

A PARAGON
OF RETAIL
EXPERIENCES

ANNUAL REPORT 2022



VISION

PARAGON REIT AIMS TO BE A PREMIER RETAIL REAL ESTATE INVESTMENT TRUST IN SINGAPORE AND ASIA PACIFIC, WITH A PORTFOLIO OF QUALITY INCOME-PRODUCING RETAIL PROPERTIES



MISSION

TO BE THE LANDLORD OF CHOICE FOR OUR TENANTS AND SHOPPERS, COMMITTED IN OUR DELIVERY OF QUALITY PRODUCTS AND SERVICES

TO PROVIDE UNITHOLDERS OF PARAGON REIT WITH REGULAR AND STABLE DISTRIBUTIONS, SUSTAINABLE LONG-TERM GROWTH IN DISTRIBUTION PER UNIT AND NET ASSET VALUE PER UNIT, WHILE MAINTAINING AN APPROPRIATE CAPITAL STRUCTURE

TO BE A GOOD CORPORATE CITIZEN, COMMITTED TO OUR SOCIAL AND ENVIRONMENTAL RESPONSIBILITIES, CONTRIBUTING TO A SUSTAINABLE WORLD



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CORPORATE PROFILE

PARAGON REIT is a Singapore-based real estate investment trust established principally 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.

PARAGON REIT was listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") on 24 July 2013. Its sponsor, Cuscaden Peak Investments Private Limited (formerly known as Singapore Press Holdings Limited before it was privatised on 13 May 2022), is a wholly owned subsidiary of Cuscaden Peak Pte. Ltd. ("Cuscaden Peak"), a consortium comprising three shareholders – Hotel Properties Limited, Mapletree Investments Pte Ltd. and CLA Real Estate Holdings Pte Ltd. As at 31 December 2022, PARAGON REIT's portfolio comprises five quality and well-located commercial properties in Singapore and Australia.

PARAGON REIT's portfolio of properties is valued at S\$4.1 billion as at 31 December 2022 with a total Net Lettable Area ("NLA") of 2,694,950 sq ft. The three properties in Singapore have an aggregated value of S\$3.3 billion with a total NLA of 963,204 sq ft, while the two properties in Australia have a total value of S\$773.6 million with a total NLA of 1,731,746 sq ft.



SINGAPORE

Paragon, a premier upscale retail mall and medical suite/office property, is located in the heart of Orchard Road, Singapore's most famous shopping and tourist precinct. Paragon consists of a 6-storey retail podium and one basement level with 494,442 sq ft of retail NLA ("Paragon Retail"), with a 14-storey tower and another 3-storey tower sitting on top of the retail podium with a total of 223,098 sq ft of medical suites/offices NLA ("Paragon Medical").

It is a 99-year leasehold interest that commenced on 24 July 2013.

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 retail mall, which also houses a public library, is part of an integrated mixed-use development that includes Housing Development Board ("HDB") residential blocks and a bus interchange. The property is also directly connected to the Clementi mass rapid transit ("MRT") station. The Clementi Mall consists of a 5-storey retail podium and one basement level with approximately 195,782 sq ft of retail NLA.

It is a 99-year leasehold interest that commenced on 31 August 2010.

The Rail Mall, a retail strip with a 360-metre prominent road frontage to Upper Bukit Timah Road, an affluent residential neighbourhood and an F&B-dining destination. It is easily accessible via a network of public bus and MRT services through the Downtown Line ("DTL"). Accessibility is further enhanced by its proximity to the island's major expressways including Bukit Timah Expressway ("BKE") and Pan Island Expressway ("PIE"). One of the key access points to the Rail Corridor, a popular nature trail, is adjacent to The Rail Mall. The Rail Mall comprises 43 single-storey shop units with a total NLA of 49,882 sq ft.

It is a 99-year leasehold interest that commenced on 18 March 1947.



AUSTRALIA

Westfield Marion, the largest and only super regional shopping centre in South Australia. It is strategically located in Adelaide, approximately 10 km south-west from Adelaide's Central Business District ("CBD"). It is in a highly accessible location bound by three major thoroughfares and arterial roads in Diagonal Road, Sturt Road, and Morphett Road, extending its access to shoppers beyond its usual catchment. Westfield Marion is also located next to the Oaklands Train Station, connecting it with Adelaide's CBD and the southern coastline via multiple train lines.

The freehold property sits on a land parcel of approximately 2.5 million sq ft, with approximately 1,495,132 sq ft of Gross Lettable Area ("GLA"). PARAGON REIT has a 50.0% stake in ownership.

Figtree Grove, an established sub-regional shopping centre located in New South Wales. It is approximately 3 km south-west of Wollongong and approximately 85 km south-west of Sydney CBD. The property is situated at the north-eastern corner of the Princes Highway and The Avenue – major thoroughfares which carry traffic between Wollongong CBD and the wider Wollongong area.

The property sits on a freehold land area of approximately 547,883 sq ft and has a total GLA of approximately 236,614 sq ft with 940 carpark lots. PARAGON REIT has an 85.0% stake in ownership.



FINANCIAL HIGHLIGHTS

Consolidated Statement of Total Return For the Financial Period/Year Ended	16M FY2022 ² S\$ million	FY2021 ¹ S\$ million	Change %
Gross Revenue	376.4	277.2	35.8
Net Property Income	279.9	202.6	38.1
Distributable Income to Unitholders	210.2	157.8	33.2
Distribution per Unit (cents)	7.24	5.40	34.1

Consolidated Statement of Financial Position	31 Dec 2022 S\$ million	31 Aug 2021 S\$ million	Change %
Total Assets	4,256.9	4,246.6	0.2
Total Liabilities	1,377.8	1,398.7	(1.5)
Borrowings	1,271.6	1,293.1	(1.7)
Net Assets Attributable to Unitholders	2,563.1	2,535.2	1.1
Number of Units in Issue (million)	2,810.9	2,785.2	0.9
Net Asset Value per Unit (S\$)	0.91	0.91	–

Financial Ratios	16M FY2022 ²	FY2021 ¹
Annualised Distribution Yield (%)		
• Based on closing price ³	6.03	5.93
Gearing Ratio (%)	29.8	30.3
Interest Cover Ratio (times) ⁴	6.8	7.3
Average All-in-Cost of Debt (% per annum)	2.05	1.84
Average Term to Maturity for Debt (years)	2.8	2.9

Note:

1 FY2021 refers to the period 1 September 2020 to 31 August 2021.

2 16M FY2022 refers to the period 1 September 2021 to 31 December 2022.

3 Based on closing price of S\$0.90 per unit on 30 December 2022 (31 August 2021: S\$0.91).

4 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.



▸ **7.24** CENTS

**16M FY2022
DISTRIBUTION PER UNIT**
Increased 34.1% compared to FY2021

▸ **6.03**%

**ANNUALISED
DISTRIBUTION YIELD**
Based on closing price of S\$0.90
on 30 December 2022

S\$279.9 MILLION

**16M FY2022
NET PROPERTY INCOME**
Increased 38.1% compared to FY2021

29.8%
GEARING

S\$4.1 BILLION

**VALUATION OF
INVESTMENT PROPERTIES**

▸ **98.5**%

COMMITTED OCCUPANCY
Strong track record



**Building on a
solid leasing strategy
to maintain
portfolio occupancy**



ENRICHING PERFORMANCE





STATEMENT BY
CHAIRMAN & CEO

P A R

A G O N

“ PARAGON REIT DELIVERED
A RESILIENT PERFORMANCE
LED BY PROACTIVE
ASSET MANAGEMENT
STRATEGIES THAT WERE
WELL SUPPORTED BY OUR
QUALITY ASSETS AND THE
RETAIL SECTOR RECOVERY. ”

From left:

DR. LEONG HORN KEE
MS. SUSAN LENG MEE YIN

DEAR UNITHOLDERS,

On behalf of the Board of Directors of PARAGON REIT Management Pte. Ltd., the Manager of PARAGON REIT (the “**Manager**”), we are pleased to present PARAGON REIT’s Annual Report for the period 1 September 2021 to 31 December 2022 (“**16M FY2022**”).

This year was a year of transition with several notable events worth highlighting.

On 29 April 2022, we announced that Cuscaden Peak Pte. Ltd. (the “**Offeror**”) made a mandatory cash offer for all the units in PARAGON REIT (formerly known as SPH REIT), other than those already owned, controlled, or agreed to be controlled by the Offeror and parties acting in concert with the Offeror. On 30 June 2022, we announced the closure of the mandatory cash offer, with the total number of PARAGON REIT Units owned, controlled, acquired, or agreed to be acquired by the Offeror Concert Parties (including by way of valid acceptances of the mandatory cash offer) amounting to 61.68% of the total number of issued PARAGON REIT Units.

On 29 July 2022, we announced a change in financial year end from 31 August 2022 to 31 December 2022. As a result, financial year 2022 comprised a 16-month period from 1 September 2021 to 31 December 2022. With this change, PARAGON REIT’s financial year is in line with our new Sponsor, Cuscaden Peak Investments Private Limited (“**Cuscaden**”). Cuscaden is a wholly owned subsidiary of Cuscaden Peak Pte. Ltd., a consortium made up of three shareholders – Hotel Properties Limited, Mapletree Investments Pte. Ltd., and CLA Real Estate Holdings Pte. Ltd. Cuscaden brings on board industry leading practices and expertise that are complementary to our asset portfolio and operations.

On 29 December 2022, we announced that “SPH REIT” (新加坡报业控股房地产投资信托) will be renamed as “PARAGON REIT” (百利宫房地产投

资信托) with effect from 3 January 2023. The new name, PARAGON REIT, is synonymous with quality and excellence, and reflects our vision and mission to capture unique opportunities in the Asia-Pacific retail landscape. PARAGON – the pinnacle of excellence – is also the name of our crown jewel, Paragon Shopping Centre. This underscores our mission to be the landlord of choice, and to provide our unitholders with sustainable long-term growth. Similarly, our business will be bolstered by the deep real-estate sector knowledge and strong relationships of Cuscaden.

After close to three years of unprecedented impact on economies and societies around the world, most countries have now shifted into endemicity. This includes our key markets, Singapore and Australia, which have reopened their economies with the removal of most pandemic restrictions, and have since started their paths back to normalcy. Although retail sectors have shown signs of recovery, we remain cognisant of the developments in the global macroeconomic environment – such as geopolitical tensions, as well as rising inflation and interest rates. Nonetheless, against the mixed backdrop, our Board of Directors and Management are committed to implementing strategies to safeguard business stability and long-term value for our unitholders.

PARAGON REIT delivered a resilient performance led by proactive asset management strategies, which were well supported by our quality assets and the retail sector recovery. Net property income (“**NPI**”) was S\$279.9 million for 16M FY2022, representing an increase of 3.3% from the corresponding 16-month period ended 31 December 2021 (“**CP2021**”). Tenant sales and footfall recovered to near pre-pandemic levels.

We stayed the course and have successfully navigated the challenging environment and conditions in 16M FY2022. It has given us added confidence that we can continue to ride the retail recovery and be the landlord of choice.

The Board declared a stable distribution per unit (“**DPU**”) of 7.24 Singapore cents to our unitholders for 16M FY2022. This is an annualised yield of 6.03%, based on the closing price of S\$0.90 on 30 December 2022.

STATEMENT BY CHAIRMAN & CEO

A RESILIENT AND QUALITY PORTFOLIO

PARAGON REIT's Singapore portfolio valuation increased by 1.3% to S\$3,339 million as at 31 December 2022. Capitalisation rates remained stable.

PARAGON REIT's Australia portfolio valuation increased by 0.8% to A\$847 million as at 31 December 2022. Capitalisation rates remained stable as well.

SINGAPORE

Since May 2022, social distancing measures were lifted and international travel from most destinations were relaxed. The workforce also gradually returned to office. As a result, retail sentiments improved 16M FY2022 over CP2021.

Paragon, located in the heart of Orchard Road, also benefitted from the revival of the tourism sector, and saw a recovery in both visitations and tenant sales. Footfall and tenant sales increased by 20.4% and 31.3% over CP2021, respectively.

The Clementi Mall, located in a well-established residential suburban estate, was well-supported by its immediate large catchment. Footfall increased by 25.9% and tenant sales increased by 10.4% over CP2021.

The Rail Mall, being a strip mall comprising 43 shop units, does not have footfall data. 16M FY2022 tenant sales was S\$42.3 million.

AUSTRALIA

South Australia did not have any major pandemic-related lockdowns in both FY2021 and 16M

FY2022. Performance at Westfield Marion Shopping Centre, the largest shopping centre located in Adelaide, South Australia, was largely unaffected. Tenant sales registered an increase of 6.9% over CP2021.

New South Wales faced pandemic-related lockdowns for 2 months each in FY2021 and 16M FY2022, which impacted footfall at Figtree Grove Shopping Centre. Footfall declined by 3.8% but tenant sales increased by 7.3% over CP2021.

16M FY2022 PORTFOLIO PERFORMANCE

NPI was S\$279.9 million for 16M FY2022, which is an increase of 3.3% over CP2021.

Rental reversion rate improved to -4.1% for 16M FY2022 against -8.4% in FY2021. A high occupancy rate of 98.5% was achieved with a tenant retention ratio of 80.7%, demonstrating tenants' confidence in PARAGON REIT's assets.

PARAGON REIT maintained its inclusion in the FTSE EPRA Nareit Global Real Estate Index (Global Developed Index). This inclusion into a benchmark REIT index raised our visibility among global investors, and increased our potential to grow and diversify our investor base.

Amidst the backdrop of macroeconomic uncertainty, as well as rising inflation and interest rates, PARAGON REIT continues to adopt a disciplined approach to capital management. Gearing is at 29.8% with additional unutilised short-term borrowing facilities of S\$225 million to support acquisitions and asset enhancement initiative (AEI) opportunities. PARAGON REIT





maintains a well-staggered debt maturity profile with a weighted average term to maturity of 2.8 years, and 84% of debt at fixed rates, to mitigate the impact of the rising interest rate environment. Average cost of debt is at 2.05% with an interest coverage ratio of 6.8 times.

RESPONSIBLE AND SUSTAINABLE

Sustainability continues to be an important part of our business, and we are committed to integrate Environmental, Social and Governance (“ESG”) initiatives into the business.

The Board maintains oversight of the implementation and performance of our sustainability efforts and has delegated to the Audit & Risk Committee (“ARC”) the responsibility of overseeing sustainability projects and efforts undertaken by the management. A Sustainability Steering Committee (“SSC”) is in place to drive and coordinate these efforts across PARAGON REIT.

Our scope is aligned with Global Reporting Initiative (“GRI”) Standards. We have also adopted the Task Force on Climate-Related Financial Disclosures (“TCFD”) framework in 16M FY2022. Our ESG targets and performance are mapped to the relevant adopted United Nations Sustainable Development Goals, to serve as a guide to our sustainability journey.

LOOKING AHEAD

The progressive easing of restrictions coupled with the re-opening of international borders signal a major step towards normalcy. While economic activity has picked up, PARAGON REIT continues to consider the overhang of geopolitical tensions, rising inflation, interest rate hikes, and fears of recession in the management of our assets. Moving forward, we will continue to leverage on our income base and quality assets to capture opportunities and generate sustainable growth. Our focus is to work closely with our tenants to achieve high occupancy while managing our

costs and maintaining a disciplined approach to capital management.

PARAGON REIT stays committed to maximising overall unitholder value, by providing unitholders with regular and stable distributions, as well as sustainable long-term growth in DPU and net asset value.

ACKNOWLEDGEMENTS

On behalf of the Board, we extend our appreciation to Mr. Chua Hwee Song, Mr. Soon Tit Koon and Mr. Ng Yat Chung, who stepped down with effect from 6 July 2022, 15 August 2022 and 1 January 2023, respectively. On behalf of the Board and management, we would like to thank them for their commitment and invaluable service.

We would also like to welcome our new directors, Ms. Jennie Chua, Mr. Eugene Lai, Mr. Gerald Yong, Mr. Ray Ferguson and Mr. Bernard Phang to the Board. With their diverse skills, knowledge, and experience, we look forward to their valuable contributions.

The Board members, management team, and staff have been committed and dedicated to the business, and we appreciate the guidance and confidence extended to us. We also offer our sincere gratitude to all our stakeholders, including our unitholders, tenants, shoppers, business partners, and employees, for their trust in our organisation. As the retail and economic outlook improves, we are confident that with the continued support of our stakeholders, we will ride the recovery and forge ahead to achieve sustainable growth.

DR. LEONG HORN KEE

Chairman, Non-Executive and Non-Independent Director

MS. SUSAN LENG MEE YIN

Chief Executive Officer



YEAR IN REVIEW

SEP 2021

- Included in FTSE EPRA Nareit Global Developed Index

DEC 2021

- Appointment of 2 new Non-Executive Independent Directors
 - Mr. Ray Ferguson
 - Mr. Bernard Phang

FEB 2022

- PARAGON REIT announced DPU of 1.24 cents for 1Q FY2022

APR 2022

- PARAGON REIT announced DPU of 1.44 cents for 2Q FY2022
- Cuscaden Peak Pte. Ltd. completed the acquisition of Singapore Press Holdings Limited and became the new Sponsor of PARAGON REIT
- Cuscaden Peak Pte. Ltd. announced mandatory chain-offer for PARAGON REIT
- 1H FY2022 NPI improved 0.4% yoy to S\$105.3 million

JUN 2022

- Cuscaden Peak Pte. Ltd. held 61.68% of PARAGON REIT upon close of mandatory chain-offer for PARAGON REIT
- Re-designation of Dr. Leong Horn Kee and Mr. Soon Tit Koon as Independent Director to Non-Executive and Non-Independent Director

JUL 2022

- Announced the resignation of Mr. Chua Hwee Song as a Non-Executive and Non-Independent Director and Member of Nomination & Remuneration Committee
- PARAGON REIT announced DPU of 1.45 cents for 3Q FY2022
- PARAGON REIT announced change of financial year end from 31 August to 31 December

AUG 2022

- Announced the following changes to the Board and Audit & Risk Committee composition
 - i. Retirement of Mr. Soon Tit Koon as Non-Executive and Non-Independent Director, Chairman of Audit & Risk Committee and Member of the Nomination & Remuneration Committee
 - ii. Appointment of Ms. Jennie Chua as Non-Executive and Independent Director, Deputy Chairman of the Board and Chairman of the Nominating & Remuneration Committee
 - iii. Appointment of Mr. Eugene Lai as Non-Executive and Lead Independent Director, Chairman of the Audit & Risk Committee and Member of the Nominating & Remuneration Committee
 - iv. Appointment of Mr. Gerald Yong as Non-Executive and Non-Independent Director, Member of the Audit & Risk Committee and Member of the Nominating & Remuneration Committee

OCT 2022

- PARAGON REIT announced DPU of 1.39 cents for 4Q FY2022
- 12M FY2022 NPI improved 3.5% yoy to S\$209.7 million

NOV 2022

- PARAGON REIT announced a 5-year extension of the appointment of property manager, Straits Retail Property Management Services Pte. Ltd., for the Singapore portfolio

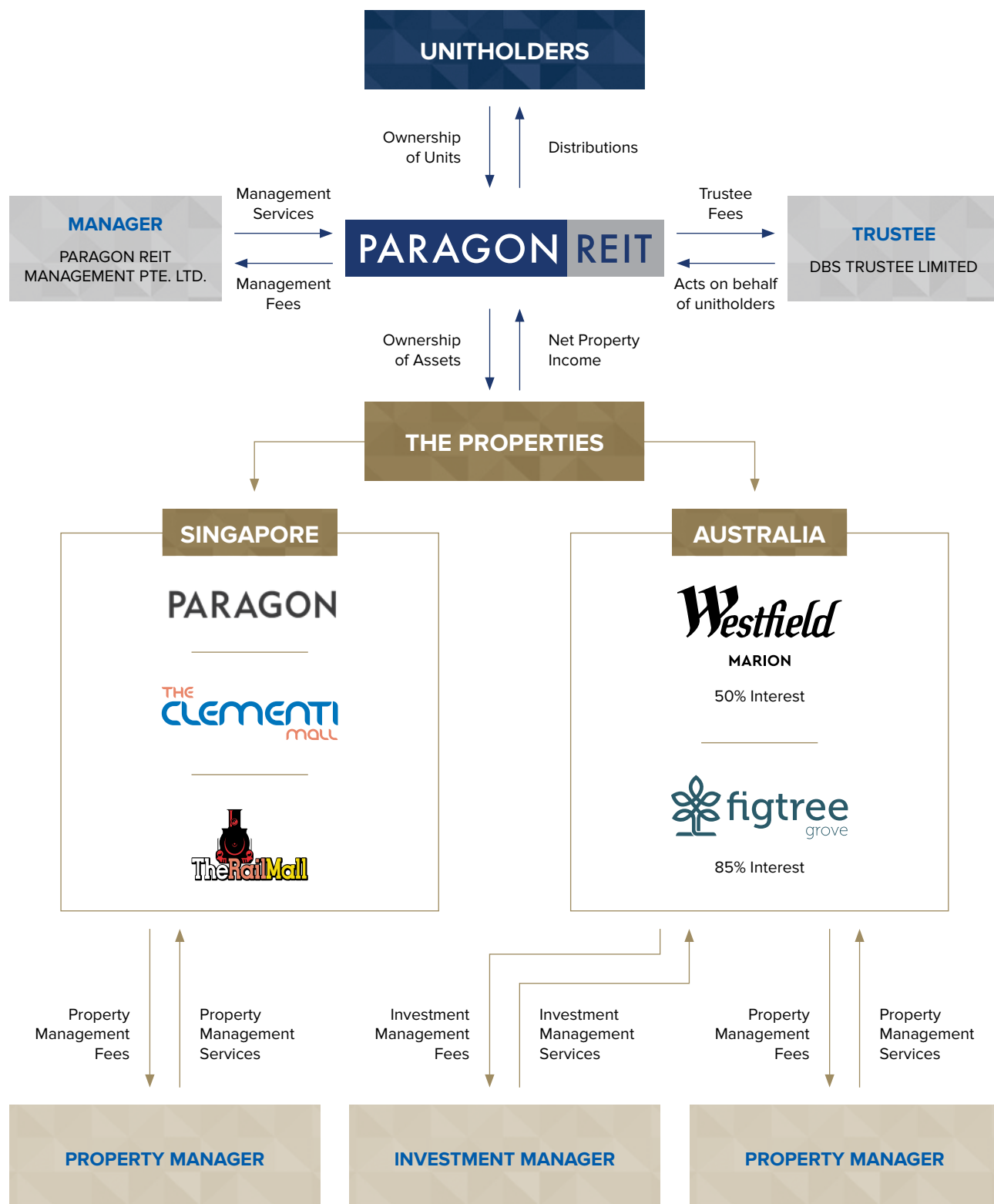
DEC 2022

- The DPU was 1.72 cents for the 4 months ended 31 December 2022
- Valuation of PARAGON REIT's portfolio of properties was S\$4.1 billion as at 31 December 2022
- Announced change of Trust's name from SPH REIT to PARAGON REIT





TRUST STRUCTURE





ORGANISATION STRUCTURE

DIRECTORS

DR. LEONG HORN KEE

Chairman, Non-Executive And
Non-Independent Director
Member, Nominating & Remuneration Committee



MS. JENNIE CHUA

Deputy Chairman, Non-Executive And
Independent Director
Chairman, Nominating & Remuneration Committee
Member, Audit & Risk Committee
(as of 15 August 2022)



MR. EUGENE LAI

Non-Executive And Lead Independent Director
Chairman, Audit & Risk Committee
Member, Nominating & Remuneration Committee
(as of 15 August 2022)



MRS. TRINA LOH

Non-Executive And Independent Director
Member, Nominating & Remuneration Committee



MS. HOO SHEAU FARN

Non-Executive And Independent Director
Member, Audit & Risk Committee

MR. BERNARD PHANG

Non-Executive And Independent Director
Member, Audit & Risk Committee



MR. RAY FERGUSON

Non-Executive And Independent Director
Member, Nominating & Remuneration Committee



MR. GERALD YONG

Non-Executive And Non-Independent Director
Member, Audit & Risk Committee
Member, Nominating & Remuneration Committee
(as of 15 August 2022)



MR. NG YAT CHUNG

Non-Executive And Non-Independent Director
(resigned on 1 January 2023)



MS. GINNEY LIM

Non-Executive And Non-Independent Director

FORMER DIRECTORS

MR. SOON TIT KOON

Non-Executive And Non-Independent Director
Chairman, Audit & Risk Committee
Member, Nominating & Remuneration Committee
(resigned on 15 August 2022)

MR. CHUA HWEE SONG

Non-Executive And Non-Independent Director
Member, Nominating & Remuneration Committee
(resigned on 6 July 2022)

MANAGEMENT

MS. SUSAN LENG MEE YIN

Chief Executive Officer

MR. BENJAMIN KUAH HSIEN YIAO

Chief Financial Officer &
Head of Investor Relations

MS. BELINDA ZHENG QINYIN

Investment Manager

MR. MARC ANG JUNJIE

Asset Manager



BOARD OF DIRECTORS



Seated (from left): **Dr. Leong Horn Kee** ■ **Ms. Jennie Chua**
Standing (from left): **Mr. Ng Yat Chung** ■ **Ms. Hoo Sheau Farn** ■ **Mr. Bernard Phang** ■ **Mr. Eugene Lai** ■ **Mr. Gerald Yong**
Mrs. Trina Loh ■ **Ms. Ginney Lim** ■ **Mr. Ray Ferguson**

■ **DR. LEONG HORN KEE**

**Chairman, Non-Executive And Non-Independent Director
Member, Nominating & Remuneration Committee**

Dr. Leong is the Chairman of CapitalCorp Ventures Pte Ltd, an investment advisory firm. He is currently Singapore's non-resident Ambassador to Argentina. From 1994 to 2008, Dr. Leong held various positions, including as COO/Executive Director of Far East Organization (FEO), CEO of Orchard Parade Holdings Ltd, and CEO of Yeo Hiap Seng Ltd. under the FEO group of companies. From 1984 to 1993, he worked in the venture capital and merchant banking sector. From 1977 to 1983, he was a Deputy Director at the Ministry of Finance and Ministry of Trade & Industry. Dr. Leong was a Member of Parliament for 22 years from 1984 to 2006.

Dr. Leong holds a Bachelor's degree in Production Engineering from Loughborough University, UK; a Bachelor's degree in Economics from London University; a Bachelor's degree in Chinese Language & Literature from Beijing Normal University; a Master of Business Administration (MBA) from INSEAD; and a Master of Business Research (MBR) and a Doctor of

Business Administration (DBA) from the University of Western Australia, Australia.

■ **MS. JENNIE CHUA**

**Deputy Chairman, Non-Executive And Independent Director
Chairman, Nominating & Remuneration Committee
Member, Audit & Risk Committee**

Ms. Chua is the Chairman of Woodlands Health Campus Development Committee and Vanguard Healthcare. She is also the Chairman of the Singapore Film Commission Advisory Committee and Temasek Foundation International Executive Board, as well as a board member of TF IPC Ltd and Maribank Singapore Pte Ltd. Ms. Chua also previously served as Non-Executive Director of CapitaMalls Asia Limited and Ascott Residence Trust. She currently serves as the Non-Executive Director of CapitaMalls Asia Limited. Ms. Chua is also a Board Director of MOH Holdings, and sits on its Healthcare Infrastructure and Planning Committee. Previous positions held by her were Chairman of Raffles Hotel, President & CEO of Raffles Holdings, Chairman

of Raffles International, President & CEO of The Ascott Group, and board member of GuocoLand Limited, GL Limited, and Far East Orchard Limited.

Ms. Chua holds a Bachelor of Science degree from the School of Hotel Administration, Cornell University, New York, USA.

■ **MR. EUGENE LAI**

**Non-Executive And Lead Independent Director
Chairman, Audit & Risk Committee
Member, Nominating & Remuneration Committee**

Mr. Lai is currently Chairman of Boardroom Pte Ltd, and Non-Executive Director of Heliconia Capital. He has extensive experience in private equity, investment banking and business, including as Managing Director & Co-Managing Partner of Southern Capital Group, where he was from 2007 to 2022.

Mr. Lai was also Managing Director of JP Morgan, CEO of The Ascott Group Limited, and Managing Director of the Carlyle Group Asia. Mr. Lai has served on the board of several other SGX-listed companies as well as non-profit organizations.

Mr. Lai holds a Masters in Christian Studies (Cum Laude) from the Biblical Graduate School of Theology, a Master of Laws from Harvard University, and a Bachelor of Laws (First Class Honours) from The London School of Economics & Political Science, London University.

■ **MRS. TRINA LOH**

**Non-Executive And Independent Director
Member, Nominating & Remuneration Committee**

Mrs. Trina Loh was the Group Managing Director of GuocoLand (Singapore) Pte. Ltd. She joined GuocoLand in 1999 and retired in 2013. She was the General Manager of Wheelock Property Development Ltd from 1994 to 1999. Prior to this, she was living overseas, and worked in the Investment Property Data Bank, an established portfolio analyst firm in London. She has more than 30 years of real estate experience in various countries, including Singapore, United Kingdom, New Zealand, and China.

■ **MS. HOO SHEAU FARN**

**Non-Executive And Independent Director
Member, Audit & Risk Committee**

Ms. Hoo is a Partner at Allen & Gledhill LLP, and her areas of practice include REITs, property acquisitions,

property investments, and leasing. She has advised REITs and property funds on acquisitions of real properties in Singapore and the region; such as office units and buildings, commercial buildings, and healthcare buildings. Ms. Hoo has also advised multinational corporations on acquisition and leasing of commercial and industrial buildings, as well as government-linked corporations on acquisition and divestment of real properties.

Ms. Hoo was admitted as an advocate and solicitor of the Supreme Court of Singapore in 1990 and holds a Bachelor of Laws (Honours) degree from the National University of Singapore.

■ **MR. BERNARD PHANG**

**Non-Executive And Independent Director
Member, Audit & Risk Committee**

Mr. Phang was Managing Director at Singapore's sovereign wealth fund GIC Pte. Ltd, where for three decades he held key senior leadership positions covering the markets of Americas, Europe, and Asia. He was head of Strategic Planning and Research, which formulated the strategic direction of GIC's global real estate portfolio. He also held the position of Head of Investments for Europe, where he was responsible for formulating investment strategies, growing the team, and executing investment plans.

Mr. Phang currently serves as an Independent Non-Executive Director on the board of Frasers Logistics and Commercial Asset Manager Pte Ltd, the asset manager for Frasers Logistics and Commercial Trust. He has previously served on the Executive Committee of ULI (Urban Land Institute) Singapore, and lectured part-time at NUS (National University of Singapore) Business School.

An alumnus of Harvard Business School, Mr. Phang has over 30 years of investment experience in the Americas, Europe, and Asia. He has an extensive background in portfolio strategy and risk, investment and asset management, as well as real estate and private equities. Mr. Phang is qualified as a CFA (Chartered Financial Analyst) and Chartered Accountant.

■ **MR. RAY FERGUSON**

**Non-Executive And Independent Director
Member, Nominating & Remuneration Committee**

Mr. Ferguson has had an extensive career in banking, having been with Standard Chartered Bank for 28



BOARD OF DIRECTORS

years, with experience in the markets of Asia, Americas, Middle East, and Europe. In addition to his last role as CEO of Standard Chartered Bank Singapore, Mr. Ferguson was also its Regional Chief Executive Officer, Southeast Asia from 2007 to 2012. He also served as Chairman and Director of several Standard Chartered Bank subsidiary boards. From 2014 to 2017, Mr. Ferguson was Group Deputy CEO and Group Chief Banking Officer of Bank ABC (Arab Banking Corporation BSC) a global bank based in Bahrain.

Mr. Ferguson is currently the Chairman and Independent Non-Executive Director at leading homegrown financial services company, Singapore Life Holdings Pte. Ltd., formed by the merger of Singlife and Aviva Singapore (2017 to Present). He also holds the non-executive chairmanship at alternative asset manager Caber Partners Pte. Ltd (2017 to Present), commodities trading firm HeveaConnect Pte. Ltd (2019 to Present), and fintech company Hashtacs Pte. Ltd (2020 to Present).

■ MR. GERALD YONG

Non-Executive And Non-Independent Director
Member, Audit & Risk Committee
Member, Nominating & Remuneration Committee

Mr. Yong is the Chief Executive Officer of Cuscaden Peak Investments Private Limited (formerly known as Singapore Press Holdings Limited before it was privatized by Cuscaden Peak on 13 May 2022). He was the Chief Executive Officer (Special Projects) at CapitaLand Group Pte. Ltd. (CLG), and before that, Chief Executive Officer (International) at CapitaLand Investment Limited (CLI), responsible for overseeing the growth and asset management of CLI's real estate portfolio in developed markets outside Singapore. Mr. Yong is a Board Director of Cuscaden Peak Group, Cuscaden Peak Investments Private Limited, M1 Limited, Constellar Holdings Pte Ltd, as well as the Singapore Environment Council.

Mr. Yong holds a Second Class (Upper) Honours degree in Mechanical Engineering from the National University of Singapore on the SembCorp Industries scholarship, as well as an MBA with Distinction from Imperial College Business School, UK, on the Raffles–Chevening Scholarship.

■ MR. NG YAT CHUNG

Non-Executive And Non-Independent Director

Mr. Ng was a Senior Adviser of Cuscaden Peak Investments Private Limited (formerly known as Singapore Press Holdings Limited before it was privatized by Cuscaden Peak on 13 May 2022) until 15 February 2023.

He was the Executive Director and Group CEO of Neptune Orient Lines Ltd from 2011 to 2016, and Senior Managing Director at Temasek Holdings (Private) Limited from 2007 to 2011. Before joining Temasek Holdings, he was the Chief of Defence Force in the Singapore Armed Forces. He was also the Chairman of the Singapore Institute of Technology Board of Trustees, and had served as a Director of Fraser & Neave Limited, and Singapore Technologies Engineering Ltd.

Mr. Ng holds a Bachelor of Arts (Engineering Tripos) and a Master of Arts from Cambridge University, a Master of Military Art and Science (General Studies) from the US Army Command & General Staff College, USA, and an MBA from Stanford University.

■ MS. GINNEY LIM

Non-Executive And Non-Independent Director

Ms. Lim heads the Secretariat/Legal Division and oversees the Group Communications Division of Cuscaden Peak Investments Private Limited ("CPIPL"). She is responsible for the corporate secretarial, legal, compliance, and group communications functions in the CPIPL Group.

She is the Lead Independent Director of Amara Holdings Ltd, a mainboard real estate listed company in Singapore. She is also a director of various subsidiaries in the CPIPL group. She is a member of the NUS Law Advisory Council and the Singapore Institute of Directors Company Secretaries Network. She is also a specialist mediator of the Singapore International Mediation Centre.

Ms. Lim was admitted as an advocate and solicitor of the Supreme Court of Singapore, and holds a Bachelor of Law (Honours) degree from the National University of Singapore. She is also a Fellow in the Institute of Chartered Secretaries and Administrators, and an Associate of the Chartered Insurance Institute. She has completed an executive management programme organized by the Wharton Business School.



FURTHER INFORMATION ON BOARD OF DIRECTORS

■ **DR. LEONG HORN KEE**

Chairman

Non-Executive and Non-Independent Director

Date of first appointment as Director:

10 June 2013

Board Committee served on:

- Nominating & Remuneration Committee (Member)

Current Directorships/Principal Commitments

- IGG Ltd* – Director
- CSC Holdings Limited* – Director
- Singapore Embassy to Argentina – Non-resident Ambassador
- ESR Funds Management (S) Limited (as manager of a listed REIT) – Director

Directorships over the past 5 years (1/9/17 – 31/12/22)

- Tat Hong Holdings Ltd* (date of cessation 20.07.2018) – Director
- Viva Industrial Trust Management Pte Ltd* (as manager of a listed REIT) (date of cessation 07.02.2019) – Director

■ **MS. JENNIE CHUA**

Deputy Chairman

Non-Executive and Independent Director

Date of first appointment as Director:

15 August 2022

Board Committee served on:

- Audit & Risk Committee (Member)
- Nominating & Remuneration Committee (Chairman)

Current Directorships/Principal Commitments:

- Maribank Singapore Pte Ltd – Director
- MOH Holdings Pte Ltd – Director
- Singapore Embassy to the Kingdom of Spain – Non-resident Ambassador

Directorships over the past 5 years (1/9/17 – 31/12/22)

- Guocoland Limited* (date of cessation 04.08.2022) – Director
- GL Limited* (delisted from SGX-ST in June 2021) – Director
- Far East Orchard Limited* (date of cessation 31.12.2022) – Director

■ **MR. EUGENE LAI**

Non-Executive And Lead Independent Director

Date of first appointment as Director:

15 August 2022

Board Committee served on:

- Audit & Risk Committee (Chairman)
- Nominating & Remuneration Committee (Member)

Current Directorships/Principal Commitments:

- Boardroom Pte Ltd – Director
- Boardroom Holdings Australia Pte Ltd – Director
- Heliconia Capital Management Pte Ltd – Director
- Securities Industrial Council – Council Member

Directorships over the past 5 years (1/9/17 – 31/12/22)

- AIMS AMP Capital Industrial REIT Management Limited* (date of cessation 20.02.2019) – Director
- Perennial Real Estate Holdings Limited* (date of cessation 14.09.2020) – Director
- Southern Capital Equity Limited* (date of cessation 01.04.2022) – Director

■ **MRS. TRINA LOH**

Non-Executive and Independent Director

Date of first appointment as Director:

1 December 2020

Board Committee served on:

- Nominating & Remuneration Committee (Member)

Current Directorships/Principal Commitments

- Temasek Foundation (Ecosperity) CLG Limited – Director
- Securities Industry Council – Council Member

Directorships over the past 5 years (1/9/17 – 31/12/22)

- Singapore Pools Pte Ltd (2014 - 2020) – Director



FURTHER INFORMATION ON BOARD OF DIRECTORS

■ **MS. HOO SHEAU FARN**

Non-Executive and Independent Director

Date of first appointment as Director:
26 September 2018

Board Committee served on:

- Audit & Risk Committee (Member)

Current Directorships/Principal Commitments
Nil

Directorships over the past 5 years (1/9/17 – 31/12/22)
Nil

■ **MR. BERNARD PHANG**

Non-Executive and Independent Director

Date of first appointment as Director:
1 December 2021

Board Committee served on:

- Audit & Risk Committee (Member)

Current Directorships/Principal Commitments

- Frasers Logistics & Commercial Asset Management Pte Ltd* – Director

Directorships over the past 5 years (1/9/17 – 31/12/22)
Nil

■ **MR. RAY FERGUSON**

Non-Executive and Independent Director

Date of first appointment as Director:
1 December 2021

Board Committee served on:

- Nominating & Remuneration Committee (Member)

Current Directorships/Principal Commitments

- Singapore Life Ltd* – Director
- Singapore Life Holdings Pte Ltd – Director
- Caber Partners Pte Ltd – Chairman

Directorships over the past 5 years (1/9/17 – 31/12/22)

- Halcyon Agri Corporation Limited* (date of cessation 23.04.2019) – Director

■ **MR. GERALD YONG**

Non-Executive and Non-Independent Director

Date of first appointment as Director:
15 August 2022

Board Committee served on:

- Audit & Risk Committee (Member)
- Nominating & Remuneration Committee (Member)

Current Directorships/Principal Commitments

- Constellar Holdings Pte Ltd – Director
- Cuscaden Peak Investments Pte Ltd – Director
- Cuscaden Peak Pte Ltd – Director
- Cuscaden Peak Two Pte Ltd – Director
- M1 Limited – Director
- Singapore Environmental Council – Board Member

Directorships over the past 5 years (1/9/17 – 31/12/22)

- CapitaLand Singapore Management Limited (date of cessation 16.08.2019)
- The Ascott Holdings Limited (date of cessation 16.08.2019)
- Ascott REIT Investment Pte Ltd (date of cessation 01.04.2019)

■ **MS. GINNEY LIM**

Non-Executive and Non-Independent Director

Date of first appointment as Director:
10 June 2013

Board Committee served on:
Nil

Current Directorships/Principal Commitments

- Amara Holdings Limited – Director
- NUS Advisory Council – Member

Directorships over the past 5 years (1/9/17 – 31/12/22)

- 701 Search Pte Ltd – Alternate Director
- Waterbrooks Consultants Pte. Ltd. – Director
- Straits Retail Property Management Services Pte Ltd – Director



MANAGEMENT TEAM



From left
MR. MARC ANG JUNJIE ■ **MS. SUSAN LENG MEE YIN** ■ **MS. BELINDA ZHENG QINYIN** ■ **MR. BENJAMIN KUAH HSIEN YIAO**

MS. SUSAN LENG MEE YIN

Chief Executive Officer
PARAGON REIT Management Pte. Ltd.

Ms. Leng was appointed CEO of PARAGON REIT Management Pte. Ltd. in 2013. Ms. Leng has 16 years of aggregate experience in shopping centre management and property development, 8 years of accounting and finance experience, and 9 years of experience in Real Estate Investment Trust. Ms. Leng began her career as an auditor with Coopers & Lybrand, and was also Accounting Manager with Scotts Holdings Limited, before she made a career change to shopping centre management in 1992. Since then, she has held various appointments, including General Manager of Scotts Shopping Centre, Director of Retail Management with Far East Organisation, and General Manager of Capitol Investment Holdings. She was also the General Manager of Orchard

290 Ltd, a wholly-owned subsidiary of the former Singapore Press Holdings Limited (SPHL), from 1997 to 2004. She was a pioneer member of the management team which redeveloped Paragon and The Promenade into a fully integrated premier upscale retail mall that includes a prestigious medical and office tower. She is a Fellow of the Chartered Association of Certified Accountants (FCCA), UK. Ms. Leng is a director of PARAGON REIT (Investments) Pte Ltd, a subsidiary of Cuscaden Peak Investments Private Limited.

MR. BENJAMIN KUAH HSIEN YIAO

Chief Financial Officer & Head, Investor Relations
PARAGON REIT Management Pte. Ltd.

Mr. Kuah was appointed Chief Financial Officer and Head of Investor Relations of PARAGON REIT Management Pte. Ltd. in January 2019.



MANAGEMENT TEAM

Mr. Kuah has over 15 years of finance and accounting experience. Mr. Kuah's latest appointment before joining PARAGON REIT Management Pte. Ltd. was Group Financial Controller of Nanshan Group Singapore, in which he was responsible for the group's real estate business and property development projects in Singapore. Prior to that, he was with Stamford Land Corporation, handling the group's hotel assets and property development projects in Australia and New Zealand. Mr. Kuah started his career at PricewaterhouseCoopers Singapore where he spent two years seconded to the PricewaterhouseCoopers Macao office. Mr. Kuah holds a Bachelor of Accountancy degree from Nanyang Technological University. He is a member of the Institute of Singapore Chartered Accountants.

MS. BELINDA ZHENG QINYIN

Investment Manager
PARAGON REIT Management Pte. Ltd.

Ms. Zheng was appointed the Investment Manager of SPH REIT Management Pte. Ltd. in 2013. Ms. Zheng has over 15 years of experience in investment and financial services. Before this appointment, she was with the former Singapore Press Holdings Limited (SPHL) handling property transactions, including government land bids and private treaties. Besides property transactions, she was also involved in growing SPHL's other business segments through joint venture partnerships as well as mergers and acquisitions. Ms. Zheng began her career as an auditor at Deloitte & Touche and subsequently moved into

financial services advisory at Deloitte & Touche Corporate Finance, where she advised clients on valuations, mergers and acquisitions, as well as initial public offerings. Ms. Zheng holds a Masters in Applied Finance from Macquarie University, Sydney, Australia, and a Bachelor of Commerce (Accounting & Finance) from the University of Queensland, Brisbane, Australia.

MR. MARC ANG JUNJIE

Asset Manager
PARAGON REIT Management Pte. Ltd.

Mr. Ang was appointed the Asset Manager of PARAGON REIT Management Pte. Ltd in 2021. Mr. Ang has over 10 years of experience in real estate asset management and investment. Before this appointment, he was with Virtuous Retail South Asia as Asset Manager, overseeing a portfolio of retail assets across India. Prior to that, he was with Straits Real Estate, where he was involved in asset management and investments of retail, residential and office assets across Asia. Mr. Ang holds a Bachelor of Business Management from Singapore Management University.



PROPERTY MANAGEMENT TEAM



1
MR. DAMIAN WEE

Head, Leasing (Suburban)

2
MR. TAN POH SENG

Deputy General Manager

3
MS. JAYLYN ONG

General Manager

4
MS. PAULINE LOH

Head, Leasing (Paragon)

5
MR. FRANCIS LIM

Head, Facilities &
Projects Management

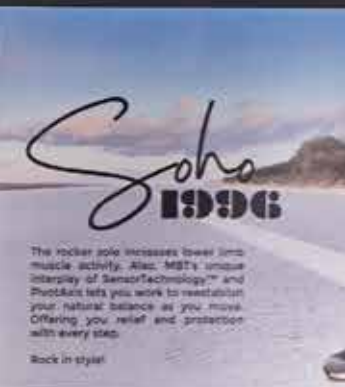


WALKING



OUTDOOR





SEIZING OPPORTUNITIES

**Making the right moves
through a proactive capital
management strategy**

OPERATIONS REVIEW

CHANGE OF FINANCIAL YEAR END TO 31 DECEMBER

PARAGON REIT announced on 29 July 2022 that it will change its financial year end from 31 August to 31 December. Financial year 2022 is a 16-month period from 1 September 2021 to 31 December 2022 ("16M FY2022").

OVERVIEW

PARAGON REIT's proactive leasing strategy, amidst the geopolitical and global economic uncertainties, contributed to the portfolio's strong occupancy at 98.5%. In addition, a consistently high tenant retention ratio of 80.7% was achieved for the year; a reflection of tenants' confidence in our assets. These are the fundamentals of the Manager's leasing strategy to manage its properties for sustainable financial performance and organic growth, which revolves around building strong business relationships with retailers, and tactically revitalising the tenant mix of its properties.

Through active asset management, the Manager seeks to protect the interests of unitholders, tenants, and shoppers, while staying at the forefront of retail mall trends, and the changing demands of customers at PARAGON REIT properties.

Since the beginning of 2022, COVID-19 social distancing measures, and restrictions of international travel were substantially lifted in Australia. In Singapore, social distancing measures were lifted, and international travel from most destinations were also relaxed by May 2022.

This sets the backdrop for a gradual recovery of shoppers' and retailers' confidence. The pace of negative rental reversion for the portfolio slowed down from -8.4% in FY2021 to -4.1% for 16M FY2022. The portfolio weighted average lease expiry ("WALE") held steady at 5.2 years by net lettable area ("NLA") and 2.8 years by gross rental income ("GRI").

Footfall at the Singapore assets saw an increase of 23.5% for 16M FY2022 over the corresponding 16-month period from 1 September 2020 to 31 December 2021 ("CP2021"). On the same comparable period, tenant sales for Paragon and The Clementi Mall registered improvements by 31.3% and 10.4% for 16M FY2022, respectively.

Footfall at the Australia assets was flat for 16M FY2022 over CP2021, however, tenants registered higher sales of 7.0%. Westfield Marion's tenant sales rose 6.9% for 16M FY2022 over CP2021. Figtree Grove's tenant sales registered an increase of 7.3% for 16M FY2022 over CP2021.





OPERATIONS REVIEW

SINGAPORE PARAGON

A premier upscale retail mall, strategically located in the heart of Orchard Road with prime Orchard Road frontage, continues to be the location-of-choice for both international retailers as well as established F&B groups.

Paragon reinforced its upscale positioning, with Zegna and Ferragamo investing in a total retrofit to introduce their latest store designs. Swarovski, a premier crystal jewelry retailer, also opened at Paragon. Aigner, a German luxury premium leather goods brand, staged a return to Singapore with the opening of its new flagship store in Paragon. French furniture brand Roche Bobois added to the array of quality home furnishing stores.

F&B outlets were curated with a variety of cuisines for shoppers. Two new Japanese concepts were introduced, including Kuroki on level 5, which specialises in grilled meat, and Aburi-en, a casual donburi restaurant in the basement.

Takeaway offerings were widened with the opening of Wu Pao Chun, a Taiwanese artisan bakery; Kuriya, a sushi & sashimi specialist; and Coco Cado, with its signature coconut & avocado shakes.

Paragon's atrium was the exclusive venue for Gucci, Prada, and Cortina Watch to hold their special events. Gucci launched "GucciTiger", a limited-edition collection of its ready-to-wear accessories. "Prada Shine", a Christmas collection with all things in "gold" was also exclusively showcased in Paragon. Cortina Watch celebrated its 50th anniversary with two exclusive exhibitions by Chopard and Franck Muller. Limited edition timepieces were introduced at these events.

Paragon saw footfall increase 20.4% to 18.8 million for 16M FY2022 from 15.6 million for CP2021. Similarly, tenant sales for Paragon registered a 31.3% improvement to S\$895 million for 16M FY2022 over CP2021, with occupancy costs of 18.6%.

For the 12 months ended 31 December 2022 ("CY2022"), footfall saw a 29.2% year-on-year ("yoy") increase to 14.6 million from 11.3 million. Correspondingly, tenant sales also registered a 44.8% yoy increase to S\$713 million.

Occupancy as at 31 December 2022 stood at 99.9%.

THE CLEMENTI MALL

The Clementi Mall welcomed Uniqlo, a Japanese casual fashion wear store known for its functional, stylish, and quality wardrobe essentials.

F&B offerings were strengthened with the addition of Biggby Coffee, an American coffee chain offering barista coffee, hot chocolate, tea, smoothies, bagels, and muffins; Madly Good Café, a café famous for their waffles and French toast desserts; as well as Krispy Kreme, an American-branded donut shop.

As the Singapore workforce gradually returned to their offices, The Clementi Mall, located in a well-established residential estate and education hub (being in close proximity to several tertiary education institutions), enjoyed a 25.9% increase in footfall to 25.6 million for 16M FY2022 from 20.3 million for CP2021. In the same comparable period, tenant sales also registered a 10.4% improvement to S\$323 million for 16M FY2022, with occupancy costs of 16.3%.

For CY2022, footfall increased 35.2% yoy to 20.6 million from 15.2 million. Correspondingly, tenant sales also registered an 11.9% yoy increase to S\$247 million.

Occupancy as at 31 December 2022 stood at 100.0%.





THE RAIL MALL

The Rail Mall's diverse F&B concepts offer a unique "shophouse style" dining destination to the Hillview and Upper Bukit Timah community. It is located next to one of the key access points to the Rail Corridor, and serves as a dining option for hikers and cyclists.

The Rail Mall is a strip mall comprising 43 shop units, and is fully occupied with 30 tenancies. It is an established F&B destination with 20 dining options. These F&B options were further enhanced with the opening of Starbucks; Crave Nasi Lemak, an established Singapore F&B brand; and Hitoyoshi Yoshi Yakiniku & Mart, a Japanese grilled meat restaurant which also retails products imported from Japan.

Being a strip mall, footfall data is not collected. Assessment of the asset's performance is based on tenant sales. 16M FY2022 tenant sales was S\$42.3 million, with occupancy costs of 16.4%.

Occupancy as at 31 December 2022 stood at 100.0%.

AUSTRALIA

WESTFIELD MARION

Westfield Marion is a dominant regional shopping centre. As the largest shopping centre in South Australia, it offers the most comprehensive range of retailers and services.

Tenancy mixes are continually refreshed with the introduction of F&B concepts such as Betty's Burgers, a popular Australian burger restaurant famous for its fresh customisable burgers; Haigh's Chocolate store, Australia's oldest family-owned fine chocolate maker established since 1915; Kintaro Sushi, a quick and healthy sushi restaurant; and Kicco, a specialised local coffee house.

Billini, an Australian woman's fashion footwear and accessory retailer, opened its first South Australian

store in Westfield Marion. 3Wishes, makers of fine fragranced wax candles complemented the home furnishing offerings. In the children's category, Westfield Marion also welcomed Trybe, a national retailer; and Dream Cuts, a vibrant children's salon.

Westfield Marion's dominance was strengthened with the introduction of 2 international brands, including Nespresso, which opened its second store in South Australia; and Lululemon, a Canadian athleisure apparel retailer which opened its third store.

South Australia was not significantly impacted by COVID-19 lockdowns; footfall at Westfield Marion grew marginally by 1% to 16.0 million for 16M FY2022 from 15.8 million for CP2021. For the same comparable period, tenant sales saw a 6.9% improvement to A\$1,078 million for 16M FY2022, with occupancy costs of 11.6%.

For CY2022, footfall saw a 1.6% yoy increase to 11.7 million and tenant sales registered an 8.1% yoy increase to A\$795 million.

Occupancy as at 31 December 2022 stood at 97.4%.

FIGTREE GROVE

Figtree Grove, an established sub-regional shopping centre, serves its immediate residential catchment as well as a hospital community with more than 500 beds.

Figtree Grove is located in Wollongong in the state of New South Wales, which saw two major COVID-19 lockdowns. Figtree Grove's resilience was demonstrated by the retention of its tenancies and high occupancy rate.

During the year, Figtree Grove secured Lovisa, an Australian fashion accessories retailer, as the first store in Wollongong suburbs.

