Region GROUP

1H FY23 Results Presentation

6 February 2023

Essentially local

Agenda

1. Overview of 1H FY23 Results

Anthony Mellowes

Chief Executive Officer

1H FY23 Highlights

Financial Performance

Statutory net loss after tax	FFO per security	Distribution per security
($95.1m)	8.35 cps	7.50 cps
down by 122.0%[1]	down by 2.6%[1]	up by 4.2%[1]

Capital Management

Gearing	NTA per security	Average cost of debt	Weighted average debt maturity
31.7%	$2.65	3.2% pa	4.8 yrs
up by 3.4%[2]	down by 5.7%[2]		

Portfolio Management

Portfolio occupancy	Specialty vacancy	Portfolio weighted average cap rate[3]	Acquisitions	Divestments[4]
98.0%	4.9%	5.67%	$180.0m	$23.5m

1. Compared to 1H FY22
2. Compared to 30 June 2022
3. Excluding investment property held for sale
4. Carrara Shopping Centre is held for sale at 31 December 2022

Region GROUP

Key Achievements

Solid leasing and sales results driving performance of our core business

Optimising the core business

Convenience-based shopping centres performance is resilient

- Comparable NOI growth of 4.2%
- Leasing spreads of 4.4% for the period, with an 86% retention rate
- Improved specialty vacancy rate to 4.9% and maintained portfolio occupancy at 98.0%
- Tenant sales increased by 3.6% with specialty non-discretionary sales growth of 6.4%

Progressing well towards Net Zero by FY30

- All shopping centres have had LED lighting and smart digital energy meters installed
- Currently 12 solar sites are installed, 8 sites are under construction and 12 sites in design

Growth Opportunities

Assets under management now exceed $5.0bn, growing from $1.3bn since listing in 2012

Acquisitions: Five convenience-based shopping centres acquired for $180.0m in July 2022

Funds management: Metro Fund acquired Beecroft Place in July 2022 for $65.0m

Divestment: Carrara Shopping Centre contracted to sell in November 2022 for $23.5m at 2.2% premium above 30 June 2022 book value

Divestment of CQR: During January 2023, we sold our entire investment realising net proceeds of $26.7m

Capital Management

Strong and robust balance sheet at 31 December 2022

- Cash and undrawn facilities of $277.3m
- Hedged and fixed debt is 76.5%
- Gearing is 31.7%, the lower end of our target range
- No debt expiries until June 2024

Post the sale of CQR, Carrara Shopping Centre and the January 2023 DRP, proforma metrics are:

- Cash and undrawn facilities of approx. $370m
- Hedged and fixed debt increases to approx. 82%
- Gearing decreases to under 30%

2. Financial Performance

Evan Walsh

Chief Financial Officer

Financial Results

For the six months ended 31 December 2022

- FFO has decreased by 0.2% to $94.1m and AFFO has increased by 5.9% to $85.7m
  - Excluding the impact of the increase in interest rates, FFO has increased by 5.3% and AFFO by 11.1%
- Net property income increase of 4.2% is driven by comparable NOI growth of 4.2% ($4.4m) and the impact of net acquisitions
- Funds management income growth is driven by increased assets under management (AUM)
- Corporate expenses remain in line with prior period
- Net interest expense has been negatively impacted by increases in floating market interest rates. The weighted average cost of debt for 1H FY23 increased to 3.2% vs 1H FY22 2.4%
- Maintenance capital and leasing incentive expenditure is expected to be weighted to 2H FY23

$m	31 Dec 2022	31 Dec 2021	% Change
Property income	184.9	177.2	4.3%
Property expenses	(63.1)	(58.6)	7.7%
Insurance income	1.8	-	nm
Net property income	**123.6**	**118.6**	**4.2%**
Distribution income from CQR	0.9	0.8	12.5%
Funds management income	1.5	1.2	25.0%
Net operating income	**126.0**	**120.6**	**4.5%**
Corporate expenses	(8.0)	(8.4)	(4.8%)
Net interest expense	(23.7)	(17.6)	34.7%
Tax expense	(0.2)	(0.3)	(33.3%)
Funds From Operations (FFO)	**94.1**	**94.3**	**(0.2%)**
Maintenance capital expenditure	(4.1)	(7.6)	(46.1%)
Leasing incentives and costs	(4.3)	(5.8)	(25.9%)
Adjusted Funds From Operations (AFFO)	**85.7**	**80.9**	**5.9%**
Statutory profit/(loss) after tax[1]	**(95.1)**	**432.4**	**nm**
FFO per security (cents)	**8.35**	8.57	(2.6%)
AFFO per security (cents)	**7.60**	7.35	3.4%
Distribution per security (cents)	**7.50**	7.20	4.2%
Distribution payout ratio (% of AFFO)	99%	99%	-

1. Refer to appendix on page 30 for reconciliation of statutory net loss after tax to AFFO

Balance Sheet

At 31 December 2022

- Assets under management have increased to over $5.0bn, a 1.7% increase on 30 June 2022
- Investment properties have increased from $4,460.9m to $4,486.7m due to acquisitions partially offset by a decrease in valuations due to the softening of market capitalisation rates
- Charter Hall Retail REIT (CQR) investment of 6.78m securities held at 31 December 2022 had a closing price of $3.83 per security. During January 2023, we sold our entire investment realising net proceeds of $26.7m
- No rental assistance (waivers or deferrals) was provided to tenants in 1H FY23 and the expected credit loss (ECL) allowance has decreased by $1.0m
- Securities on issue have increased by 16.3m with the issue of 15.9m securities for the June 2022 DRP and 0.4m securities through employee remuneration plans
- The FY23 forecast management expense ratio of 0.35% has improved from 0.38% (at 30 June 2022), with the increase in AUM and controlled corporate costs

$m	31 Dec 2022	30 June 2022	% Change
Cash	3.3	8.7	(62.1%)
Investment properties	4,486.7	4,460.9	0.6%
Investment property held for sale[1]	23.5	–	nm
Investment in CQR	26.0	25.6	1.6%
Other assets	192.0	199.8	(3.9%)
Total assets	**4,731.5**	**4,695.0**	**0.8%**
Interest bearing liabilities	1,553.9	1,376.4	12.9%
Distribution payable	84.9	89.3	(4.9%)
Other liabilities	91.8	95.4	(3.8%)
Total liabilities	**1,730.6**	**1,561.1**	**10.9%**
Net tangible assets (NTA)	**3,000.9**	**3,133.9**	**(4.2%)**
Securities on issue (m)	1,132.6	1,116.3	1.5%
NTA per security ($)	**2.65**	**2.81**	**(5.7%)**
Assets under management (AUM) (including Metro Fund)	**5,041.2**	**4,955.3**	**1.7%**

