investment interests in land and buildings held for long term rental returns and includes properties that are under development for future use as investment properties. At each reporting date, the carrying values of the investment properties are assessed by the Directors. Where the carrying value differs from the Directors' assessment of fair value, an adjustment to the carrying value is recorded as appropriate.

Investment properties under development are classified as investment property and stated at fair value at each reporting date. Fair value is assessed with reference to reliable estimates of future cash flows, status of the development and the associated risk profile.

Incentives such as cash, rent-free periods, lessee or lessor owned fit outs may be provided to lessees to enter into an operating lease. Leasing fees may also be paid for the negotiation of leases. These incentives and lease fees are capitalised

to the investment property and are amortised on a straight-line basis over the lesser of the term of the lease and the useful life of the fit out, as a reduction of rental income. The carrying amounts of the lease incentives and leasing fees are reflected in the fair value of investment properties.

### Reconciliation of carrying amount of the investment properties

	Region Group & Retail Trust	
	31 Dec 2022 \$m	30 June 2022 \$m
<b>Movement in total investment properties</b>		
Opening balance	4,460.9	4,000.0
Assets classified as held for sale	(23.5)	-
Acquisitions (including transaction expenses)	186.9	364.8
Disposals	-	(307.6)
Capital and development expenditure, rental straight-lining and amortisation	10.7	49.7
Unrealised movement recognised in total comprehensive income on property valuations	(148.3)	354.0
Closing balance	4,486.7	4,460.9

### Investment properties

Property	State	Property type	Cap rate <sup>1</sup> 31 Dec 2022	Discount rate 31 Dec 2022	Fair value 31 Dec 2022 \$m	Fair value 30 June 2022 \$m
<b>Sub-Regional</b>						
Lavington Square	NSW	Sub-Regional	6.25%	7.00%	71.9	78.7
Marketown Shopping Centre - East	NSW	Sub-Regional	5.75%	6.50%	82.3	85.3
Marketplace Raymond Terrace	NSW	Sub-Regional	6.00%	6.75%	84.4	87.5
Sturt Mall	NSW	Sub-Regional	6.00%	6.50%	82.5	85.0
West End Plaza	NSW	Sub-Regional	6.00%	6.50%	81.3	84.4
Delacombe Town Centre	VIC	Sub-Regional	5.38%	6.25%	107.5	112.2
Lilydale Marketplace	VIC	Sub-Regional	6.00%	6.75%	115.7	119.9
Pakenham Central Marketplace	VIC	Sub-Regional	6.00%	6.25%	94.7	98.3
Central Highlands Marketplace	QLD	Sub-Regional	6.75%	7.25%	71.7	71.5
Mt Gambier Marketplace	SA	Sub-Regional	6.02%	6.50%	78.5	81.1
Murray Bridge Marketplace	SA	Sub-Regional	6.50%	7.25%	67.6	69.0
Kwinana Marketplace	WA	Sub-Regional	6.50%	7.00%	148.5	154.5
Warnbro Centre	WA	Sub-Regional	6.50%	7.25%	108.3	110.0
<b>Total sub-regional centres</b>					1,194.9	1,237.4
<b>Neighbourhood</b>						
Auburn Central	NSW	Neighbourhood	5.50%	6.75%	132.0	137.5
Belmont Central Shopping Centre	NSW	Neighbourhood	6.00%	7.00%	28.7	29.3
Cabarita Beach Shopping Centre	NSW	Neighbourhood	5.25%	5.75%	26.5	28.0
Cardiff Shopping Centre	NSW	Neighbourhood	5.25%	6.00%	30.2	32.5
Delroy Park Shopping Centre	NSW	Neighbourhood	5.50%	6.00%	22.3	23.0
Goonellabah Shopping Centre	NSW	Neighbourhood	5.25%	5.50%	26.1	24.0
Greystanes Shopping Centre	NSW	Neighbourhood	5.00%	6.00%	76.7	79.5
Griffin Plaza	NSW	Neighbourhood	5.75%	6.50%	31.5	34.6
Katoomba Marketplace	NSW	Neighbourhood	4.88%	5.25%	61.9	65.0
Lane Cove Market Square <sup>3</sup>	NSW	Neighbourhood	5.00%	5.50%	61.4	66.5
Leura Shopping Centre	NSW	Neighbourhood	4.75%	5.50%	23.9	23.5
Lismore Central Shopping Centre	NSW	Neighbourhood	6.25%	6.75%	29.8	29.8
Macksville Shopping Centre	NSW	Neighbourhood	4.75%	5.50%	20.6	20.7
Marketown Shopping Centre - West	NSW	Neighbourhood	5.00%	5.75%	72.1	71.7
Moama Marketplace	NSW	Neighbourhood	5.25%	5.75%	21.9	22.7
Morriset Shopping Centre	NSW	Neighbourhood	5.50%	5.75%	24.3	24.1
Muswellbrook Fair	NSW	Neighbourhood	5.25%	6.25%	43.1	41.2
Northgate Tamworth Shopping Centre	NSW	Neighbourhood	5.75%	6.25%	20.9	21.1





