20 September 2023

ASX Announcement

Annual Report

Region Group ("RGN") announces that its FY23 Annual Report is attached and is being dispatched to those members who have elected to receive it.

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

ENDS

Media, Institutional investor and analysts, contact:

Evan Walsh
Chief Financial Officer
Region Group
(02) 8243 4900

Security holders should contact the RGN Information Line on 1300 318 976 with any queries.

Region GROUP

FY23 Annual Report

Supporting better communities through life's essentials.

Warnbro Centre, WA

Contents

Meeting of Security holders

This year's AGM will be starting at 2pm (AEDT) on Monday, 23 October 2023. For further information, visit www.regiongroup.au/agm/

Corporate Calendar

23 October 2023	Meeting of security holders
December 2023	Estimated interim distribution announcement and securities trade ex-distribution
January 2024	Interim distribution payment
February 2024	Interim results announcement
June 2024	Estimated final distribution announcement and securities trade ex-distribution
August 2024	Full year results announcement
August 2024	Final distribution payment
August 2024	Annual tax statement

Security holders Register Details

You can view your holdings, access information and make changes by visiting investorcentre.linkgroup.com/Login/Login

Responsible Entity

Region RE Limited (ABN 47 158 809 851, AFSL 426603) Region Group comprises Region Management Trust (ARSN 160 612 626) and Region Retail Trust (ARSN 160 612 788), together, Region Group or RGN.

Sustainability

Our Sustainability Report is located on our website regiongroup.au/sustainability

Cover Image: Murray Bridge Marketplace, SA

Our FY23 Performance Highlights

Kwinana Marketplace, WA

COMPARABLE NOI GROWTH
4.3%
Up by 1.0%

DISTRIBUTION (PER SECURITY)
15.2¢
per security
In line with FY22

FUNDS FROM OPERATIONS (PER SECURITY)
16.9¢
per security
Down by 2.6%

RESILIENT PORTFOLIO PERFORMANCE

97.8% portfolio occupancy

5.0% specialty vacancy

5.85% portfolio weighted average cap rate

REFINING OUR PORTFOLIO

FOR SALE

$180.0m acquisitions

$50.2m divestments

$32.5m capital investments including sustainability

PRUDENT CAPITAL MANAGEMENT

3.4% p.a weighted average cost of debt

31.3% gearing

$385.7m cash and undrawn facilities

0.38% management expense ratio

Message from the Chair

I am pleased to present my first message as Chair to Region Group security holders following the announcement of the retirement of Region Group's inaugural Chair, Phil Clark AO, at last years AGM.

Security holders will have noted that in November 2022, we changed our name from SCA Property Group to Region Group. This change was made to coincide with the 10-year anniversary of our listing. The name 'Region Group' was chosen as it is a name that unleashes wider opportunities for us as we move into the next 10 years of our business.

Financial performance

FY23 has presented RGN with challenging macroeconomic conditions in the form of increased interest rates and rising inflation.

Despite these challenges RGN was able to maintain FY23 Adjusted Funds from Operations Per Security (AFFOPS) of 15.3 cents which is the same for FY22. This was achieved through strong top line operational performance, which helped to mitigate in particular the rapid increase in interest rates during FY23.

In FY23 we also achieved:

- Balance sheet: improved and strengthened the balance sheet by:
  - Acquiring five convenience-based retail properties for $180.0 million (excluding transaction costs)
  - Divesting Carrara Shopping Centre for $23.5 million at 2.2% above book value and realising a $8.8 million gain (based on cost of $14.7 million in 2012)
  - Divesting our last investment in ASX listed: CQR for $26.7 million
  - Raising $86.9 million of equity through the Distribution Reinvestment Plan (DRP)
- Financial earnings:
  - Adjusted Funds from Operations (AFFO) of $173.9 million, an increase of 2.6% from FY22
  - FY23 distributions of 15.2 cents per security (same as FY22), our equal highest distribution since our IPO in 2012

FY23 also included a fair value loss on the revaluation of investment properties of $264.1 million resulting in us making an accounting loss overall. This was largely reflective of a softening of our weighted average cap rate from 5.43% to 5.85% and also significantly reversed the valuation gain of $354.0 million in FY22 when our cap rates tightened from 5.90% to 5.43%. Our Net Tangible Assets (NTA) at 30 June 2023 of $2.55 per security is now similar to our NTA at 30 June 2021 of $2.52 per security.

Strategy and Outlook

With earnings growth being constrained in FY24 through headwinds created by the increasing cost of debt, we will continue to focus on generating sustainable Net Operating Income (NOI) from our core business. We will aim to achieve this by driving increased rental income, leveraging our scale to maintain controllable property and other expenses, investing more in enhancing our properties, continuing on our path towards net zero (scope 1 and 2) and cementing our "Essentially Local" brand within communities.

A priority for FY24 is to ensure that we continue to build a platform that is scalable. To this end we are currently investing in industry-leading IT systems to build a better platform to support the business with a scalable cost.

In the near to medium term, our properties are positioned to have some benefit from inflation, through turnover rent from anchor tenants and increased affordability of rent for specialty tenants as their sales increase.

However, the flow-on impact of rapidly rising interest rates and general cost inflation will likely remain a challenge.

Growth initiatives – funds management, acquisitions and developments

In the past, acquisitions have been a source of earnings growth. Currently the price expected by vendors is not at the level needed for acquisitions to generate accretion of earnings. So for the immediate or near term, we are expecting that there will be few acquisition opportunities. However, we will consider disposing of lower value, tighter yielding properties where there is still solid demand from private investors.

To continue to grow our portfolio earnings, we will focus on optimising earnings from our existing portfolio by adding value to and reinvesting in our properties. We will do this by improvements such as ambience upgrades and refurbishments, continuing to support our supermarkets to drive online sales, developing pad sites and progressing our sustainability initiatives. This will help us to improve our tenancy mix and support ongoing sales growth for our specialty tenants, which will in turn enable more positive rent reversions over the next few years.

For example, in July 2023, we committed to a $31.5 million fund through development on land adjacent to our Delacombe Town Centre, strategically consolidating the site. The development includes a Woolworths home delivery fulfilment facility that will service the Ballarat region and is complemented by a large format retail precinct.

The Metro Fund (a joint venture with Singaporean sovereign wealth fund, GIC) continues to offer a platform for growth over the medium to longer term with an initial target fund size of $750.0 million (fund at 30 June 2023 was $341.6 million). The fund acquired Beecroft Place in July 2022 for $65.5 million, with the fund positioning us to access metropolitan neighbourhoods in partnership with a high-quality and globally recognised partner, while growing asset-light management fee income.

Capital management

Our balance sheet is strong. At 30 June 2023, our gearing was 31.3% and we had $385.7 million of cash and undrawn facilities available. Our only debt expiry in FY24 is a $225.0 million medium term note in June 2024, which is significantly less than the $385.7 million of cash and undrawn debt we have available. After the expiry of the medium term note (above), our next debt expiry is not until December 2025.

At June 2023, we were hedged at 79.7% and since June 2023 we have increased our hedging for FY24 to 90% to further protect our earnings from rising interest rates.

Sustainability

We are pleased to have made significant progress towards meeting our sustainability commitments including moving to net zero by FY30 (scope 1 and scope 2).

FY23 saw the completion of solar photovoltaic (PV) at nine of our properties, with 14.9MW of solar PV installed or under construction which is ahead of our target of 10.0MW. To emphasise the importance of renewable energy sources for our business, we have also included the reduction of scope 1 and 2 emissions in the executive short term incentive plan for FY23 and FY24.

More details in relation to our sustainability framework are set out in our FY23 Sustainability Report.

Board renewal

As part of the Board renewal process and as foreshadowed in the Chair's address at the Annual General Meeting on 23 November 2022, we announced on 8 December 2022 the appointment of Antoinette (Toni) Milis as a Non-Executive Director effective 8 December 2022.

Ms Milis brings over 30 years of experience in the property and development industries including with Lendlease Group across a broad range of businesses and responsibilities including residential and mixed use development, funding, property and facilities management, construction and infrastructure and design and project management. We are delighted that Toni has joined the Board of RGN and we are already benefiting from her experience.

On behalf of your Board and management team, I thank you all for your continuing support.

Steven Crane
Non-Executive Chair

Message from the CEO

FY23 continued RGN's focus on convenience-based local retail shopping, leading to our tenants strong sales growth and our solid leasing performance. In FY23 our properties have delivered 4.5% sales growth across all categories, with supermarket sales increasing by a steady 3.4% as cost of living pressures and lower consumer sentiment sees Australians prioritising life's essentials and shopping locally with our specialty tenants remaining resilient.

We have continued our sustainability initiatives and are on track to reach our 25MW solar target by FY26 and net zero by FY30 (scope 1 and scope 2 greenhouse gas emissions).

We maintain a disciplined approach towards transactional activity, with our last acquisitions in July 2022, having a greater focus on allocating capital to enhance the performance of our existing portfolio by reinvesting in our properties.

FY23 has also seen the return of inflation and rapidly rising interest rates. The Reserve Bank decisions increased the cash rate target from 0.85% to 4.10%. While our results also saw interest rates rise, through hedging we were able to limit the increase in our weighted cost of debt by 0.9% to 4.4%.

Consumer confidence – operational review

We are starting to see rising inflation and rising interest rates and debt costs impacting consumer confidence. This is being partially mitigated by the high employment and household savings levels. Reduced consumer confidence has historically favoured sales at supermarkets and non-discretionary tenants. Our properties are positioned to benefit from inflation through turnover rent from supermarket anchor tenants, notwithstanding the associated negative impacts of expense increases on our business. For specialty tenants, increased sales will assist with improved affordability of rent, which in turn will help us with positive rental reversion opportunities.

Performance of our anchor tenants

About 48% of our total rent is from supermarkets and major tenants', primarily Woolworths, Coles and Wesfarmers. Our supermarkets and discount department stores' sales are performing well with supermarket sales growth of 3.4% in FY23 compared to 2.4% in FY22 and discount department store sales growth of 9.4% compared to negative 6.1% in FY22. We now have 51 of our supermarkets in turnover rent compared to 41 for FY22. This has helped us to increase our turnover rent by 40% year on year to $7.7 million in FY23 from $5.5 million in FY22. We are reinvesting in our properties, and partnering with Coles and Woolworths in facilitating online click and collect and drive-through convenience opportunities, with a view to ensuring that this trend of increasing turnover rent will continue.

Performance of our specialty tenants

Our specialty tenants showed remarkable strength this year. Their sales were up 7.5% in FY23 compared to 0.4% for FY22. This was led by sales growth by our non-discretionary or essential specialty categories such as medical and beauty services, food and liquor, and retail services which represent 36% of our rent. These categories achieved sales growth of 8.2%.

Our specialty tenants in the discretionary category also achieved strong sales growth in FY23 of 7.1%.

As a result of their strong trading performance rent collection levels are close to all-time highs, with arrears from specialty tenants at only 1.3% of gross annualised specialty income.

Online retail trends

Another feature of the last year was a moderation of online retailing growth, especially for food and other essential specialty categories. Our properties are ideally located within their local communities to be well suited for last-mile logistics. We believe that the store-based fulfilment model will remain the predominant model for online grocery fulfilment in Australia (especially where our properties are based) due to factors such as our relatively low population densities, large distances, established existing supply chains, and high temperatures.

Both Woolworths and Coles are using our properties for last-mile fulfilment for both pick up and home delivery. Online sales are included in 96% of our supermarket turnover rent calculations. As I noted above, as these supermarkets sales grow, we will be well positioned for future turnover rental growth.

Specialty tenants and Leasing

Our specialty tenants have remained resilient during FY23, with sales productivity improving from $9,865 to $10,342 per square metre (psm); gross rent increasing from $793 psm to $818 psm; and occupancy costs remaining at 8.7% which is one of the lowest in the sector.

This also provides us the greatest opportunity to grow rents in the near to medium term and these strong productivity metrics helped our leasing team in FY23 complete a record 393 leasing deals, which also included achieving a 3.7% average uplift in rent. A very pleasing result. Portfolio occupancy is 97.8% which is similar to FY22 and FY21.

Sustainability

During the year we continued to make significant progress towards our sustainability commitments. We have invested $29.5 million to date and generated a 17% reduction in greenhouse gas emissions (calculated on a like-for-like basis and against the FY20 baseline).

We recognise that sustainability extends beyond environmental impacts. As a business, we are committed to social responsibility and the wellbeing of our employees, tenants, customers and local communities. We have taken positive steps towards enhancing employee wellbeing and promoting diversity and inclusion. We believe the action we are taking to deliver on our sustainability goals, via community events, initiatives and our partnership with The Smith Family will enable our communities to thrive and grow.

More details can be found in our FY23 Sustainability Report.

The next 12 months

Our core strategy continues to be the delivery of defensive, resilient cash flows to support secure and growing long-term distributions to our security holders. To achieve this, our focus in FY24 will continue to be on:

- Serving our local communities for their everyday needs
- Partnering with our supermarket anchors to improve their online offer
- Actively managing our properties to ensure that we have successful specialty tenants paying sustainable rents
- Executing on our sustainability initiatives

We also remain focused on our medium-to-long term strategy to produce reliable and growing distributions to security holders, however, in the short term the challenges of rising interest rates on our interest expense and inflation on costs will be significant. As a result, our FY24 earnings guidance is AFFOPS of 13.7 cents.

Nonetheless our balance sheet is strong and our properties are trading well. They have weathered the test of the pandemic and we believe our properties will grow increasingly relevant for consumers across Australia well into the future. I would like to thank our investors, retailers and other stakeholders for their support and continued confidence in RGN.

Anthony Mellowes
Chief Executive Officer
Executive Director

About us

At 30 June 2023, our portfolio consisted of 95 convenience-based retail properties valued at $4,411.6 million. Convenience retailing has proven to be a resilient asset class due to its exposure to non-discretionary retail tenants. Many of the Group's convenience-based retail properties have a strong weighting to food sales, due to grocery-based anchors such as supermarkets.

In November 2022, the Group announced the change of name from SCA Property Group to Region Group and on 28 November 2022 the Australian Securities Exchange (ASX) code changed from SCP to RGN.

RGN's portfolio benefits from long-term leases to Woolworths Group Limited (Woolworths) and Coles Group Limited (Coles), which act as an anchor tenant at more than 97% of our properties. Woolworths and Coles are Australia's largest retailers by sales revenue and number of stores.

SHORT HISTORY

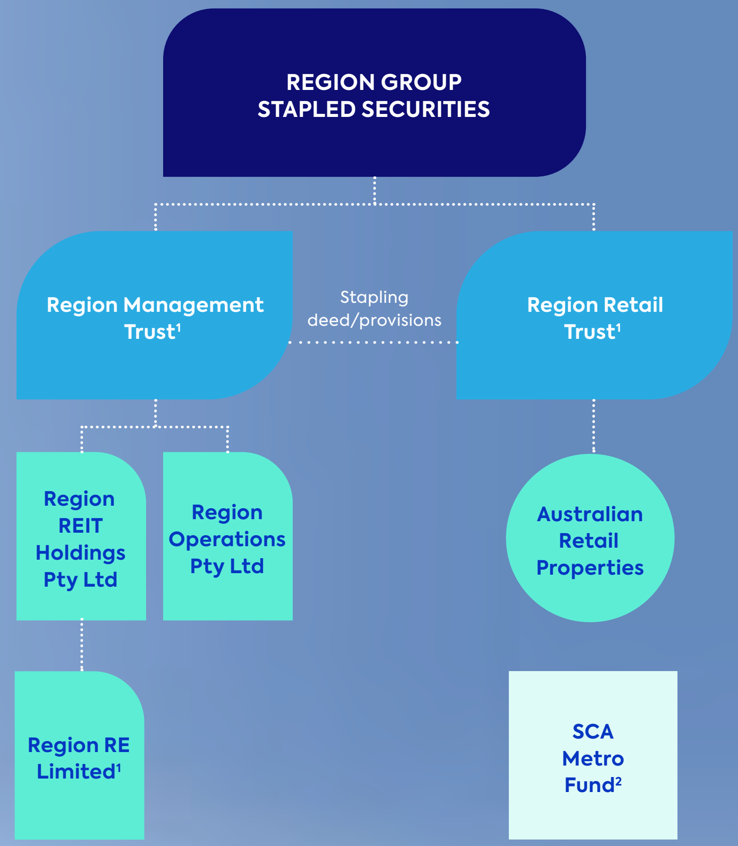
RGN was created by Woolworths Group Limited in late 2012 to act as a landlord for a number of its retail properties. Woolworths transferred its ownership in those retail properties to RGN, which was then listed on the ASX as a separate, independent real estate investment trust in December 2012. Woolworths does not have any ownership interest in RGN.

Since its creation, RGN has completed a number of acquisitions and disposals. At 30 June 2023, 73 of its convenience-based retail properties are anchored by Woolworths and 32 by Coles retailers (noting that some properties are anchored by both respective retailers).

GROUP STRUCTURE

RGN comprises two registered managed investment schemes: Region Management Trust (RGN Management Trust) (ARSN 160 612 626) and Region Retail Trust (RGN Retail Trust) (ARSN 160 612 788). The securities in each are stapled to form the stapled listed vehicle, RGN Group.

RGN is internally managed, which allows us to align management interests with the interests of our security holders. Region RE Limited (RGNRE) (ACN 158 809 851) is the Responsible Entity (AFSL 426603) of RGN Management Trust and RGN Retail Trust. The Responsible Entity is a wholly owned subsidiary of the RGN Management Trust.



1. Region RE Limited is the Responsible Entity of Region Management Trust and Region Retail Trust
2. Region RE Limited as Responsible Entity of Region Retail Trust owns 20% of SCA Metro Convenience Shopping Centre Fund (Metro Fund)

The Gateway Shopping Centre, VIC

Our Property Portfolio

AT 30 JUNE 2023

RGN's portfolio comprises 82 neighbourhood and 13 sub-regional properties located across Australia.

During the year ended 30 June 2023, the Group acquired 5 new convenience-based retail properties.

$4,411.6 million
of value in investment properties

95
investment properties

6.2 years
weighted average lease expiry

2,113
specialty tenants

799,524 sqm
gross lettable area

Our Property Portfolio continued

The total value of the investment properties owned at 30 June 2023 was $4,411.6 million (down from $4,460.9 million at 30 June 2022). The decrease in value of the properties during the year was principally due to:

- Like-for-like valuation decrease of $205.8 million,
- Divestment of Carrara Shopping Centre for $23.5 million,
- Partially offset by, acquisition of five centres for $180.0 million (excluding transaction costs)

The weighted average capitalisation rate for the portfolio is now 5.85%, compared to 5.43% at 30 June 2022.

PORTFOLIO OVERVIEW

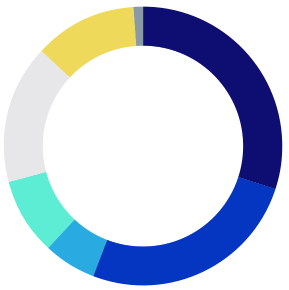
Weighting towards food, health and retail services (non-discretionary)

AT 30 JUNE 2023	NUMBER OF CENTRES	NUMBER OF SPECIALTIES	GLA (SQM)	SITE AREA (SQM)	OCCUPANCY (% GLA)	VALUE ($M)	WALE (YRS)[1]	WEIGHTED AVERAGE CAP RATE (%)
Sub-regional	13	624	258,609	692,972	98.1%	1,174.8	6.4	6.35%
Neighbourhood	82	1,489	540,915	1,817,402	97.7%	3,236.8	6.2	5.67%
TOTAL	**95**	**2,113**	**799,524**	**2,510,374**	**97.8%**	**4,411.6**	**6.2**	**5.85%**

1. Weighted average lease expiry (WALE) years by GLA

Greystanes Shopping Centre, NSW

Geographic diversification (by value)

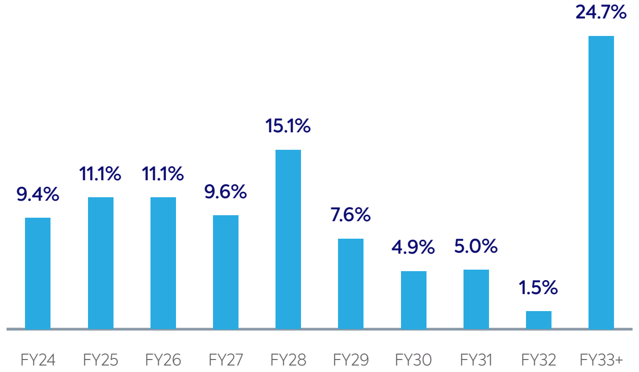


Our Tenants

The Group's retail properties are anchored by long-term leases to high-quality tenants with a weighted average lease expiry of 6.2 years.

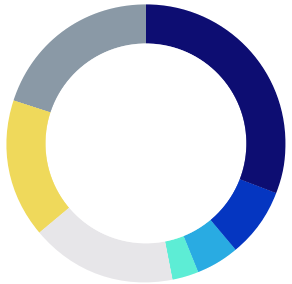
Nearly half the portfolio is located in new growth corridors and regions, and comprises convenience-based neighborhood properties with a strong weighting to the non-discretionary retail segment. Anchor tenants represent 48% of gross rent. The remaining 52% of gross rent comes from specialty tenants.

Overall lease expiry (% of gross income)



Tenants by category (by gross rent)[1]

Specialty / mini major tenants by category (by gross rent)[1,2]



1. Annualised gross rent excluding vacancy and turnover rent
2. Mini major tenants represent 12.6% of annualised specialty gross rent. Mini major tenants have been split across the relevant categories
3. Woolworths Group includes Woolworths 23.7% and Big W 4.8%
4. Wesfarmers includes Kmart 2.7%, Bunnings 0.5%, Target 0.3%, Officeworks 0.2%, and Health business 1.2%
5. Other anchors include ALDI, Dan Murphy's, Hoyts, Farmer Jack's and IGA

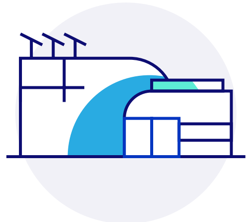
Our Strategy

RGN aims to ensure defensive, resilient cash flows to support secure and growing long-term distributions to security holders. RGN's core strategy is to invest in a geographically diverse portfolio of convenience-based retail properties.

Our portfolio focuses on the non-discretionary retail sector and is anchored by long-term leases to quality tenants.

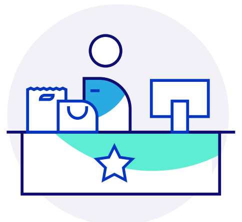
Our strategy for the immediate future is to generate incremental growth by positioning the portfolio to maximise its long-term value. We are doing this by:

- Optimising the existing portfolio
- Capital management
- Sustainability
- Funds management



Focus on convenience-based retail centres

Weighted to non-discretionary retail segments



Long leases to quality anchor tenants

Appropriate capital structure

Growth opportunities

OPTIMISING THE EXISTING PORTFOLIO

Our focus continues to be on serving our local communities for their everyday needs, partnering with our supermarket anchors to improve their online offer, actively managing our properties to ensure that we have successful specialty tenants paying appropriate rents and executing on our sustainability initiatives.

RGN will remain disciplined with its approach to transactions which will allow us to explore acquisition opportunities when they fit with our strategy and investment criteria.

This will support our strategy of generating defensive, resilient cash flows to support secure and growing long-term distributions to our security holders.

CAPITAL MANAGEMENT

RGN will continue to actively manage our balance sheet to maintain diversified funding sources with a preference for longer term funding and an appropriate level of gearing to maintain a low cost of capital consistent with our risk profile.

SUSTAINABILITY

We continue to make progress on the commitments made in our Sustainability Strategy and are on track to achieve net zero (scope 1 and 2 emissions) by FY30, primarily through the installation of solar PV.

FUNDS MANAGEMENT

The Metro Fund offers a platform for growth in the medium to longer term.

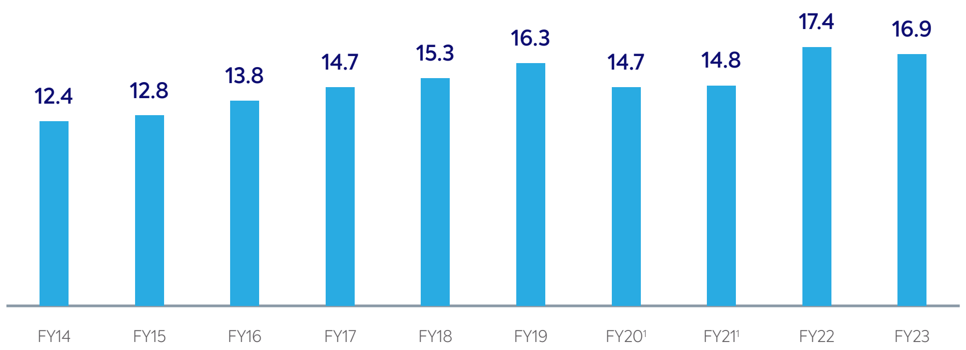
Auburn Central, NSW

Our Performance

RETURNS TO SECURITY HOLDERS

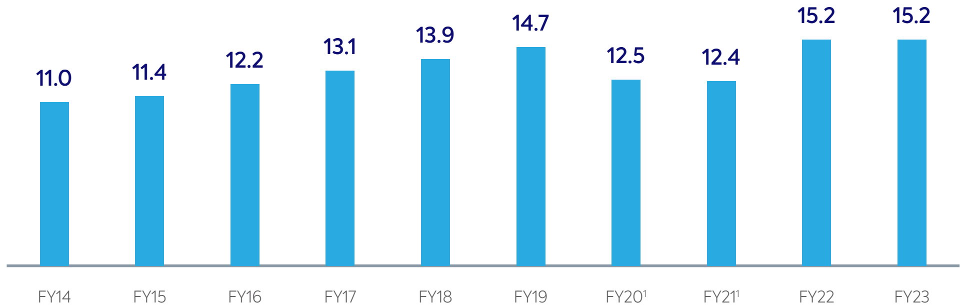
RGN has provided stable and secure earnings and distributions that have been supplemented by strong security price performance.

Funds from operations per security (FFOPS) (cents)



FFOPS has grown by 3.5% per annum since FY14.

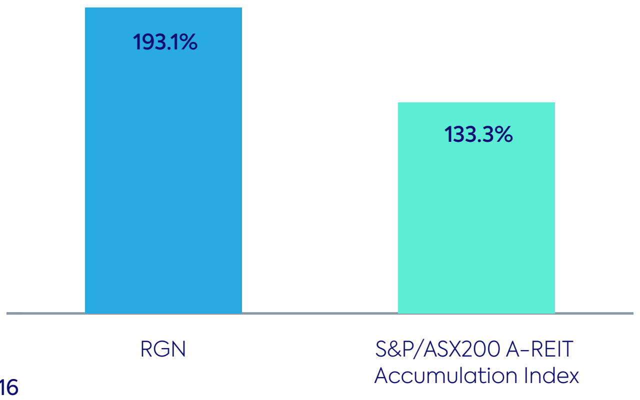
Distribution per security (cents)



Distributions per security have grown by 3.6% per annum since FY14.

1. FY20 and FY21 were impacted by COVID-19

Total security holder return (%)



Since listing in November 2012 to 30 June 2023, RGN has delivered total security holder return which has outperformed the S&P/ASX200 A-REIT Accumulation Index.

STRONG SALES GROWTH CONTINUING

In FY23, comparable MAT[1] growth in our centres averaged 4.5%, up from 1.3% in FY22 as we saw consumers favouring supermarkets and non-discretionary tenants.

Comparable store MAT sales growth by category (%)

TOTAL PORTFOLIO	AS AT 30 JUN 2023[1]	AS AT 30 JUN 2022[1]
Supermarkets	3.4%	2.4%
Discount Department Stores	9.4%	(6.1%)
Mini Majors	2.2%	1.5%
Specialties	7.5%	0.4%
Total	**4.5%**	**1.3%**

1. Moving annual turnover measures the growth in sales over the last 12 months compared to the previous 12 months

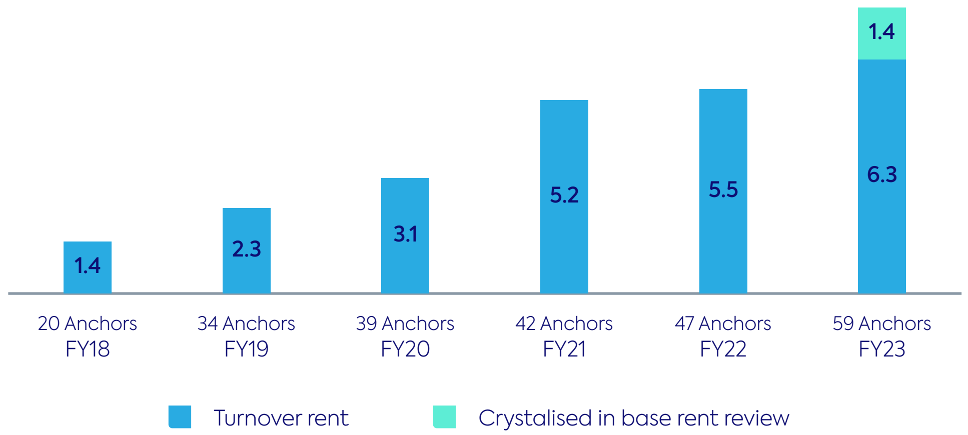
Warnbro Centre, WA

Lane Cove Market Square, NSW

INCREASING TURNOVER RENT

At 30 June 2023, 59 anchors were generating turnover rent, and for the 12 months to 30 June 2023, turnover rent was $6.3 million. An additional $1.4 million of turnover rent was crystalised into the base rent for 16 anchors during the year. We expect these numbers to increase in coming years as another 13 anchors are within 10% of their turnover thresholds.

