
PARAGON REIT FINANCIAL STATEMENT ANNOUNCEMENT FOR THE FIRST HALF YEAR ENDED 30 JUNE 2024

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

Introduction

The investment strategy of PARAGON 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, Singapore
- * 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 in Singapore
- * 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 2024**

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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 2024

Condensed Interim Statement of Financial Position
As at 30 June 2024

| | Note | Group | | Trust | |
|--|------|-------------------------|-------------------------|-------------------------|-------------------------|
| | | As at | As at | As at | As at |
| | | 30 Jun 24 | 31 Dec 23 | 30 Jun 24 | 31 Dec 23 |
| | | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Non-current assets | | | | | |
| Plant and equipment | | 63 | 105 | 63 | 105 |
| Investment properties | 5 | 4,142,158 | 4,121,829 | 3,455,000 | 3,401,000 |
| Subsidiaries | | - | - | 165,924 | 166,104 |
| Trade and other receivables | | - | - | 372,123 | 377,697 |
| Derivative financial instruments | | 4,201 | 3,744 | 4,201 | 3,744 |
| | | <u>4,146,422</u> | <u>4,125,678</u> | <u>3,997,311</u> | <u>3,948,650</u> |
| Current assets | | | | | |
| Trade and other receivables | | 6,118 | 6,272 | 4,474 | 3,624 |
| Derivative financial instruments | | 1,667 | 2,306 | 356 | 152 |
| Cash and cash equivalents | | 116,836 | 134,467 | 95,286 | 106,925 |
| | | <u>124,621</u> | <u>143,045</u> | <u>100,116</u> | <u>110,701</u> |
| Asset held for sale | 6 | 78,500 | - | 78,500 | - |
| | | <u>203,121</u> | <u>143,045</u> | <u>178,616</u> | <u>110,701</u> |
| Total assets | | <u>4,349,543</u> | <u>4,268,723</u> | <u>4,175,927</u> | <u>4,059,351</u> |
| Non-current liabilities | | | | | |
| Borrowings | 7 | 1,045,776 | 1,045,647 | 879,389 | 879,225 |
| Derivative financial instruments | | 1,345 | 4,923 | 1,345 | 4,923 |
| Trade and other payables | | 41,644 | 39,305 | 41,644 | 39,305 |
| | | <u>1,088,765</u> | <u>1,089,875</u> | <u>922,378</u> | <u>923,453</u> |
| Current liabilities | | | | | |
| Borrowings | 7 | 222,958 | 223,042 | 114,997 | 114,968 |
| Derivative financial instruments | | 29 | 515 | 29 | 515 |
| Trade and other payables | | 62,536 | 64,056 | 54,942 | 55,099 |
| | | <u>285,523</u> | <u>287,613</u> | <u>169,968</u> | <u>170,582</u> |
| Liabilities directly associated with the asset held for sale | 6 | 1,761 | - | 1,761 | - |
| | | <u>287,284</u> | <u>287,613</u> | <u>171,729</u> | <u>170,582</u> |
| Total liabilities | | <u>1,376,049</u> | <u>1,377,488</u> | <u>1,094,107</u> | <u>1,094,035</u> |
| Net assets | | <u>2,973,494</u> | <u>2,891,235</u> | <u>3,081,820</u> | <u>2,965,316</u> |
| Represented by: | | | | | |
| Unitholders' funds | | 2,660,515 | 2,577,559 | 2,779,785 | 2,663,281 |
| Perpetual securities holders' fund | 8 | 302,035 | 302,035 | 302,035 | 302,035 |
| Non-controlling interests | | 10,944 | 11,641 | - | - |
| | | <u>2,973,494</u> | <u>2,891,235</u> | <u>3,081,820</u> | <u>2,965,316</u> |
| Units in issue ('000) | 9 | <u>2,839,010</u> | <u>2,833,428</u> | <u>2,839,010</u> | <u>2,833,428</u> |
| Net asset value per unit (\$) | 10 | <u>0.94</u> | <u>0.91</u> | <u>0.98</u> | <u>0.94</u> |

Condensed Interim Statement of Total Return
For the First Half Year Ended 30 June 2024

| | | Group | |
|---|----------------------------------|----------------------------------|----|
| Note | 1 Jan 24 to 30 Jun 24 | 1 Jan 23 to 30 Jun 23 | |
| | S\$'000 | S\$'000 | |
| Gross revenue | 147,362 | 143,084 | |
| Property operating expenses | (36,515) | (37,027) | |
| Net property income | 110,847 | 106,057 | |
| Manager's management fees | (10,784) | (10,459) | |
| Investment management fees | (1,353) | (1,424) | |
| Trustee's fees | (295) | (294) | |
| Other trust expenses | (243) | (1,321) | 11 |
| Finance income | 2,146 | 1,659 | |
| Finance costs | (28,801) | (25,532) | 12 |
| Net income | 71,517 | 68,686 | |
| Fair value change on investment properties | 89,596 | (29,273) | 5 |
| Net foreign currency exchange differences | (63) | (539) | |
| Total return before taxes and distribution | 161,050 | 38,874 | |
| Less: income tax | (1,802) | 1,180 | |
| Total return after taxes and before distribution | 159,248 | 40,054 | |
| Attributable to: | | | |
| Unitholders of the Trust | 153,464 | 34,494 | |
| Perpetual securities holders | 6,133 | 6,100 | |
| Non-controlling interests | (349) | (540) | |
| | 159,248 | 40,054 | |
| Earnings per unit (cents) | | | |
| Basic and diluted | 5.41 | 1.22 | 13 |