**Region Group - Interim Financial Report**  
Notes to the Interim Consolidated Financial Statements  
For the half year ended 31 December 2022

Property	State	Property type	Cap rate <sup>1</sup> 31 Dec 2022	Discount rate 31 Dec 2022	Fair value 31 Dec 2022 \$m	Fair value 30 June 2022 \$m
North Orange Shopping Centre	NSW	Neighbourhood	4.50%	5.00%	53.7	56.0
The Waterfront Town Centre	NSW	Neighbourhood	4.25%	5.50%	61.4	65.0
Tura Beach Shopping Centre	NSW	Neighbourhood	5.25%	6.50%	23.4	24.6
Ulladulla Shopping Centre	NSW	Neighbourhood	4.75%	5.75%	36.0	36.8
Bentons Square	VIC	Neighbourhood	5.00%	6.25%	113.4	118.0
Drouin Central	VIC	Neighbourhood	4.75%	6.00%	22.4	23.7
Langwarrin Plaza	VIC	Neighbourhood	5.00%	5.75%	29.5	31.0
Ocean Grove Marketplace	VIC	Neighbourhood	5.50%	5.75%	43.7	44.0
The Gateway Shopping Centre	VIC	Neighbourhood	5.25%	6.50%	72.3	69.5
East Warrnambool Shopping Centre	VIC	Neighbourhood	5.00%	5.50%	20.6	20.8
Warrnambool Shopping Centre	VIC	Neighbourhood	9.00%	8.25%	12.8	12.8
White Box Rise	VIC	Neighbourhood	5.25%	6.00%	29.4	29.4
Wonthaggi Plaza	VIC	Neighbourhood	5.25%	5.75%	58.5	60.7
Annandale Central	QLD	Neighbourhood	6.25%	6.75%	31.3	32.0
Brassall Shopping Centre <sup>2</sup>	QLD	Neighbourhood	5.50%	6.00%	48.0	-
Brookwater Village Shopping Centre	QLD	Neighbourhood	6.00%	6.50%	38.9	42.0
Burdekin Plaza	QLD	Neighbourhood	6.00%	7.00%	24.7	25.4
Bushland Beach Plaza	QLD	Neighbourhood	5.75%	6.00%	26.5	26.5
Carrara Shopping Centre <sup>4</sup>	QLD	Neighbourhood	-	-	-	23.0
Chancellor Park Marketplace	QLD	Neighbourhood	5.00%	5.25%	57.5	57.5
Collingwood Park Shopping Centre	QLD	Neighbourhood	5.00%	5.50%	16.2	15.9
Cooloola Cove Shopping Centre	QLD	Neighbourhood	5.50%	6.25%	17.6	18.5
Drayton Central Shopping Centre	QLD	Neighbourhood	5.75%	6.50%	31.7	32.9
Greenbank Shopping Centre	QLD	Neighbourhood	5.50%	6.25%	36.9	36.8
Jimboomba Junction Shopping Centre	QLD	Neighbourhood	6.00%	6.25%	32.0	32.7
Gladstone Park Shopping Centre	QLD	Neighbourhood	5.75%	6.50%	28.4	29.0
Lillybrook Shopping Village	QLD	Neighbourhood	6.00%	7.00%	30.0	30.6
Marian Town Centre	QLD	Neighbourhood	6.00%	6.75%	43.7	44.0
Marketplace Warner	QLD	Neighbourhood	5.26%	5.75%	85.4	90.6
Miami One Shopping Centre	QLD	Neighbourhood	5.75%	6.50%	34.4	34.2
Mission Beach Marketplace	QLD	Neighbourhood	5.75%	6.25%	14.7	15.1
Moggill Village	QLD	Neighbourhood	5.00%	6.50%	52.0	53.4
Mt Isa Village	QLD	Neighbourhood	7.00%	7.50%	47.5	47.4
Mt Warren Park Shopping Centre	QLD	Neighbourhood	5.75%	6.25%	19.4	20.4
Mudgeeraba Market Shopping Centre	QLD	Neighbourhood	5.25%	6.00%	44.7	46.0
North Shore Village Shopping Centre	QLD	Neighbourhood	5.00%	6.00%	35.0	35.5
Ooralea Shopping Centre	QLD	Neighbourhood	5.75%	6.25%	31.4	31.2
Oxenford Village	QLD	Neighbourhood	5.00%	5.75%	48.0	48.5
Port Village Shopping Centre <sup>2</sup>	QLD	Neighbourhood	6.00%	6.50%	37.0	-
Soda Factory West End	QLD	Neighbourhood	5.75%	6.00%	46.5	47.0
Sugarworld Shopping Centre	QLD	Neighbourhood	6.00%	6.75%	26.7	27.3
Whitsunday Shopping Centre	QLD	Neighbourhood	6.50%	7.00%	39.2	41.0
Woodford Shopping Centre	QLD	Neighbourhood	5.25%	6.00%	17.4	17.9
Worongary Town Centre	QLD	Neighbourhood	5.25%	6.00%	57.8	55.8
Blakes Crossing Shopping Centre	SA	Neighbourhood	5.25%	5.50%	31.9	32.4
Dernancourt Shopping Centre <sup>2</sup>	SA	Neighbourhood	5.25%	6.50%	45.5	-
Fairview Green Shopping Centre <sup>2</sup>	SA	Neighbourhood	6.00%	7.50%	36.0	-
Busselton Shopping Centre	WA	Neighbourhood	5.25%	5.50%	31.8	31.9
Currambine Central <sup>3</sup>	WA	Neighbourhood	6.50%	7.50%	87.0	106.2
Kalamunda Central	WA	Neighbourhood	5.50%	7.00%	52.2	52.8
Stirlings Central	WA	Neighbourhood	6.25%	6.75%	44.3	47.0
Treendale Shopping Centre	WA	Neighbourhood	5.50%	6.25%	38.2	38.7
Tyne Square <sup>2</sup>	WA	Neighbourhood	5.75%	7.00%	13.5	-
Burnie Plaza	TAS	Neighbourhood	6.25%	7.00%	28.9	30.0
Claremont Plaza	TAS	Neighbourhood	5.75%	7.25%	50.9	51.5
Glenorchy Central	TAS	Neighbourhood	6.00%	6.25%	30.7	30.9
Greenpoint Plaza	TAS	Neighbourhood	6.00%	7.00%	24.0	24.0
Kingston Plaza	TAS	Neighbourhood	5.75%	6.75%	35.0	35.0
Meadow Mews Plaza	TAS	Neighbourhood	5.75%	6.75%	75.3	78.5
New Town Plaza	TAS	Neighbourhood	5.75%	6.75%	53.5	55.3
Prospect Vale Marketplace	TAS	Neighbourhood	6.00%	7.25%	36.0	36.0
Riverside Plaza	TAS	Neighbourhood	5.25%	6.25%	13.7	13.7