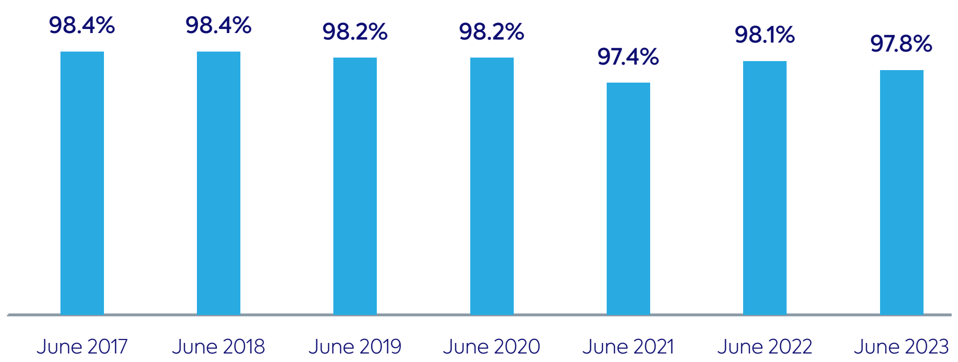
Anchor turnover rent ($m)



OCCUPANCY RATE

RGN occupancy decreased from 98.1% of Gross Lettable Area (GLA) in June 2022 to 97.8% of GLA in June 2023. We will continue to focus on remixing towards tenants in non-discretionary categories and reducing long-term vacancies where deals are accretive.

Portfolio occupancy (% of GLA)



SPECIALTY TENANT KEY METRICS

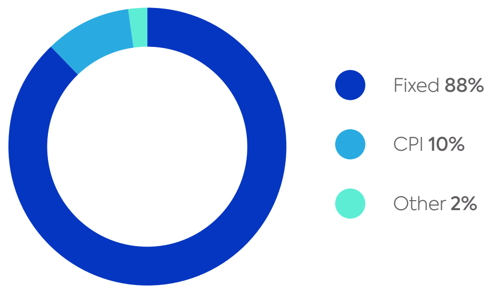
Specialty tenant MAT growth was 7.5% in June 2023 up from 0.4% in June 2022 as Australians continue to shop for their life's essentials at our retail properties. During FY23, a total of 393 leasing deals were done with leasing spreads increasing to 3.7% from 2.0% in 2022. We are continuing to achieve 3%–5% fixed rental increases across 88% of our specialty tenants.

TOTAL SPECIALTY METRICS	30 JUN 2023	30 JUN 2022
Comparable sales MAT growth (%)[1]	7.5%	0.4%
Average specialty occupancy cost (%)[1]	8.7%	8.7%
Average specialty gross rent per sqm	$818	$793
Specialty sales productivity ($ per sqm)[1]	$10,342	$9,865
RENEWALS	**12 MONTHS TO 30 JUN 2023**	**12 MONTHS TO 30 JUN 2022**
Number	267	133
Retention (%)	82%	86%
GLA (sqm)	29,506	20,391
Average uplift (%)	4.7%	3.5%
Incentive (months)	0.2	0.2
NEW LEASES	**12 MONTHS TO 30 JUN 2023**	**12 MONTHS TO 30 JUN 2022**
Number	126	119
GLA (sqm)	12,526	18,466
Average uplift (%)	1.2%	(0.2%)
Incentive (months)	10.0	10.4
TOTAL LEASE DEALS	**12 MONTHS TO 30 JUN 2023**	**12 MONTHS TO 30 JUN 2022**
Number	393	252
GLA (sqm)	42,032	38,857
Average uplift (%)	3.7%	2.0%

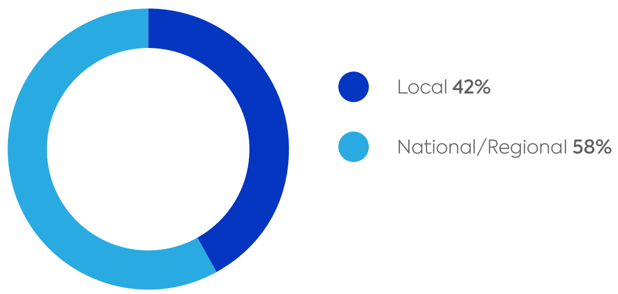
1. Includes comparable sales reporting tenants trading over 24 months

SPECIALTY LEASE COMPOSITION (AT 30 JUNE 2023)

Annual increase mechanism



Tenant type



Lane Cove Market Square, NSW

PORTFOLIO OVERVIEW

During FY23 we acquired five convenience-based retail properties for $180.0 million (excluding transaction costs).

Dernancourt Shopping Centre (Dernancourt, SA)

- Acquired Jul 22 for $46.0 million (5.3% implied fully let yield)
- % of income from anchors: 29%
- Overall WALE (by income): 3.4 years
- Occupancy at acquisition: 99%
- Built in 1970

Fairview Green Shopping Centre (Fairview Park, SA)

- Acquired Jul 22 for $39.5 million (6.8% implied fully let yield)
- % of income from anchors: 64%
- Overall WALE (by income): 7.4 years
- Occupancy at acquisition: 99%
- Built in 2009

Brassall Shopping Centre (Brassall, QLD)

- Acquired Jul 22 for $46.5 million (5.9% implied fully let yield)
- % of income from anchors: 33%
- Overall WALE (by income): 4.7 years
- Occupancy at acquisition: 99%
- Built in 1979

Port Village Shopping Centre (Port Douglas, QLD)

- Acquired Jul 22 for $36.0 million (6.2% implied fully let yield)
- % of income from anchors: 49%
- Overall WALE (by income): 2.7 years
- Occupancy at acquisition: 94%
- Built in 1999

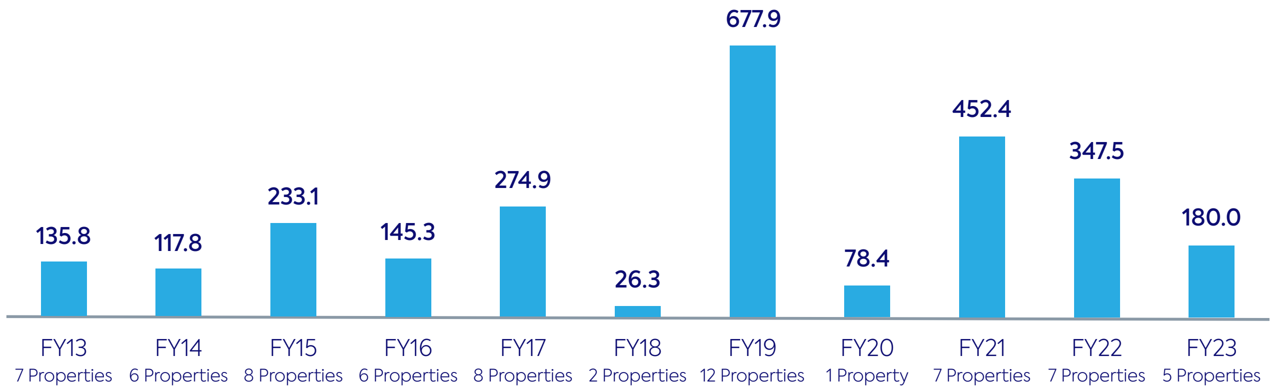
Tyne Square (Perth, WA)

- Acquired Jul 22 for $12.0 million (6.6% implied fully let yield)
- % of income from anchor: 67%
- Overall WALE (by income): 5.5 years
- Occupancy at acquisition: 100%
- Built in 2009

Track record of acquisitions

Over the past 10 years we have made around $250.0 million of acquisitions per year.

Completed acquisitions ($m)[1]



1. Excludes transactions costs

Port Village Shopping Centre, QLD

Delacombe Town Centre, VIC

INDICATIVE CAPITAL INVESTMENT PIPELINE

Investing in property enhancements, sustainability initiatives and developments.

Estimated Capital Investment (A$m)

DEVELOPMENT TYPE	DESCRIPTION	FY23 ACTUAL	FY24	FY25	FY26	FY27	FY28
Developments	Greenbank, Marketown Newcastle, North Orange, Raymond Terrace	-	8.5	TBC	TBC	TBC	TBC
Fund-through development	Delacombe Town Centre Stage II, VIC, which consists of a Woolworths home-delivery fulfilment facility completed as part of a large format retail centre	-	21.0[1]	10.5	-	-	-
Property enhancements	Improvements including ambience upgrades and refurbishments; direct to boot facilities (including click 'n' collect bays, drive through), pad site development	10.5	24.9	32.0	22.5	20.5	20.5
Sustainability initiatives	Energy and carbon reduction, initiatives to achieve Net Zero (scope 1 and 2) by FY30	7.9	21.8	17.5	15.5	13.5	11.5
Sub Total		**18.4**	**76.2**	**>60**	**>38**	**>34**	**>32**
Shopping centre rebuild	Lismore Central Shopping Centre rebuild was completed in March 2023	14.1	-	-	-	-	-
Total		**32.5**	**76.2**	**>60**	**>38**	**>34**	**>32**

1. Excludes $15.0m for land acquisition

PRUDENT CAPITAL MANAGEMENT

RGN maintains a prudent approach to managing the balance sheet, with gearing at 30 June 2023 of 31.3% which is at the lower end of our target range of 30-40%.

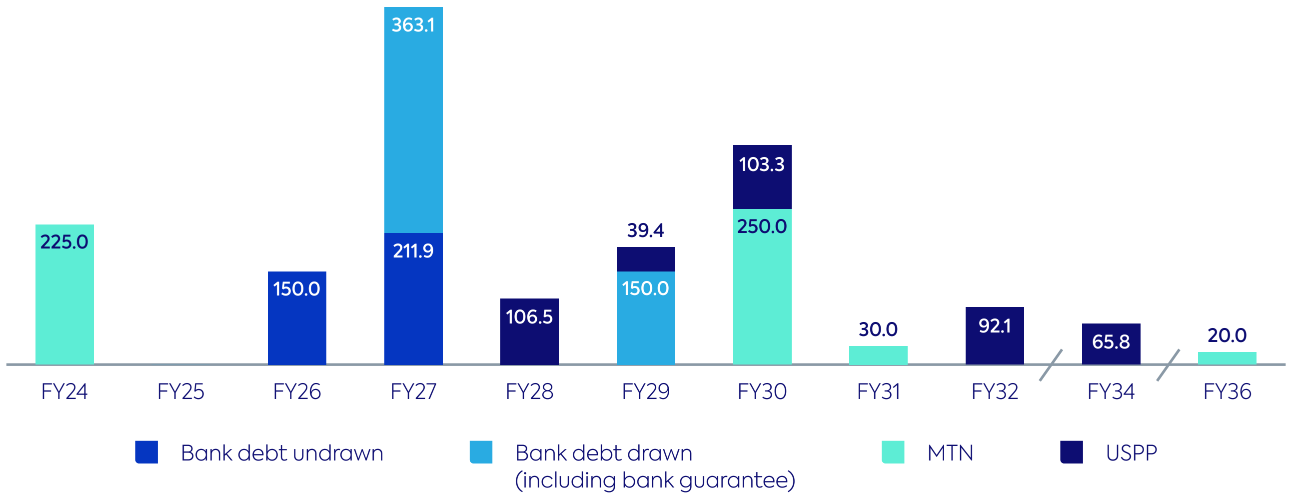
At 30 June 2023, the weighted average cost of debt was 3.4% p.a. and 79.7% of RGN's debt was fixed or hedged.

At 30 June 2023, RGN had cash and undrawn facilities of $385.7 million and we are well within debt covenants.

RGN's only debt expiry in FY24 is a $225.0 million AU$ Medium Term Note (MTN) which expires in June 2024 and we are holding available capacity to extinguish this debt on expiry.

RGN will continually monitor and assess opportunities to ensure an appropriate, efficient and sustainable funding structure.

Debt facilities expiry profile ($m)



Interest rate hedging

RGN's interest rate hedging policy is designed to reduce the volatility of future distributable earnings as a result of changing interest rates. We manage this exposure by:

- Targeted hedging will be at least 50% (with a preference of around 75%) of current net debt drawn on a rolling 24-month basis
- Using derivative contracts and/or other agreements to fix interest payment obligations

RGN monitors this policy to ensure it meets RGN's ongoing objectives and is in the best interests of security holders.

During FY23 and FY24 RGN put in place the hedges listed below. As a result, our FY24 debt is approximately 90% fixed or hedged.

HEDGE	NOTIONAL AMOUNT ($M)	START DATE	END DATE	INTEREST RATE SWAP %
Restructured an existing interest rate swap	$250.0	Aug 2022	Jul 2024	1.44%
Forward starting interest rate swap	$200.0	Jul 2023	Jul 2025	3.82%
Forward starting interest rate swap	$300.0	Jul 2024	Jul 2026	3.36%
Callable interest rate swap	$400.0	Aug 2023	Aug 2026	3.62%

FOCUSED INVESTMENT IN EXISITNG PORTFOLIO

Value creation through property enhancements and strategic site consolidation

Allocating capital to drive our portfolio performance

- Minimal acquisitions are expected given current market pricing
- We will consider disposing of lower dollar value, tighter yielding properties where there is still significant demand from private investors
  - Any proceeds from these disposals can be redeployed investing in the existing portfolio
- We will have a greater focus on enhancing our existing portfolio through:
  - Refurbishments and ambience upgrades
  - Specialty tenant remixing
  - Direct to Boot / Click 'n' Collect facilities
  - Pad site development
  - Local strategic site consolidation

Strategic site consolidation

- Through investing in adjacent land or properties that consolidate a site, we aim to enhance the value of our existing property and drive sales and tenant performance
  - In July 2023 we committed to a $31.5m fund-through development on land adjacent to Delacombe Town Centre
  - Supporting our anchor tenant, the development consists of a Woolworths home delivery fulfilment facility (to service the online home delivery for the Ballarat region) complemented by a large format retail precinct

SUPPORTING ONLINE SALES

Investing alongside our supermarket tenants to drive sales growth

- Online sales are included in 96% of our supermarket turnover rent calculations
  - 86 including 100% of online sales
  - 4 including 50% of online sales
- Over 81% of our Coles and Woolworths stores have had investment in external facilities outside the supermarket box to include click 'n' collect bays, direct to boot facilities and specific fixtures in the loading docks
- During FY23, we spent $6.5m to support online sales growth through co-investments and contribution to direct to boot facilities
- FY24 forecast to spend around $20.0m on investing in direct to boot and click 'n' collect facilities

Moggill Village, QLD

Historical Key Metrics

RGN GROUP METRICS AT 30 JUNE	2019	2020	2021	2022	2023
EARNINGS/PROFIT AND LOSS					
Gross Property Income ($m)	263.8	289.0	290.6	347.4	373.6
Net Profit/(Loss) after Tax ($m)	109.6	85.5	462.9	487.1	(123.6)
Funds from Operations ($m)	141.8	140.8	159.0	192.7	192.5
FFO per unit (cents per security)	16.33	14.65	14.76	17.40	16.90
Distribution ($m)	135.4	123.5	133.8	169.2	173.4
Distribution (cents per security)	14.7	12.5	12.4	15.2	15.2
Payout Ratio (%)	90%	85%	84%	88%	90%
AFFO ($m)	127.4	124.3	135.8	169.5	173.9
Distribution/AFFO (%)	106%	99%	99%	100%	100%
Management Expense Ratio (%)	0.37%	0.38%	0.41%	0.38%	0.38%
BALANCE SHEET					
Net Tangible Assets ($ per security)	$2.27	$2.22	$2.52	$2.81	$2.55
Net Tangible Assets ($m)	2,103.9	2,374.0	2,724.8	3,133.9	2,928.0
Share Price at 30 June ($ per security)	$2.39	$2.18	$2.52	$2.75	$2.27
Closing Units on Issue (million)	925.6	1,071.4	1,080.0	1,116.3	1,1148.9
Market Capitalisation ($m)	$2,212	$2,336	$2,722	$3,070	$2,608
Acquisitions (excluding transaction costs) ($m)	677.9	78.4	452.4	347.5	180.0
Disposals ($m)	60.3	21.5	–	307.6	23.5
DEBT METRICS					
Gearing (%)	32.8%	25.6%	31.3%	28.3%	31.3%
Weighted Average Cost of Debt (%)	3.6%	3.5%	2.4%	2.5%	3.4%
Interest Bearing Liabilities ($m)	1,137.5	1,083.6	1,331.5	1,376.4	1,523.4
Average Debt Maturity (years)	6.1	5.1	5.3	5.3	4.4
% of Debt Fixed/Hedged	70.4%	91.1%	50.8%	69.6%	79.7%
Average Hedge Maturity (years)	4.8	3.8	3.0	4.9	2.3

RGN GROUP METRICS AT 30 JUNE	2019	2020	2021	2022	2023
PORTFOLIO METRICS					
Number of Properties	85	85	92	91	95
Weighted Average Cap Rate (%)	6.48%	6.51%	5.90%	5.43%	5.85%
Portfolio Occupancy (%)	98.2%	98.2%	97.4%	98.1%	97.8%
Specialty Vacancy (%)	5.3%	5.1%	5.1%	5.0%	5.0%
Portfolio WALE (by GLA) Years	7.9	7.4	7.2	6.7	6.2
Anchor WALE (by GLA) Years	10.3	9.6	9.3	8.2	7.6
Comparable NOI Growth (%)	2.5%	ND[1]	ND[1]	3.3%	4.3%
Supermarket MAT Growth (%)	2.0%	5.1%	3.2%	2.4%	3.4%
Anchors in Turnover Rent	34	39	42	47	59
Specialty MAT Growth (%)	1.8%	(1.1)%	9.7%	0.4%	7.5%
Specialty Occupancy Cost (%)	10.1%	10.0%	8.6%	8.7%	8.7%
Specialty Rent psm ($)	$772	$778	$793	$793	$818
Specialty Productivity ($)	$8,010	$8,229	$9,954	$9,865	$10,342
Number of Specialty Renewals	215	232	198	133	267
– Retention (%)	77%	76%	73%	86%	82%
– Specialty Renewals GLA	26,455	31,817	24,864	20,391	29,506
– Specialty Re-leasing Spreads (renewals) (%)	(1.7)%	(1.1)%	(1.5)%	3.5%	4.7%
– Average Incentives on Renewals (months)	–	0.5	0.2	0.2	0.2
Number of Specialty New Leases	87	146	127	119	126
– Specialty New Leases GLA	12,200	18,656	13,844	18,466	12,526
– Average Uplift on New Leases (%)	4.9%	(7.7)%	1.9%	(0.2)%	1.2%
– Average Incentives on New Leases (months)	11.0	13.8	10.8	10.4	10.0

1. Not Disclosed

Sustainability

Region Group is an internally managed real estate investment trust (REIT), with 103 shopping centres under management, of which 95 are directly owned and eight are owned by the Metro Fund*.

The FY23 Sustainablity Report encompasses all owned and managed properties. Our shopping centres are in urban and regional neighbourhoods across all states and the Northern Territory, and are visited by millions of people every year. Our purpose is supporting better communities through life's essentials. To achieve this, we believe in owning assets that are economically and environmentally sustainable. Our centres, directly and indirectly, provide employment for thousands of people and help support the economic resilience of their local communities. Our teams across every asset strive to ensure Region Group centres serve an essential role in their communities: working together with local people on local issues, supporting community initiatives and volunteering in community projects.

Global Real Estate Sustainability Benchmark (GRESB) results: Our GRESB score for 2021 was 78 (up from 75 in 2020). We continue to increase our score year on year and are looking forward to our 2022 results, due for release in October 2023.

GRESB REAL ESTATE

NABERS

*SCA Metro Convenience Shopping Centre Fund

FY23 SUSTAINABILITY HIGHLIGHTS

$5.8M
investment in solar PV generation, representing 5.3MW of new solar PV capacity

17%
reduction in greenhouse gas emissions (scope 1 and 2) from FY20 baseline calculated on a like for like basis excluding acquisitions and disposals

7
asset climate change impact assessments completed

40:40:20
gender balance maintained (Non-Executive Directors and total employees)

TCFD
continue to work towards TCFD alignment

5.5 STARS
NABERS rating for our corporate office premise

128
students supported through our partnership with The Smith Family

555
Stronger Communities events or initiatives held (up from 337 in FY22)

Our Sustainability Strategy and Approach

With the launch of our Sustainability Strategy in FY21, we signalled our intent to clearly define and demonstrate Region Group's social and environmental value, and our commitment to work with our tenants, customers and external partners to help deliver positive changes.

We continue to make progress on the commitments made in our Sustainability Strategy. We are pleased with our continued investment in solar PV generation. In FY22, we set an interim target to install 10MW of solar PV by FY23 (on our path towards 25MW by FY26). We are currently tracking well ahead of schedule, with 14.9MW installed or under construction across 24 retail properties. At the same time, we are rolling out embedded networks at a number of these sites, thereby improving data availability for our scope 3 emissions reporting.

We also take pride in the impact we have made in partnership with The Smith Family to improve the lives of young Australians. To date, 128 students have received sponsorship as part of the *Learning for Life* program over the last 3 years, with support extending to many other students through mentoring programs, birthday cards and Christmas gifts, laptop devices and other fundraising events. Additionally, we have been involved in a number of community events and local initiatives – for example, the Ipswich Toy Run – and establishing local community engagement plans across all of our retail properties.

We remain on track to align our climate-related disclosures with the recommendations of the TCFD by FY25, which is a good starting point for the upcoming International Sustainability Standards Board (ISSB) sustainability disclosure standards. Additional information on our plans to align with the TCFD recommendations can be found in our FY23 Sustainability Report on page 45.

All targets and commitments will be per financial year going forward.

Climate Risk
We believe in being transparent and climate prepared

Energy & Carbon
Achieve net zero carbon (scope 1 and 2 emissions) in our operations by FY30

Water & Waste
We believe in using and reusing all resources responsibly and efficiently

Essentially Local
Work together with The Smith Family to build strong, sustainable communities

Diversity & Inclusion
40:40:20 gender diversity target

Health & Wellbeing
Continually improve health and wellbeing of employees

FY23 PROGRESS UPDATE

This table details our progress against the sustainability commitments made by Region Group in the FY22 Sustainability Report.

● COMPLETE ◐ ON PROGRAM ○ FURTHER WORK REQUIRED

Sustainability Pillar	FY23 Commitment	Status	Comment
Climate Risk	Identify climate-related risks and opportunities in the short, medium and long term, and their subsequent impacts on the business, strategy and financial planning by FY23	Complete	Complete and will continue to revisit them into FY24. The risks and opportunities will be annually reviewed and published in the AECOM Physical Climate Change Impact Assessment Risk Analysis
Climate Risk	Complete six additional asset climate change impact assessments with scenario analysis of impacts from temperature increases (from 1.5°C up to 2°C) by FY24	Complete	Seven asset climate change impact assessments completed by AECOM
Climate Risk	Complete climate risk assessments for all acquisitions	Complete	Completed as required when potential acquisitions enter due diligence
Climate Risk	Integrate climate-related risks into our overall Risk Management Framework by FY23	Complete	Completed and now included in our risk register
Climate Risk	Implement 11 Community Resilience Action Plans (disaster emergency actions with integration into community services) at high-risk centres by FY24	Complete	Completed ahead of schedule in FY23 with our property partner, Knight Frank Australia
Climate Risk	Commence reporting scope 3 emissions where available in FY23	On program	Commenced. We receive energy consumption numbers for all Coles, Woolworths and Wesfarmers stores, and specialty tenancy data from our 20 embedded network sites. This will grow to 28 sites by the end of FY24
Climate Risk	Be fully aligned to the recommendations of the TCFD by FY25	On program	Ongoing
Energy & Carbon	Reach net zero by FY30 (scope 1 and 2 greenhouse gas (GHG) emissions)	On program	On program to reach net zero scope 1 and 2 GHG emissions
Energy & Carbon	Continue our solar PV program targeting 25MW by FY26 (including 10MW by FY24)	On program	We currently have 14.9MW installed or under construction across 24 sites, exceeding our commitment of 10MW by FY24. We are on track to achieve 25MW by FY26. Our target of 25MW is based on our FY20 portfolio requirements and is likely we will reassess this target after FY26 to continue to be on program and meet our net zero by FY30 (scope 1 and 2 greenhouse gas (GHG) emissions)
Energy & Carbon	20% less energy consumption than in FY19 by FY26 on a like-for-like basis	On program	On program to be completed as per our solar PV program roll-out
Energy & Carbon cont.	Completion of a portfolio energy efficiency strategy by FY24	Further work required	In FY23, Knight Frank Australia completed an exercise to understand the current operational and functional status of the Building Management Systems (BMS) across the portfolio, and found an opportunity to standardise and centralise the BMS across the portfolio. In a pivot away from the completion of an energy efficiency strategy, the next steps included completing a review of our existing infrastructure and a portfolio-wide scope exercise before a detailed energy efficiency strategy can be determined
Energy & Carbon cont.	Environmentally friendly refrigerants only by FY25	On program	Ongoing and progressing well as plant and equipment reaches end of life
Energy & Carbon cont.	Investigate the feasibility of large-scale on-site energy storage by FY24	Complete	Completed, finding that the current cost of infrastructure does not make it feasible to install batteries to our centres at this time. We continue to investigate opportunities and are exploring co-funding opportunities with Australian Renewable Energy Agency (ARENA) and the NSW Government
Energy & Carbon cont.	Exploring opportunities with our specialty tenants to establish energy partnerships by FY25	On program	Discussions are ongoing; however, we have not yet secured an agreement that benefits Region Group and our specialty tenants. Our embedded network roll-out continues, where we are able to on-sell energy to our specialty tenants at a discount to the comparable market
Water & Waste	Divert 60% of operational waste by FY30	Further work required	We are standardising our waste recovery contracts and working with our contractors to reduce waste
Water & Waste	Waste audits conducted at all sites by FY24	Complete	Completed as part of our annual GRESB benchmarking
Water & Waste	Contractor recycling plans created by FY24	Further work required	Our waste costs have increased, contributing to the increased costs of overheads. An opportunity identified in FY23 is the need to standardise our waste streams recovery. As such, we have made a pivot away from creating contractor recycling plans to commencing a project to standardise our waste recovery contracts and align waste recovery with our cleaning contracts. This project has commenced
Water & Waste	Encourage tenants to use environmentally friendly materials and phase out single-use plastics by FY26	On program	Ongoing, and several state governments have introduced legislation in FY23 banning single-use plastics in the retail industry
Water & Waste	Eliminate single-use plastics at our corporate office by FY25	On program	No single-use plastics will be purchased from FY24. All existing items will be used and then replaced with only biodegradable alternatives
Water & Waste	Complete a feasibility study of installing water-efficient flow taps across the portfolio by FY24	Further work required	This remains under investigation
Water & Waste	Complete a feasibility study of installing water metering to high-volume tenants by FY24	Further work required	This remains under investigation

Sustainability Pillar	FY23 Commitment	Status	Comment
Essentially Local	Create a program that supports local community groups through increased engagement in FY23	Complete	The Local Community Engagement Program (LCEP) is complete
	Continue to work together with The Smith Family to increase our efforts to build strong, sustainable communities	Complete	Achieved
	Continue supporting success at school for 128 young Australians with The Smith Family	Complete	Achieved
	Encourage 100% employee participation in workplace volunteering by FY24	On program	We continue to provide opportunities to participate in a variety of volunteering activities
Diversity & Inclusion	Maintain 40:40:20 gender diversity for roles through the organisation	Complete	Achieved and ongoing
	Develop a strategy to improve our Aboriginal and Torres Strait Islander People engagement and impact by FY24	Complete	The development of our LCEP includes the Aboriginal and Torres Strait Islander People communities that are close to our centres where we can have maximum impact
	Ensure diversity in the recruitment process in FY23	Complete	Achieved and ongoing
	Provide diversity and inclusion training to anyone responsible for recruitment in FY23	Complete	Inclusive recruitment training has been rolled out to all recruiting managers
	Continue to develop career pathways to support people at all stages of their careers, including parents on their return to work	Complete	Achieved and ongoing
Health & Wellbeing	Access to wellbeing programs for staff to continue with the Region Group ClassPass membership program	Complete	Ongoing and proving to be a great success with ongoing engagement and usage by our staff
	Introduce a bonus leave program in FY23	Complete	Completed and implemented
	Increase paid parental leave to 16 weeks for the primary caregiver in FY23. Introduce paid domestic violence leave in FY23	Complete	Completed and implemented
	Encourage more team-based activities in FY23	Complete	Ongoing throughout our teams
	Continue providing ergonomically designed workspaces in the corporate office, and provide guidance on ergonomic and healthy work environments for the home	Complete	Achieved and ongoing
	Continue to encourage active commuting with end-of-trip facilities	Complete	There is regular use of the end-of-trip facilities by our staff
	Continue free flu vaccinations for employees	Complete	Always available and ongoing
	Continue providing a COVID-19 safe working environment including appropriate flexibility	Complete	Flexibility remains for all employees and their families
	All employees to have mental health awareness training	Complete	Completed, and we now have 2 Mental Health First Aid (MHFA) trained staff

COMPLETE ON PROGRAM FURTHER WORK REQUIRED

Marketplace Warner, QLD

Pathway to Net Zero

Reaching net zero carbon emissions, scope 1 and 2, by FY30 is a major target that requires planning and commitment, which includes being more energy efficient and increasing onsite renewable energy generation.

These goals are the next steps on our carbon reduction journey, which started back in FY16. The timeline below details our biggest positive actions so far, and the major steps developed as part of our Sustainability Strategy to reach net zero by FY30.

FY16 – FY20

- First Region Group Sustainability Strategy launched with 3 pillars
- First solar PV project commenced at Griffin Plaza
- 2.4MW solar PV added through acquisitions
- Commenced our first energy-efficient BMS project

FY21

- 0.2MW solar PV added to the portfolio
- Launched our Sustainability Strategy with 6 pillars
- Committed to net zero (Scope 1 and 2) by FY30
- LED lighting project commenced

FY22

- 6.2MW solar PV generation capacity installed across 6 Western Australian centres
- 100% LED lighting installed in all centres

FY23

- 5.3MW solar PV generation capacity installed or under construction across 9 centres
- 0.8MW solar PV added through acquisitions
- Commenced new embedded network roll-outs
- Investigated the feasibility of large scale onsite electricity storage

FY24

- Start construction on at least 5.1MW solar PV generation capacity
- Continue embedded network roll-outs where solar PV is installed
- Install LED lighting to new property acquisitions

FY25

- Install at least 5.0MW solar PV generation capacity
- Continue replacing HVAC and other systems, to eliminate ozone-depleting R22 refrigerant at our centres by FY25
- Reduce consumption across our centres from grid energy by 20% by FY26
- Continue embedded network roll-outs where solar PV is installed

FY26

- 25MW total onsite solar PV generation installed

FY30

- Reach net zero carbon emissions (scope 1 and 2)

FY24 Target Summary

The following table summarises our commitments for FY24 and beyond.