Condensed Interim Distribution Statement
For the First Half Year Ended 30 June 2024

| | Group | |
|--|--------------------|--------------------|
| | 1 Jan 24 to | 1 Jan 23 to |
| | 30 Jun 24 | 30 Jun 23 |
| | S\$'000 | S\$'000 |
| Amount available for distribution to Unitholders at beginning of the period | 97,261 | 78,494 |
| Total return for the period attributable to Unitholders | 153,464 | 34,494 |
| Add: Non-tax deductible items (A) | (93,060) | 36,137 |
| Total amount distributable to Unitholders for the period | 157,665 | 149,125 |
| Distribution to Unitholders for the period | | |
| - Distribution of 1.72 cents per unit for the period from 1 September 2022 to 31 December 2022 | - | (48,347) |
| -Distribution of 2.60 cents per unit for the period from 1 July 2023 to 30 December 2023 | (73,814) | - |
| | (73,814) | (48,347) |
| Amount available for distribution to Unitholders at end of the period | 83,851 | 100,778 |

Note A – Non-tax deductible items

| | Group | |
|--|--------------------|--------------------|
| | 1 Jan 24 to | 1 Jan 23 to |
| | 30 Jun 24 | 30 Jun 23 |
| | S\$'000 | S\$'000 |
| - Manager's management fees in units ¹ | - | 7,576 |
| - Manager's management fees in relation to overseas income | 1,983 | - |
| - Trustee's fees | 295 | 294 |
| - Amortisation of upfront fee for loan facility | 347 | 362 |
| - Depreciation of plant and equipment | 49 | 129 |
| - Fair value change on investment properties | (89,596) | 29,273 |
| - Net income from subsidiaries | (7,640) | (4,196) |
| - Straight-line rental adjustments | (768) | (249) |
| - Rollover adjustment ² | 1,530 | 2,999 |
| - Other expenses (capital in nature) | 740 | 2,155 |
| - Deferred tax expense | - | (2,206) |
| | (93,060) | 36,137 |

Notes:

1. For the 6 months period ended 30 June 2024, 100% management fees for period from 1 January to 30 June 2024 were paid/payable in cash.
For the 6 months period ended 30 June 2023, 95% management fees for period from 1 January to 31 March 2023 and 50% management fees for period from 1 April to 30 June 2023 respectively were paid/payable in units.
2. The rollover adjustment in prior period 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 2024

| | <u>Group</u> | | <u>Trust</u> | |
|---|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| | 1 Jan 24 to 30 Jun 24 S\$'000 | 1 Jan 23 to 30 Jun 23 S\$'000 | 1 Jan 24 to 30 Jun 24 S\$'000 | 1 Jan 23 to 30 Jun 23 S\$'000 |
| Balance as at beginning of period | 2,577,559 | 2,563,069 | 2,663,281 | 2,604,011 |
| <u>Operations</u> | | | | |
| Total return for the period after tax, attributable to Unitholders and perpetual securities holders | 159,597 | 40,594 | 191,742 | 63,708 |
| Less: Total return for the period after tax, attributable to perpetual securities holders | (6,133) | (6,100) | (6,133) | (6,100) |
| Net increase in assets from operations | <u>2,731,023</u> | <u>2,597,563</u> | <u>2,848,890</u> | <u>2,661,619</u> |
| <u>Hedging reserve</u> | | | | |
| Effective portion of changes in fair value of cash flow hedges ¹ | 6,164 | 6,201 | 5,758 | 5,033 |
| Net change in fair value of cash flow hedge reclassified to Statement of Total Return | (2,286) | (4,210) | (1,049) | (3,730) |
| <u>Foreign currency translation reserve</u> | | | | |
| Translation differences from financial statements of foreign entities | (409) | (2,376) | - | - |
| Exchange differences on monetary item forming part of net investments in foreign operations | (163) | (1,620) | - | - |
| <u>Unitholders' transactions</u> | | | | |
| Distribution to unitholders | (73,814) | (48,347) | (73,814) | (48,347) |
| Manager's fee paid/payable in units | - | 7,576 | - | 7,576 |
| | <u>(73,814)</u> | <u>(40,771)</u> | <u>(73,814)</u> | <u>(40,771)</u> |
| Unitholders' funds as at end of period | <u>2,660,515</u> | <u>2,554,787</u> | <u>2,779,785</u> | <u>2,622,151</u> |
| <u>Perpetual Securities Holders' Funds</u> | | | | |
| Balance as at beginning of period | 302,035 | 302,035 | 302,035 | 302,035 |
| Total return attributable to perpetual securities holders | 6,133 | 6,100 | 6,133 | 6,100 |
| Distribution to perpetual securities holders | (6,133) | (6,134) | (6,133) | (6,134) |
| Balance as at end of period | <u>302,035</u> | <u>302,001</u> | <u>302,035</u> | <u>302,001</u> |

Notes:

- 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 2024

**Condensed Interim Portfolio Statement
Group**

| Description of Property | Location | Tenure of Land | Term of Lease | Remaining Term of Lease 30 Jun 24 | Occupancy Rate as at | | At Valuation | | Percentage of Unitholders' funds | |
|---|--|----------------|---|--------------------------------------|-------------------------|-----------|----------------------|----------------------|----------------------------------|------------------|
| | | | | | 30 Jun 24 | 31 Dec 23 | 30 Jun 24 S\$'000 | 31 Dec 23 S\$'000 | 30 Jun 24 (%) | 31 Dec 23 (%) |
| Singapore | | | | | | | | | | |
| Paragon ¹ | 290 Orchard Road, Singapore 238859 | Leasehold | 99 years, commencing on 24 July 2013 (Listing date) | 88 years | 100.0 | 100.0 | 2,825,000 | 2,730,000 | 106 | 106 |
| The Clementi Mall | 3155 Commonwealth Avenue West, Singapore 129588 | Leasehold | 99 years, commencing on 31 August 2010 | 85 years | 100.0 | 100.0 | 630,000 | 609,000 | 24 | 24 |
| The Rail Mall ² | 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 | 21 years | 100.0 | 95.5 | - | 62,000 | - | 2 |
| Australia | | | | | | | | | | |
| Figtree Grove Shopping Centre ¹ | 19 & 23 Princes Highway, Figtree, Wollongong, NSW 2525 | Freehold | - | - | 97.0 | 97.9 | 164,810 | 168,599 | 6 | 7 |
| Westfield Marion Shopping Centre ¹ | 293-297 Diagonal Road, Oaklands Park, Adelaide, South Australia, 5046 | Freehold | - | - | 97.1 | 97.0 | 522,348 | 552,230 | 20 | 21 |
| Portfolio of investment properties | | | | | | | 4,142,158 | 4,121,829 | 156 | 160 |
| Asset held for sale ² | | | | | | | 78,500 | - | 3 | - |
| Other assets and liabilities (net) | | | | | | | (1,247,164) | (1,230,594) | (47) | (48) |
| Net assets of the Group | | | | | | | 2,973,494 | 2,891,235 | 112 | 112 |
| Perpetual securities holders' funds | | | | | | | (302,035) | (302,035) | (12) | (12) |
| Non-controlling interests | | | | | | | (10,944) | (11,641) | - | - |
| Unitholders' funds | | | | | | | 2,660,515 | 2,577,559 | 100 | 100 |

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

Footnotes:

1. 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.
2. The Rail Mall was classified as "Asset held for sale" as PARAGON REIT has entered into a sale and purchase agreement for the divestment of the Rail Mall for S\$78.5 million.

Condensed Interim Portfolio Statement (Cont'd)
Trust

| Description of Property | Location | Tenure of Land | Term of Lease | Remaining Term of Lease 30 Jun 24 | Occupancy Rate as at | | At Valuation | | Percentage of Unitholders' funds | |
|-------------------------------------|--|----------------|--|--------------------------------------|-------------------------|-----------|----------------------|----------------------|----------------------------------|------------------|
| | | | | | 30 Jun 24 | 31 Dec 23 | 30 Jun 24 S\$'000 | 31 Dec 23 S\$'000 | 30 Jun 24 (%) | 31 Dec 23 (%) |
| <u>Singapore</u> | | | | | | | | | | |
| Paragon ¹ | 290 Orchard Road, Singapore 238859 | Leasehold | 99 years, commencing on 24 July 2013 (Listing date) | 88 years | 100.0 | 100.0 | 2,825,000 | 2,730,000 | 101 | 103 |
| The Clementi Mall | 3155 Commonwealth Avenue West, Singapore 129588 | Leasehold | 99 years, commencing on 31 August 2010 | 85 years | 100.0 | 100.0 | 630,000 | 609,000 | 23 | 23 |
| The Rail Mall ² | 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 | 21 years | 100.0 | 95.5 | - | 62,000 | - | 2 |
| Portfolio of investment properties | | | | | | | 3,455,000 | 3,401,000 | 124 | 128 |
| Asset held for sale ² | | | | | | | 78,500 | - | 3 | - |
| Other assets and liabilities (net) | | | | | | | (451,680) | (435,684) | (16) | (17) |
| Net assets of the Trust | | | | | | | 3,081,820 | 2,965,316 | 111 | 111 |
| Perpetual securities holders' funds | | | | | | | (302,035) | (302,035) | (11) | (11) |
| Unitholders' funds | | | | | | | 2,779,785 | 2,663,281 | 100 | 100 |

Footnotes:

1. Paragon was pledged as securities by way of a first legal mortgage to banks for banking facilities granted to PARAGON REIT.
2. The Rail Mall was classified as "Asset held for sale" as PARAGON REIT has entered into a sale and purchase agreement for the divestment of the Rail Mall for S\$78.5 million.

Condensed Interim Statement of Cash Flows
For the First Half Ended 30 June 2024

| | Group | |
|--|--------------------|--------------------|
| | 1 Jan 24 to | 1 Jan 23 to |
| | 30 Jun 24 | 30 Jun 23 |
| | S\$'000 | S\$'000 |
| Cash flows from operating activities | | |
| Net income | 159,248 | 40,054 |
| Adjustments for: | | |
| Fair value change on investment properties | (89,596) | 29,273 |
| Manager's fee paid/payable in units | - | 7,576 |
| Depreciation of plant and equipment | 49 | 129 |
| Finance income | (2,146) | (1,659) |
| Finance costs | 28,801 | 25,532 |
| Straight-line rental adjustments | (768) | (249) |
| Impairment loss on trade receivables | (844) | 115 |
| Income tax | 1,802 | (1,180) |
| Operating cash flow before working capital changes | 96,546 | 99,591 |
| Changes in operating assets and liabilities | | |
| Trade and other receivables | 998 | 583 |
| Trade and other payables | 4,492 | (4,695) |
| Cash generated from operating activities | 102,036 | 95,479 |
| Tax paid | (1,802) | (1,026) |
| Net cash from operating activities | 100,234 | 94,453 |
| Cash flows from investing activities | | |
| Additions to investment properties | (11,278) | (1,661) |
| Purchase of plant and equipment | (7) | (39) |
| Interest received | 2,146 | 1,531 |
| Net cash used in investing activities | (9,139) | (169) |
| Cash flows from financing activities | | |
| Distribution to unitholders | (73,814) | (48,347) |
| Distribution to perpetual securities holders | (6,133) | (6,134) |
| Distribution to non-controlling interests of a subsidiary | (333) | (354) |
| Interest paid | (28,546) | (22,462) |
| Net cash used in financing activities | (108,826) | (77,297) |
| Net (decrease)/increase in cash and cash equivalents | (17,731) | 16,987 |
| Effect of exchange rate fluctuations on cash and cash equivalents held | 100 | 33 |
| Cash and cash equivalents at beginning of the period | 134,467 | 125,601 |
| Cash and cash equivalents at end of the period | 116,836 | 142,621 |