Property	State	Property type	Cap rate <sup>1</sup> 31 Dec 2022	Discount rate 31 Dec 2022	Fair value 31 Dec 2022 \$m	Fair value 30 June 2022 \$m
Shoreline Plaza	TAS	Neighbourhood	5.75%	6.50%	44.7	46.5
Sorell Plaza	TAS	Neighbourhood	5.75%	6.00%	35.7	37.2
Bakewell Shopping Centre	NT	Neighbourhood	5.75%	6.75%	51.5	50.8
<b>Total neighbourhood centres</b>					<b>3,291.8</b>	<b>3,223.5</b>
<b>Total investment properties</b>					<b>4,486.7</b>	<b>4,460.9</b>

<sup>1</sup> Cap rate: the approximate return represented by income produced by an investment property, expressed as a percentage

<sup>2</sup> Properties acquired during the half year ended 31 December 2022

<sup>3</sup> The titles to Lane Cove Market Square and Currambine Central are leasehold. The expiries of the respective leaseholds are in 2059 (with a 49-year option) and in 2094.

<sup>4</sup> Asset classified as held for sale at 31 December 2022. See below for further details.

### Estimate – Valuation of investment properties

Critical judgements are made in respect of the fair value of investment properties, including properties under construction. The fair value of these investments is reviewed regularly with reference to independent property valuations, recent transactions and market conditions existing at the reporting date, using generally accepted market practices.

