



12 December 2023

ASX Announcement

Region Group (“RGN”) announces an update on the property divestment program and the results of its property valuations as at 31 December 2023.

Update on Property Divestment Program

Since 1 July 2023, we have contracted to dispose of three properties for \$53.7m at an implied market capitalisation rate (cap rate) of 5.44%. This represents a 2.8% discount to the 30 June 2023 book value of \$55.2m.

Including the sale of Carrara Shopping Centre in May 2023, a total of four properties have been disposed (or contracted to dispose) in 2023 for \$77.2m, which represents around 40% of the target \$200m of properties identified for sale as part of our capital recycling plan. Proceeds will initially be used to retire debt with initiatives around further capital management or strategic reinvestment in our properties being considered.

Properties Divested	\$m	Implied cap rate	Expected settlement date
Collingwood Park, QLD	15.3	5.25%	Dec-23
Drouin Central, VIC	20.4	5.30%	Feb-24
Mt Warren Park, QLD	18.0	5.75%	Dec-23
Total disposed in 1H FY24	53.7	5.44%	
Carrara Shopping Centre, QLD	23.5	4.75%	
Total disposed in 2023	77.2	5.23%	

Proforma gearing post the property divestments is 30.5%, a 0.8% reduction from 30 June 2023. There is an immaterial impact to Net Tangible Assets (NTA). This assumes proceeds are used to reduce debt and there are no other balance sheet movements since 30 June 2023.

Level 6, 50 Pitt Street Sydney NSW 2000

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December 2023 Property Valuations

The total value of RGN's investment properties has decreased by \$128.4m, from \$4,411.6m at 30 June 2023 to \$4,283.2m as at 31 December 2023.

This movement in valuations is comprised of:

- A decrease in 'like-for-like' properties of \$88.2m (2.0%);
- A \$15.0m acquisition completed during the period being the land adjacent to Delacombe Town Centre (VIC); and
- The divested properties detailed above.

Investment Property Portfolio Summary	\$m
June 2023 Portfolio Valuation	4,411.6
Less: 'like-for-like' valuation decrease	(88.2)
Add: Acquisitions completed during the period	15.0
Less: Disposals (Assets Held for Sale)	(55.2)
December 2023 Portfolio Valuation	4,283.2

The weighted average capitalisation rate (WACR) is 6.04%, a movement of 0.18% since 30 June 2023.

Weighted Average Capitalisation Rate (WACR)	
June 2023: Portfolio WACR (%) ¹	5.86%
Movement in WACR (%)	0.18%
December 2023: Portfolio WACR (%) (excluding acquisitions)	6.04%
December 2023: Portfolio WACR (%) (including acquisitions)	6.04%

¹ excluding Assets Held for Sale: Collingwood Park (QLD), Drouin Central (VIC), Mt Warren Park (QLD)

Proforma gearing post the movement in valuations and property sales is 31.1%, a 0.2% reduction from 30 June 2023. The proforma NTA impact is 8 cps. This assumes proceeds are used to reduce debt and there are no other balance sheet movements since 30 June 2023.



Independent vs. Internal Valuations

Across the portfolio, 19 properties were valued externally resulting in a \$24.2m (2.6%) decrease in valuation. The remaining 73 properties were internally valued and resulted in a \$64.0m (1.9%) valuation reduction.

Independent Valuations	
Number of Properties	19
% of portfolio book value	21.2%
Change in Valuation (\$m)	(24.2)
Change in WACR (%)	0.26%

Internal Valuations	
Number of Properties	73
% of portfolio book value	78.8%
Change in Valuation (\$m)	(64.0)
Change in WACR (%)	0.16%

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.