

PARAGON REIT

# Resilience for Resurgence

ANNUAL  
REPORT  
**2023**





## 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







## CONTENTS

02	Corporate Profile
04	Financial Highlights
08	Statement by Chairman and CEO
12	Year In Review
14	Trust Structure
15	Organisation Structure
18	Board of Directors
23	Management Team
25	Property Management Team
26	Operations Review
34	Financial Review
40	Unit Price Performance
42	Portfolio Review
62	Market Overview
70	Investor Relations
72	Sustainability Report
116	Risk Management
120	Corporate Governance
141	Financial Statements
212	Statistics of Unitholdings
214	Interested Person Transactions
215	Notice of Annual General Meeting
	Proxy Form
	Corporate Directory



# 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 ("SGXST") on 24 July 2013. Its sponsor, Cuscaden Peak Investments Private Limited 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 2023, 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 2023. The three properties in Singapore have a total value of S\$3.4 billion with a total Net Lettable Area ("NLA") of 963,912 sq ft, while the two properties in Australia have an aggregated value of S\$720.8 million with a total Gross Lettable Area ("GLA") of 1,721,385 sq ft. Overall, the portfolio has a total NLA/GLA of 2,685,297 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 495,156 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, is 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 195,772 sq ft of retail NLA.

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

**The Rail Mall**, a retail strip mall and F&B-dining destination with a 360-metre prominent road frontage, is located on Upper Bukit Timah Road, an affluent residential neighbourhood. 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 49,886 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, 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. Westfield Marion has 1,484,562 sq ft of Gross Lettable Area ("GLA").

The property sits on a freehold land area of approximately 2.5 million sq ft. PARAGON REIT has a 50.0% stake in ownership.

**Figtree Grove**, an established sub-regional shopping centre in New South Wales, is located 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. Figtree Grove has 236,823 sq ft of GLA and 940 carpark lots.

The property sits on a freehold land area of approximately 547,883 sq ft. PARAGON REIT has an 85.0% stake in ownership.





# FINANCIAL HIGHLIGHTS

Consolidated Statement of Total Return For the Financial Year Ended	FY2023 S\$ million	16M FY2022 <sup>1</sup> S\$ million	Change %
Gross Revenue	288.9	376.4	(23.2)
Net Property Income	215.1	279.9	(23.2)
Income Available for Distribution	135.6	210.2	(35.5)
Distribution per Unit (cents)	5.02	7.24	(30.7)

Consolidated Statement of Financial Position	31 Dec 2023 S\$ million	31 Dec 2022 S\$ million	Change %
Total Assets	4,268.7	4,256.9	0.3
Total Liabilities	1,377.5	1,377.8	–
Borrowings	1,268.7	1,271.6	(0.2)
Net Assets Attributable to Unitholders	2,577.6	2,563.1	0.6
Number of Units in Issue (million)	2,833.4	2,810.9	0.8
Net Asset Value per Unit (S\$)	0.91	0.91	–

Financial Ratios	FY2023	16M FY2022 <sup>1</sup>
Annualised Distribution Yield (%) • Based on closing price <sup>2</sup>	5.67	6.03
Gearing Ratio (%)	29.6	29.8
Interest Cover Ratio (times) <sup>3</sup>	3.5	6.8
Average All-in-Cost of Debt (% per annum)	4.30	2.05
Average Term to Maturity for Debt (years)	2.1	2.8

## Notes:

1. 16M FY2022 refers to the period 1 September 2021 to 31 December 2022.
2. Based on closing price of S\$0.885 per unit on 29 December 2023 (30 December 2022: S\$0.90).
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.



**98.1%**

COMMITTED  
OCCUPANCY

Strong track record

**S\$215.1**  
MILLION

NET PROPERTY INCOME

Increased 2% compared to  
Jan to Dec 2022

**S\$4.1** BILLION

VALUATION OF  
INVESTMENT  
PROPERTIES

Resilient assets

**29.6%**

GEARING

Strong balance sheet

**5.02** CENTS

DISTRIBUTION PER UNIT

Decreased 9% compared to  
Jan to Dec 2022

**5.67%**

DISTRIBUTION YIELD

Based on closing price  
of S\$0.885  
on 29 December 2023





# INNOVATING GROWTH

**BUILDING ON EVOLVING  
RETAIL TRENDS**







Avenue on 3, the multilabel luxury shoe retail shop offers a one-of-a-kind shopping experience for footwear enthusiasts. With an impressive collection of shoes from some of the world's most renowned luxury brands, it is a true paradise for shoe lovers. From classic designs to the latest trends, we have something to offer for everyone, regardless of their style or taste.

We have high commitment to quality and luxury and it is evident in every aspect of the shopping experience, from the carefully curated selection of shoes to the beautifully designed store.



## STATEMENT BY CHAIRMAN & CEO



From left:  
**DR. LEONG HORN KEE**  
**MS. SUSAN LENG MEE YIN**

“

**SUPPORTED BY RESILIENT  
DOMESTIC DEMAND AND  
LABOUR MARKET CONDITIONS,  
COUPLED WITH THE POTENTIAL  
UPSIDE OF INTERNATIONAL  
ARRIVALS, WE ARE OPTIMISTIC  
THAT PARAGON REIT WILL  
CONTINUE TO PERFORM.**

”

### Dear Unitholders,

On behalf of the Board of Directors of PARAGON REIT Management Pte. Ltd., and the Manager of PARAGON REIT (the “**Manager**”), we are pleased to present PARAGON REIT’s Annual Report for the period 1 January 2023 to 31 December 2023 (“**FY2023**”).

In 2023, we continued to witness the progressive return of economic activities towards pre-pandemic levels. The retail sector saw a steady recovery in our key markets in Singapore and Australia, driven mainly by domestic demand as well as the gradual return of international travel. However, we also faced challenges arising from heightened geopolitical tensions, rising interest rates and persistent inflation.



Notwithstanding the uncertainties brought about by the volatile macroeconomic environment, PARAGON REIT continued to focus on opportunities for growth through proactive asset and capital management strategies so as to deliver a resilient and stable performance.

In addition, PARAGON REIT maintained a robust balance sheet characterised by strong liquidity, modest gearing, and a prudent quantum of fixed-rate debt to mitigate the impact of rising borrowing costs.

PARAGON REIT posted a net property income ("NPI") of S\$215.1 million for FY2023, representing a 1.7% increase from the earlier 12-month period ended 31 December 2022 ("FY2022"). Tenant sales for our Singapore portfolio recorded a marginal 1.5% decline, while our Australia portfolio recorded a 6.8% increase compared to FY2022.

PARAGON REIT remains committed to paying regular and stable distributions to our unitholders. For FY2023, the Board declared a distribution per unit ("DPU") of 5.02 Singapore cents, a 9.1% decline compared to FY2022. DPU was impacted by the rising interest rate environment although PARAGON REIT registered a 1.8% improvement in gross revenue over FY2022. The DPU declared represents a yield of 5.67% based on the closing price of S\$0.885 on 29 December 2023.

## A PORTFOLIO OF QUALITY ASSETS

The valuation of PARAGON REIT's Singapore portfolio as at 31 December 2023 increased to S\$3.4 billion, an uplift of S\$62.3 million or 1.9% compared against 31 December 2022. Capitalisation rates of the Singapore assets remained unchanged.

In Australia, retail assets were transacted at higher capitalisation rates. PARAGON REIT's Australia portfolio saw fair valuation declines which were non-cash in nature and arose due to capitalisation rate expansions. Consequently, while operating results improved over the year, valuation declined by 5.6% to A\$799.5 million compared to 31 December 2022.

PARAGON REIT's assets are strategically located within their respective catchments. The recovery of tenants' performance to pre-pandemic levels is evidence of the continued relevance and resilience of the assets.

## SINGAPORE

The experiential aspect of shopping in physical stores continues to be a differentiating factor in drawing footfall despite the consumer shift during the pandemic towards the adoption of omnichannel shopping experiences for daily necessities.

Domestic retail consumption in Singapore was supported by high employment rates, as government initiatives aimed at upskilling and reskilling the labour force helped workers remain relevant, meeting fast-evolving industries' employment demands.

On the international front, the progressive resumption of international travel led to an increase in total arrivals in Singapore reaching 13.6 million in 2023, representing a 115.7% increase over 2022. According to the Singapore Tourism Board, Singapore is expected to see 15 to 16 million international arrivals in 2024, driven by the improved global flight connectivity and capacity.

Paragon being a premier upscale mall strategically located in the prime Orchard Road precinct, benefitted from the resumption of tourist arrivals. Paragon strengthened its shoppers' experience with the introduction of an 8,000 sq ft luxury shoe store concept with integrated lifestyle elements such as a café, a champagne bar

### NET PROPERTY INCOME

**S\$215.1 MILLION**

FY2023

### QUALITY PORTFOLIO

**98.1%**

COMMITTED OCCUPANCY





and a bespoke chocolate boutique. As a further reflection of the positive trajectory of luxury retail market demand, luxury tenants at Paragon had continued to invest in their shops to create a holistic luxury shopping ambience. Paragon tenant sales declined 3.0% over FY2022.

The Clementi Mall, located in a well-established residential estate and education hub, maintained a steady operational performance as it continued to be supported by its immediate catchment. The Clementi Mall footfall also benefitted from the workforce returning to offices with its direct linkage to Clementi MRT station and the adjoining bus interchange. The Clementi Mall tenant sales rose 1.1% over FY2022.

The Rail Mall, a strip mall with 43 shop units, introduced another three F&B tenants to further strengthen its dominance as a F&B destination in its affluent neighbourhood. Its adjacency to the iconic Rail Corridor nature trail also serves as a dining option for hikers and cyclists. The Rail Mall tenant sales increased 10.8% over FY2022.

## AUSTRALIA

Australia's retail sector fundamentals remained moderately strong in 2023, supported by resilient consumer demand as unemployment remained relatively low and wages continued to rise. However, the intensifying impact of policy tightening to manage rising inflation and heightened cost-of-living pressures gradually flowed to household budgets and resulted in overall retail turnover broadly flatlining over the year.

Despite the challenging operating environment, PARAGON REIT's Australia assets' strategic locations and value propositions supported the improved performance from FY2022.

Westfield Marion, the largest shopping mall in South Australia located a 20-minute drive south-west of Adelaide's CBD, continues to play an integral role to the region linking business to the community. Westfield Marion tenant sales increased 6.7% over FY2022.

Figtree Grove, an established sub-regional shopping centre located a 1.5-hour drive south-west of Sydney CBD, New South Wales, serves its immediate residential catchment alongside a hospital community



with more than 900 beds. This catchment supports longer trading hours for Figtree Grove's anchor tenant, a 78,000 sq ft discount department store which operates around the clock. Figtree Grove tenant sales increased 7.2% over FY2022.

## FY2023 PORTFOLIO PERFORMANCE

Benefitting from the progressive uptick in international travel contributed by the relaxation of China's border restrictions in early 2023, PARAGON REIT's gross revenue increased 1.8% to S\$288.9 million, while NPI increased 1.7% to S\$215.1 million.

Operationally, rental reversion rate turned positive to 6.3% in FY2023 from -4.1% in 16M FY2022, supported by tenants' positive leasing sentiments. The portfolio also recorded an occupancy rate of 98.1% and a tenant retention ratio of 85.7%, demonstrating tenants' continued confidence in PARAGON REIT's assets.

PARAGON REIT remains a constituent of the FTSE EPRA Nareit Global REITs Index. PARAGON REIT's inclusion in the benchmark index raises its visibility amongst the wider global investment community, providing the potential for growth and diversification of its investor base.

PARAGON REIT continues to adopt a prudent and disciplined approach to capital management. Gearing remains low at 29.6%, while our debt maturity profile with a weighted average term to maturity of 2.1 years is well-staggered, reducing our refinancing risk. To mitigate against the impact of rising interest rates, PARAGON REIT maintained 85% of its debt on fixed rates. As at 31 December 2023, PARAGON REIT's average cost of debt stood at 4.3% with an interest coverage ratio of 3.5 times.





## GROWING SUSTAINABLY

Sustainability continues to be a fundamental aspect of our businesses. We remain committed to continually integrate Environmental, Social and Governance (“ESG”) initiatives within our strategy and operations, playing our part as a good corporate citizen and contributing to a more sustainable world. As such, we have implemented initiatives at the various levels and targets which are aligned to the United Nations Sustainable Development Goals.

In July 2023, we successfully secured our first sustainability-linked loan (“SLL”) facility of S\$995 million, a testament to our efforts on ESG. In line with the SLL’s pre-determined sustainability performance targets, we implemented green clauses in FY2023 aimed at helping tenants lower their energy consumption, and as a result, reduce their carbon footprint as well.

In partnership with Singapore Polytechnic and Singapore Environmental Council, we provided tenants with access to sustainability training during the year. The training served to help tenants understand the environmental and social impacts of their businesses.

As part of ongoing efforts to reduce our reliance on fossil fuels, we utilise renewable energy sources including solar panel installments at Westfield Marion, as well as electric vehicle charging points at Figtree Grove. In support of the Singapore Green Plan 2030 and national agenda on sustainable development, we are looking to implement solar panels at Paragon and install new electric vehicle charging points at Paragon and The Clementi Mall in 2024.

PARAGON REIT aims to enhance transparency, accountability and trust with our various stakeholders in-line with the evolving practices, disclosures and standards. Detailed information on our latest sustainability initiatives can be found in our sixth Sustainability Report.

## LOOKING AHEAD

Supported by resilient domestic demand and labour market conditions, coupled with the potential upside of international arrivals, we are optimistic that PARAGON REIT will continue to perform. However, we remain mindful of the prevailing macroeconomic backdrop with recessionary pressures, as well as the high interest rate environment impacting the sector, foreshadowing a challenging operating environment.

Anchored by a portfolio of quality assets, we will work closely with our tenants to focus on maintaining high occupancy and sustainable rental income, while managing our operating costs. Amidst the high interest rate environment, we will continue to manage our capital structure prudently and maintain a healthy balance sheet with strong liquidity to mitigate the impact. This will provide the platform for us to pursue suitable growth opportunities as they arise.

Overall, PARAGON REIT remains committed to providing unitholders with regular and stable distributions, as well as sustainable long-term growth in DPU and net asset value.

## ACKNOWLEDGEMENTS

2023 marked PARAGON REIT’s 10th year of listing on the Singapore Exchange. We would like to thank our past and present directors for their guidance, especially over challenging and uncertain times such as during the Covid-19 pandemic. We would also like to thank the Manager and Property Managers for their dedicated service and contributions to our success.

Last but not least, we express our sincere gratitude to all our unitholders for your confidence and support in PARAGON REIT. We are convinced that our quality portfolio will continue to deliver sustainable long-term value for all our stakeholders.

---

### DR. LEONG HORN KEE

Chairman, Non-Executive and  
Non-Independent Director

### MS. SUSAN LENG MEE YIN

Chief Executive Officer



## YEAR IN REVIEW

# 2023



### JANUARY

- Change of Trust name from SPH REIT to PARAGON REIT with effect from 3 January 2023

### FEBRUARY

- PARAGON REIT announced DPU of 1.72 cents for 4M ended 31 December 2022
- NPI rose 3.3% yoy to S\$279.9 million for 16M ended 31 December 2022
- Change of distribution frequency to half-yearly distributions

### APRIL

- Ninth Annual General Meeting of PARAGON REIT

### MAY

- Participated in annual REITs Symposium 2023 held in Singapore





## JULY

- Obtained S\$995 million sustainability-linked loan

## AUGUST

- PARAGON REIT announced DPU of 2.42 cents for 1H ended 30 June 2023
- NPI grew 0.1% yoy to S\$106.1 million for 1H ended 30 June 2023

## OCTOBER

- Collaborated with Singapore Polytechnic and Singapore Environmental Council to provide sustainability training for PARAGON REIT tenants

## DECEMBER

- The DPU for 2H ended 31 December 2023 was 2.60 cents
- Valuation of PARAGON REIT's portfolio of properties was S\$4.1 billion as at 31 December 2023





# TRUST STRUCTURE





# ORGANISATION STRUCTURE

## DIRECTORS

### DR. LEONG HORN KEE

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

### MRS. TRINA LOH

Non-Executive And 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. RAY FERGUSON

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

### MR. EUGENE LAI

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

### MR. GERALD YONG

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

### MS. HOO SHEAU FARN

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

### MS. GINNEY LIM

Non-Executive And Non-Independent Director

### MR. BERNARD PHANG

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

## MANAGEMENT

### MS. SUSAN LENG MEE YIN

Chief Executive Officer

### MS. WOO YENG YENG

Chief Financial Officer &  
Head, Investor Relations

### MS. BELINDA ZHENG QINYIN

Investment Manager

### MR. MARC ANG JUNJIE

Asset Manager





The Clementi Mall, located in a well-established residential estate and an education hub, continues to benefit from working professionals returning to offices, as its linkage to Clementi MRT station and a bus interchange stands to drive greater footfall through its premises.

The Clementi Mall's tenant sales and footfall increased 1% and 20% year-on-year for FY2023, respectively.



A close-up photograph of a chef's hand pouring a dark, rich sauce from a spoon onto a gourmet dish. The dish features a piece of dark, seared meat, possibly beef, garnished with a fresh rosemary sprig and a slice of yellow vegetable. The meat is served on a bed of white, creamy risotto. A pool of the same dark sauce is visible on the white plate. In the background, a blurred glass of orange juice and a white plate are visible, suggesting a restaurant setting.

# ELEVATING EXCELLENCE

CREATING VALUE FROM  
A ROBUST PORTFOLIO



## BOARD OF DIRECTORS



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

### 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 sectors. 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 is a Board Director of MOH Holdings, and sits on its Healthcare Infrastructure and Planning Committee. Ms Chua also previously served as Non-Executive Director of CapitaMalls Asia Limited and Ascott Residence Trust. Previous positions held by Ms Chua include 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 Deputy Chairman 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 served 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 organisations.

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.

#### **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. In addition, he also serves as a director of DCG Value Funds VCC. 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.

#### **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 also the General Manager of Wheelock Property Development Ltd from 1994 to 1999. Prior to this, she was living overseas, and worked in 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.



# BOARD OF DIRECTORS

## 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 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. and the Chairman of PropertyGuru Group Limited, the leading PropTech company in Southeast Asia with leading Engagement Market Shares in Singapore, Vietnam, Malaysia and Thailand. He is also Non-Executive Chairman at 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 Private Limited before it was privatised 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, The Oddle Company Pte Ltd, MoneySmart, 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.

## MS. GINNEY LIM

Non-Executive And Non-Independent Director

Ms. Lim heads the Secretariat & Legal Division of Cuscaden Peak Investments Private Limited ("CPIPL"). She is responsible for the corporate secretarial, legal and compliance 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 CPI 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 organised by Wharton Business School.



## FURTHER INFORMATION ON BOARD OF DIRECTORS

List of the other directorships and other principal commitments and other information on 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 Inc\* – Director
- CSC Holdings Limited\* – Director
- Singapore Embassy to Argentina – Non-resident Ambassador

**Directorships over the past 5 years (31/12/18 – 31/12/23)**

- Viva Industrial Trust Management Pte Ltd\* (as manager of a listed REIT) (date of cessation 07/02/2019) – Director
- ESR-LOGOS Funds Management (S) Limited (date of cessation 15/05/2023) – 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 (Chairperson)

**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 (31/12/18 – 31/12/23)**

- 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
- Heliconia Capital Management Pte Ltd – Director
- Springleaf Capital Management Pte. Ltd. – Investment Committee Member

**Directorships over the past 5 years (31/12/18 – 31/12/23)**

- 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

### 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 (31/12/18 – 31/12/23)**

Nil

## FURTHER INFORMATION ON BOARD OF DIRECTORS

### 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
- DCG Value Funds VCC – Director

Directorships over the past 5 years (31/12/18 – 31/12/23)

Nil

### 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 (31/12/18 – 31/12/23)

Singapore Pools Pte Ltd (2014 - 2020) - Director

### 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
- PropertyGuru Group Limited – Chairman

Directorships over the past 5 years (31/12/18 – 31/12/23)

- 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
- M1 Limited – Director
- Singapore Environmental Council – Board Member
- The Oddle Company Pte Ltd – Director
- MoneySmart – Director

Directorships over the past 5 years (31/12/18 – 31/12/23)

- 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 (31/12/18 – 31/12/23)

Nil



## MANAGEMENT TEAM



**MS. WOO YENG YENG**

Chief Financial Officer &  
Head, Investor Relations

**MS. BELINDA ZHENG QINYIN**

Investment  
Manager

**MR. MARC ANG JUNJIE**

Asset  
Manager

**MS. SUSAN LENG MEE YIN**

Chief  
Executive Officer

### **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 10 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.

# MANAGEMENT TEAM

## **MS. WOO YENG YENG**

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

Ms Woo was appointed Chief Financial Officer and Head of Investor Relations of PARAGON REIT Management Pte. Ltd. in December 2023. Ms Woo has more than 20 years of audit and finance-related experience. Ms Woo's latest appointment before joining PARAGON REIT Management Pte. Ltd. was Head of Finance, CapitaLand Investment, International, where she had oversight over finance operations in Australia, Japan, Korea, Europe and USA. Prior to that, Ms Woo was the Chief Financial Officer of Ascendas Hospitality Trust, where she was responsible for financial management. Ms Woo holds a Bachelor of Accountancy degree from Nanyang Technological University, Singapore and a Master of Commerce (International Business) from The University of New South Wales, Australia. She is also a Chartered Accountant of Singapore with 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



**MR. DAMIAN WEE**

Head, Leasing  
(Suburban)

**MS. JAYLYN ONG**

General  
Manager

**MS. PAULINE LOH**

Head, Leasing  
(Paragon)

**MR. FRANCIS LIM**

Head, Facilities &  
Projects Management

Not in photo: MR. THEA WEI HAU, Head, Finance



## OPERATIONS REVIEW



## OVERVIEW

PARAGON REIT's proactive leasing and asset management strategy contributed to the portfolio's strong occupancy at 98.1%. A consistently high tenant retention ratio of 85.7% was also achieved for the year, reflecting tenants' confidence in the respective assets. The Manager continues to build strong business relationships with retailers, and tactically refresh tenant mix of its assets as part of its leasing strategy to introduce freshness while maintaining their positioning in the market.

