

## APPENDIX 4D

### RESULTS FOR ANNOUNCEMENT TO THE MARKET

Half Year Report  
For the period ended 31 December 2023

<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 its controlled entities and Region Retail Trust (ARSN 160 612 788) (collectively the Trusts). Region RE Limited (ABN 47 158 809 851; AFSL 426603) is the Responsible Entity for the Trusts.

	6 months to 31 Dec 2023 \$m	6 months to 31 Dec 2022 \$m	Variance \$m	Variance %
Revenue from ordinary activities (\$m)	190.1	188.8	1.3	0.7%
Net profit/(loss) from ordinary activities after tax attributable to members (\$m)	(35.0)	(95.1)	60.1	(63.2%)
Net profit/(loss) for the period attributable to members (\$m)	(35.0)	(95.1)	60.1	(63.2%)
Funds from Operations (FFO) <sup>1</sup> (\$m)	87.9	94.1	(6.2)	(6.6%)

Earnings and Distribution per security	6 months to 31 Dec 2023	6 months to 31 Dec 2022	Variance	Variance
Basic earnings/(loss) per security (cents per security)	(3.02)	(8.44)	5.42	(64.2%)
Weighted average FFO per security (cents per security) <sup>1</sup>	7.59	8.35	(0.76)	(9.1%)
Interim distribution (cents per security)	6.70	7.50	(0.80)	(10.7%)
Record Date for determining entitlement to distribution	29 Dec 2023	30 Dec 2022	NA	NA
Date on which distribution was paid	29 Jan 2024	31 Jan 2023	NA	NA
Amount per security of interim distribution franked (cents per security)	-	-	No change	No change

Net Tangible Assets	31 Dec 2023	31 Dec 2022	Variance	Variance
	\$	\$	\$	%
Net tangible asset per security (\$ per stapled security)	2.45	2.65	(0.20)	(7.5%)

#### 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 suspended for the interim distribution declared on 12 December 2023 and paid on 29 January 2024.

**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:**

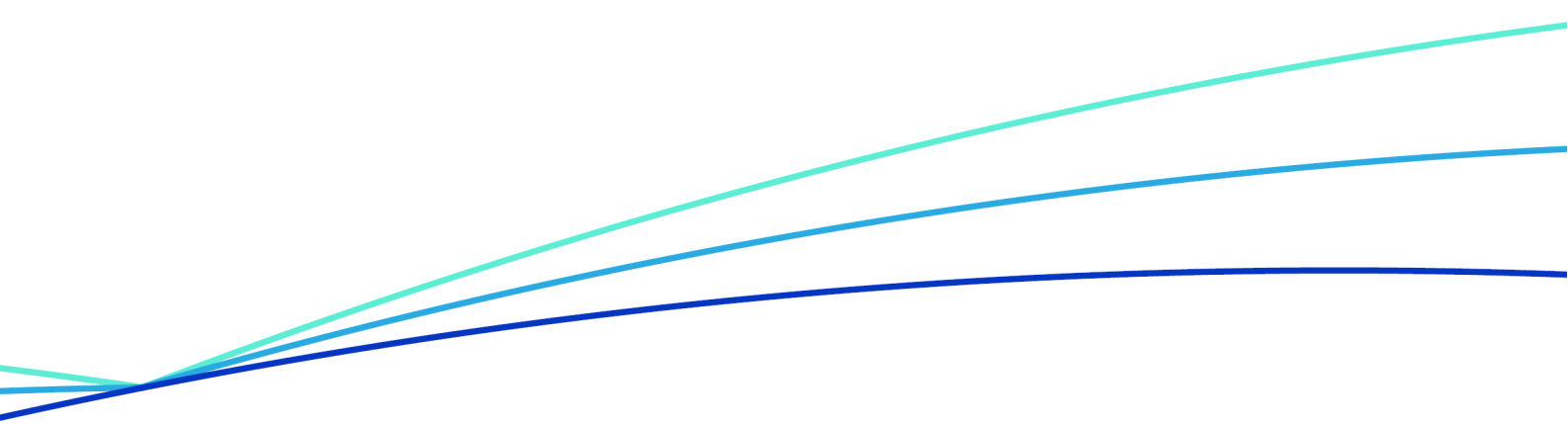
- Directors' report
- Interim Financial Report
- Results presentation

Erica Rees  
Company Secretary  
5 February 2024



# Interim Financial Report

Half year ended 31 December 2023



Region Group comprises the stapled securities in two trusts, being Region Management Trust (ARSN 160 612 626) and its controlled entities and Region Retail Trust (ARSN 160 612 788). Region RE Limited (ABN 47 158 809 851, AFSL 426603) is the Responsible Entity for the Region Management Trust and the Region Retail Trust and is incorporated and domiciled in Australia. The registered office of Region RE Limited is Level 6, 50 Pitt Street, Sydney, New South Wales.

# Directors' Report

Region Group (the Group) comprises the stapled securities of two trusts, being Region Management Trust (Management Trust) and its controlled entities and Region Retail Trust (Retail Trust).

Region RE Limited (Responsible Entity) is the Responsible Entity for the Region Management Trust and the Region Retail Trust. The Responsible Entity presents its report together with the Management Trust's and its controlled entities and the Retail Trust's, Financial Reports for the half year ended 31 December 2023 and the auditor's report thereon.