The impact of the lockdowns led to a 3.8% decline in footfall to 5.2 million for 16M FY2022 from 5.4 million for CP2021. However, on the same comparable period, Figtree Grove registered a 7.3% increase in tenant sales to A\$246 million for 16M FY2022, with occupancy costs of 7.8%, reflecting its position as a shopping destination for its immediate catchment.

For CY2022, footfall saw a 6.0% yoy increase to 4.0 million. Correspondingly, tenant sales also registered a 15.4% yoy increase to A\$189 million.

Occupancy as at 31 December 2022 stood at 99.4%.

OPERATIONS REVIEW

SUMMARY OF RENEWALS/NEW LEASES FOR 16M FY2022

	No. of renewals/new leases	Retention rate	NLA renewed/new leases ('000 sq ft)	% of properties NLA	Change compared to preceding rental rates
SINGAPORE					
Paragon	151	77.4%	257	35.8%	-4.2%
The Clementi Mall	58	72.4%	44	22.7%	-1.2%
The Rail Mall	18	72.2%	19	38.9%	12.9%
Singapore assets	227	75.8%	320	33.3%	-3.3%
AUSTRALIA					
Westfield Marion	78	87.0%	137	9.2%	-7.5%
Figtree Grove	28	96.4%	53	22.4%	-5.3%
Australia assets	134	89.0%	190	11.0%	-7.0%

PORTFOLIO OCCUPANCY

	As at 31 August 2021	As at 31 December 2022
SINGAPORE		
Paragon	99.1%	99.9%
The Clementi Mall	99.9%	100.0%
The Rail Mall	92.2%	100.0%
Singapore assets	98.9%	99.9%
AUSTRALIA		
Westfield Marion	98.8%	97.4%
Figtree Grove	99.1%	99.4%
Australia assets	98.8%	97.7%



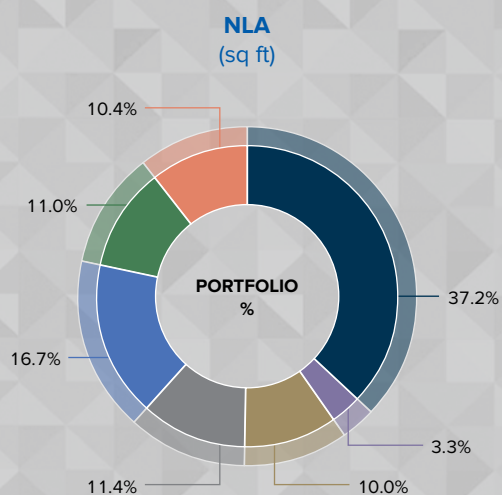
PORTFOLIO LEASE EXPIRY AS AT 31 DECEMBER 2022

	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027 and beyond
SINGAPORE						
By no. of lease expiry	0%	18%	35%	28%	16%	2%
By NLA	0%	14%	38%	22%	18%	7%
By Gross Rental Income	0%	12%	38%	21%	18%	11%
AUSTRALIA						
By no. of lease expiry	6%	39%	18%	13%	9%	16%
By NLA	2%	12%	7%	6%	4%	69%
By Gross Rental Income	0%	25%	17%	12%	7%	41%
Portfolio Total						
By no. of lease expiry	3%	28%	27%	21%	13%	9%
By NLA	2%	13%	18%	11%	9%	47%
By Gross Rental Income	0%	17%	30%	18%	14%	21%

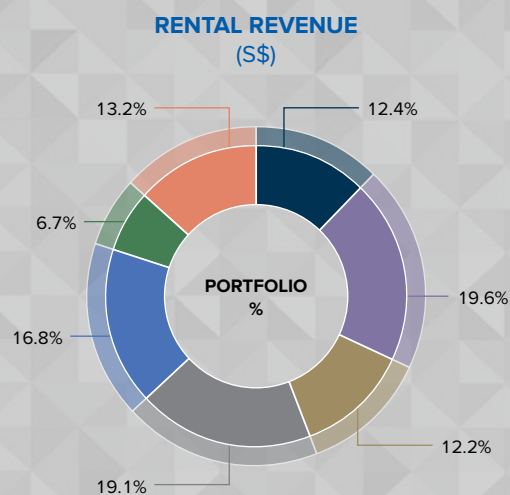
TOP 10 TENANTS AS AT 31 DECEMBER 2022

PARAGON REIT's portfolio top 10 tenants contributed 18.5% of gross rental income for the month of December 2022. The top 10 tenants by gross rental income are listed below.

	Tenant	Trade sector	Lease expiry (Year)	% of total GRI
1	Tenant A	Department Stores & Supermarket	1H2024	3.1%
2	Tenant B	Department Stores & Supermarket	Between 1H2025 & 2H2036	3.1%
3	Tenant C	Luxury brands, jewellery, watches	Between 2H2024 & 1H2027	2.9%
4	Tenant D	Department Stores & Supermarket, Lifestyle	Between 1H2023 & 1H2026	2.0%
5	Tenant E	Luxury brands, jewellery, watches	1H2024	1.6%
6	Tenant F	Luxury brands, jewellery, watches	2H2024	1.3%
7	Tenant G	Luxury brands, jewellery, watches	Between 1H2025 & 2H2027	1.2%
8	Tenant H	Department Stores & Supermarket	Between 2H2023 & 1H2033	1.1%
9	Tenant I	Department Stores & Supermarket	Between 1H2024 & 1H2028	1.1%
10	Tenant J	Luxury brands, Lifestyle	1H2026	1.1%



- Departmental Stores & Supermarket
- Luxury Brands, Jewellery & Watches
- Fashion, Handbags, Shoes, Accessories & Optical
- Food & Beverage



- Lifestyle/ General Retail
- Non-Retail Services
- Medical Suite / Office



**Unlocking greater value
with effective asset
enhancement strategy**



OPTIMISING POTENTIAL







FINANCIAL REVIEW

CONSOLIDATED STATEMENT OF NET INCOME AND DISTRIBUTION

For the financial period ended 31 December 2022

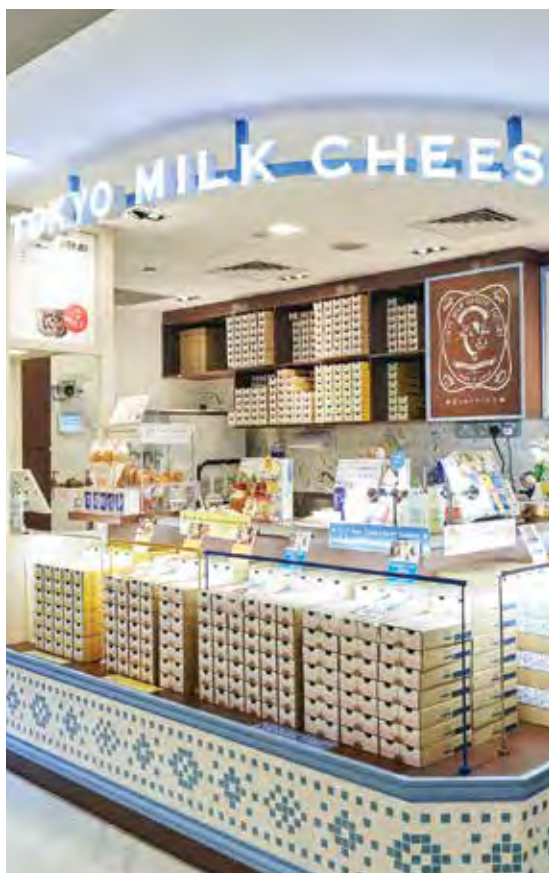
	16M FY2022 S\$'000	FY2021 S\$'000	Change %
Gross revenue ¹	376,411	277,179	35.8
Property operating expenses	(96,482)	(74,552)	29.4
Net property income	279,929	202,627	38.1
Manager's management fees	(27,971)	(20,434)	36.9
Investment management fees	(3,885)	(2,950)	31.7
Trust expenses ²	(3,684)	(1,995)	84.7
Impairment loss on trade receivables ³	(732)	(2,823)	(74.1)
Finance income	1,181	200	NM
Finance costs ⁴	(35,562)	(23,994)	48.2
Grant income ⁵	–	2,903	NM
Grant expense ⁵	–	(2,903)	NM
Net income	209,276	150,631	38.9
Fair value change on investment properties ⁶	33,780	3,421	NM
Net foreign currency exchange differences ⁷	4,131	(567)	NM
Total return before taxes and distribution	247,187	153,485	61.0
Less: income tax ⁸	(3,688)	(1,397)	NM
Total return after taxes and before distribution	243,499	152,088	60.1

NM Not Meaningful

During the financial period, PARAGON REIT changed its financial year end from 31 August to 31 December and accordingly, the financial statements for the current period cover a period of 16 months from 1 September 2021 to 31 December 2022 ("16M FY2022"). The prior financial period relates to the 12 months from 1 September 2020 to 31 August 2021 ("FY2021"). Therefore, the figures are not entirely comparable.

Notes:

- The gross revenue includes rental waivers and reliefs granted by landlord to eligible tenants in Singapore affected by COVID-19. Included rental assistance of approximately S\$3.6 million (FY2021: S\$10.0 million) for eligible tenants to cushion the impact of the COVID-19 pandemic for the period ended 31 December 2022.
- 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. This also includes additional legal & others professional fees arising from the chain offer incurred in 16M FY2022.
- The impairment loss on trade receivables comprises of the allowance for rental arrears and reliefs for Singapore and Australia properties.
- Finance costs was higher compared to the corresponding period mainly due to higher interest rates.
The average cost of debt for the Group was 2.05% for 16M FY2022 (FY2021: 1.84%) per annum.
- Grant income in prior year relates to property tax rebates and cash grants from Singapore government as part of the COVID-19 relief measures. Grant expense relates to the property tax rebates and cash grants being passed on to eligible tenants in the form of rental reliefs in FY2021.
- This relates to the fair value change on the investment properties as at 31 December 2022, based on independent valuations conducted by Savills Valuation & Professional Services (S) Pte Ltd (FY2021: Savills Valuation & Professional Services (S) Pte Ltd) for investment properties in Singapore and, CBRE Valuations Pty Ltd (FY2021: CBRE Valuations Pty Ltd and Jones Lang LaSalle Advisory Services Pty Ltd) for investment properties in Australia.
The Group recognised a fair value gain of S\$33.8 million in 16M FY2022. This comprises a fair value gain of S\$34.9 million contributed by the investment properties in Singapore offset by fair value loss of S\$1.1 million mainly due to capital expenditure written down from investment properties in Australia.
- The net foreign currency exchange differences relate mainly to unrealised foreign exchange gain from revaluation of the monetary assets and liabilities that were denominated in Australian dollars and realised gain from cross currency swap.
- This relates mainly to withholding tax payable for Australia.



	16M FY2022 S\$'000	FY2021 S\$'000	Change %
Attributable to:			
Unitholders	225,602	137,348	64.3
Perpetual securities holders ⁹	16,411	12,300	33.4
Non-controlling interests	1,486	2,440	(39.1)
Total return for the period/year	243,499	152,088	60.1

⁹ On 30 August 2019, the Trust issued S\$300.0 million of subordinated perpetual securities (the "Perpetual Securities") at a rate of 4.10% per annum, with the first distribution rate reset falling on 30 August 2024 and subsequent resets occurring every five years thereafter. The Perpetual Securities have no fixed redemption date and redemption is at the option of the Trust in accordance with the terms of issue of the securities. The distribution is payable semi-annually at the discretion of the Trust and is non-cumulative.



FINANCIAL REVIEW

CONSOLIDATED STATEMENT OF NET INCOME AND DISTRIBUTION

For the financial period ended 31 December 2022

	16M FY2022 S\$'000	FY2021 S\$'000	Change %
Total return for the period attributable to unitholders	225,602	137,348	64.3
Add: Non-tax deductible items ¹⁰	(15,418)	14,306	NM
Income available for distribution	210,184	151,654	38.6
Add: Tax-exempt income ¹¹	–	6,149	NM
Distributable income to unitholders	210,184	157,803	33.2
Distribution to unitholders¹²	203,157	150,160	35.3
Distribution per unit (cents) (“DPU”)	7.24	5.40	34.1%



NM Not Meaningful

Notes:

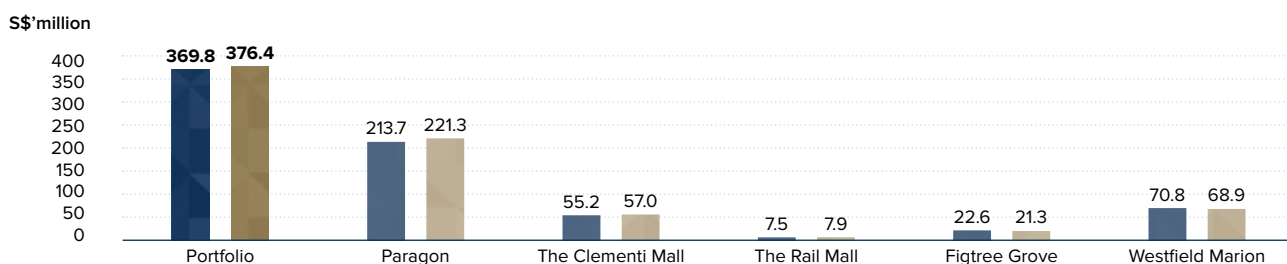
- 10 Non-tax deductible items refer to the Manager's management fees paid/payable in units, trustee's fees, straight-line rental adjustments, amortisation of debt issuance costs, fair value change on investment properties and net income from subsidiaries.
- 11 This relates to the distribution of tax-exempt income from Australia subsidiaries.
- 12 Approximately S\$14.5 million of the income available for distribution for the financial year ended 31 August 2020 has been deferred, as allowed under the COVID-19 relief measures announced by IRAS. The amount was distributed in financial year ended 31 August 2021

16M PERIOD ENDED DEC 2022 (16M FY2022) VS 16M PERIOD ENDED DEC 2021 (CP2021)

GROSS REVENUE

16M FY2022 gross revenue was S\$376.4 million, an increase of S\$6.6 million (1.8%) from CP2021. The increase was attributable to the stronger performance of the Singapore properties.

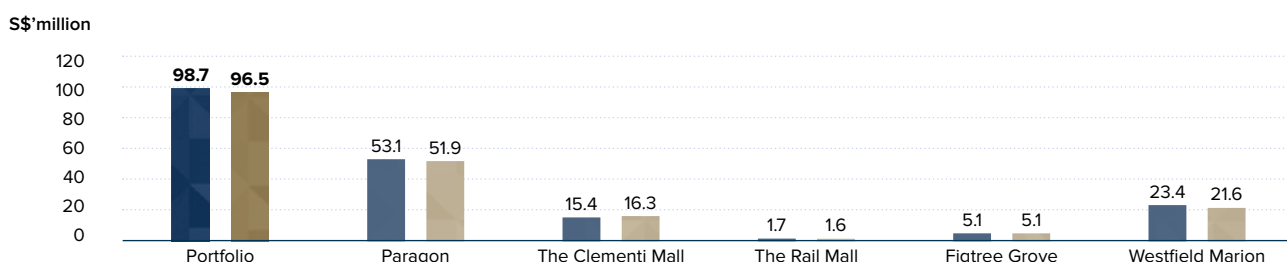
GROSS REVENUE 16M FY2022 vs CP2021



PROPERTY OPERATING EXPENSES

16M FY2022 property operating expenses were S\$96.5 million, a decrease of S\$2.2 million (2.3%) from CP2021.

PROPERTY OPERATING EXPENSES 16M FY2022 vs CP2021

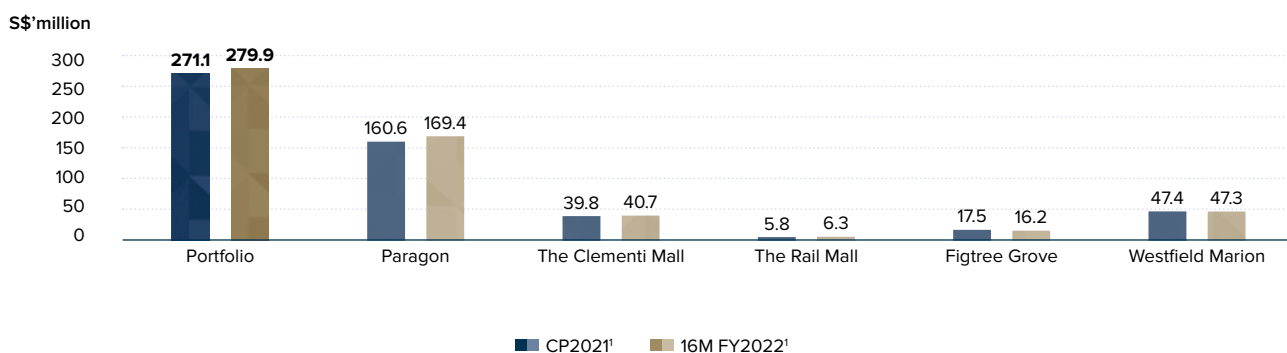


NET PROPERTY INCOME

16M FY2022 net property income ("NPI") was S\$279.9 million, an increase of S\$8.8 million (3.3%) from CP2021.

NPI margin for 16M FY2022 was 74% (CP2021: 73%).

NET PROPERTY INCOME 16M FY2022 vs CP2021



Note:

1 As FY2022 comprised a period of 16 months, comparative figures are for the corresponding 16-month period ended 31 December 2021 ("CP2021").

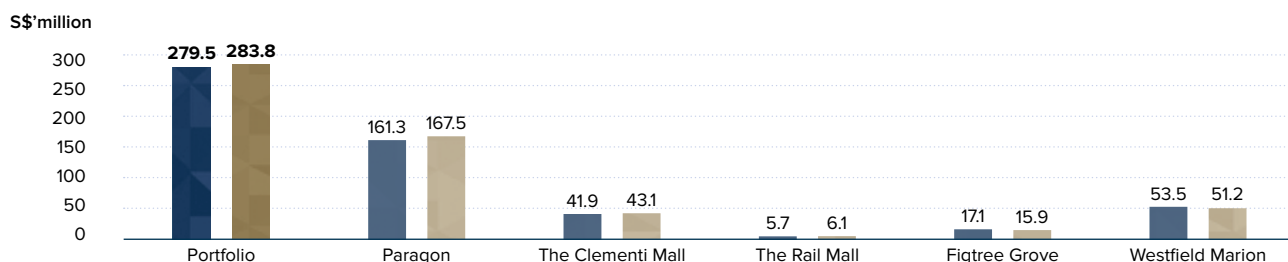
FINANCIAL REVIEW

12M ENDED DEC 2022 (CY2022) VS 12M ENDED DEC 2021 (CY2021)

GROSS REVENUE

CY2022 gross revenue was S\$283.8 million, an increase of S\$4.3 million (1.5%) from CY2021. The increase was mainly from lower rent relief in CY2022 period due to the stabilisation of COVID-19 situation and improved tenant sales performance.

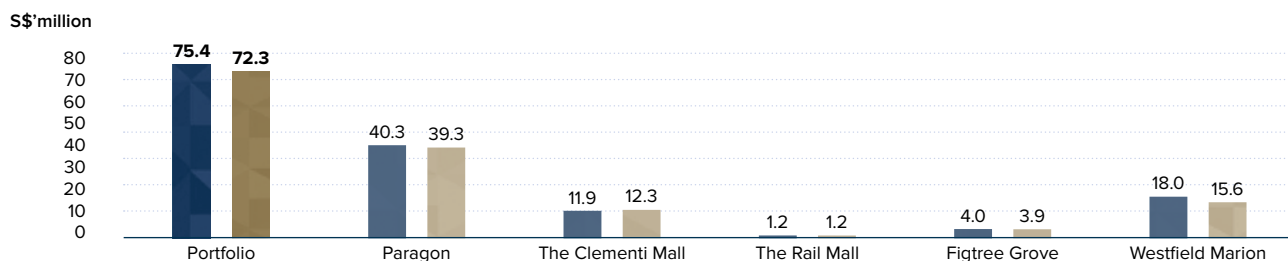
GROSS REVENUE CY2022 vs CY2021



PROPERTY OPERATING EXPENSES

CY2022 property operating expenses were S\$72.3 million, a decrease of S\$3.1 million (4.1%) from CY2021.

PROPERTY OPERATING EXPENSES CY2022 vs CY2021

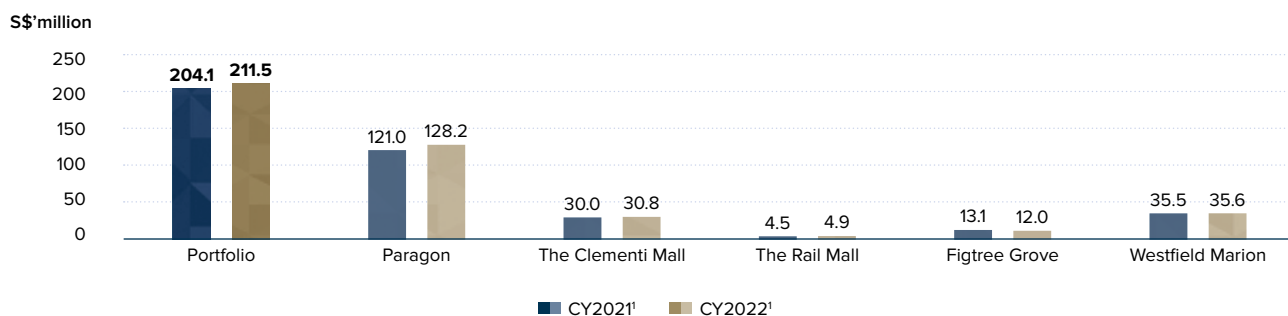


NET PROPERTY INCOME

CY2022 NPI was S\$211.5 million, an increase of S\$7.4 million (3.6%) from CY2021.

NPI margin for CY2022 was 75% (CY2021: 73%).

NET PROPERTY INCOME CY2022 vs CY2021



Note:

As FY2022 comprised a period of 16 months, the following comparative figures are presented:

1 Audited 12-month period ended 31 December 2022 ("CY2022") and unaudited 12-month period ended 31 December 2021 ("CY2021")

DISTRIBUTABLE INCOME TO UNITHOLDERS

Finance costs amounted to S\$35.6 million for 16M FY2022. Higher interest rates led to higher finance costs. The average cost of debt for 16M FY2022 was 2.05% p.a. (FY2021: 1.84% p.a.).

Total return of S\$243.5 million for 16M FY2022 includes the fair value gain on investment properties of S\$33.8 million. Investment properties recorded a fair value gain

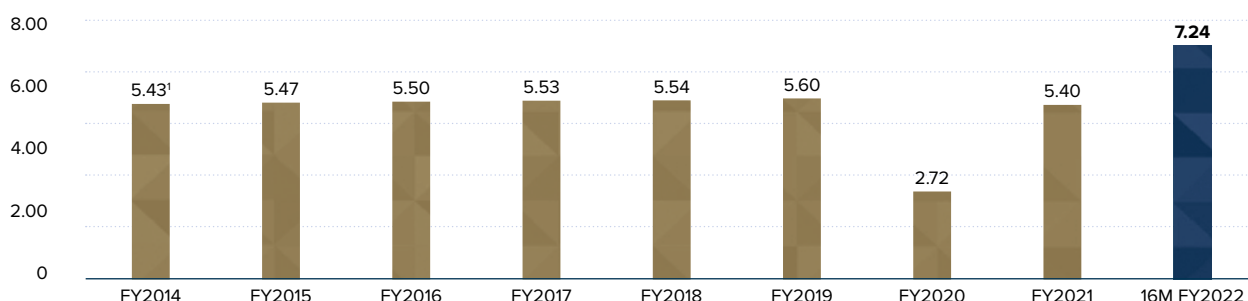
of S\$34.9 million for Singapore and this was offset by a S\$1.1 million loss mainly due to capital expenditure written down from investment properties in Australia. The fair value gain/loss has no impact on the income available for distribution.

Distributable income to unitholders for 16M FY2022 was S\$210.2 million, an increase of S\$52.4 million (33.2%) compared to FY2021.

DISTRIBUTION

Financial Period	16M FY2022 (cents)	FY2021 (cents)	Change (%)
1Q	1.24	1.20	3.3
2Q	1.44	1.24	16.1
3Q	1.45	1.38	5.1
4Q	1.39	1.58	-12.0
4 months ended December 2022	1.72	–	NM
Total	7.24	5.40	34.1

Cents



The aggregate distribution per unit (“DPU”) of 7.24 cents for 16M FY2022 was 34.1% higher than FY2021, with additional DPU payout of 1.72 cents per unit for the 4 months period covering 1 September 2022 to

31 December 2022. This translated to a distribution yield of 6.03%, based on the closing price of S\$0.90 as at 30 December 2022.

Note:

1 Does not include the distribution of 0.56 cents from 24 July 2013 (listing date) to 31 August 2013

FINANCIAL REVIEW

VALUATION OF PROPERTIES

As at 31 December 2022, the portfolio was valued at S\$4.112 billion.

The valuations were performed by Savills Valuation And Professional Services (S) Pte Ltd for investment

properties in Singapore and CBRE Valuations Pty Ltd for investment properties in Australia.

Net asset value per unit as at 31 December 2022 remained at S\$0.91.

Property	Valuation (S\$ million)			Capitalisation Rate (%)	
	31 Dec 2022	31 Aug 2021	Change	31 Dec 2022	31 Aug 2021
Paragon	2,679.0	2,640.0	1.5%	Retail: 4.50% Medical suite/ office: 3.75%	Retail: 4.50% Medical suite/ office: 3.75%
The Clementi Mall	597.5	594.0	0.6%	4.50%	4.50%
The Rail Mall	62.2	62.2	–	6.00%	6.00%
Westfield Marion	589.1 A\$645.0	630.1 A\$640.5	(6.5%) 0.7%	5.50%	5.50%
Figtree Grove	184.5 A\$202.0	196.7 A\$200.0	(6.2%) 1.0%	6.00%	6.00%
PARAGON REIT Portfolio	4,112.3	4,123.0	(0.3%)		

CASH FLOWS AND LIQUIDITY

As at 31 December 2022, PARAGON REIT's cash and cash equivalents amounted to S\$125.6 million.

Net cash generated from operating activities for 16-month financial period ended 31 December 2022

was S\$276.0 million. Net cash used in investing activities was S\$13.4 million, mainly for the asset enhancement project and upgrading of equipment. Net cash used in financing activities was S\$246.4 million, mainly for distribution to unitholders and interest settlements.



CAPITAL MANAGEMENT

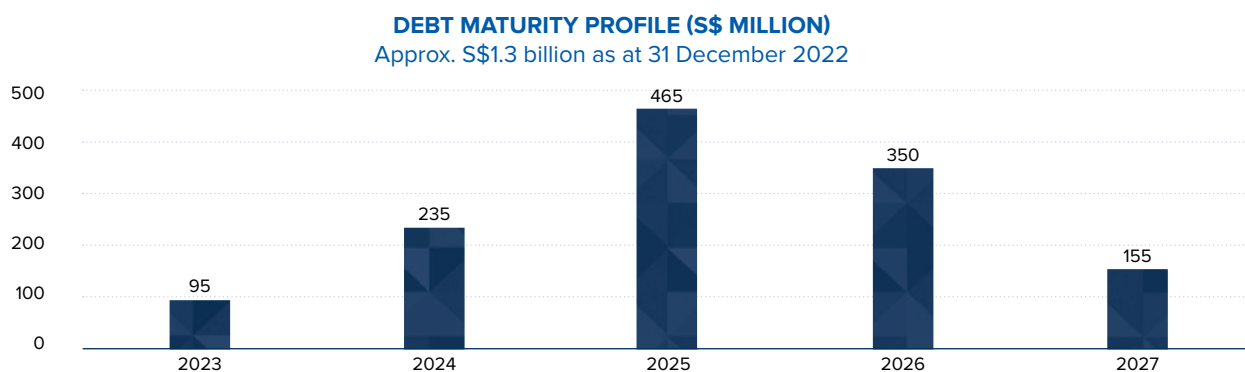
PARAGON REIT and its subsidiaries (the “Group”) have secured term loans amounting to S\$1.3 billion.

The term loans are secured by the following:

- term loan of S\$995 million secured by way of a first legal mortgage on Paragon, first legal charge over the tenancy account and sales proceeds account for Paragon, and an assignment of certain insurances taken in relation to Paragon;
- term loan of A\$105 million secured by way of a legal mortgage on Figtree Grove Shopping Centre; and

- term loan of A\$200 million secured by way of a legal mortgage on Westfield Marion Shopping Centre.

In line with the Group’s prudent capital management strategy, the debt maturity profile is well staggered, without major concentration of debts maturing in any single year. The average term to maturity was 2.8 years and gearing remained low at 29.8%. The average cost of debt was 2.05% p.a. for the financial period ended 31 December 2022.



Key Indicators as at	31 Dec 2022	31 Aug 2021
Gearing ratio	29.8%	30.3%
Interest coverage ratio	6.8 times	7.3 times
Adjusted interest coverage ratio	4.7 times	4.8 times
Weighted average term to maturity	2.8 years	2.9 years
Percentage of Fixed loan	84%	76%
Annualised average all-in interest rate	2.05%	1.84%
Derivative financial instrument ¹ as % of NAV	0.33%	0.15%

Note:

- ¹ The derivative financial instruments refer to the fair value of interest rate swap, cross currency interest rate swaps and cross currency swaps contracts as at balance sheet date.



UNIT PRICE PERFORMANCE

The FTSE Straits Times Index gained 6.42% while the FTSE Straits Times REIT Index declined 15.69% for the period of 1 September 2021 to 31 December 2022 ("16M FY2022"). In comparison, PARAGON REIT's unit price declined 0.55% during the same period.

PARAGON REIT's unit price closed at S\$0.900 on 30 December 2022. Total distribution for 16M FY2022 was 7.24 cents, representing an annualised distribution yield of 6.03%.

KEY STATISTICS

	16M FY2022	CY2022	FY2021
Highest closing price (S\$)	1.040	1.000	0.950
Lowest closing price (S\$)	0.790	0.790	0.725
Year-end closing price (S\$)	0.900	0.900	0.905
Total trading volume (million units)	917.9	586.4	409.3
Average daily trading volume (million units)	2.8	2.4	1.6

RETURN ON INVESTMENT IN PARAGON REIT

	16M FY2022 ¹ Based on closing price of S\$0.900 as at 30 December 2022	CY2022 ² Based on closing price of S\$0.900 as at 30 December 2022	FY2021 ³ Based on closing price of S\$0.905 as at 31 August 2021
(a) Total return	7.49%	-3.97%	9.95%
(b) Capital appreciation	-0.55%	-10.00%	4.02%
(c) Annual distribution yield	8.04%	6.03%	5.93%

1 For 16M FY2022:

- (a) Sum of price appreciation and distribution for 16M FY2022, over the closing price of S\$0.900 as at 30 December 2022.
- (b) Based on closing price of S\$0.900 as at 30 December 2022 and S\$0.905 as at 31 August 2021.
- (c) Based on distribution of 7.24 cents for the 16 months ended 31 December 2022 over the closing price of S\$0.900 as at 30 December 2022.

2 For CY2022:

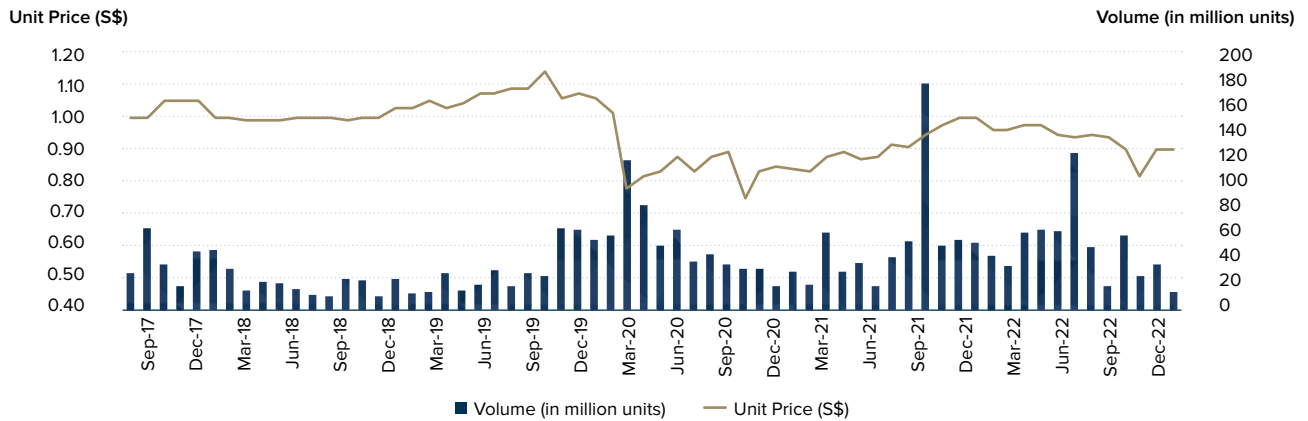
- (a) Sum of price appreciation and distribution for calendar year 2022, over the closing price of S\$0.900 as at 30 December 2022.
- (b) Based on closing price of S\$0.900 as at 30 December 2022 and S\$1.000 as at 31 December 2021.
- (c) Annualised distribution yield based on DPU of 7.24 cents for the 16 months ended 31 December 2022 and closing price of S\$0.90 as at 30 December 2022.

3 For FY2021:

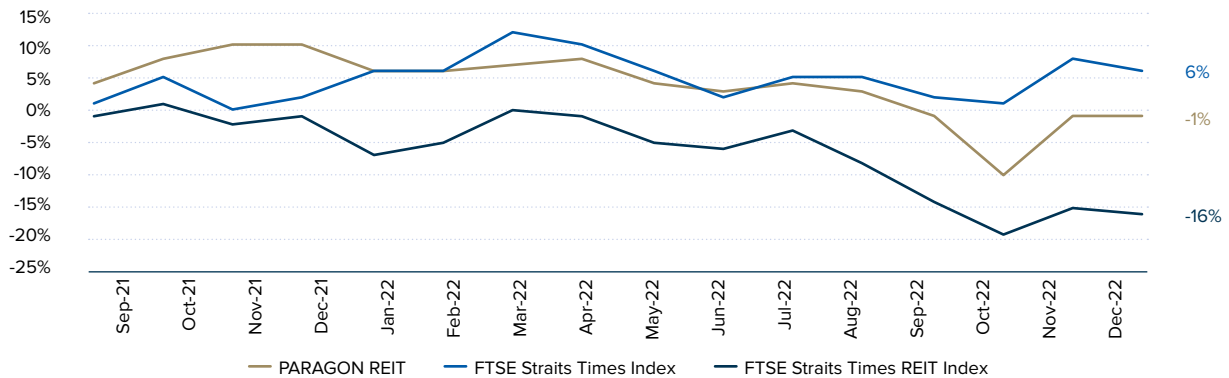
- (a) Sum of price appreciation and distribution for FY2021, over the closing price of S\$0.905 as at 31 August 2021.
- (b) Based on closing price of S\$0.905 as at 31 August 2021 and S\$0.870 as at 31 August 2020.
- (c) Based on distribution of 5.40 cents for the year ended 31 August 2021 over the closing price of S\$0.905 as at 31 August 2021.

MONTHLY SHARE PRICE AND VOLUME

1 September 2017 To 31 December 2022



MONTHLY COMPARATIVE PRICE TRENDS FOR 16M FY2022



Note: The price change was compared to the month-end closing price in August 2021.

Source: Bloomberg

COMPARATIVE YIELDS

PARAGON REIT DPU Yield as at 31 December 2022 ¹	6.03%
FTSE Straits Times REIT Index dividend yield ²	5.0%
FTSE Straits Times Index dividend yield ²	4.11%
CPF (ordinary) account interest rate	2.5%
10-year Singapore government bond yield ³	3.1%

Source: Bloomberg, Monetary Authority of Singapore, Central Provident Fund (CPF) Board

¹ Annualised distribution yield based on DPU of 7.24 cents for 16M FY2022 and closing price of S\$0.90 as at 30 December 2022.

² Based on sum of gross dividends over 12 months for FTSE Straits Times Index and FTSE Straits Times REIT Index as at 30 December 2022

³ As at 30 December 2022



PORTFOLIO REVIEW



PARAGON

290 ORCHARD ROAD
SINGAPORE 238859

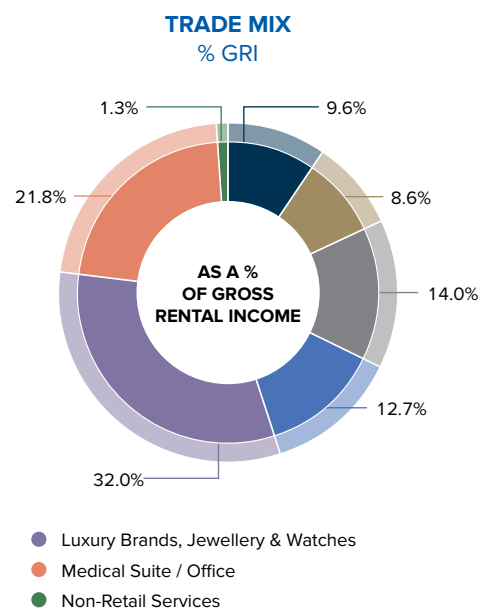
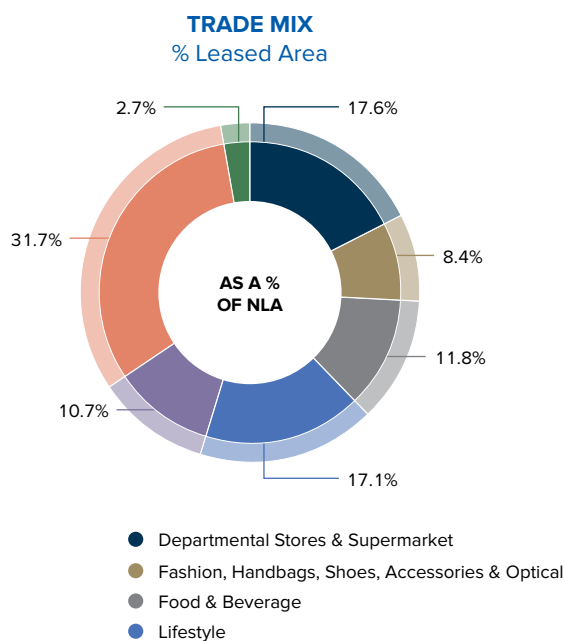
PROPERTY INFORMATION

A 6-storey retail podium with one basement level, together with a 14-storey medical suite/office tower and another 3-storey medical suite/office tower both sitting on top of the retail podium. It also includes a basement carpark.





Net Lettable Area	Retail 494,442 sq ft Medical suites/offices 223,098 sq ft Total 717,540 sq ft
Number of Tenants	299
Car Park Lots	416
Title	99 years commencing 24 July 2013
Gross Revenue¹	S\$221.3 million
Net Property Income¹	S\$169.4 million
Market Valuation	S\$2,679.0 million as at 31 December 2022
Purchase Price	S\$2,500.0 million
Committed Occupancy	99.9% as at 31 December 2022
Key Tenants	PARAGON RETAIL Balenciaga, Burberry, Ferragamo, Givenchy, Gucci, MCM, Prada, Tod's, Zegna Crystal Jade Golden Palace, Din Tai Fung, Imperial Treasure Super Peking Duck Adeva Spa, Fitness First, Toys R Us CS Fresh Gold, Marks & Spencer, Metro, MUJI PARAGON MEDICAL Fullerton Healthcare Group, Japan Green Clinic, Precious Surgery Centre, Singapore Medical Group, Thomson Medical Group



1 16M FY2022 (1 September 2021 to 31 December 2022)

PORTFOLIO REVIEW

Paragon is a premier upscale retail mall and medical suite/office property located in the heart of Orchard Road, Singapore's most famous shopping and tourist precinct.

Paragon consists of a 6-storey retail podium and one basement level with 494,442 sq ft of retail Net Lettable Area ("NLA") with a 14-storey tower, and another 3-storey tower sitting on top of the retail podium with a total of 223,098 sq ft of medical suite/office NLA. The property is a 99-year leasehold interest that commenced on 24 July 2013.

The development is well-known for housing many luxury brands, including Ferragamo, Givenchy, Gucci, Prada, TOD's, Zegna, and stylish home-grown designer labels like LAICHAN. Seamlessly integrated with Paragon is the established medical tower "Paragon Medical", which houses over 80 multi-disciplinary medical services, committed to the provision of holistic healthcare to locals and regional medical tourists.





PORTFOLIO REVIEW



THE CLEMENTI MALL

3155 COMMONWEALTH AVENUE WEST
SINGAPORE 129588

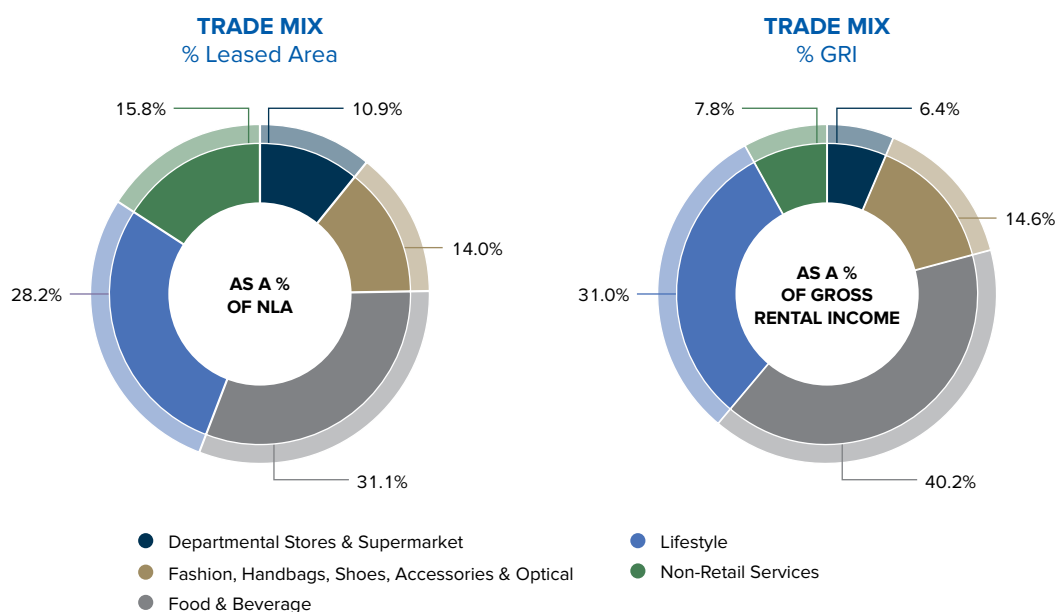
PROPERTY INFORMATION

A 5-storey retail podium including a basement carpark, a public library, with direct transport links to the bus interchange on the ground floor and Clementi Mass Rapid Transit ("MRT") station on the third floor via a link bridge.





Net Lettable Area	195,782 sq ft
Number of Tenants	158
Car Park Lots	166
Title	99 years commencing 31 August 2010
Gross Revenue¹	S\$57.0 million
Net Property Income¹	S\$40.7 million
Market Valuation	S\$597.5 million as at 31 December 2022
Purchase Price	S\$553.0 million
Committed Occupancy	100.0% as at 31 December 2022
Key Tenants	Best Denki, Clementi Public Library, Fairprice Finest, Popular, Uniqlo, Boleh Boleh, Crystal Jade Kitchen, McDonald's, Swensen's



1 16M FY2022 (1 September 2021 to 31 December 2022)

PORTFOLIO REVIEW



The Clementi Mall is a mid-market suburban mall located in the center of Clementi town, an established residential estate in the west of Singapore. The retail mall, which houses a public library, is part of an integrated mixed-use development that includes Housing Development Board residential blocks and a bus interchange. The property is also directly connected to Clementi MRT station.

The Clementi Mall consists of a 5-storey retail podium and one basement level with approximately 195,782 sq ft of retail NLA. The property is a 99-year leasehold interest that commenced on 31 August 2010.

The Clementi Mall is a popular destination for residents, and caters to families, executives, and students living in its trade area. It is anchored by familiar brands such as supermarket FairPrice Finest. The mall is well-complemented by a variety of established F&B brands like Crystal Jade Kitchen and Boleh Boleh, fashion & accessories retailers like Decathlon and Uniqlo, and retailers of household essentials products.







PORTFOLIO REVIEW



THE RAIL MALL

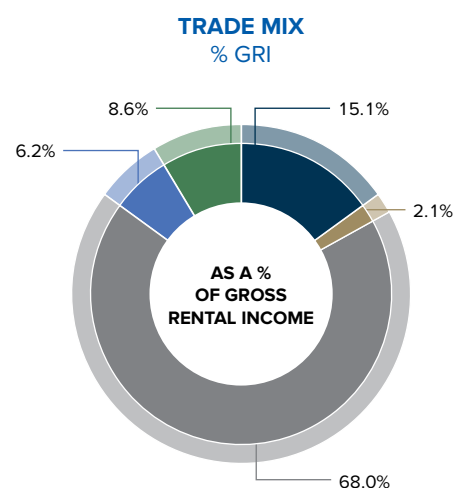
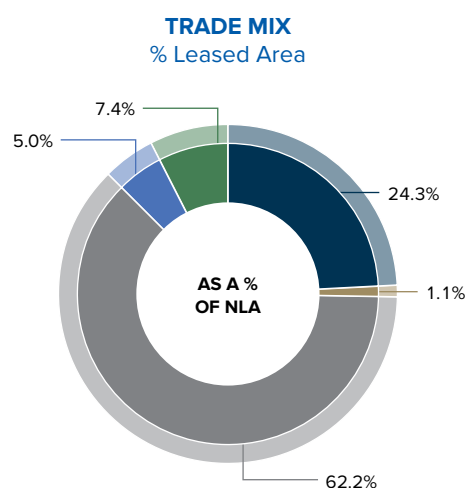
380 UPPER BUKIT TIMAH ROAD
SINGAPORE 678040

PROPERTY INFORMATION

A retail strip mall with a 360-metre prominent road frontage to Upper Bukit Timah Road. Comprising 43 single-storey shop units, The Rail Mall is positioned as a F&B destination.



Net Lettable Area	49,882 sq ft
Number of Tenants	30
Car Park Lots	89
Title	99 year(s) commencing 18 March 1947
Gross Revenue¹	S\$8.0 million
Net Property Income¹	S\$6.4 million
Market Valuation	S\$62.2 million as at 31 December 2022
Purchase Price	S\$63.2 million
Committed Occupancy	100.0% as at 31 December 2022
Key Tenants	Cold Storage



- Departmental Stores & Supermarket
- Lifestyle
- Fashion, Handbags, Shoes, Accessories & Optical
- Non-Retail Services
- Food & Beverage

1 16M FY2022 (1 September 2021 to 31 December 2022)



PORTFOLIO REVIEW





The Rail Mall is a retail strip with a 360-metre prominent road frontage to Upper Bukit Timah Road, an affluent residential neighbourhood and F&B-dining destination. It is easily accessible via a network of public bus and MRT services through the Downtown Line (“DTL”). Accessibility is further enhanced by its proximity to the island’s major expressways including Bukit Timah Expressway (“BKE”) and Pan Island Expressway (“PIE”). One of the key access points to the Rail Corridor, a popular nature trail, is adjacent to The Rail Mall.

The Rail Mall comprises 43 single-storey shop units with a total NLA of 49,882 sq ft. The property is a 99-year leasehold interest that commenced on 18 March 1947.

The Rail Mall serves a quality catchment living in the private residential district of Bukit Timah, and is anchored by supermarket Cold Storage. The mall also offers a diverse selection of wine and dine options including Starbucks Coffee, Coffee Bean & Tea Leaf, Popeyes Famous Louisiana Chicken, Springleaf Prata, Subway, together with destination dining outlets such as Italian restaurant Acqua e Farina, American restaurant & bar BLooiE’s Roadhouse, vegetarian café Green on Earth, and Japanese restaurant Hitoyoshi Yakiniku.





WESTFIELD MARION SHOPPING CENTRE

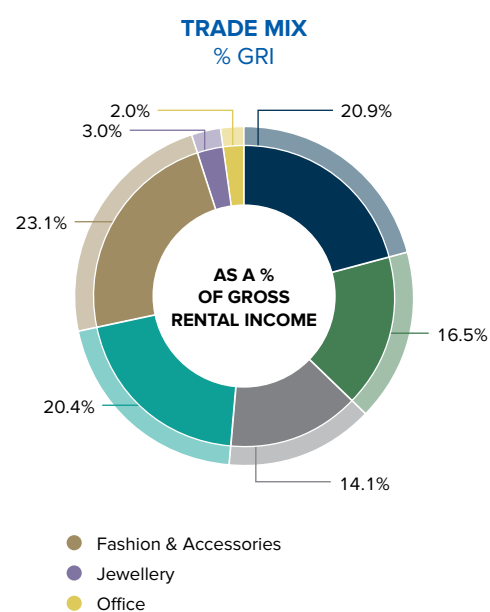
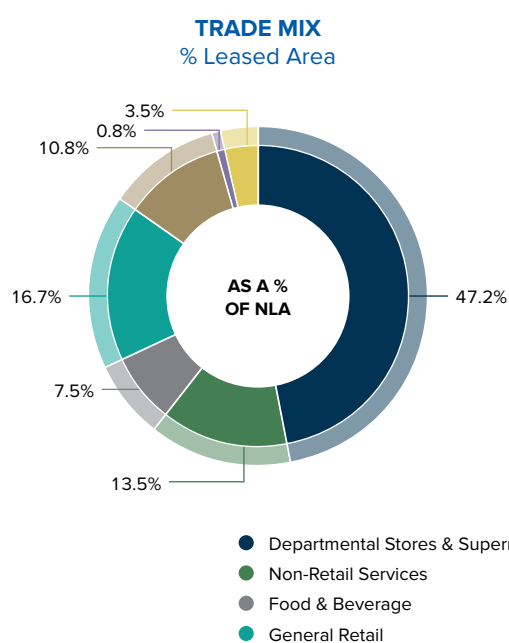
297 DIAGONAL ROAD
OAKLANDS PARK SA 5046, AUSTRALIA

PROPERTY INFORMATION

The largest and only super regional shopping centre in South Australia, Westfield Marion sits on a land parcel of approximately 2.5 million sq ft, and is strategically located approximately 10 kilometers south-west of Adelaide's Central Business District ("CBD").



Gross Lettable Area	1,495,132 sq ft
Number of Tenants	310
Car Park Lots	5,549
Title	Freehold
Gross Revenue¹	A\$71.4 million ²
Net Property Income¹	A\$49.1 million ²
Market Valuation	A\$645.0 million as at 31 December 2022 ²
Purchase Price	A\$670.0 million ²
Committed Occupancy	97.4% as at 31 December 2022
Key Tenants	David Jones, Harris Scarfe, Myer; Aldi, Coles, Woolworths Big W, Kmart, Target, Bunnings Warehouse Event Cinemas



1 16M FY2022 (1 September 2021 to 31 December 2022)
2 Represents PARAGON REIT's ownership stake 50%

PORTFOLIO REVIEW



Westfield Marion is the largest and only super regional shopping centre in South Australia. It is strategically located in Adelaide, approximately 10 km south-west from Adelaide's Central Business District ("CBD"). It is in a highly accessible location bound by three major thoroughfares and arterial roads in Diagonal Road, Sturt Road, and Morphett Road, extending its access to shoppers beyond its usual catchment. Westfield Marion is also located next to the Oaklands Train Station, connecting it with Adelaide's CBD and the southern coastline via multiple train lines.

The freehold property sits on a land parcel of approximately 2.5 million sq ft, with approximately 1.5 million sq ft of Gross Lettable Area ("GLA"). PARAGON REIT has a 50.0% stake in ownership.

Westfield Marion offers large and well-segmented precincts of entertainment, fresh food, and dining. It is supported by a high-quality tenant base including leading national retailers like David Jones, Myer, Harris Scarfe, Target, Kmart, Big W, Bunnings Warehouse, Coles, Woolworths, Aldi, and Events Cinema.







FIGTREE GROVE SHOPPING CENTRE

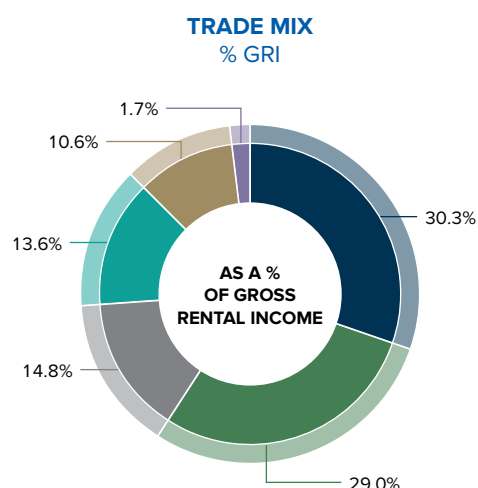
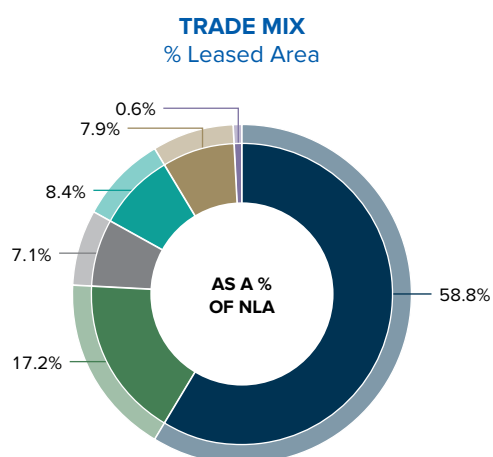
19 & 23 PRINCES HIGHWAY FIGTREE
NSW 2525 AUSTRALIA

PROPERTY INFORMATION

A dominant sub-regional shopping centre located in Wollongong, New South Wales, Figtree Grove Shopping Centre is located approximately 3 km south-west of the Wollongong CBD and approximately 85 km south-west of the Sydney CBD.