The major critical assumptions underlying estimates of fair values are those relating to the market capitalisation rate and discount rate. Other assumptions that are typically of lesser importance include consideration of the property type, location and tenancy profile together with tenant sales and other matters such as market rents, current rents including possible rent reversion, lease expiry profile including vacancy, type of tenants, capital expenditure, sales growth of the centre and potential climate related risk factors. If there is any change in these assumptions or economic conditions, the fair value of the investment properties may differ.

### Assets classified as held for sale

Prior to 31 December 2022 the Group agreed to sell Carrara Shopping Centre (QLD) therefore it is classified as held for sale for financial reporting purposes. The sale of this property is expected to complete in March 2023 and is subject to terms that are usual and customary for sales of such assets. The book value equal to its sale value.

	Region Group & Retail Trust	
	31 Dec 2022 \$m	30 June 2022 \$m
Assets classified as held for sale	23.5	-

## B2 Investment in associates

Associates are entities over which the Group has significant influence but not control. Investments in associates are accounted for in the Consolidated Balance Sheet by using the equity method of accounting after initially being recognised at cost. Under the equity accounting method, the Group's share of the associates' post acquisition net profit after income tax expense is recognised in the Consolidated Statements of Comprehensive Income. Distributions received or receivable from associates are recognised in the Consolidated Financial Report as a reduction of the carrying amount of the investment.

### Classification and carrying value of investments

Judgements are made in assessing whether an investee entity is controlled or subject to significant influence or joint control. These judgements include an assessment of the nature, extent and financial effects of the Group's interest in joint arrangements and associates, including the nature and effects of its contractual relationship with the entity or with other investors. Associates are entities over which the Group has significant influence but not control.

The Group's investment in associates at 31 December 2022 and 30 June 2022 relates to a 20.0% interest in the SCA Metro Convenience Shopping Centre Fund (Metro Fund).

	<b>Region Group &amp; Retail Trust</b>	
	31 Dec 2022 \$m	30 June 2022 \$m
<b>Movement in investment in associates:</b>		
Opening balance	24.6	10.1
Acquisitions to equity accounted investment	6.3	26.2
Share of profit/(loss) after tax	(3.8)	(0.9)
Return of capital	-	(10.6)
Distributions received or receivable	-	(0.2)
Closing balance	27.1	24.6

### B3 Investment in CQR

Investment in CQR relates to the Group and Retail Trust's 1.2% interest in Charter Hall Retail REIT (ASX: CQR) (30 June 2022: 1.2%).

	<b>Region Group &amp; Retail Trust</b>	
	31 Dec 2022	30 June 2022
Number of securities held (million)	6.8	6.8
ASX closing price on last trading day (\$)	3.83	3.77
Investment in CQR (\$m)	26.0	25.6

The investment in CQR is classified as a level 1 fair value measurement financial asset being derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Unrealised gains and losses arising from changes in fair value are recognised in Other Comprehensive Income. Refer also to the fair value hierarchy at note C2.

During January 2023 the Group sold this investment for an average price of \$3.94 each realising net proceeds of \$26.7 million.

### Capital structure

The Group's activities expose it to numerous financial risks such as market risk, credit risk and liquidity risk. This section explains how the Group utilises its risk management framework to reduce volatility from these external factors.

### C1 Interest bearing liabilities and liquidity

Borrowings 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 profit and loss over the period of the borrowing using the effective interest method. Upfront borrowing fees paid on the establishment of loan facilities are capitalised and expensed over the period of the borrowing.



	<b>Region Group &amp; Retail Trust</b>	
	31 Dec 2022 \$m	30 June 2022 \$m
<b>Bank and syndicated facilities - unsecured</b>		
- AU\$ denominated	541.0	370.0
<b>AU\$ Medium term note (AU\$ MTN) - unsecured</b>		
- AU\$ denominated	525.0	525.0
<b>US Notes - unsecured</b>		
- US\$ denominated (converted to AU\$)	442.4	436.3
- AU\$ denominated	50.0	50.0
<b>Total unsecured debt outstanding</b>	<b>1,558.4</b>	<b>1,381.3</b>
- Less: unamortised establishment fees and unamortised MTN discount and premium	(4.5)	(4.9)
<b>Interest bearing liabilities</b>	<b>1,553.9</b>	<b>1,376.4</b>

### Bank and syndicated facilities – unsecured

To reduce liquidity risk, the Group has in place debt from several sources including banks and a syndicated facility. The terms have been negotiated to achieve a balance between capital availability and the cost of debt including unused debt. The facilities include revolving facilities. All bank and syndicated facilities are unsecured.

At 31 December 2022, in addition to the unsecured bank facilities drawn above, \$10.0 million of a bilateral bank facility available was used to support bank guarantees (30 June 2022: \$11.0 million). The bank guarantees assist with the Group's obligations under the Australian Financial Services Licence granted to the Group.