1. Carrara Shopping Centre was contracted for sale prior to 31 December 2022

Property Valuations

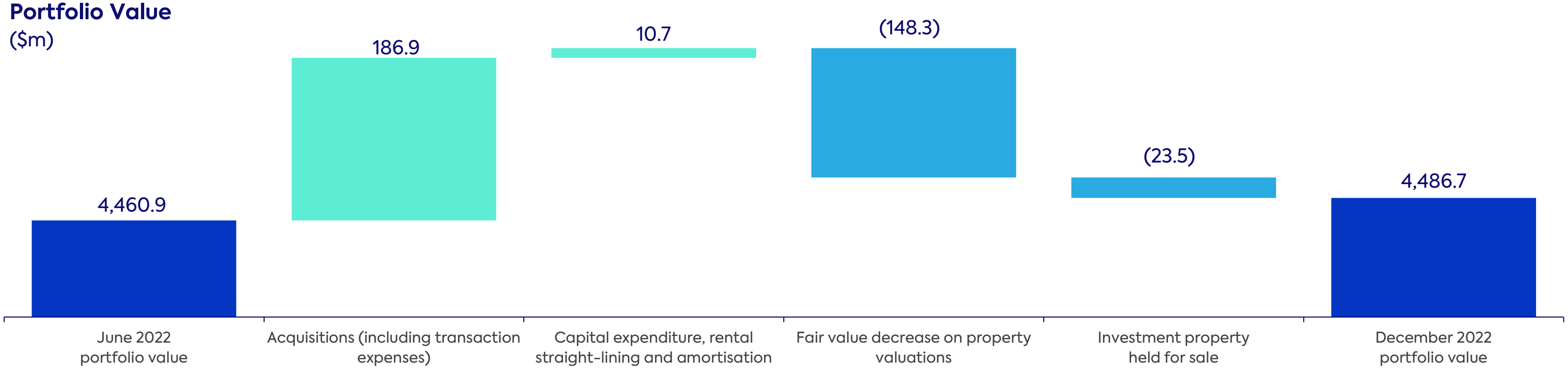
At 31 December 2022

- Independent external valuations were obtained for 20 shopping centres (out of total portfolio of 96 shopping centres)
- The weighted average market capitalisation rate softened by 23bps to 5.67% (excluding Carrara Shopping Centre)
- We acquired five neighbourhood shopping centres for $180.0m (excluding transaction expenses) in July 2022 at an average yield of 6.0%
- NTA per security decreased by 5.7% to $2.65 per security

Weighted average cap rate (excluding Carrara Shopping Centre)	**%**
30 June 2022	5.44%
31 December 2022	**5.67%**
Cap rate movement	0.23%

$m	**31 Dec 2022**
June 2022 portfolio value	4,460.9
Acquisitions (including transaction expenses)	186.9
Capital expenditure, rental straight-lining and amortisation	10.7
Fair value decrease on property valuations	(148.3)
Investment property held for sale (Carrara Shopping Centre)	(23.5)
December 2022 portfolio value	**4,486.7**

Portfolio Value
($m)



Debt and Capital Management

At 31 December 2022

- At 31 December 2022, cash and undrawn facilities of $277.3m
- The Group's target gearing range is 30–40%. Proforma gearing decreases to under 30% following the sale of CQR and Carrara Shopping Centre along with the January 2023 DRP
- Debt that is fixed or hedged has increased from 69.6% to 76.5% at 31 December 2022 with the amendment of a $150.0m interest rate swap expiring in February 2032 to a $250.0m interest rate swap expiring in July 2024 at zero cost
- No debt expiries until June 2024
- Forecast FY23 weighted average cost of debt of 3.4%, which assumes 2H FY23 BBSW rate of 3.6%
- A 25bps change in cap rates would change gearing by less than 1.5%
- We are well within debt covenant requirements

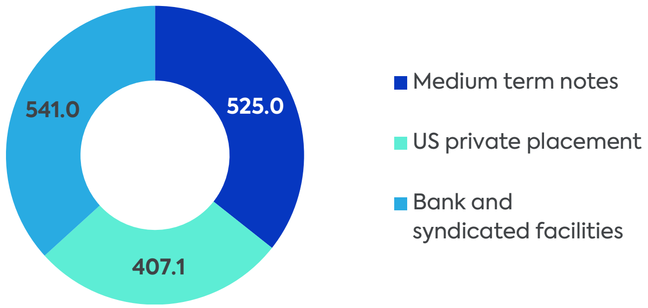
	31 Dec 2022	30 June 2022
Facility limit ($m)	1,757.1	1,757.1
Drawn debt (net of cash $m)	1,469.8[1]	1,293.4
Cash and undrawn facilities ($m)	277.3	452.7
Credit rating (Moody's)	Baa1 (stable)	Baa1 (stable)
Gearing (%)	31.7	28.3
Look-through gearing (%)	32.2[2]	28.8
% debt fixed or hedged	76.5	69.6
Weighted average cost of debt (%)	3.2	2.5
Average debt maturity (yrs)	4.8	5.3
Average fixed / hedged debt maturity (yrs)	3.1	4.9
Interest cover ratio	5.3x	6.1x
Net debt / FFO before interest and tax	6.2x	5.7x

Covenant ratios	31 Dec 2022	Covenant
Gearing (%)	31.7	50.0
Interest cover	5.3x	2.0x

1. Drawn debt (net of cash) of $1,469.8m is made up of statutory debt of $1,553.9m less $85.3m being the revaluation of the USPP US$ denominated debt from statutory value of $442.4m (using the prevailing December 2022 spot exchange rate) to restate the USPP to its hedged value of $357.1m plus unamortised debt fees and MTN discount / premium of $4.5m less $3.3m cash and cash equivalents. Excludes bank guarantees
2. Look-through gearing includes our 20% interest in the Metro Fund

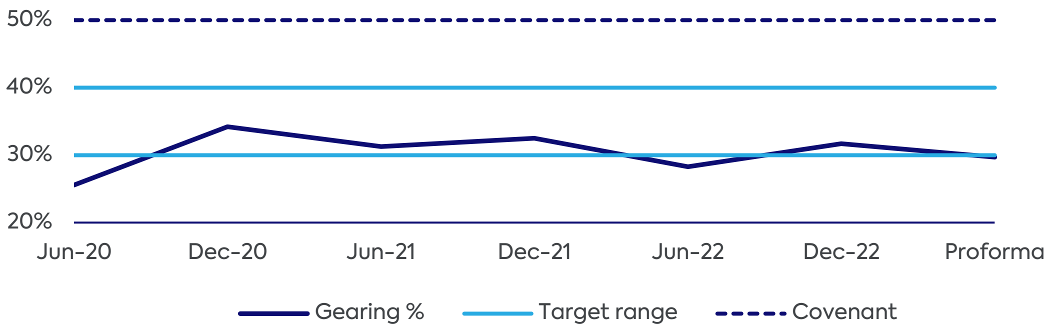
Debt and Capital Management

Sources of Drawn Debt
($m)



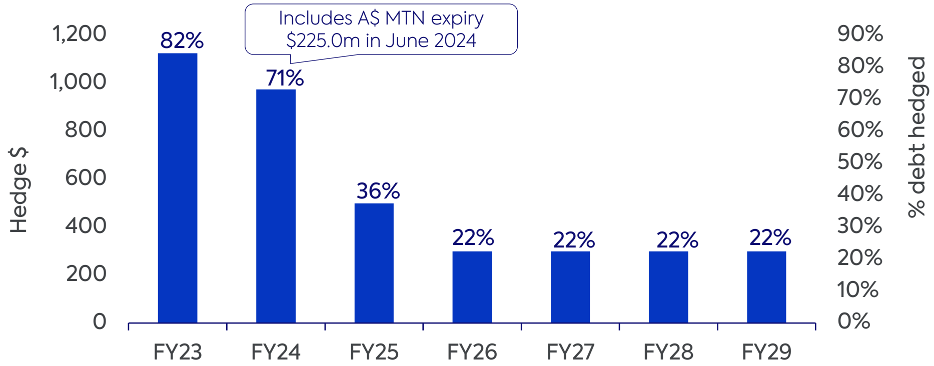
- Diversified drawn debt book of $1.5bn across bank debt, medium term notes and US private placements

