
PARAGON REIT FINANCIAL STATEMENT ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

Constituted in the Republic of Singapore pursuant to a Trust Deed dated 9 July 2013.

Introduction

The investment strategy of PARAGON REIT (formerly known as SPH REIT) is to invest, directly or indirectly, in a portfolio of income-producing real estate which is used primarily for retail purposes in Asia Pacific, as well as real estate-related assets.

The portfolio of PARAGON REIT comprises the following five quality and well-located commercial properties in Singapore and Australia:

- * Paragon, a premier upscale retail mall and medical suite/office property, well known for its upscale mall housing many luxury brands, located in the heart of Orchard Road; and
- * The Clementi Mall, a mid-market suburban mall located in the centre of Clementi town, an established residential estate in the west of Singapore.
- * The Rail Mall, a unique cluster of shop units with established F&B offerings along Upper Bukit Timah Road, nestled in an affluent residential catchment.
- * PARAGON REIT holds a 85.0% stake in Figtree Grove Shopping Centre, an established sub-regional shopping centre in Wollongong, New South Wales, Australia.
- * PARAGON REIT holds a 50.0% stake in Westfield Marion Shopping Centre, the largest regional shopping centre in South Australia.

PARAGON REIT FINANCIAL STATEMENT ANNOUNCEMENT
For The Financial Period Ended 31 December 2022

TABLE OF CONTENTS

Item No.	Description	Page No.
1	Statement of Total Return and Distribution Statement	3 – 5
	Statement of Financial Position	6 - 7
	Borrowings	8
	Statement of Cash Flows	9
	Statement of Changes in Unitholders' Funds	10 – 11
	Details of Changes in Issued and Issuable Units	12
2 & 3	Audit Statement	13
4 & 5	Changes in Accounting Policies	13
6	Earnings per unit ("EPU") and Distribution per unit ("DPU")	14
7	Net Asset Value ("NAV") and Net Tangible Asset ("NTA")	14
8	Review of Performance	15
9	Other information	16 - 17
10	Variance from Prospect Statement	17
11	Outlook and Prospects	18
12 – 13	Distribution	19 – 21
14 – 15	Segment Results	21
16	Breakdown of Gross revenue and Net Income	22
17	Breakdown of Total Distributions	22
18	General mandate relating to Interested Person Transactions	23
19	Confirmation By the Manager Pursuant to Rule 720(1) of the SGX Listing Manual	23
20	Confirmation Pursuant to Rule 704(13) of the Listing Manual	23

PARAGON REIT FINANCIAL STATEMENT ANNOUNCEMENT

For The Financial Period Ended 31 December 2022

1(a) An income statement together with a comparative statement for the corresponding period of the immediately preceding financial year

1(a)(i) Statement of Total Return

	Unaudited		Group Change %	Audited 16M ended 31 Dec 2022 S\$'000	Unaudited 16M ended 31 Dec 2021 S\$'000	Change %
	4M ended 31 Dec 2022 S\$'000	4M ended 31 Dec 2021 S\$'000				
Gross revenue ¹	94,555	92,590	2.1	376,411	369,769	1.8
Property operating expenses	(24,327)	(24,156)	0.7	(96,482)	(98,708)	(2.3)
Net property income	70,228	68,434	2.6	279,929	271,061	3.3
Manager's management fees	(7,022)	(6,880)	2.1	(27,971)	(27,314)	2.4
Investment management fees	(994)	(922)	7.8	(3,885)	(3,872)	0.3
Trust expenses ²	(1,012)	(830)	21.9	(3,684)	(2,825)	30.4
Impairment written back/(loss) on trade receivables ³	935	(1,547)	NM	(732)	(4,370)	(83.2)
Finance income	675	159	NM	1,181	359	NM
Finance costs ⁴	(12,503)	(7,269)	72.0	(35,562)	(31,263)	13.8
Grant income ⁵	-	-	-	-	2,903	NM
Grant expense ⁵	-	-	-	-	(2,903)	NM
Net income	50,307	51,145	(1.6)	209,276	201,776	3.7
Fair value (loss)/gain on investment properties ⁶	(5,101)	31,509	NM	33,780	34,930	(3.3)
Net foreign currency exchange differences ⁷	3,145	(180)	NM	4,131	(747)	NM
Total return for the period before taxes and distribution	48,351	82,474	(41.4)	247,187	235,959	4.8
Less: income tax ⁸	(1,119)	(581)	92.6	(3,688)	(1,978)	86.5
Total return for the period after taxes and before distribution	47,232	81,893	(42.3)	243,499	233,981	4.1
Attributable to:						
Unitholders of the Trust	42,764	77,695	(45.0)	225,602	215,043	4.9
Perpetual securities holders ⁹	4,111	4,111	-	16,411	16,411	-
Non-controlling interests	357	87	NM	1,486	2,527	(41.2)
Total return for the period	47,232	81,893	(42.3)	243,499	233,981	4.1

NM Not Meaningful

PARAGON REIT FINANCIAL STATEMENT ANNOUNCEMENT

For The Financial Period Ended 31 December 2022

1(a) An income statement together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)

1(a)(i) Statement of Total Return (Cont'd)

Notes:

1. The gross revenue includes rental waivers and reliefs granted by landlord to eligible tenants in Singapore affected by COVID-19.
2. Includes recurring trust expenses such as trustee's fees, valuation fees, audit and tax adviser's fees, legal & other professional fees and cost associated with the preparation of annual reports. This also includes additional legal & other professional fees arising from the chain offer incurred in 16M 2022 (16 months ended 31 December 2022).
3. The impairment loss on trade receivables comprises of the allowance for rental arrears and reliefs for Singapore and Australia properties.
4. Finance costs for 4M 2022 (4 months ended 31 December 2022) was higher compared to the corresponding period mainly due to higher interest rates.

The average cost of debt for the Group was 2.89% per annum for 4M 2022 (4M 2021: 1.69%) and 2.05% per annum for 16M 2022 (16M 2021: 1.80%).