Gross Lettable Area	236,614 sq ft
Number of Tenants	89
Car Park Lots	940
Title	Freehold
Gross Revenue¹	A\$22.0 million ²
Net Property Income¹	A\$16.6 million ²
Market Valuation	A\$202.0 million as at 31 December 2022 ²
Purchase Price	A\$206.0 million ²
Committed Occupancy	99.4% as at 31 December 2022
Key Tenants	Coles, Woolworths, Kmart



- Departmental Stores & Supermarket
- Non-Retail Services
- Food & Beverage

- General Retail
- Fashion & Accessories
- Jewellery

1 16M FY2022 (1 September 2021 to 31 December 2022)
 2 Represents 100% stake, PARAGON REIT's ownership stake is 85%



PORTFOLIO REVIEW





Figtree Grove is an established sub-regional shopping centre located in New South Wales. It is approximately 3 km south-west of Wollongong and approximately 85 km south-west of Sydney CBD. The property is situated at the northeastern corner of the Princes Highway and The Avenue – major thoroughfares which carry traffic between Wollongong CBD and the wider Wollongong area.

The Property sits on a freehold land area of approximately 547,883 sq ft and has a total GLA of approximately 236,614 sq ft with 940 carpark lots. PARAGON REIT has an 85.0% stake in ownership.

Figtree Grove provides convenient access to daily necessities and essential retail services for residents situated in the key growth areas of central Wollongong and the south-western suburbs of Wollongong. The shopping centre is anchored by a 24-hour Kmart, Coles and Woolworths supermarkets, alongside medical, banking, pharmacy and a curated range of F&B outlets.



MARKET OVERVIEW

1. SINGAPORE ECONOMIC OVERVIEW

Singapore's economic growth slowed in 2022 amidst global uncertainty

Singapore's Gross Domestic Product (GDP) expanded 3.6% yoy in 2022¹, slower than the 8.9% growth in 2021.

The prolonged Russia-Ukraine conflict and China's COVID-Zero policy have affected global supply chains, disrupted global energy supply, and led to an increase in commodity prices and utility costs, resulting in global inflation. The 2022 Singapore consumer price index ("CPI") rose by 6.1%, which is significantly higher than the 2.3% increase in 2021. The median monthly household income also grew 6.1% in nominal terms, to S\$10,099 in 2022.

Population grew 3.4% yoy to 5.6 million in 2022. Overall unemployment rate was 2.1%² in 2022, 0.6 percentage points lower than 2021.

The total retail sales index³ (excluding motor vehicles) for December 2022 registered a 5.8% yoy growth. The increase was driven by a yoy boost in discretionary spending across Food & Alcohol (27.8% increase yoy), Watches & Jewellery (19.2%), Wearing Apparel & Footwear (16.5%), and Cosmetics, Toiletries & Medical Goods (11.5%). The F&B⁴ index grew 5.9% yoy.

Growth expected to taper in 2023

Global economic uncertainties are likely to persist in the short-to-mid-term. The Ministry of Trade and Industry forecasts Singapore's GDP to grow slower at 0.5% to 2.5% in 2023. While the increase⁵ in GST⁶ could impact consumer spending in 2023, measures such as the S\$6.0 billion Assurance Package and S\$1.5 billion Support Package will help to cushion the impact.

Tourism market benefitting from reopened borders

With the reopening of international borders, Singapore Tourism Board (STB) recorded 6.3 million

international arrivals in 2022, 18.1 times higher than in 2021. Indonesia, India and Malaysia are amongst the top visitor arrivals at 17.5%, 10.9% and 9.4% of total visitors respectively.

The total tourism receipts from January to September 2022 was S\$9.0 billion, representing a 653.0% yoy⁷ increase. STB's full year 2022 estimate for tourism receipts is between S\$13.8 billion and S\$14.3 billion.

STB has set aside S\$500 million to support the tourism sector, including the SingapoReimagine Marketing Programme, which encourages cross-sector collaboration to boost tourism. In addition, with China reopening its borders from 8 January 2023, retail sales in Singapore is expected to improve in 2023.

STB forecasts 2023 international visitor arrivals of 12 million to 14 million, and tourism receipts of S\$18 billion to S\$21 billion in 2023. The expected international arrivals is expected to be approximately between 60% and 70% of the levels of tourism arrivals in 2019 (19.1 million).

STB thereafter expects tourism to fully recover to pre-pandemic levels by 2024. This will likely provide a boost to retail sales in tourist-dependent retail submarkets like Orchard Road.

2. SINGAPORE RETAIL MARKET

2.1 RETAIL MARKET OVERVIEW

Minimal new additions, lower retail space per capita vs other developed cities

As at 4Q 2022, island-wide retail supply increased 0.6% yoy to 67.1 million sq ft. 74.4% of the total retail supply is privately owned. The retail space per capita for Singapore is estimated at 11.9 sq ft per capita. Orchard Road retail stock increased 0.4% yoy to 7.3 million sq ft in 4Q 2022, representing 14.6% of the total private retail stock.

1 All data used in this report is as at 21 February 2023.

2 Preliminary

3 Retail Sales Index (2017=100), in Chained Volume Terms (seasonally adjusted), Monthly, SA (SSIC 2015 Version 2018). This is in real terms and does not include the effects of inflation

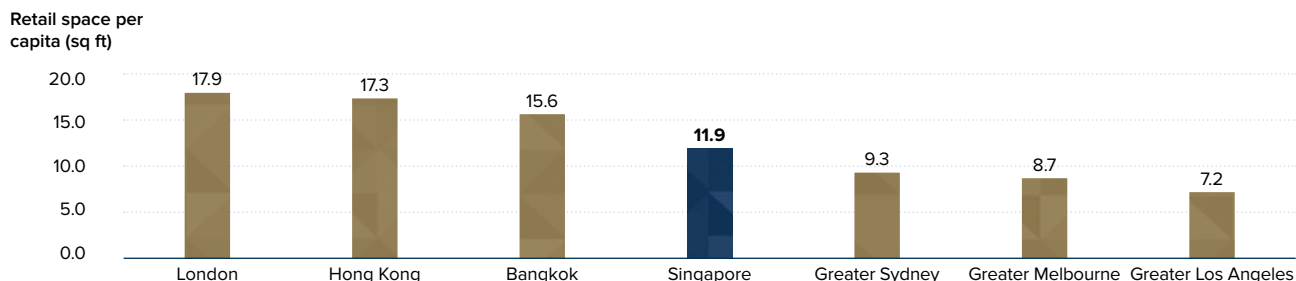
4 Food & Beverage Services Index, (2017 = 100), In Chained Volume Terms, Monthly, Seasonally Adjusted

5 GST will increase from 7% in 2022 to 8% in 2023 and 9% in 2024

6 Goods and Services Tax

7 YoY increase over the same period in 2021

CHART 1: RETAIL SUPPLY PER CAPITA OF DEVELOPED CITIES 2022⁸



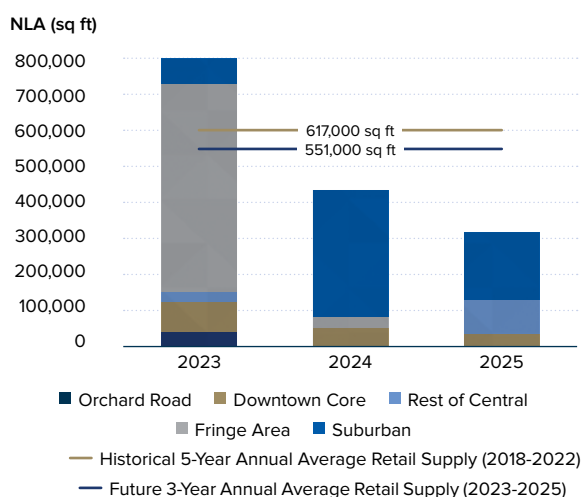
Source: CBRE, GOV.UK, Rating and Valuation Department, Property Council of Australia, Singstat, Australian Bureau of Statistics, United States Census Bureau

Future retail supply lower than historical average supply

The total retail pipeline supply from 2023 to 2025 is projected to be 1.7 million sq ft, of which 42.8% will be completed in suburban locations. Notable upcoming retail supply includes the Sengkang Grand Mall, One Holland Village, The Woodleigh Mall, Pasir Ris Mall and the completion of asset enhancement initiative (AEI) works at Shaw Plaza Balestier.

The future average pipeline supply of 551,000 sq ft per annum, is lower than the historical average of 617,000 sq ft per annum.

CHART 2: FUTURE RETAIL SUPPLY (2023 – 2025)



Source: CBRE, URA

Island-wide occupancy and rents raised in 2022

Island-wide occupancy increased by 1.0 percentage point yoy to 92.9% in 4Q 2022, with island-wide net absorption for the past twelve months at 1.0 million sq ft. With the progressive recovery of visitor arrivals, alongside limited supply within the submarket, Orchard Road's occupancy rate increased to 90.7% in 4Q 2022, a yoy expansion of 1.7 percentage points.

Similarly, suburban occupancy rate increased by 0.7 percentage points yoy to 96.2% in 4Q 2022.

Island-wide prime retail rents increased 1.6% yoy to S\$25.15 psf/month in 2022, which is a turnaround from the 2.2% yoy contraction in the preceding year. Orchard Road and suburban prime retail rents⁹ grew 1.0% and 2.3% yoy to S\$34.55 and S\$30.80 psf/month respectively in 2022.

2.2. CATCHMENT OVERVIEW

Return of tourists will benefit Paragon

Paragon is located along Orchard Road, the prime shopping belt for residents and tourists. This includes the Orchard Planning Area (primary catchment), Newton and Tanglin Planning Areas (secondary catchment). A majority of the 33,000 residents¹⁰ in these areas live in private housing (98.7%). The tourist market is another main catchment for Paragon as Orchard Road is a popular tourist destination. Paragon could potentially be a key beneficiary of the reopening of borders, with a steady increase in tourist arrivals noted since April 2022.

⁸ **London:** Derived from the internal floor area of retail sector floorspace, Office of National Statistics and Population Census 2021, **Hong Kong:** Derived from retail premises and other premises designed or adapted for commercial use, with the exception of purpose-built offices, Rating and Valuation Department and Brand Hong Kong, **Bangkok:** Derived from CBRE total retail supply and Bangkok Post, **Singapore:** Derived from CBRE islandwide retail supply and Singapore Department of Statistics, **Greater Sydney:** Derived from gross lettable area, Property Council of Australia and Australian Bureau of Statistics, **Greater Melbourne:** Derived from gross lettable area, Property Council of Australia and Australian Bureau of Statistics, **Greater Los Angeles:** Derived from CBRE total retail supply and U.S. Census Bureau.

⁹ Retail rental rates are quoted on a gross basis (inclusive of service charge)

¹⁰ Source: Singapore Department of Statistics, as of end June 2022



MARKET OVERVIEW

The Clementi Mall's catchment expected to increase in the next 3 years

The Clementi Mall is located in a matured residential estate whose catchment includes the Clementi Planning Area (primary catchment), Bukit Timah and Queenstown Planning Areas (secondary catchment).

The Clementi Planning Area has approximately 93,500 residents¹¹. Approximately 9,700 new residential units are expected to complete over the next three years, translating to a potential increase of about 30,000 new habitants¹².

There is also an estimated total student population of 110,000 within the catchment area.

The Rail Mall will see growth in both residential & visitors catchment

The Rail Mall serves about 300,000 residents within its catchment across Bukit Batok and Bukit Panjang, 18.7% of them live in private housing¹³.

Approximately 1,900 new private residential units are estimated to be completed by 2025, translating to a potential population increase of approximately 5,700 new habitants.

In addition, the total student population within the vicinity is estimated at 35,000.

Additional catchment includes visitors to The Rail Corridor, a former railway line that is now a popular nature trail stretching from Tanjong Pagar to Kranji.

2.3 INVESTMENT MARKET FOR RETAIL ASSETS

\$5.1 billion worth of retail assets transacted in 2022¹⁴

The total transacted value for retail assets in 2022 was \$5.1 billion¹⁵, a 555.5% increase from 2021. Major transactions included Lendlease Global Commercial REIT's acquisition of a 68.2% stake in Jem for \$1.4 billion (\$2,329 psf based on NLA) in 1Q 2022, Fraser Centrepoint Trust's acquisition of

a 10.0% stake in Waterway Point for \$132.3 million (\$3,398 psf based on NLA) and Fortune REIT's acquisition of Stars of Kovan for \$88.0 million (\$3,887 psf based on NLA) in 3Q 2022.

Retail yields have remained similar to 2021. As at 4Q 2022, suburban retail yields ranged between 4.8% and 5.3%.

2.4 RETAIL OUTLOOK

Experiential retail and green retail continue to drive the retail market

The proportion of online retail sales¹⁶ in Singapore (excluding motor vehicles) was 14.2% in December 2022, a 1.9 percentage points decline from December 2021, but 6.6 percentage points higher than the period before COVID-19. Compared to other countries, Singapore's online retail sales is similar to that of the U.S.A (14.7%)¹⁷ in 4Q 2022, and higher than that of Australia (10.4%)¹⁸, but lower than that of the UK (25.4%)¹⁹ and China (31.3%)²⁰ for the same period.

The elevated proportion of online sales indicates that consumers have shifted towards online channels, particularly since the onset of the pandemic. This has led to the adoption of omnichannel approaches. The expectations of consumers have also risen as they look for unique experiences that online channels are unable to provide. Many landlords have had to reinvent their customer experience and introduce creative placemaking to attract shoppers. These included pop-up stores, activity-based tenants and omnichannel-enabled retailers.

In addition, consumers are increasingly more aware of their carbon footprints, and an increasing number now prefer brands that commit to environmental sustainability. While landlords are increasingly working towards their sustainability goals, retailers are also introducing green retail concepts to attract the environmentally-conscious consumer.

¹¹ Source: Singapore Department of Statistics, as of end June 2022. Residents comprise Singapore citizens and permanent residents

¹² New habitants could potentially comprise Singapore residents and non-residents

¹³ Private housing includes 'Condominiums and Other Apartments', as well as 'Landed Properties'

¹⁴ The figure does not include the transaction of the mixed use development at 28 and 30 Bideford Road

¹⁵ The figure does not include the transaction of the mixed use development at 28 and 30 Bideford Road

¹⁶ Out of the total sales of the respective industry

¹⁷ Source: Census.gov

¹⁸ Includes both Food and Non-Food online retail sales

¹⁹ Source: Office of National Statistics, United Kingdom

²⁰ Source: National Bureau of Statistics of China

A resilient retail outlook

While economic and local challenges, e.g. labour shortages, may compel retailers to exercise prudence in their expansion plans, the return of international visitors will continue to drive retail demand going forward, especially in the Orchard Road submarket. The performance in the suburban market will likely continue to remain resilient amid strong demand from its local catchment and limited supply. Furthermore, the below-historical average retail supply in the next few years, coupled with resilient consumer sentiments, would likely contribute to retail demand and keep island-wide retail vacancy tight. This will support rent recovery in Orchard Road in 2023, while also pushing up rent in the Suburban market.

3. SINGAPORE MEDICAL SUITE PROPERTY MARKET

3.1. INDUSTRY TRENDS

Singapore's total healthcare market in 2022 is estimated to be worth approximately S\$21.7 billion²¹. According to the Medical Tourism Index 2020 – 2021²², Singapore is ranked second globally out of 46 destinations.

Aging population and rising affluence will increase demand for quality healthcare services

Singapore has one of the highest life expectancy in the world. The average life expectancy in 2021

was 83.5 years²³ and is likely to increase over time with medical advancement. The proportion aged 65 years and above is expected to grow from 16.6% in 2022 to 25.0% by 2030. Additionally, according to Credit Suisse, the proportion of millionaires (USD) to the total population in Singapore was 5.3% in 2021. The number of millionaires in Singapore is projected to increase by 61.9% by 2025 to 437,000 from the current 270,000 millionaires. Aging population and rising affluence are likely to contribute to increased demand for quality healthcare services.

Singapore as an urban wellness destination will boost the Singapore healthcare market

STB aims to position Singapore as an urban wellness destination. Unlike medical tourism, which focuses on identifying and treating conditions, wellness tourism focuses on preventive healthcare through reducing stress, improving overall mental health and encouraging a healthy lifestyle. This is likely to bode well for Singapore's healthcare market.

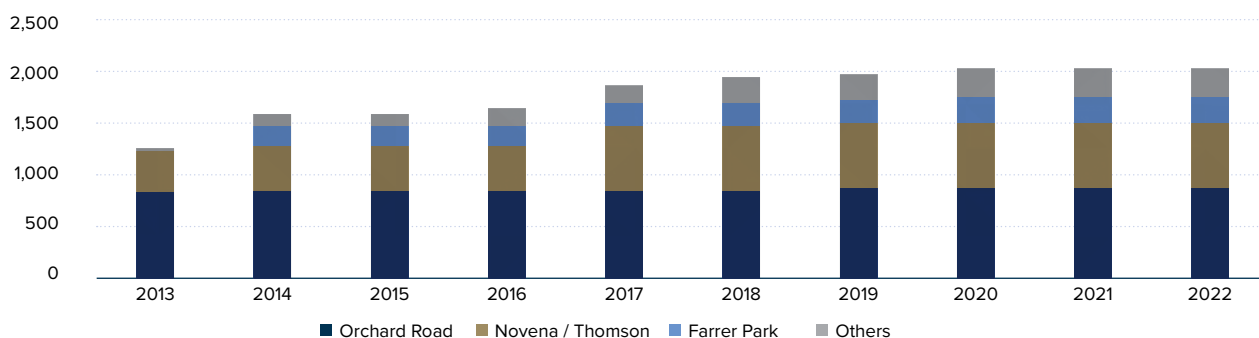
3.2. SUPPLY

Limited future supply

As of 4Q 2022, there were approximately 2,050 medical suites. There was no new supply of medical suites in the past twelve months. An estimated 15 units of medical suites within Woodleigh Mall is expected to come to market in 2024.

CHART 3: MEDICAL SUITE SUPPLY BY PRECINCTS (2013 – 2022)

No. of
Medical Suites



Source: CBRE, Health Promotion Board

21 Source: Statista

22 Source: Medical Tourism Association

23 Source: Singapore Department of Statistics



MARKET OVERVIEW

3.3. DEMAND AND RENTS

Medical suites near retail and hospital facilities command higher rents

In 2022, the asking gross rent for medical suites along Orchard Road is estimated to be S\$14.00 psf/month, likely fuelled by the anticipated return of medical tourists and limited medical suites supply within the precinct.

The asking monthly gross rents for medical suites in Novena/Thomson and Farrer Park are approximately S\$10.80 and S\$6.10 psf/month respectively.

In general, medical suites in prime locations with proximity to malls, hotels and hospital facilities command higher rents.

3.4. MARKET OUTLOOK

Singapore's healthcare sector is supported by strong fundamentals

The Singapore government projects that healthcare expenditure would be approximately S\$27 billion or 3.5% of GDP by 2030.

Medical suites within Orchard Road Submarket are expected to remain attractive to medical professionals due to its proximity to Mount Elizabeth Hospital, a network of reputable practitioners, and other lifestyle offerings within the vicinity.

Moving forward, the combination of these factors is likely to keep vacancy tight and potentially contribute to sustained rental growth within the medical suite market.

4. AUSTRALIA ECONOMIC AND RETAIL MARKET OVERVIEW

4.1. MACRO-ECONOMIC OVERVIEW

Australia GDP rebounded but expected to moderate in 2023

Australia's GDP grew 5.9% yoy in September 2022, rebounding from the previous year's low base when about half the population was in COVID-19 related lockdowns. CPI rose 7.8% yoy in December 2022 on the back of strong consumer spending.

The population grew 1.1% yoy to 26.0 million, while unemployment stood at 3.5% in December 2022.

Total retail sales for 2022 was approximately A\$411.5 billion²⁴, representing a 11.4% yoy increase over 2021.

While the economy has remained resilient despite high inflation and increasing interest rates, the economic growth in Australia is forecasted to slow this year. The Reserve Bank of Australia (RBA) projects GDP growth at 2.75% for 2022 and expects it to moderate to 1.5% over 2023 and 2024.

4.2. RETAIL SALES AND EMERGING RETAIL TRENDS IN AUSTRALIA

Rise in retail spend but caution may set in

Although interest rates increased and inflation rose significantly, Australian retail sales still grew 7.5% yoy²⁵ in December 2022, mainly from discretionary spending and food-related retail.

However, discretionary spending is expected to moderate going forward as inflationary pressures and rising interest rates impact the cost of living.

A paradigm shift towards digital, experiential and sustainable retailing

Online retail sales²⁶ increased 7.8% yoy to A\$3.8 billion, accounting for 10.4% of the total retail sales in December 2022. Even though online retail sales has slowed, it remains well above pre-pandemic levels²⁷.

Major landlords are focusing on improving their omnichannel shopping experience, and supporting their physical stores with digital and technology solutions. Some landlords are also exploring plans to develop entertainment and dining precincts within shopping centres.

Long-term sustainability initiatives by major landlords include the issuance of green bonds, installation of solar panels, use of LED lighting, drone delivery solutions and continued investments in sustainability through electrical infrastructure, energy, water and waste management.

24 Current prices on a seasonally adjusted basis

25 Current prices on a seasonally adjusted basis

26 On a seasonally adjusted basis

27 Online Sale (Seasonally Adjusted) for December 2019 was 6.9%

4.3. CATCHMENT ANALYSIS

Tourism minimal impact on performance of Westfield Marion & Figtree Grove Shopping Centre

Westfield Marion Shopping Centre is a regional mall located in Marion, South Australia (SA), while Figtree Grove Shopping Centre is a sub-regional mall located in Wollongong, New South Wales (NSW). Both malls are largely dependent on their residential catchment area and less reliant on the tourism market. Therefore, although the country's tourism market was adversely affected by the pandemic border controls, trends in tourism have had minimal impact on the performance of both shopping centres.

Figtree Grove Shopping Centre serves a generally higher income household population

Figtree Grove Shopping Centre has a 30-min drive time population of 313,700 and a 15-min drive time population of 177,700 as of 2022. The annual growth rate of the 30-min drive time and 15-min drive time population between 2022 and 2027 is expected to be 0.6% to 0.8%.

Located within a 15-min drive time of the centre are six hospitals with a total of about 910 beds, as well as two tertiary institutions (University of Wollongong and Nan Tien Institute) with approximately 30,000 onshore students enrolled collectively.

The median weekly household income for the 15-min drive time area is A\$1,339, which is 4.5% higher than the median weekly household income for NSW.

Other key shopping centres within Wollongong include Wollongong Central and Warrawong Plaza. Figtree Grove Shopping Centre's strong tenant mix allows the centre to leverage on the non-discretionary spend of residents in the trade area.

Limited new competition for Westfield Marion

Westfield Marion's positioning is well-supported by its 1.5 million sq ft of lettable area and diverse trade mix. The centre has a 30-min drive time population of 672,400 and a 15-min drive time population of 214,400 as of 2022. The annual growth rate of the 30-min drive time and 15-min drive time population between 2022 and 2027 is expected to be 0.8%.

The median weekly household income for the 15-min drive time area is A\$1,388, which is 2.1% higher than the median weekly household income for SA.

Major shopping centres in Greater Adelaide include the Rundle Mall retail cluster in the CBD, Burnside Village Shopping Centre, Westfield Tea Tree Plaza and Colonnades Shopping Centre.

Burnside Village Shopping Centre, an upscale shopping centre, is undergoing an expansion that involves demolishing approximately 60,000 sq ft of the existing building space and developing an additional 200,000 sq ft of gross leasable area, consisting of a new supermarket, restaurants and specialty stores. This will be the only significant new competition for Westfield Marion.

New Initiatives in South Australia

In October 2022, South Australia Parliament revised the Shop Trading Hours Act which allowed shops to trade for an additional two hours on Sunday, and up to midnight on three additional weekdays between 11 and 23 December. This is expected to boost retail sales.

4.4. RETAIL MARKET OVERVIEW

Resilient demand for non-discretionary retail & limited new supply will support Wollongong retail

Retail sales in NSW increased 13.2% yoy to A\$129.6 billion in 2022, on the back of easing COVID-19 restrictions.

While online retailing and COVID-19 have had some impact on retail demand, the demand for non-discretionary retail (convenience, food retailing and services) has remained resilient.

From 2018 - 2022, Wollongong only saw the completion of Railway Parade Shop (NLA ~9,000 sq ft) and the retail component of The Patris Residences. No new major completions or major supply is expected over the next three years in Wollongong.

Vacancy levels for sub-regional centres in Wollongong remained at approximately 2.0% as of 4Q 2022.



MARKET OVERVIEW

Net face rents have remained relatively flat across 2021 and 2022 in Wollongong, at approximately A\$1,140 psm/annum in 4Q 2022. Rental incentives in 2021 and 2022 have maintained at 20%. Based on the current economic environment, rents and rental incentives in Wollongong are expected to hold steady over the next twelve months.

Limited supply in Greater Adelaide will support occupancy & rents

Demand across most retail trade types have remained resilient in Greater Adelaide²⁸, as SA was not as severely impacted by COVID-19 induced lockdowns, unlike NSW or Victoria.

Retail sales for SA increased 9.4% yoy in 2022 to A\$26.0 billion. Vacancy levels as at 4Q 2022 was approximately 3.7% for regional malls.

Between 2018 and 2022, Greater Adelaide had a total of approximately 800,000 sq ft of new retail supply across the CBD, neighbourhood, as well as sub-regional and regional markets. Between 2023 and 2025, only approximately 500,000 sq ft of retail space is expected to complete. Approximately 150,000 sq ft is in the CBD and neighbourhood retail space. The limited new supply further exacerbates the lack of opportunities for retailers to expand within Greater Adelaide.

Regional net face rents in Greater Adelaide have remained consistent yoy at A\$1,305 psm/annum in 4Q 2022, 2.8% lower compared to pre-pandemic levels. Rent incentives on new leases in existing projects have remained at approximately 20% in 2021 and 2022.

4.5. INVESTMENT MARKET FOR RETAIL ASSETS

Limited retail transactions in Wollongong and South Australia in 2022

In 2022, there were 8 Regional, 10 Sub-Regional and 57 Neighbourhood mall transactions totalling approximately A\$4.0 billion.

There was no major transaction in the Wollongong Area and only one major transaction in SA, comprising the sale of 50% of Colonnades Shopping Centre to Nikos Property Group for A\$140.0 million (A\$3,162 psm based on GLA) at a yield of 7.0%.

4.6. RETAIL OUTLOOK

Resilience amidst high inflation and increasing interest rates

RBA expects economic growth in Australia to slow this year as rising interest rates, the higher cost of living and declining real wealth weigh on growth.

The relatively elevated interest rate environment could also weigh on potential investors. As such, capitalization rates could remain flat or potentially expand gradually.

Nevertheless, the retail markets in Wollongong and Greater Adelaide are expected to remain resilient, with vacancy rates to remain tight, and rents and rent incentive levels to remain stable over the next twelve months.

CBRE
21 February 2023

28 The Greater Adelaide region includes the Greater Adelaide Capital City Statistical Area, where Westfield Marion Shopping Centre is located within, Yankalilla, Alexandrina, Murray Bridge, Adelaide Hills, Onkaparinga, Mount Barker, Barossa, Light and Adelaide Plains

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HEIGHTENED MARKET VOLATILITY

We draw your attention to the fact that a combination of global inflationary pressures (leading to higher interest rates) and the recent geopolitical events in Ukraine, in addition to the on-going effects of the global COVID-19 pandemic in some markets, has heightened the potential for greater volatility in property markets over the short-to-medium term. Experience has shown that consumer and investor behaviour can quickly change during periods of such heightened volatility. Investment decisions should reflect this heightened level of volatility and caution is advised in this regard.

You should note that the conclusions set out in this report are current as at the date outlined only. Where appropriate, we recommend that market conditions are monitored closely, as we continue to track how market participants respond to current events

INVESTOR RELATIONS

PARAGON REIT's Investor Relations' (IR) practices adhere to a high standard of corporate governance and transparency. The Manager is committed to delivering clear, consistent, and timely updates, and to developing long-term relationships with unitholders. The Manager carefully plans various activities through different communication channels to engage with all segments of the investment community. The valuable feedback and insight from these engagements are highlighted to the Board of Directors, alongside regular updates on unitholders' statistics, as well as the views of investors and analysts.

PROACTIVE ENGAGEMENT WITH THE INVESTMENT COMMUNITY

The Manager interacts actively with the investment community through multiple platforms to provide them with an in-depth understanding of the performance, challenges, and growth strategies of the business, as well as to address their concerns. These include one-on-one meetings, half-yearly post-results briefings, and real estate-related events. Analyst briefings are also conducted quarterly to provide updates on PARAGON REIT's financial results, operational performance, and market outlook.

Due to the COVID-19 situation, PARAGON REIT held its eighth Annual General Meeting ("AGM") via electronic means on 24 November 2021, 12 weeks after the financial year end to ensure timely engagement with unitholders. PARAGON REIT's Chairman and CEO conducted the proceedings of the AGM virtually with unitholders observing and/or listening to the AGM proceedings via the live audio-visual website or live audio-only stream. In addition, all unitholders had to appoint the Chairman to act as proxy to attend, speak and vote, if they wished to exercise their voting rights at the AGM.



OPEN AND REGULAR UPDATES

PARAGON REIT's Investor Relations website is a key source of reliable, relevant, and comprehensive information for the investment community. It is updated in a timely manner with financial performances and announcements on PARAGON REIT's corporate and business developments. PARAGON REIT's half-year and full-year results, as well as quarterly key business and operational updates are also available for viewing through the website. Unitholders can also access archived corporate announcements and presentations, or sign up for email alerts on the website.

Unitholders are encouraged to visit the PARAGON REIT corporate website at www.paragonreit.com.sg for the latest updates. Queries can be submitted via the investor relations email: ir@paragonreit.com.sg.



INVESTOR RELATIONS CALENDAR

1st Quarter FY2022 (September 2021 to November 2021)

- Announcement of FY2021 results and media conference and analyst briefing
- Post-results investor conference calls
- Payment of 4Q FY2021 distribution
- Release of Annual Report 2021
- Annual General Meeting

2nd Quarter FY2022 (December 2021 to February 2022)

- Announcement of 1Q FY2022 key business and operational updates and analyst briefing
- Post-update investor conference calls
- Payment of 1Q FY2022 distribution

3rd Quarter FY2022 (March 2022 to May 2022)

- Announcement of 1H FY2022 results and analyst briefing
- Post-results investor conference calls
- Payment of 2Q FY2022 distribution

4th Quarter FY2022 (June 2022 to August 2022)

- Announcement of 3Q FY2022 key business and operational updates and analyst briefing
- Payment of 3Q FY2022 distribution

Four months ended 31 December 2022 (September 2022 to December 2022)

- Announcement of 12M FY2022 results and analyst briefing
- Post-results investor conference calls
- Payment of 4Q FY2022 distribution

FINANCIAL CALENDAR

2023 (in relation to FY2022)

- | | |
|-------------|---|
| 13 Feb 2023 | Announcement of 16M FY2022 Results |
| 20 Feb 2023 | Books Closure |
| 28 Mar 2023 | Distribution for the four months ended 31 December 2022 |
| 17 Apr 2023 | Annual General Meeting |

FY2023*

- | | |
|------------|--|
| 8 May 2023 | Announcement of 1Q FY2023 Key Business and Operational Updates |
| 7 Aug 2023 | Announcement of 1H FY2023 Results |
| 6 Nov 2023 | Announcement of 3Q FY2023 Key Business and Operational Updates |
| 5 Feb 2024 | Announcement of FY2023 Results |

* The dates are indicative and subject to change. Please refer to PARAGON REIT website, www.paragonreit.com.sg, for the latest updates.



SUSTAINABILITY REPORT



1. SUSTAINABILITY AT PARAGON REIT

Dear fellow stakeholders,

In 2022, we saw an international movement of economies striving to achieve normalcy in a post-pandemic world. Nonetheless, the disruptions from the pandemic have resulted in new shifts across industries, including inflationary pressures and higher stakeholder demand for integrating sustainability into business objectives. We remain cognisant of the challenges and are committed to taking a continuous, proactive, and conscientious approach to embedding sustainability into PARAGON REIT's strategies, ambitions, objectives, and practices. We recognise the importance of environmentalism, social stewardship, and good corporate governance, and remain steadfast in accelerating our environmental, social, governance ("ESG") efforts in creating sustainable and long-term financial value for our business, stakeholders, and communities.

Our sustainability strategy is guided by key objectives that are applied to all facets of operations conducted by PARAGON REIT, and are fundamental to the way we design our sustainability roadmap and initiatives to achieve our goals.

1. Climate resilience and environmental stewardship
2. Promoting workplace wellness and safety
3. Ensuring good governance and ethical business
4. Promoting product quality and customer satisfaction
5. Caring for our community

We continually evaluate sustainability topics that are material to the business, with additional topics identified and incorporated this year to assist PARAGON REIT in achieving its sustainability goals. The additional topics include 'effluents and waste', 'sustainable materials' and 'product/service quality and responsibility'. These topics were determined through a multi-step approach.

In determining the material topics for PARAGON REIT, a peer benchmarking assessment was first conducted to provide an analysis of general sustainability developments, risks, opportunities, and key initiatives predominant within the real estate industry. This provided us with insights into industry best practices and potential opportunities for exploration, which will be discussed within the report. An example of a key ESG opportunity identified from the assessment

relates to energy efficiency initiatives. PARAGON REIT is currently conducting research into installations within buildings to examine hot and cold zones, which is aimed at increasing Air Handling Unit (AHU) efficiency to amplify overall energy management performance. After the peer benchmarking, we also conducted an impact assessment to evaluate the impacts of our material topics, to ensure that our report and sustainability topics are relevant to the business and the current ESG landscape.

A new framework has been endorsed this year to better evaluate our sustainability journey and ensure that our long-term decarbonisation targets are met. The adoption of the "Task Force on Climate-related Financial Disclosures" (TCFD) framework provides clearer guidance on climate-related governance, strategy, risk management, metrics, and targets.

We have also taken into consideration the impact of ESG-related issues on external stakeholders. Stakeholder and tenant engagement is vital to achieving our sustainability ambitions, and we work with our various stakeholder groups to minimise our collective environmental footprint. To mitigate the negative environmental impact that may arise from business operations, we employed the use of environmentally friendly equipment replacements, as well as resource stewardship across all our properties. Through these partnerships, we were also able to broaden our knowledge of the ways we can enhance the wellbeing of the environment and overall society. A recent development which resulted from this was a greater emphasis on human rights through initiatives such as the Workplace Outreach Wellness ("WOW") programme.

At PARAGON REIT, we remain committed to transforming the built environment through our design, construction, operations, and management of buildings, so as to contribute towards a sustainable world. ESG continues to play a significant and growing role in our operations and the way we create value and enhance organisational resilience. Across our business, we strive to be a good corporate citizen, drive long-term sustainability and value-creation for all stakeholders, and build a better future.

BOARD OF DIRECTORS
PARAGON REIT



1.1 16M FY2022 IN REVIEW

PARAGON REIT FY2022

This sustainability report discloses the sustainability performance of PARAGON REIT from 1 September 2021 to 31 December 2022 ("16M FY2022"), and should be read in conjunction with our Annual Report. There are changes to the reporting scope from FY2021 due to the change in the financial year end from 31 August to 31 December. The performance data from 1 September 2021 to 31 December 2021 is reported separately while the performance data for the calendar year from 1 January 2022 to 31 December 2022 ("CY2022") is utilised for comparison with previous financial years. This is to align this year's performance data with the previous and upcoming financial years' reporting periods for a more accurate evaluation of performance.

This report has been prepared in accordance with the Singapore Exchange Securities Trading Limited ("SGX-ST") Mainboard Listing Rules 711(A) and 711(B) with reference to the GRI Universal 2021 standards, to allow for the holistic disclosure of our sustainability performance whilst ensuring better comparability with industry peers.

PARAGON REIT has not sought third-party external assurance for information disclosed in this report but will seek to do so in future financial years. This report has been internally reviewed by the Audit and Risk Committee ("ARC") in accordance with SGX-ST Mainboard Listing Rules 711(B).

PARAGON REIT welcomes all feedback regarding its sustainability practices and performance as it seeks to sustain and enhance its reporting. Please direct your inquiries and feedback to ir@paragonreit.com.sg.

1.2 ABOUT OUR ORGANIZATION

PARAGON REIT (formerly known as "SPH REIT") is a Singapore-based real estate investment trust established principally 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. There are five retail properties managed by PARAGON REIT. Properties in Singapore consist of Paragon, The Clementi Mall and The Rail Mall, while those in Australia consist of Figtree Grove Shopping Centre ("Figtree Grove") and Westfield Marion Shopping Centre ("Westfield Marion"). All five assets were observed for sustainability reporting practices, except for the environmental targets, which apply only for Paragon and The Clementi Mall in Singapore.

1.3 AWARDS AND ACHIEVEMENTS

In recognition of the various sustainability measures that we have implemented this year, both The Clementi Mall and Paragon have respectively obtained recertification for the BCA Green Mark (Gold) and Green Mark (Certified) awards. Additionally, Westfield Marion received 4 Stars for Water and Energy in the National Australian Build Environmental Rating System ("NABERS") rating. Figtree Grove also received a 4.5 stars NABERS rating for Energy and 3.5 stars rating for Water. These recognitions bear testament to the sustainable operations we implement throughout our holdings.



SUSTAINABILITY REPORT

2. APPROACH TO SUSTAINABILITY

Table 1: ESG pillars

PARAGON REIT				
VISION PARAGON REIT aims to be a premier retail real estate investment trust in Singapore and Asia Pacific, with a portfolio of quality income-producing retail properties		MISSION - To be the landlord of choice for our tenants and shoppers and be committed in our delivery of quality products and services - To provide unitholders of PARAGON REIT with regular and stable distributions, and sustainable long-term growth in distribution per unit and net asset value per unit, while maintaining an appropriate capital structure - To be a good corporate citizen, committed to our social and environmental responsibilities, contributing to a sustainable world		
ESG PILLARS				
Climate Resilience and Environmental Stewardship	Responsible Investment and Sustainable Value	Good Governance and Ethical Business	Enable Inclusiveness, Safety, Growth and Diversity for Our People	Engage Local Communities and Advocate For Positive Impact
ESG Objectives - Understand and manage our climate opportunities and risks - Advocate, enable and enhance resource efficiencies in our portfolio	ESG Objectives - Implement responsible investment practices - Create economic value for stakeholders	ESG Objectives - Ensure fair, responsible, compliant and transparent business conduct - Educate and raise awareness on issues of modern slavery and human trafficking - Facilitate supply chain stewardship with vendors, partners, managers and tenants	ESG Objectives - Advocate, enable and enhance fair labour practices and employee wellbeing - Promote safe and healthy workplaces for our people and customers - Engage with our people and support with their growth and development	ESG Objectives - Advocate strategic partnerships to enhance sustainability - Promote positive community engagement
Material Topics - Energy and Carbon - Water - Effluents and Waste	Material Topics - Sustainable Material - Product/service quality and responsibility	Material Topics - Compliance with laws & regulations - Anti-corruption - Cyber-readiness, security and data privacy - Human rights and fair labour - Responsible supply chain	Material Topics - Health, safety and wellbeing (employees) - Stakeholder impact and partnerships - Training and development - Non-discrimination and equal opportunity	Material Topics - Local Communities/Community engagement - Health, safety and wellbeing (public)
Targets TCFD alignment	Targets - Establish responsible investment policy - All assets to have a green certificate in line with country standards, where applicable	Targets Strive towards zero incidents of non-compliance with social, environmental, economic or regulatory requirements	Targets - Increase talent retention rates through active engagement - Strive towards zero workplace injury & fatal accidents	Targets Encourage community initiatives at all properties
UN SDGs 	UN SDGs 	UN SDGs  	UN SDGs    	UN SDGs  
PARAGON REIT VALUES				
Innovation Because this is crucial to our success		Collaboration Because this is the best way to achieve exponential results		Integrity Because this is at the core of everything that we do

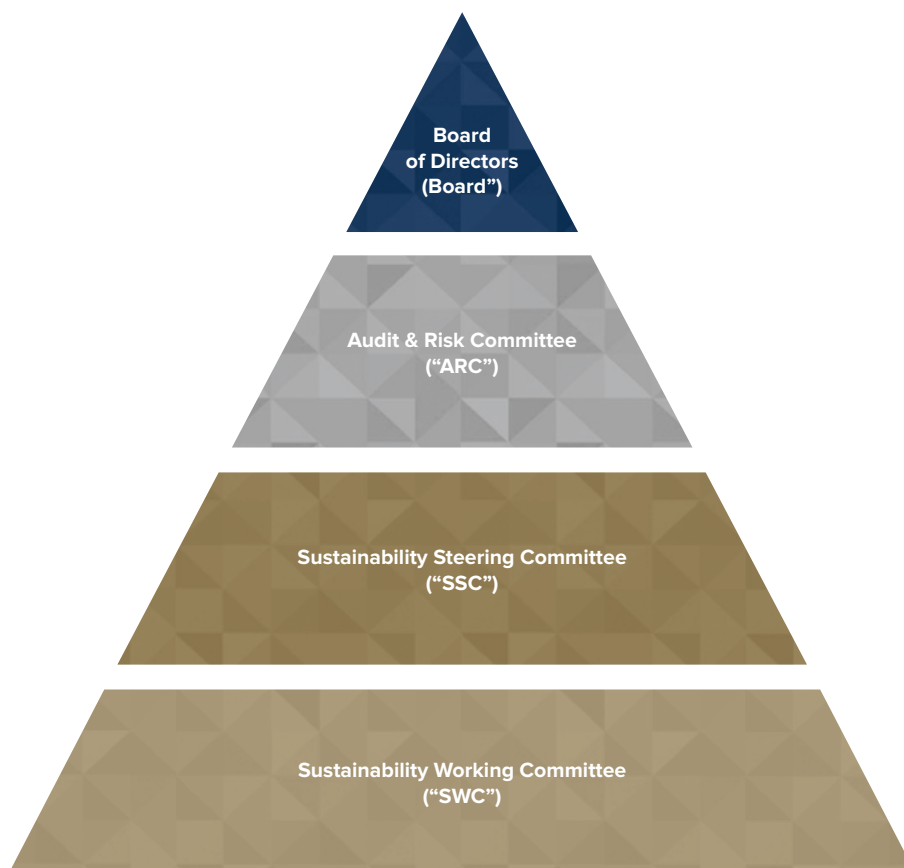
2.1 SUSTAINABILITY GOVERNANCE

PARAGON REIT is committed to the implementation of an effective governance structure to ensure sustainable business practices. This governance structure will support PARAGON REIT in establishing positive and sustainable impact on the economy, environment, and people. The various committees specified below oversee all aspects of our sustainability efforts, and ensures compliance with all imposable regulations.

Through PARAGON REIT's Board structure¹, the responsibility of overseeing, monitoring, and reporting of material ESG Factors is delegated to the Audit &

Risk Committee ("ARC"). Our management presents information on sustainability reporting to the ARC for consideration, and this information is consequently circulated to the Board for their endorsement. The Sustainability Steering Committee ("SSC"), comprising of senior management, supports the ARC in the formulation of PARAGON REIT's sustainability objectives and strategy, whilst managing and monitoring overall sustainability performance. The Sustainability Working Committee ("SWC") works in tandem with the SSC and comprises representatives from different business functions. The SSC, through senior management, reports to the ARC on a quarterly basis, with ad-hoc reporting occurring subject to its urgency.

Figure 1: PARAGON REIT's sustainability governance structure

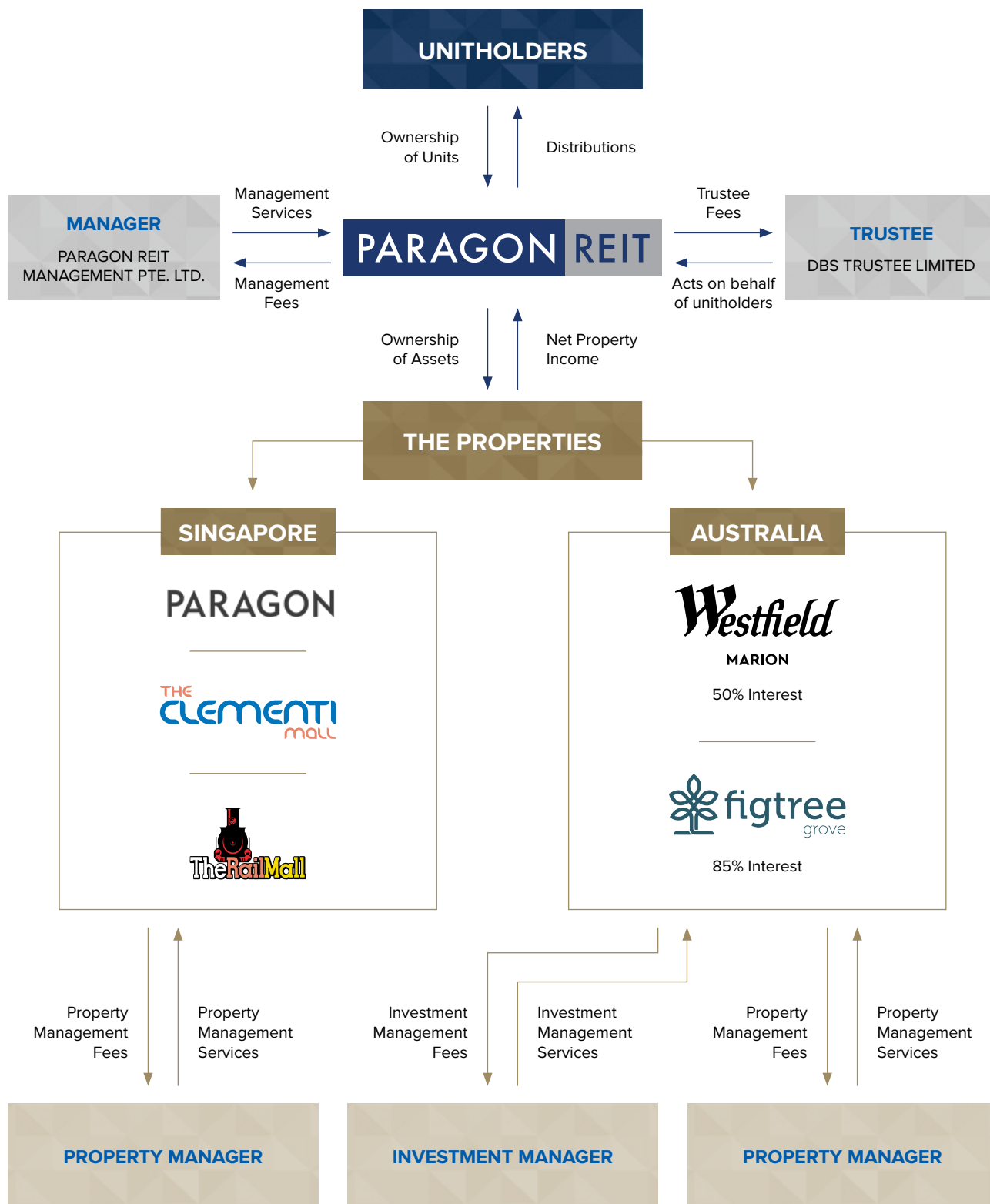


¹ The Board is chaired by Dr. Leong Horn Kee, a non-executive and non-independent director of the firm



SUSTAINABILITY REPORT

Figure 2: PARAGON REIT's trust structure



2.2 SUSTAINABILITY FRAMEWORK AND STRATEGY

We take a proactive and meticulous approach to embed sustainability within our business practices. We recognise that sustainable long-term growth can only be achieved upon ensuring a high adherence to ESG policies. Our sustainability approach continues to be aligned with the United Nations Sustainable Development Goals ("UN SDGs"), a global blueprint for sustainability. As a means of ensuring and guiding continuous sustainability

performance improvement, PARAGON REIT has established targets across each material ESG factor.

The table below summarises our material ESG factors, performance, targets for 2023, and the SDGs relevant to our operational scope. The targets are applicable for our businesses in both Singapore (Paragon, The Clementi Mall, and The Rail Mall) and Australia (Figtree Grove Shopping Centre and Westfield Marion), except for the environmental targets which apply only for Paragon and The Clementi Mall in Singapore.

Table 2. Sustainability framework and strategy

1. CLIMATE RESILIENCE AND ENVIRONMENTAL STEWARDSHIP		
		
Material ESG Factors	CY2022 Performance Highlights	FY2023 Targets
Energy and carbon²	- Overall, 36,175 MWh of electricity consumed (0.63% increase from CY2021), causing Scope 2 emissions of 14,551 tCO₂e decreased by 4.52% - Paragon and The Clementi Mall³ had 25,297 MWh of electricity consumed, causing Scope 2 emissions of 10,263 tCO₂e (decreased by 0.63% from CY2021) - Scope 2 Greenhouse Gas (GHG) emissions at 10,263 tCO₂e - Scope 2 GHG emissions intensity at 0.084 tCO₂e/m²	- To maintain at least 18% reduction in like-for-like⁴ electricity intensity by 2025, using 2015 performance as the baseline⁵ - To maintain at least 30% reduction in like-for-like GHG emissions intensity by 2025, using 2015 performance as the baseline
Effluents and waste	- Overall, 6,640 tonnes of waste generated (increased by 6.96% from CY2021) 3,660 tonnes of waste generated by Paragon and The Clementi Mall (increased by 8.09% from CY2021)	To set a long-term recycling target for recyclable waste
Water	- Overall, 408 megaliters of water consumed, causing water intensity of 0.00145 megaliters/ m² (increased by 4.67%) 272 megaliters of water consumed by Paragon and The Clementi Mall, causing water intensity of 0.00224 megaliters/m² (increased by 4.88% from CY2021)	To maintain at least 18% reduction in like-for-like water intensity by 2025, using 2015 performance as the baseline⁵
Sustainable materials	Newly included material topic, not applicable	To improve disclosure of waste materials by classification

² Account for landlord consumption only. Performance data shown in table is for the reporting period of 1 January 2022 to 31 December 2022.

³ Disclosed separately as environmental targets are set for like-for-like comparison of Paragon and The Clementi Mall

⁴ Like-for-like comparison refers to the comparison for a consistent portfolio of assets between two reporting years. In 16M FY2022, the assets that remained consistent from the FY2015 baseline are Paragon and The Clementi Mall.

⁵ From 2020 to mid-2022, the pandemic has caused an indirect disruption to the consumption of electricity and water. Consumption levels have begun to stabilise as we transit towards a post-pandemic economy



SUSTAINABILITY REPORT

2. PROMOTE WORKPLACE WELLNESS AND SAFETY



Material ESG Factors	16M FY2022 Performance Highlights	FY2023 Targets
Health, safety and wellbeing (employees and public)	- Zero incidents resulting in any stakeholder's permanent disability or fatality - Zero recordable and high consequence injuries from employees of PARAGON REIT - Zero cases of non-compliance in health and safety matters	- To maintain zero incidents of recordable and high consequence injuries from employees - To maintain zero cases of non-compliance in health and safety matters
Non-discrimination and equal opportunity	Zero incidents of discrimination on grounds of race, colour, gender, sex, religion, political opinion, national extraction or social origin	To maintain zero incidents of discrimination
Training and development	- Annual workplace health and safety training - Development courses conducted to improve worker safety, such as CERT, CMO, SMO, safety management courses	To maintain similar levels of workplace health and safety training to 16M FY2022

3. GOOD GOVERNANCE AND ETHICAL BUSINESS



Material ESG Factors	16M FY2022 Performance Highlights	FY2023 Targets
Compliance with laws & regulations	- Zero fines and non-monetary sanctions for non-compliance with laws and regulations - Continuation of zero fines and non-monetary sanctions for non-compliance achieved in FY2021	Maintain zero cases of non-compliance with laws and regulations, which includes those relating to anti-corruption
Anti-corruption	Zero incidents of corruption	
Human rights and fair labour	Strict alignment to the Fair Employment practices of Tripartite Alliance for Fair and Progressive Employment Practices' ("TAFEP") Tripartite Guidelines	- Sustainable workforce strictly adhering to current fair labour practices - To strictly align with existing and upcoming fair labour practices
Responsible supply chain	- Appointed property managers continued to comply and maintain minimum service standards required in Singapore and Australia - No disruptions to the supply chain and material operations were reported across all properties.	Maintain alignment with Supplier Code of Conduct by vendors and suppliers

4. PROMOTING PRODUCT QUALITY AND CUSTOMER SATISFACTION



Material ESG Factors	16M FY2022 Performance Highlights	FY2023 Targets
Stakeholder impact and partnerships	Zero incidents resulting in stakeholders' permanent disability or fatality	To maintain zero incidents resulting in stakeholders' permanent disability or fatality
Product/service quality and responsibility	Stakeholder engagement regarding quality service	Maintain alignment with high standards
Cyber-readiness, security, and data privacy	Zero known cases of theft, leak, or loss of customer data	To comply with the Singapore Personal Data Protection Act 2021 (PDPA) and the Privacy Act 1988 of Australia

5. CARING FOR OUR COMMUNITY



Material ESG Factors	16M FY2022 Performance Highlights	FY2023 Targets
Local Communities/Community engagement	- The Clementi Mall raised and donated a sum of \$3,360 which was used to purchase essential items to help needy seniors living in Clementi - Paragon's collaboration with The Art Faculty raised \$7,075, which was donated to the Autism Resource Centre (Singapore) - Westfield Maron awarded \$30,000 grant via flagship recognition program Westfield Local Heroes (Australia) - Figtree donated 200 Christmas craft items to Wollongong Hospital's children ward (Australia)	To integrate CSR activities into at least two events held at the malls





SUSTAINABILITY REPORT

2.3 ENGAGING OUR STAKEHOLDERS

At PARAGON REIT, we believe that maintaining strong and active stakeholder engagement is key to achieving

long-term growth, value-creation, and success. Our stakeholders are identified from dealings related to PARAGON REIT assets, through business operations or contractual agreements.