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 and Chair
Mr Michael Herring	Non-Executive Director
Mr Angus James	Non-Executive Director
Ms Beth Laughton	Non-Executive Director
Ms Antoinette Millis	Non-Executive Director
Ms Belinda Robson	Non-Executive Director
Mr Anthony Mellowes	Executive Director and CEO
Mr Mark Fleming	Executive Director (resigned 26 September 2023) and COO (resigned 24 December 2023)

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 convenience based retail properties in Australia. The materials in this Directors' Report deal with the operational and financial review of the Group. Additional material is in the other ASX announcements released related to the Group's results for the half year ended 31 December 2023.

## 3. Investment property portfolio

At 31 December 2023 the investment property portfolio consisted of 92 convenience based retail properties valued at \$4,283.2 million (30 June 2023: 95 shopping centres valued at \$4,411.6 million) and one retail property classified as held for sale valued at \$20.4 million (30 June 2023: nil).

### Acquisitions

In July 2023, the Group acquired land adjacent to the existing Delacombe Town Centre investment property for \$15.0 million (excluding transaction expenses). The Group also entered into a Development Management Agreement which involves the construction of an online sales fulfilment facility to support the existing shopping centre with an expected completion cost of \$31.5 million.

### Disposals

During the period, the Group completed the sale of Collingwood Park Shopping Centre for \$15.3 million and Mt Warren Park Shopping Centre for \$18.0 million. The Group also contracted to sell Drouin Central in December 2023 for \$20.4 million which settled in January 2024.

## Revaluations

During the period, all investment properties were internally valued with over 20% also independently valued. The weighted average market capitalisation rate (cap rate) of the portfolio at 31 December 2023 was 6.04% excluding the held for sale property (30 June 2023: 5.86% on a like-for-like basis).

The movement in the carrying value of the investment properties during the period resulted from the disposals, the acquisition of the land adjacent to Delacombe Town Centre and a reduction in the fair value primarily due to the expansion of cap rates.

During the period, there has been reduced transaction activity and the sentiment of buyers and sellers across some markets has been impacted. These factors have contributed to softer property valuations and there may be further impact on future valuations.

## 4. Financial review

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

		Region Group		Retail Trust	
		31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Net loss after tax	\$m	(35.0)	(95.1)	(35.6)	(96.4)
Basic loss per security	(cents per security)	(3.02)	(8.44)	(3.08)	(8.55)
Diluted loss per security	(cents per security)	(3.02)	(8.44)	(3.08)	(8.55)
Funds from operations	\$m	87.9	94.1	87.3	92.8
Funds from operations per security	(cents per security)	7.59	8.35	7.54	8.23
Adjusted funds from operations	\$m	77.5	85.7	76.9	84.4
Adjusted funds from operations per security	(cents per security)	6.70	7.60	6.64	7.49
Distributions paid and payable to security holders	\$m	77.8	84.9	77.8	84.9
Distributions per security	(cents per security)	6.70	7.50	6.70	7.50
Net tangible assets	(\$ per security)	2.45	2.65	2.43	2.64
Weighted average number of securities used as the denominator in calculating basic earnings per security	(millions of securities)	1,157.6	1,127.2	1,157.6	1,127.2
Weighted average number of securities used as the denominator in calculating diluted earnings per security	(millions of securities)	1,157.6	1,127.2	1,157.6	1,127.2

### Funds from operations and adjusted funds from operations

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

	Region Group		Retail Trust	
	31 Dec 2023 \$m	31 Dec 2022 \$m	31 Dec 2023 \$m	31 Dec 2022 \$m
Net loss after tax (statutory)	(35.0)	(95.1)	(35.6)	(96.4)
<i>Adjustments for specific non-cash items</i>				
Revaluation of investment properties	105.4	148.3	105.4	148.3
Net loss on financial instruments	3.7	32.8	3.7	32.8
Share of net loss from associates relating to non-cash items	2.2	3.8	2.2	3.8
Straight-lining of rental income and amortisation of lease incentives	6.8	9.1	6.8	9.1
Other non-cash items	0.9	2.3	0.9	2.3
<i>Other adjustments</i>				
Technology project expenses	3.4	1.8	3.4	1.8
Net insurance proceeds	(4.1)	(9.2)	(4.1)	(9.2)
Other expenses	4.6	0.3	4.6	0.3
<b>Funds from Operations</b>	<b>87.9</b>	<b>94.1</b>	<b>87.3</b>	<b>92.8</b>
Maintenance capital expenditure	(4.2)	(4.1)	(4.2)	(4.1)
Leasing incentives and costs	(6.2)	(4.3)	(6.2)	(4.3)
<b>Adjusted Funds from Operations</b>	<b>77.5</b>	<b>85.7</b>	<b>76.9</b>	<b>84.4</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 2023 (paid in August 2023) which resulted in \$26.8 million being raised through the issue of 11.8 million securities at \$2.27 per security.

The DRP was suspended for the distribution declared in December 2023 (paid in January 2024).

### Other equity issuance

During the half year 1,122,025 securities were issued in respect of executive compensation plans and 31,188 for employee compensation plans for nil consideration.