Gearing
(%)



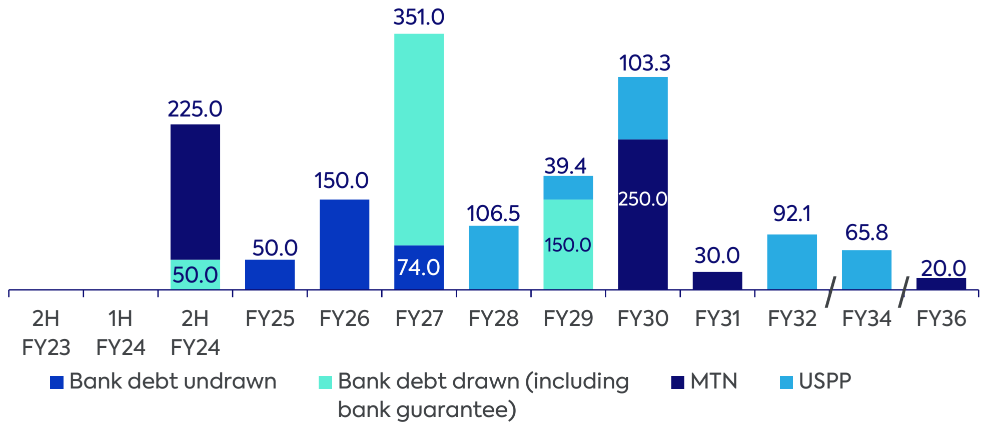
- The Group's target gearing range is 30-40%. Our preference is to be around the lower end of the range at this point in the cycle

Hedge Expiry Profile Based on Proforma Debt at 31 Dec 2022



- Excluding margin, the average fixed cost of hedges in place for FY23 is 1.3%, FY24 2.1% and FY25 2.2%
- In December 2022, two forward start interest rate swaps were entered into at zero cost with a face value of $100.0m (each) with start date of July 2023 expiring in July 2025

Debt Facilities Expiry Profile
($m)



- No debt expiries until June 2024 ($50.0m bank facility in June 2024 and the $225.0m AU$ MTN in June 2024)

3. Operational Performance

Mark Fleming

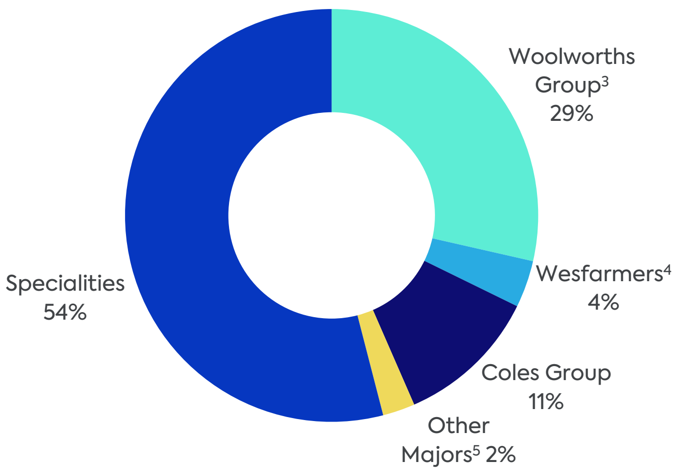
Chief Operating Officer

Portfolio Overview

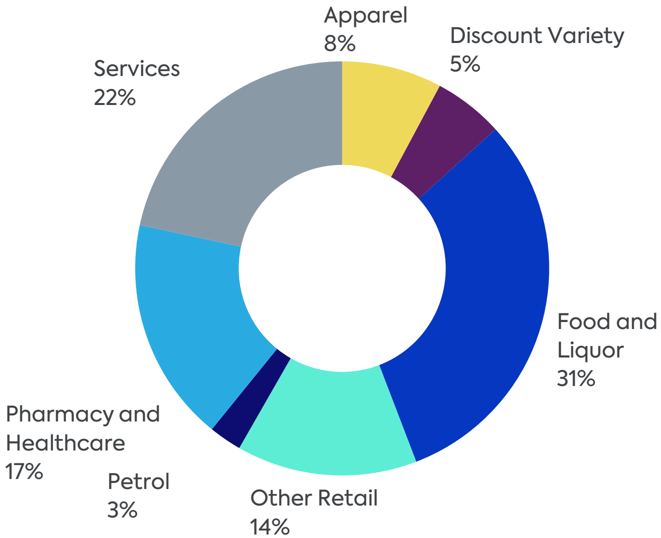
Weighting towards non-discretionary food, health and retail services

At 31 Dec 2022	Number of shopping centres	Number of specialties	GLA (sqm)	Site area (sqm)	Occupancy (% GLA)	Value ($m)	WALE (yrs)[6]	Weighted average cap rate (%)
Sub-regional	13	625	258,467	692,972	98.1%	1,194.9	6.5	6.12%
Neighbourhood	82	1,500	540,408	1,807,612	97.9%	3,291.8	6.3	5.50%
Total	**95**	**2,125**	**798,875**	**2,500,584**	**98.0%**	**4,486.7**	**6.4**	**5.67%**
Property held for sale	1	6	3,715	9,790	98.1%	23.5	5.1	4.75%
Total portfolio	**96**	**2,131**	**802,590**	**2,510,374**	**98.0%**	**4,510.2**	**6.4**	**5.66%**

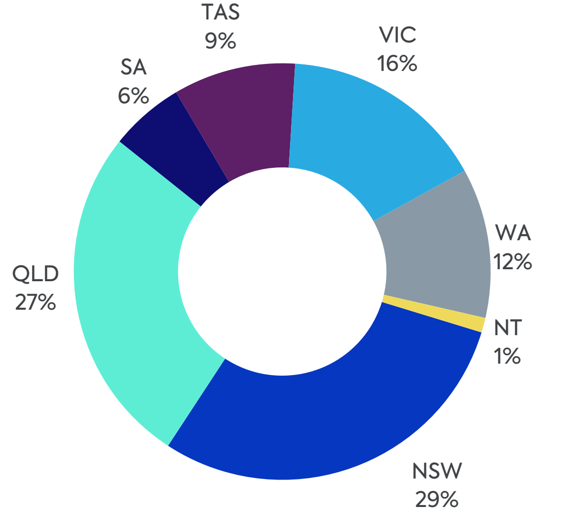
Tenants by Category (by gross rent)[1,3]



Specialty / Mini Major Tenants (by gross rent)[1,2]



Geographic Diversification (by value)