Table 3. Stakeholder engagement table

Stakeholder category	Description	Form of engagement	Purpose of engagement	Corresponding section
Customers and Tenants 	To understand the needs of the tenants and customers and work with tenants to enrich customer experience	Singapore • Management circulars and notices • Tenant Bulletins • Tenant engagement activities • Informal dialogue and networking sessions Australia • Management circulars and notices • Tenant engagement activities • Informal dialogue and networking sessions including visual merchandising, social media workshops and loyalty programme	• Shopping experience, that enhances the lifestyle • A safe and sustainable space • Contribution to local communities • Property tax rebates and rental relief to ease tenants' cashflow	Sustainability Report
Unitholders and Investors 	To obtain unitholders' support to our sustainability efforts, and help them understand our sustainability goals and efforts	• Release of financial results, operational updates, announcements, media releases, and other relevant disclosures through SGXNET, Annual Report and PARAGON REIT's website • Annual General Meeting • Extraordinary General Meeting, where necessary • Updates through one-on one and group meetings and investor roadshows (held virtually where possible) • Online meetings with unitholders and Investors	Financial performance of PARAGON REIT	Financial Statements
Regulators 	To communicate with regulators from time to time and ensure compliance with relevant laws and regulations	• Industry networking functions • Annual regulatory audits • Adoption of TCFD recommendations	Regulatory and Socioeconomic compliance	Corporate Governance Report

We build rapport and trust with our stakeholders through regular and timely engagement to understand their concerns and expectations. Such engagement aids in allocating resources appropriately in response to their

needs. The table below highlights our engagements with key stakeholders, and the methods we adopt to engage with them to address their concerns or needs.

Stakeholder category	Description	Form of engagement	Purpose of engagement	Corresponding section
Employees 	To provide a working environment that provides fair remuneration, equal treatment, safe and healthy working conditions, and career development opportunities	- Human Resources Policies and Practices - Employee grievance mechanism - Daily communications done virtually, bi-weekly check-ins from supervisors	- Remuneration, compensation and benefits - Fair and equal employment opportunities - Training and career development programmes - Safe and healthy working environment - Job security amidst COVID-19 crisis and economic downturn	Sustainability Report
Contractors and Suppliers 	To build mutually beneficial and long-lasting business relationships	Regular communications directly with the suppliers	Collaborative partnerships with PARAGON REIT	Sustainability Report
Local community 	To be a responsible corporate citizen that contributes to the local community	- Community outreach programmes and charitable events (held in accordance with latest COVID-19 regulations) Singapore - The National Cancer Centre (Paragon) - Blessings of Fortune (The Clementi Mall) - Kidz Horizon Appeal (Paragon) - The Art Faculty (Paragon) - Project 2x2 (The Clementi Mall) - OWNDAYS & MINDS (The Clementi Mall) Australia - Illawarra Cancer Centre (Figtree Grove) - Figtree Children's Community Sport Sponsorship - Hoodies for the Homeless - Wollongong Hospital Childrens Ward - Schools Art Programme - Charity Casual Mall Leasing Sites - Earth Hour	Contribution to local communities	Sustainability Report



SUSTAINABILITY REPORT

2.4 MATERIALITY APPROACH AND PROCESS

To reprioritise key material topics, we undertook a materiality assessment in alignment with GRI 2021. This assessment helped us identify the positive and negative impact of our business operations on the economy, environment, and people, framing our

sustainability strategy to align to the three pillars of ESG.

The materiality assessment allowed us to identify pressing sustainability issues and focus our efforts on addressing these matters. The material topics have been revised since our assessment in FY2021 based on the impact materiality scoring across all identified topics. The updated list of material topics is shown below.

Table 4. Materiality table

Key Material Topics		
■ Energy and carbon	■ Effluents and waste	■ Water
■ Stakeholder impact and partnerships	■ Health, safety and wellbeing (employees and public)	■ Sustainable materials
■ Responsible supply chain	■ Product/service quality and responsibility	■ Local communities/ community engagement
■ Human rights and fair labour	■ Compliance with laws and regulations	■ Non-discrimination and equal opportunity
■ Training & development	■ Cyber-readiness, security, and data privacy	■ Anti-corruption

■ Newly added topics

3. ENVIRONMENT CHAPTER

ADOPT ENVIRONMENT-FRIENDLY PRACTICES

PARAGON REIT is committed to minimising our environmental impact while delivering long-term value to our businesses in Singapore and Australia. With Singapore and Australia targeting to achieve net zero emissions by 2050, we recognise potential stakeholder interest around PARAGON REIT's plans to reduce greenhouse gas (GHG) emissions. Hence, we are putting a strong focus on reducing emissions via energy saving initiatives to support our long-term targets of 30% reduction in like-for-like GHG emissions intensity by 2025 with 2015 as a baseline. Furthermore, we are disclosing new material topics such as effluents and waste on key areas, which we foresee will require our attention.

At PARAGON REIT, environmental performance is monitored and aligned to the organisation's established environmental targets for FY2025. With FY2015 as

a baseline for performance comparisons, we remain driven to reduce our like-for-like electricity intensity by 18% and like-for-like water intensity by 18% by FY2025. We hope to contribute by propelling environmentalism and resource stewardship through positive and mindful contributions. We also ensure the efficient use of resources through our environmental policy, which are enforced by the centre management offices ("CMOs") at Paragon and The Clementi Mall.

Across our operations in Singapore, we regularly monitor electricity and water consumption data for collation and submission to the respective statutory boards, as part of our efforts to acquire green certification for our malls. As a testament to our environmental awareness and initiatives, both The Clementi Mall and Paragon obtained their recertification for the BCA Green Mark (Gold) and Green Mark (Certified), respectively, in 2021.

Adopting environmentally friendly practices entails a focus on several key areas, including energy and carbon, effluents and waste, water, and sustainable materials. These material topics fall under PARAGON REIT's environmental pillar, and we address them through efficient management, performance monitoring, and target setting, as outlined in the following sections.

EMISSIONS DISCLOSURE

For PARAGON REIT, Scope 1 emissions, predominantly focusing on fuel consumption, are deemed immaterial to operations, and hence excluded from this report. We have excluded the diesel emission due to its insignificance relative to the total GHG emissions we generate, since minimal use of diesel is employed across the malls to operate emergency generators in rare times of necessity.

Therefore, our emissions consist of Scope 2 absolute emissions, accounting for electricity consumption of our properties in Singapore and Australia (Paragon, Clementi Mall, Westfield Marion, and Figtree Grove). The Rail Mall data was excluded as it does not have common service areas that require the landlord's consumption of electricity. The emission intensity for Paragon and The Clementi Mall were examined via a comparative baseline trend analysis between base year and FY2021. This aids in assessing and tracking our current performance against our established FY2025 targets stated above.

3.1 ENERGY & CARBON

The global green energy transition is in full force, with commitments to decrease carbon emissions and phase out fossil fuels in favour of renewable energy sources. In Singapore, there are stricter regulations on the energy performance of buildings, as well as an expected increase in carbon tax with the Singapore Green Plan 2030 and the BCA Green Mark 2021. With energy consumption contributing to a significant portion of PARAGON REIT's carbon footprint, we are committed to adopting and implementing strategies to ensure that they are aligned with the move towards a low-carbon economy.

Our management approach and initiatives

PARAGON REIT is committed to minimising emissions, and building sustainability in business practices. Our SSC supervises environmental practices to achieve climate resilience and environmental stewardship

based on long-term environmental targets such as 30% reduction in like-for-like GHG emissions intensity and 18% reduction in like-for-like electricity intensity by 2025 (2015 baseline).

In Singapore, Air Conditioning and Mechanical Ventilation ("ACMV"), which is the main source of electrical energy usage, is constantly monitored across the malls to ensure that they operate at optimal settings and hence utilising minimum energy. The Building Management System ("BMS") conducts regular checks and monitors the ACMV of operations to ensure efficiency in the starting and shutting down of the plant at the desired times whilst ensuring the optimisation of lighting within the malls. This reduces the landlord electricity consumption levels and minimises Scope 2 emissions.

In Australia, efficient usage of energy is ensured via operational systems set in place to monitor energy efficiency. At Figtree Grove, the Heating, Ventilation and Air Conditioning ("HVAC") checkpoint settings and BMS are monitored regularly to ensure system efficiency. As a result, energy is only consumed during times of operation, and halted during idling or hours of non-occupancy. On a regular basis, the facility management team also reviews industry updates and publications to remain abreast with the latest developments whilst collaborating with the operations team to share key learning and project insights. At Westfield Marion, an appointed electricity committee advises on the procurement of electricity and investment in solar power, while Scentre's in-house technical teams and specialist contractors advise the facility management team on the upgrades to existing systems to enhance power supply efficiency. For instance, conventional carpark lights have been upgraded to energy-efficient LED lights, which utilise up to 85% less energy and hence reduce electricity usage significantly.

As such, energy initiatives aimed at curbing energy consumption are commonly implemented by our portfolio assets to ensure resource stewardship.

Our performance

PARAGON REIT strives towards a low-carbon future by adopting energy efficient practices for building services. We commit to optimise our energy usage and minimise greenhouse gas emissions resulting from our operational utility.

In CY2022, from 1 January 2022 to 31 December 2022, the total amount of purchased electricity resulting



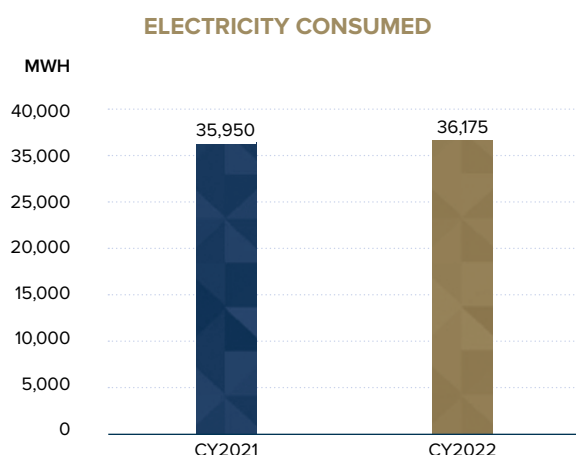
SUSTAINABILITY REPORT

in Scope 2 emissions for all four assets included for reporting in Singapore (Paragon and The Clementi Mall) and Australia (Westfield Marion and Figtree Grove) was 36,175 MWh, which resulted in 14,551 tCO₂e.⁶

Whilst accounting for the change in our financial year end, between 1 September 2021 to 31 December 2021 the total amount of purchased electricity for all four properties was 12,193MWh.⁷ Our reported electricity consumption accounts for landlord consumption across common areas in our portfolio assets, excluding tenant electricity usage. This is to present a more accurate representation of electricity that PARAGON REIT has directly consumed. The Rail Mall data was excluded as it does not have common service areas requiring the landlord's consumption of electricity. As a result, we believe it is imperative to restate the Scope 2 emissions for CY2021.

In CY2021, from 1 January 2021 to 31 December 2021, the Scope 2 electricity consumption for the equivalent four assets was 35,950 MWh, and emission levels were revised to 15,241 tCO₂e.⁸ Given the CY2022 electricity consumption of 36,175 MWh, there was a 0.63% increase in electricity consumption in comparison to CY2021. The increment in electricity consumption can be attributed to the increase in footfall of our malls as businesses began operating without restrictions.

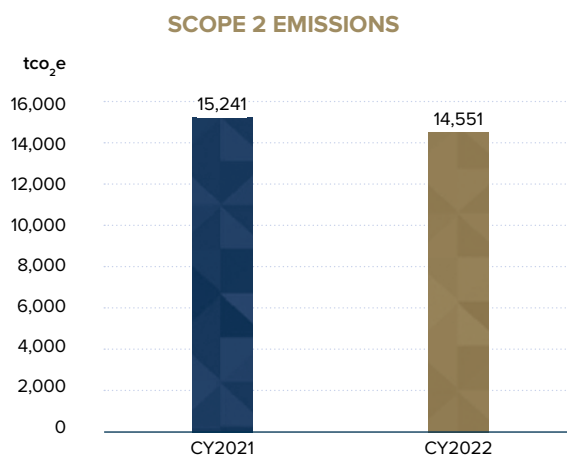
Figure 3. Scope 2 electricity consumed



The total electricity intensity for our four assets in CY2022 was 0.1290 MWh/m², a 1.02% increase from CY2021's figure of 0.1277 MWh/m². This was due to electricity consumption increasing by 0.63% while the floor area of the four assets decreased by 0.39%.⁹

In comparison, from 1 January 2021 to 31 December 2021, PARAGON REIT experienced a 4.15% decrease in Scope 2 emissions in CY2022 for the same reporting period. An accountable factor for this decrease despite the increase in total electricity consumed was an alteration to the emission factors¹⁰ employed in deriving the Scope 2 figures for Westfield Marion and Figtree Grove. The updated emission factors reflect the changes to the global warming potentials in Australia. Ultimately, the total amount of Scope 2 emissions for all four properties for the accounted period due to the change in financial year, 1 September 2021 to 31 December 2021, was 5,172 tCO₂e.

Figure 4. Scope 2 emissions



Accordingly, the Scope 2 emissions intensity for CY2021 was restated to 0.054 tCO₂e/m². Given the CY2022 Scope 2 emissions intensity of 0.052 tCO₂e/m², there was a 4.15% decrease in Scope 2 emissions intensity in CY2022 from CY2021 values.

We strive to maintain the decreasing trend of electricity intensity to achieve at least a 18% reduction in like-

6 Emission factor source: EMA (Singapore), EERS (Australia)

7 This accounts for an electricity intensity of 0.043 MWh/m² and Scope 2 emission levels of 5,172 tCO₂e. Hence, the Scope 2 emission intensity for September 2021 to December 2021 was 0.018 tCO₂e/m².

8 Emission factor source: EMA (Singapore), EERS (Australia)

9 The floor area for Australian assets decreases by 0.69% from FY2021 to FY2022, while that of Singaporean assets remain unchanged.

10 In CY2022, the Scope 2 emission factors for Australia's assets were reduced from 0.43 kgCO₂e/KWh to 0.35 kgCO₂e/KWh (Westfield Marion) and 0.81 kgCO₂e/KWh to 0.79 kgCO₂e/KWh (Figtree Grove). Source: Emissions and Energy Reporting System (EERS)

for-like electricity intensity by 2025, using 2015 performance as the baseline. In addition, we also aim to maintain at least 30% reduction in like-for-like GHG emissions intensity by 2025, using 2015 performance as the baseline. In the long run, we will re-assess our long-term targets and continue to reduce our emissions to meet these goals.

3.2 EFFLUENTS & WASTE

Waste management is a concern for a small country like Singapore, where landfill space is projected to run out by 2035. This means that more efforts to drive a circular economy are in full force, and PARAGON REIT is aligned to achieve these goals. We strive to minimise negative waste-related impacts such as resource depletion and waste generation, by minimising the waste generated downstream in its value chain. To reduce this amount of waste, PARAGON REIT encourages the efficient use and management of resources.

Our management approach and initiatives

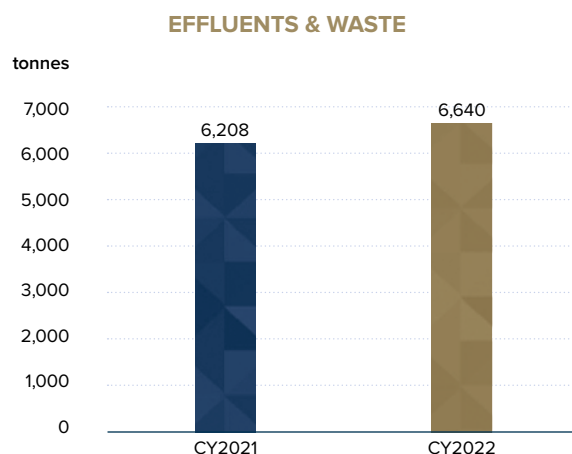
PARAGON REIT is committed to reducing effluents and waste to build sustainable business practices. Our SSC supervises environmental practices to achieve climate resilience and environmental stewardship through proficient waste management. PARAGON REIT has established various initiatives aimed at recycling and reducing waste, alongside partnership with Two Of A Kind. We aim to set a long-term recycling target for recyclable waste from 2023 and beyond.

PARAGON REIT engages a third party to manage waste generated by tenant fit-out activities and shopper consumptions. Bin facilities are allocated in shopping centres, with the third-party vendor collecting and processing this waste. PARAGON REIT will step up on our efficient use of resources, and participate in responsible waste disposal activities.

Our performance

General waste data for the four assets was accounted from January to December of each financial year. The effluents and waste amount for CY2021 was 6,208 tonnes. Given the CY2022 waste production of 6,640 tonnes, there was a 6.96% increase in effluents and waste produced in CY2022 from CY2021 values. This is attributable to a higher footfall level in Singapore assets in 2022 due to the lifting of pandemic restrictions, resulting in an increase from 11.3 million in 2021 to 14.6 million in 2022 for Paragon Mall, and an increase from 15.2 million in 2021 to 20.6 million in 2022 for The

Figure 5. Effluents and waste produced



Clementi Mall. The total general waste produced from 1 September 2021 to 31 December 2021 was 2,117 tonnes.

The total waste intensity for our four assets in CY2022 was 0.024 tonnes/m², a 7.38% increase from CY2021's figure of 0.022 tonnes/m².

3.3 WATER

Prudent water management is key to a country lacking natural resources like Singapore. Efficient water usage can help to conserve water and thereby lower the operational costs of PARAGON REIT's assets.

Our management approach and initiatives

All water taps in our Singapore malls have been adjusted to the recommended flow rates to ensure a more efficient use of water. We regularly track and monitor our water consumption. Inspections are also carried out to identify anomalies, which will be promptly addressed when detected to prevent further losses and leakages. Paragon and The Clementi Mall have been certified by the Public Utilities Board ("PUB"), Singapore's National Water Agency, as Water Efficient Buildings ("WEBs") through its WEB Certification Programme. All properties in Singapore adhere strictly to the legislations and requirements on sewage and drainage stipulated by PUB. Moving forward, we will continue to explore future opportunities in our water supply infrastructure and cooling systems, as well as the potential use of NEWater – highly-treated used water that have been recycled into ultra-clean, high-grade reclaimed water – to make our water consumption more environmentally friendly.



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In Australia, water saving devices such as half-flush toilets and sensor taps are installed at our amenities with regular monitoring and inspections to ensure their continued efficiency. Figtree Grove complies with AS/NZS 3500 Plumbing and Drainage standard, which includes backflow prevention, cross contamination, management of trade waste, and metering standards. All works are undertaken to the relevant standard at the time of operation.

At Figtree Grove, digital meters are installed for accurate tracking of water consumption and detection of leakages. Through real-time tracking of water usage, the online water monitoring system will notify users should any anomalies be detected. Since the water-use assessment conducted in 2020, Figtree Grove has continued to roll out digital water meters and data loggers to enable more tenants to monitor their water consumption levels as well. Flow restrictors were installed to reduce the water flow rate of basin taps at two toilet blocks to lower water consumption.

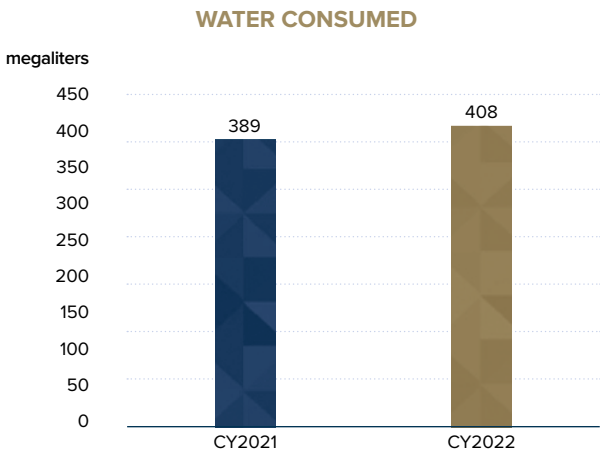
Likewise, at Westfield Marion, digital meters were installed on all water flow gates in 2020. When the water flow is detected to be higher than average, the online water monitoring system will notify the facility management team to look into the source. Through real-time tracking of water usage and variances, we can employ quicker identification and rectification of leaks and losses, compared to conventional methods used previously. The deployment of these meters has brought about significant water and cost savings.

Our performance

In CY2022, the total water consumption for all four properties included for Singapore (Paragon, The

Clementi Mall) and Australia (Figtree Grove, Westfield Marion) was 407.6 megalitres. No water storage was conducted in the previous and current financial year. The total amount of water utilised by the four assets during 1 September 2021 to 31 December 2021 was 140 megalitres. Overall, the total water intensity for our four assets in CY2022 was 0.00145 megaliters/m², a 5.08% increase from CY2021's figure of 0.00138 tonnes/m².

Figure 6. Water consumption

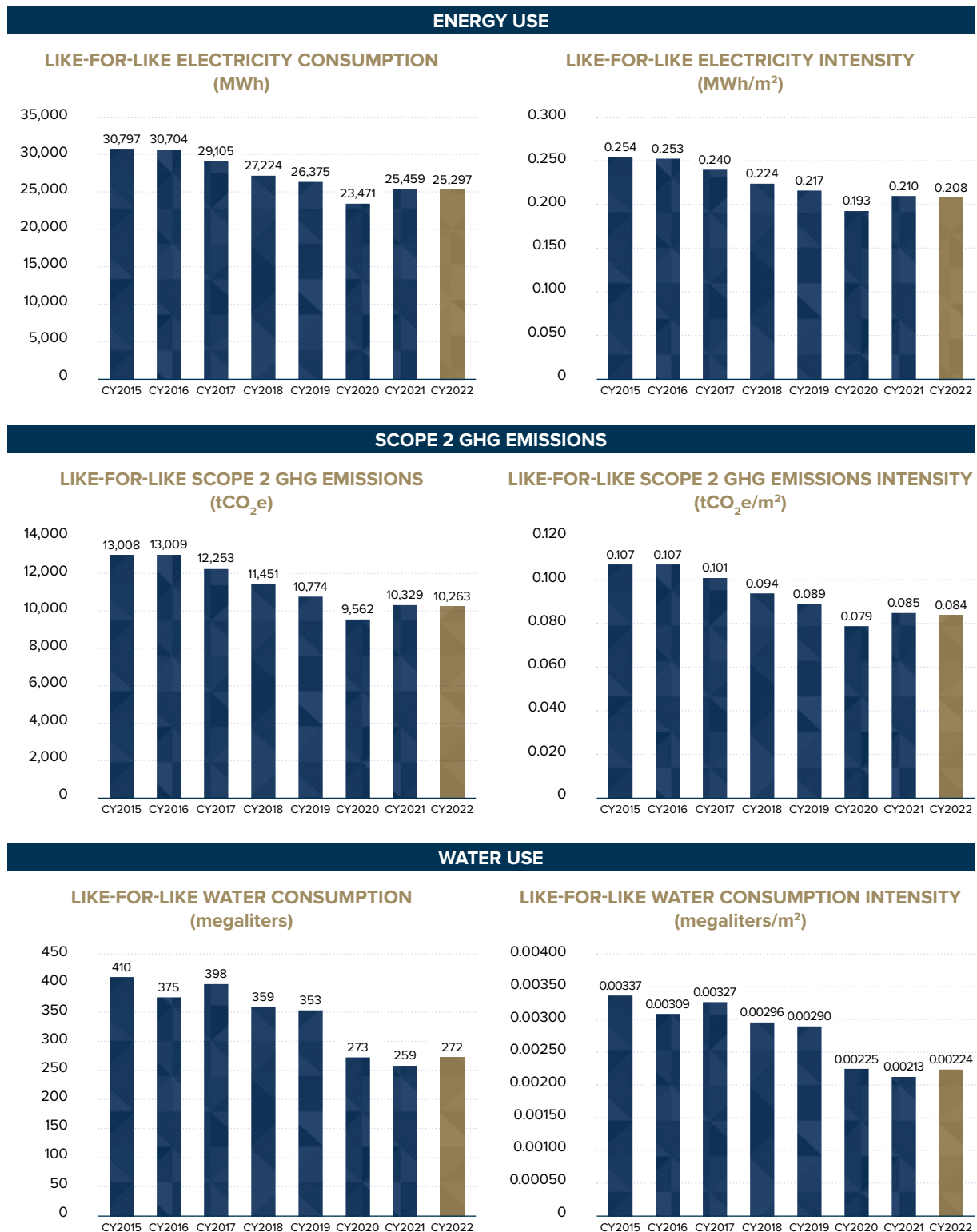


Comparing this to CY2021 on a like-for-like basis, the collective water consumption and intensity for Paragon and The Clementi Mall were 272 megalitres and 0.00224 megalitres/m² respectively, which both saw a 4.88% increase in CY2022 from CY2021's levels. Water consumption increased due to increased footfall across both malls.



The like-for-like charts below show electricity, GHG emissions, and water performance data for Paragon and The Clementi Mall.

Figure 7. like-for-like comparison table (Paragon & The Clementi Mall)





SUSTAINABILITY REPORT



3.4 SUSTAINABLE MATERIALS

Waste produced during operations is minimised by utilising sustainable materials in comparison to other types of building materials. As such, greater adoption of sustainable materials in its operations will assist PARAGON REIT in becoming more sustainable both economically and environmentally. PARAGON REIT's efforts in prioritising the use of safe, healthy, and renewable materials (services and capital goods) with low carbon footprint will likely preserve PARAGON REIT's long-term investment value as well.

As PARAGON REIT is a real estate company not involved in construction, sustainable materials can be utilised for our Asset Enhancement Initiatives ("AEI"). Given our partnerships across the value chain, PARAGON REIT aims to utilise more sustainable materials for our operational activities for this new material topic in the upcoming financial years. We will track the amount or percentage of recycled and renewable materials used for our AEIs from FY2023.

4. SOCIAL CHAPTER

4.1 HEALTH, SAFETY & WELLBEING (EMPLOYEES & PUBLIC)

The health, safety, and wellbeing of PARAGON REIT's employees and the public has always been a top priority for us, aligned with our key focus area of promoting workplace wellness and safety. Hence, PARAGON REIT is committed to providing our shoppers,

tenants, employees, contractors, and suppliers with a healthy and hazard-free environment through various policies, action plans, and initiatives.

Managing risks and hazards in public space

With the gradual return to pre-pandemic life, our shopping malls are receiving increasingly high numbers of shoppers per day. Fire hazards can pose a major risk to the health and safety of all workers in, and visitors to the malls. With the increased traffic within our malls, regular fire risk assessments need to be performed to identify and manage potential risks and hazards.

To ensure that there is a quick response and evacuation in the case of a fire outbreak, we have devised various policies to guarantee the safety of our customers. For instance, all our Singapore malls have an Emergency Response Plan, which highlights the responsibilities, actions and duties all parties involved can take during a fire emergency, to ensure a quick response and evacuation. To comply with local fire safety requirements, a tabletop fire drill was conducted for Straits Retail Property Management Services Pte Ltd ("RPMS") employees.

Meanwhile in our Australian operations, annual and monthly workplace health and safety trainings are conducted for our appointed property managers' employees for Figtree Grove and Westfield Marion properties. Figtree Grove conducts Fire Safety Equipment compliance tests and evacuation drills at least once a year. Figtree Grove also has an Emergency Management Manual, which addresses a wider range of emergency situations such as natural disasters, building damages, and acts of terrorism, which are continually being reviewed through desktop

simulations. At Westfield Marion, safety manuals, emergency evacuation plans, and a tenant safety certification process have been in place to manage hazard risk in public spaces. Following last year's update on retailer fit-out guide, the use of flammable aluminium composite panels is restricted within retail premises, to reduce the risk of fire incidents occurring. To ensure smooth operations, our on-site teams also help in checking fuel and rubbish build-up to comply with safe operating standards. They also perform necessary maintenance and repairs on a timely basis. Furthermore, under the Tenancy Safety Certification process, all tenants are required to renew and verify relevant fire, gas, and electrical safety certificates prior to their expiry to ensure the reliability of our systems.

In the event a major incident does occur within our premises, we have a variety of guidelines in place for all relevant stakeholders to ensure a swift and methodical incident reporting. Under these guidelines, any significant incident will trigger a series of investigations, the result of which will inform follow-up actions that will help to minimise future incidents. A post-incident review will be kept in our systems for future referral, and is taken into consideration when our reporting guidelines are reviewed annually.

Creating a safe and healthy work environment

In 16M FY2022, there were zero incidents resulting in any stakeholder's permanent disability or fatality. There were also zero recordable and high consequence¹¹ injuries from employees of PARAGON REIT. 16M FY2022, PARAGON REIT had 143 property managers – 129 property managers in Singapore and 14 in Australia. A total of 298,214 working hours were recorded in total for property managers in CY2022. PARAGON REIT's employees worked for a total of 24,310 hours during this calendar year, a 8.33% decrease from CY2021. The total number of working hours for property managers during 1 September 2021 to 31 December 2021 was 106,187 hours. The number of employees remained unchanged from CY2021, at 12 employees in CY2022.

In Singapore, PARAGON REIT adopts the Group's Total Workplace Safety and Health Policy to cover both employees of PARAGON REIT and RPMS. This policy lays out relevant criteria to manage interactions between work, safety, and health.

In Australia, a similar set of Workplace Safety and Health policies and procedures are instituted by the

respective Australian property manager across the two Australian properties. For Figtree Grove, all newly inducted employees are required to attend training, which covers topics including first aid, emergency preparedness, as well as safe work practices. Specific trainings would also be conducted based on the requirements of their respective job roles. At Westfield Marion, the safety team oversees all aspects of health and safety, and ensures that safety policies are adhered to, with an aim to identify and adequately manage workplace risks. The team also reviews safe working procedures to instil a safety-first working culture at Westfield Marion. The safety management system is D&C ISO 45001 certified.

There were zero cases of non-compliance in health and safety matters during the year. Moving forward, we strive to uphold this standard, and will continue to review our policies and procedures to maintain this performance.

Employee mental health and well-being

PARAGON REIT is currently on board with the Workplace Outreach Wellness (WOW) programme by the Health Promotion Board ("HPB"). This programme offers a suite of health programme and workshops to support companies in building a healthier and more engaged workforce, and is fully funded by HPB. An "Understanding Mental Wellbeing" workshop covering key topics such as managing personal resilience and building strong support networks had been organised for general employees. Through active programme engagements as such, we target to improve employee mental health and support their well-being.

4.2 TRAINING & DEVELOPMENT

Training and development of PARAGON REIT's employees ensures a safe workplace, and high level of competencies to carry out quality service and delivery for our stakeholders. As such, safety training and various other trainings to upgrade and refresh our employees' knowledge on a range of topics is embedded in PARAGON REIT's operations.

Safety training

In Singapore, regular safety trainings such as Company Emergency Response Team ("CERT") and first aid are conducted for employees at all centre management offices ("CMOs"). CERT training consists of basic

¹¹ Recordable injuries include injuries that result in death, days away from work, restricted work or transfer to another job, medical treatment beyond first aid, or loss of consciousness; or significant injury or ill health diagnosed by a physician or other licensed healthcare professional, even if it does not result in the above consequences.



SUSTAINABILITY REPORT

first aid and Automated External Defibrillator (“AED”) training, as well as fire emergency responses in buildings, and Workforce Skills Qualifications (“WSQ”) Implement Incident Management Processes. During the year, appointed safe management officers (“SMOs”) from HQ and CMOs attended a new course on ‘Safe Management Measures - Preparing Workplace for COVID-19’. The course equipped the SMOs with the knowledge and skills to identify risks, as well as recommend, implement, and monitor control measures by coordinating and managing Safe Management Measures (“SMM”) at the workplace. These measures provide employees with a safe working environment, and help to minimise the risks of further outbreaks.

In Australia, an annual workplace health and safety training is conducted for all Centre Management personnel at Figtree Grove. A Work-Health Safety (“WHS”) handbook is distributed annually to all retailers to remind them of their responsibility to raise safety concerns with Centre Management, which will in turn be assessed as part of the group’s monthly WHS Forum. Inductions are carried out for contractors, and pre-start meetings are also held with tenant contractors prior to their commencing fit-out works. Additionally, regular training covering emergency management, safe working procedures on handling hazardous materials or chemicals, as well as working at height or within confined spaces are also organised for employees.

Other training

In 16M FY2022, directors were provided with training in various areas, including regulatory updates such as environmental, social, and corporate governance,

the impact of COVID-19 and business sustainability, and data-driven digital commerce. They also attended Directors’ conferences and seminars on audit committees that were organised by the Singapore Institute of Directors, REIT Association of Singapore, PwC, and Allen and Gledhill. PARAGON REIT property managers also underwent Facility Management (FM) related, Real Estate related, as well as a suite of other training programmes.

Overall performance

Overall, 129 employees underwent 965 training hours in Singapore in 16M FY2022. PARAGON REIT CMS license holders also met the training hours requirement.

4.3 LOCAL COMMUNITIES / COMMUNITY ENGAGEMENT

Fostering and engaging with the local community is an integral part of PARAGON REIT’s Corporate Social Responsibility (“CSR”) programme, as set out in our key focus area of “caring for our community”. Leveraging our retail spaces, PARAGON REIT collaborates with tenants to implement various campaigns that support social causes and foster a culture of giving back to the community.

Local community programmes organised at our properties across Singapore and Australia are grouped into five broad areas - Charity & Community, Nature & Conservation, Education, Arts & Culture and Sports. The table below highlights our key community engagement programmes initiated and implemented in 16M FY2022.

Table 5. Social initiatives

CHARITY & COMMUNITY	
THE NATIONAL CANCER CENTRE (PARAGON) During the year end festive season, Paragon organised an online fund-raising event in collaborations with National Cancer Centre Singapore. Paragon uploaded a Facebook post on the 4th of Dec 2021 featuring gingerbread cookies designed by patients of the National Cancer Centre, where they donated \$500 for every 100 like, comment, and share combined, capped at \$3,000. To date, Paragon has donated \$3,000 to National Cancer Centre Singapore.	

CHARITY & COMMUNITY

BLESSINGS OF FORTUNE (THE CLEMENTI MALL)

Partnering Lions Befrienders Association Singapore, The Clementi Mall raised and donated a sum of \$3,360 which was used to purchase essential items to help needy seniors living in Clementi. With the help of 10 volunteers, a total of 168 goodie bags were packed and subsequently distributed or delivered to the homes of the seniors.



Self-Collection



House-to-House Distribution



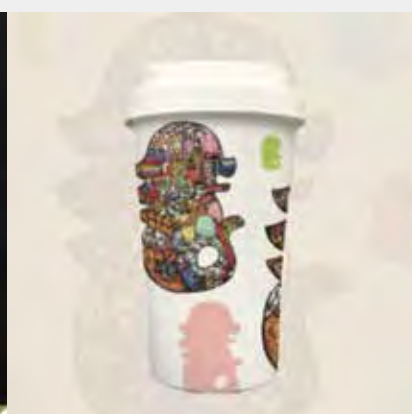
KIDZ HORIZON APPEAL (PARAGON)

In order to raise funds for Kidz Horizon Appeal (KHA) for needy children with chronic illnesses at KK Women's & Children's Hospital through KKH Health Fund (Part of SingHealth Fund), PARAGON REIT has partnered with Mosscape and curated 2 Moss Art Pieces (1 priced at \$2,800 while the other 1 priced at \$2,200) Both pieces were sold for \$5,000 and Paragon made a dollar-for-dollar matching contribution for \$5,000.



THE ART FACULTY (PARAGON)

Paragon collaborated with The Art Faculty to celebrate the talents of artists with autism by producing exclusive sustainable bamboo fibre cups for sale at only \$15 with any spend in the mall. Paragon club members could also redeem it for 35 bonus points. Each cup comes with a complimentary drink voucher to encourage everyone to reduce the use of plastic and disposable packaging. The proceeds that totalled \$7,075 were donated to the Autism Resource Centre (Singapore).





SUSTAINABILITY REPORT

CHARITY & COMMUNITY

PROJECT 2X2 (THE CLEMENTI MALL)

The Clementi Mall partnered with Two of a Kind and Spectacle Hut to run a collection drive of used contact lens blisters. Over the collection period of 75 days where Spectacle Hut was used as a collection point, a total of 30.6kg of blisters which is approximately equivalent to 35,000pcs were collected. The blisters collected are sorted and processed into pellet form to be re-used as raw material for new products.



OWNDAYS & MINDS (THE CLEMENTI MALL)

Organised by The Clementi Mall and our tenant, OwnDays, an eye-check was conducted for 32 adults with intellectual disabilities from MINDS – Training & Development Centre located at 304 Clementi Ave 4. Eight pairs of prescribed glasses were required, and The Clementi Mall contributed \$590.65 as a co-sponsor for the spectacles.



PROJECT 2X2 (THE RAIL MALL)

The Rail Mall partnered with Two Of a Kind and My Eye Room to run a collection drive of used contact lens blisters. Over the collection period of 61 days where My Eye Room was used as a collection point, a total of 7.5kg of blisters which is approximately equivalent to 7,000pcs were collected. The blisters collected are sorted and processed into pellet form to be re-used as raw material for new products.



ILLAWARRA CANCER CENTRE (FIGTREE GROVE)

Throughout 2021 and 2022, Figtree Grove has worked closely with the Illawarra Cancer carers to arrange fundraising events in centers (gift wrapping) that helps raise vital funds for a local community group that assists cancer patients with care needed as a result of their treatments.



CHARITY & COMMUNITY

HOODIES FOR THE HOMELESS (FIGTREE GROVE)

Hoodies for the homeless is an initiative with a local radio station Wave FM and Vinnies where we ask the community to donate hooded jackets and jumpers for the homeless in the Illawarra region. Figtree Grove will be a collection point and allow people to donate clothing items as part of this cause. Customers and the community will also be encouraged to purchase new hooded jackets and jumpers from Figtree Grove retailers and will be promoted via the radio, social media etc.



FIGTREE CHILDREN'S COMMUNITY SPORT SPONSORSHIP (FIGTREE GROVE)

Figtree Grove secured a community partnership with a local sporting team, Wests Illawarra Rugby League club. Wests Illawarra Rugby League club is the major community juniors sporting team in the Primary Trade Area. Figtree Grove's sponsorship was used to award junior players (under 12 years of age) for being the player of the match. Figtree Grove provided a \$5 gift voucher for a winner each week.



WOLLONGONG HOSPITAL CHILDREN'S WARD (FIGTREE GROVE)

Figtree Grove donated 200 Christmas themed craft items to the children's ward of Wollongong Hospital in December 2021. These craft items were left over from craft activities in previous years, however, were a very welcomed donation by the local hospital to help bring a smile to sick children's faces over the festive period.

SCHOOLS ART PROGRAMME (FIGTREE GROVE)

Figtree Grove continues to partner with local primary schools to bring art activations to Figtree Grove. Over Easter, Mother's Day and Christmas Figtree Grove partnered with local primary schools to display amazing artwork created by local students in the direct trade area.





SUSTAINABILITY REPORT

CHARITY & COMMUNITY

CHARITY CASUAL MALL LEASING SITES (FIGTREE GROVE)

As a service to the community, Figtree Grove has a dedicated CML site for local not-for-profit and charity organisations which can be utilised throughout the year. Local groups which take advantage of the service regularly include the Cancer Council, Red Cross and Salvation Army.

EARTH HOUR (FIGTREE GROVE)

Figtree Grove participated in Earth Hour 2022 by switching off our main sign board at the front of the center for 1 hour to help fight climate change.

This was promoted in center and a press release was sent to local news outlets.

WESTFIELD LOCAL HEROES (WESTFIELD MARION)

Westfield's flagship community grants and recognition program, Westfield Local Heroes, returned for its fifth year. The program is designed to shine a spotlight on individuals and organisations, who work hard to drive positive impacts for and in their local communities. Westfield Local Heroes are nominated and voted for by their communities, and they represent a diverse range of sectors.

This year Westfield Marion received over 70 nominations and over 1200 votes from members of their community and they awarded a \$20,000 grant to Cheryle Pinkess from Grocer with a Heart. Grocer with a Heart is a local organisation that ensures people within the Westfield Marion community can access fresh and healthy food for their families, at little to no cost. Additionally, two runners-up each received a \$5,000 grant for their relevant organisations.



4.4 PRODUCT/SERVICE QUALITY & RESPONSIBILITY

PARAGON REIT is committed to delivering high-quality products and services for consumers and tenants, as highlighted in our key focus area of “promoting product quality and customer satisfaction”. Providing a high level of product/service quality and responsibility is essential to improve shoppers’ experience and avoid reputational risk.

As such, in our provision of leasing services for tenant operations and spaces for community facilities, quality checks of customer satisfaction regarding these services are necessary to ensure the quality standards

of PARAGON REIT in its product and service offerings. PARAGON REIT has an established process to manage product and service quality.

4.5 CYBER-READINESS, SECURITY & DATA PRIVACY

Becoming more cyber-ready is of importance to PARAGON REIT, in order to strengthen its abilities to withstand any cyber-security attacks, data thefts, and related disruption of operations. With the rise of privacy data concerns internationally, PARAGON REIT is compliant with regulations, as well as international and local data privacy protection laws.

In Singapore, appropriate steps are taken to ensure strict compliance with the Cybersecurity Act and the Personal Data Protection Act 2021 (“PDPA”). In Australia, both our property managers have contractual obligations to ensure compliance with the Privacy Act 1988.

The technology risk management framework includes various IT policies and procedures to guide us in managing key technology risks and safeguarding information system assets. All employees have also been informed of the IT User Acceptance Policy Manual, which includes guidelines pertaining to the IT system access. Firewall protection has been set up at all workstations, systems, and servers, to reduce risks of cyber-attack or data breach. Our firewall is updated regularly to the latest version available to maintain robustness. Vulnerability assessments and network penetration tests are also conducted for new servers when major enhancements to existing systems and applications are made. They help to detect threats and enhance the security of the systems.

For this financial year, there were zero known cases of theft, leak, or loss of customer data. PARAGON REIT aims to continue to maintain this level of performance in the upcoming financial year.

4.6 RESPONSIBLE SUPPLY CHAIN

PARAGON REIT recognises that our commitment to sustainability will benefit through collaborating with external partners such as suppliers who can enhance our impact on society and the environment. On the other hand, the procurement of unsustainable materials can negatively impact PARAGON REIT’s reputation and ESG performance. As such, we strive to work with suppliers who are transparent, ethical, and environmentally and socially responsible, for all projects that we embark on.

PARAGON REIT has a Supplier Code of Conduct which complies with ethical business dealings. We work with integrity, transparency, and honesty, and this commitment applies to all our suppliers. We also adhere to it to meet the fair standards in the treatment of all employees, as well as to comply with national laws on wages and working hours. The economic impact, energy efficiency, and green initiatives are reviewed and checked wherever applicable to ensure suppliers are in full compliance with our high standards.

In 16M FY2022, RPMS’ appointed vendors continued to comply and maintain the minimum service standards required in Singapore. No disruptions to the supply chain and material operations were reported across all our properties. Going forward, PARAGON REIT aims to ensure continuous alignment from vendors and suppliers with the Supplier Code of Conduct.

4.7 HUMAN RIGHTS AND FAIR LABOUR

Respecting and ensuring the rights and dignity of employees, workers, and the wider community is an important aspect of building a responsible business, and PARAGON REIT recognises that this helps to promote a fairer work environment. In this regard, we are aligned to the Fair Employment practices of TAFEP’s Tripartite Guidelines, and have put in place human resource policies to ensure that fair labour practices are instituted.

In 2023, PARAGON REIT aims to continue providing a sustainable workforce by creating fair working conditions, and to strictly align with existing and upcoming fair labour practices.

5. GOVERNANCE CHAPTER

5.1 COMPLIANCE WITH LAW & REGULATIONS

With one of our key focus areas being “ensuring good governance and ethical business”, PARAGON REIT targets to fully comply with all applicable statutory and regulatory requirements such as the Monetary Authority of Singapore regulations (CIS Code and Provisions in the Trust Deed), Singapore Exchange Listing Manual requirements, Personal Data Protection Act 2021, Privacy Act 1988, Building Control Act and Fire Safety Act, as well as Technology Risk Management guidelines in Singapore and Australia.

Non-compliance with laws and regulations will result in a material impact on PARAGON REIT and its stakeholders. This can affect investor expectations and result in a loss of investor confidence and trust, and thereby reducing our asset value. PARAGON REIT’s achievement of sustainability targets may also be negatively affected, and internal regulatory changes may have to be introduced to comply with laws and regulations, resulting in a potential increase in costs from increased maintenance activities.



SUSTAINABILITY REPORT

As such, regulatory developments are closely monitored throughout the year, and changes to our policies and operating procedures are made where necessary. Any changes to policies and operating procedures are promptly communicated to all employees. In 16M FY2022, there were no significant fines and non-monetary sanctions for non-compliance with laws and regulations. This is a continuation of zero fines and non-monetary sanctions for non-compliance achieved in FY2021. Moving forward, we aim for a continuation of zero cases.

5.2 NON-DISCRIMINATION AND EQUAL OPPORTUNITY

PARAGON REIT strongly believes that a workplace that embraces diversity will be able to attract and retain talent. As such, diversity, equity, and inclusion policies are in place as part of PARAGON REIT's approach to ensure employee, age, and gender representation are always maintained within the organisation.

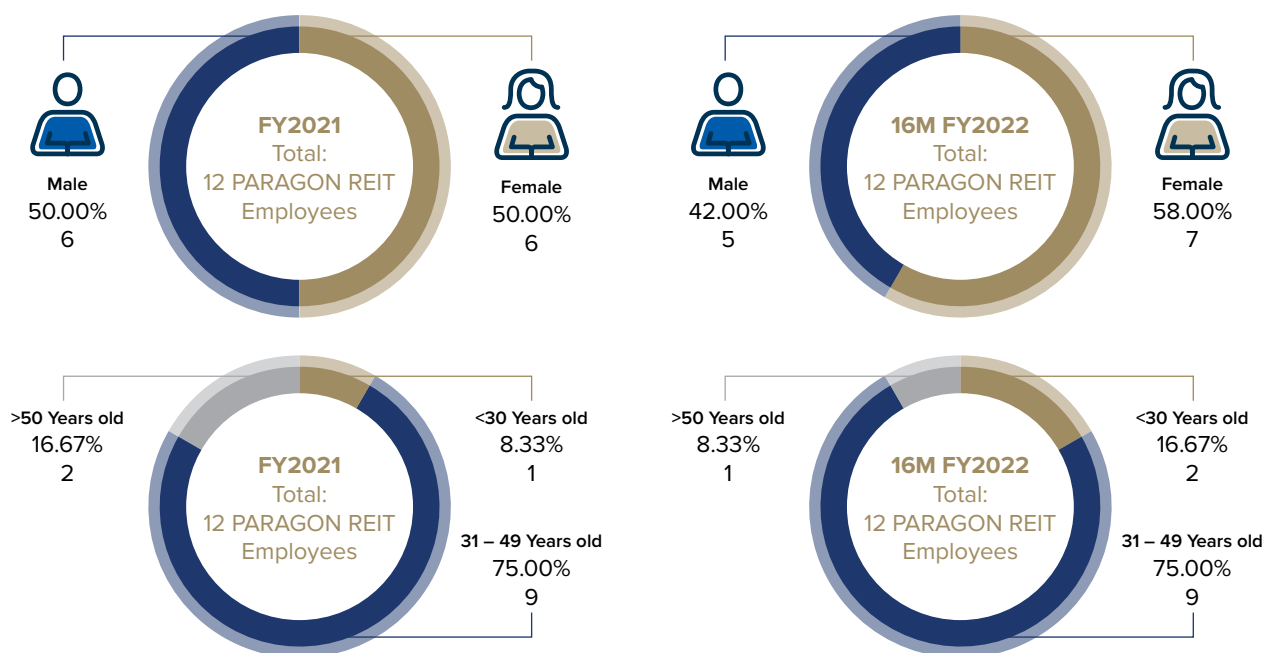
Through our parent company, PARAGON REIT is a signatory to the TAFEP. All PARAGON REIT employees

are executives that form a part of the management, and they are not represented by the unions to avoid any conflict of interest. RPMS, a wholly-owned subsidiary of Cuscaden Peak Investments Private Limited, manages the property leasing, operations, and maintenance of Singapore assets – Paragon, The Clementi Mall, and The Rail Mall. For our two operations in Australia, each of them has a dedicated Australian property manager overseeing the management of the malls respectively. Each of the property managers had established a centre management team, comprising various functions including retail, property, and administration, to manage the mall operations.

Overall, there were zero incidents of discrimination on grounds of colour, gender, sex, religion, political opinion, or social origin reported during this financial year.

PARAGON REIT's workforce comprises 12 full-time employees based in Singapore. The number of full-time employees PARAGON REIT employed remains unchanged from FY2021 to 16M FY2022. A detailed comparison of the gender and age demographic of PARAGON REIT's employees is illustrated below.

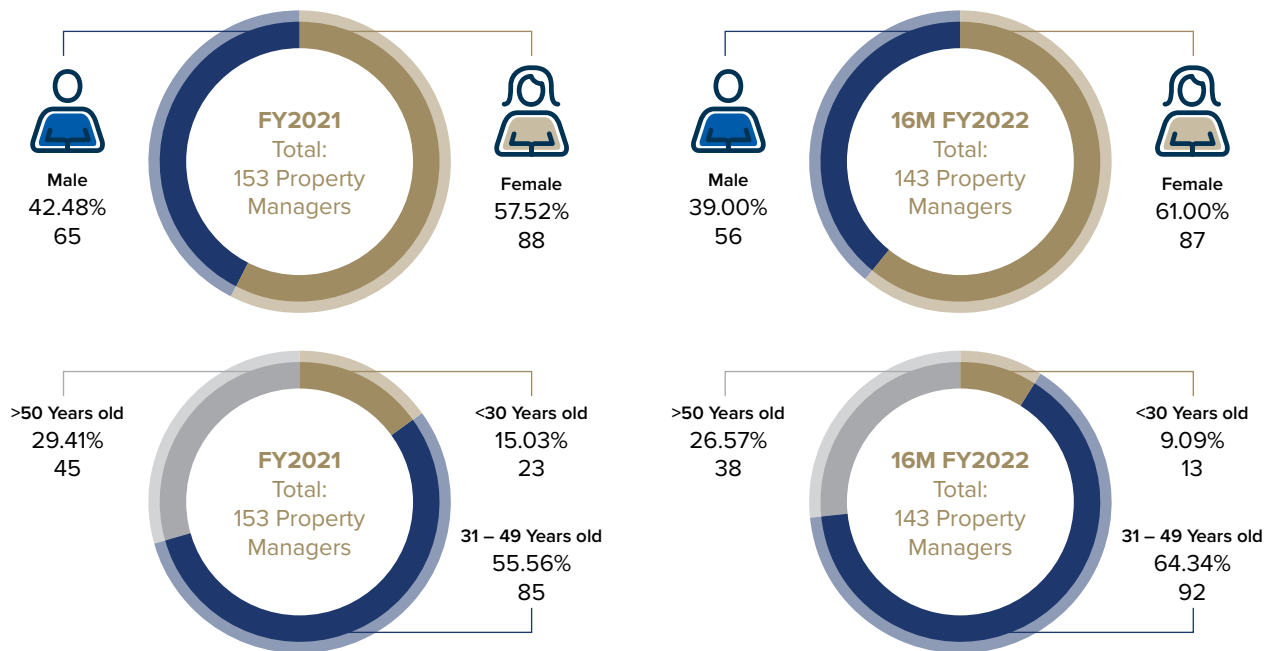
Figure 8. PARAGON REIT Employee breakdown



As of 16M FY2022, there were a total of 143 property management staff across the five Singapore and Australian properties, a 6.5% decrease from FY2021's

153 property manager total count. A detailed comparison of the gender and age demographic of PARAGON REIT's property managers is illustrated below.

