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## PARAGON REIT FINANCIAL STATEMENT ANNOUNCEMENT FOR THE FIRST HALF YEAR ENDED 30 JUNE 2023

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*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 located in the heart of Orchard Road.
- \* 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 is a retail strip, with about 360 metres of main road frontage along Upper Bukit Timah Road, comprising 43 single-storey shop units.
- \* PARAGON REIT holds a 85.0% stake in Figtree Grove Shopping Centre, an established sub-regional shopping centre in Wollongong, New South Wales, Australia; and
- \* 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 FIRST HALF YEAR ENDED 30 JUNE 2023**

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**PARAGON REIT and its Subsidiaries**  
**(Constituted in the Republic of Singapore pursuant to a trust deed dated 9 July 2013)**

Condensed Interim Financial Statements  
For the First Half Year Ended 30 June 2023

**Condensed Interim Statement of Financial Position**  
**As at 30 June 2023**

	Note	Group		Trust	
		As at	As at	As at	As at
		30 Jun 23	31 Dec 22	30 Jun 23	31 Dec 22
		S\$'000	S\$'000	S\$'000	S\$'000
<b>Non-current assets</b>					
Plant and equipment		160	250	160	250
Investment properties	5	4,076,409	4,112,265	3,338,500	3,338,700
Subsidiaries		-	-	166,590	168,210
Trade and other receivables		-	-	378,470	377,665
Derivative financial instruments		12,733	9,623	8,591	6,113
		<u>4,089,302</u>	<u>4,122,138</u>	<u>3,892,311</u>	<u>3,890,938</u>
<b>Current assets</b>					
Trade and other receivables		5,433	6,003	3,186	3,080
Derivative financial instruments		-	3,150	-	3,150
Cash and cash equivalents		142,621	125,601	110,150	94,217
		<u>148,054</u>	<u>134,754</u>	<u>113,336</u>	<u>100,447</u>
<b>Total assets</b>		<b><u>4,237,356</u></b>	<b><u>4,256,892</u></b>	<b><u>4,005,647</u></b>	<b><u>3,991,385</u></b>
<b>Non-current liabilities</b>					
Borrowings	6	1,174,252	1,176,653	899,095	898,915
Derivative financial instruments		790	3,294	790	3,294
Trade and other payables		36,939	38,283	36,939	38,283
Deferred tax liabilities		-	2,206	-	2,206
		<u>1,211,981</u>	<u>1,220,436</u>	<u>936,824</u>	<u>942,698</u>
<b>Current liabilities</b>					
Borrowings	6	94,997	94,974	94,997	94,974
Trade and other payables		60,627	62,382	49,674	47,667
		<u>155,624</u>	<u>157,356</u>	<u>144,671</u>	<u>142,641</u>
<b>Total liabilities</b>		<b><u>1,367,605</u></b>	<b><u>1,377,792</u></b>	<b><u>1,081,495</u></b>	<b><u>1,085,339</u></b>
<b>Net assets</b>		<b><u>2,869,751</u></b>	<b><u>2,879,100</u></b>	<b><u>2,924,152</u></b>	<b><u>2,906,046</u></b>
Represented by:					
Unitholders' funds		2,554,787	2,563,069	2,622,151	2,604,011
Perpetual securities holders' fund		302,001	302,035	302,001	302,035
Non-controlling interests		12,963	13,996	-	-
		<u>2,869,751</u>	<u>2,879,100</u>	<u>2,924,152</u>	<u>2,906,046</u>
<b>Units in issue ('000)</b>	7	<b><u>2,830,509</u></b>	<b><u>2,810,851</u></b>	<b><u>2,830,509</u></b>	<b><u>2,810,851</u></b>
<b>Net asset value per unit (\$)</b>	8	<b><u>0.90</u></b>	<b><u>0.91</u></b>	<b><u>0.93</u></b>	<b><u>0.93</u></b>

**Condensed Interim Statement of Total Return**  
**For the First Half Year Ended 30 June 2023**

		<b>Group</b>	
<b>Note</b>	<b>1 Jan 23 to 30 Jun 23</b>	<b>1 Jan 22 to 30 Jun 22</b>	
	<b>S\$'000</b>	<b>S\$'000</b>	
Gross revenue	143,084	142,268	
Property operating expenses	(37,027)	(36,316)	
<b>Net property income</b>	<b>106,057</b>	<b>105,952</b>	
Manager's management fees	(10,459)	(10,532)	
Investment management fees	(1,424)	(1,488)	
Trustee's fees	(294)	(298)	
Other trust expenses	9 (1,321)	(1,253)	
Finance income	1,659	210	
Finance costs	10 (25,532)	(10,866)	
<b>Net income</b>	<b>68,686</b>	<b>81,725</b>	
Fair value change on investment properties	5 (29,273)	196	
Net foreign currency exchange differences	(539)	1,255	
<b>Total return before taxes and distribution</b>	<b>38,874</b>	<b>83,176</b>	
Less: income tax	1,180	(1,008)	
<b>Total return after taxes and before distribution</b>	<b>40,054</b>	<b>82,168</b>	
<b>Attributable to:</b>			
Unitholders of the Trust	34,494	75,498	
Perpetual securities holders	6,100	6,100	
Non-controlling interests	(540)	570	
	<b>40,054</b>	<b>82,168</b>	
<b>Earnings per unit (cents)</b>			
Basic and diluted	11 1.22	2.69	

**Condensed Interim Distribution Statement**  
**For the First Half Year Ended 30 June 2023**

	<b>Group</b>	
	<b>1 Jan 23 to 30 Jun 23</b>	<b>1 Jan 22 to 30 Jun 22</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Amount available for distribution to Unitholders at beginning of the period</b>	<b>78,494</b>	<b>74,354</b>
Total return for the period attributable to Unitholders	34,494	75,498
Add: Non-tax deductible items (A)	36,137	6,480
<b>Total amount distributable to Unitholders for the period</b>	<b>149,125</b>	<b>156,332</b>
<b>Distribution to Unitholders for the period</b>		
- Distribution of 1.24 cents per unit for the period from 1 September 2021 to 30 November 2021	-	(34,750)
- Distribution of 1.44 cents per unit for the period from 1 December 2021 to 28 February 2022	-	(40,355)
- Distribution of 1.72 cents per unit for the period from 1 September 2022 to 31 December 2022	(48,347)	-
	<u>(48,347)</u>	<u>(75,105)</u>
<b>Amount available for distribution to Unitholders at end of the period</b>	<b>100,778</b>	<b>81,227</b>