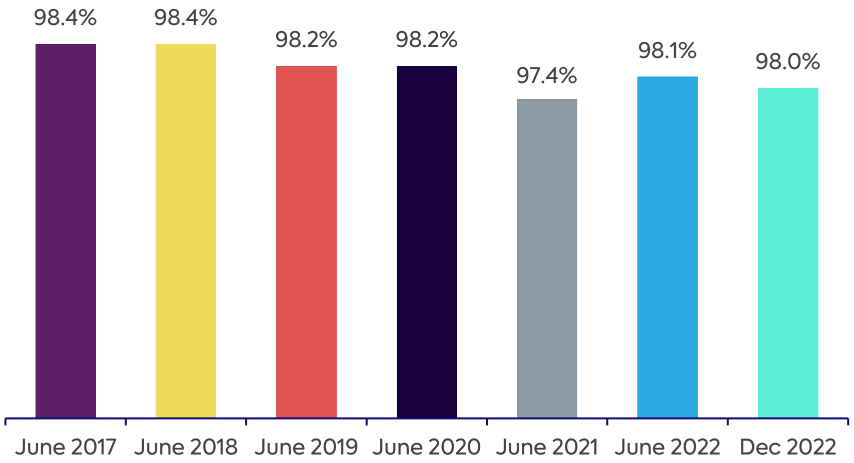
1. Annualised gross rent excluding vacancy and percentage rent
2. Mini majors represent 12.3% of annualised specialty gross rent. Mini major tenants have been split across the relevant categories
3. Woolworths Group includes Woolworths 23.9% and Big W 4.8%
4. Wesfarmers includes Kmart 2.7%, Bunnings 0.5%, Target 0.3% and Officeworks 0.2%
5. Other majors includes Aldi, Dan Murphy's, Farmer Jacks, IGA and Harvey Norman
6. Weighted average lease expiry (WALE) years by GLA

Portfolio Occupancy

Stable specialty occupancy

- Continued strategic focus on remixing toward non-discretionary categories and reducing long-term vacancies where deals are accretive
- Total portfolio occupancy of 98.0% is in line with 30 June 2022
- Specialty vacancy has improved by 0.1% to 4.9%
- Specialty tenant holdovers is 3.9% of gross income (a decrease from 4.3% at 30 June 2022)
- A 5.6 year portfolio WALE (by gross income) combined with investment-grade tenants and non-discretionary retail categories provides a higher degree of income predictability

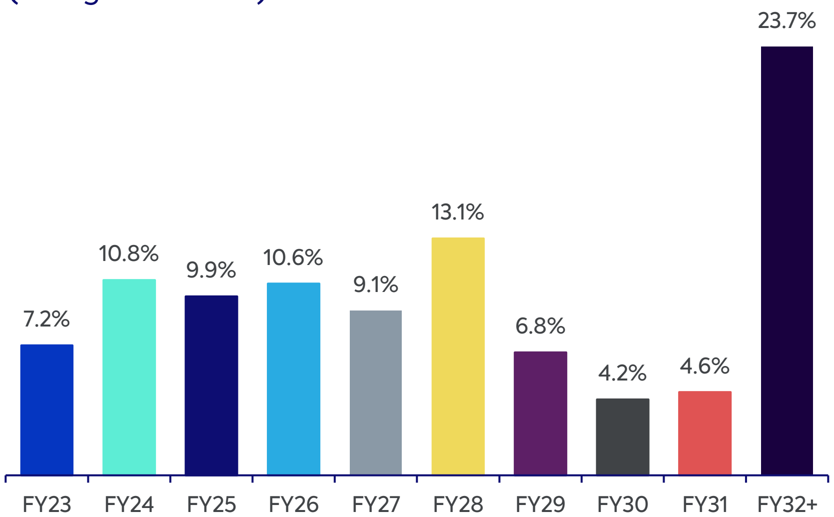
Portfolio Occupancy
(% of GLA)



Portfolio Lease Expiry Profile

31 December 2022	WALE (years)	
	By gross income	By GLA
Portfolio	5.6	6.4
Anchor	8.0	7.8

Overall Lease Expiry
(% of gross income)



Turnover Rent and Sales Growth

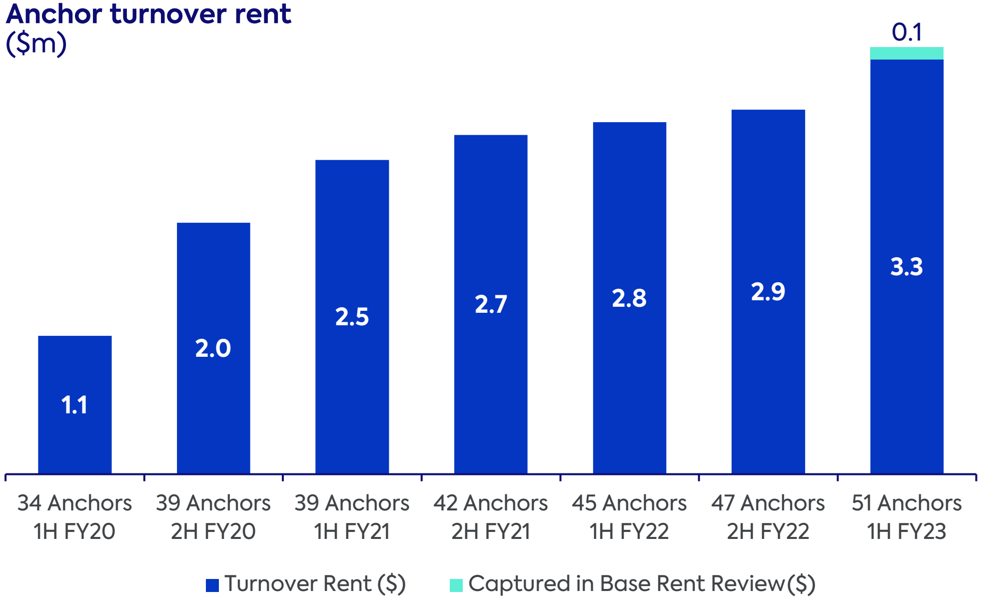
Non-discretionary tenants delivering solid sales

- At 31 December 2022, total MAT[1] had grown by 3.6%
  - Compared to pre COVID-19[2], total MAT has grown by 12.2% with supermarkets increasing by 11.1% and specialties by 13.6%
- A robust 5.8% growth in specialty MAT has been driven by a solid 6.4% non-discretionary sales growth:
  - Food-based 5.4%
  - Other non-discretionary 7.9%
- 1H FY23 anchor turnover rent has increased to $3.3m:
  - 51 anchor tenants (39% of total) are paying turnover rent (44 supermarkets, 3 Kmarts, 1 Big W and 3 Dan Murphy's)
  - A further 15 anchors are within 10% of their turnover rent thresholds
  - Two anchor tenant turnover rents captured in a base rent review during the period

Comparable Store MAT Sales Growth by Category (%)

Total portfolio	31 Dec 2022[1]	30 June 2022[1]
Supermarkets	2.9%	2.4%
Discount Department Stores	7.7%	(6.1%)
Mini Majors	3.1%	1.5%
Specialties	5.8%	0.4%
Total	**3.6%**	**1.3%**

Anchor turnover rent ($m)



1. Moving annual turnover growth measures the growth in sales over the last 12 months compared to the previous 12-month period
2. MAT compared to 12-month period to 31 December 2019