Notes to the Condensed Interim Financial Statements

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

1. General Information

PARAGON 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. (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.

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 2024 comprise the Trust and its subsidiaries (together referred to as the “Group” and individually as “Group entities”).

The comparative amounts presented for the period 1 January 2023 to 30 June 2023 have been 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 100% payment of management fees in cash for 1 January 2024 to 30 June 2024.

For period from 1 January 2023 to 30 June 2023, the Manager has elected to receive 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.

(c) Property Manager's management fees

(i) Property management fees

Under the Property Management Agreement, Straits 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 2023.

The condensed interim financial information has been prepared on a historical cost basis, except for the investment properties, asset held for sale 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. Material accounting policies

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2023.

Asset held for sale

Non-current assets, or disposal groups comprising assets and liabilities, that are highly probable to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, the assets, or disposal group, classified as held for sale are generally measured at the lower of their carrying amount or fair value less costs to sell. Investment properties classified as assets held for sale are measured at fair value.

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 2023.

5. Investment properties

| | Group | | Trust | |
|------------------------------------|------------------|------------------|------------------|------------------|
| | 30 Jun 24 | 31 Dec 23 | 30 Jun 24 | 31 Dec 23 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Beginning of financial period/year | 4,121,829 | 4,112,265 | 3,401,000 | 3,338,700 |
| Additions and other adjustments | 9,349 | 9,859 | 2,352 | 8,328 |
| Fair value change | 89,596 | 10,436 | 129,208 | 54,720 |
| Straight-line rental adjustments | 768 | (773) | 940 | (748) |
| Transfer to asset held for sale | (78,500) | - | (78,500) | - |
| Translation differences | (884) | (9,958) | - | - |
| End of financial period/year | <u>4,142,158</u> | <u>4,121,829</u> | <u>3,455,000</u> | <u>3,401,000</u> |

The carrying amount of the investment properties were based on 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.

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 2024, investment properties with a carrying amount of approximately S\$3,512 million (2023: S\$3,451 million) are mortgaged to banks as security for the term loans (Note 7).

| Description | Valuation technique(s) | Significant unobservable inputs | Inter-relationship between significant unobservable inputs and fair value measurement |
|-----------------------|------------------------------|---|--|
| Investment properties | Discounted cash flow | Discount rate 6.50% to 7.50% (2023: 6.50% to 8.00%) | 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. |
| | | Terminal Yield 4.00% to 6.75% (2023: 4.00% to 6.75%) | |
| | Income capitalisation | Capitalisation rate 3.75% to 6.50% (2023: 3.75% to 6.50%) | Significant reduction in the market rent rates in isolation would result in a significantly lower fair value of the investment properties. |
| | | Market rent S\$63.10 psf to S\$246.73 psf (2023: S\$60.61 psf to S\$232.16 psf) | |

6. Asset and liabilities held for sale

| | Group and Trust |
|--|------------------------|
| | 30 Jun 24 |
| | S\$'000 |
| Investment property (Note 5) | 78,500 |
| Asset held for sale | 78,500 |
| Collections in advance | 83 |
| Deposit received | 1,678 |
| Liabilities directly associated with the asset held for sale | 1,761 |

On 20 June 2024, the Group entered into a sale and purchase agreement with a third party to sell The Rail Mall for S\$78.5 million. The sale is expected to complete in the second half of 2024. Accordingly, the above-mentioned asset and its directly associated liabilities were classified separately. The investment property under asset held for sale is valued based on the agreed property price with buyer.

7. Borrowings

| | Group | | Trust | |
|-------------------------------------|------------------|------------------|------------------|------------------|
| | 30 Jun 24 | 31 Dec 23 | 30 Jun 24 | 31 Dec 23 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Secured term loans | 1,269,683 | 1,269,988 | 995,000 | 995,000 |
| Less: Unamortised transaction costs | (949) | (1,299) | (614) | (807) |
| | 1,268,734 | 1,268,689 | 994,386 | 994,193 |
| Borrowings repayable: | | | | |
| Within 1 year | 222,958 | 223,042 | 114,997 | 114,968 |
| Between 1 – 5 years | 1,045,776 | 1,045,647 | 879,389 | 879,225 |
| | 1,268,734 | 1,268,689 | 994,386 | 994,193 |

The Group's secured term loan consists of a term loan of S\$995 million (2023: S\$995 million) secured by way of a first legal mortgage on Paragon, a term loan of A\$105 million (2023: A\$105 million) secured by way of mortgage on Figtree Grove Shopping Centre and a term loan of A\$200 million (2023: A\$200 million) secured by way of mortgage on the Group's 50% interest in Westfield Marion Shopping Centre.