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

### Investment properties – acquisitions and disposals

Details of the acquisitions and disposals during the period are detailed above.

### Capital management – debt

There was a significant increase in finance expenses, with the weighted average cost of debt for the half year increasing from 3.2% for the half year ending 31 December 2022 to 4.4% for the half year ending 31 December 2023, due to favourable interest rate swaps expiring and a significant movement in market interest rates.

In August 2023, the Group entered into two callable interest rate swaps for \$250.0 million and \$150.0 million with a one year non call period to August 2024, thereafter callable by the banks until expiry in August 2026.

In November 2023 the Group restructured its interest rate hedge portfolio at zero cost. While maintaining interest rate hedging levels in FY24, the restructuring increased the Group's hedging position to 78% in FY25 (up from 57%) and to 64% in FY26 (up from 43%) based on current debt levels.

The Group's only debt expiry in FY24 is a \$225.0 million AU\$ Medium Term Note expiring in June 2024. The Group has no debt expiries in FY25. The cash and undrawn debt at 31 December 2023 of \$390.2 million is in excess of the \$225.0 million debt expiry in FY24 and therefore can be repaid from the available cash and undrawn debt. The average debt facility maturity of the Group at 31 December 2023 was 4.0 years (30 June 2023: 4.4 years), with 97.7% of the Group's debt being fixed or hedged (30 June 2023: 79.7%).

### Gearing

The Group maintains a prudent approach to gearing levels with gearing of 32.0% at 31 December 2023 (30 June 2023: 31.3%). The Group's target gearing range is 30–40%.

## 7. Auditor's Independence Declaration

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

In January 2024, the Group completed the sale of Drouin Central for \$20.4 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  
5 February 2024

The Board of Directors  
Region RE Limited as Responsible Entity of  
Region Management Trust and  
Region Retail Trust  
Level 6, 50 Pitt Street  
Sydney NSW 2000

5 February 2024

Dear directors

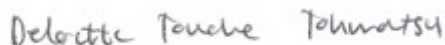
### **Auditor's Independence Declaration to Region Management Trust and Region Retail Trust**

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 as Responsible Entity for Region Management Trust and Region Retail Trust.

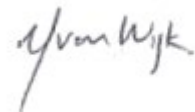
As lead audit partner for the review of the half-year financial reports of Region Group which consists of the stapled securities in two trusts being Region Management and its controlled entities and Region Retail Trust ("Region Group") and Region Retail Trust for the half-year ended 31 December 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- 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 2023

	Notes	Region Group		Retail Trust	
		31 Dec 2023 \$m	31 Dec 2022 \$m	31 Dec 2023 \$m	31 Dec 2022 \$m
<b>Income</b>					
Rental income		159.0	152.7	159.0	152.7
Recoveries and recharge income		25.4	22.7	25.4	22.7
Funds management income		0.7	1.5	-	-
Fund-through development income		0.5	-	0.5	-
Distribution income		-	0.9	-	0.9
Insurance income	A1	4.5	11.0	4.5	11.0
		<u>190.1</u>	<u>188.8</u>	<u>189.4</u>	<u>187.3</u>
<b>Expenses</b>					
Property expenses		(67.3)	(63.1)	(67.3)	(63.1)
Corporate expenses		(6.9)	(9.9)	(6.9)	(9.9)
Technology project expenses		(3.4)	(1.8)	(3.4)	(1.8)
		<u>112.5</u>	<u>114.0</u>	<u>111.8</u>	<u>112.5</u>
Other expenses		(4.6)	(0.3)	(4.6)	(0.3)
Interest income		0.4	0.2	0.4	0.2
Finance expenses		(32.3)	(23.9)	(32.3)	(23.9)
<b>Unrealised gain/(loss) including change in fair value through profit or loss</b>					
- Investment properties	B1	(105.4)	(148.3)	(105.4)	(148.3)
- Derivatives		(13.2)	(26.7)	(13.2)	(26.7)
- Foreign exchange		9.5	(6.1)	9.5	(6.1)
- Share from associates	B2	(1.8)	(3.8)	(1.8)	(3.8)
<b>Net loss before tax</b>		<u>(34.9)</u>	<u>(94.9)</u>	<u>(35.6)</u>	<u>(96.4)</u>
Tax		(0.1)	(0.2)	-	-
<b>Net loss after tax</b>		<u>(35.0)</u>	<u>(95.1)</u>	<u>(35.6)</u>	<u>(96.4)</u>
<b>Other comprehensive 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 loss		-	0.4	-	0.4
<b>Total comprehensive loss</b>		<u>(35.0)</u>	<u>(94.7)</u>	<u>(35.6)</u>	<u>(96.0)</u>
<b>Net profit/(loss) after tax attributable to security holders of:</b>					
Region Management Trust		0.6	1.3		
Region Retail Trust (non-controlling interest)		(35.6)	(96.4)		
<b>Net loss after tax</b>		<u>(35.0)</u>	<u>(95.1)</u>		
<b>Total comprehensive income/(loss) attributable to security holders of:</b>					
Region Management Trust		0.6	1.3		
Region Retail Trust (non-controlling interest)		(35.6)	(96.0)		
<b>Total comprehensive loss</b>		<u>(35.0)</u>	<u>(94.7)</u>		
<b>Distributions per security (cents)</b>	A2	6.70	7.50	6.70	7.50
Weighted average number of securities used as the denominator in calculating basic earnings per security below					
<b>Basic loss per security (cents)</b>		1,157.6	1,127.2	1,157.6	1,127.2
		(3.02)	(8.44)	(3.08)	(8.55)
Weighted average number of securities used as the denominator in calculating diluted earnings per security below					
<b>Diluted loss per security (cents)</b>		1,157.6	1,127.2	1,157.6	1,127.2
		(3.02)	(8.44)	(3.08)	(8.55)
<b>Basic earnings per security (cents)</b>					
Region Management Trust		0.06	0.11		
<b>Diluted earnings per security (cents)</b>					
Region Management Trust		0.06	0.11		