5. Grant income in prior year relates to property tax rebates and cash grants from Singapore government as part of the COVID-19 relief measures. Grant expense relates to the property tax rebates and cash grants being passed on to eligible tenants in the form of rental reliefs in 16M 2021 (16 months ended 31 December 2021).
6. This relates to the fair value change on the investment properties as at 31 December 2022, based on independent valuations conducted by Savills Valuation & Professional Services (S) Pte Ltd (2021: Savills Valuation & Professional Services (S) Pte Ltd) for investment properties in Singapore and, CBRE Valuation Pty Ltd (2021: CBRE Valuation Pty Ltd and Jones Lang LaSalle Advisory Services Pty Ltd) for investment properties in Australia.

4M 2022 fair value loss of S\$5.1m was mainly due to capital expenditure written down for investment properties in Australia.

The Group recognised a fair value gain of S\$33.8 million in 16M 2022. This comprises a fair value gain of S\$34.9 million contributed by the investment properties in Singapore offset by fair value loss of S\$1.1 million mainly due to capital expenditure written down for investment properties in Australia.

7. The net foreign currency exchange differences relate mainly to unrealised foreign exchange gain from revaluation of the monetary assets and liabilities that were denominated in Australian dollars and realised gain from cross currency swap.
8. This relates mainly to withholding tax payable for Australia.
9. On 30 August 2019, the Trust issued S\$300.0 million of subordinated perpetual securities (the "Perpetual Securities") at a rate of 4.10% per annum, with the first distribution rate reset falling on 30 August 2024 and subsequent resets occurring every five years thereafter. The Perpetual Securities have no fixed redemption date and redemption is at the option of the Trust in accordance with the terms of issue of the securities. The distribution is payable semi-annually at the discretion of the Trust and is non-cumulative.

PARAGON REIT FINANCIAL STATEMENT ANNOUNCEMENT

For The Financial Period Ended 31 December 2022

1(a) An income statement together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)

1(a)(ii) Distribution Statement

	Unaudited		Group	Audited	Unaudited	Change
	4M ended 31 Dec 2022	4M ended 31 Dec 2021	Change	16M ended 31 Dec 2022	16M ended 31 Dec 2021	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Total return for the period attributable to Unitholders and perpetual securities holders	46,875	81,806	(42.7)	242,013	231,454	4.6
Less: Amount reserved for distribution to perpetual securities holders	(4,111)	(4,111)	-	(16,411)	(16,411)	-
Add: Non-tax deductible items ¹	6,749	(26,461)	NM	(15,418)	(12,155)	26.8
Income available for distribution	49,513	51,234	(3.4)	210,184	202,888	3.6
Add: Tax-exempt income ²	-	-	-	-	6,149	NM
Distributable income to unitholders	49,513	51,234	(3.4)	210,184	209,037	0.5
Distribution to Unitholders³	48,347	48,202⁴	0.3	203,157	184,910	9.87

NM Not Meaningful

Notes:

1. Non-tax deductible items refer to the Manager's management fees paid/payable in units, trustee's fees, straight-line rental adjustments, amortisation of debt issuance costs, fair value change on investment properties and net income from subsidiaries.
2. This relates to the distribution of tax-exempt income from Australia subsidiaries.
3. The distribution to unitholders in 2021 includes the release of approximately S\$14.5 million of FY20 (FY20 refers to the 12 months ended 31 August 2020) distributable income deferred as allowed under COVID-19 relief measures.
4. Distribution to unitholders for 4M ended 31 Dec 2021 of S\$48.2 million includes distribution for the period 1 September 2021 to 30 November 2021 of S\$34.8 million and the pro-rated 1 month distribution from the 3-months period 1 December 2021 to 28 February 2022 of S\$40.4 million.

PARAGON REIT FINANCIAL STATEMENT ANNOUNCEMENT

For The Financial Period Ended 31 December 2022

1(b)(i) A statement of financial position together with a comparative statement as at the end of the immediately preceding financial year

Statement of Financial Position

	Group Audited		Trust Audited	
	As at 31 Dec 22 S\$'000	As at 31 Aug 21 S\$'000	As at 31 Dec 22 S\$'000	As at 31 Aug 21 S\$'000
Non-current assets				
Plant and equipment	250	568	250	568
Investment properties ¹	4,112,265	4,123,000	3,338,700	3,296,200
Subsidiaries	-	-	168,210	180,882
Trade and other receivables	-	-	377,665	375,673
Derivative financial instruments ²	9,623	-	6,113	-
	4,122,138	4,123,568	3,890,938	3,853,323
Current assets				
Trade and other receivables ³	6,003	11,316	3,080	8,335
Derivative financial instruments ²	3,150	-	3,150	-
Cash and cash equivalents	125,601	111,681	94,217	80,379
	134,754	122,997	100,447	88,714
Total assets	4,256,892	4,246,565	3,991,385	3,942,037
Non-current liabilities				
Borrowings	1,176,653	1,138,111	898,915	838,751
Derivative financial instruments ²	3,294	3,292	3,294	1,546
Trade and other payables ⁴	38,283	38,135	38,283	38,135
Deferred tax liabilities ⁵	2,206	2,206	2,206	2,206
	1,220,436	1,181,744	942,698	880,638
Current liabilities				
Borrowings	94,974	154,943	94,974	154,943
Derivative financial instruments ²	-	1,051	-	1,051
Trade and other payables ⁴	62,382	60,959	47,667	46,258
	157,356	216,953	142,641	202,252
Total liabilities	1,377,792	1,398,697	1,085,339	1,082,890
Net assets	2,879,100	2,847,868	2,906,046	2,859,147
Represented by:				
Unitholders' funds	2,563,069	2,535,243	2,604,011	2,561,223
Perpetual securities holders' funds ⁶	302,035	297,924	302,035	297,924
Non-controlling interests	13,996	14,701	-	-
Total Equity	2,879,100	2,847,868	2,906,046	2,859,147