CLIMATE RISK

- Complete six additional asset climate change impact assessments with scenario analysis of impacts from temperature increases (from 1.5°C up to 2°C) by FY24
- Implement an additional 10 Community Resilience Action Plans (disaster emergency actions with integration into community services) at high-risk centres by FY24 in addition to the 11 that were completed in FY23
- Improve reporting coverage to 68% for scope 3 emissions by FY24

ENERGY & CARBON

- Continue our solar PV program, targeting 20.0MW by FY24
- Complete an audit of our existing infrastructure and a portfolio-wide scope exercise before commencing a detailed energy efficiency strategy

WATER & WASTE

- Standardise our waste recovery contracts by FY24
- Eliminate single-use plastics at our corporate office by FY24

ESSENTIALLY LOCAL

- Encourage 100% employee participation in workplace volunteering and community partnerships by FY24
- Following on from our LCEP, every property will commit to connecting with their local council and key stakeholders quarterly (i.e. Police, community groups, schools) and implementing a minimum of one key initiative that addresses local community needs

DIVERSITY & INCLUSION

- Maintain 40:40:20 gender diversity target (non-executive directors and total employees)
- Provide a multi-faith space through the expansion of our corporate office

HEALTH & WELLBEING

- Provide new collaboration, wellness and breakout areas through the expansion of our corporate office
- Hosting an R U OK? event
- Provide Vicarious Trauma training to our Operations team

Directors' Report

Kirkwood Shopping Centre, QLD

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) and their controlled entities (collectively the Trusts).

Region RE Limited (Responsible Entity) is the Responsible Entity for the Trusts, which presents its report together with the Trusts' Financial Statements for the year ended 30 June 2023 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 Consolidated Financial Statements and notes.

1. Directors

The Directors of the Responsible Entity at any time during or since the end of the financial year are:

Mr Steven Crane

Non-Executive Director and Chair (appointed 13 December 2018; Chair from 1 December 2022)

Independent:	Yes.
Other listed Directorships held in last 3 years:	Non-Executive Director of APA Group (comprising Australian Pipeline Trust and APT Investment Trust) (January 2011 to September 2022) and Chair and Non-Executive Director of nib holdings limited (Non-Executive Director from September 2010 and Chair from October 2011 to July 2021).
Special responsibilities and other positions held:	Chair of Nomination Committee (since 18 August 2022) and of Remuneration Committee (until 18 August 2022), Member of Nomination Committee, and Member of Investment Committee (until 18 August 2022). Other positions currently held unrelated to the Group include Chair of Global Value Technology Limited.
Other experience:	Mr Crane has held a number of other positions unrelated to the Group including Chair of the Taronga Conservation Society (2010-2021), Non-Executive Director of Bank of Queensland (2008-2015), Non-Executive Director of Transfield Services (2008-2015), Non-Executive Director of APA Ethane Limited (2008-2011), Trustee of Australian Reward Investment Alliance (2007-2009), Chair of Adelaide Managed Funds Limited (2006-2008), Chair of Investa Property Group (2006-2007), Non-Executive Director of Adelaide Bank (2005-2007), Non-Executive Director of Foodland Associated (2003-2005), Deputy Chair of Australian Chamber Orchestra and Director of Sunnyfield Association. Mr Crane brings specific skills in the following areas: • Funds management • Investment banking including M & A and capital markets • Finance and accounting including audit • Remuneration • Stakeholder engagement
Qualifications:	BComm, FAICD.

Mr Michael Herring

Non-Executive Director (appointed 18 August 2022)

Independent:	Yes.
Other listed Directorships held in last 3 years:	None.
Special responsibilities and other positions held:	Member of Audit, Risk Management and Compliance Committee (since 18 August 2022), Nomination Committee (since 18 August 2022) and Investment Committee (since 18 August 2022). Other positions currently held unrelated to the Group include Non-Executive Director of the Taronga Conservation Society.

Other experience:	Mr Herring has over 30 years of experience in the legal and finance services industries. Mr Herring was previously the General Counsel of Macquarie Group. Mr Herring was also the Head of Financial Institutions Group at Macquarie Capital. Prior to joining the Macquarie Group, Mr Herring was Managing Partner of Mallesons Stephen Jaques. Mr Herring is also a former director and chair of the Skin and Cancer Foundation Australia. Mr Herring brings specific skills in the following areas: • Investment banking, M&A, capital markets and corporate finance • Risk and compliance • Corporate governance • Tax • Litigation • Leveraged leasing
Qualifications:	B. Com, LLB and Master of Laws.

Mr Angus James

Non-Executive Director (appointed 9 December 2021)

Independent:	Yes.
Other listed Directorships held in last 3 years:	None.
Special responsibilities and other positions held:	Chair of Remuneration Committee (since 18 August 2022), and Member of Audit, Risk Management and Compliance Committee, Nomination Committee and Investment Committee.
Other experience:	Mr James has over 30 years of finance experience and is currently CEO of Aquasia Pty Limited, an independent corporate advisory and funds management business based in Sydney. Prior to establishing Aquasia in 2009, Mr James was the Chief Executive of ABN AMRO Australia and New Zealand and a member of its Asian management team which oversaw all of ABN AMRO's retail, wholesale, investment banking and asset management businesses in 17 countries throughout Asia Pacific. Mr James was also previously a Director of the Business Council of Australia, the Australian Curriculum, Assessment and Reporting Authority and Deputy Chair of the Australian Chamber Orchestra. Mr James brings specific skills in the following areas: • Investment banking, M&A, capital markets, strategy and corporate finance • Capital management, including debt, derivatives and equity raising • Funds management • Stakeholder engagement
Qualifications:	BEcon.

Ms Beth Laughton

Non-Executive Director (appointed 13 December 2018)

Independent:	Yes.
Other listed Directorships held in last 3 years:	Director of JB Hi-Fi Limited (May 2011 to current).
Special responsibilities and other positions held:	Chair of Audit, Risk Management and Compliance Committee and Member of the Remuneration Committee and Nomination Committee. Other positions currently held unrelated to the Group include Non-Executive Director of GPT Funds Management Limited.
Other experience:	Ms Laughton began her career with Peat, Marwick, Mitchell (now KPMG) in audit and then spent 25 years advising companies in mergers and acquisitions, valuations and equity capital markets. She has worked at senior levels with Ord Minnett Corporate Finance (now JP Morgan), TMT Partners and Wilson HTM, advising companies in a range of industries including, property, retail and the information, communication and media sectors. She has held a number of other positions unrelated to the Group including a Member of Defence SA's Advisory Board (2007-2016), Non-Executive Director of the Co-operative Research Centre for Contamination, Assessment, Remediation of the Environment (2012-2014), Non-Executive Director of Australand Property Group (2012-2014), and Director of Sydney Ferries (2004-2010). Ms Laughton brings specific skills in the following areas: • Property investment and funds management • M & A and equity capital markets • Finance and accounting/audit • Corporate governance • Retail • Remuneration • Risk management and sustainability
Qualifications:	BEcon, FCA and FAICD.

Ms Antoinette Milis

Non-Executive Director (appointed 8 December 2022)

Independent:	Yes.
Other listed Directorships held in last 3 years:	None.
Special responsibilities and other positions held:	Member of the Nomination Committee and Investment Committee (since 8 December 2022).
Other experience:	Ms Milis is an experienced property industry executive having worked with Lendlease Group for more than 30 years. Most recently as Executive– Build to Rent and Affordable Housing in Australia, Ms Milis led the development of these alternative real estate classes. In a previous role as Head of Lendlease Communities Australia, Ms Milis was responsible for the development of over 25 large scale master planned communities, which included the critical delivery of Neighbourhood and Town Centres to provide a range of retail, business, entertainment, and community uses. Ms Milis brings specific skills in the following areas: • Real estate, in particular mixed-use assets including retail and residential and spanning all aspects of real estate including property and development management, portfolio and investment management, facilities management, asset management and funds management • M&A • Risk management • Corporate governance • International experience • Stakeholder engagement • Government advisory
Qualifications:	BComm.

Ms Belinda Robson

Non-Executive Director (appointed 27 September 2012)

Independent:	Yes.
Other listed directorships held in last 3 years:	Director of Goodman Limited and Goodman Funds Management Limited (March 2023 to current).
Special responsibilities and other positions held:	Chair of the Investment Committee and of the Nomination Committee (from 1 July 2022 until 18 August 2022), Member of Nomination Committee (since 18 August 2022), Member of the Remuneration Committee, and Member of Audit, Risk Management and Compliance Committee (until 18 August 2022). Other positions currently held unrelated to the Group include Non-Executive Director of GPT Funds Management Limited and Non-Executive Director of several Lendlease Asian Retail Investment Funds.
Other experience:	Ms Robson is an experienced real estate executive and people leader, having previously worked with Lendlease Group for nearly 30 years in a range of roles including as Fund Manager of Australian Prime Property Retail Fund (APPF Retail) (APPF Retail is managed by the Lendlease Group). Ms Robson brings specific skills in the following areas: • Real estate, in particular retail assets, spanning all aspects of real estate including property and development management, portfolio and investment management, asset management and funds management • Retail industry, investor and consumer sentiment experience and the way in which retail formats should and can evolve to capitalise on sector opportunities • Corporate governance

	• Remuneration • International experience
Qualifications:	BComm (Honours).

Mr Philip Marcus Clark AO

Chair and Non-Executive Director (appointed 19 September 2012; retired 30 November 2022)

Independent:	Yes.
Other listed directorships held in last 3 years:	None.
Special responsibilities and other positions held:	Chair of Nomination Committee (until 1 July 2022) and Member of Nomination Committee (until 30 November 2022) Other positions held during his directorship, unrelated to the Group, include member of the JP Morgan Australia Advisory Council and Council of Charles Sturt University. Chair of a number of government and private boards including: Australian Antarctic Science Council, Trustees of the Royal Botanic Gardens & Domain Trust and Trustees of the NSW Public Purpose Fund. Director of Food Agility Cooperative Research Centre.
Other experience:	Mr Clark was the Managing Partner of the law firm Minter Ellison from 1995 to 2005. Prior to joining Minter Ellison, Mr Clark was a Director and Head of Corporate with ABN AMRO Australia, and prior to that he was the Managing Partner of the law firm Mallesons Stephen Jaques for 16 years. Mr Clark has been a Director of several listed AREITs (including most recently Ingenia until December 2017) and Chair and Non-Executive Director of Hunter Hall Global Value Limited (July 2013 to December 2015). Mr Clark brings specific skills in the following areas: • M & A and capital markets • Audit, risk management and compliance • Corporate governance • Real estate, including property management, portfolio and investment management, asset management and funds management • Remuneration
Qualifications:	BA, LLB, and MBA (Columbia University).

Mr Anthony Mellowes

Executive Director and Chief Executive Officer (CEO) (appointed Executive Director 2 October 2012)

Independent:	No.
Other listed directorships held in last 3 years:	None.
Special responsibilities and other positions held:	In addition to be being an Executive Director and Chief Executive Officer (CEO), Mr Mellowes is a Member of the Investment Committee and is a member of the SCA Metro Convenience Shopping Centre Fund (Metro Fund) Investment Committee. Other positions currently held unrelated to the Group include Chair of Shopping Centre Council of Australia and Director of Property Council of Australia.
Other experience:	Mr Mellowes is an experienced property executive. Prior to joining Region Group as an Executive Director, Mr Mellowes worked at Woolworths Limited from 2002 to 2012 and held a number of senior property related roles including Head of Asset Management and Group Property Operations Manager. Prior to Woolworths Limited, Mr Mellowes worked for Lendlease Group and Westfield Limited. Mr Mellowes was appointed Chief Executive Officer of Region Group on 16 May 2013 after previously acting as interim Chief Executive Officer. Mr Mellowes was a key member of the Woolworths Limited team which created Region Group. Mr Mellowes brings specific skills in the following areas: • Real estate, in particular retail assets, spanning all aspects of real estate including property and development management, portfolio and investment management and funds management • Retail experience spanning all retail asset classes • M&A and capital markets • Equity placements
Qualifications:	Bachelor of Financial Administration and Macquarie Graduate School of Management's Strategic Management Program.

Mr Mark Fleming

Executive Director and Chief Operating Officer and Head of Funds Management and Strategy (COO) (appointed Executive Director 26 May 2015; appointed COO 1 September 2022; Chief Financial Officer until 31 August 2022).

Independent:	No.
Other listed Directorships held in last 3 years:	None.
Special responsibilities and other positions held:	In addition to being an Executive Director, COO, and Member of the Investment Committee (until 31 August 2022), Mr Fleming is a member of the Metro Fund Investment Committee. Other positions currently held unrelated to the Group include Trustee of the Royal Botanical Gardens & Domain Trust.
Other experience:	Mr Fleming was CFO of Treasury Wine Estates from 2011 to 2013. Mr Fleming worked at Woolworths Limited from 2003 to 2011, firstly as General Manager Corporate Finance, and then as General Manager Supermarket Finance. Prior to Woolworths Limited, Mr Fleming worked in investment banking at UBS, Goldman Sachs and Bankers Trust. Mr Fleming brings specific skills in the following areas: • Investment banking, M&A, capital markets, strategy, and corporate finance • Capital management, including debt, derivatives and equity raising • Retail industry expertise across a range of retail categories including supermarkets and experience in fast moving consumer goods • Real estate expertise, particularly in retail, including valuations and funds management • Sustainability strategy, reporting, operational implementation and investment analysis • Listed company CFO experience, including treasury, tax, accounting/financial control/audit, corporate governance/risk management/compliance, systems, stakeholder engagement/investor relations
Qualifications:	LLB, BEcon (First Class Honours), CPA.

Company secretary

Ms Erica Rees

General Counsel and Company Secretary (appointed 5 February 2020)

Experience:	Ms Rees is an experienced funds and property lawyer with over 15 years' experience in legal practice including property transactions, property developments, leasing, funds management, corporate and debt. Ms Rees joined Region Group in late 2012 and was previously a Senior Associate in a national law firm.
Qualifications:	BA, LLB (Hons), AGIA, ACIS.

Directors' relevant interests

The relevant interest of each Director (and their close family members) in ordinary stapled securities in the Group at the date of signing of this report are shown below.

Director	Number of stapled securities at 30 June 2022	Net movement increase / (decrease)	Number of stapled securities at date of this report	Number of unvested performance rights at date of this report
S Crane	200,000	50,000	250,000	–
M Herring	–	70,000	70,000	–
A James	61,500	34,436	95,936	–
B Laughton	31,937	24,058	55,995	–
A Milis	–	27,837	27,837	–
B Robson	62,495	–	62,495	–
P Clark [1]	180,000	(180,000)	–	–
A Mellowes	1,000,000	229,410	1,229,410	1,957,394
M Fleming	338,779	51,221	390,000	1,008,569

[1] P Clark retired on 30 November 2022 and therefore the number of stapled securities is shown as nil at the date of this report.

Directors' attendance at meetings

The number of Directors' meetings, including meetings of committees of the Board of Directors, held during the year and the number of those meetings attended by each of the Directors at the time they held office are shown below.

Number of meetings held	Number
Board of Directors (Board)	17
Audit, Risk Management and Compliance Committee (ARMCC)	6
Remuneration Committee (Remuneration)	4
Nomination Committee (Nomination)	2
Investment Committee (Investment)	5

	Board		ARMCC			Remuneration			Nomination			Investment		
Director	A	B	A	B	C	A	B	C	A	B	C	A	B	C
S Crane	17	17	–	–	6	1	1	3	2	2	–	1	1	4
M Herring	13	13	4	4	–	–	–	2	2	2	–	4	4	–
A James	17	17	6	6	–	3	3	1	2	2	–	5	5	–
B Laughton	17	17	6	6	–	4	4	–	2	2	–	–	–	3
A Milis	6	6	–	–	2	–	–	2	1	1	–	3	3	–
B Robson	17	16	2	2	3	4	4	–	2	2	–	5	5	–
P Clark	9	4	–	–	–	–	–	–	1	–	–	–	–	–
A Mellowes	17	17	–	–	6	–	–	4	–	–	2	5	5	–
M Fleming	17	17	–	–	6	–	–	4	–	–	2	1	1	4

A: Number of meetings held while a member of the Board or a member of the committee during the year.

B: Number of meetings attended while a member of the Board or a member of the committee during the year.

C: Number of meetings attended as a guest.

2. Principal activities

The principal activity of the Group during the 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 year ended 30 June 2023.

3. Investment property portfolio

At 30 June 2023 the investment property portfolio consisted of 95 shopping centres valued at $4,411.6 million (30 June 2022: 91 shopping centres valued at $4,460.9 million). The portfolio consists of convenience-based retail properties with a strong weighting towards non-discretionary retail tenants.

Acquisitions

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

Property	State	Settlement Date	Purchase price ($m)	30 Jun 2023 fair value ($m)
Dernancourt Shopping Centre	SA	July 2022	46.0	41.6
Fairview Green Shopping Centre	SA	July 2022	39.5	33.1
Brassall Shopping Centre	QLD	July 2022	46.5	46.3
Port Village Shopping Centre	QLD	July 2022	36.0	35.7
Tyne Square	WA	July 2022	12.0	12.3
			180.0	169.0

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Disposals

The Group completed the sale of Carrara Shopping Centre for $23.5 million during the year.

Revaluations

During the year, all investment properties were internally valued with over 40% also independently valued. The weighted average market capitalisation rate (cap rate) of the portfolio at 30 June 2023 was 5.85% (30 June 2022: 5.43%).

The movement in the carrying value of the investment properties during the year resulted from a reduction in the fair value primarily due to the expansion of cap rates offset by income growth and net acquisitions.

4. Financial review

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

		Region Group		Retail Trust	
		30 Jun 2023	30 Jun 2022	**30 Jun 2023**	30 Jun 2022
Net profit/(loss) after tax	$m	**(123.6)**	487.1	**(124.9)**	487.0
Basic earnings/(loss) per security	(cents per security)	**(10.87)**	44.00	**(10.99)**	44.00
Diluted earnings/(loss) per security	(cents per security)	**(10.87)**	43.80	**(10.99)**	43.80
Funds from operations	$m	**192.5**	192.7	**191.2**	192.6
Funds from operations per security	(cents per security)	**16.94**	17.40	**16.82**	17.40
Adjusted funds from operations	$m	**173.9**	169.5	**172.6**	169.4
Adjusted funds from operations per security	(cents per security)	**15.30**	15.30	**15.19**	15.30
Distributions paid and payable to security holders	$m	**173.4**	169.2	**173.4**	169.2
Distributions	(cents per security)	**15.20**	15.20	**15.20**	15.20
Net tangible assets	($ per security)	**2.55**	2.81	**2.54**	2.80
Weighted average number of securities used as the denominator in calculating basic earnings per security	(millions of securities)	**1,136.6**	1,107.7	**1,136.6**	1,107.7
Weighted average number of securities used as the denominator in calculating diluted earnings per security	(millions of securities)	**1,136.6**	1,112.9	**1,136.6**	1,112.9

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 our distribution during the respective year.

	Region Group		Retail Trust	
	30 Jun 2023 $m	30 Jun 2022 $m	30 Jun 2023 $m	30 Jun 2022 $m
Net profit/(loss) after tax (statutory)	**(123.6)**	487.1	**(124.9)**	487.0
Adjustments for specific non-cash items				
Revaluation of investment properties	**264.1**	(354.0)	**264.1**	(354.0)
Net loss / (gain) on financial instruments	**36.9**	35.8	**36.9**	35.8
Share of net loss / (gain) from associates relating to non-cash items	**3.8**	1.1	**3.8**	1.1
Straight-lining of rental income and amortisation of lease incentives	**10.7**	13.6	**10.7**	13.6
Other non-cash items	**3.9**	2.2	**3.9**	2.2
Other adjustments				
Technology project expenses	**3.4**	1.1	**3.4**	1.1
Net insurance proceeds	**(8.1)**	(1.2)	**(8.1)**	(1.2)
Other expenses	**1.4**	7.0	**1.4**	7.0
Funds from Operations	**192.5**	192.7	**191.2**	192.6
Maintenance capital expenditure	**(8.4)**	(12.9)	**(8.4)**	(12.9)
Capital leasing incentives and leasing costs	**(10.2)**	(10.3)	**(10.2)**	(10.3)
Adjusted Funds from Operations	**173.9**	169.5	**172.6**	169.4

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), distribution declared in December 2022 (paid in January 2023) and distribution declared in June 2023 (expected to be paid on or about 31 August 2023).

In June 2022, $44.6 million was raised ($23.4 million was pursuant to an underwriting agreement) through the DRP with 15.9 million securities being issued. In December 2022, $42.3 million was raised ($23.1 million was pursuant to an underwriting agreement) through a DRP with 16.3 million securities being issued. For the distribution that was declared in June 2023, $26.8 million is expected to be raised through the issue of 11.8 million securities.

Other equity movements

During the 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 year

Investment properties – acquisitions and disposals

Details of the acquisitions and disposals during the year are above.

Capital management – debt

In August 2022 the Group restructured an existing $150.0 million interest rate swap, where the Group paid a fixed rate of 2.61% expiring in February 2032, with a $250.0 million interest rate swap, 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 forward starting interest rate swaps with a face value of $200.0 million where the Group pays a fixed rate of 3.82% starting in July 2023 and expiring in July 2025.

In March 2023 the Group entered into forward starting interest rate swaps with a face value of $300.0 million where the Group pays a fixed rate of 3.36% starting in July 2024 and expiring in July 2026.

During the year the Group also extended the maturity of two debt facilities increasing the facility limit of one of these. At 30 June 2023, the Group had cash and available undrawn debt facilities (or financing capacity) of $385.7 million (30 June 2022: $452.7 million) which is in excess of the 30 June 2023 net current asset deficiency position of $297.5 million.

The Group's only debt expiry in FY24 is a $225.0 million AU$ Medium Term Note with a coupon of 3.9% which expires in June 2024. The Group has no debt expiries in FY25. The cash and undrawn debt at 30 June 2023 of $385.7 million is in excess of the $225.0 million debt expiry in FY24 and therefore it is expected this expiry will be repaid from the cash and undrawn debt.

The average debt facility maturity of the Group at 30 June 2023 was 4.4 years (30 June 2022: 5.3 years), with 79.7% of the Group's debt being fixed or hedged (30 June 2022: 69.6%).

Gearing

The Group maintains a prudent approach to managing the balance sheet with gearing of 31.3% at 30 June 2023 (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.

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. Major business risk profile

Senior management is responsible for identifying risks and implementing appropriate mitigation processes and controls.

The Audit, Risk Management and Compliance Committee, is responsible for establishing, reviewing and monitoring the process of risk management, with the Board ultimately responsible for the Group's risk management process and the internal control systems.

The table below summarises the key business risks as set out in the Group's risk register.

Key Risks	Cause(s)	Effect	Mitigation
Strategic			
Economic slowdown leading to subdued retail sales	Macroeconomic environment and other external shocks	Reduced Net Operating Income with potential impact on leasing activity and the ability for tenants to meet their rental obligations	High proportion of income from supermarket anchor tenants with long leases and specialty tenants in non-discretionary categories
Changes to anchor tenant lease structures to exclude online sales	Anchor tenants seeking to exclude online sales from turnover rent	Reduced rental income and impacted investment property valuations	Majority of anchor tenant leases do not have these clauses; increase diversification to a variety of non-discretionary specialty tenants
Acquisition volume is below expectations	Investment hurdles cannot be achieved	Reduced earnings growth	Closely monitor and have a disciplined approach to all potential acquisitions
Climate risk	Weather events cause damage to property	Financial loss	Geographically dispersed portfolio, insurance, climate risk assessments including for potential acquisitions

Key Risks	Cause(s)	Effect	Mitigation
Financial			
Cost of equity increases	Market disruption or demand for RGN equity declines	Inability to fund acquisitions or reposition existing properties may impact earnings and distributions which may result in lower security price	Management monitor equity markets continuously with the Group having raised equity every year since inception; maintain strong and diversified equity capital market relationships
Cost of debt increases	Increase in market interest rates	Lack of availability of capital or debt to fund acquisitions or reposition existing properties, inability to refinance debt and/or material increase in costs associated with debt funding may impact earnings	Management ensures diversification of funding sources, actively managing debt maturities. Interest rate exposures are managed via the Group's hedging policy and strategy.
Reduction in property valuations	Increase in market cap and discount rates, decrease in net operating income or expected future cash flows	Decrease in net tangible assets and increase in gearing	Conservative level of gearing, geographic diversification, long dated lease agreements to quality anchor tenants
Operational			
Key outsourced service providers do not perform to satisfaction	Inadequate supervision of outsourced functions and/or unsatisfactory quality control	Unsatisfactory quality control resulting in loss to security holders, impacted tenants, breach of financial services law, or loss of reputation	Appropriate policies, procedures and operational practices adopted, reviewed and maintained, training, insurance
Technology and cyber security	Inadequate controls over systems including services provided by outsourced managed service providers	Business interruption, financial loss and/or loss of confidential information including breach of legislation or loss of reputation	Use of outsourced technology expert service provider who ensures that the Group's systems have adequate security; other key service providers provide annual assurance of technology security measures, training, disaster recovery and backup
Death or permanent disability – foreseeable and within RGN's control	An incident that is as a result of an act, or failure to act, by RGN or where RGN can reasonably influence the outcome	Death, serious injury or adverse health outcomes for RGN employees, contractors, tenants or customers	Conservative safety strategy which includes: regular reporting to the Board, ongoing training for employees and contractors, continuous improvement planned activities, safety KPIs for outsourced property and facilities managers, and appropriate workers' compensation, public liability and property insurance
People & Culture			
Poor organisational culture and employee engagement	Inadequate deployment of culture strategy, failure of leadership, training or engagement	Loss of knowledge, experience, engagement, productivity and turnover	Develop and continuously improve culture strategy alignment, cultural reviews, staff training and coaching

8. Weather events

During FY22, several properties were impacted by adverse weather events, particularly flooding on the east coast of Australia, with Lismore Central Shopping Centre being the most heavily impacted. During FY23 the Group received $11.0 million (FY22: $2.2 million) in insurance proceeds related to the damage. Of the amount received, $1.5 million relates to loss of income and $1.4 million relates to incremental non-recurring property expenses and have been included in AFFO.

9. Business strategies and prospects for future financial years

The Group's core strategy is to invest in, manage and develop a geographically diverse portfolio of quality convenience based retail properties, anchored by long-term leases to quality tenants with a bias towards non-discretionary based tenants, to achieve resilient cash flows and distributions to the Group's security holders. The Group achieves this by actions such as:

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- Maximising the net operating income from its existing properties. This may include increasing the average rent per square metre from specialty tenants over time, reducing vacant tenancies, and controlling expenses
- Pursuing selected property refurbishment, development and acquisition opportunities, consistent with its core strategy
- Diversifying and developing other sustainable income streams including funds management
- Maintaining a capital structure that balances the cost of capital with an appropriate risk profile

It is also noted that fair value movements in property valuations and derivative financial instruments; volatility in interest and foreign exchange rates; and the availability of funding may have a material impact on the Group's results in future years however, these cannot be reliably measured at the date of this report.

10. Environmental regulations

The Directors of the Responsible Entity are satisfied that adequate systems are in place for the management of the Group's environmental responsibility and compliance with various licence requirements and regulations. Further, the Directors of the Responsible Entity are not aware of any material breaches of these requirements and, to the best of their knowledge, all activities have been undertaken in compliance with environmental requirements.

11. Sustainability

The Group understands that its impact on communities means acting on climate, social and environmental risks that could impact them. The Group has been measuring electrical energy use, waste disposal and water usage since 2015 and has participated in industry benchmarking since 2016. As Australia's largest owner (by number) of convenience-based retail shopping centres, the Group has made significant progress to reduce its impact. During FY23 the Group:

- Invested $7.9 million in sustainability initiatives such as the installation of solar PV, building management systems, and LED lighting,
- Achieved a 40:40:20 gender split,
- Continued the partnership with The Smith Family,
- Achieved a 5.5 star NABERS rating for the head office, and
- Continued to increase its GRESB rating.

The Group has also set itself a range of sustainability targets including to achieve net zero for scope 1 and 2 greenhouse gas emissions by FY30 and to divert 60% of operational waste from landfill by FY30. More information is provided in the Group's FY23 Sustainability Report which has been lodged with the ASX and can be found on the Group's website at https://www.regiongroup.au/sustainability/.

12. Indemnification and insurance of directors, officers and auditor

The Group has Directors and Officers liability insurance. The insurance contract prohibits disclosure of details relating to the nature of the liabilities covered by the insurance, the limit of indemnity and the amount of the premiums paid under the policy.

The Directors have been provided with a Deed of Indemnity by Region RE Limited in its capacity as the responsible entity of the Management Trust and Retail Trust, which is intended, to the extent allowed by law, to indemnify the Directors against all losses or liabilities incurred by the person acting in their capacity as a Director. The Trusts' constitutions provide that, subject to the *Corporations Act 2001*, the Region RE Limited has a right of indemnity out of the assets of the Trusts in respect of any liability incurred by the Responsible Entity in properly performing any of its powers or duties in relation to the Trusts.

The auditor of the Group is not indemnified by the Group.

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For the year ended 30 June 2023

13. 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 page 81.

14. Audit and non-audit fees

Details of the amounts paid or payable to the auditor (Deloitte Touche Tohmatsu) for audit and non-audit services provided are detailed in note D6 of the Financial Statements.

There were no non-audit services during the year. The Directors are satisfied that the general standard of independence for auditors imposed by the *Corporations Act 2001* has been satisfied.

As there were no non-audit services provided, the Directors are of the opinion that the services disclosed in note D6 of the Financial Statement do not compromise the external auditor's independence. In forming this view the fundamental principles relating to auditor independence as set out in APES 110 'Code of Ethics for Professional Accountants' issued by the Accounting Professional & Ethics Standards Board have been considered.

15. Subsequent events

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 conditional Development Management Agreement with an expected development completion cost of $31.5 million which involves the construction of an online sales fulfilment facility supporting the existing supermarket, and large format retail.

In August 2023, the Group entered into two callable interest rate swaps for $250.0 million and $150.0 million, where the Group pays a fixed rate of 3.60% and 3.65% respectively. They have a one year non call period to August 2024, thereafter callable by the banks and expire in August 2026.

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 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.

16. 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
14 August 2023

Remuneration Report

East Warrnambool Shopping Centre, VIC

Region Group

Remuneration Report for the Financial Year ending 30 June 2023

Dear Security holders

I am pleased to present the RGN FY23 Remuneration Report.