Supermarket Online Sales

We are continuing to support the growing online offering

- Online sales continue to grow, although growth has moderated since COVID-19 and are an important part of the multi-channel strategy, which we support
  - Online sales are included in 96% of our supermarket turnover rent calculations
  - Of our 95 Coles and Woolworths stores, 87 include 100% of online sales and four include 50% of online sales
- Our shopping centres are located within local communities, well placed for last mile logistics
  - We believe the store-based fulfilment model will remain the predominant model for online grocery fulfilment from our shopping centres due to relatively low population densities and large distances combined with high travel time and temperatures
- Woolworths and Coles direct to boot and home delivery concepts are evolving. Our portfolio includes:
  - 11 supermarkets have drive-through for online pick up, with one additional planned for 2H FY23
  - 78 supermarkets in our portfolio (or 82% of stores) now have a dedicated direct to boot service
  - 43 of our supermarkets have home delivery capabilities
  - Belmont Central is a dedicated home delivery hub for the south east Newcastle area. Three additional home delivery hubs are to be accommodated in our shopping centres over the next 12 months

Delroy Park Shopping Centre, NSW

Woolworths home delivery service

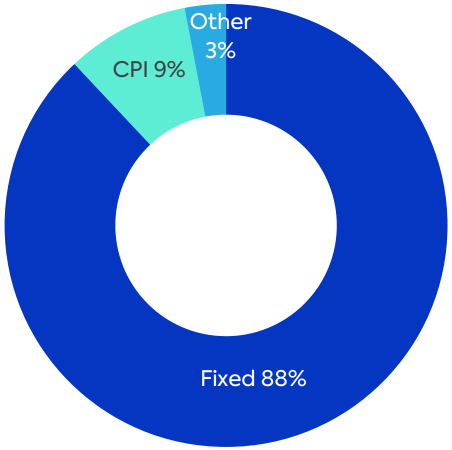
Specialty Key Metrics

Increasing sales productivity and positive leasing spreads

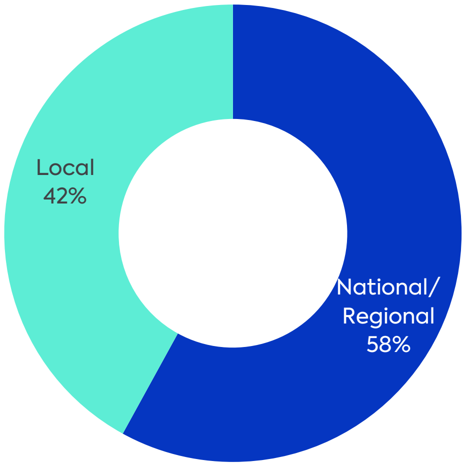
- Specialty sales productivity has improved from $9,865 to $10,167 with NSW and VIC specialty sales returning to more normalised levels
- Total of 198 leasing deals done in 1H FY23 with leasing spreads increasing to 4.4% (vs 2.0% in FY22)
- Tenant retention has remained stable at 86% (86% in FY22)
- 173 specialty tenants remain on holdover at 31 December 2022 (176 at 30 June 2022)
- Annual fixed rent reviews of 3.9% are applied across 88% of our specialty tenant leases

Specialty Lease Composition (at 31 December 2022)

Annual Increase Mechanism



Tenant Type



1. Includes comparable sales reporting tenants trading over 24 months

Total Specialty Metrics	**31 Dec 2022**	**30 June 2022**
Comparable sales MAT growth (%)[1]	5.8%	0.4%
Average specialty occupancy cost (%)[1]	8.7%	8.7%
Average specialty gross rent per sqm	$806	$793
Specialty sales productivity ($ per sqm)[1]	$10,167	$9,865

Renewals	**6 months to 31 Dec 2022**	**12 months to 30 June 2022**
Number	136	133
Retention (%)	86%	86%
GLA (sqm)	15,030	20,391
Average uplift (%)	5.4%	3.5%
Incentive (months)	0.1	0.2

New Leases	**6 months to 31 Dec 2022**	**12 months to 30 June 2022**
Number	62	119
GLA (sqm)	6,030	18,466
Average uplift (%)	2.2%	(0.2%)
Incentive (months)	11.4	10.4

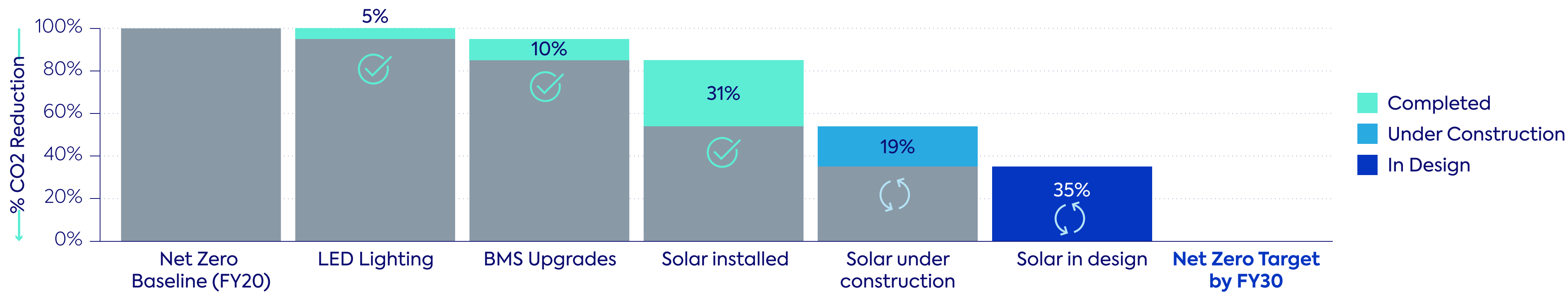
Total Lease Deals	**6 months to 31 Dec 2022**	**12 months to 30 June 2022**
Number	198	252
GLA (sqm)	21,060	38,857
Average uplift (%)	4.4%	2.0%

Sustainability Strategy Update

On track to achieve Net Zero by FY30[1,2]

	Completed	Commenced
Energy	• All shopping centres have had 100% LED and smart digital energy meters installed • Targets for the reduction of carbon emissions[1] are now included in Short-Term Incentive Plan (STIP) hurdles	• Replacement of R22 mechanical plant across the portfolio • Feasibility studies underway of large-scale batteries for onsite storage
Solar	• Installation of 9.0MW solar to date, of 25MW solar target by FY26	• Construction of 5.6MW solar • Design of 12.6MW solar
Building Management Systems (BMS)	• Commissioned three new systems at Central Highlands Marketplace, Lavington Square and West End Plaza	• Post-implementation analysis • BMS audits at high energy-level consumptions sites
Community and other	• Ongoing support to 128 students through our active partnership with The Smith Family	• Local Community Engagement Plans Project for maximum local community impact

To achieve 100% reduction of CO2 emissions[1]



1. 100% reduction in Scope 1 and Scope 2 CO2 emissions against our FY20 baseline
2. See the RGN FY22 Sustainability Report for more information on all aspects of our sustainability framework, results and governance

4. Growth Opportunities

Anthony Mellowes

Chief Executive Officer

Acquisitions and Divestments

During the half year 31 December 2022

	Type	Acquisition date	Anchor GLA (sqm)	Specialty GLA (sqm)	Total GLA (sqm)	Occupancy (% GLA)	Total purchase price ($m)	Implied fully let yield
Acquired shopping centres								
Dernancourt Shopping Centre, SA	Neighbourhood	July 2022	3,172	5,180	8,352	99%	46.0	5.3%
Fairview Green Shopping Centre, SA	Neighbourhood	July 2022	3,835	1,878	5,713	99%	39.5	6.8%
Brassall Shopping Centre, QLD	Neighbourhood	July 2022	4,984	5,297	10,281	99%	46.5	5.9%
Port Village Shopping Centre, QLD	Neighbourhood	July 2022	4,112	2,239	6,351	94%	36.0	6.2%
Tyne Square, WA	Neighbourhood	July 2022	1,653	456	2,109	100%	12.0	6.6%
			17,756	**15,050**	**32,806**	**98%**	**180.0**	**6.0%**