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



## Region Group – Interim Financial Report

### Consolidated Balance Sheets

For the half year ended 31 December 2023

	Notes	Region Group		Retail Trust	
		31 Dec 2023 \$m	30 Jun 2023 \$m	31 Dec 2023 \$m	30 Jun 2023 \$m
<b>Current assets</b>					
Cash and cash equivalents		10.3	23.8	9.2	22.6
Receivables	D1	50.9	46.4	50.1	45.9
Derivative financial instruments	C2	10.2	8.1	10.2	8.1
Other assets		8.1	8.1	6.6	7.2
		<u>79.5</u>	<u>86.4</u>	<u>76.1</u>	<u>83.8</u>
Investment property classified as held for sale		20.4	-	20.4	-
<b>Total current assets</b>		<u>99.9</u>	<u>86.4</u>	<u>96.5</u>	<u>83.8</u>
<b>Non-current assets</b>					
Investment properties	B1	4,283.2	4,411.6	4,283.2	4,411.6
Derivative financial instruments	C2	83.9	84.7	83.9	84.7
Investment in associates	B2	26.7	28.5	26.7	28.5
Other assets		13.0	10.8	5.6	5.7
<b>Total non-current assets</b>		<u>4,406.8</u>	<u>4,535.6</u>	<u>4,399.4</u>	<u>4,530.5</u>
<b>Total assets</b>		<u>4,506.7</u>	<u>4,622.0</u>	<u>4,495.9</u>	<u>4,614.3</u>
<b>Current liabilities</b>					
Interest bearing liabilities	C1	225.0	225.0	225.0	225.0
Trade and other payables		53.9	57.6	65.1	73.5
Distribution payable	A2	77.8	88.5	77.8	88.5
Derivative financial instruments	C2	7.6	7.8	7.6	7.8
Provisions		2.5	5.0	-	-
<b>Total current liabilities</b>		<u>366.8</u>	<u>383.9</u>	<u>375.5</u>	<u>394.8</u>
<b>Non-current liabilities</b>					
Interest bearing liabilities	C1	1,271.3	1,298.4	1,271.3	1,298.4
Derivative financial instruments	C2	14.7	-	14.7	-
Provisions		-	0.1	-	-
Other liabilities		11.9	11.6	6.7	6.6
<b>Total non-current liabilities</b>		<u>1,297.9</u>	<u>1,310.1</u>	<u>1,292.7</u>	<u>1,305.0</u>
<b>Total liabilities</b>		<u>1,664.7</u>	<u>1,694.0</u>	<u>1,668.2</u>	<u>1,699.8</u>
<b>Net assets</b>		<u>2,842.0</u>	<u>2,928.0</u>	<u>2,827.7</u>	<u>2,914.5</u>
<b>Equity</b>					
Contributed equity	C3	11.0	10.8	2,182.8	2,156.3
Reserves		-	-	12.0	11.9
Accumulated profit		3.3	2.7	632.9	746.3
Non-controlling interest		2,827.7	2,914.5	-	-
<b>Total equity</b>		<u>2,842.0</u>	<u>2,928.0</u>	<u>2,827.7</u>	<u>2,914.5</u>

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

	Notes	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 2023</b>		10.8	2.7	13.5	2,914.5	2,928.0
Net profit/(loss) after tax for the period		-	0.6	0.6	(35.6)	(35.0)
Other comprehensive income for the period, net of tax		-	-	-	-	-
<b>Total comprehensive income/(loss) for the period</b>		-	0.6	0.6	(35.6)	(35.0)
<b>Transactions with security holders in their capacity as equity holders:</b>						
Equity issued	C3	0.2	-	0.2	26.6	26.8
Costs associated with equity raising	C3	-	-	-	(0.1)	(0.1)
Employee share based payments		-	-	-	0.1	0.1
Distributions paid and payable	A2	-	-	-	(77.8)	(77.8)
		0.2	-	0.2	(51.2)	(51.0)
<b>Balance at 31 December 2023</b>		11.0	3.3	14.3	2,827.7	2,842.0
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Balance at 1 July 2022		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