On 1 July 2024, the Group has obtained signed commitments of incremental loan facilities of S\$415 million to refinance aggregate term loans of S\$115 million and secure a new loan of S\$300 million. The new loan and the refinancing of existing loans are expected to be utilised in Q3 2024. Specifically, the drawdown of S\$300 million in new loans will be used to fund the redemption of the Perpetual Securities in August 2024.

8. Perpetual Securities holders' fund

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. On 10 July 2024, the Trust announced its intention to fully redeem the Perpetual Securities on 30 August 2024.

9. Units in issue

| | Group and Trust | |
|--|----------------------------------|----------------------------------|
| | 1 Jan 24 to 30 Jun 24 | 1 Jan 23 to 30 Jun 23 |
| | No. of units '000 | No. of units '000 |
| Issued units as at beginning of period | 2,833,428 | 2,810,851 |
| Manager's fee paid in units | 5,582 | 19,658 |
| Issued units at the end of the period | 2,839,010 | 2,830,509 |
| Issuable units: | | |
| Manager's fee payable in units | - | 5,427 |
| Total issued and issuable units as at end of period | 2,839,010 | 2,835,936 |

During the financial period, the Trust issued 5,582,247 (2023: 19,658,614) new units at the issue price of S\$0.9208 per unit (2023: S\$0.9358 to S\$0.9383 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.

10. Net Asset Value ("NAV") per unit

| | Group | | Trust | |
|---------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| | As at 30 Jun 24 | As at 31 Dec 23 | As at 30 Jun 24 | As at 31 Dec 23 |
| NAV per unit ¹ (S\$) | 0.94 | 0.91 | 0.98 | 0.94 |

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.

11. Trust Expenses

| | Group | |
|---|----------------------------------|----------------------------------|
| | 1 Jan 24 to 30 Jun 24 | 1 Jan 23 to 30 Jun 23 |
| | S\$'000 | S\$'000 |
| Audit fees | 172 | 305 |
| Non-audit fees | 86 | 39 |
| Valuation expense | 100 | 111 |
| Consultancy and other professional fees | 377 | 350 |
| (Reversal of impairment)/ impairment on trade receivables | (844) | 115 |
| Other expenses | 352 | 401 |
| | 243 | 1,321 |

12. Finance Costs

| | Group | |
|---|----------------------------------|----------------------------------|
| | 1 Jan 24 to 30 Jun 24 | 1 Jan 23 to 30 Jun 23 |
| | S\$'000 | S\$'000 |
| Interest on borrowing | 30,703 | 29,344 |
| Amortisation of upfront fee for loan facility | 347 | 362 |
| Other financial expenses | 37 | 36 |
| Cash flow hedges – reclassified from Unitholders' Funds | (2,286) | (4,210) |
| | 28,801 | 25,532 |

The average cost of debts of the Group for the current period is 4.57% (2023: 4.05%) per annum.

13. Earnings per unit ("EPU")

| | Group | |
|--|----------------------------------|----------------------------------|
| | 1 Jan 24 to 30 Jun 24 | 1 Jan 23 to 30 Jun 23 |
| Total return for the period after tax attributable to Unitholders of the Trust (S\$'000) | 153,464 | 34,494 |
| Weighted average number of Units ¹ ('000) | 2,839,010 | 2,830,580 |
| Basic and diluted Earnings ² per Unit (cents) | 5.41 | 1.22 |

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.

14. 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.

| | Paragon S\$'000 | The Clementi Mall S\$'000 | The Rail Mall S\$'000 | Westfield Marion S\$'000 | Figtree Grove S\$'000 | Total S\$'000 |
|------------------------------------|--------------------|------------------------------------|-----------------------------|--------------------------------|-----------------------------|------------------|
| 6 months ended 30 June 2024 | | | | | | |
| Gross revenue | 88,815 | 23,339 | 3,184 | 24,545 | 7,479 | 147,362 |
| Property operating expenses | (20,140) | (6,308) | (593) | (7,287) | (2,187) | (36,515) |
| Segment net property income | 68,675 | 17,031 | 2,591 | 17,258 | 5,292 | 110,847 |
| 6 months ended 30 June 2023 | | | | | | |
| 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) |
| Segment net property income | 64,591 | 15,317 | 2,605 | 17,956 | 5,588 | 106,057 |

15. 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:

| | 1 Jan 24 to 30 Jun 24 S\$'000 | <u>Group</u> 1 Jan 23 to 30 Jun 23 S\$'000 |
|--|-------------------------------------|---|
| Manager's management fees paid to a related company | 10,784 | 10,459 |
| Property management fees paid/payable to a related company | 4,587 | 4,358 |
| Investment management fees paid/payable to non-controlling interests | 1,353 | 1,424 |
| Trustee's fees paid/payable to the Trustee | 285 | 283 |
| Staff reimbursements paid/payable to a related company | 2,240 | 2,367 |
| Rental and other income received/receivable from related companies | 1,533 | 1,747 |
| Other expenses paid/payable to related companies | 969 | 697 |

16. Financial ratios

| | Group | |
|---|----------------------------------|----------------------------------|
| | 1 Jan 24 to 30 Jun 24 | 1 Jan 23 to 30 Jun 23 |
| <i>Ratio of expenses to weighted average net assets value¹</i> | | |
| - <i>including performance component of Manager's management fees</i> | 0.93% | 0.94% |
| - <i>excluding performance component of Manager's management fees</i> | 0.55% | 0.57% |
| <i>Total operating expenses to net asset value²</i> | 1.65% | 1.72% |
| <i>Interest coverage ratio³</i> | 3.4 times | 4.4 times |
| <i>Adjusted interest coverage ratio³ (includes perpetual securities)</i> | 2.8 times | 3.4 times |
| <i>Portfolio turnover rate⁴</i> | - | - |

Notes:

- ¹ 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.
- ² 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 2024 and 30 June 2023 and as a percentage of net asset value as at 30 June 2024 and 30 June 2023.
- ³ 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.
- ⁴ 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 2024 and 30 June 2023, as there were no sales of investment properties.