Figure 9. Property Managers breakdown



5.3 ANTI-CORRUPTION

All employees are expected to be fully compliant with the Code of Business Ethics and Employee Conduct (“Code of Conduct”) put in place by the Manager. The Code of Conduct addresses matters relating to fraud, business, and workplace behaviour, to safeguard assets, proprietary rights and intellectual property. There were 0 incidents of corruption reported in 16M FY2022.

A Whistleblowing Policy & Procedure is in place for employees and external parties to raise potential concerns or report observations of any suspected improper conduct in confidence to a designated person within the Manager. Such concerns may include dishonesty, fraudulent acts, corruption, regulatory breaches, unsafe work practices, as well as any other improper conduct that may cause significant financial or non-financial loss, or damage to the Manager’s reputation. The Manager may conduct independent investigations based on the report, where appropriate, and take further follow-up actions accordingly.

In Australia, external property managers have been engaged to manage the operations of Figtree Grove

and Westfield Marion in accordance with the local laws and regulations in Australia, and relevant policies have been established by the appointed property managers to govern anti-corruption and compliance-related matters. These policies are applicable to employees working for the appointed property managers. In particular, the property manager of Westfield Marion has in place a Corporate Governance Statement which is in line with the Australian Securities Exchange (“ASX”) Corporate Governance Council’s Corporate Governance Principles and Recommendations, to ensure a high standard of governance, ethical business practices, and personal conduct.

In addition, newly appointed directors will undergo mandatory SID training regarding anti-corruption. For this financial year, we had zero cases of corruption raised or assessed for, and we target to continue with this record for the following financial year. Given that our key corruption-related focus area is in procurement operations, anti-corruption policies are clearly communicated to external property managers such as Scentre Group Limited and MA Financial Group, who are both listed and in compliance with ASX regulations.



SUSTAINABILITY REPORT

6. APPENDIX

6.1 MEMBERSHIP OF ASSOCIATIONS

PARAGON REIT is a member of the REITAS Association of Singapore and acts as a REITAS. SGX Listed co. international advocacy. We undergo various fundraisings for REITs and credit rating trainings under REITAS. PARAGON REIT represents and engages with policy makers regarding key issues affecting Singapore REITs under MAS and SGX guidelines.

PARAGON REIT is also a member of the Orchard Road Business Association ("ORBA").

6.2 GRI MATERIALITY INDEX (DISCLOSURE INDEX)

Statement of use	PARAGON REIT has reported the information cited in this GRI content index for the reporting period of 1 September 2021 to 31 December 2022 in accordance with the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI DISCLOSURE	LOCATION	OMISSION	
		Reason for omission	Required explanation
GRI 2: General Disclosures 2021	2-1 Organisational details	-	-
	2-2 Entities included in the organisation's sustainability reporting	-	-
	2-3 Reporting period, frequency, and contact point	-	-
	2-4 Restatements of information	-	-
	2-5 External assurance	-	-
	2-6 Activities, value chain and other business relationships	-	-
	2-7 Employees	-	-
	2-8 Workers who are not employees	-	-
	2-9 Governance structure and composition	-	-
	2-10 Nomination and selection of the highest governance body	-	-
	2-11 Chair of the highest governance body	-	-
	2-12 Role of the highest governance body in overseeing the management of impacts	-	-
	2-13 Delegation of responsibility for managing impacts	-	-
	2-14 Role of the highest governance body in sustainability reporting	-	-
	2-15 Conflicts of interest	-	-
	2-16 Communication of critical concerns	-	-
	2-17 Collective knowledge of the highest governance body	-	-
	2-18 Evaluation of the performance of the highest governance body	-	-
	2-19 Remuneration policies	-	-
	2-20 Process to determine remuneration	-	-

GRI DISCLOSURE	LOCATION	OMISSION	
		Reason for omission	Required explanation
2-21 Annual total compensation ratio	-	Information unavailable	Compensation value for individuals/highest paid individual unavailable
2-22 Statement on sustainable development strategy	74	-	-
2-23 Policy commitments	Disclosed throughout Sustainability report 2022 across all pillars	-	-
2-24 Embedding policy commitments	Disclosed throughout Sustainability report 2022 across all pillars	-	-
2-25 Processes to remediate negative impacts	Disclosed throughout Sustainability report 2022 across all pillars	-	-
2-26 Mechanisms for seeking advice and raising concerns	99	-	-
2-27 Compliance with laws and regulations	97-98	-	-
2-28 Membership associations	100	-	-
2-29 Approach to stakeholder engagement	82-83	-	-
2-30 Collective bargaining agreements	-	Not applicable	No collective bargaining agreements
GRI 3: Material Topics 2021	3-1 Process to determine material topics	84	-
	3-2 List of material topics	84	-
Sustainable materials	3-3 Management of material topics	90	-
	301-1 Materials used by weight or volume	-	Information unavailable New material topic
	301-2 Recycled input materials used	-	Information unavailable New material topic
Energy	3-3 Management of material topics	85-86	-
	302-1 Energy consumption within the organization	86	-
	302-3 Energy intensity	86	-
	302-4 Reduction of energy consumption	85-86	-
Emissions	3-3 Management of material topics	85-86	-
	305-1 Direct (Scope 1) GHG emissions	-	Not applicable Negligible amount
	305-2 Energy indirect (Scope 2) GHG emissions	86	-
	305-3 Other indirect (Scope 3) GHG emissions	-	Information incomplete Information for scope 3 GHG emissions incomplete
	305-4 GHG emissions intensity	86	-
	305-5 Reduction of GHG emissions	85-86	-



SUSTAINABILITY REPORT

			OMISSION	
GRI DISCLOSURE		LOCATION	Reason for omission	Required explanation
Water	3-3 Management of material topics	87-89	-	-
	303-2 Management of water discharge-related impacts	87-88	-	-
	303-5 Water consumption	88	-	-
Waste	3-3 Management of material topics	87	-	-
	306-1 Waste generation and significant waste-related impacts	87	-	-
	306-2 Management of significant waste-related impacts	87	-	-
	306-3 Waste generated	87	-	-
Occupational Health and Safety	3-3 Management of material topics	90-91	-	-
	403-1 Occupational health and safety management system	91	-	-
	403-2 Hazard identification, risk assessment, and incident investigation	90-91	-	-
	403-3 Occupational health services	91	-	-
	403-4 Worker participation, consultation, and communication on occupational health and safety	90-91	-	-
	403-5 Worker training on occupational health and safety	90-91	-	-
	403-6 Promotion of worker health	25-26	-	-
	403-8 Workers covered by an occupational health and safety management system	91	-	-
	403-9 Work-related injuries	91	-	-
	403-10 Work-related ill health	91	-	-
Training and Education	3-3 Management of material topics	91-92	-	-
	404-1 Average hours of training per year per employee	92	-	-
	404-2 Programs for upgrading employee skills and transition assistance programs	91-92	-	-
	404-3 Percentage of employees receiving regular performance and career development reviews	-	Information unavailable/incomplete	Information unavailable
Non-discrimination	3-3 Management of material topics	98-99	-	-
	406-1 Incidents of discrimination and corrective actions taken	98	-	-
Human rights and fair labour	3-3 Management of material topics	97		

GRI DISCLOSURE	LOCATION	OMISSION	
		Reason for omission	Required explanation
Local Communities	3-3 Management of material topics	92	-
	413-1 Operations with local community engagement, impact assessments, and development programs	93-96	-
	413-2 Operations with significant actual and potential negative impacts on local communities	93-96	-
Customer Privacy	3-3 Management of material topics	96-97	-
	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	97	-
Anti-corruption	3-3 Management of material topics	99	-
	205-1 Operations assessed for risks related to corruption	99	-
	205-2 Communication and training about anti-corruption policies and procedures	99	-
	205-3 Confirmed incidents of corruption and actions taken	99	-

6.3 TCFD INDEX

TCFD Recommended Disclosure	Description
GOVERNANCE	
a. Describe the organisation's governance around climate-related risks and opportunities	The Board of Directors has delegated the responsibility to approve, manage and monitor, as well as report sustainability issues and ESG factors to the Audit & Risk Committee (ARC). The ARC provides updates to the Board on the material ESG factors, including climate-related issues. The Board still maintains effective oversight of the ESG factors. The Board would still be responsible to approve the environmental risk management framework prepared by the Steering Committee. PARAGON REIT has an appointed Sustainability Steering Committee (SSC) with oversight of environmental risk. This committee develops sustainability objectives and strategies and monitors overall sustainability performance and then reports back to the Board. Meanwhile, the Sustainability Working Committee (SWC) is currently driving the sustainability programme across the organisation. PARAGON REIT is currently holding trainings or sharing sessions with the Board and the Senior management on ESG awareness or general landscape updates, as well as quarterly sustainability reporting updates in the ARC meetings.
b. Describe management's role in assessing and managing climate-related risks and opportunities	Progress against the climate-related targets is monitored by the Board on annual basis through a few KPIs. PARAGON REIT regularly monitors environmental KPIs and collects data for submission to statutory board for green certification. PARAGON REIT also has an established reporting and internal escalation process for managing environmental risk. As a start, the property manager would inform PARAGON REIT asset manager & senior management about any climate-related risks. Thereafter, it will be escalated to ARC for their information, consideration and guidance. Following which, the ARC will report to the Board accordingly.



SUSTAINABILITY REPORT

TCFD Recommended Disclosure	Description
STRATEGY	
a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	Through scenario analysis, we have identified several key physical and transitional risks in the short, medium and long-term (2030, 2050, 2070) that have the potential to affect our operations. The time horizons were chosen in accordance with the time frame when various physical and transition risks would take place. The scenario analysis considers two scenarios, the 1.5°C Scenario (RCP 2.6) and >3°C Scenario (RCP 8.5). The considered timeframe is over the short term (2030), medium term (2050), and long term (2070), with a baseline year of 2019. Three retail properties in Singapore and two retail properties in Australia were considered for the scope of the scenario analysis. A non-exhaustive list of key physical and transition risks is listed as follows: Physical risks: • More frequent or intense floods (river and flash floods) • Higher mean temperature and more frequent/intense heatwaves • Windstorms (tropical cyclones) • Water stress Transition risks: • Carbon pricing • Changing customer expectations • Low carbon economy transition policies and regulations • Technology shifts Currently, PARAGON REIT consider risks for both its Singapore and Australia properties, taking into account geographical differences (e.g. wildfires in Australia). PARAGON REIT will discuss how to incorporate the findings from scenario analysis done into their business strategy and financial planning. Some instances of capacity building modes considered by PARAGON REIT include the development of a regular training program regarding environmental risks, regular briefs for Senior Management and provision of an effective oversight of the environmental risks.
b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	Climate-risk related risks and opportunities are deeply embedded in the organisation's decision-making at all levels. For example, any major investment or possible expansion is evaluated for climate risks as part of the due diligence process. We are considering commencing green building evaluation for our properties to prepare for the low-carbon transition in the future. Given Singapore and Australia's net zero carbon goals, the authorities will implement policies to lower emissions and transit to lower carbon economy. There is also an increased risk where policies will require buildings to incorporate green features and operate in according to green building standards. Developing sustainability features in our buildings, such as retrofitting the buildings to increase energy and water efficiency, is a key climate-related opportunity we are considering as well. Renewable energy designs should also be incorporated in the buildings, such as installing solar panels to reduce fossil fuel consumption.
c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	The findings from our scenario analysis have helped shape our strategy in order to ensure our organisation remains resilient in the face of change. To leverage changing consumer preferences, we will consider the possibility of developing an enhanced green lease with an additional focus on energy efficient or carbon-reducing technologies. This will help reduce tenant's power consumption and increase greater visibility to energy use during the lease.

TCFD Recommended Disclosure	Description
RISK MANAGEMENT	
a. Describe the organisation's processes for identifying and assessing climate-related risks.	Our Sustainability task-force continuously monitors all current events and regulatory updates in the geographic regions where our operations are active in order to safeguard against transition risk, such as emissions reduction policies that are implemented on a regional level. For asset related reporting and monitoring of risk, PARAGON REIT currently adopts a risk assessment in which risk driven by climate change or environmental influences such as flood and fire risks will be covered. Informed by the results of this risk assessment, PARAGON REIT would be able to estimate the necessary capital costs needed for risk mitigation, such as flood protection or alternatively the operational costs for insurance premium.
b. Describe the organisation's processes for managing climate-related risks.	Short-term risks are addressed by regional management, who take immediate steps to mitigate potential damage. Medium and long-term risks are discussed with the Board when shaping the direction of the company's strategy. In 16M FY2022, PARAGON REIT has performed its first scenario analysis. The process involved identification and prioritisation of the key risks and opportunities for PARAGON REIT's assets in Singapore and Australia, covering 100% of PARAGON REIT's portfolio. Assessment of results PARAGON REIT aims to draw conclusions on the financially material physical and transition risks and validate or update its current strategy. Considerations on the need to take actions PARAGON REIT is currently reviewing the proposed and available mitigation and adaptation plans, as well as identifying climate-related opportunities. The ultimate aim is to build sound resilience of PARAGON REIT's portfolio against climate-related risks and opportunities. Such resilience will future-proof PARAGON REIT's real estate portfolio to guard against climate change risks, to avoid premature obsolescence, and maximise its capacity to adopt available opportunities. Actions taken to address the risk PARAGON REIT has currently performed a number of asset enhancement initiatives (AEIs), including: • Replacement of AHU • Solar panels • Cold/Hot Air balancing • Upgrade of BMS to better track usage • Preparation for flood barriers installation Actions have also been taken to mitigate other physical risks. To mitigate intense floods, we report the flood risks for all our listed properties and update and ensure drainage systems are designed to handle floods. A key action which arises from this is the possibility of installing necessary infrastructure and building features to increase the resilience. Heat threats lead to health and mortality risks which require a heat vulnerability assessment to be identified. To address this limitation, heat mitigation solutions including artificial shading and cool roofs can be installed. PARAGON REIT is also currently developing a decarbonisation roadmap and setting up ambitious decarbonisation targets. Additional physical risk strategies, which were investigated during the scenario analysis are also being considered.



SUSTAINABILITY REPORT

TCFD Recommended Disclosure	Description
c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	We integrate climate risk into our organisation's risk management framework across all business units and geographies, including the enterprise risk management framework. ESG-related risks and opportunities are considered in all major decisions, from creating new product lines to expanding to new geographies. Certain initiatives PARAGON REIT has currently undertaken include an ESG awareness training, with focus on climate-related risks. The target audience was the Board and Senior Management. Furthermore, on a quarterly basis, PARAGON REIT's sustainability consultants provide sustainability reporting updates (during the ARC meetings).

METRICS & TARGETS

a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	The key metrics and targets we have set relate to our GHG emissions. PARAGON REIT discloses its Scope 2 emissions of all four properties it holds so far. However, the emissions targets (energy usage, GHG emissions, water usage in intensity & absolute terms) set are currently only for two properties in Singapore, Paragon and Clementi Mall. The Rail Mall data has been excluded as it is deemed immaterial compared to the rest. In general, climate related targets are intensity based and applied to a 10-year timeframe (short to mid-term), with the base year utilised being 2015. Short term climate targets on electricity consumption and GHG emissions are set only for the two Singapore properties, Paragon and Clementi Mall. Emissions intensity is used as a KPI to track target performance for the two Singapore properties. Other relevant climate-related metrics may also be considered in the future.
b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	We are targeting to expand our reporting scope to include more Scope 3 emissions, in addition to categories 1, 5 and 13 currently reported, in 2024. Scope 1 emissions are not deemed material and are thus excluded.
c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	By creating a decarbonisation roadmap with viable Scope 1, 2 and 3 strategies to support the journey, we will be able to reduce emissions to support our 2025 targets. In addition, we will be improving our GHG data coverage by tracking our Scope 3 emissions to provide more informed and targeted decision-making procedures. Other climate-related targets relevant to the business may also be considered in the future.

6.4 LIST OF POLICIES (I.E., ETHICS POLICY, SUPPLIER CODE OF CONDUCT)

- **Singapore operations:** Group's Total Workplace Safety and Health Policy
- **Australia operations:** Figtree- WHS training, Westfield Marion- D&C ISO 45001-certified safety management team
 - o Manage interactions between work, safety and health
- **IT User Acceptance Policy:** Includes guidance to access, usage and deployment of IT resources
- **Whistleblowing Policy:** To raise potential concerns or report observations of any suspected improper conduct to the Manager
- Supplier code of Conduct
 - o Ensures compliance with (including environmental) laws and regulations, ethical business dealings and operations (workplace quality),
- **Code of Business, Ethics and Employee Conduct:** Addresses matters relating to fraud, business and workplace behaviour, safeguarding of assets, proprietary rights and intellectual property

PARAGON REIT has a thorough list of policies to the health and safety of our employees. In Singapore, the Group's Total Workplace Safety and Health Policy

lays out the relevant criteria to manage interactions between work, safety and health. A similar set of policies exist in our Australian operations, with employees of Figtree Grove required to attend a Workplace Health and Safety training on first aid, emergency preparedness and safe work practices. Meanwhile Westfield Marion's safety team ensures that its safety management system is AS4801-certified, facilitating a safety-first working culture.

To ensure ethical business operations, Our Code of Business Ethics and Employee Conduct provides guidance in addressing matters relating to fraud, business and workplace behaviour, safeguarding of assets, proprietary rights, and intellectual property. The Group also has an IT User Acceptance Policy which includes guidance to the access, usage and deployment IT resources. If there is a breach in conduct, PARAGON REIT has a whistleblowing policy which allows employees to raise potential concerns or report observations of any suspected improper conduct to the Manager.

Our Supplier Code of Conduct contains key guidelines in order to promote ethical behaviour and sustainability awareness among our key supplies. Key provisions include compliance with all applicable competition, labour and environmental laws and practices, meeting strict standards on workplace safety and the treatment of employees.



RISK MANAGEMENT

RISK MANAGEMENT APPROACH AND PHILOSOPHY

Risk Management is an integral part of PARAGON REIT's culture. PARAGON REIT Management Pte Ltd (the "Manager") and the Board of Directors ("Board") are responsible for establishing the overall risk strategy and governance. The Manager advocates a continual and iterative process for enhancing risk awareness.

The current enterprise risk management framework ("ERM") follows a general principle of identification, measurement, monitoring, and mitigation on the different types of risks, where possible. This framework assists the Board and the Manager to manage risks, preserve capital, and maintain resilience during periods of cyclical changes in business conditions. The framework also facilitates effective decision-making with due consideration to risk-return trade-offs. The Board delegates the oversight of the risk management framework to the Audit & Risk Committee ("ARC"). The ARC is responsible for overseeing the proper implementation and maintenance of the risk management programme, and the Manager is accountable to the Board through identifying, assessing, monitoring, testing, and recommending the tolerance levels of risks.

The Manager maintains a sound system of risk management and internal controls to safeguard its assets and the interest of stakeholders. The Manager's risk management philosophy is built on a culture where risk exposures are mitigated by calibrating risks to acceptable levels while achieving its business plans and goals.

In pursuit of PARAGON REIT's risk management philosophy, the following principles apply:

- Risks can be managed but cannot be totally eliminated
- Every level of management must assume ownership of risk management
- Engagement of ARC on material matters relating to various types of risk and development of controls and risk mitigation measures
- Risk management processes are integrated with other processes including budgeting, mid/long term planning, and business development

The key outputs of the Manager's ERM are:

- Defining a common understanding of risk classification and tolerance levels
- Identifying key risks affecting business objectives and strategic plans
- Identifying and evaluating existing controls and developing additional plans required to mitigate risks
- Implementing measures and processes to enable ongoing monitoring and review of risk severity and treatment effectiveness
- Risk management awareness training and workshops
- Continual improvement of risk management capabilities

A robust risk management system is in place to address financial, operational, legal and compliance, technology, as well as environmental and climate risks that are relevant and material to business operations. Periodical internal audit is conducted to check that directions, policies, procedures, and practices are adhered to, and functioning as desired.

FINANCIAL RISKS

REAL ESTATE MARKET RISKS

Real estate market risks, such as volatility in rental rates and occupancy, competition, and regulatory changes may have an adverse effect on property yields. Such risks are monitored to minimise the adverse financial impact on existing assets. These risks are also reviewed for acquisition or disposal opportunities. Any significant change to the risk profile is reported to the ARC for assessment and mitigation.

CREDIT RISK

All leases are subject to prior assessment of business proposition and credit risk involved. To further mitigate risks, security deposits in the form of cash or banker's guarantees are obtained where appropriate, with due consideration of the tenant's financial strength and market practices. Debtor balances and collection trends are closely monitored for the necessary follow-up actions.

INTEREST RATE AND FOREIGN EXCHANGE RISKS

The Manager monitors the portfolio exposure to interest rate fluctuations arising from floating rate borrowings, and hedges its exposure by way of interest rate swaps and fixed rate loans.

In addition, the gearing limit and interest coverage ratio are monitored to ensure compliance with the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore (“MAS”).

Foreign exchange exposure arising from overseas investments has also been largely hedged by matching funding in either same currency financing or cross currency swap arrangements.

LIQUIDITY RISKS

The Manager proactively manages the financing risk of PARAGON REIT by ensuring that its debt maturity profile is spread out without major concentration of debts maturing in a single year, as well as maintaining an appropriate gearing level and tenure for its borrowings. The Manager monitors debt maturity profile, cash flow position, and operational requirements to ensure that there is sufficient working capital to fund daily operations and meet other obligations. In addition, to manage bank concentration risks, the Manager places its cash balances, as well as establishes its debt facilities with more than one reputable bank of good credit rating.

INVESTMENT RISKS

All investment proposals are subject to a rigorous and disciplined assessment, which takes into consideration the asset valuation, yield, and sustainability. Sensitivity analysis is included in each review to assess the impact of a change in assumptions used. Potential acquisitions will be reviewed and analysed by the Manager before any recommendations are tabled for deliberation and approval by the Board. Upon the Board’s approval, the investment proposal will be submitted to the Trustee for final approval. The Trustee monitors the Manager’s compliance with the Property Fund Appendix of the Code on Collective Investment Schemes, as well as the restrictions and requirements of the listing manual of the Singapore Exchange Securities Trading Limited, and the provisions of the Trust Deed.

OPERATIONAL RISKS

OPERATIONAL RISK

The Manager employs relevant policies and Standard Operating Procedures (“SOPs”), that include structured reporting and monitoring processes, to mitigate operational risks and safeguard business sustainability.

A comprehensive Business Continuity Plan (“BCP”) is in place to minimise the potential impact from disruptions to critical businesses in the event of catastrophes such as terrorism, pandemics, and natural disasters. Operating and supporting service providers, as well as tenants, are involved to facilitate operational preparedness. The Manager practices risk transfer by procuring relevant insurance policies to mitigate certain financial losses.

The Manager performs annual reviews and updates its business continuity and crisis management plans to take into consideration the implications of any new emerging risks that may potentially result in the disruption of business operations. BCP scenarios are tested periodically. The Manager has established collaborative relationships with tenants and service providers to effectively communicate the additional measures implemented by the Manager, which enables them to be well-equipped to manage the situation in the event of any major adverse incidents.

OUTSOURCING RISK

In Australia, the Manager relies on the appointed investment and property managers for the day-to-day running of Westfield Marion Shopping Centre and Figtree Grove Shopping Centre. Operational risks associated with offshore investments are reduced through the engagement of reputable outsourced operators with strong localised experience in Australia.

Regular reports are received from, and meetings are scheduled with the appointed managers for the purposes of reviewing the established key metrics, in order to monitor their performance and agreeing on actions for further improvement. The fees payable to these outsourced parties are structured to include a variable component that is linked to performance, which motivates a greater alignment of interests.



RISK MANAGEMENT

CONDUCT AND FRAUD RISKS

The Manager recognizes that culture is a key driver of conduct, and proactively sets the tone from the top. The Manager has in place a Code of Business Ethics and Employee Conduct (“Code of Conduct”), which states that the organisation does not tolerate any malpractice, impropriety, statutory non-compliance, or wrongdoing by staff in the course of their work. The Code of Conduct covers areas such as fraud, business and workplace behaviour, safeguarding of assets, proprietary information, and intellectual property. Any breach of the Code of Conduct may result in disciplinary action, including dismissal or termination of the employment contract. The Board has established a whistleblowing policy for employees and any other persons to raise concerns about potential or actual improprieties in financial or other operational matters.

LEGAL AND COMPLIANCE RISKS

LEGAL AND COMPLIANCE RISKS

The Manager takes a resolute stance in compliance, and observes all applicable laws and regulations, including restrictions and requirements of the listing manual of the Singapore Exchange Securities Trading Limited, MAS’ Property Funds Appendix, and the provisions in the Trust Deed. Written corporate policies and procedures facilitate staff awareness and provide clear instructions for the implementation of operational and business processes to minimise inadvertent contravention of applicable laws and regulations, counterparty obligations, and all contractual agreements. Quarterly reports on significant legal and compliance matters are submitted to the ARC for guidance.

Formal processes for Workplace Safety and Health compliance have also been implemented for all buildings, shopping malls and offices, including any business and public services.

In Singapore, appropriate steps are taken to comply with the Cybersecurity Act and the Personal Data Protection Act 2012 (“PDPA”). Internal policies are regularly updated to align with the latest regulations, which include changes made to the PDPA (effective from February 2021). In Australia, the investment and property managers also have contractual obligations to comply with the Privacy Act 1988.

TECHNOLOGY RISKS

TECHNOLOGY AND CYBER SECURITY RISKS

Information Technology (“IT” or “technology”) plays a vital role in the sustainability of the business, and the Manager is fully cognisant of the evolving risks in technology and cyber security. IT system failures may cause downtime in business operations and adversely affect operational efficiency and integrity. The Manager has implemented tight controls within the corporate IT systems to address such threats. In this respect, IT policies are in place to guide staff on appropriate and acceptable use of IT resources, including computers, networks, hardware, software, email, applications, and data, in order to maintain the efficiency and integrity of these computing resources. In addition, the Manager has established cyber security policies with regular security awareness training and communication for employees.

All IT systems are regularly reviewed to maintain adequate security features for safeguarding and preventing unauthorised access, or disclosure of any data that is in the organisation’s possession. As part of the BCP, an IT disaster recovery programme is in place to provide a systematic off-site back-up of data.

ENVIRONMENTAL AND CLIMATE RISK

The Manager is in the process of formalising an environmental risk management framework that outlines the procedures to identify, assess, treat, monitor, and report potential exposure to climate related risks. The Manager works closely with the Sustainability Committees to embed the established environmental risk management policy, processes, and practices within the overall ERM framework.

In addition, periodic training and workplace announcements are put in place and communicated to employees as part of the organisation’s environmental and climate risk awareness initiatives. For further details, please refer to page 74 under the Sustainability Report section.





CORPORATE GOVERNANCE

The Board and Management of PARAGON REIT Management Pte. Ltd., and the Manager of PARAGON REIT (the “Board”; the “Management”; the “Manager”), are committed to good corporate governance as they believe that it is essential to the sustainability of PARAGON REIT’s business and performance, as well as in protecting the interests of the PARAGON REIT’s unitholders (“unitholders”). Good corporate governance is also critical to the performance and success of the Manager.

PARAGON REIT’s corporate governance policies and practices are in accordance with the Code of Corporate Governance 2018 issued by the Monetary Authority of Singapore (the “MAS”) on 6 August 2018 (the “2018 Code”). The Manager has adhered to the principles and provisions of the 2018 Code in all material aspects. In so far as any provision has not been complied with, the reason has been provided. The Annual Report should be read in totality for the Manager’s full compliance.

THE MANAGER OF PARAGON REIT

The Manager has general powers of management over the assets of PARAGON REIT. The Manager’s main responsibility is to manage PARAGON REIT’s assets and liabilities for the benefit of unitholders.

The Manager discharges its responsibility for the benefit of unitholders, in accordance with applicable laws and regulations, as well as the trust deed constituting PARAGON REIT dated 9 July 2013 (“Trust Deed”) and as amended from time to time. The Manager sets the strategic direction of PARAGON REIT, and gives recommendations to DBS Trustee Limited, as trustee of PARAGON REIT (the “Trustee”) on the acquisition, divestment, development and/or enhancement of its assets in accordance with its stated investment strategy. As a REIT manager, the Manager is granted a Capital Markets Services Licence (“CMS Licence”) by the MAS.

The Manager uses its best endeavours to ensure that PARAGON REIT conducts its business in a proper and efficient manner; and conducts all transactions with or for PARAGON REIT on an arm’s length basis and on normal commercial terms. The Manager’s other functions and responsibilities include:

1. preparing business plans on a regular basis, which may contain proposals and forecasts on gross revenue, capital expenditure, sales and valuations, explanations of major variances to previous forecasts, written commentary on key issues and any relevant assumptions;
2. ensuring compliance with the applicable provisions of the Securities and Futures Act and all other relevant legislation such as the SGX-ST Listing Manual, the Code on Collective Investment Schemes (including Appendix 6) issued by the MAS (the “CIS Code”), the Trust Deed, the CMS Licence and any tax ruling and all relevant contracts;
3. attending to all regular communications with unitholders; and
4. supervising Straits Retail Property Management Services Pte Ltd, the property manager that manages the day-to-day property management functions (including leasing, accounting, budgeting, marketing, promotion, property management, maintenance and administration) for PARAGON REIT’s properties, pursuant to the property management agreements signed for the respective properties.

BOARD MATTERS

Board’s Conduct of its Affairs

Principle 1: The Manager is headed by an effective Board which is collectively responsible and works with Management for the long-term success of PARAGON REIT.

The Board is responsible for the overall management and corporate governance of the Manager and PARAGON REIT, including establishing goals for Management and monitoring the achievement of these goals, and holding Management accountable for performance. The Board also sets the values and ethical standards of PARAGON REIT, as well as considers sustainability issues relevant to its business, its stakeholders, and its impact on the environment.

The key roles of the Board are to:

1. guide the corporate strategy and directions of the Manager;
2. ensure that senior management discharges business leadership and demonstrates the necessary management capability with integrity and enterprise;
3. oversee the proper conduct of the Manager; and
4. safeguard the interests of unitholders and PARAGON REIT's assets.

A letter explaining a director's duties and obligations is issued to every new Director upon appointment. The letter sets out the Director's roles and responsibilities, including disclosure requirements and best practices relating to dealings in securities under applicable laws and regulations.

To assist the Board in the discharge of its oversight function, the Audit and Risk Committee ("ARC") and the Nominating and Remuneration Committee ("NRC") have been constituted with written terms of reference.

The Board has put in place a set of internal controls containing approval limits for operational and capital expenditures, investments and divestments, bank borrowings, and cheque signatory arrangements. In addition, sub-limits are also delegated to various management levels to facilitate operational efficiency.

Matters requiring the Board's decision and approval include:

1. material transactions such as major funding proposals, investments, acquisitions and divestments including PARAGON REIT's commitment in terms of capital and other resources;
2. the annual budgets and financial plans;
3. annual and half-yearly financial reports;
4. internal controls and risk management strategies and execution; and
5. appointment of directors and key management staff, including review of performance and remuneration packages.

The names of the members of the Board Committees are set out in the table under Board Composition and Guidance on page 114 and the Corporate Directory page of this Annual Report.

Board Composition and Guidance

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of PARAGON REIT.

Currently, the Board comprises nine Directors, of whom six are independent Directors and three are non-independent non-executive Directors, including the Chairman by virtue of him having served more than nine years on the Board. Each Director has been appointed on the strength of his/her calibre, expertise, and experience. Independent directors form the majority of the Board in accordance with Provision 2.2 of the 2018 Code.

PARAGON REIT is committed to building an open, inclusive and collaborative culture, and recognises the benefits of having a Board with diverse backgrounds and experience. Such diversity will provide a wider range of perspectives, skills, and experience, which will allow the Board to better identify possible risks, raise challenging questions, and contribute to strategic direction and problem-solving. The Board is of the view that the current composition of the Board encompasses an appropriate balance and diversity of skills, experience, gender, knowledge, and core competencies such as accounting, law, finance, business or management experience, industry knowledge, and strategic planning experience. The Board will continue to review its composition regularly to ensure that the Board has the appropriate balance and diversity to maximise its effectiveness.

CORPORATE GOVERNANCE

The current composition of the Board and the Board Committees is set out below:

Name of Director	Board	Audit & Risk Committee	Nominating & Remuneration Committee
Leong Horn Kee Board Chairman (Appointed on 10 June 2013)	Chairman and Non-Executive and Non-Independent Director	–	Member
Jennie Chua Deputy Chairman (Appointed on 15 August 2022)	Deputy Chairman and Non-Executive Independent Director	Member	Chairman
Eugene Lai Lead Independent Director (Appointed on 15 August 2022)	Non-Executive and Lead Independent Director	Chairman	Member
Trina Loh (Appointed on 1 December 2020)	Non-Executive Independent Director	–	Member
Hoo Sheau Farn (Appointed on 26 September 2018)	Non-Executive Independent Director	Member	–
Ray Ferguson (Appointed on 1 December 2021)	Non-Executive Independent Director	–	Member
Bernard Phang (Appointed on 1 December 2021)	Non-Executive Independent Director	Member	–
Gerald Yong (Appointed on 15 August 2022)	Non-Executive Non-Independent Director	Member	Member
Ginney Lim (Appointed on 10 June 2013)	Non-Executive Non-Independent Director	–	–

The Board Diversity Policy sets out the Manager's approach to diversity on its Board. In identifying qualified and suitable candidates for appointment to the Board, the NRC will consider candidates on merit against the objective criteria set and with due regard for the benefits of diversity on the Board. Under this policy, NRC will review the relevant objectives for promoting and achieving diversity on the Board, and make recommendations for approval by the Board. NRC will review this policy from time to time as appropriate.

The Board considers that its present size is appropriate to facilitate effective decision making, and allow for a balanced exchange of views, robust deliberations, and debates among members; as well as effective oversight of Management. The Board also includes four female Directors in recognition of the importance of gender diversity. The current Board composition reflects a diversity of gender, age, skills, and knowledge.

The independence of each Director is assessed by the Board in accordance with Provision 2.1 of the 2018 Code and the Securities and Futures (Licensing and Conduct of Business) Regulations.

Key information regarding the Directors, including directorship and chairmanship (both present and those held over the preceding five years) in other listed companies, and other principal commitments, are set out in the Board of Directors' section and on pages 16 to 20.

The Board and Management are given opportunities to engage in open and constructive debate for furthering the strategic objectives of the Manager and PARAGON REIT. All Board members are supplied with relevant, complete, and accurate information on a timely basis, and may challenge Management's assumptions, as well as extend guidance to Management, in the best interest of PARAGON REIT.

To facilitate open discussions and the review of the performance and effectiveness of Management, the Directors meet at least once annually without the presence of Management.

Board and Board Committee Attendance

The Board meets on a quarterly basis and as warranted by particular circumstances. Nine Board meetings were held in the 16 months ended 31 December 2022 ("16M FY2022") to discuss and review the Manager's and PARAGON REIT's key activities, including its business strategies and policies for PARAGON REIT, proposed acquisitions and disposals, the annual budget, the performance of the business and the financial performance of PARAGON REIT and the Manager. The Board also reviews and approves the release of the half and full-year results. For the quarter where no financial report was issued, the Board reviewed and approved the operational and performance update for that quarter. A Director who is unable to attend any meeting in person may participate via telephone or video conference. The attendance of the Directors at meetings of the Board, ARC and NRC, and the frequency of such meetings, is disclosed below. A Director who fails to attend three Board meetings consecutively, without good reason, will not be nominated for re-appointment and will be deemed to have resigned.

The Directors recognize that they are fiduciaries, and are expected to exercise independent judgment in the best interests of PARAGON REIT; and they have consistently discharged this duty in all relevant matters.

DIRECTORS' ATTENDANCE AT BOARD, AUDIT AND RISK COMMITTEE AND NOMINATING AND REMUNERATION COMMITTEE (FOR 16M FY2022)

Directors' attendance at the Board, ARC and NRC meetings for the period from 1 September 2021 to 31 December 2022.

Name of Director	Board	Audit & Risk Committee	Nominating & Remuneration Committee
Leong Horn Kee Board Chairman (Appointed on 10 June 2013)	9 out of 9	–	4 out of 4
Jennie Chua Deputy Chairman / Nominating & Remuneration Committee Chairman (Appointed on 15 August 2022)	1 out of 1	1 out of 1	1 out of 1
Eugene Lai Lead Independent Director / Audit & Risk Committee Chairman (Appointed on 15 August 2022)	1 out of 1	1 out of 1	1 out of 1
Trina Loh (Appointed on 1 December 2020)	9 out of 9	4 out of 4	4 out of 4
Hoo Sheau Farn (Appointed on 26 September 2018)	9 out of 9	5 out of 5	3 out of 3
Ray Ferguson (Appointed on 1 December 2021)	6 out of 8	2 out of 3	3 out of 3
Bernard Phang (Appointed on 1 December 2021)	8 out of 8	4 out of 4	1 out of 2
Gerald Yong (Appointed on 15 August 2022)	1 out of 1	1 out of 1	1 out of 1
Ginney Lim (Appointed on 10 June 2013)	9 out of 9	–	3 out of 3
Soon Tit Koon Audit & Risk Committee Chairman (Appointed on 10 June 2013) (Resigned as of 15 August 2022)	7 out of 8	4 out of 4	3 out of 3
Ng Yat Chung (Appointed on 1 August 2017) (Resigned as of 1 January 2023)	9 out of 9	–	3 out of 3
Chua Hwee Song (Appointed on 30 November 2018) (Resigned as of 6 July 2022)	6 out of 7	–	2 out of 3



CORPORATE GOVERNANCE

Access to Information

The Manager recognises that the timely provision of complete, adequate, and accurate information is critical for the Board to be effective in discharging its duties.

The Board is provided with monthly, quarterly, and half-yearly reports encompassing management reports, financial statements, progress reports of PARAGON REIT's business operations, as well as analysts' reports. The full-year and half-year results announcements and annual budget are also presented to the Board for approval. Financial results are compared against the immediate preceding year, as well as budgets, with explanations given for significant variances for the relevant period. The Board also receives regular updates regarding industry and technological developments. Such reports enable Directors to keep abreast of issues and developments in the industry, as well as challenges and opportunities for PARAGON REIT.

As a general rule, board papers are sent to Directors at least one week in advance in order for Directors to be adequately prepared for the meeting. Senior Management and the property management team, when appropriate, attend Board meetings to answer any queries from the Directors. The Directors also have unrestricted access to the Company Secretary and Management at all times. Directors are entitled to request from Management and be provided with such additional information as needed to make informed and timely decisions. The Company Secretary works closely with the Chairman in setting the agenda for Board meetings, and attends all Board meetings and prepares minutes of the Board proceedings. The Company Secretary ensures that Board procedures are followed, and that applicable rules and regulations are complied with. Under the direction of the Chairman, the Company Secretary's responsibilities include ensuring good information flow within the Board and the Board Committees, and between Management and Directors. The Company Secretary also organises orientation and training for Directors, as well as provides updates and advises Directors on all governance matters. The appointment and removal of the Company Secretary is subject to the approval of the Board.

Should Directors, whether as a group or individually, need independent professional advice relating to the Manager's affairs, the Company Secretary will appoint a professional advisor to render the relevant advice and keep the Board informed of such advice. The cost of such professional advice will be borne by the Manager.

Chairman and Chief Executive Officer

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

The Chairman and CEO are separate persons and are not related, so as to maintain an effective check and balance. The CEO bears executive responsibility for PARAGON REIT's business, and implements the Board's strategic decisions. The roles of the Chairman and the CEO are kept separate to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision-making.

The Chairman is a non-executive and non-independent Director by virtue of having served on the Board for more than nine years since his date of appointment on 10 June 2013. Pursuant to Provision 3.3 of the 2018 Code, Mr Eugene Lai was appointed as lead independent director on 15 August 2022.

The Chairman sets the agenda for Board meetings, ensures that adequate time is available for discussion of all agenda items, in particular, strategic issues, and that complete, adequate, and timely information is made available to the Board. He encourages constructive exchanges and sharing within the Board and between the Board and Management, facilitates the effective contribution of Directors, and also facilitates effective communications with unitholders. He takes a lead role in promoting high standards of corporate governance, with the full support of the Directors, the Company Secretary, and Management.

Board Membership

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, and takes into account the need for progressive renewal of the Board.

The NRC administers nominations to the Board, reviews the structure, size and composition of the Board, and reviews the independence of Board members. In addition, as part of regulatory requirements, MAS also gives approval for any change of the CEO or the appointment of any Director. Directors of the Manager are not subject to periodic retirement by rotation.

The composition of the Board, including the selection of candidates for new appointments to the Board as part of the Board's renewal process, is determined using the following principles:

- (a) the Board should comprise Directors with a broad range of commercial experience, including expertise in funds management, the property industry, and in the finance and legal fields; and
- (b) at least one-third of the Board should comprise independent Directors. Where, among other things, the Chairman of the Board is not an independent Director, the Board should comprise a majority of independent Directors. The Board currently comprises a majority of independent Directors.

Provision 4.5 of the 2018 Code recommends that the NRC and the Board assess the ability of each Director to diligently discharge his or her duties if he or she holds a significant number of listed company directorships and principal commitments and disclose the assessment in the annual report. The Board is of the view that, the limit on the number of listed company directorships that an individual may hold should be six, but this serves only as a guide. The Board has the discretion to decide whether to adhere to the guide on a case-by-case basis, as a person's available time and attention may be affected by many different factors, such as whether they are in full-time employment, as well as their other responsibilities.

A Director with multiple directorships is expected to ensure that sufficient attention is given to the affairs of the Manager in managing the assets and liabilities of PARAGON REIT for the benefit of unitholders. In considering the nomination of Directors for appointment, the Board will take into account, amongst other things, the competing time commitments faced by Directors with multiple Board memberships. All Directors have confirmed that notwithstanding the number of their individual listed company board representations and other principal commitments, they were able to devote sufficient time and attention to the affairs of the Manager in managing the assets and liabilities of PARAGON REIT for the benefit of unitholders. The Board is of the view that current commitments of each of its Directors are reasonable, and each Directors is able to, and has been able to carry out his or her duties satisfactorily.

The NRC will review the composition of the Board and Board Committees periodically, taking into account the need for progressive renewal of the Board, and each Director's competencies, commitment, contribution, and performance.

The NRC regularly reviews the balance and mix of expertise, skills, and attributes of the Directors in order to meet the business and governance needs of the Manager, shortlists candidates with the appropriate profile for nomination or re-nomination, and recommends them to the Board for approval. It looks out for suitable candidates to ensure continuity of Board talent. Some of the selection criteria used are integrity, independent mindedness, diversity of competencies, ability to commit time and effort to the Board, track record of good decision-making experience in high-performing companies, and financial literacy.

The Board does not appoint alternate directors.

The Board may seek advice from external search consultants where necessary.



CORPORATE GOVERNANCE

Training for Directors

New Directors are given an appointment letter setting out information relevant to the business and operations of the Manager. New Directors will also go through an orientation and induction programme, which includes site visits to the operational centres, so as to familiarise them with PARAGON REIT's business, operations, and organisation structure. Directors are updated on changes in relevant laws and regulations; industry developments; and analyst and media commentaries on matters related to PARAGON REIT.

Following their appointment, Directors are provided with opportunities for continuing education in areas such as Directors' duties and responsibilities, changes to laws, regulations, accounting standards, and industry related matters, so as to update them on matters that affect or may enhance their performance as Board or Board Committee members. The NRC also reviews and recommends to the Board training and professional development programmes for the Directors.

Directors are informed and encouraged to attend relevant training programmes conducted by the Singapore Institute of Directors, SGX-ST, and relevant business and financial institutions and consultants.

For 16M FY2022, Directors were provided with, or underwent training in various areas of corporate governance including regulatory updates such as environmental, social and corporate governance, risk management, impact of COVID-19 and business sustainability and data-driven digital commerce. Directors also attended Directors conferences and seminars on audit committees that were organised by the Singapore Institute of Directors, as well as the REIT Association of Singapore. Mr Bernard Phang and Mr Gerald Yong underwent a series of courses conducted by the Singapore Institute of Directors for directors who have not been on the board of any listed entity in Singapore.

Directors may, at any time, request for further explanations, briefings or informal discussions on any aspect of PARAGON REIT's or the Manager's operations or business issues from Management.

Review of Directors' Independence

The NRC will review annually, or as and when circumstances require, whether a Director is considered an independent director based on the 2018 Code, the SGX-ST Listing Manual, the Securities and Futures (Licensing and Conduct of Business) Regulations ("SF(LCB) Regulations") and the MAS Guidelines No. SFA04-G07 "Guidelines to all Holders of a Capital Markets Services Licence for Real Estate Investment Trust Management" dated 1 January 2016 (collectively, the "Relevant Requirements").

Under the 2018 Code, an independent director is one who is independent in conduct, character and judgement, and has no relationship with the Manager, its related corporations, its substantial shareholders or the substantial unitholders of PARAGON REIT or the Manager's officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the unitholders. Under the SGX-ST Listing Manual, a director is deemed not to be independent if (i) he or she is employed by the Manager, its related corporations or the Trustee for the current or any of the past three financial years; or (ii) he or she has an immediate family member who is, or has been in any of the past three financial years, employed by the Manager, any of its related corporations or the Trustee and whose remuneration is determined by the NRC.

The NRC and the Board have established a process for assessing the independence of Directors. As part of the process, each of the relevant non-executive Directors is required to confirm, upon appointment, as well as on an annual basis, that there are no material relationships which would render him or her non-independent. The confirmations are reviewed by the Board, during which the Board also considers the Directors' respective contributions at Board meetings.

The Board has also carefully considered the disclosures required under the SF(LCB) Regulations in relation to the Directors' independence, and its views are as follows:

Name of Director	Had been independent from the management of the Manager and CPI during 16M FY2022	Had been independent from any business relationship with the Manager and PARAGON REIT during 16M FY2022	Had been independent from every substantial shareholder of the Manager and every substantial unitholder of PARAGON REIT during 16M FY2022	Had not been a substantial shareholder of the Manager or a substantial unitholder of PARAGON REIT during 16M FY2022	Had not served as a director of the Manager for a continuous period of 9 years or longer as at the last day of 16M FY2022
Leong Horn Kee ¹		✓	✓	✓	
Jennie Chua	✓	✓	✓	✓	✓
Eugene Lai ²	✓		✓	✓	✓
Trina Loh	✓	✓	✓	✓	✓
Hoo Sheau Farn ³	✓		✓	✓	✓
Ray Ferguson	✓	✓	✓	✓	✓
Bernard Phang	✓	✓	✓	✓	✓
Gerald Yong ⁴				✓	✓
Ginney Lim ⁵				✓	

- 1 Dr Leong is the Chairman of the board of PARAGON REIT Management Pte Ltd but is no longer deemed to be an independent director by virtue of the fact that Dr Leong has served as a director of the Manager for a continuous period of 9 years or longer as at the last day of 16M FY2022. Mr Eugene Lai has since been appointed as a lead independent director of the Manager.
- 2 Mr Eugene Lai is a Director of Boardroom Pte Ltd ("Boardroom"). Boardroom received payments from the Manager and its subsidiaries in 16M FY2022. Hence, pursuant to the SF(LCB) Regulations, Mr Lai is deemed not to be independent from any business relationship with the Manager and PARAGON REIT. Notwithstanding the foregoing, the NRC and Board had also evaluated Mr Lai's independence on these grounds: (a) Mr Lai, a Director of Boardroom, was not involved in any of the matters handled by Boardroom for the Manager and its subsidiaries and any fees received are not material; (b) Mr Lai would declare any conflict of interest; and (c) his independence will be reviewed annually or as and when necessary. Further, the Board is satisfied that as at 31 December 2022, Mr Lai was able to act in the best interests of all the unitholders of PARAGON REIT as a whole.
- 3 Ms Hoo Sheau Farn is a partner of Allen & Gledhill LLP ("A&G"). A&G received payments from the Manager and its subsidiaries in 16M FY2022. Hence, pursuant to the SF(LCB) Regulations, Ms Hoo is deemed not to be independent from any business relationship with the Manager and PARAGON REIT. Notwithstanding the foregoing, the NRC and the Board had evaluated Ms Hoo's independence on these grounds: (a) Ms Hoo, a partner of A&G of which she has less than 5% share, was not involved in any of the matters handled by A&G for the Manager and its subsidiaries and the legal fees received by A&G was not substantive in relation to its total earnings; (b) Ms Hoo would declare any conflict of interest; and (c) her independence will be reviewed annually or as and when necessary. Further, the Board is satisfied that as at 31 December 2022, Ms Hoo was able to act in the best interests of all the unitholders of PARAGON REIT as a whole.
- 4 Mr Gerald Yong is an executive director and the CEO of Cuscaden Peak Investments Private Limited ("CPI") (the Sponsor) as well as a director of various subsidiaries of CPI. CPI wholly-owns the Manager and is a substantial unitholder of PARAGON REIT. Hence, pursuant to the SF(LCB) Regulations, during 16M FY2022, Mr Yong is deemed (i) not to be independent from the management of the Manager and PARAGON REIT by reason of his employment at CPI; (ii) not to be independent from any business relationship with the Manager and PARAGON REIT by reason of the payments which the Trustee or the Manager or the Manager's related corporations made to and/or received from CPI; and (iii) not to be independent from every substantial shareholder of the Manager and every substantial unitholder of PARAGON REIT by reason of his employment at CPI and his directorships in CPI and its subsidiaries. Notwithstanding the foregoing, the Board is satisfied that, as at 31 December 2022, Mr Yong was able to act in the best interests of all the unitholders of PARAGON REIT as a whole.
- 5 Ms Ginney Lim is the General Counsel of CPI (the Sponsor) as well as a director of various subsidiaries of CPI. CPI wholly-owns the Manager and is a substantial unitholder of PARAGON REIT. Hence, pursuant to the SF(LCB) Regulations, during 16M FY2022, Ms Lim is deemed (i) not to be independent from the management of the Manager and PARAGON REIT by reason of her employment at CPI; (ii) not to be independent from any business relationship with the Manager and PARAGON REIT by reason of the payments which the Trustee or the Manager or the Manager's related corporations made to and/or received from CPI; and (iii) not to be independent from every substantial shareholder of the Manager and every substantial unitholder of PARAGON REIT by reason of her employment at CPI and her directorships in CPI's subsidiaries. Notwithstanding the foregoing, the Board is satisfied that, as at 31 December 2022, Ms Lim was able to act in the best interests of all the unitholders of PARAGON REIT as a whole.



CORPORATE GOVERNANCE

Board Performance

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its Board Committees and individual directors.

The Board had implemented a process for assessing the effectiveness of the Board as a whole, its Board Committees, as well as for assessing the contribution by Directors toward the effectiveness of the Board.

The NRC reviews the performance of the Board, Board Committees, and individual Director on an annual basis, based on the objective performance criteria and evaluation process recommended by the NRC and approved by the Board from time to time.

Board Evaluation Process

This process involves having Directors complete a Questionnaire seeking their views on various aspects of Board performance, such as Board composition, access to information, process, and accountability.

The Company Secretary compiles Directors' responses to the Questionnaire into a consolidated report. The report is discussed at the NRC and Board meetings.

For 16M FY2022, the Questionnaire on the performance of the Board and Board Committees was reviewed in accordance with the best practices on board evaluation. The performance of the Board was reviewed as a whole, and took into account the Board's composition and size, the Board's access to information, Board processes, Board accountability, standard of conduct and performance of the Board's principal functions and fiduciary duties, and guidance to and communication with the Management.

Individual Director Evaluation

For 16M FY2022, the NRC also conducted a peer evaluation to assess the performance of individual Directors. The Board Chairman assessed the performance of individual directors based on factors such as the Director's attendance, preparedness, candour, participation and contribution at Board meetings, industry and business knowledge, functional expertise, and commitment and dedication. The results of the peer evaluation are compiled by the Company Secretary and given to the Board Chairman, who assesses the performance of the individual Directors, and will discuss with each individual Director if needed.

The NRC is satisfied that all performance objectives have been achieved for 16M FY2022 for the Board as a whole and for individual Directors.

Succession Planning

The NRC regards succession planning as an important part of corporate governance, and follows an internal process of succession planning for the Directors and CEO to ensure the progressive and orderly renewal of the Board. The NRC reviews and recommends to the Board the succession plans for the Directors as well as the CEO. Board succession planning is carried out through the annual review of the Board's composition, as well as when a Director gives notice of his or her intention to retire or resign.

REMUNERATION MATTERS

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of PARAGON REIT, which take into account the strategic objectives of PARAGON REIT.

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance, and value creation.

As PARAGON REIT has no personnel of its own, the Manager hires qualified staff to manage the operations of the Manager and PARAGON REIT. As such, the remuneration of Directors and staff of the Manager is paid by the Manager, and not by PARAGON REIT.

The NRC supports the Board in the remuneration matters of the Manager in accordance with the NRC's written terms of reference. The majority of the NRC is independent. Chairman of the NRC is Ms Jennie Chua, who is an independent Director. The NRC's terms of reference set out the scope and authority, amongst others, in performing the functions of a remuneration committee, which include the following:

1. review and recommend to the Board a framework of remuneration for the Board, CEO and key executives;
2. review and recommend to the Board the specific remuneration packages for each Director, the CEO and key executives;
3. review and administer the share and other incentive scheme(s) adopted by the Manager and decide on the allocations to eligible participants under the said share scheme(s); and
4. review the Manager's obligations arising in the event of termination of the executive directors' and key executives' contracts of service, so as to ensure that such contracts of service contain fair and reasonable termination clauses.