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

		Retail Trust				
		Reserves			Accumulated profit/(loss) \$m	Total equity \$m
Note	Contributed equity \$m	Investment in CQR \$m	Share based payments \$m			
<b>Balance at 1 July 2023</b>		2,156.3	-	11.9	746.3	2,914.5
Net loss after tax for the period		-	-	-	(35.6)	(35.6)
Other comprehensive income for the period, net of tax		-	-	-	-	-
<b>Total comprehensive income/(loss) for the period</b>		-	-	-	(35.6)	(35.6)
<b>Transactions with security holders in their capacity as equity holders:</b>						
	Equity issued	26.6	-	-	-	26.6
C3	Costs associated with equity raising	(0.1)	-	-	-	(0.1)
	Employee share based payments	-	-	0.1	-	0.1
A2	Distributions paid and payable	-	-	-	(77.8)	(77.8)
		26.5	-	0.1	(77.8)	(51.2)
<b>Balance at 31 December 2023</b>		2,182.8	-	12.0	632.9	2,827.7
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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
C3	Costs associated with equity raising	-	-	-	-	-
	Employee share based payments	-	-	2.1	-	2.1
A2	Distributions paid and payable	-	-	-	(84.9)	(84.9)
		44.1	-	2.1	(84.9)	(38.7)
<b>Balance at 31 December 2022</b>		2,114.2	-	10.9	862.5	2,987.6

*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 2023

	Notes	Region Group		Retail Trust	
		31 Dec 2023 \$m	31 Dec 2022 \$m	31 Dec 2023 \$m	31 Dec 2022 \$m
<b>Cash flows from operating activities</b>					
Property and other income received		203.0	180.7	202.6	179.2
Insurance proceeds		4.5	11.0	4.5	11.0
Property expenses paid		(75.8)	(62.8)	(75.8)	(62.8)
Distribution received from investment in CQR		-	0.9	-	0.9
Corporate expenses paid		(12.7)	(13.6)	(16.0)	(11.4)
Interest received		0.4	0.2	0.4	0.2
Finance expenses paid		(27.8)	(21.3)	(27.8)	(21.3)
Other expenses paid		(4.0)	(0.8)	(4.0)	(0.8)
Taxes and GST paid		(11.0)	(10.5)	(9.6)	(10.2)
<b>Net cash flow from operating activities</b>		<b>76.6</b>	<b>83.8</b>	<b>74.3</b>	<b>84.8</b>
<b>Cash flows from investing activities</b>					
Payments for investment properties purchased and capital expenditure	B1	(42.5)	(209.1)	(39.9)	(209.1)
Proceeds from investment properties sold	B1	32.2	-	32.2	-
Investment in associates	B2	-	(6.3)	-	(6.3)
<b>Net cash flow from investing activities</b>		<b>(10.3)</b>	<b>(215.4)</b>	<b>(7.7)</b>	<b>(215.4)</b>
<b>Cash flow from financing activities</b>					
Proceeds from equity raising	C3	26.8	44.6	26.6	44.1
Costs associated with equity raising	C3	(0.1)	(0.1)	(0.1)	-
Proceeds from borrowings		153.0	251.0	153.0	251.0
Repayment of borrowings		(171.0)	(80.0)	(171.0)	(80.0)
Distributions paid	A2	(88.5)	(89.3)	(88.5)	(89.3)
<b>Net cash flow from financing activities</b>		<b>(79.8)</b>	<b>126.2</b>	<b>(80.0)</b>	<b>125.8</b>
Net change in cash held		(13.5)	(5.4)	(13.4)	(4.8)
Cash at the beginning of the period		23.8	8.7	22.6	6.7
<b>Cash at the end of the period</b>		<b>10.3</b>	<b>3.3</b>	<b>9.2</b>	<b>1.9</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 and Region Retail Trust (Retail Trust) (ARSN 160 612 788).

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 in 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

- A1 Income
- A2 Distributions paid and payable

### Investment assets

- B1 Investment properties
- B2 Investment in associates

### Capital structure

- C1 Interest bearing liabilities and liquidity
- C2 Derivatives and other financial instruments
- C3 Contributed equity

### Other disclosure items

- D1 Working capital and other
- D2 Subsequent events
- 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 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 Interim Consolidated Financial Statements are:

- Fair value estimation — note B1 valuation of investment properties and note C2 valuation of financial instruments



## Group performance

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

### A1 Income

#### 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 being convenience-based retail centres located in Australia.

For the purposes of segment reporting, \$49.8 million in rental income (31 December 2022: \$49.2 million) was from Woolworths Limited and its affiliates. Further, \$19.4 million in rental income (31 December 2022: \$19.7 million) was from Coles Limited and its affiliates.

#### Insurance income

During the period \$4.5 million (31 December 2022: \$11.0 million) has been received from insurers in relation to adverse weather events in 2022, particularly flooding on the east coast of Australia, with Lismore Central Shopping Centre the 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.

	Cents per security	Total amount \$m	Date of payment
<b>2024 Region Group &amp; Retail Trust</b>			
Interim distribution	6.70	77.8	29 January 2024
<b>2023 Region Group &amp; Retail Trust</b>			
Interim distribution	7.50	84.9	31 January 2023
Final distribution	7.70	88.5	31 August 2023
	15.20	173.4	

## Investment assets

### B1 Investment properties

Investment properties comprise interests in land and buildings held for long term rental yields 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 and the fair value is adjusted as appropriate.

Investment properties under development are classified as an 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.