Despite challenging macroeconomic pressures in the form of increased interest rates and rising inflation, RGN was able to hold adjusted funds from operations per security (AFFOPS) at the same level as last financial year. This was achieved through good operational performance which mitigated the increase in interest rate expense caused by higher interest rates throughout FY23.

The Board is committed to upholding a remuneration framework that is aligned to the business strategy that focuses Executives to deliver sustainable operational performance to meet security holder expectations.

In respect of the Short-Term Incentive (STI) Plan, the Board directed Management to focus on two key performance criteria essential to delivering and growing distributions and security holder value, being AFFOPS and comparable net operating income (NOI) growth. In setting the hurdles and metrics for these performance criteria, the Board took into account the outlook for the rapidly changing macroeconomic environment and the potential adverse impact on RGN's distributions.

Award payout levels were calibrated between Threshold (minimum expected performance, where a zero payout occurs) and Maximum (exceptional performance, where 100% payout occurs and which is significantly above agreed targets). In the case of AFFOPS, performance must be above Threshold and reach 50% of Maximum before any STI award is made for this component.

The results have been that AFFOPS performance was above Threshold but below Maximum, and comparable NOI growth above Threshold but below Maximum. On review, the Board was satisfied that these targets were appropriate, and that the Executive achievement against these targets is a valid reflection of their performance with the core business remaining resilient and performing well against the impact of the challenging macroeconomic conditions.

This year, RGN also introduced a carbon emissions reduction target in the STI to focus Executives on building longer term business resilience in managing RGN's exposure to climate-related risks to support RGN's commitment to achieve net zero carbon (scope 1 and 2 emissions) in its operations by FY30. Performance was assessed at Maximum, which reflects great progress towards our commitment.

Accordingly, the STI performance pool awarded to Executives for FY23 was $1,422,820, representing a 68% payout of the total STI maximum opportunity for each Executive. 50% of the STI award will be granted by way of deferred equity (subject to security holder approval), and 50% in cash to be paid in September 2023.

The FY20 Long-Term Incevtive (LTI) grant was tested in July 2023, with the performance conditions being relative total security holder return (TSR), growth in funds from operations per security (FFOPS) and return on equity (ROE). Performance was assessed at 100% for the relative TSR and ROE tranches. The FFOPS tranche was assessed as slightly above Threshold. This will result in a 68.2% payout of the total FY20 Long-Term Incentive (LTI) opportunity, with the award to vest following the date of this Report. The Board is satisfied that performance to the test date, and during the additional one-year deferral period, warrants this vesting and so no discretion was required.

Overall, the Board is very pleased with the Executives' performance this year, and is confident that the remuneration outcomes for Executives detailed in this Report reflect our remuneration framework's alignment with RGN's performance for FY23.

On behalf of the Board, we recommend this Report to you.

Angus James
Chair, Remuneration Committee

Remuneration Report
For the year ended 30 June 2023

The Remuneration Report has been audited by Deloitte Touche Tohmatsu.

Key points to note in relation to this Report are:

- *The disclosures in this Report have been prepared in accordance with the provisions of section 300A of the Corporations Act 2001, even though, as stapled trusts, there is no obligation for RGN to comply with section 300A of the Corporations Act.*
- *The term "remuneration" has been used in this Report as having the same meaning as "compensation" as defined by AASB 124 "Related Party Disclosures".*
- *For the purposes of this Report, the term "Executives" means Key Management Personnel (KMP) who are Executives and therefore excludes Non-Executive Directors (NEDs).*
- *Definitions to abbreviations in this Report appear on page 80.*

1. Remuneration Snapshot

1.1 Remuneration Overview

Key questions	Our approach	Further information
1. Were there any pay increases in FY23?	The Chief Executive Officer (CEO), Anthony Mellowes, was awarded a Total Fixed Remuneration (TFR) increase of 3% on and from 1 October 2022. The former Chief Financial Officer (CFO), Mark Fleming, was appointed as Chief Operating Officer and Head of Funds Management and Strategy ("COO") on 1 September 2022. Following an external remuneration benchmarking exercise, a TFR increase of 4.8% was awarded to Mr Fleming on commencement in his new role. Mr Fleming's STI and LTI opportunity was also increased, as noted in Key question 2 below.	
2. Were any changes made to the remuneration structure in FY23?	There was no change to the CEO's STI or LTI opportunity during the period. The COO's STI and LTI opportunity was increased on appointment to the new role, following the external remuneration benchmarking exercise. Evan Walsh was appointed to the role of CFO (and designated a KMP) on 12 December 2022. Prior to this appointment he was RGN's Head of Finance and Technology. Except where specifically noted otherwise, all figures set out in this Report regarding Mr Walsh have been pro-rated to show remuneration earned for the period on and from his commencement in the CFO role on 12 December 2022, to 30 June 2023. Refer to key question 10 for further details.	Sections 3.1 and 3.3

Executive	FY22 STI % of TFR	FY23 STI % of TFR	FY22 LTI % of TFR	FY23 LTI % of TFR
Anthony Mellowes	110%	110%	120%	120%
Mark Fleming	80%	90%	90%	100%
Evan Walsh	-	70%	-	30%[1]

[1] Note that due to Mr Walsh's appointment part way through the period, his LTI opportunity is a percentage of his TFR in the role of Head of Finance and Technology.

Key questions	Our approach	Further information
3. Were there any changes to performance measures?	The hurdles and metrics set for FY23 were modified from those used in FY22 to reflect the post COVID 19 operating environment and to align with the FY23 strategic objectives set by the Board. Two new STI metrics were added replacing the FY22 metrics of rent collection, acquisitions and leasing spreads. AFFOPS was retained however with a re-weighting from 50% in FY22 to 40% for FY23. The FY23 STI hurdles were: • AFFOPS – 40%; • Comparable NOI growth – 30%; • Carbon emissions reduction – 10%; and • Personal – 20%. These hurdles were chosen in order to focus Executives on maximising AFFOPS, and NOI as well as building longer term business resilience in managing our climate-related risks to support RGN's commitment to achieve net zero carbon (scope 1 and 2 emissions) in our operations by FY30. The FY23 LTI hurdles were the same as for FY22, being relative TSR and AFFOPS growth. The metrics were the same as for FY22, with the exception of the AFFOPS growth Maximum being reduced from 5.0% in FY22, to 4.0% in FY23 as a reflection of the operating environment.	Section 3.1
4. What is the FY23 STI payout to Executives and why?	The STI performance pool awarded to Executives for FY23 was $1,422,820, representing a 68% payout of the total STI maximum opportunity for each Executive. 50% of the STI award will be granted by way of deferred equity (subject to security holder approval), and 50% in cash to be paid in September 2023. The payout ratio is a direct function of RGN's performance in FY23, which saw Executives deliver the following: • AFFOPS of 15.3 cents per security; • Comparable NOI growth of 4.3%; and • Carbon emissions reduction of more than 2,250 tonnes of CO2.	Section 3.3
5. Did any LTI awards vest in FY23, or were any LTI awards tested in FY23?	FY19 LTI awards vested in August 2022. The FY19 performance hurdles were weighted as follows: • Relative TSR against the S&P/ASX 200 A-REIT Accumulation Index (33.33% of grant); • Specified FFOPS growth (33.33% of grant); and • Specified ROE (33.33% of grant). FY19 performance was severely impacted by the COVID-19 pandemic, and consequently performance was assessed as slightly above Threshold for the Relative TSR tranche only. The remaining two tranches had a 0% payout. This resulted in a 9.74% payout of the total FY19 LTI maximum opportunity for each Executive. Further details of the performance period and metrics were set out in Sections 3.3 and 3.5 of the FY19 Remuneration Report, and details of actual performance against metrics were set out in Sections 1.1 and 1.3 of the FY22 Remuneration Report. The FY20 LTI performance period for the FFOPS and return on equity (ROE) performance conditions ended on 30 June 2022, and the performance period for the relative total security holder return (TSR) performance condition ended on 30 September 2022. Performance was tested in July 2023, and was consequently assessed as 100% payout for the relative TSR and ROE tranches. The FFOPS tranche was assessed as slightly above threshold. This will result in a	

Key questions	Our approach	Further information
	68.2% payout of the total FY20 LTI maximum opportunity for both the CEO and COO, with the award to vest following the date of this Report.	
6. Did the Board exercise discretion when considering Executive awards in FY23?	The Board did not exercise discretion in determining the FY23 awards to Executives.	
7. Were any changes made to NED fees in FY23?	NED base and committee fees were increased by 2.5% from 1 January 2023. Total NED remuneration payable in FY23 was $1,199,770, up from $998,128 in FY22 due to the timing of Philip Clark's retirement in November 2022, and the appointment of Michael Herring in August 2022 and Antoinette Milis in December 2022. The maximum aggregate NED fee pool was increased from $1,300,000 to $1,600,000 p.a following security holder approval at the 2022 Annual General Meeting (AGM). This is the first time the aggregate fee pool has been increased since RGN listed in 2012.	
Remuneration Framework		
8. How does the Board set remuneration hurdles?	The Board focuses the STI and LTI performance conditions and hurdles on areas where it believes the Executives can create the best value for security holders, build on prior-year performance, properly consider market conditions and opportunities, and provide Executives with meaningful and robust stretch targets within RGN's stated risk parameters. The hurdles and metrics set for the FY23 STI awards were modified from those used in FY22 to focus on the influenceable key performance drivers in an environment where retail was expected to recover following the heavy impacts of the COVID 19 pandemic in FY20 and FY21, and to a lesser extent in FY22. These strategic priorities included: • Maximising AFFOPS and comparable NOI, in an increasing interest rate and inflationary environment; and • Building longer term business resilience in managing our climate-related risks to support RGN's commitment to achieve net zero carbon (scope 1 and 2 emissions) in our operations by FY30.	Section 2.1
9. How and when does the Board determine if it uses discretion?	As a general principle, where a formulaic application of the relevant remuneration metrics could produce a material and perverse remuneration outcome, or where it is in the best interests of security holders for the Board to do so, the Board will consider and may exercise its discretion in determining the awards. The Board determined that it was not necessary to exercise discretion in FY23.	

Key questions	Our approach	Further information
10. What portion of remuneration is at-risk?	STI and LTI awards are variable with performance and are therefore considered at-risk. For FY23: • 69.9% of the CEO's total remuneration opportunity (TRO) was at-risk; • 65.7% of the COO's TRO was at-risk; and • 47.2% of the CFO's TRO was at-risk.	Section 3.2
11. Are there any clawback provisions for incentives?	All incentives contain "malus" provisions allowing for the forfeiture of unvested rights in certain circumstances, including in the event of termination for cause or for failing to meet prescribed minimum business and individual performance standards.	
12. Do all Board members, including Executive Directors, hold securities in RGN?	Yes, all members of the RGN Board, including both Executive Directors, hold securities in RGN In May 2023, RGN adopted a minimum security holding requirements policy (MSRP) that applies to all KMP. In summary, the MSRP requires: • NEDs to hold the equivalent of one year's base fees in securities within 3 years of appointment or adoption of the MSRP (May 2023), whichever is later; and • Executives to hold the equivalent of one year's TFR in securities. There is no timeframe for accumulation and no requirement to acquire on-market. However, Executive KMP are not permitted to sell any STI or LTI securities awarded until such time as the minimum security holding threshold is met.	
13. How does the Remuneration Framework mitigate against excessive risk taking by Executives to generate remuneration outcomes?	Risk is managed at various points in the Remuneration Framework through: • Part deferral of STI awards for Executives with the vesting of STI rights deferred for one year; • LTI performance hurdles that reflect the long-term performance of RGN, measured over a three-year performance period with a further one-year deferral; • RGN's incentive plan contains broadly framed malus provisions that allow the Board in its sole discretion to determine that all, or part, of any unvested incentive awards be forfeited in certain circumstances; and • Board discretion on performance outcomes where a formulaic application of the relevant remuneration metrics is likely to produce a material and perverse remuneration outcome, or where it is in the best interests of security holders for the Board to do so.	
14. Can STI and LTI participants hedge their unvested rights?	No. STI and LTI participants must not use any hedging strategy that has the effect of reducing or eliminating the impact of market movements on any unvested rights that are still subject to disposal restrictions.	Section 3.1

Key questions	Our approach	Further information
Short-Term Incentives (STIs)		
15. What are the STI performance measures that determine if the STI vests?	The FY23 performance measures are: • AFFO per security – 40%; • Comparable NOI growth – 30%; • Carbon emissions reduction – 10%; and • Personal – 20%. These performance measures were chosen as they are directly linked to RGN's strategic objectives.	Sections 3.1 and 3.3
16. Are any STI payments deferred?	Yes, 50% of STIs for Executives are in the form of deferred rights, with a one-year deferral period. The number of deferred rights granted to Executives is calculated by dividing the intended grant value by the volume weighted average price of RGN securities for the five trading days following the release of RGN's 2023 full year results.	Section 3.1
17. Are STI payments capped?	Yes, the total maximum STI opportunity as a percentage of TFR is as follows: • CEO – 110% of TFR; • COO – 90% of TFR; and • CFO – 70% of TFR. Only 50% is paid in cash.	Section 3.1
18. Are distributions paid on unvested STI awards?	No distributions are paid on unvested STI awards. On vesting, each deferred STI right awarded entitles the relevant Executive to receive one stapled security in RGN plus an additional number of stapled securities calculated on the basis of the distributions that would have been paid in respect of those stapled securities over the one-year STI deferral period.	Section 3.1
19. Have any adjustments, positive or negative, been made to the STI payments?	No adjustments were made to the FY23 STI payments.	Section 3.3

Remuneration Report
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Long-Term Incentives (LTIs)		
20. What are the performance measures that determine if the LTI awards vest?	FY23 LTI rights will be tested against two performance hurdles over a three-year performance period followed by a one-year deferral (total vesting period is four years). The performance hurdles are weighted as follows: • Relative TSR against the ASX 200 A-REIT Accumulation Index (60% of grant); and • AFFOPS growth for the year to 30 June 2025 (40% of grant). These performance conditions were chosen as they are directly linked to RGN's strategic objectives.	Sections 3.1 and 3.5
21. Does the LTI have re-testing?	No, there is no re-testing.	
22. Are distributions paid on unvested LTI awards?	No distributions are paid on unvested LTI awards throughout the performance period. On vesting and exercise, however, each LTI right awarded entitles the relevant Executive to receive one stapled security in RGN plus an additional number of stapled securities calculated on the basis of the distributions that would have been paid in respect of those stapled securities since the grant date.	Section 3.1
23. Is LTI grant quantum based on "fair value" or "face value"?	In the year of issue, LTI grant quantum is determined based on the face value of RGN securities, calculated by dividing the intended LTI grant value by the volume-weighted average price of RGN securities for the five trading days following the release of the prior period's full year results.	
24. Does RGN buy securities or issue new securities to satisfy security-based awards?	RGN has issued new securities to satisfy security-based awards to date; however, RGN may elect to buy securities in certain circumstances.	
Executive Agreements		
25. What is the maximum an Executive can receive on termination?	Termination payments will be managed differently in various termination scenarios, depending upon whether the Executive ceases employment with or without cause.	Section 3.7

1.2 RGN's Key Management Personnel

Key Management Personnel (KMP), as defined by AASB 124, refers to those people having authority and responsibility for planning, directing and controlling the activities of the consolidated entity, directly or indirectly, including any Director of an entity (whether Executive or otherwise) of the consolidated entity. KMP includes Directors of Region RE Limited and may include other Executives of RGN.

Name	Position as at 30 June 2023	Board appointment date
Non-Executive Directors (NEDs)		
Steven Crane	Chair – Board* Chair – Nomination Committee**	13 December 2018
Belinda Robson	Chair – Investment Committee Member – Remuneration Committee Member – Nomination Committee	27 September 2012
Beth Laughton	Chair – Audit, Risk Management and Compliance Committee Member – Remuneration Committee Member – Nomination Committee	13 December 2018
Angus James	Chair – Remuneration Committee*** Member – Investment Committee Member – Nomination Committee Member – Audit, Risk Management and Compliance Committee	9 December 2021
Michael Herring	Member – Investment Committee Member – Nomination Committee Member – Audit, Risk Management and Compliance Committee	18 August 2022
Antoinette Milis	Member – Investment Committee Member – Nomination Committee	8 December 2022
Executive Directors		
Anthony Mellowes	Chief Executive Officer Member – Investment Committee	Appointed as Director from 2 October 2012 Appointed as Chief Executive Officer from 1 July 2013
Mark Fleming	Chief Operating Officer****	Appointed as Director from 26 May 2015 Appointed as Chief Operating Officer from 1 September 2022
Other Executives		
Evan Walsh	Chief Financial Officer Member – Investment Committee	Appointed as Chief Financial Officer from 12 December 2022

Philip Marcus Clark AO retired on 30 November 2022

**Steven Crane became Chair of the Board effective 1 December 2022, replacing Philip Marcus Clark AO*

***Steven Crane became Chair of the Nomination Committee effective 18 August 2022, replacing Belinda Robson following her appointment from 1 July 2022*

**** Angus James became Chair of the Remuneration Committee effective 18 August 2022, replacing Steven Crane*

***** Mark Fleming was the Chief Financial Officer from 20 August 2013 to 1 September 2022*

Remuneration Report
For the year ended 30 June 2023

1.3 Actual remuneration earned in respect of FY23

The table below sets out the actual value of remuneration earned by each Executive during FY23. The reason the figures in this table are different to those shown in the statutory remuneration table in Section 3.6 is because the latter table includes an apportioned accounting value for all STI and LTI equity grants (some of which remain subject to satisfaction of performance and service conditions and so may not ultimately vest).

The table below represents:

- Fixed remuneration including superannuation;
- Cash STI – the non-deferred portion of STI to be paid in September 2023 in recognition of performance during FY23; and
- Equity that vested during the year which relates to prior years' awards. The value ascribed to this equity is based on the closing value on the day the equity vested. This value is not the same as the value used for financial reporting. The remaining 50% of the STI awarded for FY23 is not included in the table below, but will be issued as deferred rights in accordance with Section 3.1, subject to security holder approval at the AGM to be held in October 2023.

1.3.1 Actual Remuneration Earned in FY23

Executive KMP	Financial year	Fixed remuneration including superannuation $[1]	Cash STI $[2]	Deferred STI equity number securities[3]	Deferred STI vested equity value $[4]	LTI vested equity number securities [5]	LTI vested equity value $[6]	Other remuneration $	Total remuneration $[7]
Anthony Mellowes	**2023**	**1,078,738**	**406,407**	**186,843**	**502,608**	**40,234**	**108,229**	**-**	**2,095,982**
	2022	1,032,500	559,941	140,122	364,317	26,454	68,780	–	2,025,538
Mark Fleming	**2023**	**754,250**	**232,560**	**89,727**	**241,366**	**18,418**	**49,544**	**-**	**1,277,720**
	2022	709,750	280,043	67,931	176,621	12,109	31,483	–	1,197,897
Evan Walsh[8]	**2023**	**299,217**	**72,443**	**-**	**-**	**-**	**-**	**-**	**371,660**
	2022	–	–	–	–	–	–	–	–
Total	**2023**	**2,132,205**	**711,410**	**276,570**	**743,974**	**58,652**	**157,773**	**-**	**3,745,362**
	2022	1,742,250	839,984	208,053	540,938	38,563	100,263	–	3,223,435

1. Fixed remuneration comprises fixed remuneration including superannuation contributions.
2. Cash STI payments are paid in September after the end of the financial year to which they are attributed.
3. Deferred STI vested equity securities were issued on 24 August 2022 in respect of the financial year ending two years previously.
4. Value of STI is calculated by reference to the $2.69 closing price on the day of issue, which was 24 August 2022. For FY22 the closing price was $2.60 on the day of issue, which was 26 August 2021. This price does not represent the value for financial reporting.
5. LTI vested securities were issued on 24 August 2022 in respect of the plans issued in FY19. For the prior period, LTI vested securities were issued on 26 August 2021 in respect of plans issued in FY18.
6. The LTI vested value is calculated by reference to the $2.69 closing price on the day of issue, which was 24 August 2022. For FY22 the closing price was $2.60 on the day of issue, which was 26 August 2021. This price does not represent the value for financial reporting.
7. Total remuneration is made up of fixed remuneration including Superannuation plus cash STI, Deferred STI vested equity value and LTI vested equity value.
8. Mr Walsh's actual remuneration earned in FY23 is pro-rated for the period on and from his commencement as CFO on 12 December 2022.

2. Remuneration Approach

2.1 RGN's remuneration framework

The Board believes that RGN's remuneration framework should, through the alignment of security holder interests with those of a motivated and talented Executive, provide security holders with optimal value.

That remuneration framework is based on two key principles:

Fairly reward and motivate Executives having regard to the external market, individual contributions to RGN and overall performance of RGN.

- Total Remuneration Opportunity (TRO) (including fixed component) is regularly independently benchmarked against a peer group of comparable entities (reflecting size, complexity and structure) to ensure that Executive remuneration is aligned over time to market levels.
- The quantum and mix of each Executive's TRO takes into account a range of factors including that Executive's position and responsibilities, ability to impact achievement of RGN's strategic objectives, RGN's overall performance, and the desire to secure tenure of Executive talent.
- Fixed remuneration rewards Executives for performing their key responsibilities that are aligned to the Board - endorsed strategy to a high standard. This high standard includes stretch above target business performance.

Appropriately align the interests of Executives and Security holders.

- A meaningful portion of an Executive's TRO is at-risk through performance-contingent incentive awards.
- The structure and metrics of incentive awards are tied directly to the achievement of an appropriate balance of short and long-term goals and objectives agreed in advance that provide Executives with appropriate stretch. Actual performance drives what Executives are paid.
- The Target and Maximum hurdles within each key performance indicator (KPI) are set each financial year and are designed to encourage strong to exceptional performance within RGN's stated risk parameters.
- For the CEO, COO and the CFO, the majority of their at-risk pay is delivered through conditional and deferred rights to RGN securities.
- To encourage Executives to secure the long-term future of RGN, unvested incentive opportunities are retained by the Executive upon resignation or retirement unless the Board determines they should be forfeited.
- Performance-based remuneration opportunities are designed to ensure they do not encourage excessive risk taking or breaches of workplace health and safety, environmental or other regulations that may compromise RGN's value and/or reputation. RGN considers key risk parameters to include maintaining levels of gearing within the preferred range, and remaining focused on owning and operating convenience-based shopping centres predominantly tenanted by non-discretionary retail.
- All incentives contain "malus" provisions permitting the Board to exercise its discretion to forfeit some or all of an Executive's unvested rights in certain circumstances.

This framework is the same as prior years. The Committee and Board continue to benefit from discussions with key stakeholders and where appropriate will take these views into consideration when reviewing RGN's remuneration strategy.

Remuneration Report
For the year ended 30 June 2023

2.2 Remuneration governance

Role of the Remuneration Committee

The Board of RGN (Board) has a Board Charter which sets out the objectives, responsibilities and framework for the operation of the Board. A copy of the Board Charter is available at https://regiongroup.au/about-us/corporate-governance/

The Board is accountable to security holders for RGN's performance and for the proper management of RGN's business and affairs.

To assist the Board in complying with its legal and regulatory compliance in connection with human resources and remuneration matters, the Board established a committee of non-executive directors, the Remuneration Committee, to oversee management activities in:

- Undertaking the appropriate performance management, succession planning and development activities and programs;
- Providing effective remuneration policies having regard to the creation of value for security holders and the external remuneration market;
- Complying with relevant legal and regulatory requirements and principles of good governance; and
- Reporting to security holders in line with required standards.

The Charter for the Remuneration Committee is reviewed by the Board annually and can be found at https://regiongroup.au/about-us/corporate-governance/.

How remuneration decisions are made

Remuneration of all KMP is determined by the Board, acting on recommendations made by the Remuneration Committee.

The Board and the Remuneration Committee have absolute discretion when considering the awarding and vesting of STI and LTI opportunities to Executives. This discretion is to allow the Board to ensure remuneration amounts and structure are at all times appropriate and to prevent any unintended vesting of awards that would arise from a purely formulaic application of the metrics included as part of the STI and LTI opportunities. Also, where a formulaic application of the metrics is likely to produce a material and perverse remuneration outcome, or where it is in the best interests of security holders for the Board to do so, the Board may exercise its discretion in determining awards. The Board, Remuneration Committee and Executives progressively monitor RGN's activities throughout the year that may produce a material and perverse remuneration outcome.

When assessing awards for Executives, the Committee seeks to reward material performance improvement in the period it was achieved where the Committee believes that Executives' interests are aligned with security holders. The Committee will make appropriate adjustments to hurdles set for subsequent periods to reflect the award given, to ensure the same performance is not rewarded twice. Individual Executives do not participate in meetings where their own remuneration is being discussed by the Committee or Board. The CEO provides the Committee with his perspectives on fixed remuneration and STI and LTI performance outcomes for his direct and functional reports.

External advisers and independence

The Committee may seek external professional advice on any matter within its terms of reference.

During the year, the Committee engaged the services of Guerdon Associates and BDO to advise on various aspects of remuneration including:

- Remuneration benchmarking;
- Market trends;
- Compliance and disclosure;
- Stakeholder engagement; and
- Development of Minimum Security Holding Requirements Policy.

Guerdon Associates and BDO did not make any 'remuneration recommendations' (as defined in the *Corporations Act 2001*) in relation to any KMP during FY23.

3. Executive Remuneration

3.1 How remuneration was structured in FY23

The RGN Executive remuneration structure comprised a combination of fixed remuneration plus performance or "at-risk" remuneration.

TFR – how does it work?

TFR provides a fixed level of income to recognise Executives for their level of responsibility, relative expertise and experience. It includes salary, superannuation, and other short-term benefits including Fringe Benefits Tax (FBT). The TFR package is paid in cash, superannuation contributions and other employee benefits provided on salary sacrifice.

The opportunity value for the at-risk components of remuneration is determined by reference to TFR, so RGN is conscious that any adjustments to TFR have flow-on impacts on potential STI and LTI awards. TFR is reviewed annually on 1 October, with no obligation to adjust.

Increases of 3.0% and 4.8% were made to TFR during the period for the CEO and COO, respectively. The new CFO was promoted into this role on 11 December 2022 at a higher TFR than his previous non-KMP role. The COO and new CFO's remuneration was set following an external benchmarking exercise.

The Board believes that the FY23 remuneration structure is aligned with business strategy and security holder interests, and is appropriate to ensure Executive retention.

STIs – how does it work?

Purpose	The STI is designed to motivate and reward Executives for achieving or exceeding annual strategic objectives set for RGN over the short term and is aligned with value creation. STI recognises individual contributions to RGN's performance.
Eligibility	All Executives are eligible to participate in FY23.
Instrument	50% of the actual STI award is delivered in cash, and 50% in the form of deferred rights to securities in RGN. The number of deferred rights granted to Executives is calculated by dividing the intended grant value by the volume weighted average price of RGN securities for the five trading days following the release of RGN's FY23 full year results. On vesting, each deferred STI right entitles the relevant Executive to receive one stapled security in RGN plus an additional number of stapled securities calculated on the basis of the distributions that would have been paid in respect of those stapled securities had they been on issue over the period to exercise. The additional securities are calculated as the number of securities that would have been acquired if distributions as announced to the Australian Securities Exchange (ASX) during the exercise period had been paid and reinvested in securities, applying the formula set out in clause 3.3 of RGN's Distribution Reinvestment Plan (DRP) (whether or not that plan is operative at the relevant time) assuming no discount. Fractions of stapled securities will be rounded down to the nearest whole number and no residual positive balance carried forward. No distributions accrue in respect of STI rights that lapse.
Awards	Specific quantifiable performance measures have been determined by the Board, based upon recommendations made by the Remuneration Committee. These performance criteria, and their weighting, reflect the FY23 strategic priorities for RGN as detailed in this Report. Award payout levels have been calibrated between Threshold (minimum expected performance), Target and Maximum (exceptional performance, which is significantly above agreed targets and guidance). Target is set at 75% of Maximum for the AFFOPS performance condition. Maximum STI opportunities for each Executive are as follows: • CEO – 110% of TFR; • COO – 90% of TFR; and • CFO – 70% of TFR. Awards can range from zero up to the maximum percentage stated above, based upon the level of performance against STI performance measures.

Performance measures	Awards reflect the level of performance achieved during the relevant financial year.

Category	Measure	Weighting of total STI award	Rationale for using measure
Numeric	AFFOPS	40%	Focuses Executives on delivering AFFOPS, as well as active operational and capital management in the context of RGN's adopted risk profile
Numeric	Comparable NOI growth	30%	Focuses Executives on improving occupancy levels, maximising rental receipts, maximising leasing spreads and managing expenses
Numeric	Carbon emissions reduction	10%	Focuses Executives on building longer term business resilience in managing our climate-related risks to support RGN's commitment to achieve net zero carbon (scope 1 and 2 emissions) in our operations by FY30
Strategic	Personal (factors include people management, structure and tools)	20%	Executives are assessed on factors judged as important for security holder value

Performance schedule – AFFOPS (All Executives)

% of relevant STI award that vests

Threshold	50% of max	Target	Maximum
0%	50%	75%	100%

Zero payout until 50% of Maximum reached

Performance schedule – Comparable NOI growth (All Executives)

% of relevant STI award that vests

Threshold	Maximum
0%	Vests on a straight-line basis between 0% at Threshold, and 100% at Maximum

Performance schedule – Carbon emissions reduction (All Executives)

% of relevant STI award that vests

Threshold	Maximum
0%	Vests on a straight-line basis between 0% at Threshold, and 100% at Maximum

Discretion	Where a formulaic application of the metrics is likely to produce a material and perverse remuneration outcome, or where it is in the best interests of security holders for the Board to do so, the Board may exercise its discretion in determining awards. The purpose of preserving this discretion is to allow the Board to ensure remuneration amounts and structure are at all times appropriate and to prevent any unintended vesting of awards that would arise from a purely formulaic application of the STI metrics. The Board chose not to exercise discretion to vary the FY23 STI payments.
Deferral	STI rights are subject to a one-year deferral. Refer to Section 1.1 for further information on the one-year deferral.
Termination/Forfeiture	If an Executive ceases employment by way of termination by RGN without cause, redundancy, diminution of responsibility, retirement, death or disability or other circumstances approved by the Board, the Executive retains unvested incentive opportunities to encourage the Executive to secure the long-term future of RGN. In the event of the Executive's termination by RGN for cause prior to the end of the performance period, all STI unpaid and unvested incentive opportunities are forfeited.
Clawback	Consistent with good governance and to reinforce the importance of integrity and risk management in RGN's Remuneration Framework, RGN's incentive plan contains broadly framed malus provisions that allow the Board in its sole discretion to determine that all, or part, of any unvested incentive awards be forfeited in certain circumstances. These circumstances include, but are not limited to: • A material misstatement or omission in the Financial Statements of RGN;

	• If actions or inactions seriously damage RGN's reputation or put RGN at significant risk; • If AFFO is not maintained in the deferral period; and/or • A material abnormal occurrence results in an unintended increase in the award.
Hedging	Participants are prohibited from hedging their unvested deferred rights.