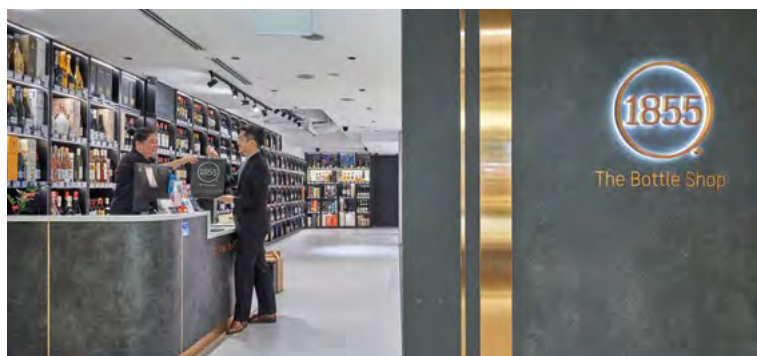
Through active asset management, the Manager seeks to protect the interests of unitholders, tenants, and shoppers, while staying at the forefront of retail mall trends, as well as the evolving habits of customers at PARAGON REIT assets.

In 2023, the world had transitioned into a new stage of growth, tempered by macro-economic factors of high interest rates and inflation. At PARAGON REIT assets, this was evidenced by higher tenant sales and positive rental reversion. Rental reversion for the portfolio was positive at 6.3% in FY2023 from -4.1% in 16M FY2022. The portfolio weighted

average lease expiry ("**WALE**") held steady at 5.1 years by net lettable area ("**NLA**") and 3.0 years by gross rental income ("**GRI**").

Footfall at the Singapore assets saw an increase of 13.6% for FY2023 over the corresponding 12-month period from 1 January 2022 to 31 December 2022 ("**FY2022**"). For the same comparable period, tenant sales for Paragon had a marginal decline of 3.0% and The Clementi Mall registered improvements by 1.1% for FY2023.

Footfall at the Australia assets saw an increase of 5.7% for FY2023 over FY2022, while tenants registered 6.8% higher sales. Westfield Marion tenant sales rose by 6.7% for FY2023 over FY2022. Figtree Grove tenant sales registered an increase of 7.2% for FY2023 over FY2022.







## 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 and local retailers.

In April 2023, Paragon reinforced its upscale positioning with the opening of "Avenue on 3", an 8,000 sq ft multi-label concept store with unique retail offerings, restaurants, beauty salons and a chocolatier all under one roof. The multi-label concept store is also complemented by artisanal Lebanese chocolatier "Patchi", a 40-seater café and bar that serves coffee during the day, and champagne and caviar from late afternoon. Avenue on 3 also offers beauty services for customers to experience top-of-the-line skincare products.

New F&B stores were introduced, including "Old Seng Choong", a traditional and local bakery founded by Chef Daniel Tay with their modern take on Singaporean traditional snacks; American sandwich chain "Subway"; popular bubble tea chain "Koi+"; popular pretzel chain "Auntie Annes"; and "Swish Rolls" with their innovative croissants.

Paragon also welcomed leading sportswear brand from China, "ANTA Basketball", and unique precious stone museum "Regalrare" providing differentiated shopping experiences for customers.

Luxury brands are continually revamping their stores to meet the changing needs of consumers, as shoppers are prioritising quality over quantity and looking for new, fresh and unique retail experiences. French luxury fashion house Saint Laurent opened their South-East Asia duplex flagship store fronting Orchard Road. Givenchy completed a store revamp in the middle of the year to showcase their latest store design.

Paragon was the exclusive partner in Singapore with Hong Kong Disneyland Resort on their launch of "World of Frozen" over the Christmas period with multiple installations to bring the Christmas cheer to shoppers. Estée Lauder brought their "Beauty Sleep Lounge" to Paragon's Atrium to highlight their latest range.

For FY2023, footfall saw a 4.4% year-on-year ("**yoy**") increase to 15.2 million from 14.6 million. Tenant sales were 3.0% lower yoy to S\$692 million, with occupancy costs of 18.9%.

Occupancy as at 31 December 2023 stood at 100.0%.



# OPERATIONS REVIEW

## THE CLEMENTI MALL

In FY2023, The Clementi Mall welcomed a variety of F&B offerings. This included the first ever “Kenny Rogers Roasters” express outlet; Hong Kong noodle chain “TamJai SamGor Mixian”; fast food chain “Wingstop”; Michelin-starred Ramen chain “Hototogisu Ramen”; and popular takeaway “Hong Kong Egglet”.

Dessert offerings were also enhanced, with “Rekab cafe” opening a café offering Thai-inspired crepe cakes and “Smile Dessert”, which serves iced desserts as well as cakes.

Supermarket chain and anchor tenant “Fairprice Finest” also underwent a revamp of their store, improving their range of offerings and store layout to serve the suburban population.

The Clementi Mall, located in a well-established residential estate and education hub saw footfall increase 20.2% yoy to 24.7 million from 20.6 million. Correspondingly, tenant sales also registered an 1.1% yoy increase to S\$250 million, with occupancy costs of 15.9%.

Occupancy as at 31 December 2023 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.

In FY2023, The Rail Mall's food offerings were improved to strengthen its positioning as a F&B destination. American fast-food chain “Popeyes” opened their latest outlet at The Rail Mall that is also the first 24-hour restaurant in Singapore where customers can get their Louisiana-style signature fried chicken at any time of day. Other newly introduced F&B offerings at The Rail Mall include casual family dining restaurant, “Fish & Co”, and Chinese restaurant, “Yi Qian Hong Kong Café”, serving up Cantonese and Teochew delicacies.

Being a strip mall, footfall data is not collected. Assessment of the asset's performance is based on tenant sales. FY2023 tenant sales increased 10.8% to S\$35 million, with occupancy costs of 17.0%.

Occupancy as at 31 December 2023 stood at 95.5%.





## 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 new F&B concepts. One of the latest additions include Chinese noodle restaurant chain "Lanzhou Beef Noodle".

Australian home-grown brands opening in Westfield Marion also strengthened its position as a regional mall in Adelaide. Australia's largest home entertainment retailer "JB Hi-Fi" reopened its store after relocating within the mall, offering consumers a larger variety of products, improved service and quality of experience. Women's clothing label store "Witchery Fashion" opened in August 2023, complete with in-store celebrations during its opening weekend, offering complimentary coffee and sweets as well as giveaways with every purchase including styling sessions for its customers. Besides

Witchery Fashion, homegrown fashion and lifestyle brand "Country Road" also set up its newest outlet at the mall in November 2023. Focusing on style, quality and versatility, Country Road has over 40 years of experience being in the Australian market providing apparel for women, men and child as well as home products.

Footfall at Westfield Marion increased by 1.0% to 11.9 million, and tenant sales registered a 6.7% yoy increase to A\$848 million, with occupancy costs of 11.8%.

Occupancy as at 31 December 2023 stood at 97.0%.

### FIGTREE GROVE

Figtree Grove, an established sub-regional shopping centre, is located in Wollongong in the state of New South Wales. It serves its immediate residential catchment as well as a hospital community with more than 900 beds.

In FY2023, Figtree Grove expanded its F&B offering with the introduction of "HK Asian Kitchen", a Hong Kong style takeaway booth offering delicacies such as Mongolian Lamb, Wonton Soup and Honey Chicken.

Apart from F&B, new service-based tenants were also introduced into the mall. This includes "Silk Laser Clinic", which offers beauty services, "Hearing Australia", an audiologist clinic providing hearing aid products and services.

As a sub-regional mall catering to families, the mall held various activities in celebration of special occasions and holidays. This included Valentine's Day, where roaming "Concierge Cupids" gave out sweet treats, and Easter, where shoppers were greeted by easter bunny mascots. Over Mothers' Day weekend, donut giveaways, gift wrapping services and roaming live music entertainment also enhanced the shopping experience.

For FY2023, footfall saw a 19.5% yoy increase to 4.7 million. Correspondingly, tenant sales also registered a 7.2% yoy increase to A\$202 million, with occupancy costs of 8.0%.

Occupancy as at 31 December 2023 stood at 97.9%.



# OPERATIONS REVIEW

## SUMMARY OF RENEWALS/NEW LEASES FOR FY2023

	No. of renewals/new leases	Retention rate	NLA/GLA renewed/new leases ('000 sq ft)	% of properties NLA/GLA	Change compared to preceding rental rates
<b>SINGAPORE</b>					
Paragon	95	72.6%	155	21.5%	11.6%
The Clementi Mall	71	85.9%	112	57.3%	8.7%
The Rail Mall	11	81.8%	28	55.3%	12.8%
<b>Singapore assets</b>	<b>177</b>	<b>78.5%</b>	<b>295</b>	<b>30.6%</b>	<b>10.6%</b>
<b>AUSTRALIA</b>					
Westfield Marion	80	96.9%	245	16.5%	-5.8%
Figtree Grove	7	80.0%	5	2.2%	-11.6%
<b>Australia assets</b>	<b>87</b>	<b>94.4%</b>	<b>250</b>	<b>14.5%</b>	<b>-8.2%</b>

## PORTFOLIO OCCUPANCY

	As at 31 December 2022	As at 31 December 2023
<b>SINGAPORE</b>		
Paragon	99.9%	100.0%
The Clementi Mall	100.0%	100.0%
The Rail Mall	100.0%	95.5%
<b>Singapore assets</b>	<b>99.9%</b>	<b>99.8%</b>
<b>AUSTRALIA</b>		
Westfield Marion	97.4%	97.0%
Figtree Grove	99.4%	97.9%
<b>Australia assets</b>	<b>98.7%</b>	<b>97.1%</b>

## PORTFOLIO LEASE EXPIRY AS AT 31 DECEMBER 2023

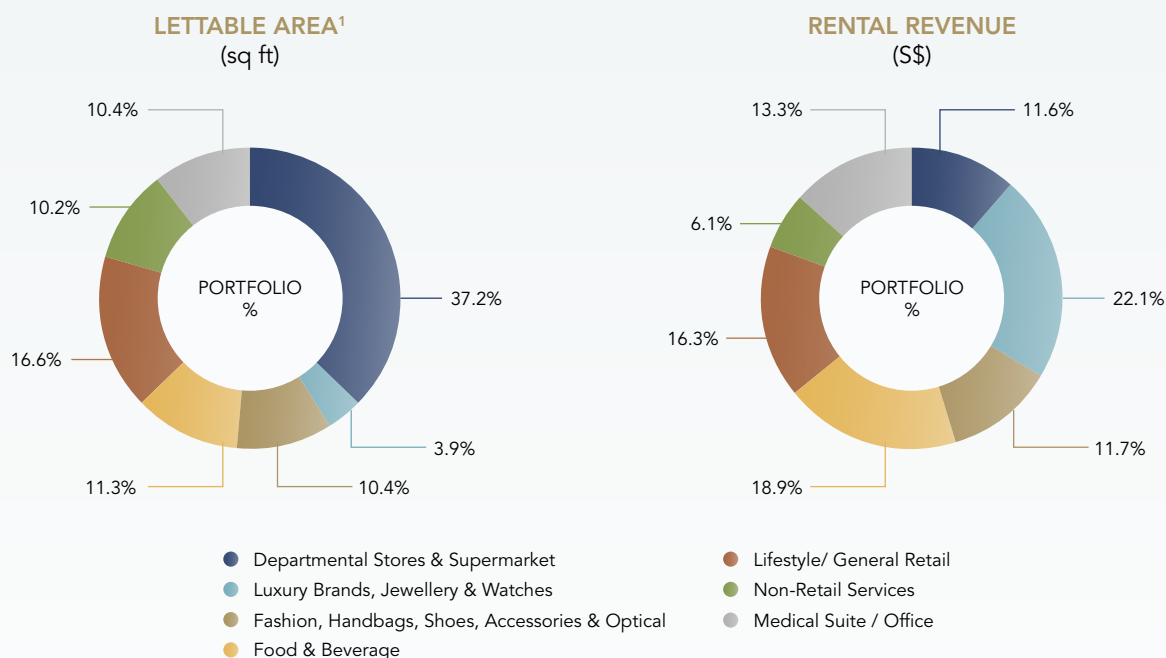
	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028 and beyond
<b>SINGAPORE</b>						
By no. of lease expiry	0%	16%	30%	32%	18%	4%
By NLA	0%	11%	22%	33%	25%	9%
By Gross Rental Income	0%	12%	20%	27%	28%	13%
<b>AUSTRALIA</b>						
By no. of lease expiry	12%	24%	20%	13%	9%	22%
By GLA	4%	9%	6%	5%	5%	71%
By Gross Rental Income	9%	19%	14%	9%	7%	42%
<b>Portfolio Total</b>						
By no. of lease expiry	5%	20%	26%	24%	14%	11%
By NLA/GLA	3%	10%	12%	15%	12%	48%
By Gross Rental Income	2%	13%	19%	23%	24%	19%



## TOP 10 TENANTS AS AT 31 DECEMBER 2023

PARAGON REIT's portfolio top 10 tenants contributed 20.8% of gross rental income for the month of December 2023. The top 10 tenants by gross rental income are listed below.

	Tenant	Trade sector	Lease expiry (Year)	% of total GRI
1	Tenant A	Luxury brands, jewellery, watches	Between 1H2025 & 2H2029	4.7%
2	Tenant B	Department Stores & Supermarket	1H2027	3.1%
3	Tenant C	Luxury brands, jewellery, watches	Between 2H2024 & 2H2027	2.9%
4	Tenant D	Department Stores & Supermarket, General retail	Between 1H2025 & 2H2031	2.2%
5	Tenant E	Department Stores & Supermarket, Lifestyle	Between 2H2024 & 1H2025	1.8%
6	Tenant F	Luxury brands, jewellery, watches	1H2027	1.6%
7	Tenant G	Food & Beverage	Between 1H2025 & 2H2025	1.2%
8	Tenant H	Luxury brands, jewellery, watches	Between 1H2025 & 2H2027	1.2%
9	Tenant I	Department Stores & Supermarket, Lifestyle	Between 1H2027 & 1H2028	1.1%
10	Tenant J	Luxury brands, jewellery, watches	Between 2H2024 & 1H2026	1.0%



Note:

1 Lettable Area refers to NLA in Singapore and GLA in Australia.

# SEIZING OPPORTUNITIES

CAPITALISING ON THE  
RECOVERY OF RETAIL







Tenant sales and footfall in Australia remained resilient, recording a 7% and 6% year-on-year increase for FY2023, respectively. PARAGON REIT's Australia assets are strategically located and positioned to serve their respective catchments.

# FINANCIAL REVIEW

## CONSOLIDATED STATEMENT OF NET INCOME AND DISTRIBUTION

For the financial year ended 31 December 2023

	FY2023 S\$'000	16M FY2022 S\$'000	Change %
Gross revenue <sup>1</sup>	288,926	376,411	(23.2)
Property operating expenses	(73,857)	(96,482)	(23.4)
<b>Net property income</b>	<b>215,069</b>	<b>279,929</b>	<b>(23.2)</b>
Manager's management fees	(21,208)	(27,971)	(24.2)
Investment management fees	(2,777)	(3,885)	(28.5)
Trust expenses <sup>2</sup>	(2,865)	(4,416)	(35.1)
Finance income	3,957	1,181	NM
Finance costs <sup>3</sup>	(54,595)	(35,562)	53.5
<b>Net income</b>	<b>137,581</b>	<b>209,276</b>	<b>(34.3)</b>
Fair value change on investment properties <sup>4</sup>	10,436	33,780	(69.1)
Net foreign currency exchange differences <sup>5</sup>	(814)	4,131	NM
<b>Total return before taxes and distribution</b>	<b>147,203</b>	<b>247,187</b>	<b>(40.4)</b>
Less: income tax <sup>6</sup>	(356)	(3,688)	(90.3)
<b>Total return after taxes and before distribution</b>	<b>146,847</b>	<b>243,499</b>	<b>(39.7)</b>
<b>Attributable to:</b>			
Unitholders	136,007	225,602	(39.7)
Perpetual securities holders <sup>7</sup>	12,300	16,411	(25.1)
Non-controlling interests	(1,460)	1,486	NM
<b>Total return for the year/period</b>	<b>146,847</b>	<b>243,499</b>	<b>(39.7)</b>

NM Not Meaningful

In 2022, PARAGON REIT changed its financial year end from 31 August to 31 December and accordingly, the financial statements for the prior period covered 16 months from 1 September 2021 to 31 December 2022 ("16M FY2022"). The current financial year relates to the 12 months from 1 January 2023 to 31 December 2023 ("FY2023"). Therefore, the figures are not comparable.

### Notes:

- The gross revenue in 16M FY2022 included rental assistance of approximately S\$3.6 million for eligible tenants to cushion the impact of the COVID-19 pandemic for the period.
- Trust expenses include recurring trust expenses such as valuation fees, audit and tax adviser's fees, legal & other professional fees and cost associated with the preparation of annual reports.
- Finance costs was higher compared to the corresponding period mainly due to higher interest rates.  
The average cost of debt for the Group was 4.3% per annum for FY2023 (16M FY2022: 2.05%) per annum.
- Independent valuations for the investment properties as at 31 December 2023 were undertaken by Jones Lang LaSalle Property Consultants Pte Ltd (31 December 2022: Savills Valuation & Professional Services (S) Pte Ltd) for investment properties in Singapore and, CBRE Valuation Pty Limited ("CBRE") and Jones Lang LaSalle Advisory Services Pty Limited (31 December 2022: CBRE) for investment properties in Australia.  
The Group recognised a fair value gain of S\$10.4 million in FY2023. This comprises a fair value gain of S\$54.7 million contributed by the investment properties in Singapore offset by fair value loss of S\$44.3 million mainly due to capitalisation rate expansion in Australia and depreciation of Australian Dollar against Singapore Dollar.
- The net foreign currency exchange differences arose mainly from revaluation of the monetary assets and liabilities that were denominated in Australian dollars. For 16M FY2022, there was also realised gain from cross currency swap settlement.
- This relates mainly to withholding tax payable for Australia. In FY2023, there was a S\$2.2 million reversal of deferred tax no longer required.
- 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.





	FY2023 S\$'000	16M FY2022 S\$'000	Change %
<b>Total return for the period attributable to Unitholders</b>	<b>136,007</b>	<b>225,602</b>	<b>(39.7)</b>
Add: Non-tax deductible items <sup>8</sup>	(395)	(15,418)	NM
<b>Income available for distribution</b>	<b>135,612</b>	<b>210,184</b>	<b>(35.5)</b>
<b>Distribution to Unitholders</b>	<b>142,180</b>	<b>203,157</b>	<b>(30.0)</b>
<b>Distribution per unit (cents) ("DPU")</b>	<b>5.02</b>	<b>7.24</b>	<b>(30.7)</b>

NM Not Meaningful

Note:

- 8 Non-tax deductible items refer to fair value change on investment properties, the Manager's management fees paid/payable in units, trustee's fees, straight-line rental adjustments, amortisation of debt issuance costs, rollover adjustment, net income from subsidiaries, other expenses capital in nature and deferred tax expense.

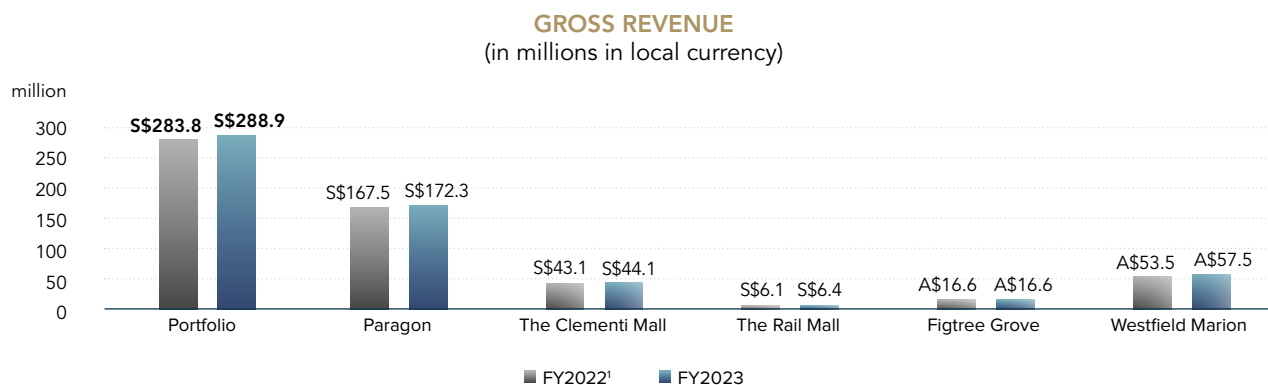
The rollover adjustment pertains to the tax deductibility of interest expenses in FY2022 (1 September 2021 to 31 December 2022) relating to the perpetual securities. The Manager has also assessed the deductibility of such interest expenses for FY2020 and FY2021. As at the balance sheet date, the Manager does not expect the tax impact (if any) for such years to be material and accordingly, no provision has been made.