**Note A – Non-tax deductible items**

	<b>Group</b>	
	<b>1 Jan 23 to 30 Jun 23</b>	<b>1 Jan 22 to 30 Jun 22</b>
	<b>S\$'000</b>	<b>S\$'000</b>
- Manager's management fees in units <sup>1</sup>	7,576	10,532
- Trustee's fees	294	298
- Amortisation of upfront fee for loan facility	362	401
- Depreciation of plant and equipment	129	152
- Fair value change on investment properties	29,273	(196)
- Net income from subsidiaries	(4,196)	(4,733)
- Straight-line rental adjustments	(249)	(335)
- Rollover adjustment <sup>2</sup>	2,999	-
- Other expenses (capital in nature)	2,155	361
- Deferred tax expense	(2,206)	-
	<u>36,137</u>	<u>6,480</u>

Notes:

- For the 6 months period ended 30 June 2023, 95% and 50% management fees for period from 1 January to 31 March 2023 and from 1 April to 30 June 2023 respectively were paid/payable in units. For the 6 months period ended 30 June 2022, 100% management fees for period from 1 January to June 2022 were paid out in units.
- The rollover adjustment pertains to the tax deductibility of interest expenses in FY2022 (1 September 2021 to 31 December 2022) relating to the perpetual securities. The Manager has also assessed the deductibility of such interest expenses for FY 2020 and FY 2021. As at the balance sheet date, the Manager does not expect the tax impact (if any) for such years to be material and accordingly, no provision has been made.

**Condensed Interim Statement of Changes in Unitholders' Funds**  
**For the First Half Year Ended 30 June 2023**

	<u>Group</u>		<u>Trust</u>	
	1 Jan 23 to 30 Jun 23 S\$'000	1 Jan 22 to 30 Jun 22 S\$'000	1 Jan 23 to 30 Jun 23 S\$'000	1 Jan 22 to 30 Jun 22 S\$'000
<b>Balance as at beginning of period</b>	<b>2,563,069</b>	<b>2,575,965</b>	<b>2,604,011</b>	<b>2,600,506</b>
<b><u>Operations</u></b>				
Total return for the period after tax, attributable to Unitholders and perpetual securities holders	40,594	81,598	63,708	71,712
Less: Total return for the period after tax, attributable to perpetual securities holders	(6,100)	(6,100)	(6,100)	(6,100)
Net increase in assets from operations	<u>2,597,563</u>	<u>2,651,463</u>	<u>2,661,619</u>	<u>2,666,118</u>
<b><u>Hedging reserve</u></b>				
Effective portion of changes in fair value of cash flow hedges <sup>1</sup>	6,201	12,711	5,033	10,101
Net change in fair value of cash flow hedge reclassified to Statement of Total Return	(4,210)	405	(3,730)	59
<b><u>Foreign currency translation reserve</u></b>				
Translation differences from financial statements of foreign entities	(2,376)	(9,807)	-	-
Exchange differences on monetary item forming part of net investments in foreign operations	(1,620)	(3,744)	-	-
<b><u>Unitholders' transactions</u></b>				
Distribution to unitholders	(48,347)	(75,105)	(48,347)	(75,105)
Manager's fee paid/payable in units	7,576	12,276	7,576	12,276
	<u>(40,771)</u>	<u>(62,829)</u>	<u>(40,771)</u>	<u>(62,829)</u>
<b>Unitholders' funds as at end of period</b>	<b><u>2,554,787</u></b>	<b><u>2,588,199</u></b>	<b><u>2,622,151</u></b>	<b><u>2,613,449</u></b>
<b><u>Perpetual Securities Holders' Funds</u></b>				
<b>Balance as at beginning of period</b>	<b>302,035</b>	<b>302,035</b>	<b>302,035</b>	<b>302,035</b>
Total return attributable to perpetual securities holders	6,100	6,100	6,100	6,100
Distribution to perpetual securities holders	(6,134)	(6,134)	(6,134)	(6,134)
<b>Balance as at end of period</b>	<b><u>302,001</u></b>	<b><u>302,001</u></b>	<b><u>302,001</u></b>	<b><u>302,001</u></b>

Notes:

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

**PARAGON REIT and its Subsidiaries**  
Condensed Interim Financial Statements  
For the First Half Year Ended 30 June 2023

**Condensed Interim Portfolio Statement  
Group**

Description of Property	Location	Tenure of Land	Term of Lease	Remaining Term of Lease 30 Jun 23	Occupancy Rate as at		At Valuation		Percentage of Unitholders' funds	
					30 Jun 23	31 Dec 22	30 Jun 23 S\$'000	31 Dec 22 S\$'000	30 Jun 23 (%)	31 Dec 22 (%)
<b>Singapore</b>										
Paragon	290 Orchard Road, Singapore 238859	Leasehold	99 years, commencing on 24 July 2013 (Listing date)	90 years	100.0	99.9	2,679,000	2,679,000	105	105
The Clementi Mall	3155 Commonwealth Avenue West, Singapore 129588	Leasehold	99 years, commencing on 31 August 2010	87 years	100.0	100.0	597,500	597,500	24	24
The Rail Mall	380 to 400 & 422 to 484 (Even Nos) Upper Bukit Timah Road, Singapore 678040 to 678050 & 678051 to 678087	Leasehold	99 years, commencing on 18 March 1947	22 years	100.0	100.0	62,000	62,200	2	2
<b>Australia</b>										
Figtree Grove Shopping Centre	19 & 23 Princes Highway, Figtree, Wollongong, NSW 2525	Freehold	-	-	99.2	99.4	177,243	184,487	7	7
Westfield Marion Shopping Centre	293-297 Diagonal Road, Oaklands Park, Adelaide, South Australia, 5046	Freehold	-	-	96.1	97.4	560,666	589,078	22	23
Portfolio of investment properties							4,076,409	4,112,265	160	161
Other assets and liabilities (net)							(1,206,658)	(1,233,165)	(47)	(48)
Net assets of the Group							2,869,751	2,879,100	113	113
Perpetual securities holders' funds							(302,001)	(302,035)	(12)	(12)
Non-controlling interests							(12,963)	(13,996)	(1)	(1)
<b>Unitholders' funds</b>							<b>2,554,787</b>	<b>2,563,069</b>	<b>100</b>	<b>100</b>



**Condensed Interim Portfolio Statement (Cont'd)**  
**Group (Cont'd)**

Footnotes:

- \* For Singapore, Paragon was pledged as securities by way of a first legal mortgage to banks for banking facilities granted to PARAGON REIT. As for Australia, Figtree Grove Shopping Centre and Westfield Marion Shopping Centre were pledged as securities by way of mortgage to banks for banking facilities granted to Orchard 290 MA Trust and Marion Sub Trust respectively.