LTIs – how does it work?

Purpose	The LTI is aimed at aligning Executive and Security holder value while also providing a retention tool, as the LTI is intended to vest over time.	
Eligibility	All Executives are eligible to participate in FY23.	
Instrument	Each vested LTI right entitles the relevant Executive (or participant) to receive one stapled security in RGN plus an additional number of stapled securities calculated on the basis of the distributions that would have been paid in respect of those stapled securities over the period to exercise. The additional securities are calculated as the number of securities that would have been acquired if distributions as announced to the ASX during the exercise period had been paid and reinvested in securities, applying the formula set out in clause 3.3 of RGN's DRP (whether or not that plan is operative at the relevant time) assuming no discount. Fractions of stapled securities will be rounded down to the nearest whole number and no residual positive balance carried forward. No distributions accrue in respect of LTI rights that lapse.	
LTI performance rights granted in FY23	The number of performance rights granted to Executives in FY23 is as follows: • Anthony Mellowes – 462,683 LTI rights; • Mark Fleming – 269,666 LTI rights; and • Evan Walsh – 35,128 LTI rights.* * Note that due to Mr Walsh's appointment part way through the period, his LTI opportunity is a percentage of his TFR in the role of the Head of Finance and Technology, and this number reflects the full FY23 LTI opportunity.	
Grant price	The grant price has been calculated by dividing the relevant award opportunity by the volume-weighted average price of RGN securities on the ASX for the five trading days following the release of RGN's 2022 full year results, being $2.8183.	
Performance hurdles	Relative TSR (Tranche 1 – 60%)	AFFOPS (Tranche 2 – 40%)
	Measures RGN's TSR performance over the Tranche 1 performance period (being from 1 October 2022 to 30 September 2025) relative to the TSR for the constituents of the ASX 200 A-REIT Accumulation Index over that same period.	This condition requires RGN's AFFOPS growth for the year to 30 June 2025 to exceed a certain level as detailed below.

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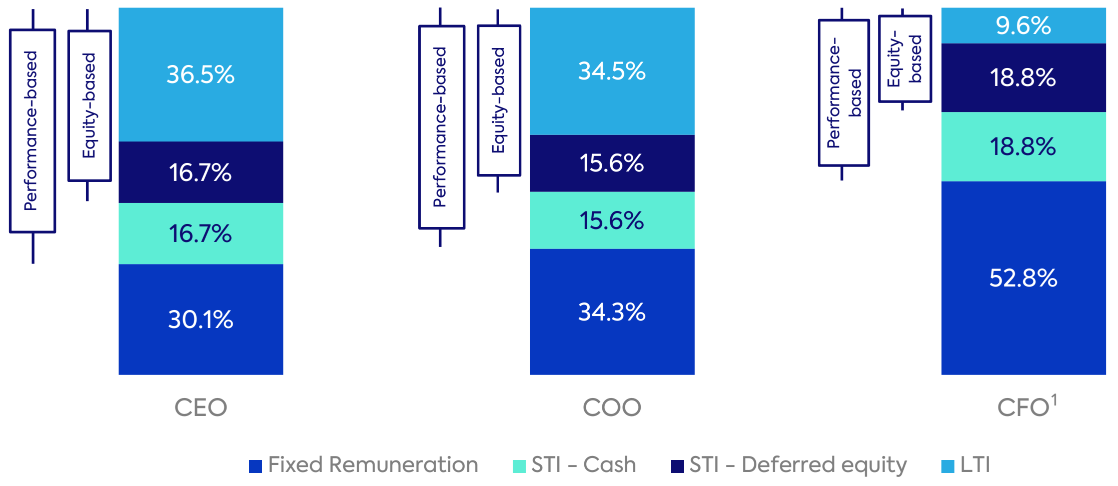
Vesting schedule – Relative TSR		Position of RGN relative to ASX 200 A-REIT Accumulation Index	% of Tranche 1 LTI rights that vest
	At or below Threshold	Less than or equal to 50th percentile	0%
	Between Threshold and Maximum	Between 50.1th percentile and 75th percentile	Vest on a straight-line basis between 50% at Threshold and 100% at Maximum
	Maximum	At or above 75th percentile	100%
Vesting Schedule – AFFOPS		AFFOPS growth for the year to 30 June 2025	% of Tranche 2 LTI rights that vest
	At or below Threshold	Less than or equal to 2.0% p.a.	0%
	Between Threshold and Maximum	Between 2.0% and 4.0% p.a.	Vest on a straight-line basis between 0% at Threshold and 100% at Maximum
	Maximum	At or above 4.0% p.a.	100%
Vesting/delivery	The performance rights can only be exercised if and when the performance conditions are achieved and vesting has occurred. The performance period is a three-year period, ending on the dates specified above. Any rights awarded then vest at the end of a further one-year deferral period ending on 30 June 2026, unless the Board exercises its discretion to forfeit the awarded rights under the malus provisions of the RGN Executive Incentive Plan Rules. Any rights that do not vest following testing of the performance conditions are forfeited.		

Discretion	Where a formulaic application of the metrics is likely to produce a material and perverse remuneration outcome, or where it is in the best interests of security holders for the Board to do so, the Board may exercise its discretion in determining awards. The purpose of preserving this discretion is to allow the Board to ensure remuneration amounts and structure are appropriate and to prevent any unintended vesting of awards that would arise from a purely formulaic application of the LTI metrics.
Termination/forfeiture	If an Executive ceases employment by way of termination by RGN without cause, redundancy, diminution of responsibility, retirement, death or disability or other circumstances approved by the Board, the Executive retains unvested incentive opportunities to encourage Executives to secure the long-term future of RGN. All unvested LTI rights will lapse if the Executive is terminated by RGN for cause.
Clawback	Consistent with good governance and to reinforce the importance of integrity and risk management in RGN's reward framework, each of RGN's incentive plans contains broadly framed malus provisions that allow the Board in its sole discretion to determine that all, or part, of any unvested incentive awards be forfeited in certain circumstances. These circumstances include, but are not limited to: • A material misstatement or omission in the Financial Statements of RGN; • If actions or inactions seriously damage RGN's reputation or put RGN at significant risk; • If AFFO is not maintained; and/or • A material abnormal occurrence results in an unintended increase in the award.
Hedging	Participants are prohibited from hedging their unvested performance rights.

3.2 Executive remuneration at RGN

The Board believes that RGN's remuneration structure, design and mix should align and motivate a talented Executive team with security holder interests.

RGN's Executive remuneration is performance-based, equity-based and multi-year focused. The graph below sets out the FY23 remuneration structure and mix for each Executive at Maximum.



[1] *Note that Mr Walsh was appointed as CFO from 12 December 2022 and his LTI opportunity is a percentage of his TFR in the role of the Head of Finance and Technology.*

3.3 FY23 STI outcomes

RGN's financial performance directly affects STI award outcomes, as 80% of the Maximum STI opportunity for each Executive is based on the achievement of numerical performance conditions: AFFOPS, comparable NOI growth and carbon emissions reduction.

STI is awarded annually based on the achievement of the relevant performance conditions. The weighting of these performance conditions reflects RGN's FY23 strategic drivers of reducing our carbon emissions, maximising AFFOPS and comparable NOI in an environment where retail was recovering following the heavy impacts of the COVID 19 pandemic in FY20 and FY21, and to a lesser extent in FY22. Each performance condition comprised stretch for Executives to ensure that "at-risk" reward is genuinely "at-risk". The degree of stretch is carefully balanced with RGN's risk appetite.

As noted in Section 1.1, the hurdles for the FY23 STI were modified from those used in FY22 to align with RGN's FY23 strategic objectives and support the FY30 net zero (scope 1 and 2) target commitment. Details are set out in the table below:

FY22 performance conditions		FY23 performance conditions	
AFFOPS	50%	AFFOPS	40%
Rent collection	10%	Comparable NOI growth	30%
Acquisitions	10%	Carbon emissions reduction	10%
Leasing spreads	10%	Strategic (personal component)	20%
Strategic (personal component)	20%		

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The Remuneration Committee assessed performance against each performance condition to determine STI vesting outcomes for FY23. The following table sets out RGN's performance highlights, and the resulting STI outcomes:

Weighting of total STI award	Measure	FY23 performance highlights
40%	**AFFOPS** This condition rewards performance where AFFOPS as shown in RGN's FY23 results released to the ASX exceeds specified levels. The KPI was selected to continue to focus Executives on delivering AFFOPS following the historical impacts of COVID-19 on RGN, as well as active and operational management in the context of RGN's adopted risk profile. In setting the hurdles and metrics for this performance measure, the Board took into account the outlook for the rapidly changing macroeconomic environment and the potential adverse impact on RGN's distributions This is a proxy for operating cash flow and drives distributions per security.	AFFOPS was 15.3 cents, representing no change on FY22. Performance was assessed at above Threshold but below Target (as detailed in Section 3.1).
30%	**Comparable NOI growth** This condition rewards performance where the growth (as a percentage) in property portfolio cash net operating income exceeds specific levels. In setting the hurdles and metrics for this performance measure, the Board took into account the outlook for the rapidly changing macroeconomic environment and the potential adverse impact on RGN's distributions.	Comparable NOI growth was assessed at 4.3%, which was above Threshold but below Maximum.
10%	**Carbon emissions reduction** This condition rewards performance where the CO2 reduction in scope 1 and 2 emissions exceed specified levels. This KPI was selected to support RGN's commitment to achieve net zero carbon (Scope 1 and 2 emissions) in our operations by FY30.	Emissions reduction was assessed at 2,846 tonnes versus the FY20 baseline (on a like for like basis) which is above the Maximum.
20%	**Personal component** The personal performance component assesses individual contributions based on factors judged as important for adding value for each individual Executive. While the factors assessed are common to Executives, the expectations of each person will vary depending on the focus and accountabilities of their position. Therefore, the weighting of these factors may vary for each Executive. These factors include: • (People) Maintaining an engaged workforce with a focus on embedding values across the business. Building a culture of recognition and promoting the development of RGN's staff with succession paths in place for key roles. • (Structure) Implementing a new business model with an outsourced provider and having a senior leadership structure set up to support the ongoing partnership. • (Tools) Successful implementation of a new internal technology system to deliver on program and to budget	Performance was assessed at 15% on account of achievements against targets set by the Board. Six-monthly reviews are held with each Executive to evaluate and monitor performance against personal objectives.

The following table shows the actual STI outcomes for each of the Executive KMP for FY23 which is expected to be paid in September 2023.

STI Outcomes (as at 30 June 2023)				
	STI max (% of Fixed Remuneration)	Actual STI (% max)	STI forfeited (% max)	Actual STI Cash (total) ($)
Anthony Mellowes	110.0%	68.0%	32.0%	406,407
Mark Fleming	90.0%	68.0%	32.0%	232,560
Evan Walsh	70.0%	68.0%	32.0%	72,443

Actual STI Cash represents 50% of the Actual STI awarded for FY23. The remaining 50% of the Actual STI awarded for FY23 will be issued as deferred rights in accordance with Section 3.1, subject to security holder approval at the 2023 AGM.

3.4 Past financial performance

The following tables set out summary information about the Group's earnings and net tangible assets per stapled security and ASX price for the last five complete financial years.

3.4.1 Past Financial performance

	FY23 Results	FY22 Results	FY21 Results	FY20 Results	FY19 Results
Statutory profit/(loss) (after tax)	**($123.6m)**	$487.1m	$462.9m	$85.5m	$109.6m
Statutory profit/(loss) (after tax) cents per security	**(10.9)**	44.0	43.0	8.9	12.6
FFO	**$192.5m**	$192.7m	$159.0m	$140.8m	$141.8m
FFO cents per security	**16.94**	17.40	14.76	14.65	16.33
AFFO	**$173.9m**	$169.5m	$135.8m	$124.3m	$127.4m
AFFO cents per security	**15.30**	15.30	12.61	12.94	14.67
Distributions paid and payable (cents per security)	**15.20**	15.20	12.40	12.50	14.70
Net tangible assets per security	**$2.55**	$2.81	$2.52	$2.22	$2.27
Security price (as at 30 June)	**$2.27**	$2.75	$2.52	$2.18	$2.39
Management Expense Ratio (MER) %	**0.38%**	0.38%	0.41%	0.38%	0.37%

3.5 LTI grants in FY23

The following table presents the LTI grants to Executives made during FY23 that are due to vest on 1 July 2026, subject to performance conditions. The maximum total value of the LTI grants is based on the estimated fair value calculated at the time of the grant and amortised in accordance with the accounting standard requirements.

3.5.1 LTI Grants in FY23

2023	LTI max as % of fixed remuneration	Performance measure	Number of performance rights granted[1]	Fair value per performance right ($)[3]	Maximum total value of grant ($)
Anthony Mellowes	120%	Relative TSR	277,610	1.17	324,804
		AFFOPS	185,073	2.34	433,071
Total			462,683		757,875
Mark Fleming	100%	Relative TSR	161,800	1.17	189,306
		AFFOPS	107,866	2.34	252,406
Total			269,666		441,712
Evan Walsh[2]	30%	Relative TSR	21,077	1.27	26,768
		AFFOPS	14,051	2.53	35,549
Total			35,128		62,317

1. *The LTI maximum incentive was $1,303,980 for Mr Mellowes (120% of his TFR), $760,000 for Mr Fleming (100% of his TFR) and $99,000 for Mr Walsh (30% of his TFR in his previous role as Head of Finance and Technology). The number of performance rights granted has been calculated by dividing the LTI maximum incentive by the volume-weighted average price of RGN securities on the ASX for the five trading days following the release of RGN's 2022 full year results, being $2.8183.*
2. *Due to Mr Walsh's appointment part way through the year, his LTI opportunity is a percentage of his TFR in the role of the Head of Finance and Technology, and these numbers reflect the full FY23 LTI opportunity.*
3. *Mr Walsh's fair value per performance right varies as his performance rights were issued on a different date.*

3.5.2 Performance right movements during the year

Type and eligibility	Vesting conditions[1]	Security price at grant date[3]	Grant date	Testing date	Vesting date	Maximum number of stapled securities or maximum value of securities to be issued[4]	Fair value at grant date[3]
STI (FY23) (Mr Mellowes)	Non-market	$2.34	Sep-22	Jul-23	Jul-24	$597,658	$0.96 per $1.00
STI (FY23) (Mr Fleming)	Non-market	$2.34	Sep-22	Jul-23	Jul-24	$342,000	$0.96 per $1.00
STI (FY23) (Mr Walsh)	Non-market	$2.59	Dec-22	Jul-23	Jul-24	$106,534	$0.96 per $1.00
LTI (FY23 - FY25) (Tranche 1) (Mr Mellowes)	Relative TSR[2]	$2.34	Sep-22	Sep-25	Jul-26	277,610	$1.17 per security
LTI (FY23 - FY25) (Tranche 2) (Mr Mellowes)	Non-market	$2.34	Sep-22	Jun-25	Jul-26	185,073	$2.34 per security
LTI (FY23 - FY25) (Tranche 1) (Mr Fleming)	Relative TSR[2]	$2.34	Sep-22	Sep-25	Jul-26	161,800	$1.17 per security
LTI (FY23 - FY25) (Tranche 2) (Mr Fleming)	Non-market	$2.34	Sep-22	Jun-25	Jul-26	107,866	$2.34 per security
LTI (FY23 - FY25) (Tranche 1) (Mr Walsh)	Relative TSR[2]	$2.53	Sep-22	Sep-25	Jul-26	21,077	$1.27 per security
LTI (FY23 - FY25) (Tranche 2) (Mr Walsh)	Non-market	$2.53	Sep-22	Jun-25	Jul-26	14,051	$2.53 per security

1. *Service and non-market conditions include numeric and strategic targets along with a deferred vesting period.*
2. *Relative TSR is Relative Total Security Holder Return measured against the ASX 200 A-REIT Accumulation Index.*
3. *Mr. Walsh's security price at grant date and fair value at grant date vary as his performance rights were issued on a different date.*
4. *Refer to 3.5.1 LTI Grants in FY23 Note 1 for the calculation of maximum number of stapled securities to be issued for LTIs.*

The Group recognises the fair value at the grant date of equity-settled securities above as an employee benefit expense proportionally over the vesting period with a corresponding increase in equity. Fair value is measured at grant date using Monte-Carlo simulation and Binomial option pricing models where applicable, performed by an independent valuer, and models the future security price of the Group's stapled securities.

Non-market vesting conditions are determined with reference to the underlying numeric or strategic performance measures to which they relate.

Key inputs to the pricing models include:

Volatility	26.0%
Distribution yield	6.5%[1]
Risk-free interest rate	3.8%

1. *The distribution yield for Mr Walsh is 6.8% as his performance rights were issued on a different date.*

3.6 Total remuneration earned in FY23

3.6.1 Potential remuneration granted at 30 June 2023

	Maximum potential cash STI			Maximum potential equity STI			Maximum potential equity LTI		
Executive	% of TFR[2]	$[1]	% of total potential rem	% of TFR	$[1]	% of total potential rem	% of TFR	$[4]	% of total potential rem
Anthony Mellowes, CEO	55%	597,658	20%	55%[2]	573,752	19%	120%	757,875	25%
Mark Fleming, COO	45%	342,000	18%	45%[2]	328,320	18%	100%	441,712	24%
Evan Walsh, CFO	35%	106,534	19%	35%[2]	102,273	18%	30%[3]	62,317	11%

1. *STI incentives for the Executives are payable 50% in cash and 50% in equity. The difference between the cash and equity components is due to the fair valuation of the equity granted under AASB 2 Share based payments (AASB2).*
2. *In FY23, Mr Mellowes' STI opportunity was 110% of his TFR, Mr Fleming's STI opportunity was 90% of his TFR and Mr Walsh's STI opportunity was 70% of his TFR. STI incentives for the Executives are payable 50% in cash and 50% in equity and the percentage maximum has been equally allocated between cash and equity.*
3. *Due to Mr Walsh's appointment part way through the year, his LTI opportunity is a percentage of his TFR in the role of the Head of Finance and Technology.*
4. *Refer to Maximum total value of grant ($) at 3.5.1 LTI Grants. All of the LTI awarded in equity and the dollar values shown here represent the fair value under AASB 2 of equity instruments granted.*

The following is the actual remuneration paid or accrued during the financial year to 30 June 2023 noting that share-based payments are accrued at fair value in line with AASB 2. Refer to Note 2 below.

3.6.2 Table of Executive remuneration paid or accrued

Executive		Salary & fees[1] $	Cash bonus[2] $	Total $	Super $	Long service leave $	Share-based payments[3] $	Total $
Anthony Mellowes, CEO	**2023**	**1,051,238**	**406,407**	**1,457,645**	**27,500**	**22,404**	**915,235**	**2,422,784**
	2022	1,005,000	559,941	1,564,941	27,500	28,795	850,742	2,471,978
Mark Fleming, COO	**2023**	**727,216**	**232,560**	**959,776**	**27,034**	**17,288**	**474,502**	**1,478,600**
	2022	682,250	280,043	962,293	27,500	19,531	416,920	1,426,244
Evan Walsh, CFO[4]	**2023**	**286,571**	**72,443**	**359,014**	**12,646**	**11,584**	**56,375**	**439,619**
	2022	–	–	–	–	–	–	–
Total	**2023**	**2,065,025**	**711,410**	**2,776,435**	**67,180**	**51,276**	**1,446,112**	**4,341,003**
	2022	1,687,250	839,984	2,527,234	55,000	48,326	1,267,662	3,898,222

1. *Salary reviews take effect from 1 October.*
2. *The amount shown under "Cash bonus" refers to the amount that will be paid to Executives in September 2023 under the STI Plan for performance over the 2023 financial year.*
3. *The values for equity-based remuneration have been determined in accordance with AASB 2 and represent the current year amortisation of the fair value of rights over the vesting period adjusted for services and non-market vesting conditions. The share-based payments are made up of STI equity and LTI equity. Please refer to the following table for additional details of the share-based payments.*
4. *Mr Walsh's remuneration paid or accrued is pro-rated for the period on and from his commencement as CFO on 12 December 2022.*

The break-up of the amounts recognised for performance-based compensation relevant for the financial year ended 30 June 2023, including details of the share-based payments accrued in respect of the current year and prior-year plans using the valuation of equity in accordance with AASB 2, are presented below:

3.6.3 Performance-based component of actual remuneration in FY23

	Actual cash STI		Actual equity STI		Actual equity LTI		Total equity STI and LTI
Executives	$	% of total rem	$	% of total rem	$	% of total rem	$
Anthony Mellowes, CEO	406,407	19%	467,935	22%	447,300	21%	915,235
Mark Fleming, COO	232,560	18%	249,973	20%	224,529	18%	474,502
Evan Walsh, CFO	72,443	19%	44,534	12%	11,841	3%	56,375

3.6.4 Equity holdings of Executives

Executives	Held at 1 July 2022	Vested during year	Changes during the period	Held at 30 June 2023	Number of unvested rights as at 30 June 2023	Total interest in RGN securities
Anthony Mellowes, CEO	1,000,000	227,077	2,333	**1,229,410**	**1,957,394**	3,186,804
Mark Fleming, COO	338,779	108,145	(56,924)	**390,000**	**1,008,569**	1,398,569
Evan Walsh, CFO	–	–	–	**–**	**70,003**	70,003

3.7 Service agreements for Executive KMP

There were no changes to the service agreements for Executives in FY23. Mr Walsh's service agreement was varied in December 2022 to reflect his new role and change in duties.

Each Executive has a formal contract, known as a "service agreement". These agreements are of a continuing nature and have no set term of service (subject to the termination provisions).

The key terms of the service agreements for the Executives are summarised as follows:

Executive Director, Chief Executive Officer: Anthony Mellowes

Contract duration	Commenced 1 July 2013, open ended
TFR as at 30 June 2023	$1,086,650. Includes salary, superannuation and other salary sacrifice employee benefits.
Review of TFR	Reviewed annually, effective from 1 October with no obligation to adjust.
Variable remuneration eligibility	The CEO is eligible to participate in RGNs plans for performance-based remuneration, and in FY23 that included: • **FY23 STI: Maximum opportunity:** 110% of TFR • **FY23 LTI: Maximum opportunity:** 120% of TFR
Non-compete period	Up to 12 months
Non-solicitation period	Up to 12 months
Notice by RGN	9 months
Notice by Executive	9 months
Termination payments to compensate for non-solicitation/non-compete clause in certain circumstances	Maximum benefit from termination payment and payment in lieu of notice is 12 months based on prior-year fixed and variable remuneration.

Executive Director, Chief Operating Officer and Head of Funds Management and Strategy: Mark Fleming

Contract duration	Commenced 20 August 2013, open ended
TFR as at 30 June 2023	$760,000. Includes salary, superannuation and other salary sacrifice employee benefits and other short-term benefits.
Review of TFR	Reviewed annually, effective from 1 October with no obligation to adjust.
Variable remuneration eligibility	The COO is eligible to participate in RGN's plans for performance-based remuneration, and in FY23 that included: • FY23 STI: Maximum opportunity: 90% of TFR • FY23 LTI: Maximum opportunity: 100% of TFR
Non-compete period	6 months
Non-solicitation period	6 months
Notice by RGN	6 months
Notice by Executive	3 months
Termination payments to compensate for non-solicitation/non-compete clause in certain circumstances	Maximum benefit from termination payment and payment in lieu of notice is 6 months based on prior-year fixed and variable remuneration.

Chief Financial Officer: Evan Walsh

Contract duration	Commenced 11 December 2022, open ended
TFR as at 30 June 2023	$550,000. Includes salary, superannuation and other salary sacrifice employee benefits.
Review of TFR	Reviewed annually, effective from 1 October with no obligation to adjust.
Variable remuneration eligibility	The CFO is eligible to participate in RGN's plans for performance-based remuneration, and in FY23 that included: • FY23 STI: Maximum opportunity: 70% of TFR • FY23 LTI: Maximum opportunity: 30% of TFR*
Non-compete period	4 months
Non-solicitation period	4 months
Notice by RGN	6 months
Notice by Executive	6 months
Termination payments to compensate for non-solicitation/non-compete clause in certain circumstances	Maximum benefit from termination payment and payment in lieu of notice is 6 months based on prior-year fixed and variable remuneration.

**Note that due to Mr Walsh's appointment part way through the period, his LTI opportunity is a percentage of his TFR in the role of the Head of Finance and Technology. His FY24 LTI opportunity will be a percentage of his TFR in the role of CFO (and subject to any TFR review effective on 1 October 2023).*

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Termination provisions

The following illustrates how termination payments will be managed in various termination scenarios.

Notice period, non-compete/ non-solicitation	RGN can elect to make a payment of TFR in lieu of the notice period by RGN or the Executive, as applicable. At the Board's discretion, an additional termination benefit may be made to acknowledge any post-termination non-compete/non-solicitation agreements made with the Executive. The combined total cash benefit arising from these termination payments (excluding statutory entitlements) is capped at 12 months based on prior-year fixed and variable remuneration, subject to the provisions of sections 200B–200E of the *Corporations Act 2001 (Cth)* to the extent those provisions apply in the relevant circumstances.
STI and LTI awards	If an Executive ceases employment by way of termination by RGN without cause, redundancy, diminution of responsibility, retirement, death or disability or other circumstances approved by the Board, the Executive retains unvested or unpaid incentive opportunities to encourage Management to secure the long-term future of RGN. All unvested or unpaid incentive opportunities will lapse if the Executive is terminated by RGN for cause.
Board discretion	The Board has full discretion to amend any of the above termination arrangements to acknowledge exceptional circumstances and determine appropriate alternative vesting outcomes that are consistent, fair and reasonable, and balance multiple stakeholder interests. The Board acknowledges that, consistent with its approach to voluntarily adopt certain corporate governance obligations not otherwise applicable to RGN given its structure, security holder approval will be sought where termination payments exceed the limits prescribed by the Corporations Act.
Change of control	In the event of a change of control in RGN before the vesting date of any equity, the Board reserves the right to exercise its discretion for early vesting of the equity. In exercising its discretion, the Board may take account of the extent to which performance conditions have or have not been met and the portion of the vesting period that has elapsed at the relevant date.

4. Non-Executive Director Remuneration

4.1 Board remuneration strategy

RGN aims to attract and retain a high calibre of Non-Executive Directors (NEDs) who are equipped with diverse skills to govern the organisation and oversee Management so as to achieve value for RGN security holders. RGN aims to fairly remunerate Directors for their responsibilities relative to organisations of similar size and complexity.

The maximum aggregate fee pool available to NEDs was increased to $1,600,000 p.a. following security holder approval at the 2022 AGM. This is the first time it has been increased from the level set when RGN listed in 2012, being $1,300,000 p.a.

NED base and committee fees were increased by 2.5% from 1 January 2023.

Total NED remuneration payable in FY23 was $1,199,770, up from $998,128 in FY22 due to the timing of Philip Clark's retirement in November 2022, and the appointment of Michael Herring in August 2022 and Antoinette Milis in December 2022.

The schedule of fees for NEDs for financial years is set out in the table below.

4.2 Total remuneration for Non-Executive Directors

Non-Executive Director Board and Committee Fees

	Board		ARMCC		Remuneration		Investment		Nomination[1]	
	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
Chair	$346,478	**$355,140**	$25,313	**$25,945**	$25,313	**$25,945**	$25,313	**$25,945**	$15,188	–
Member	$133,456	**$136,793**	$15,188	**$15,567**	$15,188	**$15,567**	$15,188	**$15,567**	–	–

[1] *The Nomination Committee no longer attracts fees.*

Total remuneration for Non-Executive Directors

Non-Executive Director	Financial year	Director fees $	Superannuation $	Committee fees $	Total $
Philip Clark AO	**2023**	**134,270**	**11,878**	**–**	**146,148**
	2022	322,910	23,568	–	346,478
Steven Crane	**2023**	**244,512**	**21,292**	**4,948**	**270,752**
	2022	117,642	15,814	40,500	173,956
Dr Kirstin Ferguson	**2023**	**–**	**–**	**–**	**–**
	2022	14,987	2,081	5,827	22,895
Michael Herring	**2023**	**108,119**	**13,936**	**24,608**	**146,663**
	2022	–	–	–	–
Angus James	**2023**	**123,794**	**18,110**	**48,683**	**190,587**
	2022	67,669	8,501	17,337	93,507
Beth Laughton	**2023**	**123,794**	**16,943**	**37,568**	**178,305**
	2022	117,642	15,814	40,500	173,956
Antoinette Milis	**2023**	**70,656**	**8,263**	**8,041**	**86,960**
	2022	–	–	–	–
Belinda Robson	**2023**	**123,794**	**17,138**	**39,423**	**180,355**
	2022	116,425	17,031	53,880	187,336
Total	**2023**	**928,939**	**107,560**	**163,271**	**1,199,770**
	2022	757,275	82,809	158,044	998,128

4.3 Non-Executive Director security holdings

Non-Executive Director	Held as at 30 June 2022	Changes during the year	Held as at 30 June 2023
Philip Clark AO[1]	180,000	(180,000)	**–**
Steven Crane	200,000	50,000	**250,000**
Michael Herring	–	70,000	**70,000**
Angus James	61,500	34,436	**95,936**
Beth Laughton	31,937	24,058	**55,995**
Antoinette Milis	–	27,837	**27,837**
Belinda Robson	62,495	–	**62,495**

[1] *Phillip Clarke retired and ceased to be a Director on 30 November 2022 and therefore the number of stapled securities are shown as nil.*

5. Additional Information

5.1 FY24 Strategy

FY24 STI

The Board has reviewed the STI metrics in line with the current economic environment as it relates to RGN's portfolio. Consistent with RGN's FY24 strategic objectives, the FY24 STI performance conditions are as follows:

- AFFOPS – 40%;
- Comparable NOI growth – 30%;
- Carbon emissions reduction – 10%; and
- Personal – 20%.