# FINANCIAL REVIEW

## FY2023 VS 12M PERIOD ENDED 31 DECEMBER 2022 (FY2022)

### GROSS REVENUE

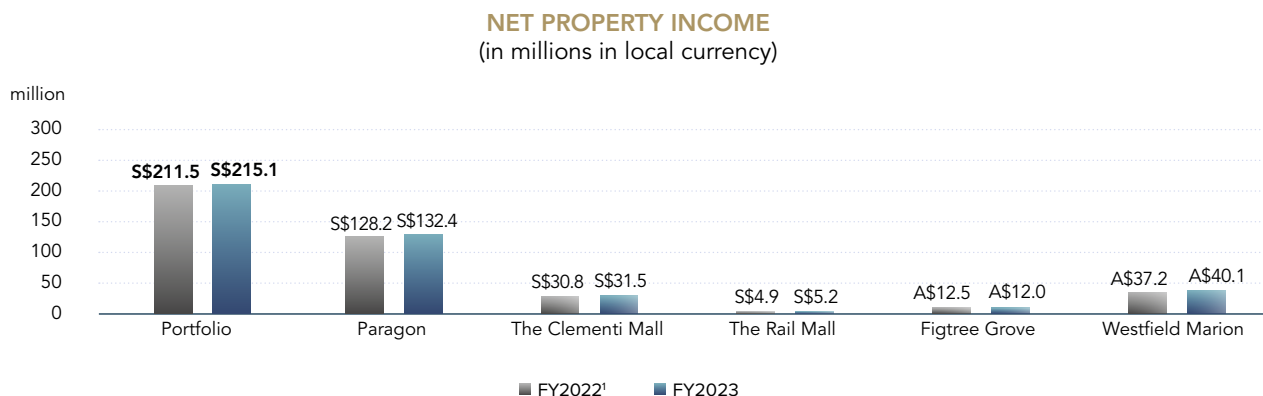
FY2023 gross revenue increased by S\$5.1 million (1.8%) to S\$288.9 million, the increase is attributable to the stronger performance of the Singapore Properties.



### NET PROPERTY INCOME

FY2023 net property income ("NPI") increased by S\$3.6 million (1.7%) to S\$215.1 million.

NPI margin for FY2023 is 74.4% (FY2022: 74.5%).



Note:

- The financial year ended 31 December 2022 comprised a period of 16 months. For the purpose of like-for-like comparison, the corresponding 12-month period ended 31 December 2022 ("FY2022") has been presented.



### DISTRIBUTABLE INCOME TO UNITHOLDERS

Finance costs increased to S\$54.6m for FY2023 due to the increase in the average cost of debt. The average cost of debt for the Group was 4.3% p.a (16M FY2022: 2.05% p.a).

Total return of S\$146.8 million for FY2023 includes the fair value gain on investment properties of S\$10.4 million. Investment properties recorded a fair value gain of S\$54.7 million for Singapore and this was offset by

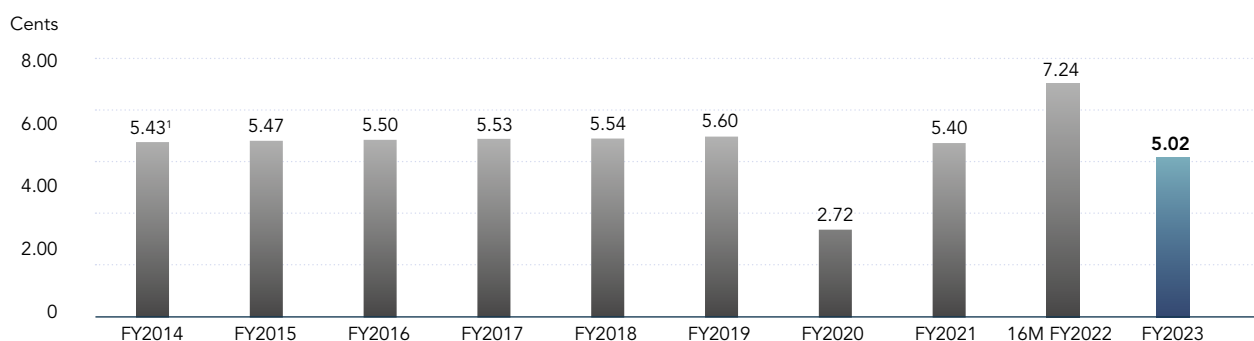
a S\$44.3 million loss mainly due to capitalisation rate expansion in Australia and depreciation of the Australian Dollar against the Singapore Dollar. The fair value gain/loss has no impact on the income available for distribution.

Distributable income to unitholders for FY2023 was S\$135.6 million, a decrease of S\$74.6 million (35.5%) compared to 16M FY2022.

### DISTRIBUTION

Financial Period	FY2023 (cents)	Financial period	16M FY2022 (cents)
1H	2.42	1Q	1.24
		2Q	1.44
2H	2.60	3Q	1.45
		4Q	1.39
		4 months ended December 2022	1.72
<b>Total</b>	<b>5.02</b>		<b>7.24</b>

### DPU TREND (in cents)



The aggregate distribution per unit ("DPU") of 5.02 cents for FY2023 was 9.1% lower than 5.52 cents for FY2022<sup>2</sup>. Distribution yield is 5.67%, based on the closing price of S\$0.885 as at 29 December 2023.

#### Notes:

- Does not include the distribution of 0.56 cents from 24 July 2013 (listing date) to 31 August 2013.
- Distribution per unit (DPU) for FY2022 (1 January 2022 to 31 December 2022) of 5.52 cents is the pro-rated 2-months DPU from the 1 December 2021 to 28 February 2022 DPU and the DPU for the periods between 1 March 2022 and 31 December 2022.

# FINANCIAL REVIEW

## VALUATION OF PROPERTIES

As at 31 December 2023, the portfolio was valued at S\$4.1 billion.

The valuations were performed by Jones Lang LaSalle Property Consultants Pte Ltd for investment properties in Singapore and, CBRE Valuation Pty Limited and Jones Lang LaSalle Advisory Services Pty Limited for the properties in Australia.

Net asset per unit as at 31 December 2023 was S\$0.91.

Property	Valuation (S\$ million)			Capitalisation Rate (%)	
	31 Dec 2023	31 Dec 2022	Change	31 Dec 2023	31 Dec 2022
Paragon	2,730.0	2,679.0	1.9%	Retail: 4.50% Medical suite/ office: 3.75%	Retail: 4.50% Medical suite/ office: 3.75%
The Clementi Mall	609.0	597.5	1.9%	4.50%	4.50%
The Rail Mall	62.0	62.2	(0.3%)	6.00%	6.00%
Westfield Marion	552.2 A\$612.5	589.1 A\$645.0	(6.3%) (5.0%)	6.00%	5.50%
Figtree Grove	168.6 A\$187.0	184.5 A\$202.0	(8.6%) (7.4%)	6.50%	6.00%
<b>PARAGON REIT Portfolio</b>	<b>4,121.8</b>	<b>4,112.3</b>	<b>0.2%</b>		

## CASH FLOWS AND LIQUIDITY

As at 31 December 2023, PARAGON REIT's cash and cash equivalents amounted to S\$134.5 million.

Net cash generated from operating activities for financial period ended 31 December 2023 was S\$192.2 million. Net cash used in investing activities was S\$2.9 million, mainly for the asset enhancement projects and upgrading of equipment. Net cash used in financing activities was S\$180.8 million, mainly for distribution to unitholders and interest settlements.





## CAPITAL MANAGEMENT

PARAGON REIT and its subsidiaries (the "Group") have term loans amounted to S\$1.3 billion. The term loans are secured by the following:

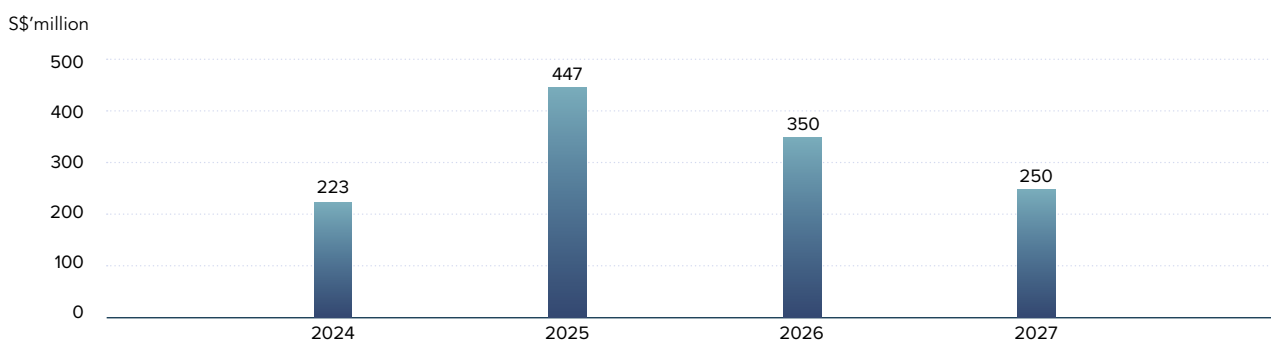
- Sustainability-linked term loan of S\$995 million secured by way of a first legal mortgage on Paragon, first legal charge over the tenancy account and sales proceeds account for Paragon, and an assignment of certain insurances taken in relation to Paragon;

- 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 2.1 years and gearing remained low at 29.6%.

## DEBT MATURITY PROFILE

S\$1.3 billion as at 31 December 2023



Key Indicators as at	31 Dec 2023	31 Dec 2022
Gearing ratio	29.6%	29.8%
Interest coverage ratio	3.5 times	6.8 times
Adjusted interest coverage ratio (includes perpetual securities)	2.9 times	4.7 times
Weighted average term to maturity	2.1 years	2.8 years
Percentage of fixed loan	85%	84%
Annualised average all-in interest rate	4.3%	2.1%
Derivative financial instrument <sup>1</sup> as % of NAV	0.0%	0.3%

Note:

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

# UNIT PRICE PERFORMANCE

The FTSE Straits Times Index declined 0.34% while the FTSE Straits Times REIT Index gained 0.27% for the period of 1 January 2023 to 31 December 2023 ("FY2023"). In comparison, PARAGON REIT's unit price declined 1.67% during the same period.

PARAGON REIT's unit price closed at S\$0.885 on 29 December 2023. Total distribution for FY2023 was 5.02 cents, representing a distribution yield of 5.67%.

## KEY STATISTICS

	FY2023	FY2022
Highest closing price (S\$)	0.990	1.000
Lowest closing price (S\$)	0.790	0.790
Year-end closing price (S\$)	0.885	0.900
Total trading volume (million units)	244.9	586.4
Average daily trading volume (million units)	1.0	2.4

## RETURN ON INVESTMENT IN PARAGON REIT

	FY2023 <sup>1</sup> Based on closing price of S\$0.885 as at 29 December 2023	FY2022 <sup>2</sup> Based on closing price of S\$0.900 as at 30 December 2022
(a) Total return	4.00%	-3.97%
(b) Capital appreciation	-1.67%	-10.00%
(c) Annual distribution yield	5.67%	6.03%

1 For FY2023:

- (a) Sum of capital appreciation and distribution yield for FY2023.
- (b) Based on closing price of S\$0.885 as at 29 December 2023 and S\$0.900 as at 30 December 2022.
- (c) Based on distribution of 5.02 cents for the 12 months ended 31 December 2023 over the closing price of S\$0.885 as at 29 December 2023.

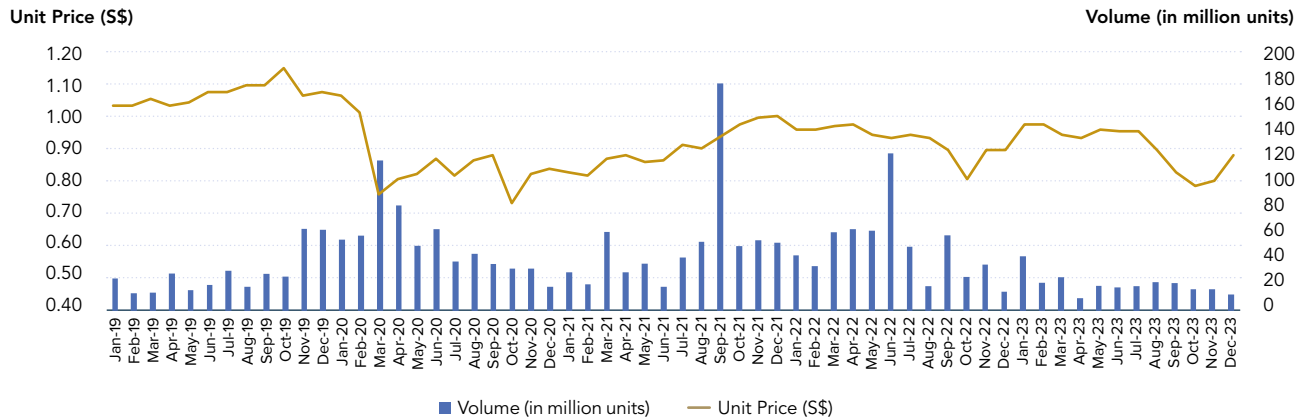
2 For FY2022:

- (a) Sum of capital appreciation and distribution yield for the period of 1 January 2022 to 31 December 2022 ("FY2022").
- (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 7.42 cents for the 16 months ended 31 December 2022 over the closing price of S\$0.900 as at 30 December 2022.



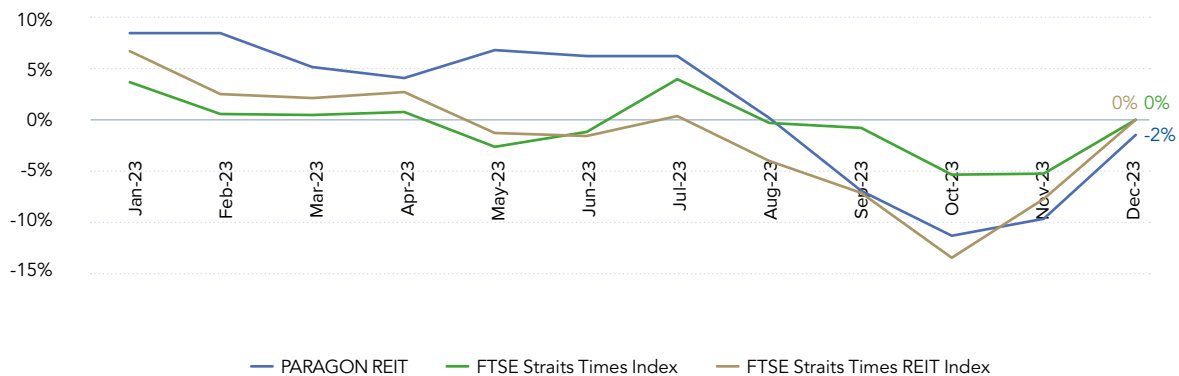
## MONTHLY SHARE PRICE AND VOLUME

1 January 2019 To 31 December 2023



Source: Bloomberg

## MONTHLY COMPARATIVE PRICE TRENDS FOR FY2023



Note: The price change was compared to the month-end closing price in December 2022.

Source: Bloomberg

## COMPARATIVE YIELDS

PARAGON REIT DPU Yield as at 29 December 2023 <sup>1</sup>	5.67%
FTSE Straits Times REIT Index dividend yield <sup>2</sup>	5.1%
FTSE Straits Times Index dividend yield <sup>2</sup>	5.1%
CPF (ordinary) account interest rate	2.5%
10-year Singapore government bond yield <sup>3</sup>	2.7%

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

<sup>1</sup> Distribution yield based on DPU of 5.02 cents for FY2023 and closing price of S\$0.885 as at 29 December 2023.

<sup>2</sup> Based on sum of gross dividends over 12 months for FTSE Straits Times Index and FTSE Straits Times REIT Index as at 29 December 2023.

<sup>3</sup> As at 29 December 2023.

## PORTFOLIO REVIEW



# PARAGON

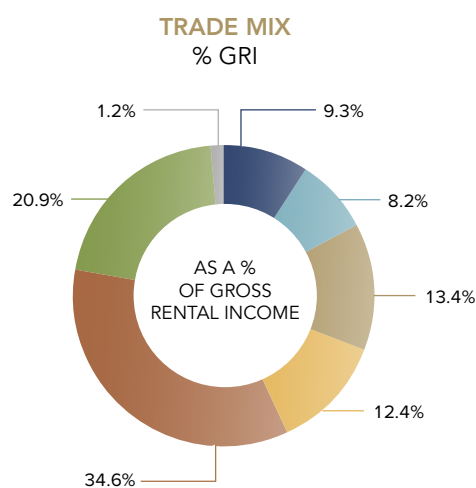
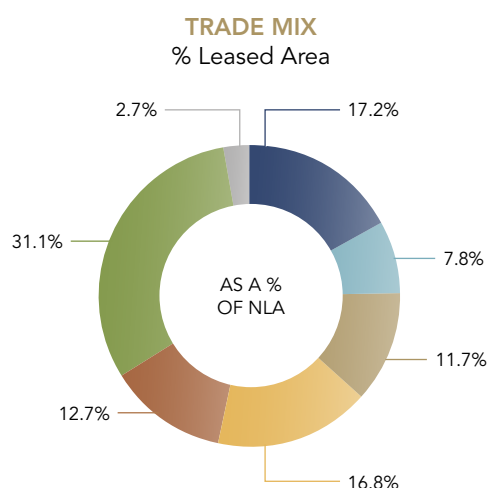
290 ORCHARD ROAD  
SINGAPORE 238859

### 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.



<b>Net Lettable Area</b>	<b>Retail</b> 495,156 sq ft <b>Medical suites/offices</b> 223,098 sq ft <b>Total</b> 718,254 sq ft
<b>Number of Tenants</b>	295
<b>Car Park Lots</b>	416
<b>Title</b>	99 years commencing 24 July 2013
<b>Gross Revenue</b>	S\$172.3 million (1 Jan 23 – 31 Dec 23)
<b>Net Property Income</b>	S\$132.4 million (1 Jan 23 – 31 Dec 23)
<b>Market Valuation</b>	S\$2,730.0 million as at 31 December 2023
<b>Purchase Price</b>	S\$2,500.0 million
<b>Committed Occupancy</b>	100.0% as at 31 December 2023
<b>Key Tenants</b>	<p><b>PARAGON RETAIL</b>  Balenciaga, Gucci, Prada, Tod's, Saint Laurent  Burberry, Brunello Cucinelli, Ferragamo, Givenchy, Zegna  Crystal Jade Golden Palace, Imperial Treasure Super Peking Duck  Adeva Spa, Fitness First  Marks &amp; Spencer, Metro, MUJI, Toys R Us, CS Fresh Gold</p> <p><b>PARAGON MEDICAL</b>  Fullerton Health, Japan Green Clinic, Parkway Pantai, Precious Surgery Centre,  Singapore Medical Group, Thomson Medical</p>



- Departmental Stores & Supermarket
- Fashion, Handbags, Shoes, Accessories & Optical
- Food & Beverage
- Lifestyle
- Luxury Brands, Jewellery & Watches
- Medical Suite / Office
- Non-Retail Services

## 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 495,156 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 Balenciaga, Gucci, Prada, Tod's, Saint Laurent. 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.







# THE CLEMENTI MALL

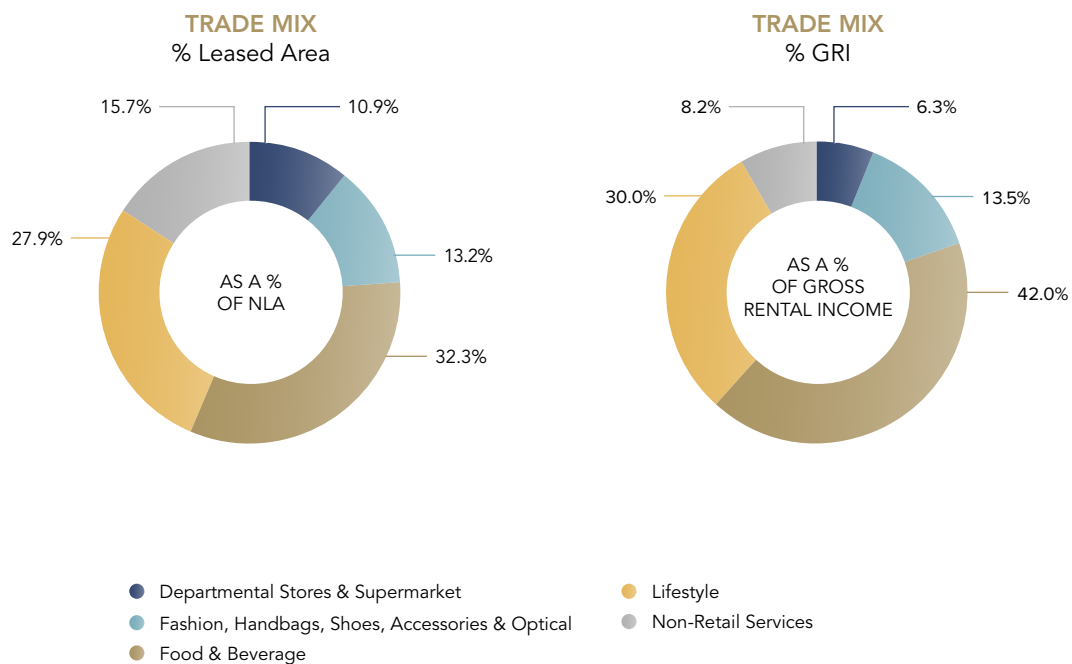
3155 COMMONWEALTH AVENUE WEST  
SINGAPORE 129588

### 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 3rd floor via a link bridge.



<b>Net Lettable Area</b>	195,772 sq ft
<b>Number of Tenants</b>	156
<b>Car Park Lots</b>	166
<b>Title</b>	99 years commencing 31 August 2010
<b>Gross Revenue</b>	S\$44.1 million (1 Jan 23 – 31 Dec 23)
<b>Net Property Income</b>	S\$31.5 million (1 Jan 23 – 31 Dec 23)
<b>Market Valuation</b>	S\$609.0 million as at 31 December 2023
<b>Purchase Price</b>	S\$553.0 million
<b>Committed Occupancy</b>	100.0% as at 31 December 2023
<b>Key Tenants</b>	Best Denki, Popular, Uniqlo Clementi Public Library Fairprice Finest Boleh Boleh, Crystal Jade Kitchen, McDonald's, Soup Restaurant, Swensen's



## 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 also 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 195,772 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.