PARAGON REIT FINANCIAL STATEMENT ANNOUNCEMENT

For The Financial Period Ended 31 December 2022

1(b)(i) A statement of financial position together with a comparative statement as at the end of the immediately preceding financial year (cont'd)

Statement of Financial Position (cont'd)

Notes:

1. The fair values of Paragon, The Clementi Mall, The Rail Mall, Westfield Marion and Figtree Grove as at 31 December 2022 were S\$2,679.0 million, S\$597.5 million, S\$62.2 million, S\$589.1 million and S\$184.5 million respectively. The fair values of the investment properties were based on independent valuations conducted by Savills Valuation & Professional Services (S) Pte Ltd for Paragon, The Clementi Mall and The Rail Mall, CBRE Valuation Pty Ltd for Westfield Marion and Figtree Grove.
2. Derivative financial instruments represent the fair value of the interest rate swap, cross currency swap and cross currency interest rate swap contracts. The increase in derivative values was mainly due to the change in fair value of the interest rate swaps during the current period.
3. Trade and other receivables comprised mainly rental receivable and deposits. The receivables collections had improved during the period.
4. Trade and other payables comprised mainly rental deposits, accrued interests and other expenses, and collection in advance. The increase was largely attributed to higher trade payables, higher amount payable to the Manager for management fee and higher accrual of interest expenses.
5. Deferred tax liabilities are mainly in respect of the capital expenditures incurred for Singapore investment properties and have been estimated based on the differences between the carrying amount and tax carrying value of these capital expenditures.
6. On 30 August 2019, the Trust issued S\$300.0 million of fixed rate Perpetual Securities. The Perpetual Securities, net of issuance costs, are classified as equity instruments and recorded as equity in the Statement of Changes in Unitholders' Funds.

PARAGON REIT FINANCIAL STATEMENT ANNOUNCEMENT
For The Financial Period Ended 31 December 2022

1(b)(ii) **Borrowings**

Secured borrowings

	<u>Group</u> <u>Audited</u>		<u>Trust</u> <u>Audited</u>	
	As at 31 Dec 22 S\$'000	As at 31 Aug 21 S\$'000	As at 31 Dec 22 S\$'000	As at 31 Aug 21 S\$'000
Amount repayable within one year	94,974	154,943	94,974	154,943
Amount repayable after one year	1,176,653	1,138,111	898,915	838,751
Total	1,271,627	1,293,054	993,889	993,694

Details of collateral

The Group's secured term loans amounted to S\$1.3 billion.

The SGD term loan of S\$995 million is secured, inter alia, by way of the following:

- First legal mortgage on Paragon
- Fixed and floating charges by way of debenture over the existing and future assets of Paragon (other than the excluded accounts)
- First legal charge over the tenancy account and sales proceeds account for Paragon
- Assignment of certain insurances taken in relation to Paragon

The AUD term loan balance of A\$105 million and A\$200 million is secured by way of mortgage on Figtree Grove Shopping Centre and Westfield Marion Shopping Centre respectively.

PARAGON REIT FINANCIAL STATEMENT ANNOUNCEMENT

For The Financial Period Ended 31 December 2022

1(c) A cash flow statement together with a comparative statement for the corresponding period of the immediately preceding financial year

Statement of Cash Flows

	Group			
	Unaudited 4M ended 31 Dec 2022 S\$'000	Unaudited 4M ended 31 Dec 2021 S\$'000	Audited 16M ended 31 Dec 2022 S\$'000	Unaudited 16M ended 31 Dec 2021 S\$'000
Cash flows from operating activities				
Total return for the financial period	47,232	81,893	243,499	233,981
Adjustments for:				
Fair value change on investment properties	5,101	(31,509)	(33,780)	(34,930)
Manager's fee paid/payable in units	5,622	6,880	26,571	27,314
Depreciation of plant and equipment	87	100	387	355
Finance income	(675)	(159)	(1,181)	(359)
Finance costs	12,503	7,269	35,562	31,263
Impairment (written back)/loss on trade receivables	(935)	1,547	732	4,370
Income tax	-	-	-	(913)
Straight-line rental adjustments	304	(116)	(410)	(4,222)
Operating cash flow before working capital changes	69,239	65,905	271,380	256,859
Changes in operating assets and liabilities				
Trade and other receivables	1,404	(4,726)	4,581	13,863
Trade and other payables	6,790	1,532	24	(5,466)
Net cash from operating activities	77,433	62,711	275,985	265,256
Cash flows from investing activities				
Additions to investment properties	(6,913)	(2,257)	(14,536)	(15,301)
Purchase of plant and equipment	(2)	(46)	(69)	(280)
Interest received	675	159	1,181	359
Net cash used in investing activities	(6,240)	(2,144)	(13,424)	(15,222)
Cash flows from financing activities				
Payment of transaction costs related to borrowing	(632)	(100)	(970)	(680)
Payment of bank loan ¹	(95,751)	-	(95,751)	-
Proceeds from bank loan ¹	95,751	-	95,751	-
Distribution to unitholders	(39,030)	(44,006)	(198,816)	(165,081)
Distributions to non-controlling interests of a subsidiary	(335)	(186)	(1,116)	(1,110)
Distribution to perpetual securities holders	-	-	(12,300)	(12,300)
Interest paid	(11,865)	(8,050)	(33,210)	(31,435)
Net cash used in financing activities	(51,862)	(52,342)	(246,412)	(210,606)
Net increase in cash and cash equivalents	19,331	8,225	16,149	39,428
Effect of exchange rate fluctuations on cash and cash equivalents held	(873)	(536)	(2,229)	(2,032)
Cash and cash equivalents at beginning of the financial period	107,143	111,681	111,681	81,974
Cash and cash equivalents at end of the financial period	125,601	119,370	125,601	119,370

Notes:

1. This relates to existing loan refinanced with a different bank.

PARAGON REIT FINANCIAL STATEMENT ANNOUNCEMENT

For The Financial Period Ended 31 December 2022

1(d)(i) Statement of Changes in Unitholders' Funds

	<u>Group</u>			
	Unaudited 4M ended 31 Dec 2022 S\$'000	Unaudited 4M ended 31 Dec 2021 S\$'000	Audited 16M ended 31 Dec 2022 S\$'000	Unaudited 16M ended 31 Dec 2021 S\$'000
Balance as at beginning of financial period	2,580,319	2,535,243	2,535,243	2,503,324
<u>Operations</u>				
Total return for the period after tax attributable to Unitholders of the Trust	42,764	77,695	225,602	215,043
<u>Hedging reserve</u>				
Effective portion of changes in fair value of cash flow hedges ¹	1,124	1,227	14,798	338
Net change in fair value of cash flow hedge reclassified to Statements of Total Return	(4,732)	1,527	(3,748)	6,323
<u>Foreign currency translation reserve</u>				
Translation differences from financial statements of foreign operations	(15,294)	(192)	(23,909)	(5,359)
Exchange differences on monetary item forming part of net investments in foreign operations	(7,704)	(666)	(12,672)	(4,194)
Net (loss)/gain recognised directly in Unitholders' funds	(26,606)	1,896	(25,531)	(2,892)
<u>Unitholders' transactions</u>				
Distribution to unitholders	(39,030)	(44,006)	(198,816)	(165,081)
Manager's fee paid/payable in units	5,622	5,137	26,571	25,571
	(33,408)	(38,869)	(172,245)	(139,510)
Balance as at end of financial period	2,563,069	2,575,965	2,563,069	2,575,965
<u>Perpetual securities holders' funds</u>				
Balance as at beginning of financial period	297,924	297,924	297,924	297,924
Amount reserved for distribution to perpetual securities holders	4,111	4,111	16,411	16,411
Distribution to perpetual securities holders	-	-	(12,300)	(12,300)
Balance as at end of financial period	302,035	302,035	302,035	302,035

Notes:

1. This relates to interest rate swap and cross currency interest rate swap arrangements.

PARAGON REIT FINANCIAL STATEMENT ANNOUNCEMENT
For The Financial Period Ended 31 December 2022

1(d)(i) **Statement of Changes in Unitholders' Funds (Cont'd)**

	<u>Trust</u>			
	Unaudited 4M ended 31 Dec 2022 S\$'000	Unaudited 4M ended 31 Dec 2021 S\$'000	Audited 16M ended 31 Dec 2022 S\$'000	Unaudited 16M ended 31 Dec 2021 S\$'000
Balance as at beginning of financial period	2,604,247	2,561,223	2,561,223	2,526,457
<u>Operations</u>				
Total return for the period after tax attributable to Unitholders of the Trust	37,048	77,074	209,454	209,612
<u>Hedging reserve</u>				
Effective portion of changes in fair value of cash flow hedges ¹	565	(127)	9,675	(1,106)
Net change in fair value of cash flow hedge reclassified to Statements of Total Return	(4,441)	1,205	(4,096)	5,053
Net (loss)/gain recognised directly in Unitholders' funds	(3,876)	1,078	5,579	3,947
<u>Unitholders' transactions</u>				
Distribution to unitholders	(39,030)	(44,006)	(198,816)	(165,081)
Manager's fee paid/payable in units	5,622	5,137	26,571	25,571
	<u>(33,408)</u>	<u>(38,869)</u>	<u>(172,245)</u>	<u>(139,510)</u>
Balance as at end of financial period	2,604,011	2,600,506	2,604,011	2,600,506
<u>Perpetual securities holders' funds</u>				
Balance as at beginning of financial period	297,924	297,924	297,924	297,924
Amount reserved for distribution to perpetual securities holders	4,111	4,111	16,411	16,411
Distribution to perpetual securities holders	-	-	(12,300)	(12,300)
Balance as at end of financial period	302,035	302,035	302,035	302,035

Notes:

1. This relates to interest rate swap and cross currency interest rate swap arrangements.

PARAGON REIT FINANCIAL STATEMENT ANNOUNCEMENT
For The Financial Period Ended 31 December 2022

1(d)(ii) Details of Changes in Issued units and Issuable Units

	<u>Group and Trust</u>			
	Unaudited 4M ended 31 Dec 2022	Unaudited 4M ended 31 Dec 2021	Audited 16M ended 31 Dec 2022	Unaudited 16M ended 31 Dec 2021
	No. of units '000	No. of units '000	No. of units '000	No. of units '000
Issued units as at beginning of period	2,808,000	2,785,164	2,785,164	2,763,122
Manager's fee paid in units ^{1,3}	2,851	14,659	25,687	36,701
	2,810,851	2,799,823	2,810,851	2,799,823
Issuable units:				
Manager's fee payable in units ^{2,3}	17,030	2,582	17,030	2,582
Total issued and issuable units as at end of period	2,827,881	2,802,405	2,827,881	2,802,405

Notes:

1. The units issuable to the REIT Manager were in full satisfaction of management fee for respective quarters.
2. Includes performance fee payables on an annual basis, after Board's approval of the audited annual accounts and management fees payable for the immediate preceding quarter.
3. The number of units is calculated based on volume weighted average traded price for the last 10 business days for the respective quarters, as provided in the Trust Deed.

1(d)(iii) To show the total number of issued units excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

As at 31 December 2022, the Trust had 2,810,850,807 units (31 August 2021: 2,785,164,072 units).

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

PARAGON REIT FINANCIAL STATEMENT ANNOUNCEMENT

For The Financial Period Ended 31 December 2022

2. **Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The financial information for the 16-months period from 1 September 2021 to 31 December 2022 have been audited by our auditors, KPMG LLP. Please refer to the attached auditor's audit report.

The financial information for 4-months period from 1 September 2022 to 31 December 2022 have not been audited or reviewed. The audit report for this 4-month period from 1 September 2022 to 31 December 2022 shall be released before the issuance of PARAGON REIT's annual report.