Investment property held for sale

Carrara Shopping Centre

Prior to 31 December 2022, we contracted to sell the property for $23.5m, a $0.5m uplift (or 2.2%) on June 2022 book value. The cap rate at 30 June 2022 was 4.75%. This transaction is expected to complete in March 2023

Divestment of CQR

At 31 December 2022, we had a holding of 6.78m securities in CQR. During January 2023, we sold our entire investment realising net proceeds of $26.7m

Convenience Based Shopping Centres

Continued consolidation of a fragmented industry

Convenience based shopping centre landscape

- There are approximately 1,200 Coles and Woolworths anchored neighbourhood and sub-regional shopping centres in Australia, with Region (RGN) being the largest individual owner
- We have completed the acquisition of 69 shopping centres for over $2.7bn and have divested 42 shopping centres for over $800m since 2012

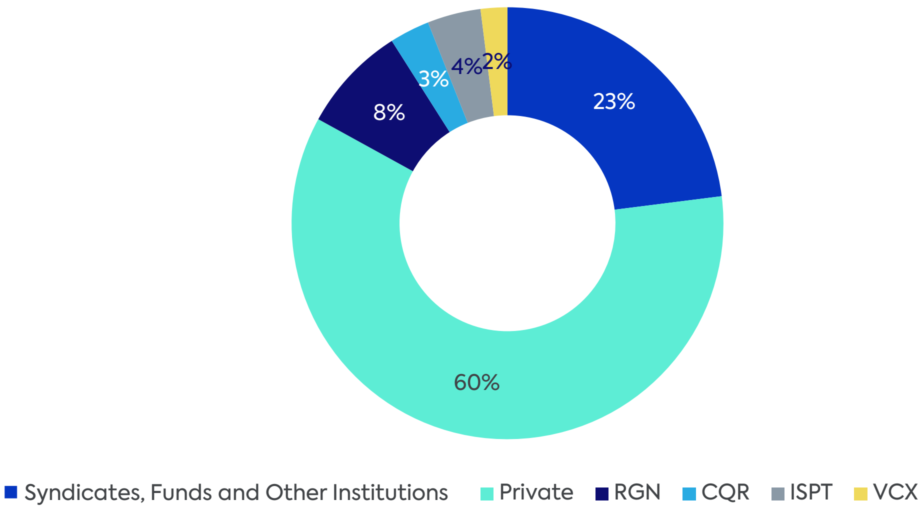
Recent market transactions

- During the half year, only 13 neighbourhood and sub-regional shopping centres transacted for total consideration of over $600m
- We acquired five neighbourhood shopping centres over this period for $180m, making up ~28% of these transactions by value

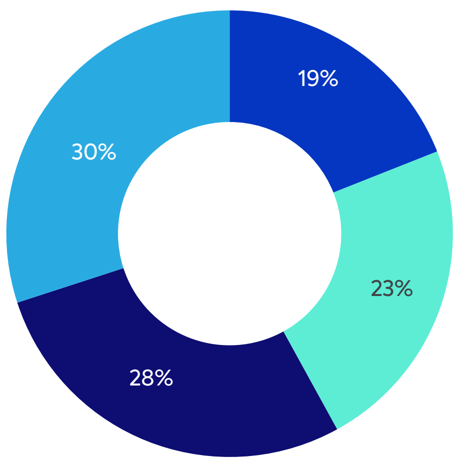
Acquisition and divestment outlook

- We will continue to take a disciplined approach with a proven track record of sourcing acquisitions through the cycle and monitoring opportunities to divest where appropriate
- We expect opportunities to arise over the next 12 months and are well positioned to take advantage of any change in market conditions

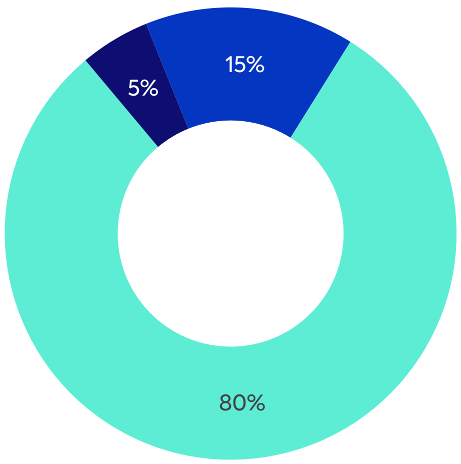
Ownership of convenience based shopping centres



1HY FY23 buyers (by value)



1HY FY23 sellers (by value)



Source: Management estimates

Funds Management

Metro Fund (JV with GIC) offers a platform for growth

- The Metro Fund commenced in FY22 with seven seed portfolio assets for $284.5m
- The Fund acquired Beecroft Place in July 2022 for $65m
- Key features of the fund:
  - Assets: metropolitan neighbourhoods, initial target fund size $750m
  - Ownership: 80% GIC / 20% Region
- Positions Region to access metropolitan neighbourhoods, in partnership with a high-quality and globally recognised partner, while growing asset-light management fee income

Indicative Development Pipeline

Investment of over $250m in the next five years[1], ensuring our centres remain the heart of the community

Type	Description	Estimated capital investment (A$m) 1H FY23 Actual	2H FY23	FY24	FY25	FY26	FY27	FY28
Developments	Store refurbishments, home delivery hubs, direct to boot facilities (including click 'n' collect bays, drive through), padsite development on excess land	4.4	15.6	20.4	20.8	21.2	21.6	22.1
Shopping centre rebuild[2]	Lismore Central Shopping Centre	6.8	11.3	–	–	–	–	–
Sustainability initiatives	Energy and carbon reduction, initiatives to achieve Net Zero by FY30	4.0	15.7	25.7	19.6	19.2	21.5	22.8
Total		**15.2**	**42.6**	**46.1**	**40.4**	**40.4**	**43.1**	**44.9**

We continue to partner with tenants to ensure their offering meets the needs of the local residents by investing in our shopping centres to ensure they are considered best in class.