# THE RAIL MALL

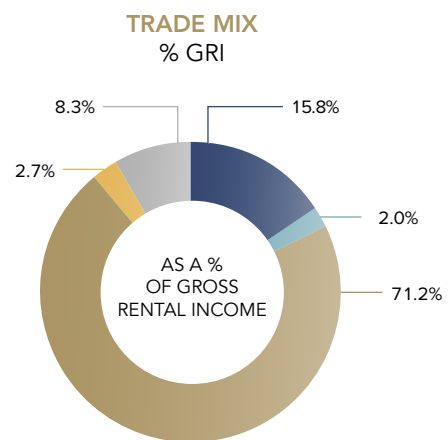
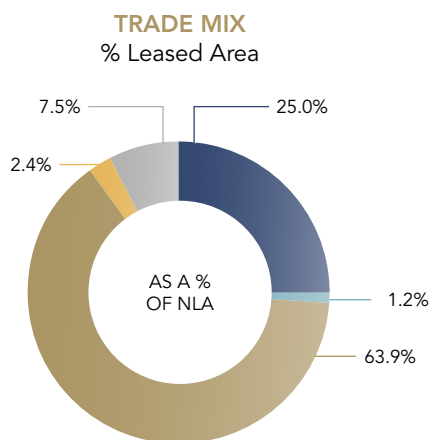
380 UPPER BUKIT TIMAH ROAD  
SINGAPORE 678040

### PROPERTY INFORMATION

A single-storey retail strip mall with a 360-metre prominent road frontage to Upper Bukit Timah Road and 43 shop units, accessible via a network of public buses and MRT services through the Downtown Line, as well as major expressways Bukit Timah Expressway and Pan Island Expressway.



<b>Net Lettable Area</b>	49,886 sq ft
<b>Number of Tenants</b>	28
<b>Car Park Lots</b>	89
<b>Title</b>	99 year(s) commencing 18 March 1947
<b>Gross Revenue</b>	S\$6.4 million (1 Jan 23 – 31 Dec 23)
<b>Net Property Income</b>	S\$5.2 million (1 Jan 23 – 31 Dec 23)
<b>Market Valuation</b>	S\$62.0 million as at 31 December 2023
<b>Purchase Price</b>	S\$63.2 million
<b>Committed Occupancy</b>	95.5% as at 31 December 2023
<b>Key Tenants</b>	Cold Storage



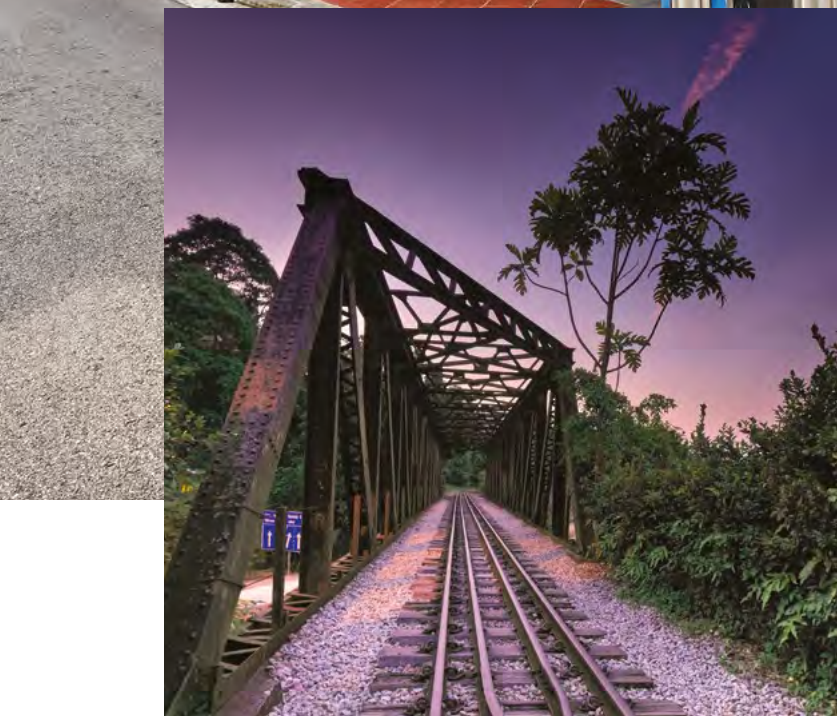
- Departmental Stores & Supermarket
- Fashion, Handbags, Shoes, Accessories & Optical
- Food & Beverage
- Lifestyle
- Non-Retail Services

## PORTFOLIO REVIEW



**THE RAIL MALL** is an F&B-dining destination consisting of a retail strip with a 360-metre prominent road frontage to Upper Bukit Timah Road, an affluent residential neighbourhood. 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 49,886 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 chain 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

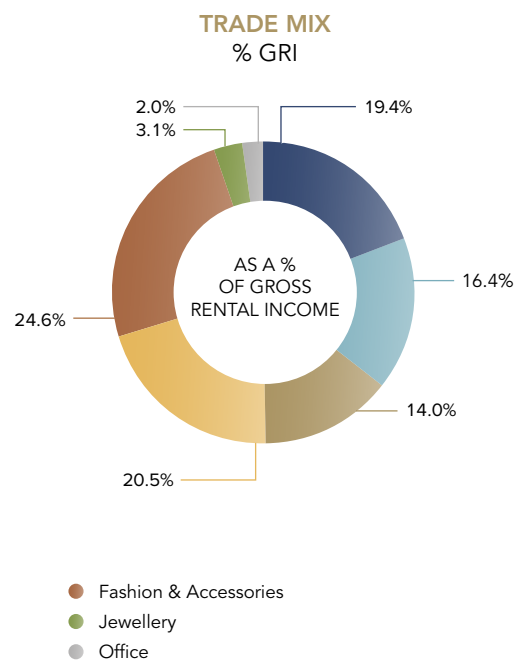
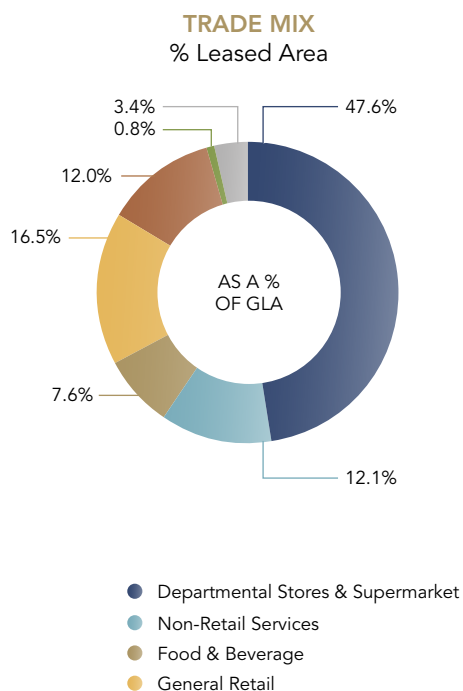
297 DIAGONAL ROAD  
OAKLANDS PARK SA 5046, AUSTRALIA

### 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").



<b>Gross Lettable Area</b>	1,484,562 sq ft
<b>Number of Tenants</b>	319
<b>Car Park Lots</b>	5,549
<b>Title</b>	Freehold
<b>Gross Revenue</b>	A\$57.5 million <sup>1</sup> (1 Jan 23 – 31 Dec 23)
<b>Net Property Income</b>	A\$40.1 million <sup>1</sup> (1 Jan 23 – 31 Dec 23)
<b>Market Valuation</b>	A\$612.5 million as at 31 December 2023 <sup>1</sup>
<b>Purchase Price</b>	A\$670.0 million <sup>1</sup>
<b>Committed Occupancy</b>	97.0% as at 31 December 2023
<b>Key Tenants</b>	David Jones, Harris Scarfe, Myer Aldi, Coles, Woolworths Big W, Kmart, Target Bunnings Warehouse Event Cinemas



<sup>1</sup> 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 situated 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 property sits on a freehold land parcel of approximately 2.5 million sq ft, with 1,484,562 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 fashion, fresh food, supermarkets, entertainment and dining. The shopping centre also features a wide variety of high-quality tenants, including leading national retailers such as David Jones, Myer, Harris Scarfe, Target, Kmart, Big W, Bunnings Warehouse, Coles, Woolworths, Aldi, and Events Cinema.







## FIGTREE GROVE SHOPPING CENTRE

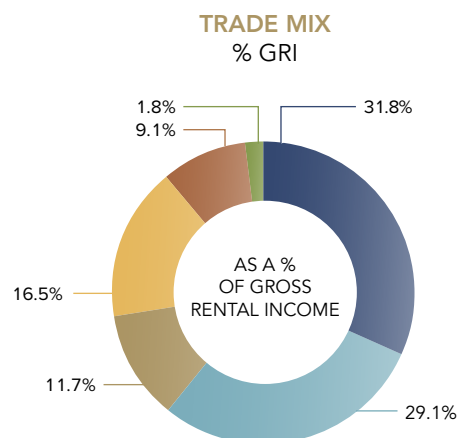
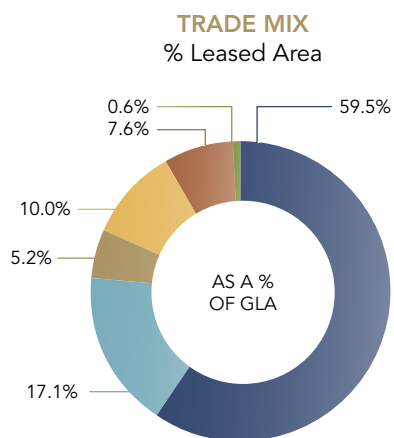
19 & 23 PRINCES HIGHWAY FIGTREE  
NSW 2525 AUSTRALIA

### 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.



<b>Gross Lettable Area</b>	236,823 sq ft
<b>Number of Tenants</b>	89
<b>Car Park Lots</b>	940
<b>Title</b>	Freehold
<b>Gross Revenue</b>	A\$16.6 million <sup>1</sup> (1 Jan 23 – 31 Dec 23)
<b>Net Property Income</b>	A\$12.0 million <sup>1</sup> (1 Jan 23 – 31 Dec 23)
<b>Market Valuation</b>	A\$187.0 million as at 31 December 2023 <sup>1</sup>
<b>Purchase Price</b>	A\$206.0 million <sup>1</sup>
<b>Committed Occupancy</b>	97.9% as at 31 December 2023
<b>Key Tenants</b>	Coles, Woolworths, Kmart



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

- General Retail
- Fashion & Accessories
- Jewellery

<sup>1</sup> Represents 100% stake; PARAGON REIT's ownership stake is 85%.



**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 547,883 sq ft and has a total GLA of 236,823 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.

# MARKET OVERVIEW

## 1. MACROECONOMIC OVERVIEW

### 1.1. GLOBAL ECONOMIC SITUATION

#### **The global economy continues to navigate major headwinds**

The global economy continues to be weighed by a slowdown in major economies and geopolitical tensions including the ongoing Russia-Ukraine and Israel-Hamas conflicts.

Inflationary pressures eased in 2023 due to high interest rates which is expected to remain high in the near term. While inflation may support net property income growth, this may slow as inflation eases.

Uncertain macroeconomic conditions, increased financing and higher capital costs have contributed to less attractive yield spreads for investors, with trading volume remaining subdued compared to pre-pandemic levels.

### 1.2. SINGAPORE ECONOMIC OVERVIEW

#### **Singapore's economic growth moderated and inflation eased in 2023**

Singapore's economy grew by 1.1% year-on-year ("y-o-y") in 2023, moderating from the 3.8% growth in 2022, mainly supported by the collective growth in the services and construction sectors.

The Consumer Price Index increased by 4.8% y-o-y in 2023, down from 6.1% in 2022. Moderating supply chain frictions, global energy and commodity price pressures, together with easing inflation in major trading partners have cooled overall inflationary pressures.

Singapore's population grew by 5.0% y-o-y to 5.9 million in 2023. The median annual household income (including CPF contributions) in nominal terms grew by 7.6% to S\$130,428 in 2023. The overall unemployment rate stood at 1.9%, 0.2 percentage point ("pp") lower y-o-y.<sup>1</sup>

In 2023, total retail sales (excluding motor vehicles) recorded near S\$42.8 billion, up by 2.1% y-o-y. The Retail Sales Index (excluding motor vehicles) rose by 0.6% y-o-y while the Food & Beverage ("F&B") Index rose by 2.5% y-o-y.<sup>2</sup>

### 1.3. TOURISM

#### **Singapore's tourism market recovered strongly with the steady return of Chinese tourists**

Singapore's international visitor arrivals recorded 13.6 million in 2023, about 71.2% of that in 2019 and within the Singapore Tourism Board ("STB")'s forecast of 12.0 to 14.0 million visitor arrivals. Demand was led by top source markets of Indonesia, China, and Malaysia, which made up 16.9%, 10.0%, and 8.0% of the total visitor arrivals respectively. Total tourism receipts are expected to reach S\$24.5 to S\$26.0 billion in 2023, about 88.5% to 93.9% of 2019's tourism receipts and above STB's forecast of S\$18.0 to S\$21.0 billion for 2023.<sup>3</sup>

Post-COVID-19, visitors are staying in Singapore for longer on average, increasing from 3.4 days in 2019 to 3.8 days in 2023. Indonesia overtook China as the top source market of visitor arrivals for the first time since 2020. Chinese visitor arrivals have been steadily recovering since the reopening of China in early 2023, recording near 1.4 million visitors in 2023 which is 37.6% of that in 2019 and 1042.2% of that in 2022.

STB has unveiled its "Made in Singapore" global campaign in September 2023 to inspire travels to Singapore by rolling out experiences that are quintessentially Singapore, new, and innovative for travellers. STB has also stepped up its efforts in positioning Singapore as the leading entertainment destination in Asia, working with event organisers to develop a strong and exclusive pipeline of live entertainment acts which has garnered immense interest from visitors in the region. This will in turn stimulate tourist spending and boost Singapore's hospitality and F&B sectors.

Aligned with STB's expectation for tourism to recover to pre-pandemic levels by 2024, retail footfall and sales are expected to benefit strongly, particularly in tourist-centric submarkets such as Orchard where Paragon is located at.

## 2. SINGAPORE RETAIL MARKET

### 2.1. RETAIL MARKET OVERVIEW

#### **Retail Supply**

##### **Limited upcoming retail supply against historical levels**

Singapore's total island-wide retail stock stood at 67.5 million square feet ("sf") as at 4Q 2023, about 74.3% of it is private retail stock. Private retail stock in Orchard makes up about 14.4% of the island-wide private retail stock at 7.2 million sf. Approximately 42.1 million sf of the retail space in Singapore is owned by developers and REITs.

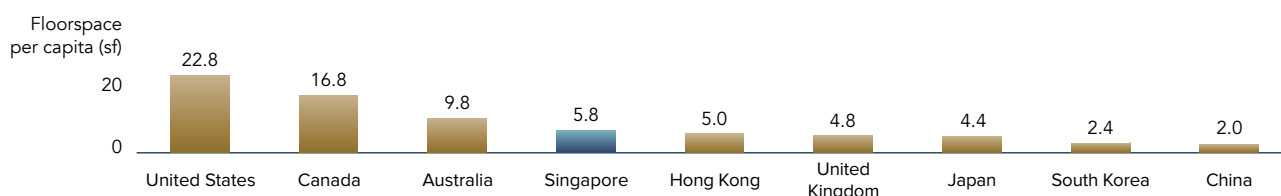
<sup>1</sup> Based on preliminary estimates from the Ministry of Manpower.

<sup>2</sup> Annual indexes calculated based on the average of monthly indexes in chained volume terms.

<sup>3</sup> Based on preliminary estimates from the Singapore Tourism Board.



## SHOPPING MALL FLOORSPACE PER CAPITA OF DEVELOPED COUNTRIES (2023)

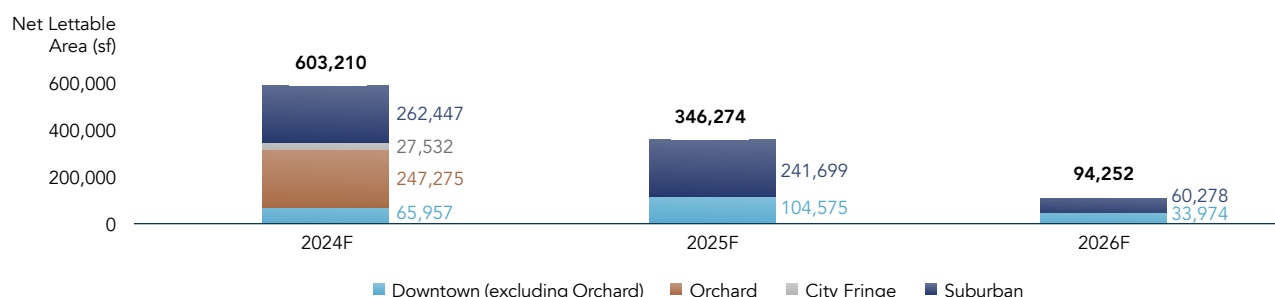


Source: Colliers

Approximately 1.0 million sf of retail space is anticipated to be delivered island-wide from 2024 to 2026, averaging near 348,000 sf per year of upcoming new supply, which is lower than the five-year average of about 489,000 sf per year from 2019 to 2023.

Upcoming retail supply include the asset enhancements of Grand Hyatt Hotel and The Cathay in Orchard, retail space in Pasir Ris Mall and Punggol Digital District in the Suburban submarket. The upcoming supply are not expected to directly compete with PARAGON REIT's portfolio.

## FUTURE RETAIL SUPPLY (2024 TO 2026)



Source: URA, Colliers

### Retail Demand and Occupancy

#### Orchard retail demand outstripped net new supply in 2023

Demand for retail space outstripped the net new supply available in the Orchard submarket by about 67,700 sf, while that fell short in the Suburban submarket by 53,000 sf, in 2023. The five-year average demand for Orchard was about -69,000 sf and for Suburban was 233,700 sf, versus the net new supply of about -12,900 sf for Orchard and 38,800 sf for Suburban.

Island-wide retail occupancy increased by 0.6 pp y-o-y to 93.5% as at 4Q 2023; Orchard retail occupancy rate improved by 0.8 pp y-o-y to 91.0% while Suburban retail occupancy rate observed a slight dip of 0.2 pp y-o-y to 95.8%.

### Retail Rents

#### Island-wide retail rents increased in 2023

Island-wide average retail rents not limited to those in malls increased by 21.3% y-o-y to S\$15.00 per square foot per month ("psf pm") as at 4Q 2023, the highest since 4Q 2013. Orchard prime retail rents increased by 4.7% y-o-y to S\$39.51 psf pm, while Suburban prime retail rents in regional centres increased by 7.0% y-o-y to S\$33.06 psf pm.<sup>4</sup> Retail rents are expected to continue to pick up for both the Orchard and Suburban submarkets on the back of steady recovery in tourists arrivals and resilience of a strong catchment population respectively, which would bode well for PARAGON REIT's portfolio.

<sup>4</sup> Source: Colliers. Orchard and Suburban prime retail rents refer to average retail rent of units with high footfall or main street frontage in a selected basket of prime retail malls tracked by Colliers in the Orchard and Suburban (Regional Centres) submarkets respectively. Regional centres refer to suburban malls in key regional centres such as the North (Woodlands), East (Tampines) and West (Jurong East).

# MARKET OVERVIEW

## 2.2. ASSETS CATCHMENT ANALYSIS

### Paragon

Paragon is expected to benefit from the strong recovery of tourism

Paragon is located in the Orchard retail submarket which has about 41 retail developments. Paragon serves approximately 1,200 residents in the Orchard Planning Area (primary catchment) and near another 21,300 residents in the Newton and River Valley Planning Areas (secondary catchment). Footfall to Paragon is also supported by tourists in the Orchard retail submarket, which has shown robust recovery in 2023.

### The Clementi Mall

The Clementi Mall is supported by an increasing residential population catchment

The Clementi Mall serves approximately 98,000 residents in the Clementi Planning Area (primary catchment) and another 182,000 residents in the Bukit Timah and Queenstown Planning Areas (secondary catchment). There are approximately 1,300 new residential units in the pipeline as at 4Q 2023, translating to an expected increase in residential population by about 4,000 over the next three years in the primary catchment. The student population is estimated at near 100,000 in the primary catchment.

### The Rail Mall

Accessibility enhancement near the Rail Corridor to benefit footfall to The Rail Mall

The Rail Mall serves near 308,000 residents in the Bukit Batok and Bukit Panjang Planning Areas, 18.6% of the catchment lives in private residential properties. There are approximately 1,205 new residential units in the pipeline as at 4Q 2023, translating to an expected increase in residential population by about 3,600 over the next three years. The student population is estimated at near 35,000 in the catchment.

Asset enhancement of the walking trail between Kranji and Hillview MRT stations in the Rail Corridor was completed and opened to visitors in February 2023.<sup>5</sup> The existing pedestrian overhead bridge on Upper Bukit Timah Road has been extended with a connector that links the Hillview node of the Rail Corridor to The Rail Mall, the increased convenience and direct accessibility will benefit footfall to The Rail Mall.

## 2.3. INVESTMENT MARKET FOR RETAIL ASSETS

S\$6.3 billion worth of retail assets transacted in 2023

The total value of retail asset transaction recorded near S\$6.3 billion in 2023. Key transactions include the divestment of Jurong Point for near S\$2.0 billion and the en-bloc sale of Far East Shopping Centre (office and retail) for S\$908 million. As at 4Q 2023, average prime retail capital values for Orchard and Suburban increased by 1.7% y-o-y to S\$3,563 psf and S\$2,857 psf respectively.<sup>6</sup> Prime retail rental yields rose slightly by 0.2 pp and 0.1 pp y-o-y to 4.5% and 4.9% in the Orchard and Suburban submarkets respectively.<sup>7</sup>

## 2.4. RETAIL TRENDS AND MARKET OUTLOOK

Online retail sales accounted for 14.4% of total retail sales in 2023. Economic recovery, tourism, entertainment events, and a resilient domestic consumer market to strengthen Singapore's retail sector growth

Retail malls have evolved to incorporate more experiential retail elements, technology platforms and digital uses, as well as activity-based and F&B offerings to generate physical visits.

The increased adoption of work-from-home will continue to benefit footfall and retail sales of malls located near residential estates as more people choose to dine, shop, or opt for food deliveries near their homes.