Lease 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 leasing 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.

**a) Reconciliation of carrying amount of the investment properties**

	Region Group & Retail Trust	
	31 Dec 2023 \$m	30 Jun 2023 \$m
<b>Movement in total investment properties</b>		
Opening balance	4,411.6	4,460.9
Acquisitions at cost (including transaction expenses)	15.7	187.0
Disposals	(33.3)	(23.5)
Assets classified as held for sale	(20.4)	-
Capital expenditure, rental straight-lining and amortisation	15.0	51.3
Unrealised fair value movement recognised in total comprehensive income	(105.4)	(264.1)
Closing balance	4,283.2	4,411.6

**Investment properties**

Property Type	Market Cap rate <sup>1</sup>		Discount rate <sup>2</sup>		Gross Market rent <sup>3</sup> (\$ p.a./GLA sqm <sup>4</sup> )		Fair value	
	31 Dec 23	30 Jun 23	31 Dec 23	30 Jun 23	31 Dec 23	30 Jun 23	31 Dec 23	30 Jun 23
	%	%	%	%	\$	\$	\$m	\$m
Sub-regional retail properties	6.00 – 7.25	5.50 – 7.00	6.50 – 7.75	6.25 – 7.50	264 – 524	265 – 515	1,161.8	1,174.8
Neighbourhood retail properties	5.00 – 7.50	4.75 – 7.50	5.50 – 7.75	5.25 – 8.00	277 – 831	282 – 823	3,121.4	3,236.8

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

<sup>2</sup>Discount rate: A rate of return used to convert a future monetary sum or cash flow into present value.

<sup>3</sup>Gross market rent: The estimated amount for which an interest in real property should be leased to a tenant on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

<sup>4</sup>Gross lettable area (GLA) square metre (sqm)

**Estimate – Valuation of investment properties**

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

The major critical assumptions 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, capital expenditure 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.

During the period, there has been reduced transaction activity and the sentiment of buyers and sellers across some markets has been impacted. These factors have contributed to softer property valuations and there may be further impact on future valuations.



*Asset classified as held for sale*

Prior to 31 December 2023 the Group agreed to sell Drouin Central (VIC) therefore it is classified as held for sale for financial reporting purposes. The sale of this property has been completed in January 2024 and is subject to terms that are usual and customary for sales of such assets.

## B2 Investment in associates

*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.

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 as a reduction of the carrying amount of the investment.

The Group’s investment in associates at 31 December 2023 and 30 June 2023 relates to its 20.0% interest in the SCA Metro Convenience Shopping Centre Fund (Metro Fund).

	Region Group & Retail Trust	
	31 Dec 2023 \$m	30 Jun 2023 \$m
<b>Movement in investment in associates</b>		
Opening balance	28.5	24.6
Contribution to equity accounted investment	-	6.3
Share of loss after income tax	(1.8)	(2.4)
Closing balance	26.7	28.5

## 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 borrowings (net of transaction costs) and the redemption amount is recognised in profit and loss over the term of the borrowing using the effective interest method. Upfront establishment fees paid are capitalised and expensed over the term of the borrowing.

	<b>Region Group &amp; Retail Trust</b>	
	31 Dec 2023	30 Jun 2023
	\$m	\$m
<b>Bank and syndicated facilities - unsecured</b>		
- AU\$ denominated	485.0	503.0
<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\$)	440.5	450.0
- AU\$ denominated	50.0	50.0
<b>Total unsecured debt outstanding</b>	1,500.5	1,528.0
- Less: unamortised establishment fees, AU\$ MTN discount and premium	(4.2)	(4.6)
<b>Interest bearing liabilities</b>	1,496.3	1,523.4

At 31 December 2023 the Group's current debt of \$225.0 million (30 June 2023: \$225.0 million) is an AU\$ Medium Term Note expiring in FY24. The cash and undrawn debt at 31 December 2023 of \$390.2 million is in excess of the \$225.0 million debt expiry in FY24 and is available to repay this debt. The Groups non current debt is \$1,271.3 million (30 June 2023: \$1,298.4 million) with no debt expiries in FY25.

### **Bank and syndicated facilities – unsecured**

To reduce liquidity risk, the Group has in place bank and syndicated debt facilities including revolving facilities. All debt facilities are unsecured and are available for general corporate and working capital purposes.

At 31 December 2023, in addition to the unsecured bank facilities drawn above, \$10.1 million was used to support bank guarantees (30 June 2023: \$10.1 million). \$10.0 million of 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 debt facilities, including cash and cash equivalents, is in the following table.

	<b>Region Group</b>	
	31 Dec 2023	30 Jun 2023
	\$m	\$m
<b>Bank and syndicated debt facilities</b>		
Committed debt facilities available	875.0	875.0
Less: amounts drawn	(485.0)	(503.0)
Less: amounts utilised for bank guarantee	(10.1)	(10.1)
Net financing facilities available	379.9	361.9
Add: cash and cash equivalents	10.3	23.8
<b>Financing capacity available</b>	390.2	385.7



### AU\$ Medium Term Notes (AU\$ MTN) – unsecured

The Group has issued unsecured AU\$ MTN with a face value of \$525.0 million. 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	Sept 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 the 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 foreign currency risk. Details of these notes and their economically swapped values at 31 December 2023 are below.