17. Subsequent Event

On 1 July 2024, two incremental facility notices were established for three-year loans of \$115 million and \$300 million respectively. These are for the refinancing of existing \$115 million loans and \$300 million Perpetual Securities that expire in July 2024 and August 2024 respectively.

On 10 July 2024, the Trust announced its intention to redeem 100 per cent of the \$300 million Perpetual Securities on 30 August 2024.

Subsequent to the balance sheet date, the Manager announced a distribution of 2.32 cents per unit, for the first half year period from 1 January 2024 to 30 June 2024.

**PARAGON REIT FINANCIAL STATEMENT ANNOUNCEMENT
FOR THE FIRST HALF YEAR ENDED 30 JUNE 2024**

Other Information Required by Listing Rule Appendix 7.2

**PARAGON REIT FINANCIAL STATEMENT ANNOUNCEMENT
FOR THE FIRST HALF YEAR ENDED 30 JUNE 2024**

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 24 to 30 Jun 24 | 1 Jan 23 to 30 Jun 23 | Change |
| | S\$'000 | S\$'000 | % |
| Gross revenue ¹ | 147,362 | 143,084 | 3.0 |
| Property operating expenses | (36,515) | (37,027) | (1.4) |
| Net property income | 110,847 | 106,057 | 4.5 |
| Manager's management fees | (10,784) | (10,459) | 3.1 |
| Investment management fee | (1,353) | (1,424) | (5.0) |
| Trust expenses ² | (538) | (1,615) | (66.7) |
| Finance income ³ | 2,146 | 1,659 | 29.4 |
| Finance costs ⁴ | (28,801) | (25,532) | 12.8 |
| Net income | 71,517 | 68,686 | 4.1 |
| Fair value change on investment properties ⁵ | 89,596 | (29,273) | NM |
| Net foreign currency exchange differences ⁶ | (63) | (539) | (88.3) |
| Total return before taxes and distribution | 161,050 | 38,874 | NM |
| Less: income tax ⁷ | (1,802) | 1,180 | NM |
| Total return after taxes and before distribution | 159,248 | 40,054 | NM |
| Attributable to: | | | |
| Unitholders | 153,464 | 34,494 | NM |
| Perpetual securities holders ⁸ | 6,133 | 6,100 | 0.5 |
| Non-controlling interests | (349) | (540) | (35.4) |
| Total return for the period | 159,248 | 40,054 | NM |

NM Not Meaningful

PARAGON REIT FINANCIAL STATEMENT ANNOUNCEMENT

FOR THE FIRST HALF YEAR ENDED 30 JUNE 2024

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.
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. The decrease is mainly caused by the reversal of impairment on trade receivables of \$0.8 million.
3. The increase in finance income is mainly generated from higher fixed deposit placements.
4. The rise in finance cost is due to higher interest rates in 1HFY2024.
5. This relates to the fair value changes on the investment properties and asset held for sale. The investment properties in Singapore are based on independent valuations conducted by Jones Lang LaSalle Property Consultants Pte Ltd (2023: Savills Valuation & Professional Services (S) Pte Ltd) and, Jones Lang LaSalle Advisory Services Pty Ltd and Savills Valuation Pty Ltd (2023: CBRE Valuation Pty Ltd) for investment properties in Australia. The asset held for sale is based on property price agreed with the buyer.

In 1HFY2024, the Group recognised a fair value gain of S\$89.6 million. This comprises a fair value gain of S\$129.2 million and a fair value loss of S\$39.6 million contributed by the investment properties and asset held for sale in Singapore and Australia, respectively.
6. 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.
7. This relates mainly to deferred tax for Singapore investment properties and withholding tax payable for Australia income.
8. 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. On 10 July 2024, the Trust announced its intention to fully redeem the Perpetual Securities on 30 August 2024.

**PARAGON REIT FINANCIAL STATEMENT ANNOUNCEMENT
FOR THE FIRST HALF YEAR ENDED 30 JUNE 2024**

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 24 to 30 Jun 24 | 1 Jan 23 to 30 Jun 23 | Change |
| | S\$'000 | S\$'000 | % |
| Total return for the period attributable to Unitholders and perpetual securities holders | 159,597 | 40,594 | NM |
| Less: Amount reserved for distribution to perpetual securities holders | (6,133) | (6,100) | 1 |
| (Less)/ add: Non-tax deductible items ¹ | (93,060) | 36,137 | NM |
| Income available for distribution | 60,404 | 70,631 | (15) |
| Distribution to Unitholders² | 65,865 | 68,498 | (4) |

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. For the 6 months period ended 30 June 2024, 100% management fees for period from 1 January to 30 June 2024 were paid/payable in cash.