Existing inflationary pressures, manpower shortages and the 1 January 2024 Goods and Services Tax rate hike are expected to provide challenges to the retail sector. However, modest economic growth and high household disposable incomes are expected to provide some support.

The continued recovery in tourism, especially with the increasing return of Chinese tourists, and the strong pipeline of live entertainment acts and events are expected to support footfall, demand for retail space and improve occupancy levels, particularly in the tourist-centric Orchard submarket where Paragon is located. Suburban malls including The Clementi Mall and The Rail Mall are expected to continue to be supported by strong domestic catchment population.

Coupled with the limited upcoming supply, retail rents are expected to continue its upward trajectory.

<sup>5</sup> The asset enhancements include the construction of new pedestrian bridges, safer walking trail completed with grass-and-gravel finish, and access paths to connect the Rail Corridor to residential estates, neighbourhoods, and park connector.

<sup>6</sup> Source: Colliers. Average prime retail capital values are based on S\$ psf net lettable area and have taken into account the remaining lease tenures of retail assets.

<sup>7</sup> Source: Colliers.



### 3. SINGAPORE MEDICAL SUITE MARKET

#### 3.1. INDUSTRY TRENDS

Singapore's healthcare market shifting towards digitalisation and preventive healthcare

Singapore is recognised as one of the top established medical tourism markets in the region, with an estimated market value of S\$25.8 billion and hosting about 500,000 medical tourists annually prior to the COVID-19 pandemic.

Following the reopening of borders in February 2023, medical tourist arrivals to Singapore have generally recovered, albeit reportedly at lower than pre-pandemic levels.

The COVID-19 pandemic has also accelerated the demand for digitalised healthcare services including tele-consultations and tele-medicine. Healthcare providers are increasingly working with solution providers to innovate healthcare services, such as the utilisation of vending machines for medication prescriptions.

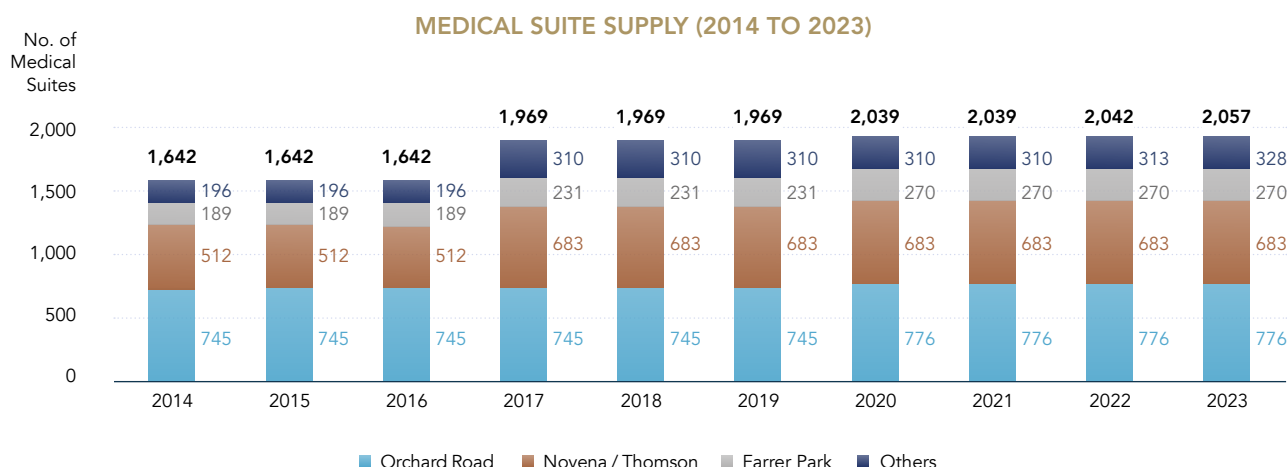
Singapore's government is shifting its focus towards preventive healthcare, including rolling out of its new preventive care strategy "Healthier SG" and STB's focus on wellness as a key tourism offering in the next five to ten years.

These government initiatives are expected to boost Singapore's healthcare industry as more will be encouraged and prompted to seek regular medical services for positive health outcomes.

#### 3.2. SUPPLY

No new medical suite supply

As at 4Q 2023, Singapore's total island-wide medical suite stock stood at 2,057 units. 37.7% of the stock is located in Orchard, followed by 33.2% in Novena/Thomson, and 13.1% in Farrer Park. There is no known new supply of medical suites in the pipeline over the next few years.



Source: Colliers

# MARKET OVERVIEW

## 3.3. DEMAND AND RENTS

Medical suites demand remains resilient, rents increased in 2023

Medical suites remain a resilient asset class in Singapore, backed by robust demand from both domestic and foreign patients and overall no known new supply in the market.

As at 4Q 2023, the asking monthly gross rents for medical suites island-wide have increased on the back of return of medical tourists and overall tight supply.

Asking monthly gross rents in Orchard, Novena/Thomson, and Farrer Park were approximately S\$15.61 psf pm, S\$12.22 psf pm, and S\$7.25 psf pm respectively. The Orchard submarket commands the highest rents due to its prime location close to a top private hospital, and a wide range of retail and hospitality offerings in its vicinity. Rents in Novena/Thomson and Farrer Park have picked up pace over the past few years, driven by the new medical suites.

## 3.4. MARKET OUTLOOK

Singapore will remain as a key market for high-end, quality medical services

Singapore's shift in demographics towards an ageing population and the projected rise in income levels in Singapore and the region, are expected to generate good demand for high-quality medical services in Singapore.

Singapore faces growing competition from the region, especially from Malaysia and Thailand, due to the cost-competitiveness and increasing standards of medical services provided in regional competing hubs. Despite so, Singapore is expected to remain as the key destination for medical tourism in Asia, particularly for high-end medical services with complex procedures.

Prime medical suite assets including Paragon are expected to continue to benefit from the demand from high-end medical tourist visitors. Coupled with tight supply in the market, rents for medical suites are expected to continue to grow in the coming year at a rate of 1.5% y-o-y.<sup>8</sup>

## 4. AUSTRALIA MARKET OVERVIEW

### 4.1. ECONOMIC OVERVIEW

Inflation moderating, but aggressive monetary policy creating headwinds

Australia's economy grew by near 0.2% in 3Q 2023, a marginal decrease of 0.2 pp from 2Q 2023 and mainly supported by exports and public investment, while household spending remained subdued.

CPI slowed to 4.1% y-o-y in 2023, continuing the downward trajectory since its peak of 7.8% in 4Q 2022. Inflation for goods continued to decline while that for services remained high.

Australia's population grew by 2.4% to 26.6 million as of June 2023. The median annual household income in nominal terms grew by 3.8% to A\$72,810 as of May 2023. As of 4Q 2023, the overall unemployment rate stood at near 3.8%. The total national retail sales recorded near A\$425 billion in 2023, up by 3.3% y-o-y as a rising population base and low levels of unemployment has supported resiliency in Australian retail spending.

The Reserve Bank of Australia has undertaken an aggressive approach to taming inflation, raising the cash rate +425 basis points to 4.35% since May 2022 to curb inflationary pressures.

Australia has a high predominance of variable-rate home loan mortgages, and therefore rising interest rates are a more powerful tool in the context of monetary policy to control disposable incomes. The household savings rate has dropped to 1.1% in December 2023, down from a high of 23.6% in December 2020.

### 4.2. EMERGING RETAIL TRENDS

Experiential and essential retail drive discretionary spend in malls

Retail spending throughout the economy has remained strong in the wake of the restrictions imposed during the pandemic, with pent up demand driving above average retail spending. Retail spending volumes are currently circa 29% above the pre-pandemic trendline, with consumers demanding physical retail experiences. This has seen landlords dedicate up to 40% of Gross Lettable Area ("GLA") towards an experience-based retail offering throughout iconic retail assets. It is expected that in the face of cost of living pressures experienced throughout the economy that consumer spending will moderate to more sustainable levels throughout 2024.

Online retail sales in Australia represents 10.6% of the total national retail turnover as of December 2023. This is comparatively below other advanced economies such as the United Kingdom (25.0%), United States (15.4%) and China (27.2%).

Online as a proportion of total retail sales in Australia reached a peak of 15.3% in September 2021, during a period of widespread lockdowns throughout the country. Online retailing has failed to re-emerge to those levels as online fatigue remains at the forefront

8 Source: Colliers.



for consumers. In contrast to other overseas markets, the online experience continues to be hamstrung by inefficiencies in the supply chain; with slow speed of delivery to consumers as compared to markets such as the United States and United Kingdom where same day delivery is more commonplace. Given the tight nature of the Australian industrial and logistics market, the ability of e-commerce platforms to improve delivery capabilities in the short-term face significant headwinds, especially when considering the vast geographic distances between Australia's major cities.

Nonetheless Australian retail fundamentally differs from overseas retail markets in that supermarkets tend to anchor centres, with up to 15% of GLA dedicated to fresh food offerings. This leads to increased visitation frequency and utilises non-discretionary retail to drive the discretionary spending within shopping centres.

#### 4.3. ASSETS CATCHMENT ANALYSIS

##### Westfield Marion

The catchment area of Westfield Marion boasts an income level surpassing the state average

Westfield Marion ("WM") has a total trade area population within 3km trade population of 61,754 people, and 5km trade population of 121,756 people as of 2023. There is a population growth of 2.7% expected within 5km of the centre by 2031. The Marion Local Government Area ("LGA") currently has 94,721 residents and is expected to grow by 9.6% over the next 10 years.

The median annual household income within the 5km trade catchment is A\$96,608 per annum, which is 3.9% above the South Australian ("SA") state average of A\$92,941. The 5km catchment has an annual retail spend per capita of A\$16,005 per person, which is 2.8% above the SA average of A\$15,565 per person. This is driven by a higher annual spend for apparel and leisure retail goods which sit 7.3% and 3.4% higher than the SA state average respectively.

The region has three public hospitals providing 687 beds, with nearby Noarlunga Hospital expected to increase capacity from 48 beds to 140 beds.

Flinders University is the closest university to WM and is the third largest university for enrolments in the state.

Alternative shopping destinations to WM are Westfield Tea Tree Plaza, Westfield West Lakes and Colonnades. Burnside Village and the Adelaide Central Business District (Rundle Mall precinct) are also alternative shopping destinations, particularly for fashion. By 2025,

Burnside Village is scheduled to add an additional 222,662 sf of floorspace, including an enhanced luxury and dining offering. This is expected to bring about increased competition for WM's fashion trade category. However, the improved fashion offerings at Burnside Village is expected to have a more negative impact on the retail offerings in the CBD, as compared to WM.

##### Figtree Grove Shopping Centre

Figtree Grove Shopping Centre is well positioned to capture above average retail spending within the catchment

Figtree Grove Shopping Centre ("FTG") has a total trade area population within 3km trade population of 43,461 people, and 5km trade population of 85,168 people as of 2023. Anticipated population growth of 5.1% within a 5km radius of the centre by 2031 directly contributes to the expansion of the primary consumer base for the centre. The broader Wollongong LGA currently has 214,564 residents and is expected to grow by 11.6% over the next 10 years.

The median annual household income within the 5km trade catchment is A\$103,511 per annum, which is 5.7% below the New South Wales ("NSW") state average of A\$109,794. The 5km catchment has an annual retail spend per capita of A\$15,383 per person, which is 1.8% above the NSW average of A\$15,115 per person. This is driven by a higher annual spend per person for non-discretionary items such as food and groceries, which accounts for 39.4% of all retail spending per person.

The region has six hospitals providing 910 beds and features the Wollongong University which is the sixth largest university for enrolments in the state.

The key competition for FTG include Wollongong Central and Warrawong Plaza. Nonetheless, considering the nature of FTG as a convenience-based centre, competition is restricted to the allure of supermarkets and proximity to customers' travel routes. FTG stands out by providing convenient on-grade parking and hosting the sole Kmart store in the Wollongong area.

Both WM and FTG are largely dependent on their local catchments, less reliant on the tourism market and are therefore largely unimpacted by tourism.

# MARKET OVERVIEW

## 4.4. RETAIL MARKET OVERVIEW<sup>9</sup>

### Retail Supply

Australian retail is trending towards undersupply in the face of robust population growth and a diminished supply pipeline

Australia's new retail supply remains well below historical levels, which is currently 59.8% below 2019 levels. Many projects have been deferred or pushed out due to rising construction costs, with shopping centre construction costs increasing from 2019 to 2023 by 26.6% in Adelaide and 17.3% in Sydney.

The Australian retail market historically has had a low level supply of retail floorspace per capita with 9.8 sf per capita, which is well below that of the United States of 22.8 sf per capita.

Adelaide currently has the lowest level of regional shopping centre floorspace per capita of any of Australia's capital cities at 1.9 sf per capita. With population growth and limited new supply, existing retail assets are expected to benefit from increased sales density (sales psf) which will support rental growth in line with more sustainable occupancy costs.

The Wollongong retail market has seen limited new supply to market, with the shopping centre market seeing limited new opportunities for shopping centre development. New supply to market has been limited to mixed use schemes that involve limited retail offerings.

### Demand, Vacancy and Net Absorption

Australian occupancy levels continue to show resilience, maintaining strong levels

Retail in Australia continues to maintain high occupancy levels, which stood at 98.6% as of June 2023. Demand for retail space remains strong, especially for prime locations, non-discretionary and services based retail.

The supply of new retail space in both the Wollongong and Adelaide markets continues to be limited. Wollongong is projected to witness a modest addition of 87,564 sf of shopping centre space by 2025. Similarly, Adelaide is forecasted to experience an additional 368,760 sf of retail space during the same period.

Retail sales in New South Wales increased by 3.0% y-o-y to near A\$133.5 billion in 2023. In comparison, sales in South Australia have grown by 5.3% y-o-y to near A\$27.5 billion. The national average for retail sales growth during this period stands at 3.3% y-o-y.

### Retail Rents

Retail rents have shown positive momentum through 2023, supported by strong sales growth and footfall. National average gross face rents recorded quarterly growth in 4Q 2023 of 0.2% for regional centres and remained flat for sub-regionals.

Leasing spreads on renewals averaged 3.2% and total leasing spreads grew at 2.3% nationally in the year to 30 June 2023.<sup>10</sup> This is the first time on record that positive spreads have been recorded by all tracked retail REITs through a reporting season; showing the positive leasing momentum that has permeated through the Australian retail market.

Average gross face rents moderated during the pandemic years, as mandatory closures to shopping centres negatively impacted the sector. However, rental growth following this period has been supported by strong retail sales spending.

The average gross face rents for sub-regional centres in Sydney have demonstrated y-o-y growth of 0.8% as of December 2023 to A\$8.19 psf pm, the first growth observed since December 2021.

As of December 2023, regional centres in Adelaide have experienced a y-o-y average gross face rental growth of 1.1% to A\$9.86 psf pm.

Incentives within the retail market have generally maintained stability, attributed to the filling of residual vacancies during the pandemic. Low vacancy rates in both sub-regional and regional centres exert downward pressure on incentives. The average incentives for regional centres in Adelaide and Sydney sub-regional centres are 24% and 25% respectively.

## 4.5. INVESTMENT MARKET FOR RETAIL ASSETS

The macroeconomic environment and the cost of capital has led to a moderation in transaction activity

The prevailing trend of escalating interest rates significantly weighed on transaction volumes in 2023. Throughout 2023 investors adopted a cautious stance opting to wait for more clarity on the macroeconomic outlook before making significant moves. Valuations softened as discount rates increased on the back of higher interest rates. Hurdle rates also increased that necessitated cap rate expansions.

<sup>9</sup> Source (retail supply, floorspace per capita, occupancy, average gross face rents, average incentives, transactions, and yields): Colliers.

<sup>10</sup> Total leasing spreads comprise of the spread for lease renewals and the spread for new leases, based on the renewed first year's gross passing rent against the previous year's gross passing rent; the tenant may not be the same.



Following a record year of investments in 2021, investment activity moderated in 2023. Retail transaction volume recorded near A\$6.3 billion in 2023, a 4.3% decrease y-o-y and remained 21.3% below the 10-year average. Most of the deals transacted were below book value.

Transactions of sub-regional centres remained buoyant throughout 2023, with a total of 10 centres transacted for a total value of A\$1.3 billion in 2023. Regional centres transactions were the most active in the Australian retail sector, with a total of 9 centres transacted for a total value of near A\$2.3 billion.

The average retail yields for sub-regional centres in Sydney increased by 0.4 pp y-o-y to 6.8%, while that for regional centres in Adelaide increased by 0.1 pp y-o-y to 6.1%, as of December 2023.

In the face of the macroeconomic pressures of rising inflation and interest rates, the Australian retail sector has proved to be highly resilient and continues to pose an attractive long term defensive investment proposition driven by long leases to high quality tenants.

Whilst inflation has potentially peaked, and more certainty has been formed around the cash rate; market activity is starting to gain traction as we head into 2024. The retail sector continues to show strong fundamentals through the cycle, leaving shopping centres well placed for future years.

#### 4.6. RETAIL MARKET OUTLOOK

*The Australian retail market continues to show strong fundamentals, despite wider economic headwinds*

Australia retail malls maintain their strength through solid asset fundamentals, being anchored by high-performing supermarkets and everyday needs retail, which not only supports discretionary spending but also enhances visitation frequency.

Retail centres in Australia typically benefit from their strategic locations in strong residential catchments, often supported by robust transport and infrastructure networks.

Australia stands out among advanced economies globally with some of the strongest population growth prospects, Australia's population is forecasted to increase by 15.0% in the next eight years to 2032. Cities like Wollongong and Adelaide are expected to experience significant population growth, with eight-year population growth forecasts indicating a growth of 11.6% for Wollongong and 9.6% for Adelaide, respectively.

The retail development pipeline and scarcity of available sites in most major cities will see existing retail assets benefit from increasing catchments.

Prime retail valuations within the Australian market are tracking down by 10.9% from peak values seen in 2018. They however have remained broadly stable throughout 2023 with organic income growth offsetting any value erosion as a result of yield expansion.<sup>11</sup>

From 1 July 2024, the Stage 3 income tax legislation will come into effect, which will see more than 95% of taxpayers paying a marginal tax rate of 30% or less. The proposed Stage 3 tax cuts and the easing of interest rates combined effect, could stimulate consumer spending and contribute positively to the retail landscape.

Throughout 2023, Australian retailers showcased their adaptability, being 'match fit' in competition with e-commerce. There is an ongoing shift back to omni-channel methods of distribution as the industrial market faces constraints in easing delivery methods. This underscores the resilience and agility of the Australian retail sector in navigating challenges and adjusting strategies to meet evolving consumer demands.

The Australian retail market stands to gain from structural tailwinds in the form of existing high occupancy levels, population growth and an anticipated undersupply of retail space. This is expected to enhance existing retail assets through heightened sales density and continued rental growth. The 2024 expected y-o-y rental growth is 0.8% for Sydney sub-regional centres and 1.1% for Adelaide regional centres.<sup>12</sup>

**Colliers**  
**23 February 2024**

<sup>11</sup> Source: Colliers.

<sup>12</sup> Source: Colliers.

# INVESTOR RELATIONS

PARAGON REIT's Investor Relations (IR) practises adhere to a high standard of corporate governance and transparency. The Manager is committed to delivering clear, consistent and timely updates, and 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 gathered from these engagements are highlighted periodically to the Board of Directors, including regular updates on Unitholders' statistics, the market, as well as the views of investors and analysts.

## PROACTIVE ENGAGEMENT WITH THE INVESTMENT COMMUNITY

The Manager interacts with the investment community actively 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, post-results and update briefings, site visits and real estate-related events.

Analyst briefings are conducted quarterly to update PARAGON REIT's financial results, operational performance, and market outlook. Additionally, the Manager participates regularly in institutional investor non-deal roadshows hosted in collaboration with various local and foreign brokerages to keep the institutional investment community abreast of these developments. Property tours are also arranged for institutional investors upon request to showcase the vibrancy of PARAGON REIT properties, and allow them to understand the operations and asset enhancement plans.

Retail investors constitute an equally important facet of the investing community. The Manager engages with these investors through public forums and events such as

retail webinars and the REITs symposium. In the latest edition of the REITs Symposium, jointly organised by Shareinvestor and the REIT Association of Singapore (REITAS) on 20 May 2023, the Manager had the opportunity to interact with many of the 800 attendees at the event, many of whom were from the retail investor community.

PARAGON REIT held its ninth Annual General Meeting ("AGM") at the Sands Expo & Convention Centre's Orchid Ballroom on 17 April 2023, 15 weeks after the financial year end to ensure timely engagement with Unitholders. PARAGON REIT's Board of Directors and senior management of the Manager attended the AGM to interact with Unitholders and address their questions and feedback. Electronic poll voting was conducted, and the results were concluded instantaneously following each resolution. The AGM was well-attended by over 200 participants, and all resolutions were approved by Unitholders.

## 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 an archive of 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](http://www.paragonreit.com.sg) for the latest updates. Queries can be submitted via the investor relations email: [ir@paragonreit.com.sg](mailto:ir@paragonreit.com.sg).







## INVESTOR RELATIONS CALENDAR

### 1st Quarter 2023 (January 2023 to March 2023)

- Announcement of 16 months ended 31 December 2022 ("16M FY2022") results and analyst briefing
- Post-results investor conference calls
- Payment of four months ended 31 December 2022 ("4M FY2022") distribution
- Release of Annual Report

### 2nd Quarter 2023 (April 2023 to June 2023)

- Annual General Meeting
- Announcement of 1Q FY2023 key business and operational updates and analyst briefing
- Post-update investor conference calls

### 3rd Quarter 2023 (July 2023 to September 2023)

- Announcement of 1H FY2023 results and analyst briefing
- Post-results investor conference calls
- Payment of 1H FY2023 distribution

### 4th Quarter 2023 (October 2023 to December 2023)

- Announcement of 3Q FY2023 key business and operational updates and analyst briefing
- Post-update investor conference calls

## FINANCIAL CALENDAR

### 2024 (in relation to FY2023)

- |             |  |
|-------------|--|
| 5 Feb 2024  | Announcement of FY2023 Results                         |
| 13 Feb 2024 | Books Closure  |
| 22 Mar 2024 | Distribution for the six months ended 31 December 2023 |
| 25 Mar 2024 | Annual General Meeting                                 |

### FY2024\*

- |             |  |
|-------------|--|
| 6 May 2024  | Announcement of 1Q FY2024 Key Business and Operational Updates |
| 5 Aug 2024  | Announcement of 1H FY2024 Results                              |
| 7 Nov 2024  | Announcement of 3Q FY2024 Key Business and Operational Updates |
| 10 Feb 2025 | Announcement of FY2024 Results                                 |

\* The dates are indicative and subject to change. Please refer to PARAGON REIT's website, [www.paragonreit.com.sg](http://www.paragonreit.com.sg), for the latest updates.