**Condensed Interim Portfolio Statement (Cont'd)**  
**Trust**

Description of Property	Location	Tenure of Land	Term of Lease	Remaining Term of Lease 30 Jun 23	Occupancy Rate as at		At Valuation		Percentage of Unitholders' funds	
					30 Jun 23	31 Dec 22	30 Jun 23	31 Dec 22	30 Jun 23	31 Dec 22
					(%)	(%)	S\$'000	S\$'000	(%)	(%)
<u>Singapore</u>										
Paragon	290 Orchard Road, Singapore 238859	Leasehold	99 years, commencing on 24 July 2013 (Listing date)	90 years	100.0	99.9	2,679,000	2,679,000	103	104
The Clementi Mall	3155 Commonwealth Avenue West, Singapore 129588	Leasehold	99 years, commencing on 31 August 2010	87 years	100.0	100.0	597,500	597,500	23	23
The Rail Mall	380 to 400 & 422 to 484 (Even Nos) Upper Bukit Timah Road, Singapore 678040 to 678050 & 678051 to 678087	Leasehold	99 years, commencing on 18 March 1947	22 years	100.0	100.0	62,000	62,200	2	2
Portfolio of investment properties							3,338,500	3,338,700	128	129
Other assets and liabilities (net)							(414,348)	(432,654)	(16)	(17)
Net assets of the Trust							2,924,152	2,906,046	112	112
Perpetual securities holders' funds							(302,001)	(302,035)	(12)	(12)
<b>Unitholders' funds</b>							<b>2,622,151</b>	<b>2,604,011</b>	<b>100</b>	<b>100</b>

Footnotes:

\* Paragon was pledged as securities by way of a first legal mortgage to banks for banking facilities granted to PARAGON REIT.

**Condensed Interim Statement of Cash Flows**  
**For the First Half Ended 30 June 2023**

	<b>Group</b>	
	<b>1 Jan 23 to 30 Jun 23</b>	<b>1 Jan 22 to 30 Jun 22</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash flows from operating activities</b>		
Net income	40,054	82,168
Adjustments for:		
Fair value change on investment properties	29,273	(196)
Manager's fee paid/payable in units	7,576	10,532
Depreciation of plant and equipment	129	152
Finance income	(1,659)	(210)
Finance costs	25,532	10,866
Straight-line rental adjustments	(249)	(335)
Income tax	(1,180)	1,008
Operating cash flow before working capital changes	99,476	103,985
Changes in operating assets and liabilities		
Trade and other receivables	698	7,523
Trade and other payables	(4,695)	(7,107)
Cash generated from operating activities	95,479	104,401
Tax paid	(1,026)	(1,008)
<b>Net cash from operating activities</b>	<b>94,453</b>	<b>103,393</b>
<b>Cash flows from investing activities</b>		
Additions to investment properties	(1,661)	(3,705)
Purchase of plant and equipment	(39)	(17)
Interest received	1,531	209
<b>Net cash used in investing activities</b>	<b>(169)</b>	<b>(3,513)</b>
<b>Cash flows from financing activities</b>		
Distribution to unitholders	(48,347)	(75,105)
Distribution to perpetual securities holders	(6,134)	(6,134)
Distribution to non-controlling interests of a subsidiary	(354)	(364)
Payment of transaction costs related to borrowings	-	(100)
Interest paid	(22,462)	(10,266)
<b>Net cash used in financing activities</b>	<b>(77,297)</b>	<b>(91,969)</b>
<b>Net increase in cash and cash equivalents</b>	<b>16,987</b>	<b>7,911</b>
Effect of exchange rate fluctuations on cash and cash equivalents held	33	(1,129)
Cash and cash equivalents at beginning of the period	125,601	119,370
<b>Cash and cash equivalents at end of the period</b>	<b>142,621</b>	<b>126,152</b>

## **Notes to the Condensed Interim Financial Statements**

These notes form an integral part of the Condensed Interim Financial Statements.

### **1. General Information**

PARAGON REIT (formerly known as SPH REIT) (the “Trust”) is a Singapore-domiciled unit trust constituted pursuant to the trust deed dated 9 July 2013 supplemented by the First Supplemental Deed on 7 November 2016, Second Supplemental Deed on 6 January 2017, Third Supplemental Deed on 29 July 2022 and Fourth Supplemental Deed on 3 January 2023 (the “Trust Deed”) between PARAGON REIT Management Pte. Ltd. (formerly known as SPH REIT Management Pte. Ltd.) (the “Manager”) and DBS Trustee Limited (the “Trustee”). The Trust Deed is governed by the laws of the Republic of Singapore. The Trustee is under a duty to take into custody and hold the assets of the Trust held by it in trust for the holders (“Unitholders”) of units in the Trust (the “Units”).

The Trust was formally admitted to the Official List of the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 24 July 2013 and was included under the Central Provident Fund (“CPF”) Investment Scheme on 17 July 2013.

With effect from 3 January 2023, the name of the Trust was changed from SPH REIT to PARAGON REIT.

The principal activity of the Trust 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 with the primary objective of providing Unitholders with regular and stable distributions and sustainable long-term growth.

The condensed interim financial statements of the Trust as at and for the period ended 30 June 2023 comprise the Trust and its subsidiaries (together referred to as the “Group” and individually as “Group entities”).

The Trust changed its financial year end from 31 August to 31 December as announced on 29 July 2022. The comparative amounts presented for the period 1 January 2022 to 30 June 2022 have not been audited or reviewed.

The Trust has entered into several service agreements in relation to management of the Trust and its property operations. The fee structures for these services are as follows:

#### **(a) Trustee’s fees**

The Trustee’s fee shall not exceed 0.1% per annum of the value of all the assets of the Trust (“Deposited Property”) (subject to a minimum of \$15,000 per month) and shall be payable out of the Deposited Property monthly in arrears. The Trustee is also entitled to reimbursement of expenses incurred in the performance of its duties under the Trust Deed.

#### **(b) Manager’s management fees**

The Manager is entitled under the Trust Deed to the following management fees:

- (i) a base fee of 0.25% per annum of the value of Deposited Property; and
- (ii) an annual performance fee of 5% per annum of the Net Property Income (as defined in the Trust Deed).