The comparative figures for the 4-months period from 1 September 2021 to 31 December 2021 and 16-months period from 1 September 2020 to 31 December 2021 have not been audited or reviewed.

3. **Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).**

Please refer to the attached auditor's audit report.

4. **Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements for the year ended 31 August 2021.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

None noted.

PARAGON REIT FINANCIAL STATEMENT ANNOUNCEMENT
For The Financial Period Ended 31 December 2022

6. Earnings per unit (“EPU”) and Distribution per unit (“DPU”)

	<u>Group</u>			
	<u>Unaudited</u> 4M ended 31 Dec 2022	<u>Unaudited</u> 4M ended 31 Dec 2021	<u>Audited</u> 16M ended 31 Dec 2022	<u>Unaudited</u> 16M ended 31 Dec 2021
<u>Earnings per unit</u>				
Total return for the period after tax attributable to Unitholders of the Trust ¹ (S\$'000)	42,764	77,695	225,602	215,043
Weighted average number of units ² ('000)	2,821,666	2,786,441	2,811,343	2,786,441
EPU ² (basic and diluted) (cents)	1.52	2.79	8.02	7.72
EPU (cents), excluding fair value change and write down of intangible asset	1.70	1.66	6.83	6.52
<u>Distribution per unit</u>				
Total number of units in issue at end of period ('000)	2,810,851	2,799,823	2,810,851	2,799,823
Distribution to Unitholders ³ (S\$'000)	48,347	48,202	203,157	198,362
DPU ⁴ (cents)	1.72	1.72	7.24	7.12

Notes:

1. Included the effects of fair value change on investment properties for the respective periods.
2. The weighted average number of units was based on the number of units in issue and issuable units to the Manager.
3. As shown in 1(a)(ii) Distribution Statement.
4. The DPU was computed based on the number of units entitled to distribution.

7. Net Asset Value (“NAV”) per unit and Net Tangible Asset (“NTA”) per unit

	<u>Group</u> Audited		<u>Trust</u> Audited	
	As at 31 Dec 22	As at 31 Aug 21	As at 31 Dec 22	As at 31 Aug 21
NAV / NTA per unit ¹ (S\$)	0.91	0.91	0.93	0.92

Note:

1. The NAV per unit and NTA per unit were computed based on the net assets attributable to Unitholders. Number of units used to compute NAV and NTA were based on number of units in issue as at balance sheet date.

PARAGON REIT FINANCIAL STATEMENT ANNOUNCEMENT

For The Financial Period Ended 31 December 2022

8. Review of Performance

Review of Results for the 4 months ended 31 December 2022 (“4M 2022”) compared with the 4 months ended 31 December 2021 (“4M 2021”)

4M 2022 vs 4M 2021

Gross revenue increased by S\$2.0 million (2.1%) to S\$94.6 million and net property income (“NPI”) increased by S\$1.8 million (2.6%) to S\$70.2 million. This increase was mainly contributed by atrium income as atrium activities resumed with the stabilisation of Covid.

Finance costs increased to S\$12.5 million for 4M 2022 due to the increase in the average cost of debt. This resulted in the decrease in net income for 4M 2022 by S\$0.8 million (1.6%) to S\$50.3 million.

Total return for the 4M 2022 period declined 42.3% to S\$47.2 million mainly due to the comparative period 4M 2021 having a fair value gain on investment properties of S\$31.5 million. In 4M 2022, there was a fair value loss on the Australian investment properties of S\$5.1 million. The fair value gain/loss has no impact on the income available for distribution.

Review of Results for the Full year 16 months ended 31 December 2022 (“16M 2022”) compared with the 16 months ended 31 December 2021 (“16M 2021”)

16M 2022 vs 16M 2021

16M 2022 gross revenue increased by S\$6.6 million (1.8%) to S\$376.4 million, net property income (“NPI”) increased by S\$8.9 million (3.3%) to S\$279.9 million. Net income of S\$209.3 million for 16M 2022 was S\$7.5 million (3.7%) higher than 16M 2021. The increase is attributable to the stronger performance of the Singapore Properties.

Total return of S\$243.5 million for 16M 2022 includes the fair value gain on investment properties of S\$33.8 million. Investment properties recorded a fair value gain of S\$34.9 million for Singapore and this was offset by a S\$1.1 million loss mainly due to capital expenditure written down for investment properties in Australia. The fair value gain/loss has no impact on the income available for distribution.

PARAGON REIT FINANCIAL STATEMENT ANNOUNCEMENT

For The Financial Period Ended 31 December 2022

9. Other Information

On 29 July 2022, PARAGON REIT announced a change in its financial year-end from 31 August to 31 December. As such from 1 January 2023, PARAGON REIT's financial year will be a 12-months period ending on 31 December each year.

The unaudited figures below have been presented to cover a 12-months period similar to the financial year going forward from 1 January to 31 December.

Statement of Total Return

	<u>Group</u>		Change %
	Unaudited 12M ended 31 Dec 2022 S\$'000	Unaudited 12M ended 31 Dec 2021 S\$'000	
Gross revenue	283,821	279,515	1.5
Property operating expenses	(72,326)	(75,396)	(4.1)
Net property income	211,495	204,119	3.6
Manager's management fees	(21,091)	(20,602)	2.4
Investment management fees	(2,963)	(2,976)	(0.4)
Trust expenses	(2,854)	(2,030)	40.6
Impairment written back on trade receivables	815	49	NM
Finance income	1,022	319	NM
Finance costs	(28,293)	(23,355)	21.1
Grant income	-	2,158	NM
Grant expense	-	(2,158)	NM
Net income	158,131	155,524	1.7
Fair value gain on investment properties	2,271	34,930	(93.5)
Net foreign currency exchange gain/(loss)	4,311	(991)	NM
Total return for the period before taxes and distribution	164,713	189,463	(13.1)
Less: income tax	(3,107)	(1,830)	69.8
Total return for the period after taxes and before distribution	161,606	187,633	(13.9)
Attributable to:			
Unitholders of the Trust	147,907	173,150	(14.6)
Perpetual securities holders	12,300	12,300	-
Non-controlling interests	1,399	2,183	(35.9)
Total return for the year	161,606	187,633	(13.9)