As Directors of Region RE Limited, securities may only be acquired under the incentive plan by Mr Mellowes and Mr Fleming (instead of their equivalent cash value at the time of vesting) if Security holders approve the issue. Any securities granted to Mr Mellowes, Mr Fleming and Mr Walsh will be deferred for one year consistent with FY23.

FY24 LTI

The ranges below are designed as stretch targets for strong to exceptional performance. They do not represent the Executives' or the Board's forecasts, and nor should they be taken as guidance as to likely or potential future outcomes.

The LTI rights are subject to a four-year vesting period comprising a three-year forward-looking performance period and a one-year deferral period (together the "vesting period"). Any rights that do not vest following testing of the performance conditions are forfeited.

The LTI rights that meet the performance hurdles will vest in one instalment on or about 1 July 2027, being four years from the commencement of the performance period.

The performance conditions for the FY24 LTI are as follows:

Relative TSR performance condition – weighting 60% (Relative TSR Tranche)

Subject to satisfaction of the performance conditions, the Relative TSR Tranche will vest on the following basis:

	Position of RGN relative to ASX 200 A-REIT Accumulation Index	% of Tranche 1 LTI rights that vest	% of total LTI rights that vest
At or below Threshold	Less than or equal to 50th percentile	0%	0%
Between Threshold and Maximum	Between 50.1th percentile and 75th percentile	Vest on a straight-line basis between 50% at Threshold and 100% at Maximum	Vest on a straight-line basis between 0% at Threshold and 60% at Maximum
Maximum	At or above 75th percentile	100%	60%

AFFOPS performance condition – weighting 40% (AFFOPS Tranche)

The FY24 "base point" for measuring the rate of AFFOPS growth is 13.7 cents per security. The Board may at its absolute discretion adjust the AFFOPS achieved (for the purpose of measurement) to remove abnormal items not affected by Management. Subject to satisfaction of the performance conditions, the AFFOPS Tranche will vest on the following basis:

	AFFOPS growth for the year to 30 June 2026	% of Tranche 2 LTI rights that vest	% of total LTI rights that vest
At or below Threshold	Less than or equal to 3.0% p.a.	0%	0%
Between Threshold and Maximum	Between 3.0% and 5.0% p.a.	Vest on a straight-line basis between 0% at Threshold and 100% at Maximum	Vest on a straight-line basis between 0% at Threshold and 40% at Maximum
Maximum	At or above 5.0% p.a.	100%	40%

Remuneration Report
For the year ended 30 June 2023

Signed pursuant to a resolution of Directors.

Steven Crane
Chair, Region Group

5.2 Rounding of amounts

The amounts in the Remuneration Report have been rounded to the nearest dollar, unless otherwise indicated.

5.3 Definitions

AFFO means Adjusted Funds from Operations as set out on page 47 of the Directors' Report.	**KPI** means key performance indicator
AFFOPS means Adjusted Funds from Operations Per Security	**LTI** means Long-Term Incentive
ARMCC means Audit, Risk Management and Compliance Committee	**MER** means Management Expense Ratio
Cash NOI means cash property net operating income	**MSRP** means Minimum Security Holding Requirements Policy
CEO means Chief Executive Officer	**NEDs** means Non-Executive Directors
CFO means Chief Financial Officer	**NOI** means net operating income
CPS means cents per security	**NTA** means net tangible assets
DRP means Distribution Reinvestment Plan	**STI** means Short-Term Incentive
FBT means Fringe Benefits Tax	**TFR** means total fixed remuneration
FFO means Funds from Operations	**TRO** means total remuneration opportunity
FFOPS means Funds from Operations per Security	**TSR** means total security holder return
KMP means Key Management Personnel	

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

14 August 2023

Dear Directors,

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 audit of the financial statements of Region Management Trust and Region Retail Trust for the year ended 30 June 2023, 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 audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Yvonne Van Wijk
Partner
Chartered Accountants

Consolidated Financial Statements

Consolidated Statements of Comprehensive Income

For the year ended 30 June 2023

	Notes	Region Group 30 Jun 2023 $m	Region Group 30 Jun 2022 $m	Retail Trust 30 Jun 2023 $m	Retail Trust 30 Jun 2022 $m
Income					
Rental income		**316.7**	304.4	**316.7**	304.4
Recoveries and recharge income		**45.9**	40.8	**45.9**	40.8
Funds management income	A1	**2.6**	1.2	**-**	-
Distribution income		**0.9**	1.7	**0.9**	1.7
Insurance income	A1	**11.0**	2.2	**11.0**	2.2
		377.1	350.3	**374.5**	349.1
Expenses					
Property expenses		**(124.6)**	(117.4)	**(124.6)**	(117.4)
Corporate expenses		**(18.8)**	(18.7)	**(18.0)**	(18.0)
Technology project expenses		**(3.4)**	(1.1)	**(3.4)**	(1.1)
		230.3	213.1	**228.5**	212.6
Other expenses		**(1.4)**	(7.0)	**(1.4)**	(7.0)
Interest income		**0.5**	-	**0.5**	-
Finance expenses	C3	**(49.1)**	(35.9)	**(49.1)**	(35.9)
Unrealised gain/(loss) including change in fair value through profit or loss					
- Investment properties	B1	**(264.1)**	354.0	**(264.1)**	354.0
- Derivatives		**(23.2)**	0.5	**(23.2)**	0.5
- Foreign exchange	C2	**(13.7)**	(36.3)	**(13.7)**	(36.3)
- Share from associates	B2	**(2.4)**	(0.9)	**(2.4)**	(0.9)
Net profit/(loss) before tax		**(123.1)**	487.5	**(124.9)**	487.0
Tax	D1	**(0.5)**	(0.4)	**-**	-
Net profit/(loss) after tax		**(123.6)**	487.1	**(124.9)**	487.0
Other comprehensive income/(loss)					
Items that will not be reclassified subsequently to profit or loss					
Movement on revaluation of investment - fair value through other comprehensive income/(loss)		**1.2**	(0.2)	**1.2**	(0.2)
Total comprehensive income/(loss)		**(122.4)**	486.9	**(123.7)**	486.8
Net profit/(loss) after tax attributable to security holders of:					
Region Management Trust		**1.3**	0.1		
Region Retail Trust (non-controlling interest)		**(124.9)**	487.0		
Net profit/(loss) after tax		**(123.6)**	487.1		
Total comprehensive income/(loss) attributable to security holders of:					
Region Management Trust		**1.3**	0.1		
Region Retail Trust (non-controlling interest)		**(123.7)**	486.8		
Total comprehensive income/(loss)		**(122.4)**	486.9		
Distributions per security (cents)	A2	**15.20**	15.20	**15.20**	15.20
Weighted average number of securities used as the denominator in calculating basic earnings per security below		**1,136.6**	1,107.7	**1,136.6**	1,107.1
Basic earnings/(loss) per security (cents)	A3	**(10.87)**	44.00	**(10.99)**	44.00
Weighted average number of securities used as the denominator in calculating diluted earnings per security below		**1,136.6**	1,112.9	**1,136.6**	1,112.9
Diluted earnings/(loss) per security (cents)	A3	**(10.87)**	43.80	**(10.99)**	43.80
Basic earnings per security (cents) Region Management Trust	A3	**0.12**	-		
Diluted earnings per security (cents) Region Management Trust	A3	**0.12**	-		

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

Consolidated Balance Sheets

For the year ended 30 June 2023

	Notes	Region Group 30 Jun 2023 $m	Region Group 30 Jun 2022 $m	Retail Trust 30 Jun 2023 $m	Retail Trust 30 Jun 2022 $m
Current assets					
Cash and cash equivalents		23.8	8.7	22.6	6.7
Receivables	D1	46.4	43.3	45.9	39.2
Derivative financial instruments	C4	8.1	9.1	8.1	9.1
Investment in CQR	B3	–	25.6	–	25.6
Other assets	D1	8.1	14.0	7.2	13.2
Total current assets		86.4	100.7	83.8	93.8
Non-current assets					
Investment properties	B1	4,411.6	4,460.9	4,411.6	4,460.9
Derivative financial instruments	C4	84.7	102.3	84.7	102.3
Investment in associates	B2	28.5	24.6	28.5	24.6
Other assets	D1	10.8	6.5	5.7	5.7
Total non-current assets		4,535.6	4,594.3	4,530.5	4,593.5
Total assets		4,622.0	4,695.0	4,614.3	4,687.3
Current liabilities					
Interest bearing liabilities	C2	225.0	–	225.0	–
Trade and other payables	D1	57.6	78.9	73.5	89.1
Distribution payable	A2	88.5	89.3	88.5	89.3
Derivative financial instruments	C4	7.8	3.2	7.8	3.2
Provisions		5.0	5.4	–	0.5
Total current liabilities		383.9	176.8	394.8	182.1
Non-current liabilities					
Interest bearing liabilities	C2	1,298.4	1,376.4	1,298.4	1,376.4
Provisions		0.1	0.7	–	–
Other liabilities	D1	11.6	7.2	6.6	6.5
Total non-current liabilities		1,310.1	1,384.3	1,305.0	1,382.9
Total liabilities		1,694.0	1,561.1	1,699.8	1,565.0
Net assets		2,928.0	3,133.9	2,914.5	3,122.3
Equity					
Contributed equity	C5	10.8	10.2	2,156.3	2,070.1
Reserves	C5	–	–	11.9	8.4
Accumulated profit	C5	2.7	1.4	746.3	1,043.8
Non-controlling interest		2,914.5	3,122.3	–	–
Total equity		2,928.0	3,133.9	2,914.5	3,122.3

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

Consolidated Statements of Changes in Equity

For the year ended 30 June 2023

Region Group	Notes	Contributed equity $m	Accumulated profit/(loss) $m	Attributable to owners of parent $m	Non-controlling interests $m	Total equity $m
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	C5	–	1.3	1.3	(124.9)	(123.6)
Other comprehensive income for the period, net of tax		–	–	–	1.2	1.2
Total comprehensive income/(loss) for the period		–	1.3	1.3	(123.7)	(122.4)
Transactions with security holders in their capacity as equity holders:						
Equity issued	C5	0.7	–	0.7	86.2	86.9
Costs associated with equity raising	C5	(0.1)	–	(0.1)	–	(0.1)
Employee share based payments	C5	–	–	–	3.1	3.1
Distributions paid and payable	A2	–	–	–	(173.4)	(173.4)
		0.6	–	0.6	(84.1)	(83.5)
Balance at 30 June 2023		10.8	2.7	13.5	2,914.5	2,928.0
Balance at 1 July 2021		10.2	1.3	11.5	2,713.3	2,724.8
Net profit after tax for the period		–	0.1	0.1	487.0	487.1
Other comprehensive income for the period, net of tax	C5	–	–	–	(0.2)	(0.2)
Total comprehensive income for the period		–	0.1	0.1	486.8	486.9
Transactions with security holders in their capacity as equity holders:						
Equity issued	C5	–	–	–	89.9	89.9
Costs associated with equity raising	C5	–	–	–	(0.1)	(0.1)
Employee share based payments	C5	–	–	–	1.6	1.6
Distributions paid and payable	A2	–	–	–	(169.2)	(169.2)
		–	–	–	(77.8)	(77.8)
Balance at 30 June 2022		10.2	1.4	11.6	3,122.3	3,133.9

Consolidated Statements of Changes in Equity

For the year ended 30 June 2023

		Retail Trust				
			Reserves			
	Note	Contributed equity $m	Investment in CQR $m	Share based payments $m	Accumulated profit/(loss) $m	Total equity $m
Balance at 1 July 2022		2,070.1	(0.4)	8.8	1,043.8	3,122.3
Net loss after tax for the period		–	–	–	(124.9)	(124.9)
Other comprehensive income for the period, net of tax	C5	–	1.2	–	–	1.2
Total comprehensive income/(loss) for the period		–	1.2	–	(124.9)	(123.7)
Transactions with security holders in their capacity as equity holders:						
Equity issued	C5	86.2	–	–	–	86.2
Costs associated with equity raising	C5	–	–	–	–	–
Employee share based payments	C5	–	–	3.1	–	3.1
Other		–	(0.8)		0.8	–
Distributions paid and payable	A2	–	–	–	(173.4)	(173.4)
		86.2	–	3.1	(172.6)	(84.1)
Balance at 30 June 2023		2,156.3	–	11.9	746.3	2,914.5
Balance at 1 July 2021		1,980.3	(0.2)	7.2	726.0	2,713.3
Net profit after tax for the period		–	–	–	487.0	487.0
Other comprehensive income for the period, net of tax		–	(0.2)	–	–	(0.2)
Total comprehensive income for the period		–	(0.2)	–	487.0	486.8
Transactions with security holders in their capacity as equity holders:						
Equity issued	C5	89.9	–	–	–	89.9
Costs associated with equity raising	C5	(0.1)	–	–	–	(0.1)
Employee share based payments	C5	–	–	1.6	–	1.6
Distributions paid and payable	A2	–	–	–	(169.2)	(169.2)
		89.8	–	1.6	(169.2)	(77.8)
Balance at 30 June 2022		2,070.1	(0.4)	8.8	1,043.8	3,122.3

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

Consolidated Statements of Cash Flows

For the year ended 30 June 2023

		Region Group		Retail Trust	
	Notes	30 Jun 2023 $m	30 Jun 2022 $m	30 Jun 2023 $m	30 Jun 2022 $m
Cash flows from operating activities					
Property and other income received		411.7	385.4	409.3	384.6
Insurance proceeds		11.0	2.2	11.0	2.2
Property expenses paid		(151.8)	(131.9)	(151.8)	(131.9)
Distribution received from associates	B2	–	0.4	–	0.4
Distribution received from investment in CQR		1.7	1.7	1.7	1.7
Corporate expenses paid		(20.8)	(15.2)	(18.5)	(13.5)
Interest received		0.5	–	0.5	–
Finance expenses paid		(48.5)	(35.0)	(48.5)	(35.0)
Other expenses paid		(3.2)	(2.8)	(3.2)	(2.8)
Taxes and GST paid		(23.8)	(25.4)	(22.3)	(27.0)
Net cash flow from operating activities	D2	176.8	179.4	178.2	178.7
Cash flows from investing activities					
Payments for investment properties purchased and capital expenditure	B1	(250.7)	(421.8)	(250.7)	(421.8)
Proceeds from investment properties sold	B1	23.1	307.6	23.1	307.6
Proceeds from investment in CQR sold	B3	26.7	–	26.7	–
Investment in associates	B2	(6.3)	(26.2)	(6.3)	(26.2)
Return of capital from investment in associates	B2	–	10.6	–	10.6
Net cash flow from investing activities		(207.2)	(129.8)	(207.2)	(129.8)
Cash flow from financing activities					
Proceeds from equity raising	C5	86.9	89.9	86.2	89.9
Costs associated with equity raising	C5	(0.1)	(0.1)	–	(0.1)
Proceeds from borrowings	C2	311.0	654.0	311.0	654.0
Repayment of borrowings	C2	(178.0)	(644.0)	(178.0)	(644.0)
Distributions paid	A2	(174.3)	(152.3)	(174.3)	(152.3)
Net cash flow from financing activities		45.5	(52.5)	44.9	(52.5)
Net change in cash held		15.1	(2.9)	15.9	(3.6)
Cash at the beginning of the year		8.7	11.6	6.7	10.3
Cash at the end of the year		23.8	8.7	22.6	6.7

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

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2023

About this report

The Financial Statements of Region Group (the Group) comprise the Consolidated Financial Statements of the 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 Financial Statements of the Retail Trust comprise solely of the Financial Statements of the Retail Trust as it has no controlled entities.

The notes to these 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

Critical accounting estimates

The preparation of the 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 Consolidated Financial Statements are:

- Fair value estimation — note B1 valuation of investment properties and note C4 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, distributions paid and payable and earnings per security.

A1 Income

Rental income

Rental income with fixed annual rent increases is accounted for on a straight-line basis over the lease term. If not received at the balance sheet date, income is reflected in the balance sheet as a receivable.

Lease incentives provided by the Group are included in the measurement of fair value of investment property and are amortised against property income on a straight-line basis.

Undiscounted minimum lease payments to be received includes future amounts on non-cancellable operating leases are not recognised in the Consolidated Financial Statements at balance sheet date. This will be accounted for as property rental income as it is earned.

	Region Group & Retail Trust	
	30 Jun 2023 $m	30 Jun 2022 $m
Within one year	281.8	279.6
1 - 2 years	251.1	251.8
2 – 3 years	221.9	223.2
3 – 4 years	192.0	197.4
4 – 5 years	159.5	167.5
After five years	574.4	669.7
Total undiscounted lease payments receivable	1,680.7	1,789.2

Recoveries, recharge income and other income

The Group and Retail Trust recover costs associated with general building and tenancy operation from lessees in accordance with lease agreements as well as for any additional specific services requested by the lessee. Recoveries and recharges from tenants are recognised as income in the year the applicable costs are accrued as the customer simultaneously receives and consumes the benefit. These are invoiced periodically (typically monthly) based on an annual estimate and subsequently trued-up annually. Payment is due shortly after invoice date (typically 30 days).

All other income is recognised when control of the underlying goods or services are transferred to the customer over time or at a point in time. Income is recognised over time if:

- The customer simultaneously receives and consumes the benefits
- The customer controls the assets as the entity creates or enhances it, or
- The Group's performance does not create an asset for which the Group has an alternative use and there is a right to payment for performance to date

Where the above criteria are not met, income is recognised at a point in time.

Funds management income

The Group provides funds management services to the SCA Metro Convenience Shopping Centre Fund (Metro Fund) in accordance with the Investment Management Agreement. These services are provided on an ongoing basis and income is calculated and billed periodically over time.

The Metro Fund is a wholesale fund that invests in retail properties. The Retail Trust has a 20.0% interest in the Metro Fund and a subsidiary of the Management Trust is the Manager of the Metro Fund. SCA Unlisted Retail Fund 3 (SURF 3) was wound up in the year ended 30 June 2022. Income earned on funds managed during the year is as follows.

	Region Group	
	30 Jun 2023 $m	30 Jun 2022 $m
SURF 3	-	1.0
Metro Fund	2.6	0.2
	2.6	1.2

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, $99.9 million in rental income (30 June 2022: $104.7 million) was from Woolworths Limited and its affiliates. Further, $39.4 million in rental income (30 June 2022: $37.6 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, 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 or expected date of payment
2023 Region Group & Retail Trust			
Interim distribution	7.50	84.9	31 January 2023
Final distribution	7.70	88.5	31 August 2023
	15.20	173.4	
2022 Region Group & Retail Trust			
Interim distribution	7.20	79.9	31 January 2022
Final distribution	8.00	89.3	31 August 2022
	15.20	169.2	

A3 Earnings per security

Basic earnings per security is calculated as profit after tax attributable to security holders divided by the weighted average number of ordinary securities issued.

Diluted earnings per security is calculated as profit after tax attributable to security holders divided by the weighted average number of ordinary securities and potential dilutive ordinary securities except in periods in which there is a loss because the inclusion of the potential ordinary securities would have an anti-dilutive effect.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2023

	Region Group		Retail Trust		Management Trust	
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
Per stapled security						
Net profit/(loss) after tax for the period ($ million)	(123.6)	487.1	(124.9)	487.0	1.3	0.1
Weighted average number of securities used as the denominator in calculating basic earnings per security below	1,136,623,409	1,107,676,733	1,136,623,409	1,107,676,733	1,136,623,409	1,107,676,733
Basic earnings per security for net profit/(loss) after tax (cents)	(10.9)	44.0	(11.0)	44.0	0.1	-
Weighted average number of securities used as the denominator in calculating diluted earnings per security below	1,136,623,409	1,112,850,512	1,136,623,409	1,112,850,512	1,136,623,409	1,112,850,512
Diluted earnings per security for net profit/(loss) after tax (cents)	(10.9)	43.8	(11.0)	43.8	0.1	-

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 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 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	
	30 Jun 2023 $m	30 Jun 2022 $m
Movement in total investment properties		
Opening balance	4,460.9	4,000.0
Acquisitions at cost (including transaction expenses)	187.0	364.8
Disposals	(23.5)	(307.6)
Capital expenditure, rental straight-lining and amortisation	51.3	49.7
Unrealised fair value movement recognised in total comprehensive income	(264.1)	354.0
Closing balance	4,411.6	4,460.9

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Investment properties

Property	State	Market Capitalisation rate[1] 30 Jun 23	Market Capitalisation rate[1] 30 Jun 22	Fair value 30 Jun 23 $m	Fair value 30 Jun 22 $m
Sub-Regional retail properties					
Lavington Square	NSW	6.50%	6.00%	71.3	78.7
Marketown Shopping Centre - East	NSW	6.13%	5.50%	76.5	85.3
Marketplace Raymond Terrace	NSW	6.00%	5.75%	87.2	87.5
Sturt Mall	NSW	6.25%	5.75%	83.3	85.0
West End Plaza	NSW	6.25%	5.75%	80.6	84.4
Delacombe Town Centre	VIC	5.50%	5.13%	106.8	112.2
Lilydale Marketplace	VIC	6.25%	5.75%	114.9	119.9
Pakenham Central Marketplace	VIC	6.25%	5.75%	92.0	98.3
Central Highlands Marketplace	QLD	7.00%	6.50%	69.5	71.5
Mt Gambier Marketplace	SA	6.27%	5.76%	77.7	81.1
Murray Bridge Marketplace	SA	6.75%	6.25%	64.8	69.0
Kwinana Marketplace	WA	6.75%	6.25%	146.2	154.5
Warnbro Centre	WA	6.75%	6.22%	104.0	110.0
Total sub-regional retail properties		6.35%	5.87%	1,174.8	1,237.4
Neighbourhood retail properties					
Auburn Central	NSW	5.75%	5.25%	125.5	137.5
Belmont Central Shopping Centre	NSW	6.00%	5.75%	28.9	29.3
Cabarita Beach Shopping Centre	NSW	5.50%	5.00%	26.7	28.0
Cardiff Shopping Centre	NSW	5.25%	5.00%	30.2	32.5
Delroy Park Shopping Centre	NSW	5.50%	5.25%	22.9	23.0
Goonellabah Shopping Centre	NSW	5.50%	5.25%	26.1	24.0
Greystanes Shopping Centre	NSW	5.25%	4.75%	74.2	79.5
Griffin Plaza	NSW	6.00%	5.50%	31.8	34.6
Katoomba Marketplace	NSW	5.00%	4.63%	60.2	65.0
Lane Cove Market Square[3]	NSW	5.25%	4.75%	59.7	66.5
Leura Shopping Centre	NSW	5.00%	4.75%	23.1	23.5
Lismore Central Shopping Centre	NSW	6.50%	5.50%	29.8	29.8
Macksville Shopping Centre	NSW	5.00%	4.50%	20.7	20.7
Marketown Shopping Centre - West	NSW	5.25%	5.00%	72.0	71.7
Moama Marketplace	NSW	5.25%	5.00%	21.8	22.7
Morisset Shopping Centre	NSW	5.50%	5.25%	23.8	24.1
Muswellbrook Fair	NSW	5.50%	5.25%	43.7	41.2
Northgate Tamworth Shopping Centre	NSW	5.75%	5.50%	21.2	21.1
North Orange Shopping Centre	NSW	4.75%	4.25%	51.5	56.0
The Waterfront Town Centre	NSW	4.75%	4.00%	55.9	65.0
Tura Beach Shopping Centre	NSW	5.25%	5.00%	24.7	24.6
Ulladulla Shopping Centre	NSW	5.00%	4.50%	36.0	36.8
Bentons Square	VIC	5.25%	4.75%	113.4	118.0
Drouin Central	VIC	5.00%	4.50%	21.9	23.7
East Warrnambool Shopping Centre	VIC	5.00%	4.75%	20.6	20.8
Langwarrin Plaza	VIC	5.25%	4.75%	29.5	31.0
Ocean Grove Marketplace	VIC	5.75%	5.25%	42.3	44.0
The Gateway Shopping Centre	VIC	5.50%	5.25%	70.7	69.5
Warrnambool Shopping Centre	VIC	7.50%	9.00%	16.0	12.8
White Box Rise	VIC	5.25%	5.00%	29.4	29.4
Wonthaggi Plaza	VIC	5.50%	5.00%	57.0	60.7
Annandale Central	QLD	6.25%	6.00%	30.6	32.0
Brassall Shopping Centre[2]	QLD	5.75%	-	46.3	-
Brookwater Village Shopping Centre	QLD	6.25%	5.25%	36.0	42.0
Burdekin Plaza	QLD	6.00%	5.75%	25.1	25.4
Bushland Beach Plaza	QLD	6.00%	5.50%	26.0	26.5
Carrara Shopping Centre[4]	QLD	-	4.75%	-	23.0
Chancellor Park Marketplace	QLD	5.25%	4.75%	57.1	57.5
Collingwood Park Shopping Centre	QLD	5.25%	4.75%	15.3	15.9

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Property	State	Market Capitalisation rate[1] 30 Jun 23	Market Capitalisation rate[1] 30 Jun 22	Fair value 30 Jun 23 $m	Fair value 30 Jun 22 $m
Cooloola Cove Shopping Centre	QLD	5.50%	5.25%	17.8	18.5
Drayton Central Shopping Centre	QLD	5.75%	5.50%	30.2	32.9
Greenbank Shopping Centre	QLD	5.50%	5.25%	35.3	36.8
Jimboomba Junction Shopping Centre	QLD	6.00%	5.75%	30.9	32.7
Kirkwood Shopping Centre	QLD	6.00%	5.75%	27.0	29.0
Lillybrook Shopping Village	QLD	6.00%	5.75%	29.2	30.6
Marian Town Centre	QLD	6.25%	5.75%	42.2	44.0
Marketplace Warner	QLD	5.48%	5.00%	84.9	90.6
Miami One Shopping Centre	QLD	6.00%	5.50%	31.8	34.2
Mission Beach Marketplace	QLD	5.75%	5.50%	13.8	15.1
Moggill Village	QLD	5.25%	5.00%	51.0	53.4
Mt Isa Village	QLD	7.00%	6.75%	48.4	47.4
Mt Warren Park Shopping Centre	QLD	5.75%	5.50%	18.0	20.4
Mudgeeraba Market Shopping Centre	QLD	5.50%	5.00%	44.1	46.0
North Shore Village Shopping Centre	QLD	5.25%	5.00%	34.2	35.5
Ooralea Shopping Centre	QLD	6.00%	5.50%	29.5	31.2
Oxenford Village	QLD	5.25%	4.75%	46.0	48.5
Port Village Shopping Centre[2]	QLD	6.25%	-	35.7	-
Soda Factory West End	QLD	6.00%	5.50%	44.0	47.0
Sugarworld Shopping Centre	QLD	6.25%	5.75%	27.2	27.3
Whitsunday Shopping Centre	QLD	6.75%	6.25%	38.6	41.0
Woodford Shopping Centre	QLD	5.38%	5.00%	17.4	17.9
Worongary Town Centre	QLD	5.50%	5.25%	55.8	55.8
Blakes Crossing Shopping Centre	SA	5.50%	5.00%	30.0	32.4
Dernancourt Shopping Centre[2]	SA	5.50%	-	41.6	-
Fairview Green Shopping Centre[2]	SA	6.25%	-	33.1	-
Busselton Shopping Centre	WA	5.50%	5.00%	30.4	31.9
Currambine Central[3]	WA	6.50%	6.25%	88.0	106.2
Kalamunda Central	WA	5.75%	5.25%	52.1	52.8
Stirlings Central	WA	6.50%	6.00%	44.0	47.0
Treendale Shopping Centre	WA	5.75%	5.25%	36.5	38.7
Tyne Square[2]	WA	5.75%	-	12.3	-
Burnie Plaza	TAS	6.25%	6.00%	30.6	30.0
Claremont Plaza	TAS	5.75%	5.50%	51.5	51.5
Glenorchy Central	TAS	6.00%	5.75%	29.3	30.9
Greenpoint Plaza	TAS	6.00%	5.75%	22.5	24.0
Kingston Plaza	TAS	5.75%	5.50%	35.8	35.0
Meadow Mews Plaza	TAS	5.75%	5.50%	77.5	78.5
New Town Plaza	TAS	5.75%	5.50%	56.7	55.3
Prospect Vale Marketplace	TAS	6.00%	5.75%	38.3	36.0
Riverside Plaza	TAS	5.25%	5.00%	14.6	13.7
Shoreline Plaza	TAS	5.75%	5.50%	43.7	46.5
Sorell Plaza	TAS	5.75%	5.50%	35.7	37.2
Bakewell Shopping Centre	NT	6.00%	5.75%	52.0	50.8
Total neighbourhood retail properties		5.67%	5.27%	3,236.8	3,223.5
Total investment properties		5.85%	5.43%	4,411.6	4,460.9

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

[2] Properties acquired during the year.

[3] 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.

[4] Property disposed during the year.

b) Valuation process

In accordance with the Group's Valuation Policy, all properties are internally valued every June and December with a number being selected for external independent valuation (ensuring a representative sample) at each balance sheet date. Under the Policy, each property is externally valued at least every three years by a new, independent valuer. The properties selected for external valuation are chosen with consideration to a:

- Significant variation between the last carrying amount and internal valuation
- Major development project
- Significant market movement
- Significant change in circumstances at the property including a significant change in trading

The internal valuations are performed on a basis consistent with the methodology of the most recent external valuations. This includes using appropriate capitalisation rates, discount rates including terminal yields, comparable market evidence and recent external valuation parameters to produce a capitalisation based valuation and a discounted cash flow (DCF) valuation. The internal valuations are reviewed by management who recommends each property's valuation to the Audit, Risk Management and Compliance Committee and the Board in accordance with the Group's Valuation Policy.

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 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.

During the course of the year, 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 across all sectors. There may be further impact on valuations with a risk of continued market volatility and potential elevated debt costs.

c) Fair value measurement, valuation techniques and inputs

The key terms used in fair value measurement, valuation techniques and inputs have been defined here.