## 1. General Information (Cont'd)

The management fees payable to the Manager will be paid in the form of cash and/or units. The Management fees payable in units will be computed at the volume weighted average price for a unit for all trades on the SGX-ST in the ordinary course of trading on the SGX-ST for the period of 10 Business Days (as defined in the Trust Deed) immediately preceding the end date of the relevant financial quarter, to which such fees relate. The base fees are payable quarterly in arrears. The annual performance fees are payable annually in arrears.

The Manager has elected for 5% payment of management fees in cash for 1 January 2023 to 31 March 2023 and 50% for 1 April 2023 to 30 June 2023.

For period from 1 January 2022 to 30 June 2022, the Manager has elected to receive 100% of management fees in units.

### (c) Property Manager's management fees

#### (i) Property management fees

Under the Property Management Agreement, Straits Retail Property Management Services Pte. Ltd. (formerly known as as SPH Retail Property Management Services Pte. Ltd.) (the "Property Manager") is entitled to receive the following fees:

- 2.0% per annum of Gross Revenue for the relevant property;
- 2.0% per annum of the Net Property Income for the relevant property (calculated before accounting for the property management fee in that financial period); and
- 0.5% per annum of the Net Property Income for the relevant property (calculated before accounting for the property management fee in that financial period) in lieu of leasing commissions otherwise payable to the Property Manager and/or third party agents.

#### (ii) Project management fees

The Property Manager is entitled to receive project management fees ranging between 1.25% and 5% of the total construction cost, for the development or redevelopment, the refurbishment, retrofitting and renovation works on or in respect of a property.

## 2. Basis of preparation

The condensed interim financial statements have been prepared in accordance with the Statement of Recommended Accounting Practice (RAP) 7 "Reporting Framework for Investment Funds" relevant to interim financial information, issued by the Institute of Singapore Chartered Accountants, and the applicable requirements of the Code on Collective Investment Schemes (the "CIS Code") issued by the Monetary Authority of Singapore ("MAS") and the provisions of the Trust Deed. RAP 7 requires the accounting policies adopted to generally comply with the recognition and measurement principles of Singapore Financial Reporting Standards ("FRS").

The condensed interim financial information does not contain all the information required for full annual financial statements and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2022.

The condensed interim financial information has been prepared on a historical cost basis, except for the investment properties and financial derivatives which are stated at fair value.

The condensed interim financial information is presented in Singapore dollars, which is the Trust's functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

### 3. Significant accounting policies

The condensed interim financial statements has been prepared in accordance with the same accounting policies and methods of computation adopted in the audited financial statements of the previous financial year, except for new or amended accounting policies adopted in the Statement of Recommended Accounting Practice (“RAP”) 7 “Reporting Framework for Investment Funds” which became effective from this financial year.

The adoption of the new/revised accounting policies has not resulted in any substantial changes to PARAGON REIT’s accounting policies nor any significant impact on these condensed interim financial statements.

### 4. Critical Accounting Estimates, Assumptions and Judgements

The preparation of condensed interim financial statements in conformity with RAP 7 requires the Manager to make estimates, assumptions and judgements that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In preparing the condensed interim financial statements, the significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the condensed interim financial statements were the same as those applied in the financial statements for the year ended 31 December 2022.

### 5. Investment properties

	Group		Trust	
	30 Jun 23 S\$'000	31 Dec 22 S\$'000	30 Jun 23 S\$'000	31 Dec 22 S\$'000
Beginning of financial period/year	4,112,265	4,123,000	3,338,700	3,296,200
Additions and other adjustments	773	14,592	1,968	7,088
Fair value change	(29,273)	33,780	(2,405)	34,947
Straight-line rental adjustments	249	410	237	465
Translation differences	(7,605)	(59,517)	-	-
End of financial period/year	<u>4,076,409</u>	<u>4,112,265</u>	<u>3,338,500</u>	<u>3,338,700</u>

The carrying amount of the investment properties were based on desktop valuations performed by independent external valuers. The valuations were based on the discounted cash flow and income capitalisation methods. The fair value for investment properties is categorised as Level 3 under the fair value hierarchy, as inputs used are unobservable and significant to the valuation. The inter-relationship between inputs and fair value are described below.

Key unobservable inputs correspond to:

- Discount rate, which are largely based on the risk-free rate of government bonds in the relevant market, adjusted for a risk premium to reflect the increased risk of investing in the asset class;
- Terminal yield reflects the uncertainty, functional/economic obsolescence and the risk associated with the investment properties;
- Capitalisation rate correspond to a rate of return on investment properties based on the expected income that the property will generate; and
- Market rent rate reflects the expected income that the property will generate.

## 5. Investment properties (Cont'd)

The net change in fair value of the investment properties has been recognised in the Statements of Total Return in accordance with the Group's accounting policies.

At 30 June 2023, investment properties with a carrying amount of approximately S\$3,417 million (2022: S\$3,453 million) are mortgaged to banks as security for the term loans (Note 6).

Description	Valuation technique(s)	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Investment properties	<b>Discounted cash flow</b>	Discount rate 6.50% to 8.00% (2022: 6.50% to 8.00%)  Terminal Yield 4.00% to 6.50% (2022: 4.00% to 6.50%)	Significant reduction in the capitalisation rate, discount rate and/or terminal yield in isolation would result in a significantly higher fair value of the investment properties.
	<b>Income capitalisation</b>	Capitalisation rate 3.75% to 6.25% (2022: 3.75% to 6.00%)  Market rent S\$60.09 psf to S\$240.55 psf (2022: S\$60.37 psf to S\$236.70 psf)	Significant reduction in the market rent rates in isolation would result in a significantly lower fair value of the investment properties.

## 6. Borrowings

	Group		Trust	
	30 Jun 23 S\$'000	31 Dec 22 S\$'000	30 Jun 23 S\$'000	31 Dec 22 S\$'000
Secured term loans	1,270,812	1,273,557	995,000	995,000
Less: Unamortised transaction costs	(1,563)	(1,930)	(908)	(1,111)
	<u>1,269,249</u>	<u>1,271,627</u>	<u>994,092</u>	<u>993,889</u>
Borrowings repayable:				
Within 1 year	94,997	94,974	94,997	94,974
Between 1 – 5 years	1,174,252	1,176,653	899,095	898,915
	<u>1,269,249</u>	<u>1,271,627</u>	<u>994,092</u>	<u>993,889</u>

The Group's secured term loan consists of a term loan of S\$995 million (2022: S\$995 million) secured by way of a first legal mortgage on Paragon, a term loan of A\$105 million (2022: A\$105 million) secured by way of mortgage on Figtree Grove Shopping Centre and a term loan of A\$200 million (2022: A\$200 million) secured by way of mortgage on the Group's 50% interest in Westfield Marion Shopping Centre.