PARAGON REIT FINANCIAL STATEMENT ANNOUNCEMENT

For The Financial Period Ended 31 December 2022

9. Other information (Cont'd)

Review of Results for the 12 months ended 31 December 2022 (“12M 2022”) compared with the 12 months ended 31 December 2021 (“12M 2021”)

12M 2022 vs 12M 2021

12M 2022 gross revenue increased by S\$4.3 million (1.5%) to S\$283.8 million and NPI increased by S\$7.4 million (3.6%) to S\$211.5 million. These increases were mainly due lower rent relief in the 12M 2022 period due to the stabilisation of Covid and improved tenant sales performance, partially offset by the increase in utilities.

Trust expense includes recurring trust expenses such as trustee’s fees, valuation fees, audit and tax adviser’s fees, legal & others professional fees and costs associated with the preparation of annual reports. For the 12M 2022 period, trust expenses increased by S\$0.8 million (40.6%) mainly due to professional fees arising from the chain offer in 2022.

Finance costs for 12M 2022 was higher by S\$4.9 million (21.1%) due to higher cost of debt 2.18% (12M 2021: 1.80%).

Fair value gain on investment properties relates to the revaluation gain on investment properties.

In 12M 2022, fair value gain of S\$2.3 million recognised by the Group was contributed solely by the investment properties located in Singapore.

In 12M 2021, the Group recognised a fair value gain of S\$34.9 million. This comprises a fair value gain of S\$36.8 million contributed by the investment properties in Singapore offset by fair value loss of S\$1.9 million mainly due to capital expenditure written down for investment properties in Australia.

Tax expense relates to withholding tax on Australian properties income as well as deferred tax provision. 12M 2021 tax expense lower was due to reversal of deferred tax in 2021.

10. Variance from Prospect Statement

No forecast was made previously.

PARAGON REIT FINANCIAL STATEMENT ANNOUNCEMENT

For The Financial Period Ended 31 December 2022

11. **A commentary at the date of announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months**

Singapore's GDP expanded 2.1% yoy in 4Q 2022 (October to December) easing from 4.0% growth in 3Q 2022 according to the Ministry of Trade and Industry (MTI); GDP grew 3.6% in 2022, slightly below earlier estimates of 3.8%.

Retail sales volume (excluding motor vehicles) rose 9.5% yoy for December 2022, extending the 9.0% increase in November 2022; growth was supported by sectors such as Food & Alcohol (+37.4%), Wearing Apparel & Footwear (+23.0%), and Department Stores (+11.0%) according to the Department of Statistics Singapore (SingStat).

Tourism recovery exceeded the Singapore Tourism Board (STB)'s forecast with 6.3 million international visitor arrivals (IVA) in 2022 at c.33% of pre-covid IVA; further runway for recovery is expected as China relaxes pandemic restrictions. STB expects tourism activity to double for 2023 and recover to pre-pandemic levels by 2024.

For Australia, The Reserve Bank of Australia (RBA) projects GDP growth at 2.75% for 2022 and expects it to moderate to 1.5% over 2023 and 2024, as higher consumer prices, rising interest rates and declining housing prices weigh on growth.

According to the Australian Bureau of Statistics, retail turnover declined 3.9% m-o-m in December 2022 as turnover decreased across all segments except Food Retailing which rose marginally by 0.3% m-o-m; retail turnover rose 7.5% on a y-o-y basis.

Australia signaled a return to normalcy and full reopening of its economy as officials lifted COVID-19 safe-distancing requirements so as to move the country towards endemicity.

PARAGON REIT's portfolio is a key beneficiary of the domestic retail recovery and the gradual return of international visitor arrivals. Nonetheless, high inflation, continued geopolitical tensions, and economic headwinds could potentially weigh on consumer behaviour.

In December 2022, the Federal Reserve raised benchmark rates by 0.5 percentage points to a targeted range of 4.25-4.5%; economists expect rates to remain high throughout 2023.

The Monetary Authority of Singapore (MAS) and RBA have both assessed that a further tightening of monetary policy is needed to dampen price pressures, translating to higher interest rates in the near-term.

PARAGON REIT FINANCIAL STATEMENT ANNOUNCEMENT
For The Financial Period Ended 31 December 2022

12. Distribution

(a) Current Financial Period

Any distribution recommended for the current financial period reported on? Yes.

Name of distribution:	Distribution for the period from 1 September 2022 to 31 December 2022							
Distribution Type:	Taxable and tax-exempt income							
Distribution rate per unit (cents):	<table border="1"> <thead> <tr> <th>Distribution type</th> <th>Distribution rate</th> </tr> </thead> <tbody> <tr> <td>Taxable income</td> <td>1.53 cents per unit</td> </tr> <tr> <td>Tax-exempt income</td> <td>0.19 cents per unit</td> </tr> </tbody> </table>		Distribution type	Distribution rate	Taxable income	1.53 cents per unit	Tax-exempt income	0.19 cents per unit
Distribution type	Distribution rate							
Taxable income	1.53 cents per unit							
Tax-exempt income	0.19 cents per unit							
Par value of units:	Not applicable.							
Tax rate:	<p><u>Taxable income distribution:</u></p> <p>Qualifying investors and individuals (other than those who hold their units through a partnership) will generally receive pre-tax distribution. These distributions are exempt from tax in the hands of individuals unless such distributions are derived through a Singapore partnership or from the carrying on of a trade, business or profession. Such individual unitholders, i.e. to whom the exemption will not apply, must declare the distribution received as income in their tax returns.</p> <p>Qualifying foreign non-individual investors and foreign funds under Section 13CA, 13X or 13Y of the Singapore Income Tax Act will receive their distributions after deduction of tax at the rate of 10%. This is based on the existing income tax concession for listed REITs on distributions made to non-resident non-individual investors during the period from 18 February 2005 to 31 December 2025 and non-resident funds during the period from 1 July 2019 to 31 December 2025.</p> <p>All other investors will receive their distributions after deduction of tax at the rate of 17%.</p> <p><u>Tax-exempt income distribution:</u></p> <p>Tax-exempt income distribution is exempt from tax in the hands of all unitholders.</p>							