The NRC is responsible for the annual review of the Manager's remuneration policy, its implementation, and ensuring compliance with relevant legislation and regulation. In particular, the remuneration policy should reflect these key objectives:

1. Unitholder alignment: to ensure that performance measures are aligned to unitholders' interest;
2. Alignment with performance: variable compensation takes into account financial performance and achievement of non-financial goals; and
3. Competitiveness: Employees receive compensation and benefits packages, which are reviewed annually and benchmarked to the external market.

The NRC has considered the remuneration policies and practices of the Manager's holding company, Cuscaden Peak Investments Private Limited ("CPI"), and believes that these are transparent and suitable for adoption by the Manager, considering the circumstances of the Manager and CPI and its subsidiaries, as well as the benefits of tapping into CPI's compensation framework. In its decision to adopt the remuneration policies and practices of CPI, the NRC took into account that the framework of remuneration for the Board and key executives should not be taken in isolation; it should be linked to the building of management strength and the development of key executives. Following the directions and guidelines from the MAS on the remuneration of Directors and key executive officers of REIT managers, the Board with the assistance of the NRC has reviewed the remuneration objectives, policies, and procedures applicable to the Manager, with a view to aligning them with the substance and spirit of such directions and guidelines from the MAS.

CORPORATE GOVERNANCE

Name of Director	Board Member S\$	Audit & Risk Committee S\$	Nominating & Remuneration Committee S\$	Total Fees S\$
Leong Horn Kee	97,083	–	9,708	106,791
Jennie Chua ¹	20,625	6,563	5,625	32,813
Eugene Lai ²	15,750	13,125	3,000	31,875
Trina Loh	54,083	12,459	14,500	81,042
Hoo Sheau Farn	54,083	19,021	6,708	79,812
Ray Ferguson	44,083	9,208	7,959	61,250
Bernard Phang	44,083	15,771	4,958	64,812
Gerald Yong ^{*3}	15,750	6,562	3,000	25,312
Ginney Lim [*]	54,083	–	6,709	60,792
Chua Hwee Song ^{*4}	33,913	–	5,935	39,848
Soon Tit Koon ⁵	38,333	19,167	6,708	64,208
Ng Yat Chung ^{*6}	54,083	–	6,709	60,792

1 Ms Jennie Chua was appointed as Chairman of the NRC and Deputy Chairman with effect from 15 August 2022.

2 Mr Eugene Lai was appointed as Lead Independent Director and Chairman of the ARC with effect from 15 August 2022.

3 Mr Gerald Yong was appointed as Non-Executive, Non-Independent Director with effect from 15 August 2022.

4 Mr Chua Hwee Song stepped down as Non-Executive, Non-Independent Director with effect from 6 July 2022

5 Mr Soon Tit Koon stepped down as Non-Executive, Non-Independent Director and Chairman of the ARC with effect from 15 August 2022.

6 Mr Ng Yat Chung stepped down as Non-Executive, Non-Independent Director with effect from 1 January 2023

* Directors who are/were full-time CPI management staff engaged by CPI. They do not receive Directors' fees. Fees are instead paid directly to CPI.

Directors' fees comprise a basic retainer fee, and fees in respect of service on Board Committees. The Directors' fees are appropriate for the level of contribution, and take into account factors such as effort and time spent, and the responsibilities of the Directors, such that the independence of the independent non-executive Directors is not compromised by their compensation. Whilst there are no unit-based compensation schemes in place for non-executive Directors, the NRC may consider the introduction of unit-based compensation for non-executive Directors as and when appropriate.

There are no termination, retirement and post-employment benefits granted to Directors, the CEO, or the CFO during 16M FY2022.

No employee of the Manager whose remuneration exceeded \$100,000 in 16M FY2022 was a substantial shareholder of the Manager, substantial unitholder of PARAGON REIT or immediate family member of a Director, the CEO, or a substantial shareholder of the Manager, or substantial unitholder of PARAGON REIT. "Immediate family member" refers to the spouse, child, adopted child, step-child, brother, sister, and parent.

In deciding on the remuneration of Directors and key executive officers, the NRC will consider the level of remuneration that is appropriate to attract, retain, and motivate the Directors and key executive officers to run the Manager successfully. The NRC will, in setting the remuneration packages, take into account the pay and employment conditions within the industry and in comparable companies, the Manager's relative performance, and the performance of the key executive officers.

The Manager adopts a remuneration policy for key management personnel comprising a fixed component, a variable component, benefits-in-kind, and unit-based components. The fixed component is in the form of a base salary. The variable component is in the form of a variable bonus that is linked to the Manager's and each individual employee's performance. The NRC will approve the bonus for distribution to staff on that basis.

For the Manager, long term incentive-based compensation in the form of Unit awards is granted as part of an overall compensation programme. It is an extension of the Manager's pay-for-performance philosophy. Performance unit awards recognise the contributions and services of high performing employees, and motivate the incumbents to perform for the long-term success of PARAGON REIT, as well as to enhance total returns for unitholders. Unit awards were granted in 16M FY2022 pursuant to the Manager's Performance Unit Plan approved by the Board.

The NRC may seek expert advice inside and/or outside of the Manager on remuneration of Directors and staff. It will ensure that in the event of such advice being sought, existing relationships, if any, between the Manager and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants.

In 16M FY2022, an independent remuneration consultant, Willis Towers Watson, provided professional advice on Board and executive remuneration. Willis Towers Watson is a leading global advisory, broking, and solutions company with over 45,000 employees serving more than 140 countries and markets. The consultant is not related to the Manager, its controlling shareholder, its related corporations or any of its Directors.

KEY MANAGEMENT PERSONNEL'S REMUNERATION

The 2018 Code and the Notice to All Holders of a Capital Markets Services Licence for Real Estate Investment Trust Management (issued pursuant to Section 101 of the Securities and Futures Act) require (i) the disclosure of the remuneration of each individual Director and the CEO on a named basis with a breakdown (in percentage or dollar terms) of each Director's and the CEO's remuneration earned through base/fixed salary, variable or performance-related income/ bonuses, benefits-in-kind, stock options granted, share-based incentives and awards, and other long-term incentives; (ii) the disclosure of the remuneration of at least the top five key executive officers (who are neither Directors nor the CEO) in bands of \$250,000, with a breakdown (in percentage or dollar terms) of each key executive officer's remuneration earned through base/fixed salary, variable or performance related income/bonuses, benefits-in-kind, stock options granted, share-based incentives and awards, and other long-term incentives; and (iii) the aggregate total remuneration paid to the top five key executive officers (who are neither Directors nor the CEO). In the event of non-disclosure, the Manager is required to give reasons for such non-disclosure.

The Board has considered this matter carefully, and decided against the disclosure of the CEO and key executive officers in dollar terms due to the confidential and commercial sensitivities associated with remuneration matters. Such a disclosure would also not be in the interest of the Manager due to the intense competition for talents in the industry. The Manager is making available, remuneration of the CEO and Key Management Personnel in bands of S\$250,000, as indicated in the tables below. The "Key Management Personnel" includes the Chief Financial Officer, Senior Investment Manager, Senior Asset Manager, and any other persons deemed a "Key Management Personnel" by the NRC.

The Board is of the view that the disclosure of the afore-described information as set out below and the other disclosures in this Report is consistent with the intent of Principle 8 of the 2018 Code, and provides sufficient information and transparency to unitholders on the Manager's remuneration policies, the level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance, and value creation.

Table 1 – Chief Executive Officer's Remuneration Table for 16M FY2022 (1 September 2021 to 31 December 2022)

Remuneration Band of CEO (Ms Susan Leng Mee Yin) (S\$)	Based/Fixed Salary (%)	Variable or Bonuses (%)	Benefits in Kind (%)	Units* (%)	Total (%)
Between 750,001 - 1,000,000	64.33	24.26	0.05	11.36	100

Table 2 – Key Management Personnel's Remuneration Table for 16M FY2022 (1 September 2021 to 31 December 2022)

Remuneration Band of Key Management Personnel (excluding CEO) (S\$)	No. of Executives	Based/Fixed Salary (%)	Variable or Bonuses (%)	Benefits in Kind (%)	Units* (%)	Total (%)
Between 250,001 to 500,000	1	73.91	25.99	0.10	0	100
Between 1 to 250,000	2	87.67	10.24	0.17	1.92	100

Notes:

The Manager has less than five key management personnel other than the CEO.

The remuneration of CEO and key management personnel was borne by the Manager.

* Based on the market price of the PARAGON REIT units when the PARAGON REIT units were credited into the employees' CDP accounts in 16M FY2022.



CORPORATE GOVERNANCE

ACCOUNTABILITY AND AUDIT

Risk Management and Internal controls

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of PARAGON REIT and its unitholders.

The ARC assists the Board in overseeing the risk governance of the Manager and PARAGON REIT, to ensure that the Manager maintains a sound system of risk management and internal controls to safeguard PARAGON REIT's assets and unitholders' interests.

The ARC's objectives in relation to risk management include the following:

- (a) oversee PARAGON REIT's and the Manager's risk exposure and risk management strategy;
- (b) review and guide Management in the formulation of PARAGON REIT's and the Manager's risk policies and implementation of risk management assessment processes and mitigation strategies;
- (c) review the report to the Board of risk management activities and performance, including whether key risks are managed within acceptable levels, breaches of any of key risk indicators and the corrective actions taken;
- (d) review annually, or more often as required by the ARC, the adequacy and effectiveness of PARAGON REIT's and the Manager's risk management and internal control systems and processes, including those governing financial, operational, compliance and information technology risks, and
- (e) report to the Board all significant risk matters and ARC's assessment of risk management performance on an annual basis.

The Manager has in place a risk management framework that has been established to ensure adequate and effective management of risks in the Manager and PARAGON REIT, and to facilitate the Board's assessment on the adequacy and effectiveness of the Manager's and PARAGON REIT's risk management system. The framework sets out the governing policies, processes, and systems pertaining to each of the key risk areas to which the Manager and PARAGON REIT are exposed. The framework also facilitates the assessment by the Board in the effectiveness of the Manager in managing each of the key risk areas.

Under the risk management framework, the Manager has implemented a systematic risk assessment process to identify significant risks, set relevant risk appetite, monitor risk exposure, and take risk mitigating measures when necessary. The Manager's approach to risk management and internal control and the management of key business risks is set out in the "Risk Management Report" section on pages 108 to 111 of this Annual Report.

The ARC reviews periodically the implementation by the Management of the risk management framework, and the extent to which risk perspectives are used in achieving its strategic objectives of PARAGON REIT. The likely impact of key risks and possible control measures and management actions have to be continually identified, analysed and understood by Management before any significant undertaking is embarked upon. In addition, the Manager also promptly submits monthly reports to the Board on business and financial performance, as well as updates on operational matters.

The CPI's Internal Audit Division ("IAD") has an annual audit plan for PARAGON REIT, which complements that of the external auditors. IAD's plan focuses on material internal control systems including financial, operational, IT and compliance controls, and risk management. IAD also assesses security and control in new systems development, recommends improvements on the effectiveness of operations, and contributes to risk management and corporate governance processes. Any material non-compliance with established processes or lapses in internal controls together with corrective measures are reported to the ARC. The ARC annually reviews the adequacy and effectiveness of IAD.

The CEO and CFO at each financial year-end will provide a letter of assurance to the Board on the integrity of the financial records/statements, as well as the adequacy and effectiveness of PARAGON REIT's risk management and internal control systems.

Such assurance includes the following:

- internal controls were established and maintained;
- material information relating to the Manager is disclosed on a timely basis for the purposes of preparing financial statements;
- Manager's risk management and internal controls were effective as at the end of the financial year; and
- financial records have been properly maintained and the financial statements give a true and fair view of PARAGON REIT's operations and finances.

The Board has received the CEO and CFO's letter of assurance that:

- (a) PARAGON REIT's financial records have been properly maintained and the financial statements for the period under review give a true and fair view of PARAGON REIT's operations and finances;
- (b) the system of risk management and internal controls within the Manager is adequate and effective in addressing the risks which the Manager considers relevant and material to its business operations.

Based on the internal audit reports submitted and the management controls that are in place, the ARC is satisfied that the internal control systems provide reasonable assurance that PARAGON REIT's assets are safeguarded, that proper accounting records are maintained, and financial statements are reliable. In addition, the Manager's external auditors will highlight any material internal control weaknesses that have come to their attention in the course of their annual audit, which is designed primarily to enable them to express their opinion on the financial statements. Such material internal control weaknesses and recommendations, if any, will be reported by the external auditors to the ARC.

Based on the internal controls established and maintained by the Manager, work performed by the internal and external auditors, and regular reviews performed by Management, CEO, CFO, the Board and ARC are of the opinion that the Manager's risk management systems and internal controls were adequate and effective as at 31 December 2022 to address financial, operational, compliance and information technology risks, which the Manager considers relevant and material to PARAGON REIT's operations.

The Board is of the view that the system of internal controls provides reasonable, but not absolute, assurance that the Manager will not be affected by any internal control event whether or not the event could be reasonably foreseen as it strives to achieve its business objectives. In this regard, the Board adds that no system can provide absolute assurance against the occurrence of unforeseen events, material errors, poor judgment in decision-making, human error, losses, fraud, or other irregularities. The ARC concurs with the Board's comments.

Code of Dealings in Securities

The Manager has in place a Code of Dealings in PARAGON REIT units, which prohibits dealings in PARAGON REIT units by all Directors of the Manager, certain employees of the Manager, CPI, and its subsidiaries, within trading "black-out" periods. The "black-out" periods are the one-month periods prior to the announcement of the half year, twelve-months, and the 16M FY2022 financial statements of PARAGON REIT¹. These persons are also reminded to observe insider trading laws at all times, and not to deal in PARAGON REIT units when in possession of any unpublished price-sensitive information regarding the Manager or PARAGON REIT, or on short-term considerations. The Manager would issue reminders to its Directors, relevant officers, and employees on the restrictions in dealing in PARAGON REIT units as set out above.

¹ Given that PARAGON REIT effected its change of financial year end from 31 August to 31 December in 16M FY2022, financial statements were released for the half-year, twelve-months and full year (sixteen months) periods.



CORPORATE GOVERNANCE

Audit and Risk Committee

Principle 10: The Board has an audit committee which discharges its duties objectively.

The ARC currently comprises five members, four of whom are non-executive and independent Directors. The Chairman is Mr Eugene Lai, and its members are Ms Jennie Chua, Ms Hoo Sheau Farn, Mr Bernard Phang, and Mr Gerald Yong. Mr Yong is a non-executive and non-independent Director of the Manager.

The Board is of the view that the members of the ARC have sufficient management expertise and experience to discharge the ARC's functions given their experience as directors and/or senior management in accounting, financial and industry areas. The ARC performs the functions as set out in the 2018 Code including the following:

- (a) reviewing the annual audit plans and audit reports of external and internal auditors;
- (b) reviewing the financial statements of PARAGON REIT before they are submitted to the Board for approval;
- (c) reviewing the assurance from the CEO and CFO on the financial records and financial statements;
- (d) reviewing the significant financial reporting issues so as to ensure the integrity of the financial statements of PARAGON REIT and any announcements relating to PARAGON REIT's financial performance;
- (e) reviewing the auditors' evaluation of the system of internal accounting controls;
- (f) reviewing at least annually and reporting to the Board the adequacy and effectiveness of the Manager's internal controls, including financial, operational, compliance and information technology controls;
- (g) reviewing the adequacy, scope, results and effectiveness of the internal audit function;
- (h) reviewing the adequacy, scope, results and effectiveness of the external audit, and the independence and objectivity of the external auditors annually, and the nature and extent of non-audit services supplied by the external auditors so as to maintain objectivity;
- (i) making recommendations to the Board on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;
- (j) reviewing the Manager's whistleblowing policy, and ensuring that channels are open for possible improprieties to be raised and independently investigated, and for appropriate follow-up action to be taken;
- (k) overseeing any internal investigation into cases of fraud and irregularities;
- (l) reviewing interested person transactions;
- (m) approving (or participating in) the hiring, removal, evaluation and compensation of the head of the internal audit function;
- (n) ensuring that the internal audit function is adequately resourced and has adequate support within the Manager; and
- (o) overseeing the risk management function of the Manager to ensure the adequacy and effectiveness of risk management processes in safeguarding the interest of PARAGON REIT.

The ARC has the authority to investigate any matter within its terms of reference, and has full access to Management, full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

The ARC has conducted an annual review of the performance of the external auditor and the volume of non-audit services to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors, before confirming their re-appointment. The aggregate amount of fees paid to the external auditors for 16M FY2022 was S\$677,000, comprising fees paid for audit and non-audit services of S\$575,000 and S\$102,000 respectively.

The ARC meets separately with the external and internal auditors, in each case without the presence of Management, at least once a year. The audit partner of the external auditors is required to be rotated every five years, in accordance with the requirements of the SGX-ST Listing Manual.

The half-year, twelve-month, and 16M FY2022 financial statements and the accompanying announcements of PARAGON REIT are reviewed by the ARC before being submitted to the Board for approval, to ensure the integrity of information to be released.

During the financial year, the ARC reviewed the financial statements prior to endorsing and recommending their release to the Board. Management's assessment of fraud risks, adequacy of the whistle-blower arrangements and whistle-blower complaints are also reviewed by the ARC.

The ARC takes measures to keep abreast of the changes to regulatory environment and accounting standards which have a direct impact on the business of PARAGON REIT and its financial statements, with training conducted by professionals or external consultants.

In the review of the financial statements, the ARC had discussed with Management the accounting principles that are applied, as well as their judgment of items that affected the financial statements. This included a review of the valuation of investment properties, a key audit matter ("KAM") identified by the external auditor in the audit report for the financial year ended 31 December 2022.

The ARC considered the standing of the valuers and their independence, appropriateness of valuation methodologies, and underlying key assumptions applied in the valuation of investment properties. The ARC reviewed the outcome of the valuation process and discussed the details of the valuation with Management. The committee also assessed the findings of the external auditor and consulted with the external auditors. The ARC concluded that the accounting treatment and estimates in the KAM were appropriate.

External Auditors

Details of the aggregate amount of fees paid to the external auditors for 16M FY2022, and a breakdown of the fees paid in total for audit and non-audit services respectively, can be found above.

The Manager confirms that the appointment of the external auditors is in accordance with Rules 712 and 715 of the SGX-ST Listing Manual.

None of the ARC members is a former partner of the Manager's existing auditing firm.

Code of Business Ethics and Employee Conduct Policy

The Manager has an existing Code of Business Ethics and Employee Conduct Policy ("Ethics Code"), to guide the ethical conduct of its employees.

Whistleblowing Policy

The Manager has a Whistleblowing Policy & Procedure in place to allow staff and external parties such as suppliers, tenants, customers, contractors and other stakeholders, to raise concerns or observations about possible irregularities in confidence to the Manager, for independent investigation and appropriate follow-up action to be taken. Such concerns include dishonesty, fraudulent acts, corruption, legal breaches and other serious improper conduct; unsafe work practices, and any other conduct that may cause financial or non-financial loss to the Manager or damage to the Manager's reputation.



CORPORATE GOVERNANCE

The Whistleblowing Policy sets out the reporting mechanisms and include the contact details of the Receiving Officer, to whom staff and external parties may raise their concerns. Complaints raised to the other parties within the Manager will be directed to the Receiving Officer, who is responsible for maintaining a centralized repository of all reported cases, and ensuring that issues raised are properly resolved.

The Whistleblowing Policy encourages staff and external parties to identify themselves whenever possible to facilitate investigations, but will also consider anonymous complaints, in certain circumstances. The Manager is committed to ensuring protection of whistleblowers against detrimental or unfair treatment, and the policy requires every effort to be made to ensure that confidentiality is maintained throughout the process (including in respect of the whistleblower's identity).

Whilst the Receiving Officer is tasked with investigating whistleblowing reports, the ARC is responsible for the oversight and monitoring of Manager's compliance with the Whistleblowing Policy.

Internal Audit

The internal audit of the Manager is a function outsourced to CPI's IAD. Audit engagements for the Manager and PARAGON REIT form part of the audit workplan for CPI Group.

The role of the internal auditor is to provide reasonable assurance to the ARC that the risk management, system of internal controls, and governance processes designed by the Management are adequate and effective.

The IAD is staffed by the Head of Internal Audit who is a member of the Institute of Internal Auditors ("IIA"). IAD staff have to adhere to a set of code of ethics adopted from the IIA. IAD is guided by the International Standards for the Professional Practice of Internal Auditing issued by the IIA, and ensures staff competency through the recruitment of suitably qualified and experienced staff, provision of formal and on-the-job training, and appropriate resource allocation in engagement planning.

The Head of Internal Audit reports directly to the Chairman of the ARC in relation to the Manager's and PARAGON REIT's audit matters. IAD has unrestricted direct access to all the Manager's and PARAGON REIT's documents, records, properties, and personnel. IAD's reports are submitted to the ARC for deliberation, with copies of these reports extended to the relevant senior management personnel and the external auditor. The ARC reviews and approves the annual internal audit plans and resources to ensure that IAD has the necessary resources to adequately perform its functions. The ARC is satisfied that IAD is adequately resourced, effective, and independent of the activities it audits.

UNITHOLDER RIGHTS & ENGAGEMENT UNITHOLDER RIGHTS AND CONDUCT OF GENERAL MEETING

Principle 11: The Manager treats all unitholders fairly and equitably in order to enable them to exercise Unitholder's rights and have the opportunity to communicate their views on matters affecting PARAGON REIT. The Manager gives unitholders a balanced and understandable assessment of its performance, position, and prospects.

Engagement with Unitholders

Principle 12: The Manager communicates regularly with its unitholders and facilitates the participation of unitholders during general meetings and other dialogues, to allow unitholders to communicate their views on various matters affecting PARAGON REIT.

Managing Stakeholders Relationships

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of PARAGON REIT are served.

The Manager is committed to treating all unitholders fairly and equitably, and keeping all unitholders and other stakeholders and analysts informed of the performance of, and changes in PARAGON REIT or its business, which would be likely to materially affect the price or value of Units, on a timely and consistent basis, so as to assist unitholders and investors in their investment decisions. PARAGON REIT aims to provide sustainable and progressive distributions per unit.

The Manager provides accurate and timely disclosure of material information on SGXNET. Unitholders are notified in advance of the date of release of PARAGON REIT's financial results through an announcement via SGXNET. The Manager also conducts regular briefings for analysts, which will generally coincide with the release of PARAGON REIT's quarterly key business and operational updates (where applicable), and half-year, twelve-month, and full year (sixteen-month) results.² During these briefings, Management will review PARAGON REIT's most recent developments and performance, as well as discuss the business outlook for PARAGON REIT. In line with the Manager's objective of equal dissemination and transparent communication, briefing materials are simultaneously released on SGXNET and also made available at PARAGON REIT's website.

In view of the COVID-19 pandemic, PARAGON REIT's 8th AGM held in FY2021 ("AGM 2021") was held via electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (COVID-19 Temporary Measures Order). Alternative arrangements relating to attendance at the AGM 2021 included arrangements by which AGM 2021 could be electronically accessed via live audio-visual webcast or live audio-only stream, submission of questions in advance of AGM 2021, addressing of substantial and relevant questions prior to or at AGM 2021, and voting by appointing the chairman of the meeting as proxy at the AGM 2021, were set out in the Manager's notice of AGM 2021 dated 27 October 2021.

Unitholders were able to submit questions to the chairman of the meeting in advance of the meeting, and substantial and relevant questions were addressed before the meeting via publication on PARAGON REIT's website and on SGXNET.

The forthcoming 9th AGM, which is scheduled to be held on 17 April 2023, will be held in person; further details of which are set out in the Manager's Notice of AGM released to SGX on 27 March 2023.

All unitholders are entitled to attend general meetings, and are accorded the opportunity to participate effectively and vote at general meetings. All unitholders are also informed of the rules, including voting procedures, governing such meetings.

PARAGON REIT prepares minutes of general meetings, which incorporates comments or queries from unitholders and responses from the Board and management. These minutes are available on PARAGON REIT's website, through which the Manager communicates and engages with unitholders.

The Manager has in place an investor relations policy, which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communications with unitholders. The investor relations policy sets out the mechanism through which unitholders may contact the Manager with questions, and through which the Manager may respond to such questions.

At general meetings, each distinct issue is proposed as a separate resolution. For greater efficiency and transparency, resolutions are put to the vote by electronic poll voting. Independent scrutineers are appointed to assist the voting process and verify and tabulate votes after each resolution. The results of the electronic poll voting are announced immediately after each resolution has been put to a vote, and the number of votes cast for and against and the respective percentages are displayed in real-time at the general meeting. The outcome of the general meeting is promptly announced on SGXNET after the general meeting.

All Directors and senior management are in attendance at the general meetings to allow unitholders the opportunity to air their views and ask Directors or Management questions regarding PARAGON REIT. The external auditors also attend the general meetings to assist the Directors in answering any queries relating to the conduct of the audit and the preparation and content of the auditors' report.

The Trust Deed does not allow a Unitholder to vote in absentia at general meetings, but allows any Unitholder to appoint proxies during his absence, to attend and vote on his behalf at the general meetings. In addition, unitholders who hold units through custodial institutions may attend the general meetings as observers.

2 Given that PARAGON REIT effected its change of financial year end from 31 August to 31 December in 16M FY2022, financial statements were released for the half-year, twelve-month and full year (sixteen-month) periods.



CORPORATE GOVERNANCE

Additional Information

Sustainability Reporting

The Board has delegated to the ARC the task of overseeing and monitoring the management and reporting of PARAGON REIT's material environmental, social and governance (ESG) factors. Please refer to the Sustainability Report section at page 74 of this Annual Report, which sets out information on the Manager's approach in identifying, engaging and managing its relationships with its material stakeholder groups, and the Manager's strategy and key areas of focus in sustainability in its management of stakeholder relationships during 16M FY2022.

Interested Person Transactions

All interested person transactions are undertaken only on normal commercial terms and the ARC reviews significant related party transactions to ensure compliance with the internal control system as well as with relevant provisions of the SGX-ST Listing Manual and CIS Code. In addition, the Trustee also has the right to review such transactions to ascertain compliance with the CIS Code.

In particular, the following procedures are in place¹:

1. transactions² (either individually or as part of a series or if aggregated with other transactions involving the same interested person during the same financial year) equal to or exceeding S\$100,000 in value, but below 3.0% of PARAGON REIT's net tangible assets, will be subject to review and approval by the ARC;
2. transactions² (either individually or as part of a series or if aggregated with other transactions involving the same interested person during the same financial year) equal to or exceeding 3.0% but below 5.0% of PARAGON REIT's net tangible assets, will be subject to the review and approval of the ARC, and SGX announcement requirements under the SGX-ST Listing Manual and CIS Code;
3. transactions² (either individually or as part of a series or if aggregated with other transactions involving the same interested person during the same financial year) equal to or exceeding 5.0% of PARAGON REIT's net tangible assets will be subject to review and approval by the ARC which may, as it deems fit, request for advice on the transaction from independent sources or advisors, including the obtaining of valuations from professional valuers, as well as SGX announcement requirements under the SGX-ST Listing Manual and the CIS Code and such transactions would have to be approved by unitholders at a meeting of unitholders; and
4. the ARC's approval shall only be given if the transactions are on normal commercial terms and consistent with terms of similar types of transactions undertaken by the Trustee with third parties which are unrelated to the Manager.

The interested person transactions undertaken by the Manager in 16M FY2022, which are subject to disclosure requirements under the SGX-ST Listing Manual can be found on Page 210 of this Annual Report.

1 This does not include the procedures applicable to Interested Person Transactions falling under the exceptions set out in Rules 915 and 916 of the Listing Manual.

2 Any transaction of less than S\$100,000 in value is disregarded.

Conflicts of interest

The Manager has instituted the following procedures to deal with potential conflicts of interest issues:

- (a) The Manager will not manage any other real estate investment trust ("REIT") which invests in the same types of properties as PARAGON REIT;
- (b) all key executive officers work exclusively for the Manager and do not hold executive positions in other entities;
- (c) at least one-third of the Board comprises independent directors where the Chairman is an independent director. Where the Chairman of the Board is not an independent director, a majority of the Board will comprise independent directors and a lead independent Director will be appointed;

- (d) all resolutions of the Directors in relation to matters concerning PARAGON REIT must be approved by at least a majority of the Directors, including at least one independent Director;
- (e) in respect of matters in which the Sponsor (CPI) and/or its subsidiaries have an interest, direct or indirect, any nominees appointed by the Sponsor and/or its subsidiaries to the Board to represent their interests will abstain from deliberation and voting on such matters. For such matters, the quorum must comprise a majority of the independent directors of the Manager and must exclude nominee directors of the Sponsor and/or its subsidiaries. The Manager and the Property Manager (Straits Retail Property Management Services Pte Ltd) are indirect wholly-owned subsidiaries of the Sponsor;
- (f) there is a separation of the roles of CEO and Chairman to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision-making;
- (g) Directors must disclose promptly all interests in a transaction or proposed transaction to fellow Board members;
- (h) the independence of each Director is reviewed upon appointment, and thereafter annually. A Director who has no relationship with the Manager, its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment is considered independent;
- (i) the ARC comprises at least three independent directors. Currently there are five members, four of whom are independent directors. Its Chairman is independent; and
- (j) all matters relating to interested person transactions are conducted in accordance with the procedures set out in the section on 'Interested Person Transactions'.

The Trust Deed provides that if the Manager is required to decide whether or not to take any action against any person in relation to any breach of any agreement entered into by the Trustee for and on behalf of PARAGON REIT with a related party of the Manager, the Manager shall be obliged to consult with a reputable law firm (acceptable to the Trustee), which shall provide legal advice on the matter. If the said law firm is of the opinion that the Trustee, on behalf of PARAGON REIT, has a prima facie case against the party allegedly in breach under such agreement, the Manager is obliged to pursue the appropriate remedies under such agreement. The Directors of the Manager will have a duty to ensure that the Manager so complies. Notwithstanding the foregoing, the Manager shall inform the Trustee as soon as it becomes aware of any breach of any agreement entered into by the Trustee for and on behalf of PARAGON REIT with a related party of the Manager, and the Trustee may take such action as it deems necessary to protect the interests of the unitholders. Any decision by the Manager not to take action against a related party of the Manager shall not constitute a waiver of the Trustee's right to take such action as it deems fit against such related party.

Fees Payable to the Manager

Pursuant to the CIS Code issued by MAS, the Manager is to disclose the methodology and justifications of fees which are payable out of the deposited property of a property fund.

The Manager is entitled to the following fees:

Base Fee

The Base Fee, which is contained in Clause 15.1.1 of the Trust Deed, is recurring and enables the Manager to cover the operational and administrative expenses incurred in the management of the portfolio. The Base Fee is calculated at a percentage of asset value, as the asset value provides an appropriate metric to determine the resources for managing the assets.



CORPORATE GOVERNANCE

Performance Fee

The Performance Fee is contained in Clause 15.1.2 of the Trust Deed. It is based on net property income (“NPI”) and measures the Manager’s ongoing effort on the long-term sustainability of the properties through proactive leasing to retain existing tenants and attract new retailers to optimise tenant mix and rental income, as well as to improve operational efficiencies and manage cost prudently. This aligns the interests of the Manager with unitholders, as the Manager is motivated and incentivised to achieve income stability by ensuring the long-term sustainability of the assets through proactive asset management strategies and asset enhancement initiatives. The focus on sustainability of NPI performance addresses both revenue and cost drivers, and ensures that the Manager takes a long-term, holistic view in carrying out asset management and asset enhancement strategy, instead of taking excessive risks for short-term gains to the detriment of unitholders.

Acquisition Fee

The Acquisition Fee, which is contained in Clause 15.2.1(i) of the Trust Deed, seeks to motivate the Manager to continually pursue quality, yield-accretive opportunities that will add value to the portfolio and deliver inorganic growth to unitholders. These activities involve rigorous and disciplined assessment taking into consideration the valuation, yields, value enhancement potential, and continuing performance of each available property. In addition, the Acquisition Fee allows the Manager to recover the additional costs and resources incurred by the Manager in the course of seeking out new acquisition opportunities, including but not limited to, due diligence efforts and man hours spent in evaluating the transaction. The Acquisition Fee for non-Related Parties acquisitions is higher than the Acquisition Fee for Related Parties because there is additional work required to be undertaken in terms of sourcing, evaluating, and conducting due diligence for a non-Related Party acquisition.

As required by the CIS Code, where real estate assets are acquired from an interested party, the Acquisition Fee payable to the Manager will be in the form of units, which shall not be sold within one year from the date of issuance of the units.

Divestment Fee

The Divestment Fee, which is contained in Clause 15.2.1(ii) of the Trust Deed, seeks to motivate the Manager to review the portfolio for opportunities to unlock the underlying value of its existing properties. The fee compensates the Manager for the time, effort and resources expended in identifying and maximizing the value from potential divestment. The Manager provides these services over and above ongoing management services to enhance the long-term sustainability of existing properties. In addition, the Divestment Fee allows the Manager to recover additional costs and resources incurred by the Manager for the divestment, including but not limited to facilitating due diligence exercises and man hours spent in marketing and maximising the divestment price. The Divestment Fee is lower than Acquisition Fee to ensure fees are commensurate with the resources utilised to complete the transaction. The acquisition process is generally more time consuming than the divestment process, as there are many considerations in an acquisition process such as property specifications, price, underlying tenancies, and financial strength of the master lessee which are more complex than carrying out a divestment.

As required by the CIS Code, where real estate assets are disposed of to an interested party, the Divestment Fee payable to the Manager will be in the form of units, which shall not be sold within one year from the date of issuance of the units.



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REPORT OF THE TRUSTEE

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

DBS Trustee Limited (the “Trustee”) is under a duty to take into custody and hold the assets of PARAGON REIT (formerly known as SPH REIT) (the “Trust”) and its subsidiaries (the “Group”) in trust for the holders (“unitholders”) of units in the Trust (the “Units”). In accordance with the Securities and Future Act 2001, its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of PARAGON REIT Management Pte. Ltd. (formerly known as SPH REIT Management Pte. Ltd.) (the “Manager”) for compliance with the limitations imposed on the investment and borrowing powers as set out in 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 between the Manager and the Trustee in each annual accounting year and report thereon to unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Trust during the financial period covered by these financial statements, set out on pages 139 to 207 in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee,

DBS Trustee Limited

Jane Lim

Director

Singapore

13 February 2023



STATEMENT BY THE MANAGER

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

In the opinion of the directors of PARAGON REIT Management Pte. Ltd (formerly known as SPH REIT Management Pte. Ltd.), the accompanying financial statements set out on pages 139 to 207, comprising the Statements of Financial Position, Statements of Total Return, Distribution Statements, Statements of Changes in Unitholders' Funds, Consolidated Statement of Cash Flows, Portfolio Statements and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position of PARAGON REIT (formerly known as SPH REIT) (the "Trust") and its subsidiaries (the "Group") as at 31 December 2022, the total return, distributable income, changes in unitholders' funds and cash flows of the Group and the total return, distributable income and changes in unitholders' funds of the Trust for the financial period from 1 September 2021 to 31 December 2022 in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Investment Funds" issued by the Institute of Singapore Chartered Accountants and the provisions of the Trust Deed. At the date of this statement, there are reasonable grounds to believe that the Trust will be able to meet its financial obligations as and when they materialise.

For and on behalf of the Manager,
PARAGON REIT Management Pte. Ltd.

Leong Horn Kee
Chairman

Eugene Paul Lai Chin Look
Director

Singapore
13 February 2023



INDEPENDENT AUDITORS' REPORT

TO THE UNITHOLDERS OF PARAGON REIT (FORMERLY KNOWN AS SPH REIT)
(CONSTITUTED IN THE REPUBLIC OF SINGAPORE PURSUANT TO A TRUST DEED DATED 9 JULY 2013)

Opinion

We have audited the financial statements of PARAGON REIT (the "Trust") and its subsidiaries (the "Group"), which comprise the Statements of Financial Position and Portfolio Statements of the Group and the Trust as at 31 December 2022, and the Statements of Total Return, Distribution Statements, Statements of Changes in Unitholders' Funds of the Group and the Trust and the Statement of Cash Flows of the Group for the period from 1 September 2021 to 31 December 2022, and a summary of significant accounting policies and other explanatory information, as set out on pages 139 to 207.

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

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We are independent of the Trust in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investment properties

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

Risk:

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

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

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

Our response:

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

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

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

Our findings:

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

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

Other information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager for the financial statements

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

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

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

Auditors’ responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



INDEPENDENT AUDITORS' REPORT

TO THE UNITHOLDERS OF PARAGON REIT (FORMERLY KNOWN AS SPH REIT)
(CONSTITUTED IN THE REPUBLIC OF SINGAPORE PURSUANT TO A TRUST DEED DATED 9 JULY 2013)

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

KPMG LLP
*Public Accountants and
Chartered Accountants*

Singapore
13 February 2023



STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

		Group		Trust	
	Note	31 Dec 2022 S\$'000	31 Aug 2021 S\$'000	31 Dec 2022 S\$'000	31 Aug 2021 S\$'000
Non-current assets					
Plant and equipment	4	250	568	250	568
Investment properties	5	4,112,265	4,123,000	3,338,700	3,296,200
Subsidiaries	6	–	–	168,210	180,882
Trade and other receivables	7	–	–	377,665	375,673
Derivative financial instruments	10	9,623	–	6,113	–
		4,122,138	4,123,568	3,890,938	3,853,323
Current assets					
Trade and other receivables	7	6,003	11,316	3,080	8,335
Derivative financial instruments	10	3,150	–	3,150	–
Cash and cash equivalents	8	125,601	111,681	94,217	80,379
		134,754	122,997	100,447	88,714
Total assets		4,256,892	4,246,565	3,991,385	3,942,037
Non-current liabilities					
Borrowings	9	1,176,653	1,138,111	898,915	838,751
Derivative financial instruments	10	3,294	3,292	3,294	1,546
Trade and other payables	11	38,283	38,135	38,283	38,135
Deferred tax liabilities	12	2,206	2,206	2,206	2,206
		1,220,436	1,181,744	942,698	880,638
Current liabilities					
Borrowings	9	94,974	154,943	94,974	154,943
Derivative financial instruments	10	–	1,051	–	1,051
Trade and other payables	11	62,382	60,959	47,667	46,258
		157,356	216,953	142,641	202,252
Total liabilities		1,377,792	1,398,697	1,085,339	1,082,890
Net assets		2,879,100	2,847,868	2,906,046	2,859,147
Represented by:					
Unitholders' funds		2,563,069	2,535,243	2,604,011	2,561,223
Perpetual securities holders' fund	13	302,035	297,924	302,035	297,924
Non-controlling interests	14	13,996	14,701	–	–
		2,879,100	2,847,868	2,906,046	2,859,147
Units in issue ('000)	15	2,810,851	2,785,164	2,810,851	2,785,164
Net asset value per unit (S\$)		0.91	0.91	0.93	0.92

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF TOTAL RETURN

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

	Note	Group		Trust	
		16 months 1 Sep 2021 to 31 Dec 2022 S\$'000	12 months 1 Sep 2020 to 31 Aug 2021 S\$'000	16 months 1 Sep 2021 to 31 Dec 2022 S\$'000	12 months 1 Sep 2020 to 31 Aug 2021 S\$'000
Gross revenue	17	376,411	277,179	286,205	206,894
Property operating expenses	18	(96,482)	(74,552)	(69,802)	(53,181)
Net property income		279,929	202,627	216,403	153,713
Manager's management fees	19	(27,971)	(20,434)	(27,971)	(20,434)
Investment management fees		(3,885)	(2,950)	—	—
Trustee's fees		(798)	(600)	(767)	(574)
Trust expenses	20	(2,886)	(1,395)	(2,257)	(1,027)
Impairment (loss)/written back on trade receivables		(732)	(2,823)	124	(916)
Dividend income from subsidiaries		—	—	28,898	22,877
Finance income		1,181	200	7,108	5,133
Finance costs	21	(35,562)	(23,994)	(23,953)	(16,015)
Grant income		—	2,903	—	2,903
Grant expense		—	(2,903)	—	(2,903)
Net income		209,276	150,631	197,585	142,757
Fair value change on investment properties	5	33,780	3,421	34,947	4,160
Net foreign currency exchange differences		4,131	(567)	(6,068)	(2,525)
Total return for the period/year before taxes and distribution		247,187	153,485	226,464	144,392
Less: income tax	22	(3,688)	(1,397)	(599)	446
Total return for the period/year after taxes and before distribution		243,499	152,088	225,865	144,838
Attributable to:					
Unitholders of the Trust		225,602	137,348	209,454	132,538
Perpetual securities holders	13	16,411	12,300	16,411	12,300
Non-controlling interests	14	1,486	2,440	—	—
		243,499	152,088	225,865	144,838
Earnings per unit (cents)					
Basic and diluted	23	8.02	4.93	7.45	4.76

The accompanying notes form an integral part of these financial statements.



DISTRIBUTION STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

	Group		Trust	
	16 months 1 Sep 2021 to 31 Dec 2022 S\$'000	12 months 1 Sep 2020 to 31 Aug 2021 S\$'000	16 months 1 Sep 2021 to 31 Dec 2022 S\$'000	12 months 1 Sep 2020 to 31 Aug 2021 S\$'000
Income available for distribution to unitholders at beginning of the financial period/year	67,126	36,547 ¹	67,126	36,547 ¹
Total return attributable to unitholders	225,602	137,348	209,454	132,538
Add: Net tax adjustments (Note A)	(15,418)	14,306	730	19,116
Total income available for distribution to unitholders for financial period/year	277,310	188,201	277,310	188,201
Distribution to unitholders				
– Distribution of 0.54 cents per unit for the period from 1 June 2020 to 31 August 2020	–	(14,921)	–	(14,921)
– Distribution of 1.20 cents per unit for the period from 1 September 2020 to 30 November 2020	–	(33,307)	–	(33,307)
– Distribution of 1.24 cents per unit for the period from 1 December 2020 to 28 February 2021	–	(34,457)	–	(34,457)
– Distribution of 1.38 cents per unit for the period from 1 March 2021 to 31 May 2021	–	(38,390)	–	(38,390)
– Distribution of 1.58 cents per unit for the period from 1 June 2021 to 31 August 2021	(44,006)	–	(44,006)	–
– Distribution of 1.24 cents per unit for the period from 1 September 2021 to 30 November 2021	(34,750)	–	(34,750)	–
– Distribution of 1.44 cents per unit for the period from 1 December 2021 to 28 February 2022	(40,355)	–	(40,355)	–
– Distribution of 1.45 cents per unit for the period from 1 March 2022 to 31 May 2022	(40,675)	–	(40,675)	–
– Distribution of 1.39 cents per unit for the period from 1 June 2022 to 31 August 2022	(39,030)	–	(39,030)	–
	(198,816)	(121,075)	(198,816)	(121,075)
Income available for distribution to unitholders at end of the financial period/year	78,494	67,126	78,494	67,126
Note A – Net tax adjustments				
Non-tax deductible items:				
Manager's management fees	26,571	20,434	26,571	20,434
Trustee's fees	798	600	767	574
Amortisation of upfront fee for loan facility	994	1,020	582	637
Fair value change on investment properties	(33,780)	(3,421)	(34,947)	(4,160)
Net foreign currency exchange differences	(4,131)	567	6,068	2,525
Net income from subsidiaries	(11,301)	(1,245)	489	2,369
Straight-line rental adjustments	(410)	(4,106)	(465)	(3,720)
Deferred tax expense	–	(913)	–	(913)
Other items	5,841	1,370	1,665	1,370
Net tax adjustments	(15,418)	14,306	730	19,116

1 Approximately S\$14.5 million of the income available for distribution for the year ended 31 August 2020 has been deferred, as allowed under the COVID-19 relief measures announced by IRAS. The amount was distributed in financial year ended 31 August 2021.

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN UNITHOLDERS' FUNDS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

	Group		Trust	
	16 months 1 Sep 2021 to 31 Dec 2022 S\$'000	12 months 1 Sep 2020 to 31 Aug 2021 S\$'000	16 months 1 Sep 2021 to 31 Dec 2022 S\$'000	12 months 1 Sep 2020 to 31 Aug 2021 S\$'000
Balance as at beginning of financial period/year	2,535,243	2,503,324	2,561,223	2,526,457
Operations				
Total return for the period/year after tax attributable to unitholders of the Trust	225,602	137,348	209,454	132,538
Hedging reserve				
Effective portion of changes in fair value of cash flow hedges	14,798	(889)	9,675	(979)
Net change in fair value of cash flow hedge reclassified to Statements of Total Return	(3,748)	4,796	(4,096)	3,848
Foreign currency translation reserve				
Translation differences from financial statements of foreign operations	(23,909)	(5,167)	–	–
Exchange differences on monetary item forming part of net investments in foreign operations	(12,672)	(3,528)	–	–
Net (loss)/gain recognised directly in unitholders' funds	(25,531)	(4,788)	5,579	2,869
Unitholders' transactions				
Distribution to unitholders	(198,816)	(121,075)	(198,816)	(121,075)
Manager's fee paid/payable in units	26,571	20,434	26,571	20,434
	(172,245)	(100,641)	(172,245)	(100,641)
Balance as at end of financial period/year	2,563,069	2,535,243	2,604,011	2,561,223
Perpetual securities holders' funds				
Balance as at beginning of financial period/year	297,924	297,924	297,924	297,924
Amount reserved for distribution to perpetual securities holders	16,411	12,300	16,411	12,300
Distribution to perpetual securities holders	(12,300)	(12,300)	(12,300)	(12,300)
Balance as at end of financial period/year	302,035	297,924	302,035	297,924

The accompanying notes form an integral part of these financial statements.



CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

	Group	
	16 months 1 Sep 2021 to 31 Dec 2022 S\$'000	12 months 1 Sep 2020 to 31 Aug 2021 S\$'000
Cash flows from operating activities		
Total return for the financial period/year	243,499	152,088
Adjustments for:		
Fair value change on investment properties	(33,780)	(3,421)
Manager's fee paid/payable in units	26,571	20,434
Depreciation of plant and equipment	387	255
Finance income	(1,181)	(200)
Finance costs	35,562	23,994
Impairment loss on trade receivables	732	2,823
Income tax	–	(913)
Straight-line rental adjustments	(410)	(4,106)
Operating cash flow before working capital changes	271,380	190,954
Changes in operating assets and liabilities		
Trade and other receivables	4,581	18,589
Trade and other payables	24	(6,998)
Net cash from operating activities	275,985	202,545
Cash flows from investing activities		
Additions to investment properties	(14,536)	(13,044)
Purchase of plant and equipment	(69)	(234)
Interest received	1,181	200
Net cash used in investing activities	(13,424)	(13,078)
Cash flows from financing activities		
Payment of transaction costs related to borrowing	(970)	(580)
Payment of bank loan	(95,751)	–
Proceeds from bank loan	95,751	–
Distribution to unitholders	(198,816)	(121,075)
Distributions to non-controlling interests of a subsidiary	(1,116)	(924)
Distribution to perpetual securities holders	(12,300)	(12,300)
Interest paid	(33,210)	(23,385)
Net cash used in financing activities	(246,412)	(158,264)
Net increase in cash and cash equivalents	16,149	31,203
Effect of exchange rate fluctuations on cash and cash equivalents held	(2,229)	(1,496)
Cash and cash equivalents at beginning of the financial period/year	111,681	81,974
Cash and cash equivalents at end of the financial period/year	125,601	111,681

The accompanying notes form an integral part of these financial statements.



PORTFOLIO STATEMENT OF THE GROUP

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

Description of Property	Location	Tenure of Land	Term of Lease
<u>Investment properties in Singapore</u>			
PARAGON	290 Orchard Road, Singapore 238859	Leasehold	99 years, commencing on 24 July 2013 (Listing date)
The Clementi Mall	3155 Commonwealth Avenue West, Singapore 129588	Leasehold	99 years, commencing on 31 August 2010
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
<u>Investment property in Australia</u>			
Figtree Grove Shopping Centre	19 & 23 Princes Highway, Figtree, Wollongong, NSW 2525	Freehold	–
Westfield Marion Shopping Centre	293-297 Diagonal Road, Oaklands Park, Adelaide, South Australia, 5046	Freehold	–
Portfolio of investment properties			
Other assets and liabilities (net)			
Net assets of the Group			
Perpetual securities holders' funds			
Non-controlling interests			
Unitholders' funds			

Remaining Term of Lease 31 Dec 2022	Occupancy Rate as at		At Valuation		Percentage of Unitholders' funds	
	31 Dec	31 Aug	31 Dec	31 Aug	31 Dec	31 Aug
	2022 (%)	2021 (%)	2022 S\$'000	2021 S\$'000	2022 (%)	2021 (%)
90 years	99.9	99.1	2,679,000	2,640,000	105	104
87 years	100.0	99.9	597,500	594,000	24	23
23 years	100.0	92.2	62,200	62,200	2	2
–	99.4	99.1	184,487	196,740	7	8
–	97.4	98.8	589,078	630,060	23	25
			4,112,265	4,123,000	161	162
			(1,233,165)	(1,275,132)	(48)	(49)
			2,879,100	2,847,868	113	113
			(302,035)	(297,924)	(12)	(12)
			(13,996)	(14,701)	(1)	(1)
			2,563,069	2,535,243	100	100



PORTFOLIO STATEMENT OF THE TRUST

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

Description of Property	Location	Tenure of Land	Term of Lease
<u>Investment properties in Singapore</u> PARAGON	290 Orchard Road, Singapore 238859	Leasehold	99 years, commencing on 24 July 2013 (Listing date)
The Clementi Mall	3155 Commonwealth Avenue West, Singapore 129588	Leasehold	99 years, commencing on 31 August 2010
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
Portfolio of investment properties			
Other assets and liabilities (net)			
Net assets of the Trust			
Perpetual securities holders' funds			
Unitholders' funds			

PORTFOLIO DETAILS

Investment properties in Singapore

The carrying amount of the investment properties were based on independent valuations as at 31 December 2022 conducted by Savills Valuation and Professional Services (S) Pte Ltd ("Savills") (2021: Savills (the "Independent Valuers"). The Independent Valuers have appropriate professional qualifications and experience in the locations and category of the properties being valued. The valuations of the investment properties were based on the discounted cash flow and capitalisation methods. The net change in fair value has been recognised in the Statements of Total Return.

Investment properties in Australia

The carrying amount of the investment properties were based on independent valuations as at 31 December 2022 conducted by CBRE Valuations Pty Ltd ("CBRE") (2021: Jones Lang LaSalle Advisory Services Pty Ltd ("JLL") and CBRE). The Independent Valuers have appropriate professional qualifications and experience in the locations and category of the properties being valued. The valuations of the investment properties were based on the discounted cash flow and capitalisation methods. The net change in fair value has been recognised in the Statements of Total Return.

Remaining Term of Lease 31 Dec 2022	Occupancy Rate as at		At Valuation		Percentage of Unitholders' funds	
	31 Dec 2022 (%)	31 Aug 2021 (%)	31 Dec 2022 S\$'000	31 Aug 2021 S\$'000	31 Dec 2022 (%)	31 Aug 2021 (%)
90 years	99.9	99.1	2,679,000	2,640,000	104	103
87 years	100.0	99.9	597,500	594,000	23	23
23 years	100.0	92.2	62,200	62,200	2	2
			3,338,700	3,296,200	129	128
			(432,654)	(437,053)	(17)	(16)
			2,906,046	2,859,147	112	112
			(302,035)	(297,924)	(12)	(12)
			2,604,011	2,561,223	100	100



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

These notes form an integral part of and should be read in conjunction with the 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 (“f.k.a.”) 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 and its subsidiaries 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 financial statements of the Trust as at and for the period ended 31 December 2022 comprise the Trust and its subsidiaries (together referred to as the “Group” and individually as “Group entities”).

During the financial period, the Trust changed its financial year end from 31 August to 31 December and accordingly, the financial statements for the current period cover a period of 16 months from 1 September 2021 to 31 December 2022. The comparative amounts presented for the total return, distributable income, changes in unitholders’ funds and cash flows of the Group and the total return, distributable income and changes in unitholders’ funds of the Trust, and related disclosure notes are not entirely comparable.

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

1. GENERAL INFORMATION (CONT'D)

(b) Manager's management fees

- (ii) an annual performance fee of 5.0% per annum of the Net Property Income (as defined in the Trust Deed)

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.

For the period from 24 July 2013 (listing date) to 28 February 2017, from 1 September 2017 to 31 May 2019 and from 1 September 2019 to 31 August 2022, the Manager has elected to receive 100% of management fees in units.

The Manager has elected for partial payment of management fees in cash for the half year from 1 March 2017 to 31 August 2017, for the period from 1 June 2019 to 31 August 2019 and for the period from 1 September 2022 to 31 December 2022.