Term	Definition
Income capitalisation method	A valuation approach that provides an indication of value by converting future cash flows to a single current capital value
DCF method	A method in which a discount rate is applied to future expected income streams to estimate the present value
Market capitalisation rate or cap rate	The approximate return represented by income produced by an investment property, expressed as a percentage
Discount rate	A rate of return used to convert a future monetary sum or cash flow into present value
Net operating income	Rental income from contractual cash flows net of property operating expenses

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The key inputs used to measure fair values of investment properties are disclosed below.

	Fair value hierarchy	Carrying value 30 Jun $m	Valuation method	Key inputs used to measure fair value	Range of unobservable key inputs
2023	Level 3	4,411.6	Income capitalisation and DCF	Cap rate Discount rate	4.75% – 7.50% 5.25% – 8.00%
2022	Level 3	4,460.9	Income capitalisation and DCF	Cap rate Discount rate	4.00% – 9.00% 5.00% – 8.00%

All property investments are categorised as level 3 in the fair value hierarchy (refer note C4 for additional information in relation to the fair value hierarchy). There were no transfers between hierarchies.

Sensitivity information

A sensitivity analysis of the impact on the investment property valuations based on movements in the cap rate is disclosed below. While other factors do also impact a valuation, at the current time, the Group considers that the valuations are most sensitive to movements in the cap rate and net operating income.

Input	Fair value measurement sensitivity to significant increase in input	Fair value measurement sensitivity to significant decrease in input
Cap rate	Decrease	Increase
Net operating income	Increase	Decrease

The following sensitivity analysis shows the effect on profit/loss after tax and on equity, at balance sheet date, of a 50 basis points (bps) increase/decrease in cap rates and a 5% increase/decrease in property net operating income respectively with all other variables held constant.

Sensitivity analysis – Valuation cap rate

30 June 2023	Profit/(loss) after tax and equity	
Region Group & Retail Trust	50 bps increase	50 bps decrease
Investment properties ($m)	(347.4)	412.3

Sensitivity analysis – Valuation net operating income

30 June 2023	Profit/(loss) after tax and Equity	
Region Group & Retail Trust	5% increase	5% decrease
Investment properties ($m)	220.6	(220.6)

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 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 30 June 2023 and 30 June 2022 relates to a 20.0% interest in the Metro Fund. The Group had an investment in the SCA Unlisted Retail Fund 3 (SURF 3) which was wound up in the year ended 30 June 2022.

	Region Group & Retail Trust	
	30 Jun 2023 $m	30 Jun 2022 $m
Movement in investment in associates		
Opening balance	24.6	10.1
Contribution to equity accounted investment	6.3	26.2
Share of profit/(loss) after income tax	(2.4)	(0.9)
Return of capital	-	(10.6)
Distributions received or receivable	-	(0.2)
Closing balance	28.5	24.6

B3 Investment in CQR

Investment in CQR relates to the Group and the Retail Trust's interest in Charter Hall Retail Trust (ASX: CQR). During the year, the Group sold this investment for an average price of $3.94 each realising net proceeds of $26.7 million.

	Region Group & Retail Trust	
	30 Jun 2023 $m	30 Jun 2022 $m
Number of securities held (million)	-	6.8
ASX closing price on last trading day ($)	-	3.77
Investment in CQR ($m)	-	25.6

The investment in CQR was classified as a level 1 fair value measurement financial asset being derived from inputs based on quoted prices that are observable. 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 C4.

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 Capital management

The Group's objective when managing capital is to safeguard the ability to continue as a going concern, while providing returns for security holders and benefits for other stakeholders and maintaining a capital structure that will support a competitive overall cost of capital. The capital structure of the Group consists of cash and cash equivalents, interest bearing liabilities and equity (comprising contributed equity, reserves and accumulated profit/loss). The Group assesses the adequacy of its capital requirements, cost of capital and gearing (i.e. debt/equity mix) as part of a periodic review and regularly reviews its capital structure to ensure:

- Sufficient funds and financing facilities are available to support the Group's property investment and funds management business on a cost-effective basis
- Sufficient liquidity buffer is maintained
- Sufficient capital is available to enable distributions to security holders

The Group can alter its capital structure by issuing new securities, adjusting the amount of distributions paid to security holders, returning capital to security holders, buying back securities, selling assets to reduce debt, adjusting the timing of capital expenditure and through the operation of a distribution reinvestment plan. Additionally, the Group can use its existing debt facilities including drawing down or repaying debt, entering into or using new debt facilities and entering into derivative financial instruments.

The Group's debt financial covenants are at note C2.

C2 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.

	Region Group & Retail Trust	
	30 Jun 2023 $m	30 Jun 2022 $m
Bank and syndicated facilities - unsecured		
– AU$ denominated	503.0	370.0
AU$ Medium Term Note (AU$ MTN) - unsecured		
– AU$ denominated	525.0	525.0
US Notes – unsecured		
– US$ denominated (converted to AU$)	450.0	436.3
– AU$ denominated	50.0	50.0
Total unsecured debt outstanding	1,528.0	1,381.3
– Less: unamortised establishment fees, MTN discount and premium	(4.6)	(4.9)
Interest bearing liabilities	1,523.4	1,376.4

Bank and syndicated facilities – unsecured

To reduce liquidity risk, the Group has in place debt facilities from banks and a syndicated facility. The debt facilities include revolving facilities. All debt facilities are unsecured and are available for general corporate and working capital purposes. The next bilateral facility expiry is December 2025 with the remainder expiring after December 2025.

At 30 June 2023, in addition to the unsecured bank facilities drawn above, $10.1 million of a bilateral bank facility available was used to support bank guarantees (30 June 2022: $11.0 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 financing facilities, including cash and cash equivalents, is in the following table.

	Region Group	
	30 Jun 2023 $m	30 Jun 2022 $m
Bank and syndicated debt facilities		
Committed debt facilities available	875.0	825.0
Less: amounts drawn	(503.0)	(370.0)
Less: amounts utilised for bank guarantee	(10.1)	(11.0)
Net financing facilities available	361.9	444.0
Add: cash and cash equivalents	23.8	8.7
Financing capacity available	385.7	452.7

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.

The Group's only debt expiry in FY24 is a $225.0 million AU$ Medium Term Note with a coupon of 3.9% which expires in June 2024. The Group has no debt expiries in FY25. The cash and undrawn debt at 30 June 2023 of $385.7 million is in excess of the $225.0 million debt expiry in FY24 and therefore it is expected this expiry will be repaid from the cash and undrawn debt.

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 30 June 2023 are below.

Issue date	Maturity	US$ value	Economic hedged FX rate	AU$ economically hedged value	30 Jun 2023 FX rate	30 Jun 2023 Book value
US$ denominated notes						
Aug-14	Aug-27	100.0	0.9387	106.5	0.6667	150.0
Sep-18	Sep-28	30.0	0.7604	39.4	0.6667	45.0
Aug-14	Aug-29	50.0	0.9387	53.3	0.6667	75.0
Sep-18	Sep-31	70.0	0.7604	92.1	0.6667	105.0
Sep-18	Sep-33	50.0	0.7604	65.8	0.6667	75.0
Total US$ denominated notes		300.0		357.1		450.0
AU$ denominated notes						
Aug-14	Aug-29			50.0		50.0
Total AU$ denominated notes				50.0		50.0
Total US Notes				407.1		500.0

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Net debt reconciliation

Reconciliation of net debt movements for the Group during the financial years is below.

	Region Group		
	Movement in cash $m	Movement in interest bearing liabilities $m	Total $m
Net debt at 30 June 2022	8.7	(1,381.3)	(1,372.6)
Net proceeds from borrowings	15.1	(311.0)	(295.9)
Repayment of borrowings	–	178.0	178.0
Foreign exchange adjustments - USPP	–	(13.7)	(13.7)
Net debt at 30 June 2023	23.8	(1,528.0)	(1,504.2)

	Region Group		
	Movement in Cash $m	Movement in interest bearing liabilities $m	Total $m
Net debt at 30 June 2021	11.6	(1,335.0)	(1,323.4)
Net proceeds from borrowings	–	(654.0)	(654.0)
Repayment of borrowings	(2.9)	644.0	641.1
Foreign exchange adjustments - USPP	–	(36.3)	(36.3)
Net debt at 30 June 2022	8.7	(1,381.3)	(1,372.6)

The reconciliation of net debt movements during the financial year is identical for the Retail Trust with the exception of cash at bank which is $22.6 million (30 June 2022: $6.7 million) resulting in net debt of $1,505.4 million (30 June 2022: $1,374.6 million).

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 year ended 30 June 2023.

C3 Finance expenses

Finance expenses include interest payable on bank overdrafts and short-term and long-term borrowings, payments on derivatives and amortisation of ancillary costs incurred in connection with borrowing arrangements. Finance expenses are expensed as incurred except to the extent that they are directly attributable to the acquisition, construction or production of a qualifying asset.

In these circumstances, borrowing costs are capitalised to the cost of the assets until the assets are ready for their intended use or sale. Total interest capitalised within the Group must not exceed the net interest expense of the Group in any year, and project values, including all capitalised interest attributable to projects, must continue to be recoverable. In the event that a development is suspended for an extended period of time, the capitalisation of borrowing costs is also suspended.

	Region Group & Retail Trust	
	30 Jun 2023 $m	30 Jun 2022 $m
Interest expense – borrowings (including amortisation of borrowing costs)	43.2	27.4
Interest expense – derivatives (including cross currency interest rate swaps)	5.9	8.5
	49.1	35.9

C4 Derivative and other financial instruments

The Group holds derivative financial instruments to hedge foreign currency and interest rate risk exposures arising from operational, financing and investing activities.

The Group has a hedging program to manage interest and exchange rate risk. Derivative financial instruments are transacted to achieve the economic outcomes in line with the Group's policy as approved by the Board. Derivative instruments are not transacted for speculative purposes. Derivative financial instruments are recognised initially at cost and remeasured at fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Group does not designate any derivative financial instrument as hedging instruments.

Where applicable, the fair value of currency and interest rate options and cross currency interest rate swaps are calculated by reference to relevant market rates for contracts with similar maturity profiles. The current and non current fair values are based on the timing of cashflows. The fair value of interest rate swaps is determined by reference to applicable market yield curves and includes counterparty risk.

Changes in fair value of derivatives is recognised in profit or loss.

(a) Financial risk management

The Group's activities expose it to a variety of financial risks included in the table below.

Risk	Definition	Exposure	Exposure management
Credit risk	The risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has exposure to credit risk on its financial assets included in its Consolidated Balance Sheets. This includes cash and cash equivalents, derivative financial instruments (hedging) as well as credit receivables due from tenants and managing agents.	All financial assets including cash and cash equivalents, receivables, and derivative financial instruments	The Group manages credit risk by regularly reviewing the banks at which cash and cash equivalents are deposited with, diversifying receivables from tenants and investing and transacting derivatives with multiple counterparties to minimise the Group's exposure to any one counterparty. Wherever possible, for financial investments and economic hedging, the Group only deals with investment-grade counterparties.
Liquidity risk	The risk that the Group will not be able to meet its financial obligations as they fall due	Payables, borrowings and other liabilities	The Group manages liquidity risk by having flexibility in funding including by keeping sufficient cash and/or committed credit lines available while maintaining a low cost of holding these facilities. Management also: • prepares and monitors rolling forecasts of liquidity requirements on the basis of expected cash flow, including the maturity of its debt portfolio • maintains a liquidity buffer of cash and undrawn debt facilities • refinances borrowings in advance of the maturity of the borrowing and by securing longer term facilities
Market risk – foreign exchange risk	The risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's financial performance or the value of its holdings of financial instruments	US$ denominated debt from US Notes	The Group has foreign exchange risk as a result of issuing the US$ denominated debt the Group has entered into cross currency interest rate swaps which have fully economically hedged the US$ principal and interest to a fixed amount of AU$ and floating AU$ interest respectively.
Market risk – interest rate risk	The risk that the fair value or cash flows of financial instruments will fluctuate due to changes in market interest rates	Cash and borrowings as fixed and floating rates.	The Group manages interest rate risk by maintaining an appropriate mix of fixed and floating rate borrowings and through the use of interest rate swap contracts.

Further details on these matters are below.

(b) Financial risk management – credit risk

The Group and Retail Trust's exposure to credit risk is in the table below.

	Region Group		Retail Trust	
	30 Jun 2023 $m	30 Jun 2022 $m	30 Jun 2023 $m	30 Jun 2022 $m
Cash and cash equivalents	23.8	8.7	22.6	6.7
Receivables	46.4	43.3	45.9	39.2
Derivative financial instruments	92.8	111.4	92.8	111.4
	163.0	163.4	161.3	157.3

The maximum exposure of the Group at 30 June 2023 is the carrying amount of the financial assets in the Consolidated Balance Sheets.

A significant share of the Group's income for the current and prior year is from Woolworths Limited and Coles Limited (and their affiliates) which have a credit rating of BBB or above by Standard and Poor's. The Group reviews the aggregate exposure of tenancies across its portfolio on a regular basis.

Receivables are reviewed regularly throughout the year. An expected credit losses (ECL) allowance is applied using a provision matrix determined using observable data to estimate future loss at an amount equal to the lifetime ECL. Part of the Group's policy is to hold collateral as security for tenants via bank guarantees or other collateral such as security deposits and personal guarantees. The security collateral from tenants is negotiated individually and is typically the equivalent of three to six months rent.

(c) Financial risk management – liquidity risk

Non-derivative financial instruments

The contractual maturities of the Group's and Retail Trust's non-derivative financial liabilities at reporting date are reflected in the following table. It shows the undiscounted contractual cash flows required to discharge the liabilities including principal, interest, margin, and line fees at the reporting date. Foreign denominated liabilities have been converted at the applicable exchange rates at the reporting date.

	1 year or less $m	2 - 3 years $m	4 - 5 years $m	More than 5 years $m	Total $m
30 June 2023					
Region Group					
Trade and other payables	57.6	–	–	–	57.6
Distribution payable	88.5	–	–	–	88.5
Interest bearing liabilities	295.0	123.6	578.6	860.4	1,857.6
	441.1	123.6	578.6	860.4	2,003.7

The Retail Trust is identical to the Group with the exception of trade and other payables which are $73.5 million and have a maturity of 1 year or less.

	1 year or less $m	2 - 3 years $m	4 - 5 years $m	More than 5 years $m	Total $m
30 June 2022					
Region Group					
Trade and other payables	78.9	–	–	–	78.9
Distribution payable	89.3	–	–	–	89.3
Interest bearing liabilities	52.9	419.4	196.5	1,024.2	1,693.0
	221.1	419.4	196.5	1,024.2	1,861.2

The Retail Trust is identical to the Group with the exception of trade and other payables which are $89.1 million and have a maturity of 1 year or less.

Derivative financial instruments

The following tables show the undiscounted cash flows required to discharge the Group's and Retail Trust's derivative financial instruments in place at 30 June 2023 at the rates at the reporting date. Foreign denominated instruments have been converted at the applicable exchange rates at the reporting date.

	1 year or less $m	2 - 3 years $m	4 - 5 years $m	More than 5 years $m	Total $m
30 June 2023					
Region Group & Retail Trust					
Interest rate swaps – net	10.1	6.6	0.7	0.8	18.2
Cross currency interest rate swaps – net	(2.9)	(3.7)	42.6	45.1	81.1
	7.2	2.9	43.3	45.9	99.3
30 June 2022					
Region Group & Retail Trust					
Interest rate swaps – net	10.4	4.6	4.0	12.4	31.4
Cross currency interest rate swaps – net	2.4	(2.7)	(2.3)	72.6	70.0
	12.8	1.9	1.7	85.0	101.4

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(d) Financial risk management - Foreign exchange risk

Cross currency interest rate swap contracts

As a result of issuing the US$ denominated debt the Group has entered into cross currency interest rate swaps that have fully economically hedged the US$ principal and interest to a fixed amount of AU$ and floating AU$ interest respectively. The following table details the principal and interest payments over various durations at balance sheet date.

	Region Group & Retail Trust				
	1 year or less $m	2 – 3 years $m	4 – 5 years $m	More than 5 years $m	Total $m
30 June 2023					
Buy US dollar – interest					
Amount (AU$)	15.8	31.5	27.7	32.6	107.6
Exchange rate	0.8354	0.8381	0.8195	0.7761	0.8141
Amount (US$)	13.2	26.4	22.7	25.3	87.6
Buy US dollar – principal					
Amount (AU$)	-	-	106.5	250.6	357.1
Exchange rate	-	-	0.9387	0.7981	0.8401
Amount (US$)	-	-	100.0	200.0	300.0
30 June 2022					
Buy US dollar – interest					
Amount (AU$)	15.8	31.5	31.5	44.5	123.3
Exchange rate	0.8354	0.8381	0.8381	0.7820	0.8175
Amount (US$)	13.2	26.4	26.4	34.8	100.8
Buy US dollar – principal					
Amount (AU$)	-	-	-	357.1	357.1
Exchange rate	-	-	-	0.8401	0.8401
Amount (US$)	-	-	-	300.0	300.0

Sensitivity analysis – foreign exchange risk

The following sensitivity analysis shows the effect on profit/(loss) after tax and equity if the Australian dollar had increased (strengthened) by 10% or decreased (weakened) by 10% at the balance sheet date with all other variables held constant.

	Profit/(loss) after tax and equity	
	Effect of 10% strengthening in AU$ exchange rate $m	Effect of 10% weakening in AU$ exchange rate $m
30 June 2023		
Region Group & Retail Trust		
AU$ equivalent of foreign exchange balances denominated in US$	(1.4)	1.8
30 June 2022		
Region Group & Retail Trust		
AU$ equivalent of foreign exchange balances denominated in US$	(4.2)	5.1

(e) Financial risk management - Interest rate risk

Interest rate swap contracts

The Group's bank and syndicated borrowings are generally at floating rates exposing the Group to cash flow interest rate risk. The Group's preference is to be protected from interest rate movements through appropriate risk management techniques. These techniques include using floating to fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates.

Additionally the Group has fixed rate borrowings in the form of AU$ and US$ US Notes and the AU$ MTN.

The requirements under Australian Accounting Standards in respect of documentation, designation and effectiveness for hedge accounting cannot be met in all circumstances. As a result the Group does not apply hedge accounting for any derivatives at 30 June 2023 (30 June 2022: not applied).

The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the forward market interest rate curve at the reporting date.

The Group's exposure to interest rate risk and the effective interest rates on financial assets and liabilities at reporting date follow. Total financial assets exposed to interest rate risk, being cash at bank, for Region Group was $23.8 million and for Retail Trust $22.6 million at 30 June 2023.

	Region Group					
			Fixed interest rate			
	Interest rate (%p.a.)	Floating interest rate $m	Less than 1 year $m	1 - 5 years $m	More than 5 years $m	Total $m
30 June 2023						
Financial liabilities						
Interest bearing liabilities						
Denominated in AU$ - floating	5.3%	(503.0)	-	-	-	(503.0)
Denominated in AU$ - fixed (MTN)	3.2%	-	(225.0)	-	(300.0)	(525.0)
Denominated in AU$ - fixed (US Notes)	6.0%	-	-	-	(50.0)	(50.0)
Denominated in US$ - fixed (US Notes)	4.4%	-	-	(150.0)	(300.0)	(450.0)
Total financial liabilities		(503.0)	(225.0)	(150.0)	(650.0)	(1,528.0)

The maturity profile and the weighted average interest rate of the fixed and floating derivatives (notional principal) held at reporting date by both the Group and the Retail Trust are summarised below.

	Jun 2023 $m	Jun 2024 $m	Jun 2025 $m	Jun 2026 $m	Jun 2027 $m
Denominated in AU$					
Interest rate swaps (fixed)	600.0	450.0	500.0	300.0	0.0
Average fixed rate	0.72%	2.50%	3.54%	3.36%	0.00%
Interest rate swaps (floating)	50.0	50.0	50.0	50.0	50.0

The Group's exposure to interest rate risk and the effective interest rates on financial assets and liabilities at 30 June 2022 follow. Total financial assets exposed to interest rate risk, being cash at bank, for Region Group was $8.7 million and for Retail Trust $6.7 million at 30 June 2022.

	Region Group					
			Fixed interest rate			
	Interest rate (%p.a.)	Floating interest rate $m	Less than 1 year $m	1 - 5 years $m	More than 5 years $m	Total $m
30 June 2022						
Financial liabilities						
Interest bearing liabilities						
Denominated in AU$ - floating	2.6%	(370.0)	-	-	-	(370.0)
Denominated in AU$ - fixed (MTN)	3.2%	-	-	(225.0)	(300.0)	(525.0)
Denominated in AU$ - fixed (US Notes)	6.0%	-	-	-	(50.0)	(50.0)
Denominated in US$ - fixed (US Notes)	4.4%	-	-	-	(436.3)	(436.3)
Total financial liabilities		(370.0)	-	(225.0)	(786.3)	(1,381.3)

The maturity profile and the weighted average interest rate of the fixed and floating derivatives (notional principal) held at 30 June 2022 by both the Group and the Retail Trust are summarised below.

	Jun 2022 $m	Jun 2023 $m	Jun 2024 $m	Jun 2025 $m	Jun 2026 $m
Denominated in AU$					
Interest rate swaps (fixed)	375.0	350.0	150.0	150.0	150.0
Weighted average fixed rate	0.20%	0.20%	2.61%	2.61%	2.61%
Interest rate swaps (floating)	50.0	50.0	50.0	50.0	50.0

Sensitivity analysis – interest rate risk

The following sensitivity analysis shows the effect on profit/(loss) after tax and equity if market interest rates at balance sheet date had been 100 basis points (bps) higher/lower with all other variables held constant.

	Profit/loss after tax[1] and equity	
	100bps higher $m	100bps lower $m
30 June 2023		
Region Group & Retail Trust		
Effect of market interest rate movement	(9.5)	9.6
30 June 2022		
Region Group & Retail Trust		
Effect of market interest rate movement	(14.5)	14.6

[1] The aim of the Group's interest rate hedging strategy is to reduce the impact on Adjusted Funds from Operations of movements in interest rates. Changes to the non-cash mark-to-market valuations of the swaps which flow through the Group's Consolidated Statements of Comprehensive Income are excluded from Adjusted Funds from Operations.

(f) Accounting classifications and fair values

The fair value of interest rate derivatives is determined using a generally accepted pricing model based on a DCF analysis using assumptions supported by observing market rates.

Except as disclosed below, the carrying amounts of other financial assets and financial liabilities, which are recognised at amortised cost in the Consolidated Balance Sheets, approximate their fair values.

The fair value of the US Notes and AU$ MTN can be different to the carrying value.

The fair value, additionally, 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.

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.

	Region Group	
	30 Jun 2023 $m	30 Jun 2022 $m
Amortised cost		
US Notes	500.0	486.3
AU$ MTN	525.0	525.0
Fair Value		
US Notes	444.2	465.5
AU$ MTN	444.8	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 table below categorises the financial instruments carried at fair value by valuation method level. The different levels 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)

There were no transfers between levels during the year.

	Region Group & Retail Trust			
	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
30 June 2023				
Financial assets carried at fair value				
Investment in CQR	-	-	-	-
Interest rate swaps	-	15.6	-	15.6
Cross currency interest rate swaps	-	77.2	-	77.2
	-	92.8	-	92.8
Financial liabilities carried at fair value				
Interest rate swaps	-	7.8	-	7.8
30 June 2022				
Financial assets carried at fair value				
Investment in CQR	25.6	-	-	25.6
Interest rate swaps	-	26.0	-	26.0
Cross currency interest rate swaps	-	85.4	-	85.4
	25.6	111.4	-	137.0
Financial liabilities carried at fair value				
Interest rate swaps	-	3.2	-	3.2

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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 included in level 2 above.

C5 Contributed equity and reserves

a) Contributed equity

	Region Group		Retail Trust	
	30 Jun 2023 $m	30 Jun 2022 $m	30 Jun 2023 $m	30 Jun 2022 $m
Contributed equity [1]	2,208.1	2,121.2	2,197.1	2,110.9
Issue costs	(41.0)	(40.9)	(40.8)	(40.8)
	2,167.1	2,080.3	2,156.3	2,070.1

	Management Trust		Retail Trust	
	30 Jun 2023 $m	30 Jun 2022 $m	30 Jun 2023 $m	30 Jun 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 raised through Distribution Reinvestment Plan – January 2023	0.2	-	42.1	-
Equity raising costs	(0.1)	-	-	(0.1)
Closing balance	10.8	10.2	2,156.3	2,070.1
Balance at the end of the period is attributable to security holders of:				
Region Management Trust	10.8	10.2		
Region Retail Trust	2,156.3	2,070.1		
	2,167.1	2,080.3		

[1] *Contributed equity has been aggregated to include both Management Trust and Retail Trust*

Securities on issue

	Region Group & Retail Trust	
	30 Jun 2023 No. of securities	30 Jun 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	-
Equity raised through Distribution Reinvestment Plan – 31 January 2023	16,273,286	-
Closing balance	1,148,893,991	1,116,286,260

As long as the Group remains jointly quoted, the number of securities in each of the Trusts is equal and the security holders identical. Holders of stapled securities are entitled to receive distributions as declared from time to time. Region Group holds concurrent meetings of the Retail Trust and Management Trust. Subject to any voting restrictions imposed on a security holder under the Corporations Act 2001 (Cth) and/or the Australian Securities Exchange at a meeting of members, on a show of hands, each member has one vote; and on a poll, each member has one vote for each dollar of the value of the total interest that they have in the relevant underlying Retail Trust or Management Trust respectively.

A total of 365,355 securities were issued during the year in respect of executive compensation plans and 22,143 securities were issued in respect of employee compensation and incentive 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), distribution declared in December 2022 (paid in January 2023) and distribution declared in June 2023 (expected to be paid on or about 31 August 2023).

The distribution declared in June 2022 resulted in $44.6 million being raised by the DRP through the issue of 15.9 million securities at $2.80 per security in August 2022. This included $23.4 million pursuant to an underwriting agreement.

The distribution declared in December 2022 resulted in $42.3 million being raised by the DRP through the issue of 16.3 million securities at $2.61 per security in January 2023. This included $23.1 million pursuant to an underwriting agreement.

The distribution declared in June 2023 will result in $26.8 million being raised by the DRP though the issue of 11.8 million securities at $2.27 per security. This distribution was not underwritten.

b) Reserves (net of income tax)

Share based payment reserve: Refer note D3.

	Retail Trust	
	30 Jun 2023 $m	30 Jun 2022 $m
Share based payment reserve	11.9	8.8
Investment fair value through other comprehensive income (FVTOCI)	-	(0.4)
	11.9	8.4
Movements in reserves		
Share based payment reserve		
Balance at the beginning of the year	8.8	7.2
Employee share based payments	3.1	1.6
Closing balance	11.9	8.8
FVTOCI reserve		
Opening balance	(0.4)	(0.2)
Revaluation of investment FVTOCI	1.2	(0.2)
Reclassification to accumulated loss	(0.8)	-
Closing balance	-	(0.4)

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c) Accumulated profit and loss

	Region Group		Retail Trust	
	30 Jun 2023 $m	30 Jun 2022 $m	30 Jun 2023 $m	30 Jun 2022 $m
Opening balance	1,045.2	727.3	1,043.8	726.0
Net profit/(loss) for the year	(123.6)	487.1	(124.9)	487.0
Other comprehensive income from disposal of investment in CQR	0.8	-	0.8	-
Distributions paid and payable (note A2)	(173.4)	(169.2)	(173.4)	(169.2)
Closing balance	749.0	1,045.2	746.3	1,043.8
Balance at the end of the year is attributable to security holders of:				
Region Management Trust	2.7	1.4		
Region Retail Trust	746.3	1,043.8		
	749.0	1,045.2		

Other disclosure items

D1 Working capital and other

a) 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 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 year.

	Region Group		Retail Trust	
	30 Jun 2023 $m	30 Jun 2022 $m	30 Jun 2023 $m	30 Jun 2022 $m
Rental income receivables	4.7	9.5	4.7	9.5
Other rental income receivables	2.1	1.2	1.7	1.0
Gross rental income receivables	6.8	10.7	6.4	10.5
Rental income deferrals[1]	2.1	4.8	2.1	4.8
Rental income receivables and deferrals	8.9	15.5	8.5	15.3
Allowance for ECL	(1.9)	(8.0)	(1.9)	(8.0)
Net rental income receivables and deferrals	7.0	7.5	6.6	7.3
Accrued rental income receivables[2]	13.2	7.5	13.2	7.5
Other receivables[3]	26.2	28.3	26.1	24.4
Total receivables	46.4	43.3	45.9	39.2

[1] Rental income deferrals granted as part of COVID-19 that have not yet been invoiced and have been specifically provided for.

[2] 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.

[3]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.

Rental income and other receivables past due[1]

	Region Group					
	30 Jun 2023			30 Jun 2022		
Days from invoice date	ECL %	Carrying amount of receivables $m	Allowance for ECL $m	ECL %	Carrying amount of receivables $m	Allowance for ECL $m
Current	3.4%	2.9	0.1	26.8%	3.3	0.9
31-60 days	25.0%	0.4	0.1	44.0%	1.2	0.5
61-90 days	50.0%	0.4	0.2	68.5%	0.7	0.5
91-120 days	33.3%	0.3	0.1	65.5%	0.5	0.3
>120 days	28.6%	2.8	0.8	54.4%	5.0	2.7
Rental income and other receivables - simplified ECL		6.8	1.3		10.7	4.9
Rental income deferrals - specific ECL	28.6%	2.1	0.6	64.6%	4.8	3.1
Total		8.9	1.9		15.5	8.0

[1]Rental income and other amounts due are receivable within 30 days of invoicing.

Expected Credit Losses

	Region Group					
	Collectively assessed $m	Individually assessed $m	Total – 30 Jun 2023 $m	Collectively assessed $m	Individually assessed $m	Total – 30 Jun 2022 $m
Opening balance	4.9	3.1	8.0	3.8	6.0	9.8
Remeasurement of loss allowance	1.1	(0.8)	0.3	4.1	(1.3)	2.8
Amounts written off	(3.7)	(0.2)	(3.9)	(0.7)	-	(0.7)
Amounts recovered	(1.0)	(1.5)	(2.5)	(2.3)	(1.6)	(3.9)
Closing balance	1.3	0.6	1.9	4.9	3.1	8.0

b) Trade and other payables

Trade and current liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Group. The amounts are unsecured and are usually paid within 30 days of recognition.