The financing capacity available to the Group under the bank and syndicated financing facilities, including cash and cash equivalents, is in the following table.

	<b>Region Group &amp; Retail Trust</b>	
	31 Dec 2022 \$m	30 June 2022 \$m
<b>Financing facilities and resources</b>		
<b>Bilateral bank and syndicated facilities</b>		
Committed bank and syndicated financing facilities available	825.0	825.0
Less: amounts drawn	(541.0)	(370.0)
Less: amounts utilised for bank guarantee	(10.0)	(11.0)
Net financing facilities available	<b>274.0</b>	<b>444.0</b>
Add: cash and cash equivalents	3.3	8.7
<b>Financing available</b>	<b>277.3</b>	<b>452.7</b>

### AU\$ Medium term notes (AU\$ MTN) – unsecured

The Group has issued AU\$ MTN with a face value of \$525.0 million which are unsecured. Details of these notes are below.

AU\$ MTN	Tranche	Issue date	Maturity	Tenor at issue (years)	Coupon	Face value \$m	Issue consideration \$m	Discount / (premium) on issue \$m
Series 2	Tranche 1	Jun-17	Jun-24	7.0	3.90%	175.0	174.5	0.5
	Tranche 2	Apr-19	Jun-24	5.2	3.90%	50.0	51.3	(1.3)
Series 3	Tranche 1	Sep-20	Sep-30	10.0	3.25%	30.0	29.8	0.2
Series 4	Tranche 1	Sep-20	Sep-35	15.0	3.50%	20.0	19.8	0.2
Series 5	Tranche 1	Sep-21	Sep-29	8.0	2.45%	250.0	249.2	0.8
						525.0		0.4

The discount or premium with respect to each Tranche is amortised from the issue date to maturity.

### US Notes – unsecured

The Group has issued unsecured US Notes with a face value of US\$300.0 million and AU\$50.0 million. The principal and coupon obligations of the US dollar denominated notes have been fully economically swapped back to Australian dollars such that the Group has no exposure to any currency risk. Details of these notes and their economically swapped values at 31 December 2022 are below.

Issue date	Maturity	US\$ value	Economic hedged FX rate	AU\$ economically hedged value	31 Dec 2022 FX rate	31 Dec 2022 Book value
<b>US\$ denominated notes</b>						
Aug-14	Aug-27	100.0	0.9387	106.5	0.67815	147.5
Sep-18	Sep-28	30.0	0.7604	39.4	0.67815	44.3
Aug-14	Aug-29	50.0	0.9387	53.3	0.67815	73.7
Sep-18	Sep-31	70.0	0.7604	92.1	0.67815	103.2
Sep-18	Sep-33	50.0	0.7604	65.8	0.67815	73.7
<b>Total US\$ denominated notes</b>		300.0		357.1		442.4
<b>AU\$ denominated notes</b>						
Aug-14	Aug-29			50.0		50.0
<b>Total AU\$ denominated notes</b>				50.0		50.0
<b>Total US Notes</b>				407.1		492.4

### Debt covenants

The Group is required to comply with certain financial covenants or obligations in respect of the interest bearing liabilities. The major financial covenants or obligations that are common across the Group's interest bearing liabilities are summarised as follows:

- (a) Interest cover ratio (EBITDA with adjustments to net interest expense) is more than 2.00 times;
- (b) Gearing ratio (finance debt net of cash and cash equivalents and cross currency interest rate swaps divided by total tangible assets net of cash and cash equivalents and derivatives) does not exceed 50%;
- (c) Priority indebtedness ratio (priority debt to total tangible assets) does not exceed 10%; and
- (d) Aggregate of the total tangible assets held by the Obligors (Retail Trust) represents not less than 90% of the total tangible assets of the Group.

The Group was in compliance with all of the financial covenants and obligations at 31 December 2022.

## C2 Derivative and other financial instruments

### Derivative financial instruments

The fair values of interest rate and cross currency derivatives are determined using a generally accepted pricing model based on discounted cash flow analysis using assumptions supported by observable market rates. The following table represents financial assets and liabilities that were measured and recognised at fair value:

	Region Group & Retail Trust	
	31 Dec 2022 \$m	30 June 2022 \$m
<b>Current assets</b>		
Interest rate swap contracts	10.8	9.1
	10.8	9.1
<b>Non-current assets</b>		
Interest rate swap contracts	5.4	16.9
Cross currency interest rate swap contracts	70.9	85.4
	76.3	102.3
<b>Current liabilities</b>		
Cross currency interest rate swap contracts	5.6	3.2
	5.6	3.2

#### *Estimate – Valuation of derivative financial instruments*

The fair value of derivative assets and liabilities is based on assumptions of future events and involves significant estimates. The value of derivatives may differ in future reporting periods due to the passing of time and/or changes in market rates including interest rates, foreign exchange rates and market volatility.