For all acquisitions or disposals of properties or investments, the Manager is entitled to receive acquisition fee at 0.75% of the purchase price for acquisition from related parties and 1.0% for all other cases and a divestment fee of 0.5% of the sale price.

(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 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.

The property management fees are payable to the Property Manager in the form of cash and/or units. For the period from 24 July 2013 (listing date) to 31 December 2022, the property management fees are paid in cash.

(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. The project management fees are payable to the Property Manager in the form of cash and/or units.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements have been prepared in accordance with the Statement of Recommended Accounting Practice (“RAP”) 7 *“Reporting Framework for Investment Funds”* revised and 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 financial statements have been prepared on the historical cost basis, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with RAP 7 requires the Manager to exercise its judgement in the process of applying the Group’s accounting policies. It also requires the use of certain critical accounting estimates and assumptions. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Changes in accounting policies

New standards and amendments

The Group has applied the following FRSs, amendments to and interpretations of FRS for the first time for the annual period beginning on 1 September 2021:

- Amendment to FRS 116: *COVID-19-Related Rent Concessions beyond 30 June 2021*
- Amendments to FRS 103: *Reference to the Conceptual Framework*
- Amendments to FRS 16: *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to FRS 37: *Onerous Contracts – Cost of Fulfilling a Contract*
- Annual Improvements to FRSs 2018–2020
- Amendments to FRS 109, FRS 39, FRS 107, FRS 104 and FRS 116: *Interest Rate Benchmark Reform – Phase 2*

The application of these amendments to standards and interpretations does not have a material effect on the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Group Accounting

(i) Subsidiaries

- Consolidation

The consolidated financial statements include the financial statements of the Trust and its subsidiaries made up to the end of the financial period.

Subsidiaries are entities controlled by the Group, generally accompanied by a shareholding of more than one half of the voting rights. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests are that part of net results of operations and of net assets of a subsidiary attributable to interests which are not owned directly or indirectly by the Trust. They are shown separately in the Statements of Total Return and Statements of Financial Position. Total return is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

- Acquisitions

The acquisition method of accounting is used to account for business combinations by the Group.

The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Group Accounting (cont'd)

(i) Subsidiaries (cont'd)

- Acquisitions (cont'd)

Goodwill arising from business combination is the excess of the fair value of consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets and contingent liabilities acquired. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the Statements of Total Return.

Goodwill arising from business combination is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

The gains and losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the entity sold.

- Disposal

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any amounts previously recognised in other comprehensive income ("OCI") in respect of that entity are transferred to the Statements of Total Return or transferred directly to unitholders' funds if required by a specific standard.

Any retained interest in the entity is remeasured at fair value at the date that control is lost. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in the Statements of Total Return.

- Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with unitholders of the Group. Any difference between the change in the carrying amount of the non-controlling interest and the fair value of the consideration paid or received is recognised in unitholders' fund.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Group Accounting (cont'd)

(ii) Joint Operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a group entity undertakes its activities under joint operations, the group as a joint operator recognises in relation to its interest in a joint operation:

- Its assets, including its share of any assets held jointly;
- Its liabilities, including its share of any liabilities incurred jointly;
- Its revenue from the sale of its share of the output arising from the joint operation;
- Its share of the revenue from the sale of the output by the joint operation; and
- Its expenses, including its share of any expenses incurred jointly.

The group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the FRSs applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the group does not recognise its share of the gains and losses until it resells those assets to a third party.

(c) Currency translation

(i) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollars ("presentation currency"), which is also the Trust's functional currency. All financial information presented in Singapore Dollars have been rounded to the nearest thousand, unless otherwise stated.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Currency translation (cont'd)

(ii) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are taken to the Statements of Total Return.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined. Non-monetary items that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

(iii) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing exchange rates at the reporting date;
- Income and expenses are translated at average exchange rates; and
- All resulting exchange differences are taken to unitholders' funds and transferred to the Statements of Total Return upon the disposal of the foreign operation as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rates at the reporting date.

Foreign currency differences are recognised in unitholders' funds. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the NCI. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to the Statements of Total Return as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to the Statements of Total Return.

(iv) Net investment in a foreign operation

When a derivative financial liability is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of foreign exchange gains and losses is recognised in unitholders' funds and presented in the foreign currency translation reserve. Any ineffective portion of the changes in the foreign exchange gains and losses is recognised in the Statements of Total Return. The amount recognised in unitholders' funds is reclassified to Statements of Total Return as a reclassification adjustment on disposal of the foreign operation.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Investment properties

Investment properties comprise office and retail buildings that are held for long-term rental yields. Investment properties are initially recognised at cost and subsequently measured at fair value. Any gains or losses arising from the changes in their fair values are taken to the Statements of Total Return.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are written-off to the Statements of Total Return. The cost of maintenance, repairs and minor improvements is charged to the Statements of Total Return when incurred.

Fair values are determined in accordance with the Trust Deed, which requires the investment properties to be valued by independent registered valuers at least once a year, in accordance with the CIS Code.

On disposal of an investment property, the difference between the net disposal proceeds and its carrying amount is taken to the Statements of Total Return.

(e) Plant and equipment

(i) Measurement

Plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

(ii) Depreciation

Depreciation is calculated using the straight-line method to allocate the depreciable amounts over the expected useful lives of the assets. The estimated useful lives for this purpose are:

Plant and equipment 3 – 10 years

The residual values, estimated useful lives and depreciation method of plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in the Statements of Total Return when the changes arise.

No depreciation is charged on capital work-in-progress.

(iii) Subsequent expenditure

Subsequent expenditure relating to plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in the Statements of Total Return when incurred.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Plant and equipment (cont'd)

(iv) Disposal

On disposal of an item of plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to the Statements of Total Return.

(f) Cash and cash equivalents

For the purpose of presentation in the Statement of Cash Flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

(g) Financial instruments

(i) Recognition and initial measurement

Trade receivables issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

- Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the Statements of Total Return. Any gain or loss on derecognition is recognised in the Statements of Total Return.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost. Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the Statements of Total Return.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
 - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
 - the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Transferred assets are not derecognised when the Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Financial instruments (cont'd)

(iii) Derecognition (cont'd)

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the Statements of Total Return.

Interest rate benchmark reform

When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changes as a result of interest rate benchmark reform, the Group updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. No immediate gain or loss is recognised.

A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Group first updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Group applies the policies on accounting for modifications to the additional changes.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Financial instruments (cont'd)

(iv) Impairment

Financial assets

The Group recognises loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised costs.

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Financial instruments (cont'd)

(iv) Impairment (cont'd)

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the Statements of Financial Position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(v) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the Statements of Financial Position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Derivative financial instruments and hedging activities

Derivatives are used to manage exposure to foreign exchange and interest rate risks arising from operating, financing and investing activities.

A derivative is initially recognised at its fair value on the date the derivative contract is entered into and is subsequently carried at its fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group designates its derivatives for hedging purposes as either hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge), or hedges of highly probable forecast transactions (cash flow hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategies for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of the hedged items.

The carrying amount of a derivative designated as a hedge is presented as a non-current asset or liability if the remaining expected life of the hedged item is more than twelve months, and as a current asset or liability if the remaining expected life of the hedged item is less than twelve months. The fair value of a trading derivative is presented as a current asset or liability.

Hedges directly affected by interest rate benchmark reform

A fundamental review and reform of major interest rate benchmarks is being undertaken globally. The Group has exposure to IBORs on its financial instruments that will be replaced or reformed as part of this market-wide initiative. There is uncertainty as to the timing and the methods of transition for replacing existing benchmark IBORs with alternative rates.

On initial designation of the hedging relationship, the Group formally documents the relationship between the hedging instruments and hedged items, including the risk management objective and strategy in undertaking the hedge, together with the method that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both on inception of the hedging relationship and on an ongoing basis, of whether the hedging instruments are expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged items during the period for which the hedge is designated. For the purpose of evaluating whether the hedging relationship is expected to be highly effective (i.e. prospective effectiveness assessment), the Group assumes that the benchmark interest rate on which the cash flows are based is not altered as a result of IBOR reform.

The Group will cease to apply the amendments to its prospective effectiveness assessment of the hedging relationship when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows of the hedged item or hedging instrument, or when the hedging relationship is discontinued.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Derivative financial instruments and hedging activities (cont'd)

Hedges directly affected by interest rate benchmark reform (cont'd)

(i) Cash flow hedge

The Group has entered into interest rate swaps that are cash flow hedges for the Group's exposure to interest rate risk on its borrowings. These contracts entitle the Group to receive interest at floating rates on notional principal amounts and oblige the Group to pay interest at fixed rates on the same notional principal amounts, thus allowing the Group to raise borrowings at floating rates and swap them into fixed rates.

The fair value changes on the effective portion of these interest rate swaps are recognised in OCI and accumulated in the hedging reserve, and transferred to the Statements of Total Return in the periods when the interest expense on the borrowings is recognised in the Statements of Total Return. The gain or loss relating to the ineffective portion is recognised immediately in the Statements of Total Return.

(ii) Net investment hedges

The Group designates certain derivatives as hedges of foreign exchange risk on its net investment in foreign operations.

When a derivative instrument is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of the change in fair value is recognised in OCI and presented in the translation reserve within equity. Any ineffective portion of the change in the fair value is recognised immediately in Statements of Total Return. The amount recognised in OCI is reclassified to the Statements of Total Return as a reclassification adjustment on disposal of the foreign operation.

(iii) Derivatives that do not qualify for hedge accounting

Changes in the fair value of derivatives that do not qualify for hedge accounting are recognised immediately in the Statements of Total Return.

(i) Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices as at the reporting date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Trust uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analysis, are also used to determine the fair values of the financial instruments.

The fair values of interest rate swaps are calculated as the present value of the estimated future cash flows discounted at actively quoted interest rates.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies FRS 115 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in FRS 109 to the net investment in the lease (see Note 2(g)(iv)). The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received from investment property under operating leases as income on a straight-line basis over the lease term as part of 'revenue'.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Impairment of non-financial assets

– Plant and equipment

Plant and equipment are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, recoverable amount (i.e. the higher of the fair value less cost to sell and value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating-units ("CGU") to which the asset belongs.

An impairment loss is recognised when the carrying amount of the asset (or CGU) exceeds the recoverable amount of the asset (or CGU). Recoverable amount of the asset (or CGU) is the higher of the asset's (or CGU's) fair value less cost to sell and value-in-use.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in the Statements of Total Return.

(l) Units and unit issuance expenses

Unitholders' funds represent the unitholders' residual interest in the Trust's net assets upon termination and is classified as equity.

Incremental costs directly attributable to the issue of units are recognised as a deduction from unitholders' funds.

(m) Government grants

Government grants are recognised when there is reasonable assurance that they will be received and the Group comply with the conditions associated with the grants.

(n) Revenue recognition

Rental income from operating leases

Rental income receivable under operating leases is recognised as 'revenue' on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives granted are recognised as an integral part of the total rental to be received. Contingent rentals, which include gross turnover rental, are recognised as income in the accounting period in which they are earned. No contingent rentals are recognised if there are uncertainties due to the possible return of amounts received.

Dividend income

Dividend income is recognised in the Statements of Total Return on the date that the right to receive payment is established.

Interest income

Interest income is recognised using the effective interest method.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Income taxes

Current tax for current and prior years is recognised at the amount expected to be paid to (or recovered from) the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, except when the deferred tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting nor taxable returns.

Deferred tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

Deferred tax liabilities are recognised on temporary differences arising on investments in subsidiaries except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Current and deferred taxes are recognised as income or expense in the Statements of Total Return, except to the extent that the tax arises from a transaction which is recognised directly in unitholders' funds.

The Inland Revenue Authority of Singapore ("IRAS") has issued a tax ruling on the income tax treatment of the Trust. Subject to meeting the terms and conditions of the tax ruling which includes a distribution of at least 90% of its taxable income, the Trust will not be assessed for tax on the portion of its taxable income that is distributed to unitholders. Any portion of taxable income that is not distributed to unitholders will be taxed at the prevailing corporate tax rate.

In the event that there are subsequent adjustments to the taxable income when the actual taxable income of the Trust is finally agreed with the IRAS, such adjustments are taken up as an adjustment to the amount distributed for the next distribution following the agreement with the IRAS. Under the COVID-19 relief measures announced by IRAS, the Trust will have until 31 December 2021 (or any extension allowed) to distribute at least 90% of the annual taxable income derived in the financial year ended 31 August 2020. As at 31 August 2021, the Trust has distributed more than 90% of its deferred taxable income derived from the year ended 31 August 2020.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Income taxes (cont'd)

The distributions made by the Trust out of its taxable income are subject to tax in the hands of unitholders, unless they are exempt from tax on the Trust's distributions (the "tax transparency ruling"). The Trust is required to withhold tax at the prevailing corporate tax rate on the distributions made by the Trust except:

- where the beneficial owners are individuals or Qualifying Unitholders, the Trust will make the distributions to such unitholders without withholding any income tax; and
- where the beneficial owners are Qualifying foreign non-individual unitholders, the Trust will deduct Singapore income tax at the reduced rate of 10% for distributions made up to 31 December 2025, unless concession is extended; or
- where the beneficial owners are Qualifying foreign funds, the Trust will deduct Singapore income tax at the reduced rate of 10% for distributions made during the period from 1 July 2019 to 31 December 2025.

A "Qualifying Unitholder" is a unitholder who is:

- an individual;
- a company incorporated and tax resident in Singapore;
- a body of persons, other than a company or a partnership, incorporated or registered in Singapore (for example, a town council, a statutory board, a registered charity, a registered co-operative society, a registered trade union, a management corporation, a club and a trade and industry association);
- a Singapore branch of a foreign company;
- an international organisation that is exempt from tax under the International Organisations (Immunities and Privileges) Act; or
- a real estate investment trust exchange-traded fund ("REIT ETFs") which have been accorded tax transparency treatment.

A "Qualifying foreign non-individual Unitholder" is a person who is not a resident of Singapore for income tax purposes and:

- who does not have a permanent establishment in Singapore; or
- who carries on any operation in Singapore through a permanent establishment in Singapore, where the funds used by that person to acquire the Units are not obtained from that operation in Singapore.

A "Qualifying foreign fund" is one who is a non-resident fund that qualifies for tax exemption under Section 13CA, 13X or 13Y of the Singapore Income Tax Act for income tax purposes and:

- who does not have a permanent establishment in Singapore (other than a fund manager in Singapore); or
- who carries on any operation in Singapore through a permanent establishment in Singapore (other than a fund manager in Singapore), where the funds used to acquire the Units are not obtained from that operation in Singapore.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Income taxes (cont'd)

The above tax transparency ruling does not apply to gains from sale of real estate properties. Such gains, if they are considered as trading gains, are assessable to tax on the Trust. Where the gains are capital gains, the Trust will not be assessed to tax and may distribute the capital gains to unitholders without having to deduct tax at source.

Any distributions made by the Trust to the unitholders out of tax-exempt income and taxed income would be exempt from Singapore income tax in the hands of all unitholders, regardless of their corporate or residence status.

Apart from the above, the Trust receives foreign-sourced income that is tax exempt under Section 13(12) of the Singapore Income Tax Act. Distributions made by the Trust out of such tax exempt income are also exempt from Singapore income tax for all unitholders.

(p) Distribution policy

The Trust distribution policy is to distribute at least 90% of its specified taxable income, comprising rental and other property related income from its business of property letting, interest income and top-up payments from income support and after deducting allowable expenses and applicable tax allowances. The actual level of distribution will be determined at the Manager's discretion, taking into consideration the Trust's capital management and funding requirements

(q) Expenses

(i) Trustee's fees

Trustee's fees are recognised on an accrual basis using the applicable formula stipulated in Note 1(a).

(ii) Manager's management fees

Manager's management fees are recognised on an accrual basis using the applicable formula stipulated in Note 1(b).

(iii) Property operating expenses

Property operating expenses are recognised on an accrual basis. Included in property operating expenses are property management fees which are based on the applicable formula stipulated in Note 1(c).

(iv) Finance costs

Finance costs are recognised in the Statements of Total Return using the effective interest method.

(r) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Chief Executive Officer of the Manager, who is the Group's chief operating decision maker, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available. Segment results that are reported to the Chief Executive Officer of the Manager include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Earnings per unit

Basic earnings per unit is calculated by dividing the total return for the year after tax attributable to unitholders of the Trust by the weighted average number of units outstanding during the year. Diluted earnings per unit is determined by adjusting the total return for the year after tax attributable to unitholders of the Trust and the weighted average number of units outstanding, adjusted for the effects of all dilutive potential units.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The preparation of 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. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are included in the following note:

- Note 5 – determination of fair values of investment properties on the basis of significant unobservable inputs

4. PLANT AND EQUIPMENT

	Group and Trust Furniture fittings and equipment	
	31 Dec 2022 S\$'000	31 Aug 2021 S\$'000
Cost		
Beginning of financial period/year	2,117	1,891
Additions	69	234
Disposals	(12)	(8)
End of financial period/year	2,174	2,117
Accumulated depreciation		
Beginning of financial period/year	1,549	1,302
Depreciation charge	387	255
Disposals	(12)	(8)
End of financial period/year	1,924	1,549
Net book value		
Beginning of financial period/year	568	589
End of financial period/year	250	568



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

5. INVESTMENT PROPERTIES

	Group		Trust	
	31 Dec 2022 S\$'000	31 Aug 2021 S\$'000	31 Dec 2022 S\$'000	31 Aug 2021 S\$'000
Beginning of financial period/year	4,123,000	4,125,447	3,296,200	3,286,200
Additions	14,592	6,194	7,088	2,120
Fair value change	33,780	3,421	34,947	4,160
Straight-line rental adjustments	410	4,106	465	3,720
Translation differences	(59,517)	(16,168)	–	–
End of financial period/year	4,112,265	4,123,000	3,338,700	3,296,200

In determining the fair value, the independent external valuers have used valuation techniques that involve estimates or inputs. In relying on the valuation reports, the Manager has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of current market conditions. The valuation reports are prepared in accordance with recognised appraisal and valuation standard.

The independent external valuers have used discounted cash flow analysis and capitalisation approach. The discounted cash flow analysis involves an assessment of the annual net income streams over an assumed investment horizon and discounting these net income streams with an internal rate of return. The capitalisation approach estimates the gross rent income at a mature sustainable basis from which total expenses have been deducted and net income capitalised at an appropriate rate. Details of valuation techniques and inputs used are disclosed in Note 24(h).

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 31 December 2022, investment properties with a carrying amount of approximately S\$3,453 million (2021: S\$3,467 million) are mortgaged to banks as security for the term loans (Note 9).

6. SUBSIDIARIES

	Trust	
	31 Dec 2022 S\$'000	31 Aug 2021 S\$'000
Equity investments, at cost	3,816	3,816
Loan to a subsidiary – interest bearing	164,394	177,066
	168,210	180,882

The loan to a subsidiary is unsecured and the settlement is neither planned nor likely to occur in the foreseeable future.

The effective interest rate for the loan to a subsidiary is 2.71% per annum (2021: 2.71%).

6. SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of Incorporation	Effective Interests held by the Group	
		31 Dec 2022 %	31 Aug 2021 %
<u>Held by the Trust</u>			
PARAGON REIT (Investment) Pte. Ltd. ¹ (f.k.a. SPH REIT (Investments) Pte. Ltd.)	Singapore	100	100
<u>Held through subsidiaries</u>			
<i>Held by PARAGON REIT (Investments) Pte. Ltd.</i>			
Orchard 290 Australia Trust ² (f.k.a. SPH REIT Australia Trust)	Australia	100	100
Orchard 290 Marion Trust ⁴ (f.k.a. SPH REIT Marion Trust)	Australia	100	100
Marion Advertising Trust ⁴	Australia	100	100
<i>Held by Orchard 290 Australia Trust</i>			
Orchard 290 MA Trust ³ (f.k.a. SPH REIT Moelis Australia Trust)	Australia	85	85
<i>Held by Orchard 290 MA Trust</i>			
Figtree Holding Trust ³	Australia	85	85
<i>Held by Figtree Holding Trust</i>			
Figtree Trust ³	Australia	85	85
<i>Held by Orchard 290 Marion Trust</i>			
Marion Sub Trust ⁴	Australia	100	100

1 Audited by KPMG LLP Singapore

2 Exempted from statutory audit

3 Audited by KPMG LLP Australia

4 Audited by Ernst & Young LLP Australia

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

7. TRADE AND OTHER RECEIVABLES

	Group		Trust	
	31 Dec 2022	31 Aug 2021	31 Dec 2022	31 Aug 2021
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current				
Amount owing by subsidiaries	–	–	377,665	375,673
Current				
Trade receivables	4,364	17,574	914	8,304
Impairment loss on trade receivables	(2,145)	(8,022)	(26)	(544)
	2,219	9,552	888	7,760
Amount owing by ultimate holding company	9	6	9	6
Amount owing by related parties	3	2	3	2
Other receivables	2,638	1,051	1,639	364
Deposits	445	63	445	63
Prepayments	689	642	96	140
	6,003	11,316	3,080	8,335

The amounts owing by subsidiaries are non-trade in nature, unsecured, interest free and repayable on demand. The non-current amount is not expected to be repaid in the next 12 months.

The amounts owing by ultimate holding company and related parties are non-trade in nature, unsecured, interest free and repayable on demand.

Credit and market risks, and impairment losses

The Group's and the Trust's exposure to credit and currency risks, and impairment losses for trade and other receivables, are disclosed in Note 24.

8. CASH AND CASH EQUIVALENTS

	Group		Trust	
	31 Dec 2022	31 Aug 2021	31 Dec 2022	31 Aug 2021
	S\$'000	S\$'000	S\$'000	S\$'000
Cash held as fixed bank deposit	60,000	20,000	60,000	20,000
Cash and bank balances	65,601	91,681	34,217	60,379
	125,601	111,681	94,217	80,379

Interest on cash and bank balances for the Group and Trust ranged from 0% to 0.77% (2021: 0% to 1.24%) and 0% to 0.77% (2021: 0% to 1.24%) per annum for the Group and the Trust respectively. The Group and the Trust's fixed bank deposits earn interest at rates ranging from 4.22% to 4.33% (2021: 0.48%) per annum.

9. BORROWINGS

	Group		Trust	
	31 Dec 2022 S\$'000	31 Aug 2021 S\$'000	31 Dec 2022 S\$'000	31 Aug 2021 S\$'000
Secured term loans	1,273,557	1,295,029	995,000	995,000
Less: Unamortised transaction costs	(1,930)	(1,975)	(1,111)	(1,306)
	1,271,627	1,293,054	993,889	993,694
Borrowings repayable:				
Within 1 year	94,974	154,943	94,974	154,943
Between 1 – 5 years	1,176,653	1,138,111	898,915	838,751
	1,271,627	1,293,054	993,889	993,694

The Group and the Trust secured term loans amounted to S\$1.3 billion (2021: S\$1.3 billion) and S\$995 million (2021: S\$995 million) respectively.

The exposure of the Group and the Trust to liquidity and interest rate risks related to interest-bearing borrowings are disclosed in Note 24.

Terms and debt repayment schedule

Terms and conditions of outstanding interest-bearing borrowings are as follows:

				31 Dec 2022		31 Aug 2021	
	Currency	Weighted average nominal interest rate %	Year to maturity	Face value S\$'000	Carrying amount S\$'000	Face value S\$'000	Carrying amount S\$'000
<u>Group</u>							
Fixed rate loans	SGD	—	—	—	—	55,000	54,975
Fixed rate loan	AUD	—	—	—	—	83,615	83,541
Floating rate loans	SGD	4.35	2023 – 2027	995,000	993,889	940,000	938,719
Floating rate loan	AUD	4.59	2024 – 2025	278,557	277,738	216,414	215,819
<u>Trust</u>							
Fixed rate loans	SGD	—	—	—	—	55,000	54,975
Floating rate loans	SGD	4.35	2023 – 2027	995,000	993,889	940,000	938,719

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

- First legal mortgage on PARAGON (Note 5)
- Fixed and floating charges by way of debenture over the existing and future assets of PARAGON (other than the excluded accounts)
- First legal charge over the tenancy account and sales proceeds account for PARAGON
- Assignment of certain insurances taken in relation to PARAGON

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

9. BORROWINGS (CONT'D)

The AUD term loan balance of A\$105 million and A\$200 million is secured by way of mortgage on Figtree Grove Shopping Centre and Westfield Marion Shopping Centre respectively (Note 5).

In respect of bank borrowings, where appropriate, the Group's policy is to manage its interest rate risk exposure by entering into fixed rate loan and/or interest rate swaps over the duration of its borrowing. Accordingly, the Group entered into interest rate swap contracts to swap floating rates for fixed interest rates as part of their interest rate risk management. Under the interest rate swaps, the Group agreed with other parties to pay/receive at specified intervals, the difference between fixed rate and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

As at 31 December 2022, the Group's and the Trust's fixed rate loan and loans hedged with interest rate swaps amounted to S\$1,071 million (2021: S\$986 million) and S\$888 million (2021: S\$804 million) respectively. The fixed interest rates of the Group and the Trust were from 1.05% to 5.43% (2021: 0.35% to 3.69%) and 1.05% to 5.43% (2021: 0.35% to 3.28%) per annum respectively. The floating rates of SGD term loans are referenced to Singapore dollar swap offer rate and Singapore overnight rate average (2021: Singapore dollar swap offer rate) and repriced every three months. The floating rate of AUD term loan is referenced to Australian dollar bank bill swap rate and repriced every three months. The effective interest rates of the Group and the Trust as at the reporting date was 2.05% (2021: 1.84%) and 1.80% (2021: 1.60%) per annum respectively.

Reconciliation of movements of liabilities to cash flows arising from financing activities:

	Borrowings S\$'000	Interest payable S\$'000	Total S\$'000
Group			
2022			
Beginning of financial period	1,293,054	2,585	1,295,639
Changes from financing cash flows			
Payment of transaction costs related to borrowing	(970)	–	(970)
Loan drawn down	95,751	–	95,751
Loan repayment	(95,751)	–	(95,751)
Interest paid	–	(33,210)	(33,210)
Total changes from financing activities	(970)	(33,210)	(34,180)
Non-cash changes			
Finance costs	–	34,568	34,568
Amortisation of transaction costs	994	–	994
Translation differences	(21,451)	–	(21,451)
End of financial period	1,271,627	3,943	1,275,570
2021			
Beginning of financial year	1,298,585	2,996	1,301,581
Changes from financing cash flows			
Payment of transaction costs related to borrowing	(580)	–	(580)
Interest paid	–	(23,385)	(23,385)
Total changes from financing activities	(580)	(23,385)	(23,965)
Non-cash changes			
Finance costs	–	22,974	22,974
Amortisation of transaction costs	1,020	–	1,020
Translation differences	(5,971)	–	(5,971)
End of financial year	1,293,054	2,585	1,295,639

10. DERIVATIVE FINANCIAL INSTRUMENTS

	Group		Trust	
	Contract notional amount S\$'000	Fair value amount* S\$'000	Contract notional amount S\$'000	Fair value amount* S\$'000
2022				
Non-current assets				
– Cross currency interest-rate swaps	48,248	3,021	48,248	3,021
Cash flow hedge				
– Interest-rate swaps	462,660	6,602	280,000	3,092
Current assets				
Cash flow hedge				
– Interest-rate swaps	425,000	3,150	425,000	3,150
Non-current liabilities				
Cash flow hedge				
– Interest-rate swaps	608,248	(3,294)	608,248	(3,294)
2021				
Non-current liabilities				
– Cross currency interest-rate swaps	39,452	(1,243)	39,452	(1,243)
– Cross currency swaps	9,863	(55)	9,863	(55)
	49,315	(1,298)	49,315	(1,298)
Cash flow hedge				
– Interest-rate swaps	523,370	(1,994)	425,000	(248)
Current liabilities				
– Cross currency interest-rate swaps	39,452	(247)	39,452	(247)
– Cross currency swaps	9,370	(2)	9,370	(2)
	48,822	(249)	48,822	(249)
Cash flow hedge				
– Interest-rate swaps	245,000	(802)	245,000	(802)

The cross currency interest-rate swaps and cross currency swaps will be collectively termed as “Cross currency swaps”.

The notional principal amounts of the outstanding cross currency interest-rate swaps, cross currency swaps and interest rate swap contracts and their corresponding fair values as at 31 December 2022 are:

	Group		Trust	
	31 Dec 2022 S\$'000	31 Aug 2021 S\$'000	31 Dec 2022 S\$'000	31 Aug 2021 S\$'000
Notional due:				
Within 1 year	425,000	293,822	425,000	293,822
Between 1 – 5 years	1,119,156	572,685	936,496	474,315
Total	1,544,156	866,507	1,361,496	768,137

* The fair values of cross currency interest-rate swaps, cross currency swaps and interest rate swap contracts had been calculated (using rates quoted by the Group's bankers) assuming the contracts are terminated at the reporting date. These interest rate swaps are contracted with counter-parties which are banks and financial institutions with acceptable credit ratings.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

11. TRADE AND OTHER PAYABLES

	Group		Trust	
	31 Dec 2022	31 Aug 2021	31 Dec 2022	31 Aug 2021
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current				
Deposits received	38,283	38,135	38,283	38,135
Current				
Trade payables	2,617	999	260	231
Amount owing to related parties	6,112	2,892	6,112	2,892
Other payables	6,805	5,580	5,266	3,970
Accrued expense	18,491	18,261	11,065	12,295
Interest payable	3,943	2,585	3,250	1,663
Deposits received	15,115	17,125	15,106	17,116
Collections in advance	4,249	7,782	3,505	5,892
Goods and services tax payable	3,055	2,989	2,798	1,809
Withholding tax payable	1,995	2,746	305	390
	62,382	60,959	47,667	46,258

The amount owing to related parties is trade in nature, unsecured, interest-free and repayable on demand.

The amounts owing to ultimate holding company and non-controlling interests are non-trade in nature, unsecured, interest-free and repayable on demand.

12. DEFERRED TAX LIABILITIES

Deferred tax liabilities are attributable to the following:

	Group and Trust	
	31 Dec 2022	31 Aug 2021
	S\$'000	S\$'000
Investment properties	2,206	2,206

Movement in temporary differences during the period/year:

	Group and Trust	
	31 Dec 2022	31 Aug 2021
	S\$'000	S\$'000
Investment properties		
Beginning of financial period/year	2,206	3,119
Recognised in the Statements of Total Return	–	(913)
Beginning of financial period/year	2,206	2,206

13. PERPETUAL SECURITIES HOLDERS' FUND

On 30 August 2019, the Trust issued S\$300.0 million of subordinated 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. Accordingly, the perpetual securities are classified as equity. The expenses relating to the issue of the perpetual securities are deducted against the proceeds from the issue.

The perpetual securities are classified as equity instruments and recorded within the Group's and Trust's Statements of Financial Position. As at 31 December 2022, the S\$302.0 million (2021: S\$297.9 million) presented in the Statements of Financial Position represents the carrying value of the S\$300.0 million (2021: S\$300.0 million) perpetual securities issued, net of issue costs and includes the amount reserved for distribution to the perpetual securities holders as at year-end.

14. NON-CONTROLLING INTERESTS

The Group only had one subsidiary, Moelis Australia Trust, with non-controlling interest of 15%. The non-controlling interest is not material to the Group.

15. UNITS IN ISSUE

	Group and Trust	
	31 Dec 2022	31 Aug 2021
	Number of	Number of
	Units	Units
	'000	'000
<u>Units in issue</u>		
Beginning of financial period/year	2,785,164	2,763,122
– Manager's fee paid in units	25,687	22,042
End of financial period/year	2,810,851	2,785,164

During the financial period/year, the Trust issued 25,686,735 (2021: 22,042,037) new units at the issue price range of S\$0.8515 to S\$1.0136 (2021: S\$0.8178 to S\$0.9314 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.

Each unit in the Trust represents an undivided interest in the Trust. The rights and interests of unitholders are contained in the Trust Deed and include the right to:

- Receive income and other distributions attributable to the units held;
- Participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust less any liabilities, in accordance with their proportionate interests in the Trust. However, a Unitholder has no equitable or proprietary interest in the underlying assets of the Trust and is not entitled to the transfer to it of any assets (or part thereof) or of any estate or interest in any asset (or part thereof) of the Trust; and
- Attend all unitholders meetings. The Trustee or the Manager may (and the Manager shall at the request in writing of not less than 50 unitholders or one-tenth in number of the unitholders, whichever is lesser) at any time convene a meeting of unitholders in accordance with the provisions of the Trust Deed.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

15. UNITS IN ISSUE (CONT'D)

The restrictions of a Unitholder include the following:

- A Unitholder's right is limited to the right to require due administration of the Trust in accordance with the provisions of the Trust Deed; and
- A Unitholder has no right to request the Manager to redeem his units while the units are listed on SGX-ST.

A Unitholder's liability is limited to the amount paid or payable for any units in the Trust. The provisions of the Trust Deed provide that no unitholders will be personally liable for indemnifying the Trustee or any creditor of the Trustee in the event that the liabilities of the Trust exceed its assets.

16. CAPITAL AND OTHER COMMITMENTS

(a) Commitments for capital expenditure

	Group		Trust	
	31 Dec 2022	31 Aug 2021	31 Dec 2022	31 Aug 2021
	S\$'000	S\$'000	S\$'000	S\$'000
Authorised and contracted for				
– investment properties	2,356	2,783	576	571

(b) Operating lease commitments – where the Group and the Trust is a lessor

The Group and the Trust leases retail space to third parties under non-cancellable operating lease agreements with varying terms, escalation clauses and renewal rights.

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date and excluding prevailing market rent adjustments.

	Group	Trust
	S\$'000	S\$'000
2022		
Less than one year	236,024	193,198
One to two years	171,555	139,794
Two to three years	102,301	77,996
Three to four years	54,041	34,214
Four to five years	32,998	15,853
More than five years	60,670	4,657
Total	657,589	465,712
2021		
Less than one year	230,135	187,897
One to two years	165,900	133,817
Two to three years	102,119	74,475
Three to four years	42,477	21,152
Four to five years	18,201	3,815
More than five years	70,138	–
Total	628,970	421,156

17. GROSS REVENUE

	Group		Trust	
	16 months 1 Sep 2021 to 31 Dec 2022 S\$'000	12 months 1 Sep 2020 to 31 Aug 2021 S\$'000	16 months 1 Sep 2021 to 31 Dec 2022 S\$'000	12 months 1 Sep 2020 to 31 Aug 2021 S\$'000
Rental income ^{1,2}	357,089	263,985	275,222	198,796
Car park income	8,922	6,124	8,922	6,124
Other income	10,400	7,070	2,061	1,974
	376,411	277,179	286,205	206,894

1 Included rental assistance of approximately S\$3.6 million (2021: S\$10.0 million) for eligible tenants to cushion the impact of the COVID-19 pandemic for the period ended 31 December 2022.

2 Includes service charges and advertising and promotion fees of approximately S\$33.9 million (2021: S\$24.7 million).

18. PROPERTY OPERATING EXPENSES

	Group		Trust	
	16 months 1 Sep 2021 to 31 Dec 2022 S\$'000	12 months 1 Sep 2020 to 31 Aug 2021 S\$'000	16 months 1 Sep 2021 to 31 Dec 2022 S\$'000	12 months 1 Sep 2020 to 31 Aug 2021 S\$'000
Property tax	30,495	23,152	25,355	18,832
Maintenance and utilities	37,250	24,211	21,078	11,425
Property management fees	16,259	11,839	11,380	7,956
Marketing	5,053	5,466	4,892	5,341
Reimbursements paid to the Property Manager	6,194	4,575	6,194	4,575
Others	1,231	5,309	903	5,052
	96,482	74,552	69,802	53,181

Reimbursements paid to the Property Manager in respect of agreed employee expenditure incurred by the Property Manager for providing its services as provided for in the Property Management Agreement. There are no employees on the Group's payroll as its daily operations and administrative functions are provided by the Manager and the Property Manager.

19. MANAGER'S MANAGEMENT FEES

	Group		Trust	
	16 months 1 Sep 2021 to 31 Dec 2022 S\$'000	12 months 1 Sep 2020 to 31 Aug 2021 S\$'000	16 months 1 Sep 2021 to 31 Dec 2022 S\$'000	12 months 1 Sep 2020 to 31 Aug 2021 S\$'000
Base fee	14,141	10,586	14,141	10,586
Performance fee	13,830	9,848	13,830	9,848
	27,971	20,434	27,971	20,434

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

20. TRUST EXPENSES

	Group		Trust	
	16 months 1 Sep 2021 to 31 Dec 2022 S\$'000	12 months 1 Sep 2020 to 31 Aug 2021 S\$'000	16 months 1 Sep 2021 to 31 Dec 2022 S\$'000	12 months 1 Sep 2020 to 31 Aug 2021 S\$'000
Audit fees paid to:				
– auditors of the Trust	456	339	372	214
– other auditors	119	49	–	–
Non-audit fees paid to:				
– auditors of the Trust	94	72	91	69
– other auditors	8	–	–	–
Valuation expense	287	104	128	60
Consultancy and other professional fees	1,001	199	1,001	187
Other expenses	921	632	665	497
	2,886	1,395	2,257	1,027

21. FINANCE COSTS

	Group		Trust	
	16 months 1 Sep 2021 to 31 Dec 2022 S\$'000	12 months 1 Sep 2020 to 31 Aug 2021 S\$'000	16 months 1 Sep 2021 to 31 Dec 2022 S\$'000	12 months 1 Sep 2020 to 31 Aug 2021 S\$'000
Interest on borrowing	38,223	18,126	27,374	11,478
Amortisation of upfront fee for loan facility	994	1,020	582	637
Other financial expenses	93	52	93	52
Cash flow hedges – reclassified from Unitholders' Funds	(3,748)	4,796	(4,096)	3,848
	35,562	23,994	23,953	16,015

22. INCOME TAX

	Group		Trust	
	16 months 1 Sep 2021 to 31 Dec 2022 S\$'000	12 months 1 Sep 2020 to 31 Aug 2021 S\$'000	16 months 1 Sep 2021 to 31 Dec 2022 S\$'000	12 months 1 Sep 2020 to 31 Aug 2021 S\$'000
Deferred tax expense				
– Origination and reversal of temporary differences	–	(913)	–	(913)
Withholding tax	3,688	2,310	599	467
	3,688	1,397	599	(446)

22. INCOME TAX (CONT'D)

The income tax expense on return for the financial period/year varies from the amount of income tax determined by applying the Singapore standard rate of income tax to total return for the period/year due to the following factors:

	Group		Trust	
	16 months 1 Sep 2021 to 31 Dec 2022 S\$'000	12 months 1 Sep 2020 to 31 Aug 2021 S\$'000	16 months 1 Sep 2021 to 31 Dec 2022 S\$'000	12 months 1 Sep 2020 to 31 Aug 2021 S\$'000
Total return for the period/year	247,187	153,485	226,464	144,392
Tax calculated at tax rate of 17% (2021: 17%)	42,022	26,092	38,499	24,547
Expenses not deductible for tax purposes	3,234	1,935	6,703	3,191
Income not subject to tax due to tax transparency	(30,492)	(20,819)	(30,492)	(20,819)
Other income not subject to tax	(14,764)	(8,121)	(14,710)	(7,832)
Withholding tax	3,688	2,310	599	467
	3,688	1,397	599	(446)

23. EARNINGS PER UNIT

Basic and diluted Earnings per Unit are based on:

	Group		Trust	
	31 Dec 2022 S\$'000	31 Aug 2021 S\$'000	31 Dec 2022 S\$'000	31 Aug 2021 S\$'000
Total return for the period/year after tax attributable to unitholders of the Trust (S\$'000)	225,602	137,348	209,454	132,538
Weighted average number of Units ('000)	2,811,343	2,785,101	2,811,343	2,785,101
Basic and diluted Earnings per Unit (cents)	8.02	4.93	7.45	4.76

Diluted earnings per Unit is the same as the basic earnings per Unit as there are no dilutive instruments in issue during the period/year.

24. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks, particularly market risk (including interest rate risk and currency risk), credit risk and liquidity risk. Where appropriate, the Group's risk management policies seek to minimise potential adverse effects of these risks on the financial performance of the Group.

Matters pertaining to risk management strategies and execution require the decision and approval of the Board of Directors of the Manager. This is supported by a sound system of risk management and internal controls to manage the risks to acceptable levels. The Manager regularly reviews the risk management policies and adequacy of risk-mitigating measures to reflect changes in market conditions and the Group's activities.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

24. FINANCIAL RISK MANAGEMENT (CONT'D)

The policies for managing these risks are summarised below.

(a) Interest rate risk

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities and the notional or par amounts. If a hedging relationship is directly affected by uncertainty arising from interest rate benchmark reform, then the Group assumes for this purpose that the benchmark interest rate is not altered as a result of interest rate benchmark reform.

The Group assesses whether the derivative designated in each hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

In these hedge relationships, the main sources of ineffectiveness are:

- the effect of the counterparty and the Group's own credit risk on the fair value of the swaps, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in interest rates; and
- differences in repricing dates between the swaps and the borrowings.

Hedging relationships that are impacted by interest rate benchmark reform may experience ineffectiveness because of a timing mismatch between the hedged item and the hedging instrument regarding interest rate benchmark reform transition. For further details, see 'Managing interest rate benchmark reform and associated risks' below.

Managing interest rate benchmark reform and associated risks

Overview

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates ("IBORs") with alternative nearly risk-free rates (referred to as 'IBOR reform'). The Group has exposures to SOR on its financial instruments that will be replaced or reformed as part of these market-wide initiatives. In Singapore, the Steering Committee for SOR and SIBOR transition to SORA (SC-STS) together with the Association of Banks in Singapore (ABS) and Singapore Foreign Exchange Market Committee (SFEMC), has identified the Singapore Overnight Rate Average (SORA) as the alternative interest rate benchmark to replace SIBOR and SOR in Singapore. The timeline for SORA to replace SOR and SIBOR is by the end of June 2023 and December 2024 respectively. In 2022, the Group has undertaken amendments to some of its financial instruments with contractual terms indexed to SOR such that they incorporate the new benchmark rate (i.e. SORA). As at 31 December 2022, the Group's remaining IBOR exposure is indexed to SOR.

The Manager monitors and manages the Group's transition to alternative rates. The Manager evaluates the extent to which contracts reference IBOR cash flows, whether such contracts will need to be amended as a result of IBOR reform and how to manage communication about IBOR reform with counterparties.

Non-derivative financial liabilities

Historically, the Group's IBOR exposures to non-derivative financial liabilities included secured bank loans and unsecured bond issues indexed to SOR. The Group is still in the process of communication with the counterparties and specific changes have yet to be agreed.

24. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Interest rate risk (cont'd)

Managing interest rate benchmark reform and associated risks (cont'd)

Derivatives

The Group holds interest rate swaps for risk management purposes which are designated in cash flow hedging relationships. The interest rate swaps have floating legs that are indexed to SOR/SORA. The Group's derivative instruments are governed by contracts based on the International Swaps and Derivatives Association (ISDA)'s master agreements. ISDA is currently reviewing its standardised contracts in the light of IBOR reform. When ISDA has completed its review, the Group expects to negotiate the inclusion of new fall-back clauses with its derivative counterparties. No derivative instruments have been modified as at 31 December 2022.

Hedge accounting

The Group has evaluated the extent to which its cash flow hedging relationships are subject to uncertainty driven by IBOR reform as at 31 December 2022. The Group's hedged items and hedging instruments as at the reporting date are indexed to SOR and SORA. These benchmark rates are quoted each day and the IBOR cash flows are exchanged with its counterparties as usual.

The Group replaced some of its SOR interest rate derivatives used in cash flow hedging relationships with economically equivalent interest rate derivatives referencing SORA by the end of 2022. Therefore, there is no longer uncertainty about when and how replacement may occur with respect to the relevant hedged items and hedging instruments. As a result, the Group no longer applies the amendments to FRS 109 issued in December 2019 (Phase 1) to those hedging relationships.

However, the Group continues to have other hedged items and hedging instruments used in cash flow hedging relationships indexed to SOR. These SOR cash flow hedging relationships extend beyond the anticipated cessation dates of SOR. The Group is still in the process of communication with the counterparties for its SOR indexed exposures and the relevant hedging instruments and hedged items have not been amended to transition from SOR. The Group has evaluated that there is uncertainty about when and how replacement may occur with respect to the relevant hedged items and hedging instruments and such uncertainty may impact the hedging relationships. The Group continues to apply the amendments to SFRS(I) 9 issued in December 2019 (Phase 1) to those hedging relationships directly affected by interest rate benchmark reform. The Group's SOR cash flow hedging relationships extend beyond the anticipated cessation date for IBOR. However, there is uncertainty about when and how replacement may occur with respect to the relevant hedged items and hedging instruments. Such uncertainty may impact the hedging relationship. The Group applies the amendments to FRS 109 issued in December 2019 to those hedging relationships directly affected by IBOR reform.

Hedging relationships impacted by IBOR reform may experience ineffectiveness attributable to market participants' expectations of when the shift from the existing IBOR benchmark rate to an alternative benchmark interest rate will occur. This transition may occur at different times for the hedged item and hedging instrument, which may lead to hedge ineffectiveness. The Group has measured its hedging instruments indexed to Singapore-dollar SOR using available quoted market rates for SOR-based instruments of the same tenor and similar maturity and has measured the cumulative change in the present value of hedged cash flows attributable to changes in SOR on a similar basis.

The Group's exposure to Singapore-dollar SOR designated in hedging relationships is \$425,000,000 (2021: \$748,904,000) nominal amount at 31 December 2022, representing both the nominal amount of the hedging interest rate swap and the principal amount of the Group's hedged SGD-denominated secured bank loan liabilities maturing in 2023.

The Group is actively engaging with lenders to include appropriate fall-back provisions in its floating-rate liabilities.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

24. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Interest rate risk (cont'd)

Exposure to interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group has cash balances placed with reputable banks and financial institutions which generate interest income for the Group. The Group manages its interest rate risks by placing such balances on varying maturities and interest rate terms.

The Group's debt comprises mainly bank borrowing to finance the acquisition of its investment properties. Where appropriate, the Group seeks to mitigate its cash flow interest rate risk exposure by entering into fixed rate loan as well as interest rate swap contract to swap floating interest rate for fixed interest rate over the duration of its borrowing. The Group's borrowings are denominated in SGD and AUD.

Movements in interest rates will therefore have an impact on the Group. If the interest rate change 0.50% (2021: 0.50%) with all other variables being held constant, the annual total return and hedging reserve will change by the amounts shown below as a result of the change in interest expense and fair value of interest rate swaps respectively:

	Statements of Total Return		Hedging Reserve	
	Increase S\$'000	Decrease S\$'000	Increase S\$'000	Decrease S\$'000
Group				
2022				
Borrowings	(1,013)	1,013	—	—
Interest rate swap	—	—	11,250	(11,411)
	(1,013)	1,013	11,250	(11,411)
2021				
Borrowings	(1,547)	1,547	—	—
Interest rate swap	—	—	5,141	(5,205)
	(1,547)	1,547	5,141	(5,205)
Trust				
2022				
Borrowings	(534)	534	—	—
Interest rate swap	—	—	9,743	(9,886)
	(534)	534	9,743	(9,886)
2021				
Borrowings	(957)	957	—	—
Interest rate swap	—	—	3,938	(3,982)
	(957)	957	3,938	(3,982)

24. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, thereby resulting in financial loss to the Group. For trade receivables, the Group manages its credit risk through prior assessment of business proposition and credit standing of tenants, and monitoring procedures. Where appropriate, the Group obtains collateral in the form of deposits, and bankers'/insurance guarantees from its tenants. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties. As such, management has determined the credit quality of the tenants to be of acceptable risk.

The maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the Statements of Financial Position which comprise mainly trade receivables, and cash balances placed with banks. As at the reporting date, the Group has no significant concentration of credit risks. As at 31 December 2022 and 31 August 2021, majority of the trade receivables were backed by bankers'/insurance guarantees and/or deposits from tenants.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is:

	Group		Trust	
	31 Dec 2022	31 Aug 2021	31 Dec 2022	31 Aug 2021
	S\$'000	S\$'000	S\$'000	S\$'000
Trade and other receivables, exclude prepayments (Note 7)	5,314	10,674	380,649	383,868
Cash and cash equivalents	125,601	111,681	94,217	80,379
	130,915	122,355	474,866	464,247

Impairment losses

Expected credit loss assessment for individual tenants as at 31 August 2021 and 31 December 2022

The Group uses an allowance matrix to measure the ECLs of trade receivables from individual tenants, which comprises a very large number of balances.

Loss rates are calculated using a "roll-rate" method based on the probability of a receivable progressing through successive stages of delinquency to write-off and are based on actual credit loss experience over the past three years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

24. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (cont'd)

Impairment losses (cont'd)

The following table provides information about the exposure to credit risk for trade receivables for individual tenants at the reporting date:

	31 Dec 2022		31 Aug 2021	
	Gross carrying amount S\$'000	Impairment loss allowance S\$'000	Gross carrying amount S\$'000	Impairment loss allowance S\$'000
Group				
Current (not past due)	63	—	1,703	(203)
Past due 1 to 30 days	1,065	—	4,029	(660)
Past due 31 to 60 days	414	(125)	648	(27)
Past due 61 to 90 days	137	(8)	2,096	(32)
Past due over 90 days	2,685	(2,012)	9,098	(7,100)
	4,364	(2,145)	17,574	(8,022)

Trust

Current (not past due)	—	—	1,681	(203)
Past due 1 to 30 days	681	—	2,794	(2)
Past due 31 to 60 days	143	—	114	—
Past due 61 to 90 days	8	—	1,569	(1)
Past due over 90 days	82	(26)	2,146	(338)
	914	(26)	8,304	(544)

Except for the above impairment loss, the Manager believes that no additional allowance for impairment is required in respect of trade receivables as these receivables mainly arose from tenants that have a good track record with the Group, and the Group has sufficient security deposits as collateral, and hence ECL is not material.

Movements in allowance for impairment in respect of trade receivables

	Group		Trust	
	31 Dec 2022 S\$'000	31 Aug 2021 S\$'000	31 Dec 2022 S\$'000	31 Aug 2021 S\$'000
Beginning of financial period/year	8,022	8,517	544	—
Impairment loss/(written back) recognised	732	2,823	(124)	916
Amount written-off	(5,920)	(3,240)	(394)	(372)
Translation differences	(689)	(78)	—	—
End of financial period/year	2,145	8,022	26	544

24. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (cont'd)

Impairment losses (cont'd)

Non-trade amounts owing by subsidiaries

The Trust has non-trade receivables from its subsidiaries of S\$377,665,000 (2021: S\$375,673,000). These balances are amounts lent to subsidiaries to satisfy their funding requirements. Based on an assessment of qualitative and quantitative factors that are indicative of the risk of default, these exposures are considered to have low credit risk. Therefore, impairment on these balances has been measured on the 12-month expected credit loss basis; and the amount of the allowance is insignificant.

Derivatives

The derivatives are entered into with bank and financial institution counterparties, which are rated A to AA-, based on Standard & Poor's ratings.

Cash and cash equivalents

Cash and fixed deposits are placed with financial institutions which are regulated. The Group and the Trust held cash and cash equivalents of S\$125,601,000 (2021: S\$111,681,000) and S\$94,217,000 (2021: S\$80,379,000) respectively at 31 December 2022. The cash and cash equivalents are held with bank and financial institution counterparties which are rated A to AA-, based on Standard & Poor's ratings.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflect the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents is negligible.

(c) Liquidity risk

Liquidity risk refers to the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities. To manage liquidity risk, the Group monitors and maintains a level of cash and cash equivalents to finance the Group's operations and mitigate the effects of fluctuation in cash flows. The Group ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligations. As at 31 December 2022, the Group has undrawn and committed long-term revolving credit facilities of up to S\$225 million (2021: S\$225 million) to cover the net current liabilities of the Group of approximately S\$22.6 million (2021: \$94.0 million), as well as cash and cash equivalents of approximately S\$125.6 million (2021: S\$111.7 million).

In addition, the Group also monitors and observes the Property Fund Appendix issued by MAS concerning limits on total borrowings.

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FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

24. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Liquidity risk (cont'd)

The table below analyses the maturity profile of the Group's financial liabilities (including derivative financial instruments) based on contractual undiscounted cash flows.