# SUSTAINABILITY REPORT

## 1. SUSTAINABILITY AT PARAGON REIT

### Dear fellow stakeholders,

We are pleased to present PARAGON REIT's Sustainability Report for the financial year 2023, reflecting on our ongoing commitment to environmental stewardship, ethical governance, and community engagement. As we navigate the dynamic real estate landscape, we continue to recognise the importance of communicating our sustainability practices effectively and transparently.

In 2023, the global focus on climate change continues to intensify, driven by extreme weather events and heightened public awareness. Regulatory shifts and market practices also try to keep pace with the evolving global agenda for a more sustainable future.

We have kept abreast of updates from the relevant regulatory bodies, ensuring compliance with evolving standards, including The Accounting and Corporate Regulatory Authority ("ACRA") and Singapore Exchange Regulation ("SGX RegCo") consultations on recommendations by the Sustainability Reporting Advisory Committee ("SRAC") to advance climate reporting in Singapore. In addition, we have actively engaged ESG professionals to learn and explore practicable developments and trends in the real estate sector. Armed with these, we progressively roll out plans to meet Environmental, Social and Governance ("ESG") targets.

We have also continued to report on our material ESG topics, recognising their ongoing relevance to our sustainability strategy. With the dynamic nature of the various sustainability challenges, the ESG topics will be reviewed periodically to ensure our reporting reflects the most current and impactful aspects of our sustainability journey and aligns with emerging global sustainability priorities.

This year's report marks a significant milestone as we further enhanced our alignment with the recently updated Global Reporting Initiative 2021 standards. By doing so, we aim to demonstrate continuous improvement in our sustainability reporting whilst providing stakeholders with a comprehensive overview of our ESG performance year over year.

In this financial year, PARAGON REIT achieved noteworthy sustainability milestones:

- Reduced electricity consumption by 4.62% from 36,137 MWh, exemplifying our commitment to energy efficiency
- Reduced Scope 2 emissions by 9.29% from 14,536 tCO<sub>2</sub>e
- Enhanced waste data quality to align with long-term recycling targets, fostering a circular economy
- Achieved zero incidents of corruption, non-compliance in health and safety measures, and discrimination, demonstrating our ethical business conduct
- Actively participated in various charity and community events, demonstrating our dedication to social responsibility

PARAGON REIT is committed to sustainability and responsible business practices. As we move forward, we will continuously advance our sustainability practices, enhance disclosures, and welcome ongoing collaboration with our stakeholders to create a more sustainable and resilient future for society.

Sincerely,

**BOARD OF DIRECTORS**  
PARAGON REIT

### 2023 IN REVIEW

#### PARAGON REIT 2023

Published on 4 March 2024, this year's annual sustainability report highlights and outlines the efforts and performance of PARAGON REIT from 1 January 2023 to 31 December 2023 ("2023"), in alignment with our 2023 annual report. This report has been prepared in accordance with the Singapore Exchange Securities Trading Limited ("SGX-ST") Mainboard Listing Rules 711(A) and 711(B) and with reference to the Global Reporting Initiative ("GRI") Universal 2021 standards. This report includes all of PARAGON REIT's assets, namely, Paragon, The Clementi Mall, The Rail Mall, Figtree Grove Shopping Centre ("Figtree Grove") and Westfield Marion Shopping Centre ("Westfield Marion"). All five assets are included for financial reporting under the portfolio statement of PARAGON REIT.

In our sustainability report for the previous financial year from 1 January 2022 to 31 December 2022 ("FY2022"), we had included estimates for our electricity consumption in the months of November and December as a result of delay in data availability. As such, in this report, we have restated our total electricity consumption, for a more accurate reflection, and can be found in our Emissions disclosure on Page 75 to 76.



We have not sought third-party assurance for this sustainability report but intend to seek external assurance in future reports to enhance the transparency and accuracy of our reporting information and to keep in pace with the sustainability report requirements. Currently, our Audit and Risk Committee ("**ARC**") has internally reviewed the information and performance data reported in this report, in accordance with the 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](mailto:ir@paragonreit.com.sg).

#### ABOUT OUR ORGANISATION

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. 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 Westfield Marion and Figtree Grove.

#### AWARDS AND ACHIEVEMENTS

The Clementi Mall and Paragon incorporate best sustainable practices in designing their buildings, shown through their sustainability ratings such as the BCA Green Mark (Gold) and Green Mark certification, respectively. Furthermore, Westfield Marion obtained 4.5 stars for energy and 3.5 stars for water in the National Australian Build Environment Rating System ("**NABERS**") rating. Similarly, Figtree Grove received NABERS 4.0 stars for energy and 3.5 stars for water. These are testaments to the sustainability initiatives and efforts that PARAGON REIT has implemented and continues to pursue within its buildings and assets.

#### MEMBERSHIPS OF ASSOCIATION (GRI 2-28)

PARAGON REIT is a member of the REIT Association of Singapore ("**REITAS**") and acts as REITAS SGX Listed co. international advocacy. PARAGON REIT represents and engages with various policy makers regarding key issues affecting Singapore REITs under MAS and SGX guidelines. In this role, PARAGON REIT employees also undergo various trainings covering courses such as ESG, and fundraising.

PARAGON REIT is also a member of the Orchard Road Business Association ("**ORBA**"). ORBA provides a platform for asset owners to share their ESG initiatives and for ORBA to consolidate feedback on how else to improve ORBA members' ESG efforts.

#### 2. APPROACH TO SUSTAINABILITY

At PARAGON REIT, we have a strong focus on integrating and embracing sustainability across our operations. We aim to uphold strong economic, environmental, social and governance responsibility in the management of our assets. We do so by taking a proactive approach in managing ESG issues and embedding sustainable business practices within our organisation.

# SUSTAINABILITY REPORT

Table 1: Our sustainability vision and mission

PARAGON REIT				
<b>VISION</b> 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		<b>MISSION</b> <ul style="list-style-type: none"><li>To be the landlord of choice for our tenants and shoppers, committed in our delivery of quality products and services</li><li>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</li><li>To be a good corporate citizen, committed to our social and environmental responsibilities, contributing to a sustainable world</li></ul>		
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
<b>ESG Objectives</b> <ul style="list-style-type: none"><li>Understand and manage our climate opportunities and risks</li><li>Advocate, enable and enhance resource efficiencies in our portfolio</li></ul>	<b>ESG Objectives</b> <ul style="list-style-type: none"><li>Implement responsible investment practices</li><li>Create economic value for stakeholders</li></ul>	<b>ESG Objectives</b> <ul style="list-style-type: none"><li>Ensure fair, responsible, compliant and transparent business conduct</li><li>Educate and raise awareness on issues of modern slavery and human trafficking</li><li>Facilitate supply chain stewardship with vendors, partners, managers and tenants</li></ul>	<b>ESG Objectives</b> <ul style="list-style-type: none"><li>Advocate, enable and enhance fair labour practices and employee wellbeing</li><li>Promote safe and healthy workplaces for our people and customers</li><li>Engage with our people and support with their growth and development</li></ul>	<b>ESG Objectives</b> <ul style="list-style-type: none"><li>Advocate strategic partnerships to enhance sustainability</li><li>Promote positive community engagement</li></ul>
<b>Material Topics</b> <ul style="list-style-type: none"><li>Energy and carbon</li><li>Water</li><li>Effluents and waste</li></ul>	<b>Material Topics</b> <ul style="list-style-type: none"><li>Sustainable material</li><li>Product/service quality and responsibility</li></ul>	<b>Material Topics</b> <ul style="list-style-type: none"><li>Compliance with laws &amp; regulations</li><li>Anti-corruption</li><li>Cyber-readiness, security and data privacy</li><li>Human rights and fair labour</li><li>Responsible supply chain</li></ul>	<b>Material Topics</b> <ul style="list-style-type: none"><li>Health, safety and wellbeing (employees and public)</li><li>Stakeholder impact and partnerships</li><li>Training and development</li><li>Non-discrimination and equal opportunity</li></ul>	<b>Material Topics</b> <ul style="list-style-type: none"><li>Local Communities/ community engagement</li></ul>
<b>UN SDGs</b> <div></div>	<b>UN SDGs</b> <div></div>	<b>UN SDGs</b> <div></div>	<b>UN SDGs</b> <div></div>	<b>UN SDGs</b> <div></div>
PARAGON REIT VALUES				
<b>INNOVATION</b> Because this is crucial to our success		<b>COLLABORATION</b> Because this is the best way to achieve exponential results		<b>INTEGRITY</b> Because this is at the core of everything that we do




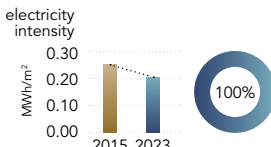
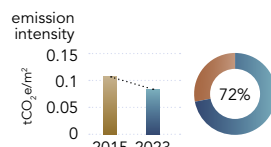
## SUSTAINABILITY FRAMEWORK AND STRATEGY

At PARAGON REIT, we recognise the importance of integrating sustainability for long-term value creation. Therefore, we closely manage and adhere to the ESG and sustainability policies and measures that we have put in place for the management of our property assets. Our sustainability approach is guided by the international reporting standards, Global Reporting Initiatives 2021 Standards and aligned with the international framework, United Nations Sustainability Development Goals ("UN SDGs"). We have mapped out and established the relevant UN SDGs for our respective material topics.

This helps to provide an overarching framework for the continuous measurement and performance tracking of our sustainability journey.

The following table summarises PARAGON REIT's material ESG topics, 2023 performance and targets moving forward. Additionally, it highlights the corresponding UN SDGs. The UN SDGs, except for the environmental considerations, are applicable to both our Singapore and Australia property assets. Our environmental targets are currently only applicable for Paragon and The Clementi Mall in Singapore.

Table 2. Our sustainability framework and strategy

1. CLIMATE RESILIENCE AND ENVIRONMENTAL STEWARDSHIP		
		
Material ESG Factors	2023 Performance Highlights	2024 Targets
<b>Energy and carbon<sup>1</sup></b>	<ul style="list-style-type: none"> <li>Overall, 34,467 MWh of electricity consumed (4.62% decrease from 2022), causing Scope 2 emissions of 13,185 tCO<sub>2</sub>e (9.29% decrease from 2022)</li> <li>Paragon and The Clementi Mall<sup>2</sup> had 24,294 MWh of electricity consumed, causing Scope 2 emissions of 10,126 tCO<sub>2</sub>e (respectively showing a 1.19% decrease from 2022)</li> <li>Scope 2 GHG emissions intensity at 0.047 tCO<sub>2</sub>e/m<sup>2</sup></li> </ul>	<ul style="list-style-type: none"> <li>To maintain at least 18% reduction in like-for-like<sup>3</sup> electricity intensity by 2025, using 2015 performance as the baseline</li> </ul> <p>✓ <b>Achieved in 2023</b></p>  <ul style="list-style-type: none"> <li>To maintain at least 30% reduction in like-for-like GHG emissions intensity by 2025, using 2015 performance as the baseline</li> </ul> <p>→ <b>On track</b></p> 
<b>Effluents and waste</b>	<ul style="list-style-type: none"> <li>Overall, 6,378 tonnes of waste generated (3.94% decrease from 2022)</li> <li>3,766 tonnes of waste generated by Paragon and The Clementi Mall (2.91% increase from 2022)</li> <li>Improvements in the waste data quality to align with long-term recycling targets</li> </ul>	<ul style="list-style-type: none"> <li>To explore commissioning offsite or onsite food waste management for waste generated in Paragon and The Clementi Mall</li> </ul> <p><b>NEW</b></p>

<sup>1</sup> Account for landlord consumption only. Performance data shown in table is for the reporting period of 1 January 2023 to 31 December 2023.

<sup>2</sup> Disclosed separately as environmental targets are set for like-for-like comparison of Paragon and The Clementi Mall

<sup>3</sup> Like-for-like comparison refers to the comparison for a consistent portfolio of assets between two reporting years. In FY2023, the assets that remained consistent from the FY2015 baseline are Paragon and The Clementi Mall.

# SUSTAINABILITY REPORT

Material ESG Factors	2023 Performance Highlights	2024 Targets
<b>Water</b>	<ul style="list-style-type: none"> <li>Overall, 422 megaliters of water consumed, causing water intensity of 0.0015 megaliters/m<sup>2</sup> (3.05% increase from 2022)</li> <li>277 megaliters of water consumed by Paragon and The Clementi Mall, causing water intensity of 0.0023 megaliters/m<sup>2</sup> (1.54% increase from 2022)</li> </ul>	<ul style="list-style-type: none"> <li>To maintain at least 18% reduction in like-for-like water intensity by 2025, using 2015 performance as the baseline</li> <li>✓ <b>Achieved in 2023</b></li> </ul> 
<b>Sustainable materials</b>	<ul style="list-style-type: none"> <li>Incorporation of sustainably sourced material in operational activities</li> </ul>	<ul style="list-style-type: none"> <li>To enhance the disclosure of sustainable materials used in major procurement</li> </ul> <div>NEW</div>
<b>Product/service quality and responsibility</b>	<ul style="list-style-type: none"> <li>Stakeholder engagement regarding quality service</li> </ul>	<ul style="list-style-type: none"> <li>Maintain alignment with high standards</li> <li>✓ <b>Achieved in 2023</b></li> </ul>
<b>Compliance with laws &amp; regulations</b>	<ul style="list-style-type: none"> <li>Zero fines and non-monetary sanctions for non-compliance with laws and regulations</li> <li>Continuation of zero fines and non-monetary sanctions for non-compliance achieved in 2023</li> </ul>	<ul style="list-style-type: none"> <li>Zero cases of non-compliance with laws and regulations, which includes those relating to anti-corruption</li> <li>✓ <b>Achieved in 2023</b></li> </ul>
<b>Anti-corruption</b>	<ul style="list-style-type: none"> <li>Zero incidents of corruption</li> </ul>	
<b>Cyber-readiness, security, and data privacy</b>	<ul style="list-style-type: none"> <li>Zero known cases of theft, leak, or loss of customer data</li> </ul>	<ul style="list-style-type: none"> <li>To comply with the Singapore Personal Data Protection Act 2021 (PDPA) and the Privacy Act 1988 of Australia</li> <li>✓ <b>Achieved in 2023</b></li> </ul>
<b>Human rights and fair labour</b>	<ul style="list-style-type: none"> <li>Strict alignment to the Fair Employment practices of Tripartite Alliance for Fair and Progressive Employment Practices' ("TAFEP") Tripartite Guidelines</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable workforce strictly adhering to current fair labour practices</li> <li>✓ <b>Achieved in 2023</b></li> <li>To strictly align with existing and upcoming fair labour practices</li> <li>✓ <b>Achieved in 2023</b></li> </ul>
<b>Responsible supply chain</b>	<ul style="list-style-type: none"> <li>Appointed property managers continued to comply and maintained minimum service standards required in Singapore and Australia</li> <li>No disruptions to the supply chain and material operations were reported across all properties</li> </ul>	<ul style="list-style-type: none"> <li>Maintain alignment with Supplier Code of Conduct by vendors and suppliers</li> <li>✓ <b>Achieved in 2023</b></li> </ul>
<b>Health, safety and wellbeing (employees and public)</b>	<ul style="list-style-type: none"> <li>Zero incidents resulting in any stakeholder's permanent disability or fatality</li> <li>Zero recordable and high consequence injuries from employees of PARAGON REIT</li> <li>Zero cases of non-compliance in health and safety matters</li> </ul>	<ul style="list-style-type: none"> <li>Zero incidents of recordable and high consequence injuries from employees and public</li> <li>✓ <b>Achieved in 2023</b></li> <li>Zero cases of non-compliance in health and safety matters</li> <li>✓ <b>Achieved in 2023</b></li> </ul>



Material ESG Factors	2023 Performance Highlights	2024 Targets
<b>Stakeholder impact and partnerships</b>	<ul style="list-style-type: none"> <li>Zero incidents resulting in stakeholders' permanent disability or fatality</li> </ul>	<ul style="list-style-type: none"> <li>Zero incidents resulting in stakeholders' permanent disability or fatality</li> </ul> <p>✓ Achieved in 2023</p>
<b>Training and development</b>	<ul style="list-style-type: none"> <li>Annual workplace health and safety training</li> <li>Development courses conducted to improve worker safety, such as CERT, Facilities Management (FM), Real Estate, Marketing, Technology, Sustainability, Internal training and safeguarding related courses</li> </ul>	<ul style="list-style-type: none"> <li>To maintain similar levels of workplace health and safety training to 2023</li> </ul> <p>✓ Achieved in 2023</p>
<b>Non-discrimination and equal opportunity</b>	<ul style="list-style-type: none"> <li>Zero incidents of discrimination on grounds of race, colour, gender, sex, religion, political opinion, national extraction, or social origin</li> </ul>	<ul style="list-style-type: none"> <li>Zero incidents of discrimination</li> </ul> <p>✓ Achieved in 2023</p>
<b>Local Communities/Community engagement</b>	<p><b>Paragon</b></p> <ul style="list-style-type: none"> <li>Children charity event raised \$3,000, which was donated to Kid Horizon Appeal (KHA) to support children with chronic illnesses</li> <li>Yoga charity event raised \$3,200 for the Singapore Cancer Society in collaboration with Under Armour and Fitness First</li> </ul> <p><b>The Clementi Mall</b></p> <ul style="list-style-type: none"> <li>Raised and donated a sum of \$740 which was used to purchase essential items to help needy seniors living in Clementi</li> </ul> <p><b>Westfield Marion</b></p> <ul style="list-style-type: none"> <li>Provided a grant of \$20,000 to the St Jude's Community Meal which supports weekly meals for over 100 people facing food shortages</li> <li>Collected and donated 4,575kg of food to the Foodbank in South Australia to help support over 135,000 vulnerable persons</li> </ul> <p><b>Figtree Grove</b></p> <ul style="list-style-type: none"> <li>Cancer Cares Fundraiser initiatives raised \$5,880 for the Illawarra Cancer Cares organisation in support of cancer patients and their families</li> <li>Red Shield Appeal event raised for the Salvation Army, in support of Australians facing hardship, homelessness, domestic violence, addiction, poverty, and more</li> </ul>	<ul style="list-style-type: none"> <li>To integrate CSR activities into at least two events held at the malls</li> </ul> <p>✓ Achieved in 2023</p>

# SUSTAINABILITY REPORT

## SUSTAINABILITY GOVERNANCE

A robust governance structure is critical to enabling and creating sustainable long-term value. We are dedicated to establishing and upholding a sturdy governance structure and framework to efficiently manage and oversee our sustainability performance and initiatives. This would result in creating a positive and lasting impact on the economy, environment, and society.

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 the highest standards of 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 PARAGON REIT’s unitholders (“Unitholders”). Good corporate governance is also critical to the performance and success of the Manager.

PARAGON REIT’s Board is responsible for overseeing, monitoring, and keeping abreast of all sustainability matters. The Audit & Risk Committee (“**ARC**”) is entrusted with the reporting of significant ESG matters and reports to the Board on a quarterly basis. Reporting to the ARC, the Sustainability Steering Committee (“**SSC**”), comprising senior management and property manager, assists the

ARC in formulating and implementing PARAGON REIT’s sustainability goals and strategies while overseeing and monitoring overall sustainability performance. With the quarterly updates from the SSC, the ARC reports all sustainability updates and information to the Board directly, who are then responsible for reviewing and approving reported information pertaining to ESG issues in the Sustainability Report. The Sustainability Working Committee composed of representatives from various business functions, works closely with the SSC to implement the sustainability goals, strategies, initiatives, and measures in PARAGON REIT’s day-to-day operations.

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.

Figure 1: PARAGON REIT’s sustainability governance structure

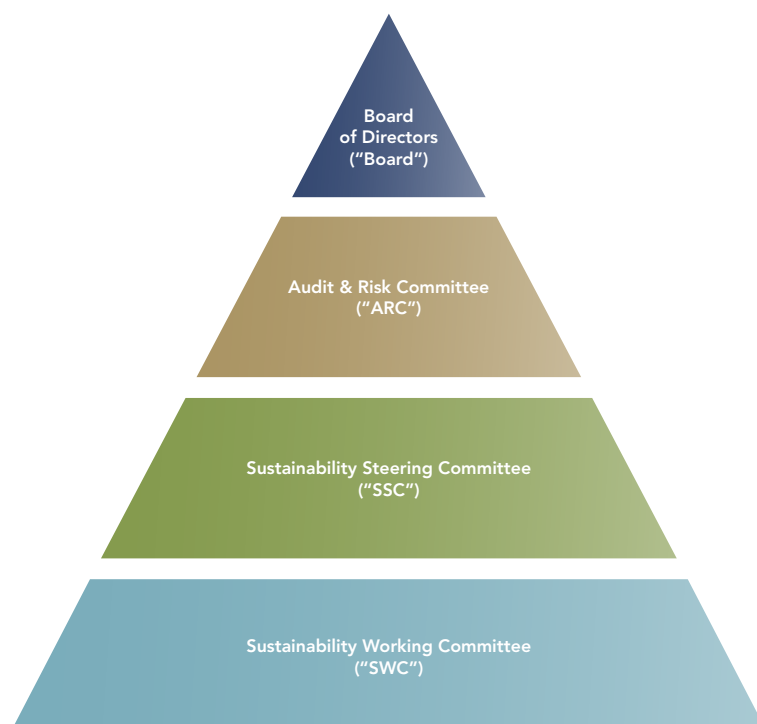




Figure 2: PARAGON REIT's trust structure



# SUSTAINABILITY REPORT

As means of ensuring that PARAGON REIT's governance and Board structure results in effective decision-making with a balanced exchange of views, robust deliberations, and sound oversight of the organisation's management, we have in place a Board Diversity Policy. This policy emphasises the importance of board diversity in encouraging constructive conversations and management execution, and further details can be found in our Annual Report. In identifying qualified and suitable candidates for board-level appointment, the Nominating and Remuneration Committee ("**NRC**") takes into consideration merit against the objective criteria set and with due regard for the benefits of diversity on the Board. The NRC would thus review the relevant objectives for promoting and achieving diversity on the Board and make recommendations for approval by the Board. In ensuring the efficacy of the Board Diversity Policy, the NRC will review this policy from time to time, when appropriate.