**PARAGON REIT FINANCIAL STATEMENT ANNOUNCEMENT
FOR THE FIRST HALF YEAR ENDED 30 JUNE 2024**

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> | |
|---|--|--|--|--|
| | As at 30 Jun 24 S\$'000 | As at 31 Dec 23 S\$'000 | As at 30 Jun 24 S\$'000 | As at 31 Dec 23 S\$'000 |
| Non-current assets | | | | |
| Plant and equipment | 63 | 105 | 63 | 105 |
| Investment properties ¹ | 4,142,158 | 4,121,829 | 3,455,000 | 3,401,000 |
| Subsidiaries | - | - | 165,924 | 166,104 |
| Trade and other receivables | - | - | 372,123 | 377,697 |
| Derivative financial instruments ³ | 4,201 | 3,744 | 4,201 | 3,744 |
| | 4,146,422 | 4,125,678 | 3,997,311 | 3,948,650 |
| Current assets | | | | |
| Trade and other receivables ⁴ | 6,118 | 6,272 | 4,474 | 3,624 |
| Derivative financial instruments ³ | 1,667 | 2,306 | 356 | 152 |
| Cash and cash equivalents | 116,836 | 134,467 | 95,286 | 106,925 |
| | 124,621 | 143,045 | 100,116 | 110,701 |
| Asset held for sale ² | 78,500 | - | 78,500 | - |
| | 203,121 | 143,045 | 178,616 | 110,701 |
| Total assets | 4,349,543 | 4,268,723 | 4,175,927 | 4,059,351 |
| Non-current liabilities | | | | |
| Borrowings | 1,045,776 | 1,045,647 | 879,389 | 879,225 |
| Derivative financial instruments ³ | 1,345 | 4,923 | 1,345 | 4,923 |
| Trade and other payables ⁵ | 41,644 | 39,305 | 41,644 | 39,305 |
| | 1,088,765 | 1,089,875 | 922,378 | 923,453 |
| Current liabilities | | | | |
| Borrowings | 222,958 | 223,042 | 114,997 | 114,968 |
| Derivative financial instruments ³ | 29 | 515 | 29 | 515 |
| Trade and other payables ⁵ | 62,536 | 64,056 | 54,942 | 55,099 |
| | 285,523 | 287,613 | 169,968 | 170,582 |
| Liabilities directly associated with the asset held for sale ² | 1,761 | - | 1,761 | - |
| | 287,284 | 287,613 | 171,729 | 170,582 |
| Total liabilities | 1,376,049 | 1,377,488 | 1,094,107 | 1,094,035 |
| Net assets | 2,973,494 | 2,891,235 | 3,081,820 | 2,965,316 |
| Represented by: | | | | |
| Unitholders' funds | 2,660,515 | 2,577,559 | 2,779,785 | 2,663,281 |
| Perpetual securities holders' funds ⁶ | 302,035 | 302,035 | 302,035 | 302,035 |
| Non-controlling interests | 10,944 | 11,641 | - | - |
| Total Equity | 2,973,494 | 2,891,235 | 3,081,820 | 2,965,316 |

PARAGON REIT FINANCIAL STATEMENT ANNOUNCEMENT FOR THE FIRST HALF YEAR ENDED 30 JUNE 2024

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, Westfield Marion and Figtree Grove as at 30 June 2024 were S\$2,825.0 million, S\$630.0 million, S\$522.3 million and S\$164.8 million respectively. The fair values of the investment properties were based on independent valuations conducted by Jones Lang LaSalle Property Consultants Pte Ltd for Paragon and The Clementi Mall; Jones Lang LaSalle Pty Ltd for Westfield Marion and Savills Valuation Pty Ltd for Figtree Grove.
2. On 20 June 2024, the Group entered into sale and purchase agreement with a purchaser to sell The Rail Mall for S\$78.5 million. The sale is expected to complete in the second half of 2024. Accordingly, the above-mentioned asset and its directly associated liabilities were classified separately. The investment property under asset held for sale is valued based on the agreed property price with buyer.
3. Derivative financial instruments represent the fair value of the interest rate swap, cross currency swap and cross currency interest rate swap contracts.
4. Trade and other receivables comprised mainly rental receivable and deposits. The decrease at group level was mainly due to lower receivables from tenants.
5. Trade and other payables comprised mainly rental deposits, accrued interests and other expenses, and collection in advance.
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. On 10 July 2024, the Trust announced its intention to fully redeem the Perpetual Securities on 30 August 2024.

PARAGON REIT FINANCIAL STATEMENT ANNOUNCEMENT FOR THE FIRST HALF YEAR ENDED 30 JUNE 2024

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 2024, PARAGON REIT had 2,839,010,006 units (31 December 2023: 2,833,427,759 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 2024 to 30 June 2024 and the comparative figures for the 6-months period from 1 January 2023 to 30 June 2023 have been reviewed by our auditors, KPMG LLP.

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 2024 ("1H 2024") compared with the First Half ended 30 June 2023 ("1H 2023")

Gross revenue for 1H 2024 increased by S\$4.3 million (3.0%) to S\$147.4 million. The increase was mainly due to higher rental income which benefited from the positive rental reversion.

Property operating expenses reduced by S\$0.5 million (1.4%) to S\$36.5 million for 1H 2024 which pertains mainly to decrease in utilities rates.

Net property income ("NPI") of S\$110.8 million for 1H 2024 was S\$4.8 million (4.5%) higher than 1H 2023.

Net income of S\$71.5 million for 1H 2024 was S\$2.8 million (4.1%) higher than 1H 2023. Total return before taxes and distribution of S\$161.1 million for 1H 2024 was partly because of the fair value gain on investment properties of S\$73.1 million. Singapore and Australia investment properties recorded a fair value gain of S\$112.7 million and a fair value loss of S\$39.6 million respectively. The fair value gain or loss has no impact on the income available for distribution.