**7. Units in issue**

	<b>Group and Trust</b>	
	<b>1 Jan 23 to 30 Jun 23</b>	<b>1 Jan 22 to 30 Jun 22</b>
	<b>No. of units '000</b>	<b>No. of units '000</b>
<b>Issued units as at beginning of period</b>	<b>2,810,851</b>	<b>2,799,823</b>
Manager's fee paid in units	19,658	5,331
<b>Issued units at the end of the period</b>	<b>2,830,509</b>	<b>2,805,154</b>
<b>Issuable units:</b>		
Manager's fee payable in units	5,427	10,853
<b>Total issued and issuable units as at end of period</b>	<b>2,835,936</b>	<b>2,816,007</b>

During the financial period, the Trust issued 19,658,614 (2022: 5,330,566) new units at the issue price of S\$0.9358 to S\$0.9383 per unit (2021: S\$0.9604 to S\$1.0136 per unit), in respect of the payment of management fees to the Manager in units. The issue prices were determined based on the volume weighted average traded price for all trades done on SGX-ST in the ordinary course of trading for the last 10 business days of the relevant quarter on which the fees accrued.

**8. Net Asset Value ("NAV") per unit**

	<b>Group</b>		<b>Trust</b>	
	<b>As at 30 Jun 23</b>	<b>As at 31 Dec 22</b>	<b>As at 30 Jun 23</b>	<b>As at 31 Dec 22</b>
NAV per unit <sup>1</sup> (S\$)	0.90	0.91	0.93	0.93

Note:

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

**9. Trust Expenses**

	<b>Group</b>	
	<b>1 Jan 23 to 30 Jun 23</b>	<b>1 Jan 22 to 30 Jun 22</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Audit fees	305	210
Non-audit fees	39	37
Valuation expense	111	175
Consultancy and other professional fees	350	288
Impairment on trade receivables	115	159
Other expenses	401	384
	<b>1,321</b>	<b>1,253</b>



## 10. Finance Costs

	<b>Group</b>	
	<b>1 Jan 23 to 30 Jun 23 S\$'000</b>	<b>1 Jan 22 to 30 Jun 22 S\$'000</b>
Interest on borrowing	29,344	10,026
Amortisation of upfront fee for loan facility	362	401
Other financial expenses	36	34
Cash flow hedges – reclassified from Unitholders' Funds	(4,210)	405
	<b>25,532</b>	<b>10,866</b>

The average cost of debts of the Group for the current period is 4.05% (2022: 1.71%) per annum respectively.

## 11. Earnings per unit (“EPU”)

	<b>Group</b>	
	<b>1 Jan 23 to 30 Jun 23</b>	<b>1 Jan 22 to 30 Jun 22</b>
Total return for the period after tax attributable to Unitholders of the Trust (S\$'000)	34,494	75,498
Weighted average number of Units <sup>1</sup> ('000)	2,830,580	2,809,646
Basic and diluted Earnings <sup>2</sup> per Unit (cents)	1.22	2.69

Notes:

1. The weighted average number of units was based on the number of units in issue and issuable units to the Manager.
2. Includes the effects of fair value change on investment properties for the respective periods.

## 12. Operating Segments

For the purpose of making resource allocation decisions and the assessment of segment performance, the management of the Manager reviews internal/management reports of its investment properties. This forms the basis of identifying the operating segments of the Group.

Segment revenue comprises mainly of income generated from each segment's tenants. Segment net property income represents the income earned by each segment after deducting property operating expenses. This is the measure reported to the management for the purpose of assessment of segment performance.

**12. Operating Segments (Cont'd)**

	The Paragon	The Clementi Mall	The Rail Mall	Westfield Marion	Figtree Grove	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>6 months ended 30 June 2023</b>						
Gross revenue	84,959	21,711	3,172	25,565	7,677	143,084
Property operating expenses	(20,368)	(6,394)	(567)	(7,609)	(2,089)	(37,027)
<b>Segment net property income</b>	<b>64,591</b>	<b>15,317</b>	<b>2,605</b>	<b>17,956</b>	<b>5,588</b>	<b>106,057</b>
<b>6 months ended 30 June 2022</b>						
Gross revenue	83,462	21,592	3,141	25,814	8,259	142,268
Property operating expenses	(19,826)	(6,283)	(566)	(7,556)	(2,085)	(36,316)
<b>Segment net property income</b>	<b>63,636</b>	<b>15,309</b>	<b>2,575</b>	<b>18,258</b>	<b>6,174</b>	<b>105,952</b>

**13. Related parties transactions**

For the purposes of this condensed interim financial information, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the parties or exercise significant influence over the parties in making financial and operating decisions, or vice versa, or where the Group is subject to common significant influence. Related parties may be individuals or other entities. The Manager (PARAGON REIT Management Pte. Ltd.) and the Property Manager (Straits Retail Property Management Services Pte. Ltd.) are subsidiaries of a substantial Unitholder of the Group.

During the financial period, other than those disclosed elsewhere in the condensed interim financial information, the following significant related party transactions were carried out in the normal course of business:

	<u>Group</u>	
	<u>1 Jan 23 to 30 Jun 23</u>	<u>1 Jan 22 to 30 Jun 22</u>
	S\$'000	S\$'000
Manager's management fees paid to a related company	10,459	10,532
Property management fees paid/payable to a related company	4,358	4,296
Investment management fees paid/payable to non-controlling interests	1,424	1,488
Trustee's fees paid/payable to the Trustee	283	286
Staff reimbursements paid/payable to a related company	2,367	2,330
Rental and other income received/receivable from related companies	1,747	1,171
Other expenses paid/payable to related companies	697	542

#### 14. Financial ratios

	<b>Group</b>	
	<b>1 Jan 23 to 30 Jun 23</b>	<b>1 Jan 22 to 30 Jun 22</b>
<i>Ratio of expenses to weighted average net assets value<sup>1</sup></i>		
- <i>including performance component of Manager's management fees</i>	0.94%	0.93%
- <i>excluding performance component of Manager's management fees</i>	0.57%	0.57%
<i>Total operating expenses to net asset value<sup>2</sup></i>	1.72%	1.67%
<i>Interest coverage ratio<sup>3</sup></i>	4.4 times	8.0 times
<i>Adjusted interest coverage ratio<sup>3</sup> (includes perpetual securities)</i>	3.4 times	5.2 times
<i>Portfolio turnover rate<sup>4</sup></i>	-	-