PARAGON REIT FINANCIAL STATEMENT ANNOUNCEMENT
For The Financial Period Ended 31 December 2022

12. Distribution (Cont'd)

(b) Corresponding Period of the Immediately Preceding Financial Year

Any distribution declared for the corresponding period of the immediately preceding financial year? Yes

Name of distribution:	Distribution for the period from 1 September 2021 to 31 November 2021							
Distribution Type:	Taxable Income							
Distribution rate per unit (cents):	<table border="1"> <thead> <tr> <th>Distribution type</th> <th>Distribution rate</th> </tr> </thead> <tbody> <tr> <td>Taxable income</td> <td>1.19 cents per unit</td> </tr> <tr> <td>Tax-exempt income</td> <td>0.05 cents per unit</td> </tr> </tbody> </table>		Distribution type	Distribution rate	Taxable income	1.19 cents per unit	Tax-exempt income	0.05 cents per unit
Distribution type	Distribution rate							
Taxable income	1.19 cents per unit							
Tax-exempt income	0.05 cents per unit							
Par value of units:	Not applicable.							
Tax rate:	<p><u>Taxable income distribution:</u></p> <p>Qualifying investors and individuals (other than those who hold their units through a partnership) will generally receive pre-tax distribution. These distributions are exempt from tax in the hands of individuals unless such distributions are derived through a Singapore partnership or from the carrying on of a trade, business or profession. Such individual unitholders, i.e. to whom the exemption will not apply, must declare the distribution received as income in their tax returns.</p> <p>Qualifying foreign non-individual investors and foreign funds under Section 13CA, 13X or 13Y of the Singapore Income Tax Act will receive their distributions after deduction of tax at the rate of 10%. This is based on the existing income tax concession for listed REITs on distributions made to non-resident non-individual investors during the period from 18 February 2005 to 31 December 2025 and non-resident funds during the period from 1 July 2019 to 31 December 2025.</p> <p>All other investors will receive their distributions after deduction of tax at the rate of 17%.</p> <p><u>Tax-exempt income distribution:</u></p> <p>Tax-exempt income distribution is exempt from tax in the hands of all unitholders.</p>							

(c) Date payable

The date the distribution is payable: Tuesday, 28 March 2023.

(d) Record date

The Transfer Books and Register of Unitholders of PARAGON REIT will be closed at 5.00pm on 21 February 2023 for purposes of determining each Unitholder's entitlement to PARAGON REIT distribution.

PARAGON REIT FINANCIAL STATEMENT ANNOUNCEMENT

For The Financial Period Ended 31 December 2022

13. If no distribution has been declared (recommended), a statement to that effect

Not applicable.

14. Segment Results

	<u>Group</u>					
	Unaudited		Change	Audited	Unaudited	Change
	4M	4M		16M	16M	
	ended	ended	ended	ended	ended	Change
	31 Dec 2022	31 Dec 2021	%	31 Dec 2022	31 Dec 2021	%
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<u>Gross Revenue</u>						
<u>Singapore</u>						
Paragon	56,181	53,797	4.4	221,304	213,663	3.6
The Clementi Mall	14,334	13,833	3.6	56,951	55,204	3.2
The Rail Mall	2,004	1,816	10.4	7,950	7,473	6.4
	72,519	69,446	4.4	286,205	276,340	3.6
<u>Australia¹</u>						
Figtree Grove Shopping Centre	5,050	5,373	(6.0)	21,281	22,623	(5.9)
Westfield Marion Shopping Centre	16,986	17,771	(4.4)	68,925	70,806	(2.7)
	22,036	23,144	(4.8)	90,206	93,429	(3.4)
Total	94,555	92,590	2.1	376,411	369,769	1.8
<u>Net Property Income</u>						
<u>Singapore</u>						
Paragon	43,058	41,201	4.5	169,360	160,595	5.5
The Clementi Mall	10,133	9,914	2.2	40,693	39,798	2.2
The Rail Mall	1,613	1,402	15.0	6,352	5,837	8.8
	54,804	52,517	4.4	216,405	206,230	4.9
<u>Australia</u>						
Figtree Grove Shopping Centre	3,834	4,177	(8.2)	16,174	17,459	(7.4)
Westfield Marion Shopping Centre	11,590	11,740	(1.3)	47,350	47,372	(0.0)
	15,424	15,917	(3.1)	63,524	64,831	(2.0)
Total	70,228	68,434	2.6	279,929	271,061	3.3

15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to paragraph 8 and 9 on page 15 to 17.

PARAGON REIT FINANCIAL STATEMENT ANNOUNCEMENT
For The Financial Period Ended 31 December 2022

16. Breakdown of Gross revenue and Net Income

	<u>Group</u>		Change
	Audited 16M ended 31 Dec 2022 S\$'000	Audited 12M ended 31 Dec 2021 S\$'000	
<u>1 September to 28 February</u> (First half year)			
Gross revenue	141,636	139,958	1.2
Net income	80,057	78,053	2.6
<u>1 March to 31 August</u> (Second half year)			
Gross revenue	140,220	137,221	2.2
Net income	78,912	72,578	8.7
<u>1 September to 31 December¹</u> (4 months)			
Gross revenue	94,555	-	NM
Net income	50,307	-	NM

Notes:

1. Due to the Group changed its financial year end from 31 August to 31 December and accordingly, the financial statements for the current period cover a period of 16 months. The additional 4 months period from 1 September 2022 to 31 December 2022 is presented separately for comparison purposes.