### Interest rate swaps and cross currency interest rate swaps

The cross currency interest rate swaps are taken out to economically hedge the foreign currency exposure of US dollar denominated Notes issued by the Group (refer note C1). The cross currency interest rate swaps are fair valued separately to the US Notes.

The interest rate swaps are used to hedge Australian dollar denominated financing facilities.

Movements in the market value of the interest rate and cross currency interest rate swaps are included in the Group's Consolidated Statement of Comprehensive Income through changes in fair value.

The Directors consider that the carrying amounts of other financial assets and financial liabilities, which are recognised at amortised value in the Interim Financial Report, approximate their fair values apart from the US Notes and the AU\$ MTNs.

The fair value of the US Notes and AU\$ MTNs can be different to their carrying value. The fair value takes into account movements in the underlying base interest rates and credit spreads for similar financial instruments, including extrapolated yield curves over the tenor of the notes.



	Region Group & Retail Trust	
	31 Dec 2022	30 June 2022
	\$m	\$m
<b>Amortised value</b>		
US Notes	492.4	486.3
AUS\$ MTN	525.0	525.0
<b>Fair value</b>		
US Notes	446.6	465.5
AUS\$ MTN	434.7	438.1

The foreign currency principal and interest amounts payable on the US\$ denominated US Notes have been fully hedged economically to floating Australian interest rates by the use of cross currency interest rate swaps.

### *Fair value hierarchy*

The different levels of financial instruments carried at fair value by the valuation method have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs from the asset or liability that are not based on observable market data (unobservable inputs).

For financial instruments not quoted in active markets, the Group uses valuation techniques such as present value, comparison to similar instruments for which market observable prices exist and other relevant models used by market participants. These valuation techniques use both observable and unobservable market inputs.

Interest rate derivatives are financial instruments that use valuation techniques with only observable market inputs and are classified as Level 2 instruments.

There were no transfers between hierarchy levels during the half year.

## C3 Contributed equity

### Contributed equity

	Region Group		Retail Trust	
	31 Dec 2022 \$m	30 June 2022 \$m	31 Dec 2022 \$m	30 June 2022 \$m
Equity	2,165.8	2,121.2	2,155.0	2,110.9
Issue costs	(41.0)	(40.9)	(40.8)	(40.8)
	<u>2,124.8</u>	<u>2,080.3</u>	<u>2,114.2</u>	<u>2,070.1</u>

	Management Trust		Retail Trust	
	31 Dec 2022 \$m	30 June 2022 \$m	31 Dec 2022 \$m	30 June 2022 \$m
Opening balance	10.2	10.2	2,070.1	1,980.3
Equity raised through Distribution Reinvestment Plan – August 2021	-	-	-	72.4
Equity raised through Distribution Reinvestment Plan – January 2022	-	-	-	17.5
Equity raised through Distribution Reinvestment Plan – August 2022	0.5	-	44.1	-
Equity raising costs	(0.1)	-	-	(0.1)
Closing balance	<u>10.6</u>	<u>10.2</u>	<u>2,114.2</u>	<u>2,070.1</u>

Balance at the end of the period is attributable to security holders of:

Region Management Trust	10.6	10.2
Region Retail Trust	2,114.2	2,070.1
	<u>2,124.8</u>	<u>2,080.3</u>

### Securities on Issue

	Region Group & Retail Trust	
	31 Dec 2022 No. of securities	30 June 2022 No. of securities
Opening balance	1,116,286,260	1,080,021,404
Equity issued for executive security-based compensation arrangements – 26 August 2021	-	270,327
Equity raised through Distribution Reinvestment Plan – 31 August 2021	-	29,901,419
Equity issued for employee security-based compensation arrangements – 23 December 2021	-	14,696
Equity raised through Distribution Reinvestment Plan – 31 January 2022	-	6,078,414
Equity issued for executive security-based compensation arrangements – 24 August 2022	365,355	-
Equity raised through Distribution Reinvestment Plan – 31 August 2022	15,946,947	-
Equity issued for employee security-based compensation arrangements – 19 December 2022	22,143	-
Closing balance	<u>1,132,620,705</u>	<u>1,116,286,260</u>

As long as the Group remains jointly quoted, the number of securities in each of the Trusts are equal and the security holders identical.