Distributable income to unitholders for 1H 2024 was S\$60.4 million, which was S\$10.2 million (14.5%) lower as compared to 1H 2023. The decline was partly due to payment of management fees in cash in 1H 2024. Management fees were paid fully in cash in place of the issuance of new units in PARAGON REIT to reduce dilution of Unitholders' returns. \$7.6 million of fees were paid in units in 1H 2023 (vs \$Nil in 1H 2024). On a like-for-like basis, DPU for 1H FY2024 is higher year-on-year.

PARAGON REIT FINANCIAL STATEMENT ANNOUNCEMENT

FOR THE FIRST HALF YEAR ENDED 30 JUNE 2024

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

Based on advanced estimates, Singapore's economy grew by 2.9% yoy in 2Q 2024, compared to 3.0% yoy growth in 1Q 2024. The Ministry of Trade and Industry's latest forecast for full-year 2024 GDP growth is 1% to 3%. Retail sales (excluding motor vehicles) fell 3.1% yoy for June 2024, with five of the 13 retail categories recording yoy growth – Food & Alcohol (+5.3%), Supermarkets & Hypermarkets (+1.6%) and Cosmetics, toiletries & medical goods (+0.9%). Conversely, Optical Goods & Books (-12.5%) and Wearing Apparel & Footwear (-10.1%) saw yoy declines. The Singapore Tourism Board expects international arrivals of 15 to 16.5 million for 2024, and \$27.5 to \$29 billion in tourism receipts. According to the Ministry of Trade and Industry, consumer-facing sectors such as retail trade are projected to continue to expand in 2024 amidst resilient labour market conditions, supported by the progressive recovery in air travel and tourist arrivals.

Australia's GDP growth was 1.1% yoy in March 2024 – the slowest rate of annual growth since December 2020; Reserve Bank of Australia (RBA) forecasts GDP growth to be 1.3% in the middle of 2024, before regaining momentum amidst the high interest rate environment and macroeconomic uncertainties. Retail turnover rose 2.9% and unemployment rate increased to 4.1% yoy in June 2024 according to the Australian Bureau of Statistics. JLL's Retail Market Overview suggests that recent tax measures, including income tax cuts, have been implemented to alleviate ongoing cost-of-living pressures, and may potentially provide an uplift to retail spending.

In July 2024, the US Federal Reserve Board kept the fed funds rate unchanged at 5.25%-5.50% for the eighth consecutive meeting. The Fed has now said that it could start lowering interest rates as soon as September, citing that inflation is aligned with expectations, with growth remaining reasonably strong and the labour market remaining consistent with current conditions. The market is confident that the Fed's September meeting will see benchmark interest rate lowered by a quarter point. The Monetary Authority of Singapore kept unchanged the prevailing rate of appreciation of the Singapore dollar nominal effective exchange rate policy band aimed at strengthening the trade-weighted Singapore dollar to fight still-elevated inflation. Barring any further global shocks, the Singapore economy is expected to strengthen in 2024 with growth becoming more broad-based. The Reserve Banks of Australia left rates unchanged at 4.35% in June 2024 with unemployment rates ticking up in May from 3.9% to 4.0%, the highest level in two years. The central bank noted that inflation needs to remain sustainably consistent within the 2-3% target range and considered the possibility of interest rate hikes due to the rising inflation risks.

**PARAGON REIT FINANCIAL STATEMENT ANNOUNCEMENT
FOR THE FIRST HALF YEAR ENDED 30 JUNE 2024**

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 2024 to 30 June 2024 | | | | | | | |
|-------------------------------------|--|--|-------------------|-------------------|----------------|---------------------|-------------------|---------------------|
| 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>2.18 cents per unit</td> </tr> <tr> <td>Tax-exempt income</td> <td>0.14 cents per unit</td> </tr> </tbody> </table> | | Distribution type | Distribution rate | Taxable income | 2.18 cents per unit | Tax-exempt income | 0.14 cents per unit |
| Distribution type | Distribution rate | | | | | | | |
| Taxable income | 2.18 cents per unit | | | | | | | |
| Tax-exempt income | 0.14 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: | Distribution for the period from 1 January 2023 to 30 June 2023 | | | | | | |
|-------------------------------------|--|-------------------|-------------------|----------------|---------------------|-------------------|---------------------|
| Distribution Type: | (iii) Taxable income (iv) Tax-exempt income | | | | | | |
| Distribution rate per unit (cents): | 1 January 2023 to 30 June 2023 <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 2024

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

(c) **Date payable**

The date the distribution is payable: Monday, 23 September 2024.

(d) **Record date**

The Transfer Books and Register of Unitholders of PARAGON REIT will be closed at 5.00pm on 15 August 2024 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 27.

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,
5 August 2024

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 2024, 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,
5 August 2024



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Independent auditors' report on review of Interim Financial Information For the Half Year Ended 30 June 2024

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

Introduction

We have reviewed the accompanying condensed Interim Financial Information of PARAGON REIT (the "Trust") and its Subsidiaries (collectively the "Group") for the half year ended 30 June 2024, which comprises:

- Condensed Interim Statement of Financial Position of the Group and the Trust as at 30 June 2024;
- Condensed Interim Portfolio Statement of the Group and Trust as at 30 June 2024;
- Condensed Interim Statement of Total Return of the Group for the half year ended 30 June 2024;
- Condensed Interim Distribution Statement of the Group for the half year ended 30 June 2024;
- Condensed Interim Statement of Changes in Unitholders' Funds of the Group and the Trust for half year ended 30 June 2024;
- Condensed Interim Statement of Cash Flows of the Group for the half year ended 30 June 2024; and
- Certain explanatory notes to the above financial information ("the Interim 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 these 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.



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.

A handwritten signature in black ink, appearing to read 'KPMG UP'.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
5 August 2024