17. Breakdown of Total Distributions for the financial period/year ended 31 December and 31 August

	Audited 16M ended 31 Dec 2022 S\$'000	Audited 12M ended 31 Aug 2021 S\$'000
1 September 2020 to 30 November 2020	-	33,307
1 December 2020 to 28 February 2021	-	34,457
1 March 2021 to 31 May 2021	-	38,390
1 June 2021 to 31 August 2021	-	44,006
1 September 2021 to 30 November 2021	34,750	-
1 December 2021 to 28 February 2022	40,355	-
1 March 2022 to 31 May 2022	40,675	-
1 June 2022 to 31 August 2022	39,030	-
1 September 2022 to 31 December 2022 ¹	48,347	-
Total distributed to unitholders	203,157	150,160

Notes:

1. Please refer to paragraph 12(a) on page 19.

PARAGON REIT FINANCIAL STATEMENT ANNOUNCEMENT

For The Financial Period Ended 31 December 2022

18. **If the group has obtained a general mandate from shareholders for Interested Person Transactions, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

PARAGON REIT has not obtained a general mandate from unitholders for Interested Person Transactions.

19. **Confirmation By the Manager Pursuant to Rule 720(1) of the SGX Listing Manual.**

The Manager confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7.7) pursuant to Rule 720(1) of the SGX Listing Manual.

20. **Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (13). If there are no such persons, the issuer must make an appropriate negative statement.**

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, PARAGON REIT Management Pte. Ltd. (the "Company"), as manager of PARAGON REIT, confirms that there is no person occupying a managerial position in the Company who is related to a director, chief executive officer, substantial shareholder of the Company or substantial unitholder of PARAGON REIT.

This release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses, including employee wages, benefits and training, property expenses and governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of PARAGON REIT Management Pte. Ltd. (as the manager of PARAGON REIT) on future events.

BY ORDER OF THE BOARD

Tay Zheng Yu

Company Secretary
Singapore,
13 February 2023



KPMG LLP
12 Marina View #15-01
Asia Square Tower 2
Singapore 018961

Telephone +65 6213 3388
Fax +65 6225 0984
Internet www.kpmg.com.sg

Independent auditors' report

To the Unitholders of PARAGON REIT (formerly known as SPH REIT)
(Constituted in the Republic of Singapore pursuant to a Trust Deed dated 9 July 2013)

Opinion

We have audited the financial statements of PARAGON REIT (the "Trust") and its subsidiaries (the "Group"), which comprise the Statements of Financial Position and Portfolio Statements of the Group and the Trust as at 31 December 2022, and the Statements of Total Return, Distribution Statements, Statements of Changes in Unitholders' Funds of the Group and the Trust and the Statement of Cash Flows of the Group for the period from 1 September 2021 to 31 December 2022, and a summary of significant accounting policies and other explanatory information, as set out on pages FS1 to FS70.

In our opinion, the accompanying consolidated financial statements of the Group and the Statements of Financial Position, Portfolio Statements, Statements of Total Return, Distribution Statement and Statements of Changes in Unitholders' Funds of the Trust present fairly, in all material respects, the consolidated financial position and the consolidated portfolio holdings of the Group and the financial position and the portfolio holdings of the Trust as at 31 December 2022 and the consolidated total return, consolidated distributable income, consolidated changes in unitholders' funds and consolidated cash flows of the Group and the total return, distributable income and changes in Unitholders' funds of the Trust for the period from 1 September 2021 to 31 December 2022 in accordance with the recommendations of Statement of Recommended Accounting Practice 7 *Reporting Framework for Investment Funds* ("RAP 7") issued by the Institute of Singapore Chartered Accountants.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We are independent of the Trust in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. 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 statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investment properties

(Refer to Note 5 and 24(h) to the financial statements)

Risk:

Investment properties represent the single largest category of assets on the Statements of Financial Position, at S\$4.1 billion as at 31 December 2022 (2021: S\$4.1 billion).

These investment properties are stated at their fair values based on independent external valuations.

The valuation process involves determining the valuation methodologies and significant judgement in estimating the assumptions to be applied. The valuations are highly sensitive to key assumptions applied i.e. a small change in the assumptions can have a significant impact to the valuation.

Our response:

We evaluated the qualifications and competence of the external valuers. We also read the terms of engagement of the valuers with the Group to determine whether there were any matters that might have affected their objectivity or limited the scope of their work.

We considered the valuation methodologies used against those applied by other valuers for similar property types. We tested the integrity of inputs of the projected cash flows used in the valuation to supporting leases and other documents. We held discussions with the external valuers and challenged the key assumptions used in the valuation by comparing them against historical rates and available industry data, taking into consideration comparability and market factors.

We also assessed whether the disclosures in the financial statements appropriately described the inherent degree of subjectivity and key assumptions in the valuations. This includes the relationships between the key unobservable inputs and fair values, in conveying the uncertainties.

Our findings:

The valuers are members of recognised professional bodies for valuers and have confirmed their own independence in carrying out their work.

The valuation methodologies adopted by the valuers are in line with generally accepted market practices and the key assumptions used are within range of available market data as at the date of valuation. The disclosures in the financial statements are appropriate in their description of the inherent subjectivity and estimation involved.

Other information

PARAGON REIT Management Pte Ltd (formerly known as SPH REIT Management Pte Ltd), the Manager of the Trust (“Manager”) is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors’ report thereon. We have obtained all other information prior to the date of this auditors’ report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, 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.

Responsibilities of the Manager for the financial statements

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of RAP 7 issued by the Institute of Singapore Chartered Accountants, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to terminate the Group or to cease operations of the Group, or has no realistic alternative but to do so.

The Manager’s responsibilities include overseeing the Group’s financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 SSAs 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 these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, 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 fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls 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 Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements 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 Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Manager 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, related safeguards.

From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude 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.

The engagement partner on the audit resulting in this independent auditors' report is Lim Jek.



KPMG LLP

*Public Accountants and
Chartered Accountants*

Singapore
13 February 2023