A total of 365,355 securities were issued during the half year ended 31 December 2022 in respect of executive compensation plans and 22,143 securities were issued in respect of employee compensation plans for nil consideration.



## Issue of securities from Distribution Reinvestment Plan (DRP)

The Group has a DRP under which security holders may elect to have their distribution entitlements satisfied by the issue of new securities at the time of the distribution payment rather than being paid in cash. The DRP was in place for the distribution declared in June 2022 (paid in August 2022) and the distribution declared in December 2022 (paid in January 2023).

The distribution declared in June 2022 resulted in \$44.7 million being raised by the DRP through the issue of 15.9 million securities at \$2.80 per security in August 2022. The \$44.7 million includes \$23.4 million pursuant to an underwriting agreement.

The distribution declared in December 2022 resulted in \$42.5 million being raised by the DRP through the issue of 16.3 million securities at \$2.61 per security in January 2023. The \$42.5 million includes \$23.1 million pursuant to an underwriting agreement.

## Other disclosure items

### D1 Working capital and other

#### Receivables

Trade and other receivables are carried at original invoice amount, less ECL, and are usually due within 30 days. Collectability of trade and other receivables is reviewed on an ongoing basis. Individual debts that are determined to be uncollectable are written off when identified.

The Group uses the simplified approach for determining expected credit losses whereby the outstanding receivables balance is analysed, and the provision is determined by applying default percentages adjusted for other current observable data. Under the simplified approach, the loss allowance for trade receivables is measured at an amount equal to lifetime ECL. In some instances, specific loss provisions are raised against individual receivables where additional information has come to the Group's attention impacting the assessment of recoverability of that debtor. Loss allowances for receivables are deducted from the gross carrying amount of the asset.

The ECL is based on management estimates of probability of recoverability of rent invoiced. Should the actual results differ the actual credit loss will change and the difference will be included in the following period.

	Region Group		Retail Trust	
	31 Dec 2022 \$m	30 June 2022 \$m	31 Dec 2022 \$m	30 June 2022 \$m
Rental receivables	10.8	9.5	10.8	9.5
Other rental receivables	0.9	1.2	0.5	1.0
<b>Gross rental receivables</b>	<b>11.7</b>	<b>10.7</b>	<b>11.3</b>	<b>10.5</b>
Rental deferrals <sup>1</sup>	3.5	4.8	3.5	4.8
<b>Rental receivables and deferrals</b>	<b>15.2</b>	<b>15.5</b>	<b>14.8</b>	<b>15.3</b>
Allowance for ECL	(7.0)	(8.0)	(7.0)	(8.0)
<b>Net rental receivables and deferrals</b>	<b>8.2</b>	<b>7.5</b>	<b>7.8</b>	<b>7.3</b>
Accrued rental receivables <sup>2</sup>	12.2	7.5	12.2	7.5
Other receivables <sup>3</sup>	42.2	28.3	42.2	24.4
<b>Total receivables</b>	<b>62.6</b>	<b>43.3</b>	<b>62.2</b>	<b>39.2</b>

<sup>1</sup> Rental deferrals granted as part of COVID that have not been invoiced and have been specifically provided for.

<sup>2</sup> Accrued income includes turnover rent which has not yet been invoiced. Given the nature of these items and history of collectability, no ECL provision has been provided.

<sup>3</sup> The majority of the balance of other receivables relates to rent received by property managers prior to being remitted to Region Group and Retail Trust respectively. Given the nature of these items and history of collectability, no expected credit loss has been provided.



## Capital and lease commitments

Estimated capital expenditure committed at balance sheet date but not provided for:

	Region Group & Retail Trust	
	31 Dec 2022 \$m	30 June 2022 \$m
Capital commitments	-	171.0

The 30 June 2022 balance relates to a conditional agreement which the Group entered into in June 2022 to acquire five neighbourhood shopping centres. This transaction settled in July 2022.

## D2 Subsequent events

At 31 December 2022 the Group had a holding of 6.8 million securities in CQR. During January 2023 the Group sold its securities for an average price of \$3.94 each, realising net proceeds of \$26.7 million.

Since the end of the half year, the Directors of the Responsible Entity are not aware of any other matter or circumstance not otherwise dealt with in this report or the Interim Consolidated Financial Statements that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial periods.