The current board composition reflects a diversity of gender, age, skills, and knowledge. The Board is chaired by Dr Leong Horn Kee, a non-executive and non-independent director of the REIT. 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. Furthermore, all Directors in office during FY2023 have also completed the sustainability training courses mandated by the listing rules of the SGX-ST. In FY2023, directors were provided with training in various areas, including regulatory updates in environmental, social, and corporate governance paradigms. They also attended Directors' conferences and seminars on audit committees that were organised by the Singapore Institute of Directors ("**SID**"). FY2023's conference focused on the manner by which nominating committees can transform their internal governance whilst focusing on the attributes required to become an effective director.

Preventing conflicts of interest, PARAGON REIT ensures that all key executive officers work exclusively for the Manager and do not hold executive positions in other entities.

In respect to matters in which the Sponsor, Cuscaden Peak Investments Private Limited ("**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 mostly independent directors of the Manager and must exclude nominee directors of the Sponsor and/or its subsidiaries. The Manager and the Singapore property manager, Straits Retail Property Management Services Pte Ltd ("**RPMS**") are indirect wholly owned subsidiaries of the Sponsor.

The NRC is responsible for the annual review of the Manager's remuneration policy, its implementation and ensuring compliance with relevant legislation and regulation. Ms Jennie Chua, non-executive and independent director, chairs the NRC. The NRC supports the Board in the remuneration matters of the Manager in accordance with the NRC's written terms of reference. The various functions that the NRC performs include:

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.

Regarding the Manager's remuneration policy, the NRC ensures the policy is aligned with the relevant legislation and regulations and should reflect these key objectives:

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



## MATERIALITY APPROACH AND PROCESS

In 2023, as means of reprioritising our key material topics, we undertook a materiality assessment in alignment with the GRI 2021 Standards. This assessment helped us identify the positive and negative impact of our business operations on the economy, environment, and people. Our materiality assessment assisted in framing our sustainability strategy to align to the three pillars of ESG.

The materiality assessment aided in denoting relevant sustainability issues and the direction to focus our efforts on addressing these matters. The derived material topics since our assessment, continue to remain relevant to our business and are exemplified below.

Table 3. Our materiality topics


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

## ENGAGING OUR STAKEHOLDERS





At PARAGON REIT, we firmly believe in the importance of fostering robust and ongoing connections with our stakeholders as a fundamental driver of sustained growth and value generation. These stakeholders are recognised through their interactions with our assets, whether through our business operations or contractual agreements.

Our approach revolves around cultivating trust and rapport with our stakeholders through consistent and regular engagement, ensuring that we grasp their concerns and aspirations. This proactive engagement serves to optimise the allocation of our resources in response to their requirements. The following table outlines our interactions with key stakeholders and the methodologies we employ to engage with them, effectively addressing their concerns and needs.

Table 4. Our stakeholder engagements

Stakeholder category	Description	Form of engagement	Purpose of engagement	Corresponding section
<b>Customers and Tenants</b> 	To understand the needs of the tenants and customers and work with tenants to enrich customer experience	<b>Singapore</b> <ul style="list-style-type: none"> <li>• Management circulars and notices</li> <li>• Tenant Bulletins</li> <li>• Tenant engagement activities</li> <li>• Informal dialogue and networking sessions including social media and loyalty programme</li> </ul> <b>Australia</b> <ul style="list-style-type: none"> <li>• Management circulars and notices</li> <li>• Tenant engagement activities</li> <li>• Informal dialogue and networking sessions including visual merchandising, social media workshops and loyalty programmes</li> </ul>	<ul style="list-style-type: none"> <li>• Shopping experience, that enhances the lifestyle</li> <li>• A safe and sustainable space</li> <li>• Contribution to local communities</li> <li>• Property tax rebates and rental relief to ease tenants' cashflow</li> </ul>	Sustainability Report

# SUSTAINABILITY REPORT

Stakeholder category	Description	Form of engagement	Purpose of engagement	Corresponding section
<b>Unitholders and Investors</b> 	To obtain Unitholders' support to our sustainability efforts, and help them understand our sustainability goals and efforts	<ul style="list-style-type: none"> <li>• Release of financial results, operational updates, announcements, media releases, and other relevant disclosures through SGXNET, Annual Report and PARAGON REIT's website</li> <li>• Annual General Meeting</li> <li>• Extraordinary General Meeting, where required</li> <li>• Updates through one-on-one and group meetings and investor roadshows (held virtually where possible)</li> <li>• Online meetings with Unitholders and investors</li> </ul>	<ul style="list-style-type: none"> <li>• Financial performance of PARAGON REIT</li> </ul>	Financial Statements
<b>Regulators</b> 	To communicate with regulators from time to time and ensure compliance with relevant laws and regulations	<ul style="list-style-type: none"> <li>• Industry networking functions</li> <li>• Annual regulatory audits</li> <li>• Adoption of TCFD recommendations</li> </ul>	<ul style="list-style-type: none"> <li>• Regulatory and Socioeconomic compliance</li> </ul>	Corporate Governance Report
<b>Employees</b> 	To provide a working environment that provides fair remuneration, equal treatment, safe and healthy working conditions, and career development opportunities	<ul style="list-style-type: none"> <li>• Human Resources Policies and Practices</li> <li>• Employee grievance mechanism</li> <li>• Daily communications done virtually, bi-weekly check-ins from supervisors</li> </ul>	<ul style="list-style-type: none"> <li>• Remuneration, compensation, and benefits</li> <li>• Fair and equal employment opportunities</li> <li>• Training and career development programmes</li> <li>• Safe and healthy working environment</li> <li>• Job security amidst COVID-19 crisis and economic downturn</li> </ul>	Sustainability Report
<b>Contractors and Suppliers</b> 	To build mutually beneficial and long-lasting business relationships	<ul style="list-style-type: none"> <li>• Regular communications directly with the suppliers</li> </ul>	<ul style="list-style-type: none"> <li>• Collaborative partnerships with PARAGON REIT</li> </ul>	Sustainability Report



Stakeholder category	Description	Form of engagement	Purpose of engagement	Corresponding section
<b>Local community</b> 	To be a responsible corporate citizen that contributes to the local community	<ul style="list-style-type: none"> <li>Community outreach programmes and charitable events (held in accordance with latest COVID-19 regulations)</li> </ul> <p><b>Singapore</b></p> <ul style="list-style-type: none"> <li>The National Cancer Centre (Paragon)</li> <li>Blessings of Fortune (The Clementi Mall)</li> <li>Kidz Horizon Appeal (Paragon)</li> <li>The Art Faculty (Paragon)</li> <li>Project 2x2 (The Clementi Mall)</li> <li>OWNDAYS &amp; MINDS (The Clementi Mall)</li> </ul> <p><b>Australia</b></p> <ul style="list-style-type: none"> <li>Illawarra Cancer Centre (Figtree Grove)</li> <li>Figtree Children's Community Sport Sponsorship</li> <li>Hoodies for the Homeless</li> <li>Wollongong Hospital Childrens Ward</li> <li>Schools Art Programme</li> <li>Charity Casual Mall Leasing Sites</li> <li>Earth Hour</li> </ul>	<ul style="list-style-type: none"> <li>Contribution to local communities</li> </ul>	Sustainability Report

### 3. PILLAR 1: CLIMATE RESILIENCE AND ENVIRONMENTAL STEWARDSHIP

PARAGON REIT has a commitment to minimising its environmental impact while delivering long-term business value. We recognise the importance of reducing our greenhouse gas ("GHG") emissions for both our business and our stakeholders. We prioritise reducing our emissions through energy saving initiatives to meet our long-term targets of 30% reduction in like-for-like GHG emissions intensity by 2025 with 2015 as a baseline.

At PARAGON REIT, we continually oversee environmental performance to ensure it aligns with our established environmental goals for 2025. Using 2015 as a performance benchmark, our commitment is to achieve an 18% reduction in both electricity and water intensity by 2025, and at least a 30% reduction in our GHG emissions intensity by 2025. We hope to make a positive impact on environmentalism and resource conservation by actively promoting responsible practices. Moreover, our environmental policy, enforced by the centre management offices ("CMOs") at Paragon and The Clementi Mall, ensures the efficient utilisation of resources.

Across our operations in Singapore, we consistently track electricity and water usage data, which we compile and submit to the relevant regulatory bodies. This is a key component of our commitment to obtaining green certifications for our malls. In 2021, both The Clementi Mall and Paragon successfully renewed their BCA Green

Mark (Gold) and Green Mark (Certified) certifications, respectively, underscoring our ongoing sustainability efforts.

Adopting sustainable practices involves concentrating our efforts on various essential aspects, such as energy and carbon, effluents and waste, water, and sustainable materials. These material topics are encompassed under PARAGON REIT's environmental pillar, and we manage them effectively by implementing performance monitoring, target setting, and efficient management practices, as elaborated in the following sections.

#### EMISSIONS DISCLOSURE

At PARAGON REIT, we consider scope 1 emissions, primarily related to direct fuel consumption, to have negligible impact on our operations. As "Diesel" is rarely used at our malls, primarily only to operate emergency backup generators across malls in rare instances of need, affiliated emissions have been excluded due to their minimal contribution to our overall greenhouse gas emissions. Therefore, Scope 1 emissions have been omitted from this report.

Our emissions consist of Scope 2 absolute emissions, accounting for electricity consumed by our properties in Singapore and Australia (Paragon, The Clementi Mall, Westfield Marion, and Figtree Grove). We omit data from the Rail Mall as it lacks shared common areas, and tenants are responsible for their own utilities' consumptions, and therefore does not fall within our operational

# SUSTAINABILITY REPORT

boundary. We continue to conduct an analysis of the emission intensities for Paragon and The Clementi Mall by comparing trends between the base year and 2023. This approach helps us evaluate and monitor our current performance in relation to the 2025 targets as stated above.

## ENERGY & CARBON

The global shift towards green energy is well underway, marked by pledges to reduce carbon emissions and replace fossil fuels with renewable energy. Singapore is enforcing stricter building energy performance standards and anticipates an uptick in carbon taxation through initiatives like the Singapore Green Plan 2030 and the BCA Green Mark 2021. Given that energy consumption constitutes a substantial part of PARAGON REIT's carbon footprint, we are dedicated to adopting and executing strategies that align with the transition towards a low-carbon economy.

### Our management approach and initiatives

PARAGON REIT is dedicated to reducing emissions and promoting sustainability in our business practices. PARAGON REIT is working towards achieving climate resilience to meet long-term environmental goals. For example, using 2015 as a baseline, we are working towards a 30% reduction in like-for-like greenhouse gas emissions intensity and an 18% reduction in like-for-like electricity intensity by 2025.

In Singapore, where Air Conditioning and Mechanical Ventilation ("ACMV") are the primary source of electricity usage, we continuously monitor and optimise their operation to minimise energy usage. Our Building Management System ("BMS") conducts regular checks and monitors ACMV operations to ensure efficient start-up and shutdown procedures, while also optimising lighting throughout the mall. These efforts help lower landlord electricity consumption levels and reduce Scope 2 emissions. In 2024, we plan to install solar panels to further reduce the emission impacts.

In Australia, we ensure efficient energy usage through an operational system that allows employees to monitor energy efficiency. At Figtree Grove, the Heating, Ventilation and Air Conditioning ("HVAC") settings, as well as the BMS, are regularly monitored to maintain system efficiency. Energy consumption is limited to operational hours and is suspended during periods of non-occupancy. Additionally, our facility management team stays updated with industry developments by reviewing publications and collaborating with the operations team to share insights. At Westfield Marion,

an electricity committee is responsible for advising on electricity procurement and solar power investments. Scentre's in-house technical teams and specialised contractors also work closely with the facility management team to enhance power supply efficiency. For example, at Figtree Grove, we have upgraded conventional car park lights to energy-efficient LED lights, which consume up to 85% less energy, significantly reducing electricity usage. Additionally, solar panels have been installed in Westfield Marion for the reduction of Scope 2 emissions.

In 2023, PARAGON REIT initiated our decarbonisation roadmap planning to better understand emissions mitigation opportunities and lay out a clear pathway towards our decarbonisation targets.

### Our performance

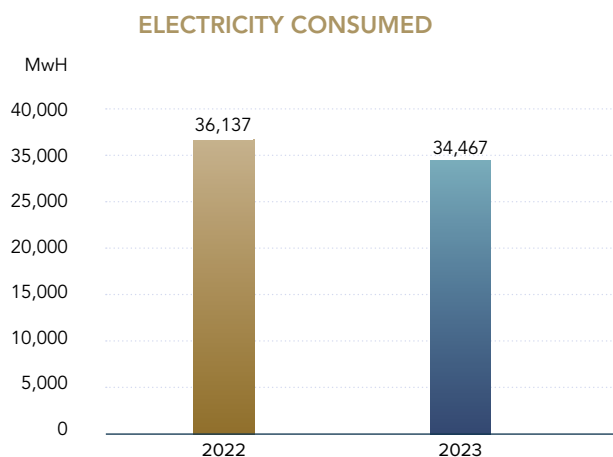
PARAGON REIT is dedicated to a low-carbon future through the adoption of energy efficient building practices. We commit to maximise energy efficiency and reduce greenhouse gas emissions associated with our operational utilities.

Our reported electricity consumption accounts for landlord electricity usage across common areas in our portfolio assets, excluding tenant electricity usage as it falls beyond the purview of our operational control. This approach aims to provide a more precise depiction of the electricity directly consumed by PARAGON REIT. The Rail Mall data was excluded because it lacks shared service areas where landlord electricity consumption of electricity is necessary. Moreover, we have restated our 2022 electricity consumption figures as we had employed estimates as a result of data unavailability prior to reporting. However, upon receiving the final figures, we remain dedicated to accurately reflecting our performance and have restated our total FY2022 electricity consumption for a better capture and comparative analysis.

In 2023, PARAGON REIT achieved its target of at least 18% reduction in like-for-like electricity intensity and 30% reduction in like-for-like GHG emissions intensity using 2015 performance as the baseline. The 2023 combined amount of purchased electricity resulting in Scope 2 emissions for the four assets was 34,467 MWh or 13,185 tCO<sub>2</sub>e<sup>4</sup>. This is a 4.62% decrease in electricity consumption compared to 2022.



Figure 3. Electricity consumption (MWh)



The total electricity intensity for our four assets in 2023 was 0.12 MWh/m<sup>2</sup>, a 4.82% decrease from 2022's electricity intensity of 0.12 MWh/m<sup>2</sup>. This was due to electricity consumption decreasing by 4.62% while the floor area of the four assets increased by only 0.2%. An accountable factor for this decrease is the alteration to the emission factors<sup>5</sup> employed in deriving the Scope 2 figures for Westfield Marion and Figtree Grove. The updated emission factors reflect the changes to the global warming potential in Australia.

Westfield Marion has also generated 872 MWh of solar energy through the installation of solar panels, reducing emissions by 218 tCO<sub>2</sub>e.

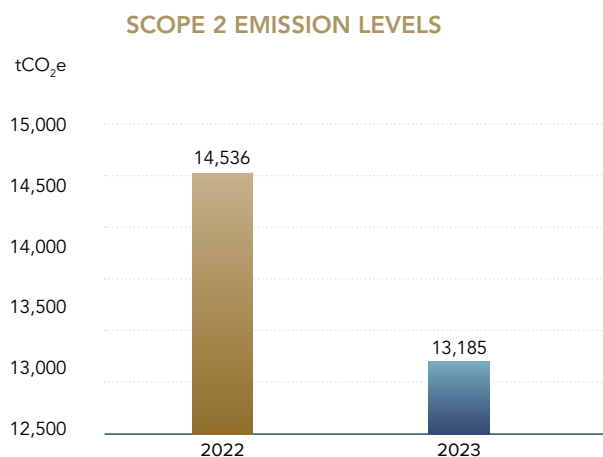
#### Looking forward

PARAGON REIT strives to maintain the progressive reduction of electricity intensity across its portfolio. In 2023, PARAGON REIT achieved its target of at least 18% reduction in like-for-like electricity intensity and 30% reduction in like-for-like GHG emissions intensity using 2015 performance as the baseline.

#### EFFLUENTS & WASTE

Waste management is a significant issue for a small country like Singapore, where landfill space is expected to be exhausted by 2035. Consequently, PARAGON REIT is actively engaged in efforts to promote a circular economy.

Figure 4. Scope 2 emission levels (tCO<sub>2</sub>e)<sup>4</sup>



#### Our management approach and initiatives

PARAGON REIT is dedicated to minimising waste and promoting sustainable business practices through our environmental practices. One of our primary objectives is to minimise adverse waste-related impacts, such as resource depletion and waste generation downstream in our value chain. Waste generated from tenant fit-out activities are disposed by contractors engaged by tenants.

#### Our performance

The effluents and non-hazardous waste produced by the four assets in 2023 was 6,378 tonnes, a 3.94% decrease compared to 6,639 tonnes in 2022. This is equivalent to 711 tCO<sub>2</sub>e of Scope 3 emissions emitted in 2023 under Scope 3 Category 5, waste generated in operations.<sup>6</sup> We do not report on our hazardous waste as tenants arrange for its collection, and as per the lease, it does not fall within the purview of our operational boundary. In our sustainability report for the previous financial year of 2022 ("FY 2022"), we had included estimates for our waste consumption in the month of December for our Singapore properties as a result of delay in data availability. As such, in this report, we have restated our like-for-like and total 2022 waste consumption.

The total waste intensity for our four assets in 2023 was 0.023 tonnes/m<sup>2</sup>, a 4.11% decrease from 2022's figure of 0.024 tonnes/m<sup>2</sup>.

<sup>4</sup> Emission factor source: EMA (Singapore), EERS (Australia).

<sup>5</sup> In 2023, the Scope 2 emission factors for Australia's assets were reduced from 0.35 kgCO<sub>2</sub>e/KWh to 0.25 kgCO<sub>2</sub>e/KWh (Westfield Marion) and 0.79 kgCO<sub>2</sub>e/KWh to 0.73 kgCO<sub>2</sub>e/KWh (Figtree Grove). Source: Emissions and Energy Reporting System (EERS).

<sup>6</sup> Emission factor source: DEFRA 2023.

Figure 5. Effluents and waste levels (tonnes)

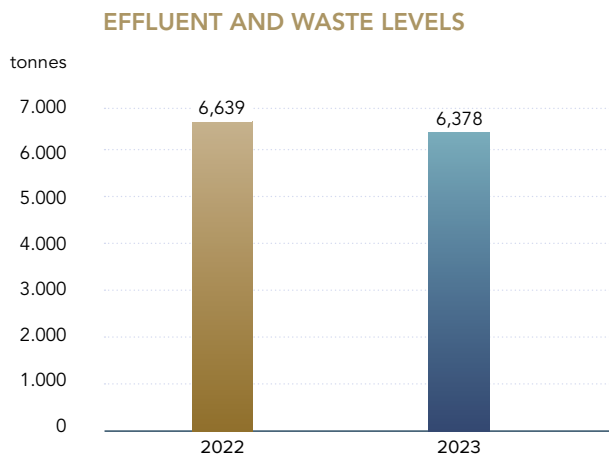


Table 5. Total weight of waste generated by the composition of waste (tonnes)

2023		Breakdown of total weight of non-hazardous waste generated by the composition of waste				
		Paragon	Clementi Mall	Figtree Grove	Westfield Marion	Unit
Type of Waste	General waste	1,859.43	1,438.65	171.2	1,003.51	Metric tons
	Paper	112.60	348.05	59.71	457.67	Metric tons
	Metal	0.55	4.15	–	–	Metric tons
	Plastics	0.64	1.49	0.53	47.56	Metric tons
	Others (if applicable)	0.03	0.57	18.05	853.18	Metric tons
Total weight of waste generated per asset		1,973.24	1,792.91	249.49	2,361.92	Metric tons
Total weight of waste generated				6,377.56		Metric tons
Total Scope 3 Category 5 (waste generated in operations) emissions				710.89		tCO <sub>2</sub> e



### Looking forward

To efficiently manage organic waste, PARAGON REIT is aiming to explore commissioning offsite or onsite food waste management in 2024 for both Paragon and The Clementi Mall.

### WATER

Water is a limited and scarce resource, particularly for countries like Singapore, with a lack of abundant natural resources. Therefore, effective water management is essential for achieving resource efficiency and reducing operational costs for PARAGON REIT, whilst simultaneously upholding resource stewardship and environmentalism.

#### Our management approach and initiatives

PARAGON REIT is committed to reducing water consumption. All water taps across our Singapore malls have been calibrated to adhere to suggested flow rates, encouraging more effective water consumption. Paragon and The Clementi Mall have been granted certification as Water Efficient Buildings ("WEBs") by the Public Utilities Board, Singapore's National Water Agency, under its WEB Certification Programme.

Our facilities manager conducts inspections to detect any unusual consumption patterns so as to be able to take immediate actions to address anomalies and prevent further losses and leaks.