Issue date	Maturity	US\$ value	Economic hedged FX rate	AU\$ economically hedged value	31 Dec 2023 FX rate	31 Dec 2023 Book value
<b>US\$ denominated notes</b>						
Aug-14	Aug-27	100.0	0.9387	106.5	0.6811	146.8
Sep-18	Sep-28	30.0	0.7604	39.4	0.6811	44.1
Aug-14	Aug-29	50.0	0.9387	53.3	0.6811	73.4
Sep-18	Sep-31	70.0	0.7604	92.1	0.6811	102.8
Sep-18	Sep-33	50.0	0.7604	65.8	0.6811	73.4
<b>Total US\$ denominated notes</b>		300.0		357.1		440.5
<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		490.5

### 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 interest bearing liabilities are summarised as follows:

- Interest cover ratio (EBITDA (with adjustments) to net interest expense) is more than 2.00 times
- Gearing ratio (interest bearing liabilities 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%
- Priority indebtedness ratio (priority debt to total tangible assets) does not exceed 10%
- 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 during the period ended 31 December 2023.

## 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 2023 \$m	30 June 2023 \$m
<b>Current assets</b>		
Interest rate swap contracts	10.2	8.1
	10.2	8.1
<b>Non-current assets</b>		
Interest rate swap contracts	8.8	7.5
Cross currency interest rate swap contracts	75.1	77.2
	83.9	84.7
<b>Current liabilities</b>		
Interest rate swap contracts	0.7	-
Cross currency interest rate swap contracts	6.9	7.8
	7.6	7.8
<b>Non-current liabilities</b>		
Interest rate swap contracts	14.7	-
	14.7	-

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

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

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

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. 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.

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 US Notes and AU\$ MTNs carrying value is their amortised cost. 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. The amortised cost and fair value of the US Notes and AU\$ MTN is below.



	Region Group	
	31 Dec 2023	30 Jun 2023
	\$m	\$m
<b>Amortised cost</b>		
US Notes	490.5	500.0
AU\$ MTN	525.0	525.0
	<u>1,015.5</u>	<u>1,025.0</u>
<b>Fair Value</b>		
US Notes	454.8	444.2
AU\$ MTN	467.3	444.8
	<u>922.1</u>	<u>889.0</u>

The carrying amounts of all other financial assets and liabilities are recognised at the amortised value which approximates their fair value.

#### *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)
- Level 3: inputs for 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 levels during the half year.

## C3 Contributed equity

### a) Contributed equity

	Region Group		Retail Trust	
	31 Dec 2023 \$m	30 Jun 2023 \$m	31 Dec 2023 \$m	30 Jun 2023 \$m
Contributed equity <sup>1</sup>	2,234.9	2,208.1	2,223.7	2,197.1
Issue costs	(41.1)	(41.0)	(40.9)	(40.8)
	<u>2,193.8</u>	<u>2,167.1</u>	<u>2,182.8</u>	<u>2,156.3</u>
	Management Trust		Retail Trust	
	31 Dec 2023 \$m	30 Jun 2023 \$m	31 Dec 2023 \$m	30 Jun 2023 \$m
Opening balance	10.8	10.2	2,156.3	2,070.1
Equity raised through Distribution Reinvestment Plan – August 2022	-	0.5	-	44.1
Equity raised through Distribution Reinvestment Plan – January 2023	-	0.2	-	42.1
Equity raised through Distribution Reinvestment Plan – August 2023	0.2	-	26.6	-
Equity raising costs	-	(0.1)	(0.1)	-
Closing balance	<u>11.0</u>	<u>10.8</u>	<u>2,182.8</u>	<u>2,156.3</u>
<b>Balance at the end of the period is attributable to security holders of:</b>				
Region Management Trust	11.0	10.8		
Region Retail Trust	<u>2,182.8</u>	<u>2,156.3</u>		
	<u>2,193.8</u>	<u>2,167.1</u>		

<sup>1</sup> Contributed equity has been aggregated to include both Management Trust and Retail Trust

### Securities on issue

	Region Group & Retail Trust	
	31 Dec 2023 No. of securities	30 Jun 2023 No. of securities
Opening balance	1,148,893,991	1,116,286,260
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
Equity raised through Distribution Reinvestment Plan – 31 January 2023	-	16,273,286
Equity issued for executive security-based compensation arrangements – 25 August 2023	1,122,025	-
Equity raised through Distribution Reinvestment Plan – 31 August 2023	11,781,444	-
Equity issued for employee security-based compensation arrangements – 19 December 2023	31,188	-
Closing balance	<u>1,161,828,648</u>	<u>1,148,893,991</u>

As long as the Management Trust and Retail Trust remain stapled, the number of securities in each of the Management Trust and Retail Trust is equal and the security holders are identical.

### 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 2023 (paid in August 2023), which resulted in \$26.8 million being raised through the issue of 11.8 million securities at \$2.27 per security. This distribution was not underwritten.

The DRP was suspended for the distribution declared in December 2023 (paid in January 2024).