Notes:

- <sup>1</sup> The annualised ratio is computed in accordance with guidelines of Investment Management Association of Singapore dated 25 May 2005. The expenses used in the computation relate to expenses of the Group, excluding property expenses and finance expense.
- <sup>2</sup> The ratio is computed based on the total property expenses, including all fees and charges paid to the Trustee, the Manager and related parties for 6 months ended 30 June 2023 and 30 June 2022 and as a percentage of net asset value as at 30 June 2023 and 30 June 2022.
- <sup>3</sup> The ratio is calculated by dividing the trailing 12 months EBITDA by the trailing 12 months interest expense (excluding FRS 116 finance expense) in accordance with MAS guidelines.
- <sup>4</sup> The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Group expressed as a percentage of weighted average net asset value. The portfolio turnover rate was nil for the period ended 30 June 2023 and 30 June 2022, as there were no sales of investment properties.

#### 15. Subsequent Event

Subsequent to the balance sheet date, the Manager announced a distribution of 2.42 cents per unit, for the first half year period from 1 January 2023 to 30 June 2023.

**PARAGON REIT FINANCIAL STATEMENT ANNOUNCEMENT  
FOR THE FIRST HALF YEAR ENDED 30 JUNE 2023**

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Other Information Required by Listing Rule Appendix 7.2

**PARAGON REIT FINANCIAL STATEMENT ANNOUNCEMENT  
FOR THE FIRST HALF YEAR ENDED 30 JUNE 2023**

**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**

	<u>Group</u>		
	1 Jan 23 to 30 Jun 23	1 Jan 22 to 30 Jun 22	Change
	S\$'000	S\$'000	%
Gross revenue <sup>1</sup>	143,084	142,268	0.6
Property operating expenses	(37,027)	(36,316)	2.0
<b>Net property income</b>	<b>106,057</b>	<b>105,952</b>	<b>0.1</b>
Manager's management fees	(10,459)	(10,532)	(0.7)
Investment management fee	(1,424)	(1,488)	(4.3)
Trust expenses <sup>2</sup>	(1,615)	(1,551)	4.1
Finance income	1,659	210	NM
Finance costs	(25,532)	(10,866)	NM
<b>Net income</b>	<b>68,686</b>	<b>81,725</b>	<b>(16.0)</b>
Fair value change on investment properties <sup>3</sup>	(29,273)	196	NM
Net foreign currency exchange differences <sup>4</sup>	(539)	1,255	NM
<b>Total return before taxes and distribution</b>	<b>38,874</b>	<b>83,176</b>	<b>(53.3)</b>
Less: income tax <sup>5</sup>	1,180	(1,008)	NM
<b>Total return after taxes and before distribution</b>	<b>40,054</b>	<b>82,168</b>	<b>(51.3)</b>
<b>Attributable to:</b>			
Unitholders	34,494	75,498	(54.3)
Perpetual securities holders <sup>6</sup>	6,100	6,100	-
Non-controlling interests	(540)	570	NM
<b>Total return for the period</b>	<b>40,054</b>	<b>82,168</b>	<b>(51.3)</b>

NM Not Meaningful

# PARAGON REIT FINANCIAL STATEMENT ANNOUNCEMENT

## FOR THE FIRST HALF YEAR ENDED 30 JUNE 2023

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### 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 amortisation of 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 & others professional fees, cost associated with the preparation of annual reports.
3. This relates to the fair value change on the investment properties as at 30 June 2023, based on independent valuations conducted by Savills Valuation & Professional Services (S) Pte Ltd (2022: Savills Valuation & Professional Services (S) Pte Ltd) for investment properties in Singapore and, CBRE Valuation Pty Ltd (2022: CBRE Valuation Pty Ltd) for investment properties in Australia.  
  
In 1HFY2023, the Group recognised a fair value loss of S\$29.3 million. This comprises a fair value loss of S\$2.4 million and S\$26.9 million contributed by the investment properties in Singapore and Australia, respectively.
4. The net foreign currency exchange differences relate mainly to unrealised foreign exchange loss from revaluing of the monetary assets and liabilities that were denominated in Australian dollars.
5. This relates mainly to deferred tax for Singapore investment properties and withholding tax payable for Australia income.
6. 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 FIRST HALF YEAR ENDED 30 JUNE 2023**

**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**

	<u>Group</u>		
	1 Jan 23 to 30 Jun 23	1 Jan 22 to 30 Jun 22	Change
	S\$'000	S\$'000	%
<b>Total return for the period attributable to Unitholders and perpetual securities holders</b>	40,594	81,598	<b>(50.3)</b>
Less: Amount reserved for distribution to perpetual securities holders	(6,100)	(6,100)	-
Add: Non-tax deductible items <sup>1</sup>	36,137	6,480	NM
Income available for distribution	70,631	81,978	(13.8)
<b>Distribution to Unitholders<sup>2</sup></b>	<b>68,498</b>	<b>80,588</b>	<b>(15.0)</b>

*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, rollover adjustments and net income from subsidiaries.
2. Distribution to unitholders for 1H 2022 (1 January 2022 to 30 June 2022) of S\$80.6 million is the pro-rated 2-months distribution from the 1 December 2021 to 28 February 2022 distribution of S\$40.4 million, the 3-months distribution for 1 March 2022 to 31 May 2022 of S\$40.7 million and the pro-rated 1-month distribution from the 1 June 2022 to 31 August 2022 distribution of \$39.0m.