## D3 Corporate information

Region Group (the Group) comprises the stapling of the securities in two Australian managed investment schemes: Region Management Trust (Management Trust) (ARSN 160 612 626) and Region Retail Trust (Retail Trust) (ARSN 160 612 788) (collectively the Trusts).

The Responsible Entity of both Trusts is Region RE Limited (ABN 47 158 809 851, AFSL 426603) (Responsible Entity). The registered office of Region RE Limited is Level 5, 50 Pitt Street, Sydney, New South Wales.

The Directors of the Responsible Entity have authorised the Interim Financial Report for issue on 6 February 2023.

## D4 Other significant accounting policies

### a) Basis of preparation

In accordance with AASB 3 Business Combinations, the stapling arrangement discussed above is regarded as a business combination and Region Management Trust has been identified as the Parent for preparing Interim Consolidated Financial Statements.

These Interim Consolidated Financial Statements are combined Financial Statements and accompanying notes of both Region Group and Region Retail Trust. The Interim Consolidated Financial Statements have been presented in Australian dollars, the Groups' functional currency unless otherwise stated.

### *Historical cost convention*

The Interim Consolidated Financial Statements have been prepared on the basis of historical cost, except for certain non-current assets and financial instruments that are measured at fair value.



### *Going concern*

These Interim Consolidated Financial Statements are prepared on a going concern basis. In reaching this position, it has considered that the Group and Retail Trust are in a net current asset deficiency position of \$33.9 million. At 31 December 2022 the Group and Retail Trust have the ability to drawdown sufficient funds to pay the current liabilities and the capital commitments (refer to note D1), having available cash and cash equivalents and undrawn debt facilities of \$277.3 million.

### **b) Statement of compliance**

The half year financial report is a General Purpose Financial Report that has been prepared in accordance with the Corporations Act 2001 and Australian Accounting Standards Board (AASB) 134 Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. The half year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

For the purposes of preparing the Interim Consolidated Financial Statements, the Group is a for-profit entity.

### **c) Application of new and revised accounting standards**

The Group and the Retail Trust have applied amendments to AASBs issued by the AASB that are mandatorily effective for an accounting period that begins on or after 1 July 2022, and therefore relevant for the current period. The application of these amendments does not have any material impact on the disclosures, or the amounts recognised in the Interim Financial Report.

The accounting policies adopted by the Group are consistent with those of the previous financial year.



In the opinion of the Directors of Region RE Limited, the Responsible Entity of Region Management Trust and Region Retail Trust (the "Retail Trust"):

- (a) The Interim Consolidated Financial Statements and Notes of Region Management Trust and its controlled entities, including Region Retail Trust and its controlled entities (the "Group"), set out on pages 7 to 25 are in accordance with the *Corporations Act 2001*, including:
  - (i) Giving a true and fair view of the Group's and the Retail Trust's financial position as at 31 December 2022 and of their performance, for the half year ended 31 December 2022, and
  - (ii) Complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Regulations 2001;
- (b) There are reasonable grounds to believe that both the Group and the Retail Trust will be able to pay their debts as and when they become due and payable.

The Directors have been given the declaration in a form similar to that referred to by section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the half year ended 31 December 2022.

Signed in accordance with a resolution of the Directors.

A handwritten signature in black ink, appearing to read "Steven Crane".

Steven Crane  
Chair  
Sydney

6 February 2023

## Independent Auditor's Review Report to the Stapled Security Holders of Region Retail Trust and Region Management Trust

### *Conclusion*

We have reviewed the half-year financial report of:

- Region Management Trust and its controlled entities ("Region Group"), which comprises the consolidated balance sheet as at 31 December 2022, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.
- Region Retail Trust and its controlled entities ("Region Retail Trust"), which comprises the consolidated balance sheet as at 31 December 2022, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Region Group and Region Retail Trust is not in accordance with the *Corporations Act 2001*, including:

- (a) Giving a true and fair view of Region Group and Region Retail Trust's financial positions as at 31 December 2022 and of their performance for the half-year ended on that date; and
- (b) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### *Basis for Conclusion*

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report. We are independent of Region Group and Region Retail 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Region RE Limited, the Responsible Entity of Region Retail Trust and Region Management Trust, (the "directors") would be in the same terms if given to the directors as at the time of this auditor's review report.



### *Directors' Responsibilities for the Half-year Financial Report*

The directors are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibilities for the Review of the Half-year Financial Report*

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of Region Group and Region Retail Trust's financial positions as at 31 December 2022 and their performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

DELOITTE TOUCHE TOHMATSU

Yvonne van Wijk  
Partner  
Chartered Accountants  
Sydney, 6 February 2023