	Region Group		Retail Trust	
	30 Jun 2023 $m	30 Jun 2022 $m	30 Jun 2023 $m	30 Jun 2022 $m
Current				
Trade payables and other creditors	57.5	78.8	55.4	78.9
Income tax payable	0.1	0.1	-	-
Payables to related parties (note D3)	-	-	18.1	10.2
	57.6	78.9	73.5	89.1

Trade payables and other creditors are generally payable within 30 days and relate to trade payables $13.0 million (30 June 2022: $24.7 million), property payables $17.8 million (30 June 2022: $27.2 million), rent received in advance $18.2 million (30 June 2022: $16.4 million), interest payables $6.8 million (30 June 2022: $4.8 million) and other payables $1.7 million (30 June 2022: $5.7 million).

c) Tax

The Group comprises taxable and non-taxable entities. A liability for current and deferred taxation is only recognised in respect of taxable entities that are subject to income tax and potential capital gains tax as detailed below.
The Retail Trust is the property owning trust and is treated as a trust for Australian tax purposes. Under current Australian income tax legislation, the Retail Trust is not subject to Australian income tax, including capital gains tax, provided that members are presently entitled to the income of the Trust as determined in accordance with the Trust's constitution.
Management Trust is treated as a company for Australian tax purposes which means it is subject to income tax.
Deferred tax is provided on all temporary differences on the difference between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

	Region Group		Retail Trust	
	30 Jun 2023 $m	30 Jun 2022 $m	30 Jun 2023 $m	30 Jun 2022 $m
Profit before income tax	(123.1)	487.5	(124.9)	487.0
Prima facie tax (expense) at 30%	36.9	(146.3)	37.5	(146.1)
Tax effect of income that is not assessable/deductible in determining taxable profit	(37.4)	145.9	(37.5)	146.1
Tax	(0.5)	(0.4)	-	-

d) Capital and lease commitments

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

	Region Group & Retail Trust	
	30 Jun 2023 $m	30 Jun 2022 $m
Capital commitments	13.3	171.0

The 30 June 2023 balance relates 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. $1.7 million which represents a deposit in relation to this acquisition is included in the balance sheet as current other assets.

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

e) Other assets and liabilities

For leases where the Group is the lessee, a separate right-of-use asset and lease liability is recognised in the Consolidated Balance Sheets. Measurement of the lease liability is the present value of the lease payments that are not paid at the date of transition, discounted using an appropriate discount rate. The right-of-use asset is presented within the Consolidated Balance Sheets within other assets and the lease liability within other liabilities respectively.

The right-of-use asset is amortised over the remaining lease term (including the period covered by the extension option), and the lease liability is measured on an effective interest basis.

During the year, the Group entered into a new lease which has been accounted for in accordance with *AASB 16 Leases* in the right-of-use asset and lease liability for $4.6 million.

	Region Group		Retail Trust	
	30 Jun 2023 $m	30 Jun 2022 $m	30 Jun 2023 $m	30 Jun 2022 $m
Current other assets	8.1	14.0	7.2	13.2
Non-current other assets	10.8	6.5	5.7	5.7
	18.9	20.5	12.9	18.9

Current other assets relate to prepayments $5.7 million (30 June 2022: $4.0 million), deposits and stamp duty paid for the purchase of investment properties $2.2 million (30 June 2022: $9.0 million) and other assets $0.2 million (30 June 2022: $1.0 million).
Non-current other assets include right-of-use assets for the investment property at Lane Cove $5.7 million (30 June 2022: $5.7 million), lease of office space $4.9 million (30 June 2022: $0.6 million) and other assets $0.2 million (30 June 2022: $0.2 million). The corresponding lease liability of $11.6 million (30 June 2022: $7.2 million) is presented in non-current liabilities.

D2 Operating cash flow information

a) Notes to statements of cash flows

Reconciliation of net profit after tax to net cash flow from operating activities is below.

	Region Group		Retail Trust	
	30 Jun 2023 $m	30 Jun 2022 $m	30 Jun 2023 $m	30 Jun 2022 $m
Net profit/(loss) after tax	(123.6)	487.1	(124.9)	487.0
Net unrealised (gain)/loss on change in fair value of investment properties	264.1	(354.0)	264.1	(354.0)
Net unrealised (gain)/loss on change in fair value of derivatives	23.2	(0.5)	23.2	(0.5)
Net unrealised (gain)/loss on change in foreign exchange	13.7	36.3	13.7	36.3
Straight-lining of rental income and amortisation of lease incentives	10.7	13.6	10.7	13.6
(Decrease)/increase in payables	(12.8)	0.9	(10.9)	(3.3)
Non-cash and capitalised financing expenses	0.3	3.7	0.3	3.7
Other non-cash items and movements in other assets	1.8	(0.8)	2.4	0.7
(Increase)/decrease in receivables	(0.6)	(6.9)	(0.4)	(4.8)
Net cash flow from operating activities	176.8	179.4	178.2	178.7

D3 Related party information

a) Key Management Personnel compensation

At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest and adjusts for non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity settled employee benefits reserve.

The aggregate compensation made to the Directors and other Key Management Personnel of the Group is set out below.

	30 Jun 2023 $	30 Jun 2022 $
Short term benefits	3,868,645	3,442,555
Post-employment benefits	174,740	137,809
Share-based payment	1,446,112	1,267,662
Long term benefits	51,276	48,326
	5,540,773	4,896,352

b) Share based payments

The Group has an Executive Incentive Plan that entitles Key Management Personnel, subject to criteria, to become entitled to acquire securities at nil cost to the employee.
Rights pursuant to the Executive Incentive Plan have been issued for:

- Short-Term Incentive Plan (STIP) Rights
- Long-Term Incentive Plan (LTIP) Rights

Under the Executive Incentive Plan grants of rights have been made to the following Key Management Personnel:

- Mr Mellowes (Director and Chief Executive Officer)
- Mr Fleming (Director and Chief Operating Officer)
- Mr Walsh (Chief Financial Officer)

In addition, certain non-Key Management Personnel were also granted 52,276 rights during the year (30 June 2022: 38,407). The table below summarises the rights issued to key management personnel. These rights have a nil exercise price and awards are subject to meeting performance criteria. Where the performance criteria are met, details of the stapled securities that may be issued are below. Under the Executive Incentive Plan, 227,077 securities (30 June 2022: 166,576) were issued and vested to Mr Mellowes; 108,145 securities (30 June 2022: 80,040) to Mr Fleming and nil securities (30 June 2022: nil) to Mr Walsh.

Type and eligibility	Vesting conditions[1]	Security price at grant date	Grant date	Testing date	Vesting date	Maximum number of stapled securities or maximum value of securities to be issued	Fair value at grant date
STIP (FY23) (Mr Mellowes)	Non-market	$2.34	Sep-22	Jul-23	Jul-24	$597,658	$0.96 per $1.00
STIP (FY23) (Mr Fleming)	Non-market	$2.34	Sep-22	Jul-23	Jul-24	$342,000	$0.96 per $1.00
STIP (FY23) (Mr Walsh)	Non-market	$2.59	Dec-22	Jul-23	Jul-24	$106,534	$0.96 per $1.00
LTIP (FY23 - FY25) (Tranche 1) (Messrs Mellowes, Fleming)	Relative TSR[2]	$2.34	Sep-22	Sep-25	Jul-26	439,410	$1.17 per security
LTIP (FY23 - FY25) (Tranche 2) (Messrs Mellowes, Fleming)	Non-market	$2.34	Sep-22	Jun-25	Jul-26	292,939	$2.34 per security
LTIP (FY23 - FY25) (Tranche 1) (Mr Walsh)	Relative TSR[2]	$2.53	Sep-22	Jun-25	Jul-26	21,077	$1.27 per security
LTIP (FY23 - FY25) (Tranche 2) (Mr Walsh)	Non-market	$2.53	Sep-22	Jun-25	Jul-26	14,051	$2.53 per security
STIP (FY22) (Mr Mellowes)	Non-market	$2.83	Sep-21	Jul-22	Jul-23	$580,250	$0.97 per $1.00
STIP (FY22) (Mr Fleming)	Non-market	$2.83	Sep-21	Jul-22	Jul-23	$290,200	$0.97 per $1.00
LTIP (FY22 - FY24) (Tranche 1) (Messrs Mellowes, Fleming)	Relative TSR[2]	$2.83	Sep-21	Sep-24	Jul-25	431,758	$1.67 per security
LTIP (FY22 - FY24) (Tranche 2) (Messrs Mellowes, Fleming)	Non-market	$2.83	Sep-21	Jun-24	Jul-25	287,839	$2.83 per security
STIP (FY21) (Mr Mellowes)	Non-market	$2.23	Sep-20	Jan-21 Jul-21	Jul-22	$241,250 $241,250	$0.96 per $1.00
STIP (FY21) (Mr Fleming)	Non-market	$2.23	Sep-20	Jan-21 Jul-21	Jul-22	$115,938 $115,938	$0.96 per $1.00
LTIP (FY21 - FY23) (Tranche 1) (Messrs Mellowes, Fleming, Lamb)	Relative TSR[2]	$2.23	Sep-20	Sep-23	Jul-24	452,393	$1.18 per security
LTIP (FY21 - FY23) (Tranche 2) (Messrs Mellowes, Fleming, Lamb)	Non-market	$2.23	Sep-20	Jun-23	Jul-24	301,595	$2.23 per security
STIP (FY20) (Mr Mellowes)	Non-market	$2.61	Aug-19	Jul-20	Jul-22	$482,500	$0.96 per $1.00
STIP (FY20) (Mr Fleming)	Non-market	$2.61	Aug-19	Jul-20	Jul-22	$231,875	$0.96 per $1.00
LTIP (FY20 - FY22) (Tranche 1) (Messrs Mellowes, Fleming, Lamb)	Relative TSR[2]	$2.61	Aug-19	Sep-22	Jul-23	213,818	$1.28 per security

Type and eligibility	Vesting conditions[1]	Security price at grant date	Grant date	Testing date	Vesting date	Maximum number of stapled securities or maximum value of securities to be issued	Fair value at grant date
LTIP (FY20 – FY22) (Tranche 2) (Messrs Mellowes, Fleming, Lamb)	Non-market	$2.61	Aug-19	Jun-22	Jul-23	213,818	$2.59 per security
LTIP (FY20 – FY22) (Tranche 3) (Messrs Mellowes, Fleming, Lamb)	Non-market	$2.61	Aug-19	Jun-22	Jul-23	213,818	$2.59 per security

[1] Service and non-market conditions include numeric and strategic targets along with a deferred vesting period.

[2] Relative TSR is Relative total security holder return measured against the ASX 200 A-REIT Accumulation Index.

The Group recognises the fair value at the grant date of equity settled securities below as an employee benefit expense proportionally over the vesting period with a corresponding increase in equity. Fair value is measured at grant date using Monte-Carlo simulation and Black Scholes option pricing models where applicable, performed by an independent valuer, and models the future security price of the Group's securities.

Non-market vesting conditions are determined with reference to the underlying financial or non-financial performance measures to which they relate.

The total expense recognised during the year in relation to those eligible for equity settled share-based payments was $2.7 million (30 June 2022: $1.6 million). Key inputs to the pricing models are shown in the table below:

	30 Jun 2023	30 Jun 2022	30 Jun 2021	30 Jun 2020
Volatility	26.0%	26.0%	25.0%	16.0%
Distribution yield	6.5%[1]	5.4%	5.5%	5.8%
Risk-free interest rate	3.8%	0.2%	0.2%	0.7%

[1] The distribution yield for Mr Walsh is 6.8% as his performance rights were issued on a different date.

c) Other related party disclosures

The Retail Trust has a current payable of $18.1 million to the Management Trust (30 June 2022: $10.2 million). This is non-interest bearing and repayable at call. Additionally, Region RE Limited (the Company), the Responsible Entity of the Retail Trust and a wholly owned subsidiary of Management Trust, makes payments on behalf of the Retail Trust from time to time. These payments are incurred by the Company in properly performing or exercising its powers or duties in relation to the Retail Trust. The Company has a right of indemnity from the Retail Trust, for any liability incurred by the Company in properly performing or exercising any of its powers or duties in relation to the Retail Trust. The amount reimbursed or reimbursable during the year under this agreement was $18.0 million (30 June 2022: $18.0 million).

No funds management revenue was received from SURF 3 (30 June 2022: $1.0 million) and no distribution was received by the Retail Trust during the year (30 June 2022: $0.2 million). SURF 3 wound up during the year ended 30 June 2022.

The Management Trust received $2.6 million (30 June 2022: $0.2 million) of funds management revenue from the Metro Fund during the year (note A1).

Notes to the Consolidated Financial Statements
For the year ended 30 June 2023

D4 Parent entity

Selection of parent entity

In determining the parent entity of the Region Group, the Directors considered various factors including asset ownership, debt obligation, management and day to day responsibilities. The Directors concluded that management activities were more relevant in determining the parent. Region Management Trust has been determined as the parent of the Region Group.

	Management Trust[1]		Retail Trust[1,2]	
	30 Jun 2023 $m	30 Jun 2022 $m	30 Jun 2023 $m	30 Jun 2022 $m
Current assets	–	–	83.8	93.8
Non-current assets	10.8	10.2	4,530.5	4,593.5
Total assets	10.8	10.2	4,614.3	4,687.3
Current liabilities	–	–	394.8	182.1
Non-current liabilities	–	–	1,305.0	1,382.9
Total liabilities	–	–	1,699.8	1,565.0
Contributed equity	10.8	10.2	2,156.3	2,070.1
Reserves	–	–	11.9	8.4
Accumulated profit	–	–	746.3	1,043.8
Total equity	10.8	10.2	2,914.5	3,122.3
Net profit/(loss) after tax	–	–	(124.9)	487.0
Other comprehensive income/(loss)	–	–	1.2	(0.2)
Total comprehensive income/(loss)	–	–	(123.7)	486.8
Commitments for the acquisition of property by the parent	–	–	13.3	171.0

[1] Head Trusts only.

[2] The Retail Trust financial statements have been prepared on a going concern basis. In preparing the Retail Trust financial statements the Directors note that the Retail Trust has a net current asset deficiency position as it is the policy of the Group and Retail Trust to use surplus cash to repay revolving debt. At 30 June 2023 the Group and Retail Trust have the ability to drawdown funds to pay the distribution on or about 31 August 2023, having sufficient excess cash and cash equivalents and undrawn financing facilities (refer note C2).

D5 Subsidiaries

Name of subsidiaries	Place of incorporation and operation	Ownership interest	
		30 Jun 2023	30 Jun 2022
Subsidiaries of Region Management Trust			
Region Operations Pty Ltd	Australia	100.0%	100.0%
Region REIT Holdings Pty Ltd	Australia	100.0%	100.0%
Region RE Ltd	Australia	100.0%	100.0%
Region Unlisted Retail Fund Pty Ltd	Australia	100.0%	100.0%
Shopping Centres Australasia Property Agent Pty Ltd	Australia	100.0%	100.0%
Shopping Centres Australasia Property Agent (VIC) Pty Ltd	Australia	100.0%	100.0%
SCA Fund Management Ltd	Australia	100.0%	100.0%

Additionally, Region Retail Trust is considered for financial reporting purposes a subsidiary of Region Management Trust due to stapling even though there is no ownership or shareholding interest.

D6 Auditor's remuneration

	Region Group & Retail Trust	
	30 Jun 2023 $'000	30 Jun 2022 $'000
Audit of the Financial Statements	374.8	303.5
Statutory assurance services required by legislation to be provided by the auditor	57.2	53.0
	432.0	356.5

The auditor of the Group is Deloitte Touche Tohmatsu. The auditor's remuneration includes audit of the Financial Statements, subsidiary Financial Statements, the Group's Australian Financial Service Licence and the Group's Compliance Plans.

D7 Contingent assets

In FY22 and FY23, a number of insurance claims were made with respect to damage to investment properties as a result of events such as rain and floods. The Group has been working with tenants and insurers to review options for the restatement of damaged areas. For the year ended 30 June 2023, $11.0 million (30 June 2022: $2.2 million) has been recovered from insurers. Discussions are ongoing regarding claims by the Group for additional amounts.

D8 Subsequent events

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 conditional Development Management Agreement with an expected development completion cost of $31.5 million which involves the construction of an online sales fulfilment facility supporting the existing supermarket, and large format retail.

In August 2023, the Group entered into two callable interest rate swaps for $250.0 million and $150.0 million, where the Group pays a fixed rate of 3.60% and 3.65% respectively. They have a one year non call period to August 2024, thereafter callable by the banks and expire in August 2026.

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.

D9 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 Financial Statements for issue on 14 August 2023.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2023

D10 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 Consolidated Financial Statements are combined Financial Statements and accompanying Notes of both Region Group and the Region Retail Trust. The Consolidated Financial Statements have been presented in Australian dollars, the Groups' functional currency, unless otherwise stated.

Historical cost convention

The Consolidation 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.

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 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 $297.5 million. At 30 June 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 $385.7 million.

b) Statement of compliance

The Financial Statement is a General Purpose Financial Statement that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (the Board or AASB) and the *Corporations Act 2001 (Cth).*

The Financial Statement complies with Australian Accounting Standards as issued by the AASB and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

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 2022, and therefore relevant for the current year end. 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.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2023

d) Basis of consolidation

The Consolidated Financial Statements of the Group incorporate the assets and liabilities of Region Management Trust (the Parent) and all of its subsidiaries, including Region Retail Trust. Region Management Trust has been identified as the parent entity in relation to the stapling. The results and equity of Region Retail Trust (which is not directly owned by Region Management Trust) have been treated and disclosed as a non-controlling interest. While the results and equity of Region Retail Trust are disclosed as a non-controlling interest, the security holders of Region Management Trust are the same as the security holders of Region Retail Trust.

These Financial Statements also include a separate column representing the Financial Statements of Region Retail Trust, incorporating the Consolidated Statements of Comprehensive Income, Consolidated Balance Sheets, Consolidated Statements of Changes in Equity and Consolidated Statements of Cash Flows of the Group and Region Retail Trust.

Subsidiaries are all entities over which the Group has control. Control is defined as having rights to variable returns from involvement in the investee and having the ability to affect those returns through its power over the investee.

Where an entity began or ceased to be a controlled entity during the reporting year, the assets, liabilities and results are consolidated only from the date control commenced or up to the date control ceased. In preparing the Consolidated Financial Statements, all intra-group transactions and balances, including unrealised profits arising thereon, have been eliminated in full.

e) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST (or equivalent tax in overseas locations) except where the GST incurred on purchases of goods and services is not recoverable from the tax authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

Receivables and payables are stated with the amounts of GST included. The net amount of GST receivable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

f) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank to meet short term commitments.

g) Sustainability

The financial impact of climate change is reflected in the Group's investment property valuations. Generally, there are softer capitalisation rates in areas with more severe weather patterns due to climate risk. The Group's DCF valuations include higher costs associated with climate risk such as higher insurance premiums and higher maintenance capital. DCF valuations have incorporated sustainability capital required to achieve the Group's target of achieving net zero for scope 1 and 2 greenhouse gas emissions by FY30. The major costs associated with reaching the net zero target are solar and embedded networks installations.

Directors' Declaration

FOR THE YEAR ENDED 30 JUNE 2023

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 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 82 to 118 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 30 June 2023 and of their performance, for the year ended 30 June 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.

Note D10 confirms that the Financial Statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declaration required by Section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the year ended 30 June 2023.

Signed in accordance with a resolution of the Directors.

Steven Crane
Chair
Sydney

14 August 2023

Independent Auditor's Report

Deloitte.

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Independent Auditor's Report to the Stapled Security Holders of the Region Management Trust and Region Property Trust

Report on the Audit of the Financial Reports

Opinion

We have audited the financial reports of:

- Region Management Trust and its subsidiaries ("Management Trust") which comprises the consolidated balance sheets as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, and the directors' declaration.

- Region Retail Trust and its subsidiaries ("Retail Trust") which comprises the consolidated balance sheets as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial reports of the Management Trust and Retail Trust are in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Management Trust and Retail Trust financial position as at 30 June 2023 and of their financial performance for the year then ended; and
- Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Management Trust and Retail Trust in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial reports 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 as Responsible Entity for the Management Trust and Retail Trust, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial reports of Management Trust and Retail Trust for the current period. These matters were addressed

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in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter

As at 30 June 2023, Management Trust and Retail Trust recognised investment properties valued at $4,411.6m (2022: $4,460.9m) as disclosed in Note B1.
 	
The fair value of investment property is determined in accordance with Australian Accounting Standards and the valuation policy and set out in Note B1.
 	
Note B1 discloses the significant judgements and estimates made by Management Trust and Retail Trust in estimating the fair values. These include the following assumptions:
• Capitalisation rates: are subjective and fluctuate with the prevailing market transactions.
• Other assumptions: discount rate, net operating income ("NOI") growth including percentage rent inclusion are subjective due to the specific nature and characteristics of individual investment properties.
	Our procedures included, but were not limited to:
	• Assessing management's process for valuing investment property, and the review and approval of the valuations by the directors;
	• Assessing for indications of management bias in the valuation outcome;
	• Assessing the independence, competence and objectivity of the external valuers;
	• Assessing key assumptions used (such as capitalisation rate, discount rate and NOI) and challenging those assumptions where appropriate;
	• Holding discussions with management and the external valuers to obtain an understanding of portfolio movements and their assessment of the impact of current market trends on property valuations;
	• Performing further audit procedures, on a sample basis, across externally and internally valued properties, which included:
	    • Assessing the integrity of the information used in the valuation models by agreeing key inputs such as NOI to underlying records and source evidence;
	    • Assessing the capitalisation rates and discount rates with reference to external market trends and transactions and challenging whether those assumptions where appropriate
	    • Assessing the forecasts used in the valuation models with reference to current financial results such as revenues and expenses, capital expenditure requirements, vacancy rates and lease renewals;
	    • Performing a retrospective review of NOI forecasts to evaluate the accuracy of management's ability to forecast; and
	    • Assessing the mathematical accuracy of the models.
	• Evaluating available market information through to the date of our audit report to consider whether there is any evidence that contradicts the reported fair value and evaluating the impact on our audit results.
	
	We also assessed the adequacy of the disclosures included in Note B1 to the financial statements.

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Other Information

The directors of the Responsible Entity are responsible for the other information. The other information comprises the Directors' Report and the Sustainability Report, which we obtained prior to the date of this auditor's report, and also includes the following information which will be included in the Management Trust and Retail Trust's annual report (but does not include the financial reports and our auditor's report thereon): Message from Chairman, Message from the CEO, and Security Analysis, which is expected to be made available to us after that date.

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

In connection with our audit of the financial reports, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial reports or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Message from Chairman, Message from the CEO, and Security Analysis, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action.

Responsibilities of the Directors for the Financial Reports

The directors of the Responsible Entity of Management Trust and Retail Trust are responsible for the preparation of the financial reports that give 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 financial reports that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial reports, the directors are responsible for assessing the ability of the Management Trust and Retail Trust to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Management Trust or Retail Trust or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Reports

Our objectives are to obtain reasonable assurance about whether the financial reports as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial reports.

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

- Identify and assess the risks of material misstatement of the financial reports, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from

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fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Management Trust or Retail Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Management Trust or Retail Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial reports or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Management Trust or Retail Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial reports, including the disclosures, and whether the financial reports represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Management Trust and Retail Trust to express an opinion on the financial reports. We are responsible for the direction, supervision and performance of the Management Trust and Retail Trust's audit. We remain solely responsible for our audit opinion.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial reports of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 53 to 80 of the Directors' Report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of the Management Trust and Retail Trust, for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Responsible Entity are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

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Deloitte Touche Tohmatsu

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Yvonne van Wijk

Yvonne van Wijk
Partner
Chartered Accountants
Sydney, 14 August 2023

Security Analysis

DISTRIBUTION OF EQUITY SECURITIES AS AT 18 AUGUST 2023

RANGES	INVESTORS	SECURITIES	% ISSUED CAPITAL
1 to 1,000	34,329	13,703,998	1.19%
1,001 to 5,000	8,846	22,861,917	1.99%
5,001 to 10,000	5,278	38,714,990	3.37%
10,001 to 100,000	5,387	119,243,274	10.38%
100,001 and Over	128	954,369,812	83.07%
TOTAL	**53,968**	**1,148,893,991**	**100.00%**

RGN only has ordinary stapled securities on issue and at 18 August 2023 there were a total of 53,968 holders.

The total number of security holders with less than a marketable parcel of (using the closing price for RGN securities on 18 August 2023) securities is 5,048 and they hold 466,103 securities.

SUBSTANTIAL SECURITY HOLDER NOTICES AS AT 18 AUGUST 2023

ORDINARY SECURITIES	DATE OF CHANGE	SECURITIES HELD	%
The Vanguard Group, Inc	9/12/2019	93,195,570	10.00%
Blackrock Group	16/12/2020	76,019,093	7.06%
State Street Corporation and subsidiaries	20/07/2022	83,697,016	7.50%
Mitsubishi UFJ Financial Group. Inc.	08/02/2023	61,487,520	5.35%

VOTING RIGHTS AS AT 18 AUGUST 2023

The voting rights attaching to ordinary stapled securities (being the only class of equity securities RGN has on issue) are:

- On a show of hands, each member of a registered scheme has one vote; and
- On a poll, each member of the scheme has one vote for each dollar of the value of the total interests they have in the scheme.

ON MARKET BUY-BACK

There is no current on-market buy-back.

TOP 20 REGISTERED EQUITY SECURITY HOLDERS AT 18 AUGUST 2023

NAME	SECURITIES	% OF SECURITIES
HSBC Custody Nominees (Australia) Limited	411,569,932	35.82
J P Morgan Nominees Australia Pty Limited	210,648,778	18.33
Citicorp Nominees Pty Limited	161,056,589	14.02
BNP Paribas Noms Pty Ltd <Drp>	43,979,299	3.82
National Nominees Limited	34,816,622	3.03
BNP Paribas Nominees Pty Ltd <Agency Lending Drp A/C>	13,413,906	1.17
Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	11,464,885	1.00
HSBC Custody Nominees (Australia) Limited <Nt-Comnwlth Super Corp A/C>	9,797,274	0.85
Djerriwarrh Investments Limited	8,020,000	0.70
Netwealth Investments Limited <Wrap Services A/C>	5,396,863	0.47
HSBC Custody Nominees (Australia) Limited	2,876,570	0.25
BNP Paribas Noms(NZ) Ltd<Drp>	2,250,107	0.20
BNP Paribas Nominees Pty Ltd <Ib AU Noms Retailclient Drp>	2,241,753	0.20
BNP Paribas Nominees Pty Ltd Hub24 Custodial Serv Ltd <Drp A/C>	2,030,005	0.18
HSBC Custody Nominees (Australia) Limited - A/C 2	1,791,552	0.16
Nulis Nominees (Australia) Limited <Navigator Mast Plan Sett A/C>	1,760,410	0.15
Wilfred Services Pty Ltd <Wilfred Services Super A/C>	1,399,758	0.12
Buttonwood Nominees Pty Ltd	1,317,272	0.11
Navigator Australia Ltd <Mlc Investment Sett A/C>	1,220,328	0.11
AKAT Investments Pty Limited <Tag Family No 2 A/C>	1,100,000	0.10
TOTAL	**928,151,903**	**80.79**
Balance of register	220,742,088	19.21
GRAND TOTAL	**1,148,893,991**	**100.00**

Directory

Region Management Trust ARSN 160 612 626
Region Retail Trust ARSN 160 612 788

Responsible Entity

Region RE Limited ABN 47 158 809 851

AFSL 426603

Registered Office/Principal Office

Region Group
Level 6,
50 Pitt Street
Sydney NSW 2000
Australia

Phone + 61 2 8243 4900

Securities Exchange Listing

Region Group (RGN or the Group) is listed on the ASX.

ASX code: RGN

Directors

Steven Crane (Chair from 1 December 2022)
Angus James
Beth Laughton
Belinda Robson
Anthony Mellowes
Mark Fleming
Michael Herring (appointed 18 August 2022)
Antoinette Milis (appointed 8 December 2022)

Company Secretary

Erica Rees

Auditor

Deloitte Touche Tohmatsu,
Quay Quarter Tower
50 Bridge Street,
Sydney NSW 2000
Australia

Corporate Governance

RGN's 2023 Corporate Governance Statement outlines the governance systems in effect in the Reporting Period by reference to the ASX Corporate Governance Principles and Recommendations and it can be found on RGN's website at: regiongroup.au/about-us/corporate-governance.

Company Website

All security holders can access important information on the Group's website at regiongroup.au. It includes all presentations, webcasts, market updates and ASX announcements and links to the online registry, as well as this Annual Report.

RGN only sends printed copies of the Annual Report to security holders that have elected to receive a hard copy. In the interests of sustainability and reducing paper consumption, we strongly encourage security holders to download the electronic version of this report.

Annual Taxation Statement

RGN sends an annual taxation statement to security holders at the end of August each year. This statement provides a breakdown of the tax components of the Group's distribution of the preceding financial year. It also contains important information for completing security holder taxation returns, and security holders should retain this as part of their taxation records.

Contact The Registry

Security holders seeking information about their holding or distribution payments can contact the registry.

1300 318 976 (toll free within Australia)

+ 61 1300 318 976 (outside of Australia)

The Registrar
Link Market Services
Locked Bag A14
Sydney South NSW 1235
Australia

Complaints

In accordance with RGN's complaints handling procedure, if you wish to make a complaint, please forward your correspondence to:

Compliance Officer
Region Group
Level 6,

50 Pitt Street
Sydney NSW 2000
Australia

Or by email to: admin@regiongroup.au

Security Holder Register Details

You can visit the register at investorcentre.linkgroup.com/Login/Login to view your holdings, access information and make changes. Log on using your SRN or HIN and the postcode of your registered address.

RGN encourages security holders to update their personal details on the register, including providing a tax file number (TFN) or Australian business number (ABN), and an email address to receive electronic communication. We will make all future distribution payments by direct credit, so we also ask that security holders provide their banking details.

On the online register, you can:

- Check your current balance
- Choose your preferred annual report options
- Update your address details
- Provide your email address
- Provide or update your banking instructions
- Register your TFN or ABN
- Check transaction and distribution history
- Download a variety of instruction forms
- Subscribe to email announcements

Collingwood Park Shopping Centre, QLD

Stirlings Central, WA

Lane Cove Market Square, NSW

Region RE Limited ABN 47 158 809 851