**PARAGON REIT FINANCIAL STATEMENT ANNOUNCEMENT  
FOR THE FIRST HALF YEAR ENDED 30 JUNE 2023**

**1(b) A balance sheet together with a comparative statement as at the end of the immediately preceding financial year**

**Statements of Financial Position**

	<u>Group</u>		<u>Trust</u>	
	<b>As at 30 Jun 23 S\$'000</b>	<b>As at 31 Dec 22 S\$'000</b>	<b>As at 30 Jun 23 S\$'000</b>	<b>As at 31 Dec 22 S\$'000</b>
<b>Non-current assets</b>				
Plant and equipment	160	250	160	250
Investment properties <sup>1</sup>	4,076,409	4,112,265	3,338,500	3,338,700
Subsidiaries	-	-	166,590	168,210
Trade and other receivables	-	-	378,470	377,665
Derivative financial instruments <sup>2</sup>	12,733	9,623	8,591	6,113
	<b>4,089,302</b>	<b>4,122,138</b>	<b>3,892,311</b>	<b>3,890,938</b>
<b>Current assets</b>				
Derivative financial instruments	-	3,150	-	3,150
Trade and other receivables <sup>3</sup>	5,433	6,003	3,186	3,080
Cash and cash equivalents	142,621	125,601	110,150	94,217
	<b>148,054</b>	<b>134,754</b>	<b>113,336</b>	<b>100,447</b>
<b>Total assets</b>	<b>4,237,356</b>	<b>4,256,892</b>	<b>4,005,647</b>	<b>3,991,385</b>
<b>Non-current liabilities</b>				
Borrowings	1,174,252	1,176,653	899,095	898,915
Derivative financial instruments <sup>2</sup>	790	3,294	790	3,294
Deferred tax liabilities	-	2,206	-	2,206
Trade and other payables <sup>4</sup>	36,939	38,283	36,939	38,283
	<b>1,211,981</b>	<b>1,220,436</b>	<b>936,824</b>	<b>942,698</b>
<b>Current liabilities</b>				
Borrowings	94,997	94,974	94,997	94,974
Trade and other payables <sup>4</sup>	60,627	62,382	49,674	47,667
	<b>155,624</b>	<b>157,356</b>	<b>144,671</b>	<b>142,641</b>
<b>Total liabilities</b>	<b>1,367,605</b>	<b>1,377,792</b>	<b>1,081,495</b>	<b>1,085,339</b>
<b>Net assets</b>	<b>2,869,751</b>	<b>2,879,100</b>	<b>2,924,152</b>	<b>2,906,046</b>
<b>Represented by:</b>				
Unitholders' funds	2,554,787	2,563,069	2,622,151	2,604,011
Perpetual securities holders' funds <sup>5</sup>	302,001	302,035	302,001	302,035
Non-controlling interests	12,963	13,996	-	-
<b>Total Equity</b>	<b>2,869,751</b>	<b>2,879,100</b>	<b>2,924,152</b>	<b>2,906,046</b>



# PARAGON REIT FINANCIAL STATEMENT ANNOUNCEMENT

## FOR THE FIRST HALF YEAR ENDED 30 JUNE 2023

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

**Statements 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 30 June 2023 were S\$2,679.0 million, S\$597.5 million, S\$62.0 million, S\$560.7 million and S\$177.2 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.
3. Trade and other receivables comprised mainly rental receivable and deposits. The decrease was mainly due to lower receivables from tenants.
4. Trade and other payables comprised mainly rental deposits, accrued interests and other expenses, and collection in advance. The decrease was largely attributed to the lower rent collection in advance.
5. 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 FIRST HALF YEAR ENDED 30 JUNE 2023

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**1(c) 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 30 June 2023, PARAGON REIT had 2,830,509,421 units (31 December 2022: 2,810,850,807 units).

**1(d) 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.

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

The financial information for the 6-months period from 1 January 2023 to 30 June 2023 have been reviewed by our auditors, KPMG LLP.

The comparative figures for the 6-months period from 1 January 2022 to 30 June 2022 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 review report.

**4. Review of Performance**

**Review of Results for the First Half ended 30 June 2023 ("1H 2023") compared with the First Half ended 30 June 2022 ("1H 2022")**

Gross revenue for 1H 2023 increased by S\$0.8 million (0.6%) to S\$143.1 million. The increase was mainly due to higher atrium income as mall activities returned to normalcy in 1H2023.

Property operating expenses increased by S\$0.7 million (2.0%) to S\$37.0 million for 1H 2023 which pertains mainly to increase in utilities rates.

Net property income ("NPI") of S\$106.1 million for 1H 2023 was S\$0.1 million (0.1%) higher than 1H 2022.

Net income of S\$68.7 million for 1H 2023 was S\$13.0 million (16.0%) lower than 1H 2022. Total return of S\$32.5 million for 1H 2023 was mainly because of the fair value loss on investment properties of S\$40.1 million. Singapore and Australia investment properties recorded a fair value loss of S\$2.4 million and S\$26.9 million respectively. The fair value loss has no impact on the income available for distribution.

Distributable income to unitholders for 1H 2023 was S\$70.6 million, which was S\$11.3 million (13.8%) lower as compared to 1H 2022 due to higher finance cost amidst the high interest rate environment.

## PARAGON REIT FINANCIAL STATEMENT ANNOUNCEMENT FOR THE FIRST HALF YEAR ENDED 30 JUNE 2023

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### 5. Variance from Prospect Statement

No forecast was made previously.

### 6. 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 grew by 0.7% year-on-year (yoy) in 2Q 2023 based on advanced estimates. This was faster than the 0.4% yoy growth witnessed in 1Q 2023. Looking ahead, the MTI forecasts GDP growth to range between 0.5% and 2.5% for the full year of 2023. Meanwhile, retail sales volume (excluding motor vehicles) experienced a 2.5% yoy increase for June 2023, up from the 1.7% yoy increase in May 2023. This growth was supported by sectors such as Food & Alcohol (+30.7%), Computer & Telecommunications (+9.4%), Optical Goods & Books (+8.7%), and Cosmetics, Toiletries & Medical Goods (+8.3%), according to the Department of Statistics Singapore (SingStat). Singapore's retail scene remains supported by domestic consumption, aided by recovery of international visitor arrivals. International tourist arrivals to Singapore improved to 6.28 million arrivals for the first half of 2023, representing a 320% yoy growth and the Singapore Tourism Board (STB) estimates a full recovery in tourist arrivals in 2024.

Australia's GDP grew 0.2% yoy in first quarter 2023, moderating from 0.6% yoy growth in 1Q 2022. Reserve Bank of Australia (RBA) forecasts show GDP growth slowing to c.1.25% for 2023 as high consumer prices, interest rates and contained wages weigh on growth. Moving on to the retail sector, Australia's overall retail turnover fell 0.8% month-on-month (mom) and rose 2.3% yoy in June 2023. Turnover declined across all segments except Food Retailing which rose marginally by 0.1% mom. Australian retail sales are generally expected to remain resilient in 2023, as domestic consumption patterns shift from digital retail and service channels towards an increase in out-of-home spending, including a rise in dine-out expenditure and non-discretionary sales.