1. The exact timing of future developments, expansions and improvements are subject to prevailing market conditions and regulatory approvals
2. The Lismore Central Shopping Centre rebuild expenditure is subject to an ongoing insurance claim

5. Key Priorities and Outlook

Anthony Mellowes and Evan Walsh

Chief Executive Officer and Chief Financial Officer

Core Strategy Unchanged

Defensive, resilient cash flows to support secure and growing long term distributions to our security holders

Focus on convenience-based shopping centres

Weighted to non-discretionary retail segments

Growth opportunities

Long leases to quality anchor tenants

Appropriate capital structure

Longer Term AFFO Growth Target

Indicative target growth rate for AFFO in the medium to longer term is 2% to 4%+ pa

		Description and Assumptions	**Indicative contribution to AFFO growth rate** (% pa) – medium to longer term –
Comparable Growth	**Anchor rents**	Anchors represent 45% of rental income with 39% of anchors in turnover rent. Sales are expected to grow at 2-4% pa	0-1%
	Specialty rents	Specialties represent 55% of rental income with average annual fixed rent reviews expected to be in line with current growth of 3.9% pa. Leasing spreads are expected to be greater than 2% pa	1-2%
	Expenses	Assumed to grow at the same rate as rental income	0%
		Indicative comparable NOI growth (%)	**1-3%**
Growth Indicators	**Property development**	Selective extensions and refurbishments of our existing portfolio	1%+
	Acquisitions	Selective acquisitions in the fragmented convenience-based shopping centre segment	
	Other	Funds management business continues to grow with Metro Fund	
		Indicative NOI growth (%)	**2-4%+**
Corporate	**Corporate expenses**	Target to increase no more than the NOI growth rate	0%
	Interest expense	Interest expense is expected to increase in the short term based on current market pricing	Market dependent
		Indicative FFO growth (%)	**2-4%+**
Capex	**Capex**	Constant % of property value for maintenance capital and leasing costs	0%
		Indicative AFFO growth (%)	**2-4%+**

Key Priorities and Outlook

Sustainable NOI growth while maintaining gearing around the lower end of our target range

Optimising the core business

- Generating sustainable NOI growth by:
  - Driving increased rental income from our specialty and mini major tenants
  - Partnering with our anchor tenants to drive turnover rent
  - Leveraging our scale to maintain controllable property expenses as a percentage of property income over time
  - Considering opportunities to invest in our assets to generate increased returns in the future
  - Continuing on our path toward Net Zero by FY30

Growth opportunities

- Disciplined approach to earnings accretive acquisition and divestment opportunities
- Targeted spend on development pipeline and sustainability investments
- Continuing to expand our funds management platform through supporting the growth of the Metro Fund

Capital management

- Maintain an appropriate capital management strategy, which includes:
  - Gearing to remain around the lower end of our target range: 30-40%
  - Interest rate hedging to remain at the higher end of our target range: 50-100%
  - Actively manage our upcoming debt expiries, maintaining sufficient capacity to fund any identified growth opportunities
  - We expect the DRP to remain in place

Earnings guidance

- FY23 AFFO guidance is 15.2 cps with a target distribution payout ratio of approximately 100%
  - This guidance assumes that there are no further acquisitions or disposals
  - Increased interest rates are expected to negatively impact our earnings. Our 3 month BBSW assumption for 2H FY23 is 3.6%, which is in line with the current market curve. Excluding the impact of interest expense, AFFO per security guidance would represent an increase of 5.4% compared to FY22.

6. Questions

7. Appendices

Income Statement: Statutory Loss to AFFO Reconciliation

For the six months ended 31 December 2022

$m	Statutory loss 6 months to 31 Dec 2022	FFO adjustments	AFFO 6 months to 31 Dec 2022	AFFO 6 months to 31 Dec 2021	% change
Anchor rental income	75.1	-	75.1	73.6	2.0%
Specialty rental income	80.5	0.4	80.9	79.4	1.9%
Recoveries and recharge revenue	22.7	-	22.7	19.3	17.6%
Other income	6.2	-	6.2	4.9	26.5%
Insurance income	11.0	(9.2)	1.8	-	nm
Rental straight-lining and amortisation of incentives	(9.1)	9.1	-	-	
Gross property income	**186.4**	0.3	**186.7**	177.2	5.4%
Property expenses	(63.1)	-	(63.1)	(58.6)	7.7%
Property expenses / Gross property income (%)			*33.8%*	*33.1%*	2.1%
Net property income	**123.3**	-	**123.6**	118.6	4.2%
Distribution income from CQR	0.9	-	0.9	0.8	12.5%
Funds management income	1.5	-	1.5	1.2	25.0%
Net operating income	**125.7**	0.3	**126.0**	120.6	4.5%
Corporate expenses	(9.9)	1.9	(8.0)	(8.4)	(4.8%)
IT project expenses	(1.8)	1.8	-	-	-
Fair value of investment properties	(148.3)	148.3	-	-	-
Fair value of derivatives	(26.7)	26.7	-	-	-
Unrealised foreign exchange movement	(6.1)	6.1	-	-	-
Share of net profit from associates	(3.8)	3.8	-	-	-
Transaction expenses	(0.3)	0.3	-	-	-
EBIT	**(71.2)**	189.2	**118.0**	112.2	5.2%
Net interest expense	(23.7)	-	(23.7)	(17.6)	34.7%
Tax expense	(0.2)	-	(0.2)	(0.3)	(33.3%)
Statutory loss / FFO	**(95.1)**	189.2	**94.1**	**94.3**	**(0.2%)**
Maintenance capital expenditure			(4.1)	(7.6)	(46.1%)
Leasing incentives and costs			(4.3)	(5.8)	(25.9%)
AFFO			**85.7**	**80.9**	5.9%

Gearing Calculation

- Gearing of 31.7% is within the target range of 30-40%
- Proforma gearing, including the January 2023 DRP, the sale of our CQR securities and Carrara Shopping Centre, decreases to under 30% (look-through 30.5%)

$m	31 Dec 2022	30 June 2022
Bilateral and syndicated facilities – unsecured		
Bank and syndicated facilities drawn	541.0	370.0
	541.0	**370.0**
AU$ MTN – unsecured		
Unsecured AU$ Medium term notes	525.0	525.0
	525.0	**525.0**
US Notes – unsecured		
US$ denominated notes – USD face value	300.0	300.0
Economically hedged exchange rate	0.8402	0.8402
US$ denominated notes – AUD equivalent	357.1	357.1
US AU$ denominated notes	50.0	50.0
	407.1	**407.1**
Total interest bearing liabilities	1,473.1	1,302.1
Less: cash	(3.3)	(8.7)
Net finance debt for gearing	**1,469.8**	**1,293.4**
Total assets	4,731.5	4,695.0
Less: cash	(3.3)	(8.7)
Less: derivative values included in total assets	(87.1)	(111.4)
Net total assets for gearing	**4,641.1**	**4,574.9**
Gearing (management)	31.7%	28.3%
Look-through gearing (management)[1]	32.2%	28.8%

1. Look-through gearing includes our 20% interest in the Metro Fund

Debt Facilities & Interest Rate Hedging

Debt facilities
At 31 Dec 2022

	Facility limit	Drawn debt	Financing capacity	Maturity / Notes
	A$m	A$m	A$m	
Bank and syndicated facilities				
Bank bilateral	50.0	50.0	–	FY24: $50m Jun 2024
Bank bilateral	50.0	–	50.0	FY25: $50m Dec 2024
Bank bilateral	150.0	–	150.0	FY26: $50m Dec 2025 and $100m Mar 2026
Bank bilateral (including bank guarantee)	425.0	341.0	84.0	FY27: $425m Jul 2026 (3 separate facilities)
Bank syndicated facilities	150.0	150.0	–	FY29: $150m Nov 2028
	825.0	**541.0**	**284.0**	
Medium term notes (fixed rate AU$ MTN)				
Medium Term Note[1]	225.0	225.0	–	FY24: Jun 2024; Coupon of 3.90%
Medium Term Note[1]	250.0	250.0	–	FY30: Sep 2029; Coupon of 2.45%
Medium Term Note[1]	30.0	30.0	–	FY31: Sep 2030; Coupon of 3.25%
Medium Term Note[1]	20.0	20.0	–	FY36: Sep 2035; Coupon of 3.50%
	525.0	**525.0**	**–**	
US private placement				
US$ denominated[2]	106.5	106.5	–	FY28: Aug 2027
US$ denominated[3]	39.4	39.4	–	FY29: Sep 2028
US$ denominated[2]	53.3	53.3	–	FY30: Aug 2029
AU$ denominated	50.0	50.0	–	FY30: Aug 2029
US$ denominated[3]	92.1	92.1	–	FY32: Sep 2031
US$ denominated[3]	65.8	65.8	–	FY34: Sep 2033
	407.1	**407.1**	**–**	
Total unsecured financing facilities	**1,757.1**	**1,473.1**	**284.0**	
(Less)/add: cash		**(3.3)**	**3.3**	
Net debt[4]		**1,469.8**	**287.3**	
Less: debt facilities used for bank guarantees[5]			(10.0)	Jul 2026; facility used for bank guarantees
Total debt facilities available plus cash			**277.3**	