## Other disclosure items

### D1 Working capital and other

#### a) Receivables

Trade and other receivables are carried at original invoice amount, less Expected Credit Loss (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 ECL 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 the recoverability of rental income invoiced. Should the actual results differ, the credit loss will change and the difference will be included in the following period.

	Region Group		Retail Trust	
	31 Dec 2023 \$m	30 Jun 2023 \$m	31 Dec 2023 \$m	30 Jun 2023 \$m
Rental income receivables	4.3	4.7	4.3	4.7
Other rental income receivables	1.5	2.1	1.4	1.7
<b>Gross rental income receivables</b>	<b>5.8</b>	<b>6.8</b>	<b>5.7</b>	<b>6.4</b>
Rental income deferrals <sup>1</sup>	1.7	2.1	1.7	2.1
<b>Rental income receivables and deferrals</b>	<b>7.5</b>	<b>8.9</b>	<b>7.4</b>	<b>8.5</b>
Allowance for ECL	(1.9)	(1.9)	(1.9)	(1.9)
<b>Net rental income receivables and deferrals</b>	<b>5.6</b>	<b>7.0</b>	<b>5.5</b>	<b>6.6</b>
Accrued rental income receivables <sup>2</sup>	13.3	13.2	13.3	13.2
Other receivables <sup>3</sup>	32.0	26.2	31.3	26.1
<b>Total receivables</b>	<b>50.9</b>	<b>46.4</b>	<b>50.1</b>	<b>45.9</b>

<sup>1</sup> Rental income deferrals granted as part of COVID-19 that have not yet been invoiced and have been specifically provided for.

<sup>2</sup> Accrued rental 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 rental income received by external property managers prior to being remitted to Region Group and Retail Trust respectively. Given the nature of these items and history of collectability, no ECL 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 2023 \$m	30 Jun 2023 \$m
Capital commitments	31.4	13.3

In July 2023, the Group acquired land adjacent to the existing Delacombe Town Centre investment property and entered into a Development Management Agreement which involves the construction of an online sales fulfilment facility to support the existing shopping centre with an expected completion cost of \$31.5 million.

The 30 June 2023 balance related to a conditional agreement which the Group entered into in June 2023 to acquire land adjacent to the existing Delacombe Town Centre (VIC) investment property for \$15.0 million (excluding transaction expenses). This transaction settled in July 2023. A deposit of \$1.7 million in relation to this acquisition was included in the balance sheet as current other assets at 30 June 2023.

## D2 Subsequent events

In January 2024, the Group completed the sale of Drouin Central for \$20.4 million.

Since the end of the 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 Consolidated Financial Statements which 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 stapled securities of two trusts which are Australian managed investment schemes, being Region Management Trust (Management Trust) (ARSN 160 612 626) and Region Retail Trust (Retail Trust) (ARSN 160 612 788).

Region RE Limited (ABN 47 158 809 851; AFSL 426603) (Responsible Entity) is the Responsible Entity for the Management Trust and Retail Trust. The registered office of Region RE Limited is Level 6, 50 Pitt Street, Sydney, New South Wales.

The Directors of the Responsible Entity have authorised the Interim Financial Statements for issue on 5 February 2024.

## 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 Consolidated Financial Statements.

These Interim Consolidated Financial Statements are combined Financial Statements and accompanying Notes of both Region Group and the 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 Consolidation Financial Statements have been prepared on the basis of historical cost, except for certain assets and financial instruments that are measured at fair value.

#### *Current and non-current classification*

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent, unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.





A liability is classified as current when it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

#### **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 \$266.9 million and \$279.0 million respectively. At 31 December 2023, 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 \$390.2 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 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 Australian Accounting Standards Board (AASB) which are mandatorily effective for an accounting period that begins on or after 1 July 2023, 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 Group's Financial Statements.

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 (Retail Trust):

(a) The Interim Consolidated Financial Statements and Notes, of Region Management Trust and its controlled entities and Region Retail Trust (the Group), set out on pages 7 to 23 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 at 31 December 2023 and of their performance, for the half year ended 31 December 2023; 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 2023.

Signed in accordance with a resolution of the Directors.

A handwritten signature in black ink, appearing to read "Steven Crane", written over a light blue horizontal line.

Steven Crane

Chair

Sydney

5 February 2024

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

### **Report on the Half-Year Financial Report**

#### *Conclusion*

We have reviewed the half-year financial report of:

- Region Group which consists of the stapled securities in two trusts being Region Management and its controlled entities and Region Retail Trust ("Region Group"), comprising the consolidated balance sheet as at 31 December 2023, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other exploratory information, and the directors' declaration;
- Region Retail Trust comprising the consolidated balance sheet as at 31 December 2023, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows 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 accompanying half-year financial report of Region Group and Region Retail Trust does not comply with the *Corporations Act 2001*, including:

- Giving a true and fair view of Region Group and Region Retail Trust's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- 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 auditor independence requirements of the *Corporations Act 2001* and 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 “directors”) as Responsible Entity of Region Management Trust and Region Retail Trust (the “Responsible Entity”), 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 position as at 31 December 2023 and its 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*

DELOITTE TOUCHE TOHMATSU

*Yvonne van Wijk*

Yvonne van Wijk  
Partner  
Chartered Accountants  
Sydney, 5 February 2024