In July 2023, the US Federal Reserve (Fed) approved a 25-basis point rate hike, taking interest rates to highest level in more than 22 years to a target range of 5.25%-5.50%. The Fed also noted the possibility of raising rates at the September meeting if warranted, based on careful data-driven assessments on a meeting-by-meeting basis.

As for Australia, the RBA held the cash rate unchanged at 4.1% in July and August 2023 as inflation slowed in the second quarter from 7% to 6% and in light of the uncertainty around the economic outlook. Inflation remains well above its 2-3% target range and the central bank continues to assess the impact of previous hikes and economic developments while warning of potential future tightening.

While in Singapore, the Monetary Authority of Singapore (MAS) forecasted significant easing of inflation. Despite this, the MAS is not shifting its focus from combating inflation to supporting growth. Instead, it is carefully monitoring the dynamics between growth and inflation to manage potential risks on either side.

**PARAGON REIT FINANCIAL STATEMENT ANNOUNCEMENT  
FOR THE FIRST HALF YEAR ENDED 30 JUNE 2023**

**7. 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 January 2023 to 30 June 2023							
Distribution Type:	(i) Taxable income (ii) 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>2.37 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	2.37 cents per unit	Tax-exempt income	0.05 cents per unit
Distribution type	Distribution rate							
Taxable income	2.37 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>							

**PARAGON REIT FINANCIAL STATEMENT ANNOUNCEMENT  
FOR THE FIRST HALF YEAR ENDED 30 JUNE 2023**

**7. 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:	1. Distribution for the period from 1 December 2021 to 28 February 2022 2. Distribution for the period from 1 March 2022 to 31 May 2022												
Distribution Type:	(iii) Taxable income (iv) Tax-exempt income												
Distribution rate per unit (cents):	1 December 2021 to 28 February 2022 <table border="1"> <thead> <tr> <th>Distribution type</th> <th>Distribution rate</th> </tr> </thead> <tbody> <tr> <td>Taxable income</td> <td>1.30 cents per unit</td> </tr> <tr> <td>Tax-exempt income</td> <td>0.14 cents per unit</td> </tr> </tbody> </table> 1 March 2022 to 31 May 2022 <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>0.26 cents per unit</td> </tr> </tbody> </table>	Distribution type	Distribution rate	Taxable income	1.30 cents per unit	Tax-exempt income	0.14 cents per unit	Distribution type	Distribution rate	Taxable income	1.19 cents per unit	Tax-exempt income	0.26 cents per unit
Distribution type	Distribution rate												
Taxable income	1.30 cents per unit												
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Tax-exempt income	0.26 cents per unit												
Par value of units:	Not applicable.												
Tax rate:	<u>Taxable income distribution:</u>  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.  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.  All other investors will receive their distributions after deduction of tax at the rate of 17%.  <u>Tax-exempt income distribution:</u>  Tax-exempt income distribution is exempt from tax in the hands of all unitholders												

# PARAGON REIT FINANCIAL STATEMENT ANNOUNCEMENT FOR THE FIRST HALF YEAR ENDED 30 JUNE 2023

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7. **Distribution (Cont'd)**

(c) **Date payable**

The date the distribution is payable: Friday, 22 September 2023.

(d) **Record date**

The Transfer Books and Register of Unitholders of PARAGON REIT will be closed at 5.00pm on 16 August 2023 for purposes of determining each Unitholder's entitlement to PARAGON REIT distribution.

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

Not applicable.

9. **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 4 on page 26.

10. **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.

11. **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.

12. **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**

Huang Jinyang Brent

Joint Company Secretary  
Singapore,  
7 August 2023

## **CONFIRMATION BY THE BOARD** **Pursuant to Rule 705(5) of the Listing Manual**

To the best of our knowledge, nothing has come to the attention of the Board of Directors of the Manager which may render the financial results of the Group and the Trust (comprising the statement of financial position, statement of total return and distribution statement, statement of changes in Unitholders' funds and cashflow statement, together with their accompanying notes) as at 30 June 2023, to be false or misleading in any material respect.

On behalf of the Directors



LEONG HORN KEE  
*Chairman*



EUGENE PAUL LAI CHIN LOOK  
*Director*

Singapore,  
7 August 2023



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

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

**The Board of Directors  
PARAGON REIT Management Pte. Ltd.  
(in its capacity as Manager of PARAGON REIT)**

**Review of the Interim Financial Information  
For the Half Year Ended 30 June 2023**

We have reviewed the accompanying Interim Financial Information of PARAGON REIT (the “Trust”) and its Subsidiaries (collectively the “Group”) for the half year ended 30 June 2023. The Interim Financial Information consists of the following:

- Condensed Interim Statements of Financial Position of the Group and the Trust as at 30 June 2023;
- Condensed Interim Portfolio Statements of the Group and Trust as at 30 June 2023;
- Condensed Interim Statement of Total Return of the Group for the half year ended 30 June 2023;
- Condensed Interim Distribution Statement of the Group for the half year ended 30 June 2023;
- Condensed Interim Statements of Changes in Unitholders’ Funds of the Group and the Trust for half year ended 30 June 2023;
- Condensed Interim Statement of Cash Flows of the Group for the half year ended 30 June 2023; and
- Certain explanatory notes to the above financial information.

The Manager of the Trust is responsible for the preparation and presentation of this Interim Financial Information in accordance with the provisions of the Statement of Recommended Accounting Practice (“RAP”) 7 *Reporting Framework for Investment Funds* issued by the Institute of Singapore Chartered Accountants. Our responsibility is to express a conclusion on this Interim Financial Information based on our review.

***Scope of review***

We conducted our review in accordance with Singapore Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



***Other matter***

The Interim Financial Information for the comparative six-month period ended 30 June 2022 has not been audited or reviewed.

***Conclusion***

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Interim Financial Information is not prepared, in all material respects, in accordance with the provisions of RAP 7 issued by the Institute of Singapore Chartered Accountants.

***Restriction on use***

Our report is provided in accordance with the terms of our engagement. Our work was undertaken so that we might report to you on the Interim Financial Information for the purpose of assisting the Trust to meet requirements of paragraph 3 of Appendix 7.2 of the Singapore Exchange Limited Listing Manual and for no other purpose. Our report is included in the Trust's announcement of its interim financial information for the information of its unitholders. We do not assume responsibility to anyone other than the Trust for our work, for our report, or for the conclusions we have reached in our report.



**KPMG LLP**

*Public Accountants and  
Chartered Accountants*

Singapore  
7 August 2023