Other hedges
At 31 Dec 2022

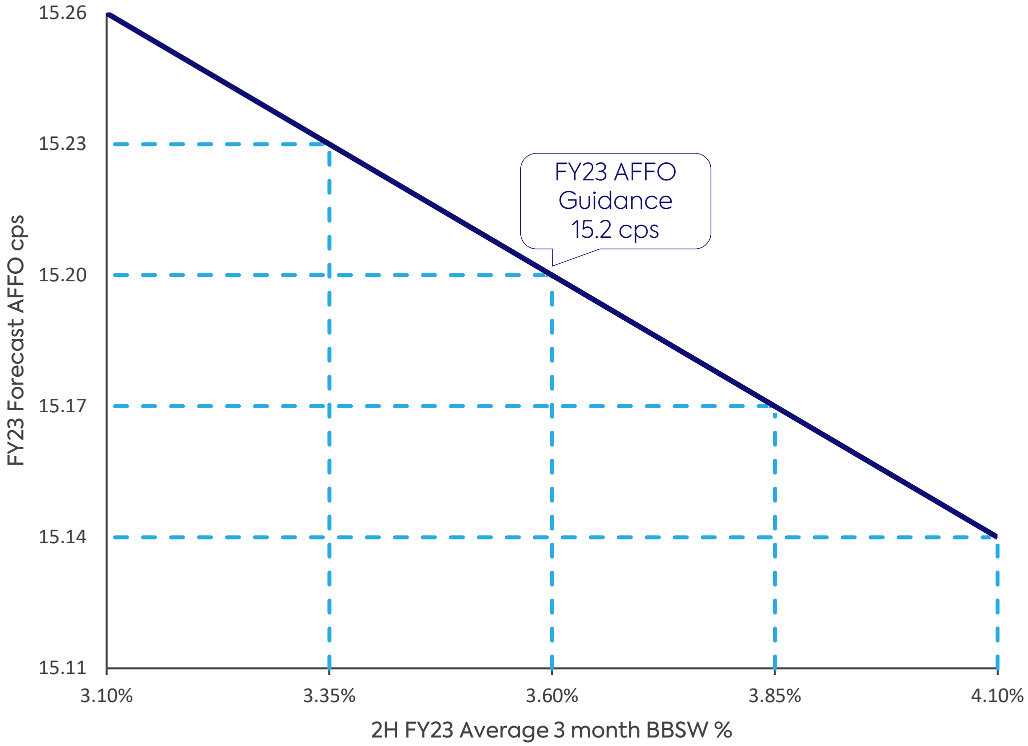
Hedging	**Notional face value**	**Fixed rate**	**Expiry**
Interest rate swap	350.0	0.20%	Jul 2023
Interest rate swap	250.0	1.44%	Jul 2024
Interest rate swap (forward start Jul 2023)	200.0	3.82%	Jul 2025
	800.0		

1. The Group currently has four separate AU$ MTN on issue
2. USPP issued in 2014 USD$ denominated repayment obligations have been fully hedged at A$ / US$ rate of 0.9387
3. USPP issued in 2018 USD$ denominated repayment obligations have been fully hedged at A$ / US$ rate of 0.7604
4. Net debt of $1,469.8m is made up of: statutory debt of $1,553.9m less $85.3m being the revaluation of the USPP US$ denominated debt from statutory value of $442.4m (using the prevailing December 2022 spot exchange rate) to restate the USPP to its hedged value of A$357.1m plus unamortised debt fees and MTN discount of $4.5m less $3.3m cash and cash equivalents. Excluding bank guarantees
5. Bank guarantees of $10.0m are for the Group's compliance with its Australian Financial Services Licence

Interest Expense / AFFO per security Sensitivity

- Our FY23 interest expense forecast is based on the 3 month BBSW market curve
- For a movement of 0.25% in the 3 month BBSW market curve during 2H FY23
  - Interest expense will change by $0.4m
  - AFFO per security guidance will change by 0.03 cps

FY23 AFFO per security sensitivity
(cps)



Anchor Tenants

45% of gross rent generated by anchor tenants

- Anchor tenants generate 45% of gross rent (Woolworths Limited 28%, Coles 11%, Wesfarmers 4% and other anchor tenants 2% on a fully leased basis)
- Anchor WALE is 8.0 years (by gross rent)
- 2H FY23 anchor tenant expiries:
  - Jimboomba Junction Shopping Centre in March 2023: Coles exercised option for 10-year term
  - Warnbro Shopping Centre in March 2023: Coles exercised option for five-year term
  - Northgate Tamworth Shopping Centre in June 2023: option negotiations in progress
- Negotiations are in progress for all FY24 anchor tenant expiries: Woolworths at Auburn Central, Coles at The Gateway Shopping Centre, and Coles and Kmart at Sturt Mall
- 1H FY23 acquisitions included the following anchors:
  - Dernancourt Shopping Centre – 3,172 sqm Coles
  - Fairview Green Shopping Centre – 3,835 sqm Romeo's Foodland
  - Brassall Shopping Centre – 3,305 sqm Woolworths and 1,679 sqm Aldi
  - Port Village Shopping Centre – 2,625 sqm Coles and 1,487 sqm Kmart
  - Tyne Square – 1,653 sqm Supa IGA

	30 June 2019	30 June 2020	30 June 2021	30 June 2022	31 Dec 2022
Woolworths Limited					
Woolworths	58	58	64	62	63
Big W	9	9	11	10	11
Total	**67**	**67**	**75**	**72**	**74**
Coles Group Limited					
Coles	28	28	30	30	32
Total	**28**	**28**	**30**	**30**	**32**
Wesfarmers Limited					
Target	2	2	–	1	1
Kmart	4	4	6	7	8
Bunnings	1	1	1	1	1
Officeworks	–	–	1	1	1
Total	**7**	**7**	**8**	**10**	**11**
Other anchor tenants					
Aldi	1	2	3	3	4
Dan Murphy's	4	4	5	5	5
Farmer Jacks	1	1	1	1	1
Supa IGA	–	–	–	–	1
Romeo's Foodland	–	–	–	–	1
Hoyts	–	–	–	–	1
Total	**6**	**7**	**9**	**9**	**13**
Total anchor tenants	**108**	**109**	**122**	**121**	**130**

Portfolio List

Our Portfolio List is available at regiongroup.au/investor-centre/reports-presentations/

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