	Less than 1 year S\$'000	Between 1 and 2 years S\$'000	Between 2 and 5 years S\$'000	Over 5 years S\$'000
Group				
2022				
Net-settled interest rate swap	761	(1,838)	(2,204)	–
Cross currency swaps				
– Outflow	–	–	(45,208)	–
– Inflow	–	–	48,248	–
Trade and other payables*	(53,083)	(16,434)	(21,847)	(2)
Borrowings	(150,633)	(285,961)	(1,022,462)	–
	(202,955)	(304,233)	(1,043,473)	(2)
2021				
Net-settled interest rate swap	(4,024)	(859)	(217)	–
Cross currency swaps				
– Outflow	(50,494)	(49,605)	–	–
– Inflow	49,353	49,439	–	–
Trade and other payables*	(46,556)	(14,825)	(23,061)	(249)
Borrowings	(170,075)	(336,842)	(827,532)	–
	(221,796)	(352,692)	(850,810)	(249)
Trust				
2022				
Net-settled interest rate swap	761	(1,838)	(2,204)	–
Cross currency swaps				
– Outflow	–	–	(45,208)	–
– Inflow	–	–	48,248	–
Trade and other payables*	(41,059)	(16,434)	(21,847)	(2)
Borrowings	(136,646)	(152,349)	(829,128)	–
	(176,944)	(170,621)	(850,139)	(2)
2021				
Net-settled interest rate swap	(3,026)	(213)	–	–
Cross currency swaps				
– Outflow	(50,494)	(49,605)	–	–
– Inflow	49,353	49,439	–	–
Trade and other payables*	(37,500)	(14,825)	(23,061)	(249)
Borrowings	(163,690)	(151,671)	(707,140)	–
	(205,357)	(166,875)	(730,201)	(249)

* Excludes collections in advance, Goods and services tax payable and withholding tax payable

24. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Currency risk

The Group is exposed to currency risk on distributions from its Australia operations. As at the reporting date, the Group had entered into cross currency swap contracts with a total notional amount of S\$48,248,000 (2021: S\$98,137,000) whereby the Group agreed with counterparties to repay its loan interests and principals in Australian Dollar ("AUD") in exchange of receiving Singapore Dollar in return at specified rates, on specified dates.

At the reporting date, the exposure to currency risk is as follows:

	Group		Trust	
	31 Dec 2022	31 Aug 2021	31 Dec 2022	31 Aug 2021
	AUD	AUD	AUD	AUD
	S\$'000	S\$'000	S\$'000	S\$'000
Loan to a subsidiary (Note 6)	—	—	164,394	177,066
Trade and other receivables	—	—	—	—
Cash and cash equivalents	7,875	28,130	7,875	28,130
Statements of Financial Position exposure	7,875	28,130	172,269	205,196
Add: Effect of cross currency swaps	48,248	98,137	48,248	98,137
Less: Cross currency swaps designated for net investment hedge	(48,248)	(98,137)	—	—
Net exposure	7,875	28,130	220,517	303,333

Sensitivity analysis

A 5% strengthening (weakening) of the Singapore Dollar against Australian Dollar would increase/(decrease) total return (before any tax effects) by the amounts shown below. This analysis assumes that all other variables remain constant.

	Group		Trust	
	31 Dec 2022	31 Aug 2021	31 Dec 2022	31 Aug 2021
	S\$'000	S\$'000	S\$'000	S\$'000
Statements of Total Return				
5% strengthening	394	1,407	11,026	15,167
5% weakening	(394)	(1,407)	(11,026)	(15,167)

NOTES TO THE FINANCIAL STATEMENTS

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24. FINANCIAL RISK MANAGEMENT (CONT'D)

(e) Offsetting financial assets and liabilities

The disclosures set out in the tables below include financial instruments that are subject to an enforceable master netting arrangement, irrespective of whether they are offset in the Statements of Financial Position.

	Gross amount of recognised financial instruments S\$'000	Gross amount of recognised financial instruments offset in the Statements of Financial Position S\$'000	Net amount of financial instruments presented in the Statements of Financial Position S\$'000	Related amount not offset in the Statements of Financial Position S\$'000	Net amount S\$'000
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2022

Group

Financial Assets

Cross currency

interest-rate swaps	3,021	–	3,021	–	3,021
Interest rate swaps	9,752	–	9,752	–	9,752

Financial Liabilities

Interest rate swaps	(3,294)	–	(3,294)	–	(3,294)
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Trust

Financial Assets

Cross currency

interest-rate swaps	3,021	–	3,021	–	3,021
Interest rate swaps	6,242	–	6,242	–	6,242

Financial Liabilities

Interest rate swaps	(3,294)	–	(3,294)	–	(3,294)
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2021

Group

Financial Liabilities

Cross currency

interest-rate swaps	(1,490)	–	(1,490)	–	(1,490)
Cross currency swaps	(57)	–	(57)	–	(57)
Interest rate swaps	(2,796)	–	(2,796)	–	(2,796)

Trust

Financial Liabilities

Cross currency

interest-rate swaps	(1,490)	–	(1,490)	–	(1,490)
Cross currency swaps	(57)	–	(57)	–	(57)
Interest rate swaps	(1,050)	–	(1,050)	–	(1,050)

24. FINANCIAL RISK MANAGEMENT (CONT'D)

(f) Hedge Accounting

Cash flow hedges

As at 31 December 2022, the Group and the Trust held the following instruments to hedge exposures to changes in interest rate.

	Within 1 year	Maturity Within 2 to 5 years	More than 5 years
2022			
<u>Group</u>			
Interest rate risk			
Interest rate swaps			
Net exposure (in S\$'000)	425,000	1,070,908	—
Average fixed interest rate	1.06%	4.03%	—
Cross currency interest rate swaps			
Net exposure (in S\$'000)	—	48,248	—
Average fixed interest rate	—	5.43%	—
<u>Trust</u>			
Interest rate risk			
Interest rate swaps			
Net exposure (in S\$'000)	425,000	888,248	—
Average fixed interest rate	1.06%	4.25%	—
Cross currency interest rate swaps			
Net exposure (in S\$'000)	—	48,248	—
Average fixed interest rate	—	5.43%	—
2021			
<u>Group</u>			
Interest rate risk			
Interest rate swaps			
Net exposure (in S\$'000)	245,000	523,370	—
Average fixed interest rate	0.74%	0.49%	—
Cross currency interest rate swaps			
Net exposure (in S\$'000)	39,452	39,452	—
Average fixed interest rate	3.09%	3.28%	—
<u>Trust</u>			
Interest rate risk			
Interest rate swaps			
Net exposure (in S\$'000)	245,000	425,000	—
Average fixed interest rate	0.74%	0.36%	—
Cross currency interest rate swaps			
Net exposure (in S\$'000)	39,452	39,452	—
Average fixed interest rate	3.09%	3.28%	—



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

24. FINANCIAL RISK MANAGEMENT (CONT'D)

(f) Hedge Accounting (cont'd)

Cash flow hedges (cont'd)

The amounts relating to items designated as hedging instruments and hedge ineffectiveness were as follows.

	2022			Line item in the Statements of Financial Position where the hedging instrument is included
	Nominal amount S\$'000	Carrying amount (assets) S\$'000	Carrying amount (liabilities) S\$'000	
Group				
Cross currency interest rate swap	48,248	—	—	Derivative financial instruments
Interest rate swaps	1,495,908	9,752	(3,294)	Derivative financial instruments
Trust				
Cross currency interest rate swap	48,248	—	—	Derivative financial instruments
Interest rate swaps	1,313,248	6,242	(3,294)	Derivative financial instruments
	2021			Line item in the Statements of Financial Position where the hedging instrument is included
	Nominal amount S\$'000	Carrying amount (assets) S\$'000	Carrying amount (liabilities) S\$'000	
Group				
Cross currency interest rate swap	78,904	—	(1,582)	Derivative financial instruments
Interest rate swaps	768,370	—	(2,796)	Derivative financial instruments
Trust				
Cross currency interest rate swap	78,904	—	(1,582)	Derivative financial instruments
Interest rate swaps	670,000	—	(1,050)	Derivative financial instruments

During the period – 2022					
Change in the fair value of the hedging instrument used for calculating hedge ineffectiveness for 2022 S\$'000	Hedging (gains) or losses recognised in Unitholder's Fund S\$'000	Hedge ineffectiveness recognised in Statements of Total Return S\$'000	Line item in profit or loss that includes hedge ineffectiveness	Amounts reclassified from Hedging Reserve to Statements of Total Return S\$'000	Line item in profit or loss affected by the reclassification
(563)	(563)	–	Not applicable	(1,019)	Finance costs
(14,235)	(14,235)	–	Not applicable	4,767	Finance costs
(563)	(563)	–	Not applicable	(1,019)	Finance costs
(9,112)	(9,112)	–	Not applicable	5,115	Finance costs
During the period – 2021					
Change in the fair value of the hedging instrument used for calculating hedge ineffectiveness for 2021 S\$'000	Hedging (gains) or losses recognised in Unitholder's Fund S\$'000	Hedge ineffectiveness recognised in Statements of Total Return S\$'000	Line item in profit or loss that includes hedge ineffectiveness	Amounts reclassified from Hedging Reserve to Statements of Total Return S\$'000	Line item in profit or loss affected by the reclassification
482	482	–	Not applicable	(1,922)	Finance costs
407	407	–	Not applicable	(2,874)	Finance costs
482	482	–	Not applicable	(1,922)	Finance costs
497	497	–	Not applicable	(1,926)	Finance costs

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

24. FINANCIAL RISK MANAGEMENT (CONT'D)

(f) Hedge Accounting (cont'd)

Net investment hedge

A foreign currency exposure arises from the Group's net investment in its subsidiary in Australia that has a AUD functional currency. The risk arises from the fluctuation in spot exchange rates between the AUD and the SGD, which causes the amount of the net investment to vary.

The hedged risk in the net investment hedges is the risk of a weakening AUD against the SGD that will result in a reduction in the carrying amount of the Group's net investment in its subsidiary in Australia.

Part of the Group's net investment is hedged through the use of AUD denominated cross currency interest rate swaps. The Group entered into cross currency interest rate swaps to swap fixed rate SGD loans for fixed rate AUD obligations.

The amounts related to items designated as hedging instruments were as follows:

	2022			Line item in the Statements of Financial Position where the hedging instrument included
	Nominal amount S\$'000	Carrying amount (assets) S\$'000	Carrying amount (liabilities) S\$'000	
Group				
Cross currency swaps	48,248	3,021	–	Derivative financial instruments
	2021			Line item in the Statements of Financial Position where the hedging instrument included
	Nominal amount S\$'000	Carrying amount (assets) S\$'000	Carrying amount (liabilities) S\$'000	
Group				
Cross currency swaps	98,137	–	35	Derivative financial instruments

During the period – 2022					
Change in the fair value of the hedging instrument used for calculating hedge ineffectiveness for 2022 S\$'000	Hedging (gains) or losses recognised in Unitholder's Fund S\$'000	Hedge ineffectiveness recognised in Statements of Total Return S\$'000	Line item in profit or loss that includes hedge ineffectiveness	Amounts reclassified from Hedging Reserve to Statements of Total Return S\$'000	Line item in profit or loss affected by the reclassification
(2,986)	(2,477)	(509)	Net foreign currency exchange differences	–	Not applicable

During the period – 2021					
Change in the fair value of the hedging instrument used for calculating hedge ineffectiveness for 2021 S\$'000	Hedging (gains) or losses recognised in Unitholder's Fund S\$'000	Hedge ineffectiveness recognised in Statements of Total Return \$'000	Line item in profit or loss that includes hedge ineffectiveness	Amounts reclassified from Hedging Reserve to Statements of Total Return S\$'000	Line item in profit or loss affected by the reclassification
(1,729)	(1,729)	–	Not applicable	–	Not applicable



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

24. FINANCIAL RISK MANAGEMENT (CONT'D)

(f) Hedge Accounting (cont'd)

Net investment hedge (cont'd)

The amounts related to items designated as hedged items were as follows:

	2022 Change in value of the hedged item used for calculating hedge ineffectiveness S\$'000
AUD net investment	(3,998)
	2021 Change in value of the hedged item used for calculating hedge ineffectiveness S\$'000
AUD net investment	7,028

During the period – 2022

**Foreign currency
translation reserve
S\$'000**

**Balances remaining in the foreign currency
translation reserve from hedging relationships
for which hedge accounting is no longer applied
S\$'000**

(2,477)

—

During the period – 2021

**Foreign currency
translation reserve
S\$'000**

**Balances remaining in the foreign currency
translation reserve from hedging relationships
for which hedge accounting is no longer applied
S\$'000**

(1,729)

—



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

24. FINANCIAL RISK MANAGEMENT (CONT'D)

(g) Capital management

The Group's objectives for managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise unitholders' value. In order to maintain or achieve an optimal capital structure, the Group may issue new units or obtain new borrowings.

The Group is subject to the aggregate leverage limit as defined in the Property Fund Appendix of the CIS Code. The CIS Code stipulates that the total borrowings and deferred payments (together the "Aggregate Leverage") of a property fund should not exceed 50% of the fund's deposited property.

As at reporting date, the Group has a gearing of 29.8% (2021: 30.3%), and is in compliance with the Aggregate Leverage limit of 50% (2021: 50%).

(h) Fair value measurements

Fair value hierarchy

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

- (i) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (ii) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (L); and
- (iii) Inputs for the asset and liability that are not based on observable market data (unobservable inputs) (Level 3).

	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Total S\$'000
Group				
2022				
Assets				
Investment properties	–	–	4,112,265	4,112,265
Derivative financial instruments	–	12,773	–	12,773
Liabilities				
Derivative financial instruments	–	(3,294)	–	(3,294)
2021				
Assets				
Investment properties	–	–	4,123,000	4,123,000
Liabilities				
Derivative financial instruments	–	(4,343)	–	(4,343)

24. FINANCIAL RISK MANAGEMENT (CONT'D)

(h) Fair value measurements (cont'd)

Fair value hierarchy (cont'd)

	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Total S\$'000
Trust				
2022				
Assets				
Investment properties	–	–	3,338,700	3,338,700
Derivative financial instruments	–	9,263	–	9,263
Liabilities				
Derivative financial instruments	–	(3,294)	–	(3,294)
2021				
Assets				
Investment properties	–	–	3,296,200	3,296,200
Liabilities				
Derivative financial instruments	–	(2,597)	–	(2,597)

Level 2

The fair value of interest rate swap contracts and cross currency swap contracts (which are not traded in an active market) is determined from information provided by financial institutions using valuation techniques with observable inputs that are based on market information existing at each reporting date.

Level 3

The valuation for investment properties is determined by independent professional valuers with appropriate professional qualifications and experience in the locations and category of the properties being valued. The valuation is generally sensitive to the various unobservable inputs tabled below. Management reviews the appropriateness of the valuation methodologies and assumptions adopted and address any significant issues that may arise.

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% – 8.00% (2021: 6.50% to 8.00%) Terminal Yield 4.00% to 6.50% (2021: 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.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

24. FINANCIAL RISK MANAGEMENT (CONT'D)

(h) Fair value measurements (cont'd)

Fair value hierarchy (cont'd)

Description	Valuation technique(s)	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Investment properties	Income capitalisation	Capitalisation rate 3.75% to 6.00% (2021: 3.75% to 6.00%) Market rent S\$60.37 psf to S\$236.70 psf (2021: S\$63.11 psf to S\$220.77 psf)	Significant reduction in the market rent rates in isolation would result in a significantly lower fair value of the investment properties

Key unobservable inputs correspond to:

- Discount rate, based on the risk-free rate for 10-year bonds issued by the Singapore government, 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.

Movement in Level 3 financial instruments for the financial year is as shown in investment properties (Note 5).

Fair value

The basis for fair value measurement of financial assets and liabilities is set out above. The fair values of other financial assets and liabilities approximate their carrying amounts.

24. FINANCIAL RISK MANAGEMENT (CONT'D)

(i) Financial instruments by category

	Fair value – hedging instruments S\$'000	Amortised cost S\$'000	Other financial liabilities S\$'000	Total S\$'000
Group				
2022				
Assets				
Trade and other receivables ¹	–	5,314	–	5,314
Derivative financial instruments	12,773	–	–	12,773
Cash and cash equivalents	–	125,601	–	125,601
	12,773	130,915	–	143,688
Liabilities				
Trade and other payables ²	–	–	(91,366)	(91,366)
Borrowings	–	–	(1,271,627)	(1,271,627)
Derivative financial instruments	(3,294)	–	–	(3,294)
	(3,294)	–	(1,362,993)	(1,366,287)
2021				
Assets				
Trade and other receivables ¹	–	10,674	–	10,674
Cash and cash equivalents	–	111,681	–	111,681
	–	122,355	–	122,355
Liabilities				
Trade and other payables ²	–	–	(85,577)	(85,577)
Borrowings	–	–	(1,293,054)	(1,293,054)
Derivative financial instruments	(4,343)	–	–	(4,343)
	(4,343)	–	(1,378,631)	(1,382,974)

1 Excludes prepayments

2 Excludes collections in advance, Goods and services tax payable and withholding tax payable

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

24. FINANCIAL RISK MANAGEMENT (CONT'D)

(i) Financial instruments by category (cont'd)

	Fair value – hedging instruments S\$'000	Amortised cost S\$'000	Other financial liabilities S\$'000	Total S\$'000
Trust				
2022				
Assets				
Trade and other receivables ¹	–	380,649	–	380,649
Derivative financial instruments	9,263	–	–	9,263
Cash and cash equivalents	–	94,217	–	94,217
	9,263	474,866	–	484,129
Liabilities				
Trade and other payables ²	–	–	(79,342)	(79,342)
Borrowings	–	–	(993,889)	(993,889)
Derivative financial instruments	(3,294)	–	–	(3,294)
	(3,294)	–	(1,073,231)	(1,076,525)
2021				
Assets				
Trade and other receivables ¹	–	383,868	–	383,868
Cash and cash equivalents	–	80,379	–	80,379
	–	464,247	–	464,247
Liabilities				
Trade and other payables ²	–	–	(76,302)	(76,302)
Borrowings	–	–	(993,694)	(993,694)
Derivative financial instruments	(2,597)	–	–	(2,597)
	(2,597)	–	(1,069,996)	(1,072,593)

1 Excludes prepayments

2 Excludes collections in advance, Goods and services tax payable and withholding tax payable

25. RELATED PARTIES TRANSACTIONS

For the purposes of these financial statements, 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/year, other than those disclosed elsewhere in the financial statements, the following significant related party transactions were carried out in the normal course of business:

	Group	
	2022	2021
	S\$'000	S\$'000
Manager's management fees paid to a related company	27,971	20,434
Property management fees paid/payable to a related company	11,380	7,956
Investment management fees paid/payable to non-controlling interests	3,885	2,950
Trustee's fees paid/payable to the Trustee	767	574
Staff reimbursements paid/payable to a related company	6,194	4,575
Rental and other income received/receivable from related companies	3,031	287
Other expenses paid/payable to related companies	2,070	649

26. 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. In addition, the management monitors the non-financial assets as well as financial assets attributable to each segment when assessing segment performance.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly management fees, Group expenses, finance income and finance expenses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

26. OPERATING SEGMENTS (CONT'D)

	PARAGON S\$'000	The Clementi Mall S\$'000	The Rail Mall S\$'000	Figtree Grove S\$'000	Westfield Marion S\$'000	Total S\$'000
2022						
Result						
Gross revenue	221,304	56,951	7,950	21,281	68,925	376,411
Property operating expenses	(51,944)	(16,258)	(1,598)	(5,107)	(21,575)	(96,482)
Segment net property income	169,360	40,693	6,352	16,174	47,350	279,929
Unallocated amounts:						
Manager's management fees						(27,971)
Investment management fees						(3,885)
Trustee's fee						(798)
Impairment on trade receivables	212	16	(104)	(1,647)	791	(732)
Other Group expenses						(2,886)
Finance income						1,181
Finance costs						(35,562)
Net income						209,276
Net foreign currency exchange differences						4,131
Fair value change on investment properties	32,360	2,741	(154)	1,403	(2,570)	33,780
Total return for the financial period before taxes and distribution						247,187
Less: income tax						(3,688)
Total loss for the financial period after taxes and before distribution						243,499
Segment assets	2,679,184	597,558	62,208	184,487	589,078	4,112,515
Segment assets includes:						
– Plant and equipment	184	58	8	–	–	250
– Investment properties	2,679,000	597,500	62,200	184,487	589,078	4,112,265
Unallocated assets						144,377
Total assets						4,256,892
Segment liabilities	40,771	11,011	1,608	–	8	53,398
Unallocated liabilities:						
– Borrowings						1,271,627
– Others						52,767
Total liabilities						1,377,792
Other information						
Additions to:						
– Plant and equipment	18	44	7	–	–	69
– Investment properties	6,063	857	168	503	7,001	14,592
Depreciation of plant and equipment	297	85	5	–	–	387

26. OPERATING SEGMENTS (CONT'D)

	PARAGON S\$'000	The Clementi Mall S\$'000	The Rail Mall S\$'000	Figtree Grove S\$'000	Westfield Marion S\$'000	Total S\$'000
2021						
Result						
Gross revenue	159,865	41,372	5,657	17,250	53,035	277,179
Property operating expenses	(40,472)	(11,487)	(1,222)	(3,968)	(17,403)	(74,552)
Segment net property income	119,393	29,885	4,435	13,282	35,632	202,627
Unallocated amounts:						
Manager's management fees						(20,434)
Investment management fees						(2,950)
Trustee's fee						(600)
Impairment on trade receivables	(610)	(291)	(15)	(1,701)	(206)	(2,823)
Other Group expenses						(1,395)
Finance income						200
Finance costs						(23,994)
Grant income						2,903
Grant expense						(2,903)
Net income						150,631
Net foreign currency exchange differences						(567)
Fair value change on investment properties	(4,373)	8,889	(356)	9,187	(9,926)	3,421
Total return for the year before taxes and distribution						153,485
Less: income tax						(1,397)
Total loss for the year after taxes and before distribution						152,088
Segment assets	2,640,463	594,098	62,207	196,740	630,060	4,123,568
Segment assets includes:						
– Plant and equipment	463	98	7	–	–	568
– Investment properties	2,640,000	594,000	62,200	196,740	630,060	4,123,000
Unallocated assets						122,997
Total assets						4,246,565
Segment liabilities	42,589	11,215	1,447	–	9	55,260
Unallocated liabilities:						
– Borrowings						1,293,054
– Others						50,383
Total liabilities						1,398,697
Other information						
Additions to:						
– Plant and equipment	180	47	7	–	–	234
– Investment properties	1,204	623	293	389	3,685	6,194
Depreciation of plant and equipment	188	67	–	–	–	255



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

26. OPERATING SEGMENTS (CONT'D)

Geographical information

In presenting information on the basis of geographical segments, segment revenue and segment assets are based on the geographical location of the corresponding investment properties.

	Group	
	31 Dec 2022	31 Aug 2021
	S\$'000	S\$'000
<u>Revenue</u>		
Singapore	286,205	206,894
Australia	90,206	70,285
	376,411	277,179
<u>Non-current assets¹</u>		
Singapore	3,338,950	3,296,768
Australia	773,565	826,800
	4,112,515	4,123,568

1 Non-current assets exclude financial instruments

27. NEW STANDARDS AND INTERPRETATIONS NOT ADOPTED

A number of new standards and amendments to standards are effective for annual periods beginning after 1 September 2021 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these financial statements.

The following amendments to FRSs are not expected to have a significant impact on the Group's consolidated financial statements and the Trust's statement of financial position.

- Amendments to FRS1: *Classification of Liabilities as Current or Non-Current*
- Amendments to FRS 12: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- FRS 117 *Insurance Contracts* and Amendments to FRS 117: *Insurance Contracts*
- Amendments to FRS 1 and FRS Practice Statement 2: *Disclosure of Accounting Policies*
- Amendments to FRS 8: *Definition of Accounting Estimates*

28. FINANCIAL RATIOS

	Group	
	31 Dec 2022	31 Aug 2021
Ratio of expenses to weighted average net assets value ¹		
– including performance component of Manager's management fees	0.93%	0.90%
– excluding performance component of Manager's management fees	0.57%	0.55%
Total operating expenses to net asset value ²	4.49%	3.46%
Interest coverage ratio ³	6.8 times	7.3 times
Adjusted interest coverage ratio ³ (includes perpetual securities)	4.7 times	4.8 times
Portfolio turnover rate ⁴	–	–

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 the financial period/year and as a percentage of net asset value as at the end of the financial period/year.
- 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/year ended 31 December 2022 and 31 August 2021, as there were no sales of investment properties.

29. SUBSEQUENT EVENT

Subsequent to the reporting date, the Manager announced a distribution of 1.72 cents per unit, for the quarter from 1 September 2022 to 31 December 2022.

30. AUTHORISATION OF FINANCIAL STATEMENT

The financial statements were authorised for issue by the Manager and the Trustee on 13 February 2023.



STATISTICS OF UNITHOLDINGS

AS AT 28 FEBRUARY 2023

Issued and Fully Paid-Up Units

2,827,890,350 Units (Voting Rights: Vote Per Unit)

There is only one class of Units in PARAGON REIT.

DISTRIBUTION OF UNITHOLDINGS & TWENTY LARGEST UNITHOLDERS

Size of Unitholdings	Unitholders	%	No. of Units	%
1 – 99	451	1.19	22,593	0.00
100 – 1,000	7,113	18.76	6,064,194	0.22
1,001 – 10,000	22,664	59.78	91,454,099	3.23
10,001 – 1,000,000	7,635	20.14	356,045,408	12.59
1,000,000 and above	50	0.13	2,374,304,056	83.96
TOTAL	37,193	100.00	2,827,890,350	100.00

TWENTY LARGEST UNITHOLDERS

No.	Name	No. of Units	%
1.	DBS NOMINEES (PRIVATE) LIMITED	1,239,260,630	43.82
2.	TPR HOLDINGS PTE LTD	462,570,841	16.36
3.	CITIBANK NOMINEES SINGAPORE PTE LTD	159,084,269	5.63
4.	PARAGON REIT MANAGEMENT PTE LTD	137,455,093	4.86
5.	RAFFLES NOMINEES (PTE.) LIMITED	85,231,067	3.01
6.	HSBC (SINGAPORE) NOMINEES PTE LTD	63,235,155	2.24
7.	DBSN SERVICES PTE. LTD.	48,503,036	1.72
8.	SPH MEDIA HOLDINGS PTE LTD	21,346,659	0.75
9.	LEE FOUNDATION STATES OF MALAYA	17,500,000	0.62
10.	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	11,779,274	0.42
11.	OCBC SECURITIES PRIVATE LIMITED	9,900,186	0.35
12.	CHAN SIEW KIM ALICE	9,550,600	0.34
13.	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	8,929,625	0.32
14.	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	8,165,312	0.29
15.	LEE FOUNDATION	6,420,955	0.23
16.	SOON LI HENG CIVIL ENGINEERING PTE LTD	6,000,000	0.21
17.	TAN TIANG HIN JERRY	5,169,385	0.18
18.	GAN TECK YEOW SDN BHD	5,000,000	0.18
19.	BPSS NOMINEES SINGAPORE (PTE.) LTD.	4,601,622	0.16
20.	PHILLIP SECURITIES PTE LTD	4,430,313	0.16
TOTAL		2,314,134,022	81.85

SUBSTANTIAL UNITHOLDERS

No.	Name of Company	Direct Interest	Deemed Interest	% of Total Issued Units
1.	Cuscaden Peak Pte. Ltd. ¹	—	1,735,382,349	61.37
2.	Cuscaden Peak Investments Private Limited ²	—	600,202,918	21.22
3.	Cuscaden Peak Two Pte. Ltd. ³	—	402,882,246	14.24
4.	Nassim Developments Pte. Ltd. ⁴	—	1,735,382,349	61.37
5.	WI Investments (Singapore) Pte. Ltd. ⁴	—	1,735,382,349	61.37
6.	City Fairy Limited ⁴	—	1,735,382,349	61.37
7.	Wheelock Investments Limited ⁴	—	1,735,382,349	61.37
8.	Wheelock and Company Limited ⁴	—	1,735,382,349	61.37
9.	TJ Holdings (III) Pte. Ltd. ⁴	—	1,735,382,349	61.37
10.	Glenville Investments Pte. Ltd. ⁴	—	1,735,382,349	61.37
11.	Mawson Peak Holdings Pte. Ltd. ⁴	—	1,735,382,349	61.37
12.	Bartley Investments Pte. Ltd. ⁴	—	1,735,382,349	61.37
13.	Tembusu Capital Pte. Ltd. ⁴	—	1,735,382,349	61.37
14.	Fullerton Management Pte Ltd ⁴	—	1,735,382,349	61.37
15.	Temasek Holdings (Private) Limited ⁴	—	1,735,382,349	61.37
16.	Tiga Stars Pte. Ltd. ⁴	—	1,735,382,349	61.37
17.	Hotel Properties Limited ⁴	—	1,735,382,349	61.37
18.	68 Holdings Pte. Ltd. ⁴	—	1,735,382,349	61.37
19.	Cuscaden Partners Pte. Ltd. ⁴	—	1,735,382,349	61.37
20.	Ong Beng Seng ⁴	—	1,735,382,349	61.37
21.	Como Holdings Inc. ⁴	—	1,735,382,349	61.37
22.	Mapletree Fortress Pte. Ltd. ⁴	—	1,735,382,349	61.37
23.	Gemstone Asset Holdings Pte. Ltd. ⁴	—	1,735,382,349	61.37
24.	Mapletree Investments Ptd. Ltd. ⁴	—	1,735,382,349	61.37
25.	Adenium Pte. Ltd ⁴	—	1,735,382,349	61.37
26.	CLA Real Estate Holdings Pte. Ltd ⁴	—	1,735,382,349	61.37
27.	Times Property Private Limited ⁵	176,984	600,025,934	21.22
28.	TPR Holdings Pte Ltd	462,570,841	—	16.36

1 Cuscaden Peak Pte. Ltd. ("Cuscaden") is deemed to be interested in 732,297,185 units held through DBS Nominees (Private) Limited, 600,202,918 units held by Cuscaden Peak Investments Private Limited ("CPI") (formerly known as Singapore Press Holdings Limited before it was privatised on 13 May 2022) and 402,882,246 units held by Cuscaden Peak Two Pte. Ltd. ("Cuscaden Two").

2 CPI is a wholly-owned subsidiary of Cuscaden and is deemed to be interested in the 600,202,918 units held by Times Properties Private Limited ("TPPL"). TPR Holdings Pte Ltd and PARAGON REIT Management Pte Ltd are subsidiaries of TPPL. Cuscaden Two is a wholly-owned subsidiary of Cuscaden.

3 Deemed to be interested in 402,882,246 Units which are held through DBS (Nominees) Private Limited.

4 Deemed to have an interest in the Units in which Cuscaden has an interest in pursuant to Section 4 of the SFA.

5 TPPL is deemed to be interested in 462,570,841 units held by TPR Holdings Pte Ltd and 137,455,093 units held by PARAGON REIT Management Pte Ltd. TPR Holdings Pte Ltd and PARAGON REIT Management Pte Ltd are both wholly-owned subsidiaries of TPPL.

DIRECTORS' UNITHOLDINGS IN PARAGON REIT

(As at 28 February 2023)

No.	Name of Director	Direct Interest	Deemed Interest
1.	CHUA KHENG YENG JENNIE	100,000	—
2.	LIM MAY LING GINNEY	203,324	—

FREE FLOAT

Approximately 38.63% of the units in PARAGON REIT is held by the public and Rule 723 of SGX Listing Manual has been complied with.

INTERESTED PERSON TRANSACTIONS

The transactions entered into with interested persons during the financial year ended 31 December 2022, which fall under the Listing Manual of Singapore Exchange Securities Trading Limited (the “SGX-ST”) and Appendix 6 of the Code on Collective Investment Schemes (the “Property Funds”) are as follows:

Name of Interested Person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under unitholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under unitholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
		S\$'000	S\$'000
Cuscaden Peak Pte Ltd and its subsidiaries or associates	Controlling shareholder of the Manager and controlling Unitholder, and its subsidiaries and associates		
– Manager's management fees		27,971	–
– Property management fees and operating related expenses ¹		19,260	–
– Extension of property management agreement ²		74,129	–
– Rental related income		303	–
Temasek Holdings (Private) Limited and its subsidiaries or associates	Ultimate controlling shareholder of the Manager and ultimate controlling Unitholder, and its subsidiaries and associates		
– Rental related income		1,112	–
– Operating related expenses		295	–
Hotel Properties Limited and its subsidiaries or associates	Substantial shareholder of the Manager and controlling Unitholder, and its subsidiaries and associates		
– Rental related income		1,713	–
DBS Trustee Limited	Trustee		
– Trustee's fees		767	–

Note:

(1) The property management fees and reimbursables payable by PARAGON REIT to the Property Manager in the financial year ended 31 December 2022 under the master property management agreement and the individual property management agreements in relation to The Rail Mall (dated 28 June 2018), The Clementi Mall (dated 24 July 2013) and PARAGON (dated 24 July 2013) (the “Property Management Agreements”) are deemed to have been specifically approved by the unitholders upon subscription for the Units and are therefore not subject to Rules 905 and 906 of the Listing Manual to the extent that there is no subsequent change to the rates and/or the bases of the fees charged thereunder which will adversely affect PARAGON REIT. Please refer to PARAGON REIT's prospectus dated 17 July 2013.

The Property Management Agreements have been renewed for an additional five-year term. Please see footnote (2) below.

(2) Property Management Agreements have been extended for an additional period of five years commencing on 23 July 2023. The total estimated property management fees and reimbursables to the Property Manager under the Property Management Agreements for the renewal term of five years were aggregated for the purposes of Rules 905 and 906 of the Listing Manual of the SGX-ST in the financial year ended 31 December 2022. Accordingly, such fees and expenses will not be subject to aggregation or further unitholders' approval requirements under Rules 905 and 906 of the Listing Manual of the SGX-ST, to the extent that there is no subsequent change to the rates and/or bases for such fees and expenses.

Save as disclosed above, there were no additional interested person transactions (excluding transactions of less than \$100,000 each) entered into during the period under review.

Related party transactions in relation to the fees and charges payable by PARAGON REIT to the Manager under the Trust Deed and receivable under the Deed of Income Support, are deemed to have been specifically approved by the unitholders upon purchase of the units and are therefore not subject to Rules 905 and 906 of the Listing Manual of the SGX-ST to the extent that there is no subsequent change to the rates and/or bases of the fees charged thereunder which will affect PARAGON REIT. However, the renewal of such agreements will be subject to Rules 905 and 906 of the Listing Manual of the SGX-ST.

Please also see significant related party transactions on Note 25 in the financial statements.

SUBSCRIPTION OF PARAGON REIT UNITS

During the financial year ended 31 December 2022, PARAGON REIT issued 25,686,735 new units as payment of management fees.



NOTICE OF ANNUAL GENERAL MEETING

PARAGON REIT

(CONSTITUTED IN THE REPUBLIC OF SINGAPORE PURSUANT TO TRUST DEED DATED 9 JULY 2013 (AS AMENDED))

NOTICE IS HEREBY GIVEN that the Ninth Annual General Meeting of the holders of units of PARAGON REIT (the “**PARAGON REIT**”, and the holders of units of PARAGON REIT, “**unitholders**”) will be convened and held at Orchid Ballroom, Level 4, Sands Expo & Convention Centre, 10 Bayfront Ave, Singapore 018956 on Monday, 17 April 2023 at 3.30 p.m. (Singapore time) for the following business:

ORDINARY BUSINESS

1. To receive and adopt the Report of DBS Trustee Limited, as trustee of PARAGON REIT (the “**Trustee**”), the statement by PARAGON REIT Management Pte. Ltd., as manager of PARAGON REIT (the “**Manager**”), and the Audited Financial Statements of PARAGON REIT for the financial year ended 31 December 2022 together with the Auditors’ Report thereon. (*Ordinary Resolution 1*)
2. To re-appoint KPMG LLP as the Auditors of PARAGON REIT to hold office until the conclusion of the next Annual General Meeting of PARAGON REIT, and to authorise the Manager to fix their remuneration. (*Ordinary Resolution 2*)

SPECIAL BUSINESS

To consider and, if thought fit, to pass, with or without modifications, the following resolutions:

3. That pursuant to Clause 5 of the trust deed constituting PARAGON REIT (as amended) (the “**Trust Deed**”) and the listing rules of Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), authority be and is hereby given to the Manager to:
 - (a)
 - (i) issue units in PARAGON REIT (“**Units**”) whether by way of rights, bonus or otherwise; and/or
 - (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Units,at any time and upon such terms and conditions and for such purposes and to such persons as the Manager may in its absolute discretion deem fit; and
 - (b) issue Units in pursuance of any Instruments made or granted by the Manager while this Resolution was in force (notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time such Units are issued),

provided that:

- (A) the aggregate number of Units to be issued pursuant to this Resolution (including Units to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed fifty per cent (50%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (B) below), of which the aggregate number of Units to be issued other than on a pro rata basis to existing unitholders (including Units to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed twenty per cent (20%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (B) below);



NOTICE OF ANNUAL GENERAL MEETING

- (B) subject to such manner of calculation as may be prescribed by the SGX-ST for the purpose of determining the aggregate number of Units that may be issued under sub-paragraph (A) above, the total number of issued Units (excluding treasury Units, if any) shall be based on the number of issued Units (excluding treasury Units, if any) at the time this Resolution is passed, after adjusting for:
 - (i) any new Units arising from the conversion or exercise of any Instruments which were issued and are outstanding or subsisting at the time this Resolution is passed; and
 - (ii) any subsequent bonus issue, consolidation or subdivision of Units;
- (C) in exercising the authority conferred by this Resolution, the Manager shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Trust Deed for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore);
- (D) unless revoked or varied by unitholders in a general meeting of unitholders, the authority conferred by this Resolution shall continue in force until (i) the conclusion of the next Annual General Meeting of PARAGON REIT or (ii) the date by which the next Annual General Meeting of PARAGON REIT is required by applicable regulations to be held, whichever is earlier;
- (E) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Units into which the Instruments may be converted in the event of rights, bonus or other capitalisation issues or any other events, the Manager is authorised to issue additional Instruments or Units pursuant to such adjustment notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments or Units are issued; and
- (F) the Manager, any director of the Manager, and the Trustee, be and are hereby severally authorised to complete and to do all such acts and things (including executing all such documents as may be required) as the Manager, such director of the Manager, or, as the case may be, the Trustee may consider expedient or necessary or in the interest of PARAGON REIT to give effect to the authority conferred by this Resolution. (*Ordinary Resolution 3*)

(Please see Explanatory Note 1)

By Order of the Board

PARAGON REIT MANAGEMENT PTE. LTD.

as manager of PARAGON REIT

Brent Huang & Avril Tay

Joint Company Secretaries

Singapore,

27 March 2023

EXPLANATORY NOTES:

1. *Ordinary Resolution 3*

The Ordinary Resolution 3 above, if passed, will empower the Manager from the date of this Annual General Meeting until (i) the conclusion of the next Annual General Meeting of PARAGON REIT or (ii) the date by which the next Annual General Meeting of PARAGON REIT is required by the applicable laws and regulations or the Trust Deed to be held, whichever is earlier, or (iii) the date on which such authority is revoked or varied by the unitholders in a general meeting, whichever is the earliest, to issue Units, to make or grant Instruments and to issue Units pursuant to such Instruments, up to a number not exceeding fifty per cent. (50%) of the total number of issued Units, with a sub-limit of twenty per cent. (20%) for issues other than on a pro rata basis to existing unitholders (in each case, excluding treasury Units, if any).

For the purpose of determining the aggregate number of Units that may be issued, the percentage of issued Units will be calculated based on the total number of issued Units at the time Ordinary Resolution 3 is passed, after adjusting for new Units arising from the conversion or exercise of any Instruments which are outstanding at the time this Resolution is passed and (ii) any subsequent bonus issue, consolidation or subdivision of Units.

Fund raising by issuance of new Units may be required in instances of property acquisitions or debt repayments. In any event, if the approval of unitholders is required under the Listing Manual of the SGX-ST and the Trust Deed or any applicable laws and regulations in such instances, the Manager will then obtain the approval of unitholders accordingly.

NOTES

1. The Annual General Meeting will be held in a wholly physical format and there will be no option for unitholders to participate virtually. The Manager may implement such COVID-19 safe management measures (including vaccination-differentiated safe management measures) at the Annual General Meeting as may be required or recommended under any regulations, directives, measures or guidelines that may be issued from time to time by any government or regulatory agency in light of the COVID-19 situation in Singapore. Unitholders should check the PARAGON REIT's website <https://paragonreit.listedcompany.com/agm.html> or the SGX website at <https://sgx.com/securities/company-announcements> for the latest updates.
2. Printed copies of this Notice will be sent to unitholders. This Notice will also be made available via publication on PARAGON REIT's website at <https://paragonreit.listedcompany.com/agm.html> and on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
3. A Unitholder who is not a relevant intermediary entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Unitholder. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her holding (expressed as a percentage of the whole) to be represented by each proxy.
4. A Unitholder who is a relevant intermediary entitled to attend and vote at the Annual General Meeting is entitled to appoint more than one proxy to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than one proxy, the appointments shall be invalid unless the Unitholder specifies the number of Units in relation to which each proxy has been appointed in the proxy form.

"relevant intermediary" means

- (i) a banking corporation licensed under the Banking Act 1970 of Singapore, or a wholly owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;



NOTICE OF ANNUAL GENERAL MEETING

- (ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 of Singapore, and who holds Units in that capacity; or
- (iii) the Central Provident Fund Board (“**CPF Board**”) established by the Central Provident Fund Act 1953 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

5. The Proxy Form must be submitted to PARAGON REIT in the following manner:

- (a) if submitted by post, be lodged at the office of PARAGON REIT’s Unit Registrar, Boardroom Corporate & Advisory Services Pte Ltd, 1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632; or
- (b) if submitted electronically, be submitted via email to the PARAGON REIT’s Unit Registrar at paragonreitagm2022@boardroomlimited.com;

in either case, by 3.30 p.m. on 14 April 2023, being 72 hours before the time fixed for the AGM.

A Unitholder who wishes to submit a Proxy Form must complete and sign the Proxy Form, before submitting it by post to the address provided above or before scanning and sending it by email to the email address provided above.

6. A proxy need not be a Unitholder. CPF and SRS investors who wish to vote at the Annual General Meeting, should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 4 April 2023, being seven business days before the date of the Annual General Meeting.
7. Printed copies of the Proxy Form will be sent to unitholders. The Proxy Form will also be made available via publication on PARAGON REIT’s website at <https://paragonreit.listedcompany.com/agm.html> and on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
8. By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a Unitholder (i) consents to the collection, use and disclosure of the Unitholder’s personal data by PARAGON REIT (or its agents or service providers) for the purpose of the processing, administration and analysis by PARAGON REIT (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for PARAGON REIT (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “**Purposes**”), (ii) warrants that where the Unitholder discloses the personal data of the Unitholder’s proxy(ies) and/or representative(s) to PARAGON REIT (or its agents or service providers), the Unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by PARAGON REIT (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Unitholder will indemnify PARAGON REIT in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder’s breach of warranty.

9. Unitholders may also submit questions related to the resolutions to be tabled for approval at the AGM in advance of the AGM. In order to do so, their questions must be submitted in the following manner by 10 April 2023:

- (a) if submitted electronically, be submitted via email to the Manager at ir@paragonreit.com.sg (with subject title “AGM Questions”); or
- (b) if submitted by post, be deposited at the office of the Manager at Bridge+, 79 Robinson Road, #07-01, CapitaSky, Singapore 068897. Please address and attention the letter as follows:

PARAGON REIT Management Pte. Ltd.
Bridge+, 79 Robinson Road
#07-01, CapitaSky,
Singapore 068897
Attention: Investor Relations Department (PARAGON REIT AGM 2022)

10. The Annual Report of PARAGON REIT for the financial year ended 31 December 2022 may be accessed at PARAGON REIT’s website at <https://paragonreit.listedcompany.com/agm.html>.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing the Chairman of the AGM as proxy to attend, speak and vote at the AGM and/or any adjournment thereof, a Unitholder consents to the collection, use and disclosure of the Unitholder’s personal data by the Manager and the Trustee (or their agents or service providers) for the purpose of the processing and administration by the Manager and the Trustee (or their agents or service providers) of the appointment of the Chairman of the AGM as proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Manager and the Trustee (or their agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

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PARAGON REIT

A REAL ESTATE INVESTMENT TRUST CONSTITUTED
UNDER THE LAWS OF THE REPUBLIC OF SINGAPORE
PURSUANT TO A TRUST DEED DATED
9 JULY 2013 (AS AMENDED))

PROXY FORM ANNUAL GENERAL MEETING

(PLEASE SEE NOTES OVERLEAF
BEFORE COMPLETING THIS FORM)

IMPORTANT

1. A relevant intermediary may appoint more than one proxy to attend the Annual General Meeting and vote (please see note 3 for the definition of “**relevant intermediary**”).
2. This Proxy Form is not valid for use by CPF and SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. **PLEASE READ THE NOTES TO THE PROXY FORM.**

Personal data privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the Unitholder accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 27 March 2023.

Note:

Only water will be provided at the Annual General Meeting

I/We _____ of

(Name and identification number)

(Address)

being a unitholder/unitholders of PARAGON REIT, hereby appoint:

Name	NRIC/Passport No.	Proportion of Unitholdings	
		No. of Units	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Unitholdings	
		No. of Units	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/ our proxy/ proxies to vote for me/us on my/our behalf at the Ninth Annual General Meeting (the “**Meeting**”) of unitholders of PARAGON REIT to be held at Orchid Ballroom, Level 4, Sands Expo & Convention Centre, 10 Bayfront Ave, Singapore 018956 on Monday, 17 April 2023 at 3.30 p.m. (Singapore time) and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her/their discretion.

(If you wish your proxy/proxies to vote all your units “For” or “Against” the relevant resolution, please indicate with an “X” in the “For” or “Against” box provided in respect of that resolution. Alternatively, please insert the relevant number of units “For” or “Against” in the “For” or “Against” box provided in respect of that resolution. If you wish your proxy/proxies to abstain from voting on a resolution, please indicate with an “X” in the “Abstain” box provided in respect of that resolution. Alternatively, please insert the relevant number of units in the “Abstain” box provided in respect of that resolution.)

No.	Resolutions relating to:	For	Against	Abstain
1.	To receive and adopt the Report of DBS Trustee Limited, as trustee of PARAGON REIT (the “ Trustee ”), the statement by PARAGON REIT Management Pte. Ltd., as manager of PARAGON REIT (the “ Manager ”), and the Audited Financial Statements of PARAGON REIT for the financial year ended 31 December 2022 together with the Auditors’ Report thereon. (Ordinary Resolution 1)			
2.	To re-appoint KPMG LLP as the Auditors of PARAGON REIT to hold office until the conclusion of the next Annual General Meeting of PARAGON REIT, and to authorise the Manager to fix their remuneration. (Ordinary Resolution 2)			
3.	To authorise the Manager to issue Units and to make or grant convertible instruments. (Ordinary Resolution 3)			

Dated this _____ day of _____ 2023

Total number of Units held

Signature(s) of Unitholder(s) /
Common Seal of Corporate Unitholder

IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM BELOW



Postage will be
paid by
addressee.

For posting in
Singapore only.

BUSINESS REPLY SERVICE
PERMIT NO. 09059



PARAGON REIT Management Pte.Ltd.
(as Manager of PARAGON REIT)
c/o Boardroom Corporate & Advisory
Services Pte. Ltd.
1 HarbourFront Ave
#14-07 Keppel Bay Tower
Singapore 098632

2nd fold here

Notes:

1. Please insert the total number of units in PARAGON REIT ("Units") held by you. If you have Units entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), you should insert that number of Units. If you have Units registered in your name in the Register of unitholders, you should insert that number of Units. If you have Units entered against your name in the Depository Register and Units registered in your name in the Register of unitholders, you should insert the aggregate number of Units entered against your name in the Depository Register and registered in your name in the Register of unitholders. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Units held by you.
2. Printed copies of this proxy form will be made available to unitholders. This proxy form may also be downloaded from PARAGON REIT's website at <https://paragonreit.listedcompany.com/agm.html> and from the SGX website at <https://www.sgx.com/securities/company-announcements>. Where a Unitholder (whether individual or corporate) appoints a proxy or proxies, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the instrument appointing a proxy or proxies, failing which the appointment of a proxy or proxies for that resolution will be treated as invalid.
3. CPF and SRS investors who wish to vote at the Annual General Meeting, should approach their respective CPF Agent Banks or SRS Operators to submit their votes by **3.30 p.m. on 4 April 2023**, being seven business days before the date of the Annual General Meeting. A Unitholder who is not a relevant intermediary entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Unitholder. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/ her holding (expressed as a percentage of the whole) to be represented by each proxy.
4. A Unitholder who is a relevant intermediary entitled to attend and vote at the Annual General Meeting is entitled to appoint more than one proxy to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than one proxy, the appointments shall be invalid unless the Unitholder specifies the number of Units in relation to which each proxy has been appointed in the proxy form.
"relevant intermediary" means
 - (a) a banking corporation licensed under the Banking Act 1970 of Singapore, or a wholly owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 of Singapore, and who holds Units in that capacity; or
 - (c) the Central Provident Fund Board ("CPF Board") established by the Central Provident Fund Act 1953 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
5. Completion and return of this instrument appointing a proxy or proxies shall not preclude a Unitholder from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a Unitholder attends the Meeting in person, and in such event, PARAGON REIT reserves the right to refuse to admit any person or persons appointed under the instrument of proxy or proxies to the Meeting.
6. The instrument appointing a proxy or proxies or the power of attorney or other authority under which it is signed or a notarially certified copy of such power or authority must be submitted to PARAGON REIT in the following manner:
 - (a) if submitted by post, be lodged at the office of PARAGON REIT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 1 HarbourFront Ave, #14-07 Keppel Bay Tower, Singapore 098632; or
 - (b) if submitted electronically, be submitted via email to PARAGON REIT's Unit Registrar at paragonreitagm2022@boardroomlimited.com; in each case, by **3.30 p.m. on 14 April 2023**, being 72 hours before the time fixed for the Meeting.A Unitholder who wishes to submit an instrument of proxy must complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above or uploading it onto the website at the URL provided above.
7. The instrument appointing a proxy or proxies shall be in writing under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with PARAGON REIT), if the instrument appointing a proxy or proxies is submitted by post, be lodged with the instrument of proxy or, if the instrument appointing a proxy or proxies is submitted electronically via email or the website at the URL provided above, be emailed or submitted via the website at the URL provided above with the instrument of proxy, failing which the instrument may be treated as invalid.
8. A corporation which is a Unitholder may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
9. CPF Approved Nominees acting on the request of the CPF investors who wish to attend the Meeting as observers are requested to submit in writing, a list with details of the investor's names, NRIC/Passport numbers, addresses and number of Units held. The list, signed by an authorised signatory of the relevant CPF Approved Nominees, should reach the office of the office of PARAGON REIT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 1 HarbourFront Ave, #14-07 Keppel Bay Tower, Singapore 098632, at least 72 hours before the time appointed for holding the Meeting.
10. The Manager shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Units entered in the Depository Register, the Manager may reject any instrument appointing a proxy or proxies lodged if the Unitholder, being the appointor, is not shown to have Units entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Manager.

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CORPORATE DIRECTORY

MANAGER

PARAGON REIT MANAGEMENT PTE. LTD.

Bridge+, 79 Robinson Road,
#07-01, CapitaSky,
Singapore 068897
Telephone : +65 6631 8920
Email : ir@paragonreit.com.sg

DIRECTORS OF THE MANAGER

DR. LEONG HORN KEE

- Chairman, Non-Executive and Non-Independent Director
- Member, Nominating & Remuneration Committee

MS. JENNIE CHUA

- Deputy Chairman, Non-Executive and Independent Director
- Chairman, Nominating & Remuneration Committee
- Member, Audit & Risk Committee

MR. EUGENE LAI

- Non-Executive and Lead Independent Director
- Chairman, Audit & Risk Committee
- Member, Nominating & Remuneration Committee

MRS. TRINA LOH

- Non-Executive and Independent Director
- Member, Nominating & Remuneration Committee

MS. HOO SHEAU FARN

- Non-Executive and Independent Director
- Member, Audit & Risk Committee

MR. BERNARD PHANG

- Non-Executive and Independent Director
- Member, Audit & Risk Committee

MR. RAY FERGUSON

- Non-Executive and Independent Director
- Member, Nominating & Remuneration Committee

MR. GERALD YONG

- Non-Executive and Non-Independent Director
- Member, Audit & Risk Committee
- Member, Nominating & Remuneration Committee

MS. GINNEY LIM

- Non-Executive and Non-Independent Director

AUDIT & RISK COMMITTEE

MR. EUGENE LAI (CHAIRMAN)

MS. JENNIE CHUA

MS. HOO SHEAU FARN

MR. BERNARD PHANG

MR. GERALD YONG

NOMINATING & REMUNERATION COMMITTEE

MS. JENNIE CHUA (CHAIRMAN)

DR. LEONG HORN KEE

MR. EUGENE LAI

MS. TRINA LOH

MR. RAY FERGUSON

MR. GERALD YONG

MANAGEMENT

MS. SUSAN LENG MEE YIN

Chief Executive Officer

MR. BENJAMIN KUAH HSIEN YIAO

Chief Financial Officer & Head,
Investor Relations

MS. BELINDA ZHENG QINYIN

Investment Manager

MR. MARC ANG JUNJIE

Asset Manager

JOINT COMPANY SECRETARIES

MR. BRENT HUANG

MS. AVRIL TAY

UNIT REGISTRAR

BOARDROOM CORPORATE & ADVISORY SERVICES PTE. LTD.

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Facsimile : +65 6225 0984

Partner-in-charge: Mr. Lim Jek
(With effect from financial year
ended 31 August 2019)

**PARAGON REIT
MANAGEMENT PTE. LTD.**

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CapitaSky, Singapore 068897

www.paragonreit.com.sg