In Australia, we have implemented water saving measures to reduce and manage our water consumption and also steps to prevent any unnecessary use and leakages. Half-flush toilets and water-saving devices such as flow restrictors have been installed in our facilities. Both Figtree Grove and Westfield Marion have digital meters installed to precisely track water consumptions. An online water monitoring system detect anomalies in real-time and notifies the facilities managers, thereby allowing them to identify and rectify leaks quickly and minimising issues and losses. Both assets adhere to the AS/NZS 3500 Plumbing and Drainage standard, covering aspects like backflow prevention, cross contamination, trade waste management, and metering standards.

### Our performance

In 2023, the total water consumption for all four properties was 422 megaliters, 3.27% increase as compared to water consumption of 409.0 megaliters in 2022. Water consumption data for properties of both countries are calculated by compiling invoices obtained from third-party water providers. Overall, the total water intensity for our four assets in 2023 was 0.00150 megaliters/m<sup>2</sup>, a 3.05% increase from 2022's figure of 0.00146 tonnes/ m<sup>2</sup>. In our sustainability report for the previous financial year of 2022 ("FY2022"), we had included estimates for our water consumption in the month of December for our Singapore properties as a result of delay in data availability. As such, in this report, we have restated our like-for-like and total 2022 water consumption.

As our water supply is sourced, and consumption is managed by third-party providers, our properties do not track water storage, withdrawal, and discharge levels.

Figure 6. Water consumption levels (megaliters)

#### WATER CONSUMPTION LEVELS

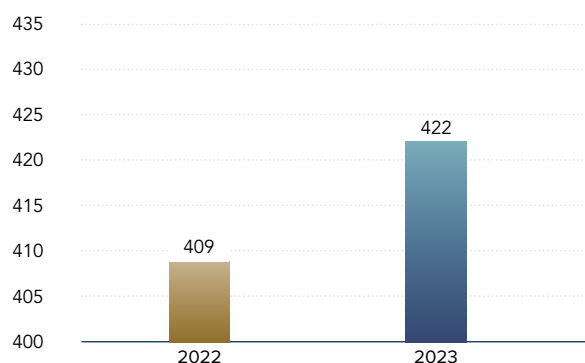


Table 6. Water consumption levels- breakdown by asset (megaliters)

2023	Paragon	Clementi Mall	Figtree Grove	Westfield Marion
Water consumption (megaliters)	192.20	84.72	19.95	125.53

### Looking forward

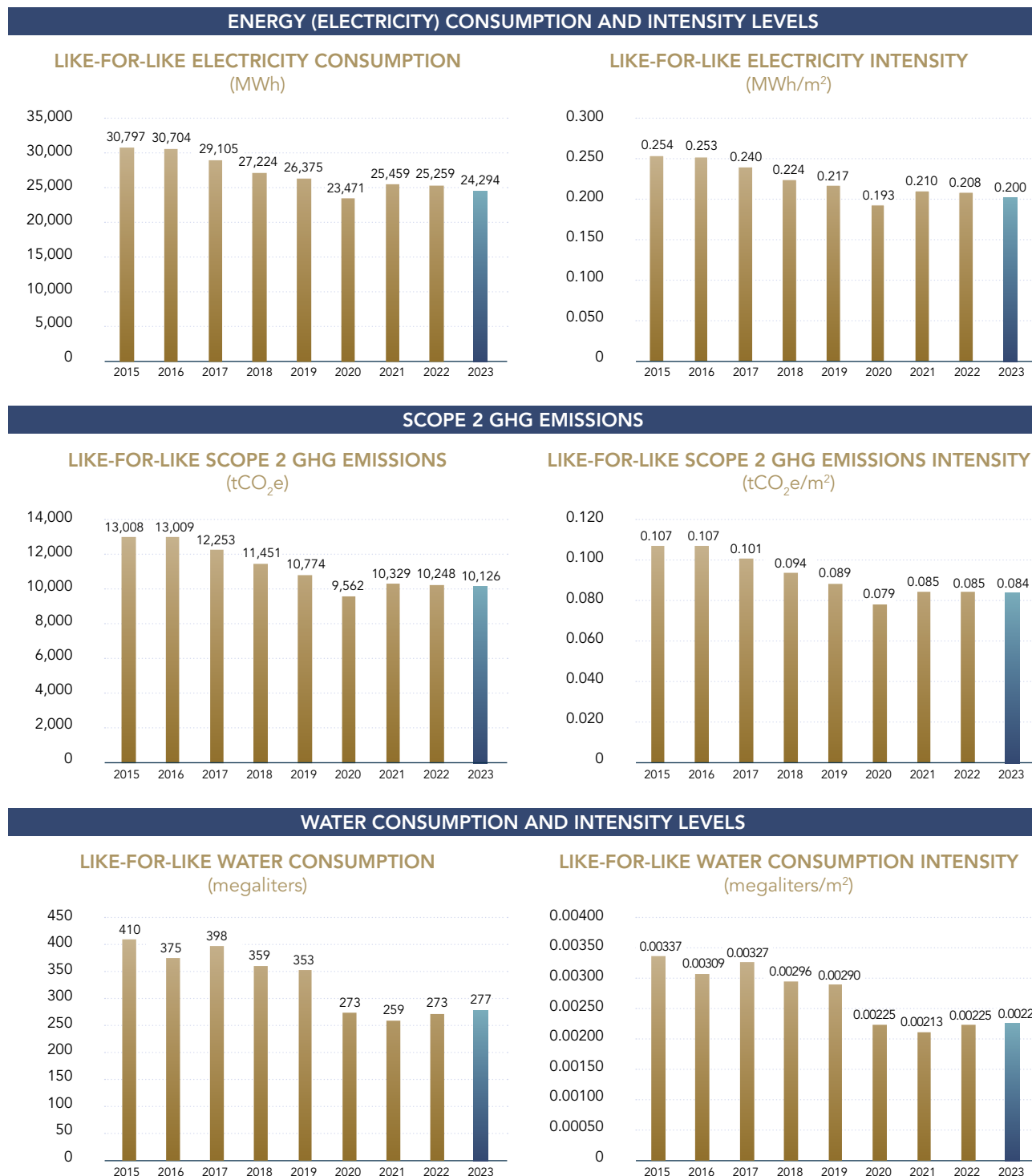
PARAGON REIT remains committed to achieve its target of at least an 18% reduction in like-for-like water intensity by 2025, using 2015 performance as the baseline. As such, we remain stringent in monitoring and identifying areas to improve our current water practices across our operations.

# SUSTAINABILITY REPORT

## OVERALL

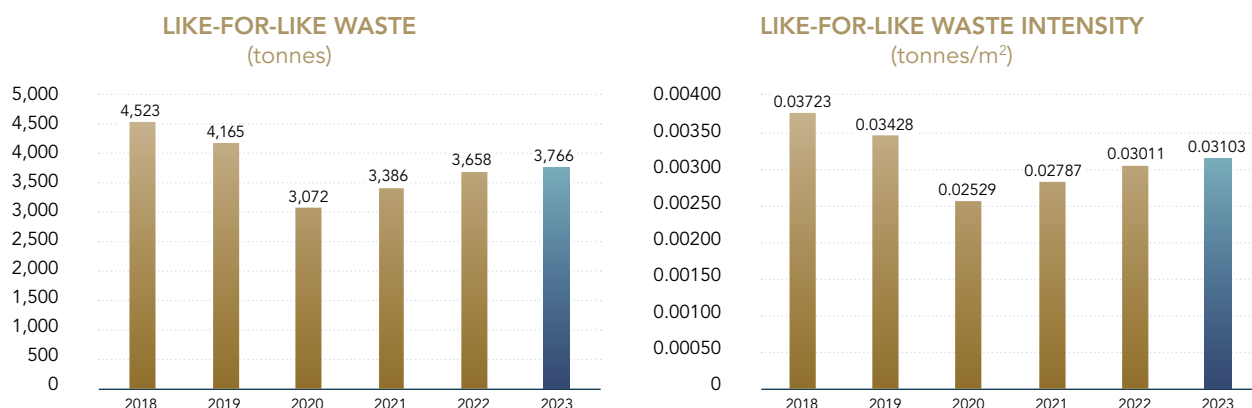
The like-for-like charts below show electricity, GHG emissions, water and waste performance data for our Singapore assets, Paragon and The Clementi Mall. Our like-for-like targets were initially set before PARAGON REIT acquired our assets in Australia. In 2024, we plan to revise our targets to include both Westfield Marion and Figtree Grove.

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





## WASTE PRODUCTION AND INTENSITY LEVELS



## 4. PILLAR 2: RESPONSIBLE INVESTMENT AND SUSTAINABLE VALUE

Responsible investment and sustainable value are pivotal concepts for PARAGON REIT as we recognise the role it plays in fostering a greener and increasingly eco-conscious future for sustainable buildings in Singapore and Australia. These concepts underscore the fundamental shift towards environmentally and socially conscious practices in our industry.

Responsible investments for us entails making decisions that consider not only financial returns but also their impact on the environment, economy, society, and governance, through ethical and sustainable choices when acquiring, developing, or managing real estate assets. This includes selecting sustainable building materials and practices that reduce environmental impacts. As such, we ensure our buildings maintain sustainable building practices beyond resource stewardship, through sourcing sustainable materials. Responsible investment also extends to product and service quality, ensuring that our buildings offer a high standard of living and working conditions, improving tenant satisfaction, and thereby increasing property value and income streams.

At PARAGON REIT, we aim to generate long-term value for our investors and the community, ensuring sustainable value. The use of sustainable materials not only minimises operational costs through energy efficiency but also enhances the durability and longevity of our assets, thus increasing their value over time. Moreover, product and service quality contribute to tenant satisfaction and retention, which directly impacts our financial performance. As we strive to provide a safe and healthy

environment through responsible building materials and a commitment to quality, we aim to foster stronger tenant relationships, community ties and positive environmental outcomes.

### SUSTAINABLE MATERIALS

#### Our management approach and initiatives

With the prevailing issue of resource scarcity, utilising sustainable materials is key to PARAGON REIT. This includes ensuring that the waste produced from our operations is minimised and properly managed. Without efficient waste management, it can lead to various environmental consequences. As such, we are aware of our waste footprint and strive to adopt more sustainable materials across our operations. This would not only result in the adoption of greater sustainable practices but also lead to financial savings. In 2023, assessments of all our major capital expenditures include contribution to sustainability. For example, the replacement of AHUs led to an improvement in operating efficiency.

Our efforts around sustainable materials revolve around prioritising the use of safe, healthy, and renewable materials that will also aid in lowering our carbon footprint alongside preserving PARAGON REIT's long-term investment value. Sustainable materials will be utilised for our Asset Enhancement Initiatives ("AEI") where we aim to integrate more renewable materials in our operational activities.

#### Our performance

In 2023, all our assets have achieved green certification including the BCA and NABERS in line with country standards, where applicable. By incorporating

# SUSTAINABILITY REPORT

materials that are sustainably sourced, we have decreased the overall carbon emissions associated with our operational activities. This reduction not only aligns with PARAGON REIT's environmental goals but also enhances the energy efficiency and overall performance of our buildings.

## Looking forward

As we look to the future, our commitment to sustainable materials remains unwavering and we are dedicated to advancing the integration of sustainable materials in other business aspects (i.e. major procurement) as well. We recognise the importance of transparency and accountability in our material selection processes and will further enhance our material tracking and reporting mechanisms.

## PRODUCT/SERVICE QUALITY AND RESPONSIBILITY

### Our management approach and initiatives

Delivering high-quality products and services for our customers and tenants is key to PARAGON REIT. This is encapsulated by our central focus of "promoting product quality and customer satisfaction". Providing high-quality products and services helps to avoid any risks to our reputation and ensures customer satisfaction and experience.

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.

### Our performance

In providing high-quality retail and office spaces, we contribute to the local economy and deliver excellent shopping and working experiences. We will continue to uphold the highest standards of products and services in alignment with industry best practices and regulations.

## 5. PILLAR 3: GOOD GOVERNANCE AND ETHICAL BUSINESS

As a Real Estate Investment Trust operation in Singapore and Australia, embracing good governance and ethical business practices across various ESG aspects is essential for long-term success and sustainability. We ensure this through compliance with laws and regulations, promoting anti-corrupt behaviours, cyber security and readiness, human rights and fair labour, and a responsible supply chain.

Incorporating these material topics into our governance and business strategy not only bolsters our ethical standing but also enhances stakeholder trust and financial stability in our competitive industry.

## COMPLIANCE WITH LAW & REGULATIONS

Adhering to local and international laws and regulations is fundamental to PARAGON REIT. This means ensuring that property management, tenant relations, financial and sustainability reporting are conducted with the utmost transparency and integrity.

### Our management approach and initiatives

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 and Technology Risk Management guidelines in Singapore and Australia. We closely monitor regulatory developments throughout the year and make policy and procedural changes as needed.

### Our performance

In 2023, there were no notable fines or non-monetary sanctions for non-compliance.



Table 7. Non-compliance with laws and regulations in the social and economic area

Significant fines and non-monetary sanctions for non-compliance with laws and/or regulations in the social and economic area in terms of:	
a. Total monetary value of significant fines	Zero
b. Total number of non-monetary sanctions	Zero
c. Cases brought through dispute resolution mechanisms	Zero
If the organisation has not identified any non-compliance with laws and/or regulations, a brief statement of this fact is sufficient.	PARAGON REIT has not identified any non-compliance with laws and/or regulations. There were no fines for instances of non-compliance with laws and regulations.
The context against which significant fines and non-monetary sanctions were incurred	Not applicable

### Looking forward

We aim to maintain our track record of zero non-compliance cases. We will ensure that our employees are well educated on compliance matters and maintain strict transparency and integrity.

### ANTI-CORRUPTION

Upholding our commitment to anti-corruption measures is crucial to allow us to build trust with our investors and partners whilst reducing legal and financial risks associated with corrupt practices.

Our management approach and initiatives  
PARAGON REIT expects all employees to fully adhere to the Code of Business Ethics and Employee Conduct ("Code of Conduct") established by the manager. The Code of Conduct addresses various matters related to fraud, business conduct, and workplace behavior to protect assets, proprietary rights, and intellectual property. As we continue to monitor our performance, we are pleased to report that there were no incidents of corruption in FY2023.

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, as amended and supplemented from time to time ("Trust Deed"). 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 RPMS, 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 in Singapore, pursuant to the property management agreements signed for the respective properties.

# SUSTAINABILITY REPORT

We have implemented a Whistleblowing Policy and procedure to allow employees and external parties to confidentially report potential concerns or observations of suspected improper conduct to a designated person or the manager. These concerns may include dishonesty, fraudulent acts, corruption, regulatory breaches, unsafe work practices, or any other improper conduct that could result in significant financial or non-financial loss or damage to the manager's reputation. The manager may conduct independent investigations based on the reports and take appropriate follow-up actions.

Newly appointed directors will undergo compulsory training on anti-corruption as part of their responsibilities.

In Australia, external property managers are engaged to oversee the operations of Figtree Grove and Westfield Marion in accordance with local laws and regulations. These property managers have established relevant policies governing anti-corruption and compliance-related matters, which apply to their employees. Specifically, Scentre Group Limited ("Scentre"), the property manager

of Westfield Marion and MA Financial Group Limited ("MAF"), the property manager of Figtree Grove, are listed on the Australian Securities Exchange ("ASX") and adhere to ASX Corporate Governance Council's principles and recommendations to uphold high standards of governance, ethical business practices, and personal conduct.

## Our performance

In 2023, there were no reported cases of corruption. Given that our primary focus regarding corruption relates to procurement operations, we communicate anti-corruption policies clearly to external property managers, such as Scentre Group Limited and MA Financial Group, who are listed and compliant with ASX regulations, to ensure compliance.

## Looking forward

We aim to maintain zero reported cases of corruption or assessments relating to corruption in the following financial year.

Table 8. Operations assessed for risks related corruption

Total number and percentage of operations assessed for risks related to corruption	100% of Operations - All five PARAGON REIT assets: Paragon, The Clementi Mall, The Rail Mall, Figtree Grove and Westfield Marion were assessed for risks related to corruption.
Significant risks related to corruption identified through the risk assessment	Zero

Table 9. Confirmed incidents of corruption and actions taken

Total number and nature of confirmed incidents of corruption	Zero
Total number of confirmed incidents in which employees were dismissed or disciplined for corruption	Zero
Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption	Zero
Public legal cases regarding corruption brought against the organisation or its employees during the reporting period and the outcomes of such cases	Zero

## CYBER-READINESS, SECURITY & DATA PRIVACY

Cyber readiness, security and data privacy are paramount for PARAGON REIT, for several compelling reasons. As we operate in both Singapore and Australia, these nations have robust financial and real-estate sectors, making them prime targets for cyber threats. Effective cybersecurity safeguards not only financial data but also sensitive tenant and investor information, upholding trust, and financial stability.

Both Singapore and Australia have stringent data protection laws. PARAGON REIT is regulated under the Cybersecurity Act and the Personal Data Protection Act 2021 in Singapore and the Privacy Act 1988 in Australia. and non-compliance can result in significant penalties, reputational damage, and legal consequences. As such, PARAGON REIT recognises the importance of enhancing its cybersecurity readiness to withstand cyberattacks, data breaches, and related disruptions to operations. In response to growing global concerns about data security and privacy, PARAGON REIT complies with both international and local data privacy protection laws and regulations.

### Our management approach and initiatives

In response to growing global concerns about data security and privacy, PARAGON REIT recognises the importance of enhancing its cybersecurity readiness to withstand cyberattacks, data breaches, and related

disruptions to operations. PARAGON REIT complies with both international and local data privacy protection laws and regulations.

PARAGON REIT has a designated data privacy officer in Singapore who is responsible for educating employees about data compliance, as well as conducting regular security assessments.

Protection has been put in place across all hardware and systems to minimise the risks of cyberattacks and data breaches and is regularly updated to maintain its effectiveness. Our sponsor's information technology ("IT") team has in place a technology risk management framework includes various IT policies and procedures designed to guide employees in managing critical technology risks and safeguarding information system assets. In addition, vulnerability assessments and network penetration tests are conducted to detect threats and enhance system security.

### Our performance

During the current financial year, there were no reported cases of theft, leaks, or losses of customer data.

### Looking forward

PARAGON REIT aims to uphold this level of performance in the upcoming financial year.

Table 10. Substantiated complaints concerning breaches of customer privacy and losses of customer data

Total number of substantiated complaints received concerning breaches of customer privacy, categorised by:	Zero
Complaints received from outside parties and substantiated by the organisation	Zero
Complaints from regulatory bodies	Zero
Total number of identified leaks, thefts, or losses of customer data	Zero
If the organisation has not identified any substantiated complaints, a brief statement of this fact is sufficient	Zero



# SUSTAINABILITY REPORT

## HUMAN RIGHTS AND FAIR LABOUR

Respecting and upholding the rights and dignity of employees, workers, and the broader community is a crucial aspect of establishing a responsible business and fosters a fair work environment.

### Our management approach and initiatives

PARAGON REIT is aligned with the Fair Employment practices outlined in Tripartite Alliance for Fair and Progressive Employment Practices ("TAFEP") Tripartite Guidelines and have implemented human resource policies to ensure fair labour practices. We also embrace policies that protect against ill-treatment and harassment and ensure this through sustained communication from our Human Resources department. This includes the creation and prioritisation of safe working conditions and adherence to labour laws. Our human-rights related policies, such as grievance mechanisms, apply to all employees and serve as a guiding framework for promoting a respective environment.

### Our performance

Ensuring that our workforce strictly adheres to current fair labour practices, we conduct training for our employee representatives. In 2023, Singapore property manager conducted a webinar on Fair Employment Practices for all our employees. There were zero cases of human rights or fair labour infringements over this financial year.

### Looking forward

PARAGON REIT aims to continue providing a sustainable workforce by establishing fair working conditions and strictly adhering to existing and forthcoming fair labour practices.

## RESPONSIBLE SUPPLY CHAIN

Ensuring a responsible value chain is paramount for PARAGON REIT due to its multifaceted significance. Primarily, this aligns with our sustainability goals and societal expectations, enhances our brand reputation whilst also reducing negative environmental impacts. This is particularly crucial in the regions where we operate, where environmental regulations are stringent.

We remain cognisant that responsible supply chain management can mitigate risks. Ensuring that our suppliers adhere to ethical, environmental, and legal standards reduces the likelihood of costly legal

repercussions, damages to our brand's integrity and environmental degradation. Moreover, it promotes fair labour practices, safeguarding against labour-related controversies in countries with diverse labour laws.

As a responsible supply chain positively influences investor sentiment, ethical business practices and sustainability considerations resonate with our modern investors, increasing our shareholder and capital value.

### Our management approach and initiatives

PARAGON REIT acknowledges that its commitment to sustainability is strengthened through collaboration with external partners, such as suppliers, who can positively impact society and the environment. Conversely, procuring unsustainable materials can harm PARAGON REIT's reputation and ESG performance. Therefore, we strive to engage with suppliers who are transparent, ethical, and socially and environmentally responsible for all our projects.

PARAGON REIT updated its Supplier Code of Conduct in 2023, which aligns with ethical business practices. We conduct our business with integrity, transparency, and honesty, and this commitment extends to all our suppliers. We also ensure fair treatment of all employees and compliance with national labour laws regarding wages and working hours. We review and assess economic impact, energy efficiency, and green initiatives where applicable to ensure that our suppliers meet our high standards.

### Our performance

In 2023, all tender specifications in Singapore require safety records at the proposal submission stage to be eligible for further consideration. RPMS appointed vendors also continue to adhere to the minimum service standards required, resulting in no disruptions to the supply chain and material operations across all our properties.

### Looking forward

Going forward, PARAGON REIT aims to maintain alignment with the Supplier Code of Conduct among vendors and suppliers. We target to continue establishing collaborative efforts with various stakeholders and operate responsibly in terms of environmental management.

## 6. PILLAR 4: ENABLE INCLUSIVENESS, SAFETY, GROWTH AND DIVERSITY FOR OUR PEOPLE

This ESG pillar presents fundamental commitments for PARAGON REIT as we focus on several critical material topics including, employee and public health, safety and wellbeing, stakeholder impact and partnerships, training and development, and non-discrimination and equal opportunity. As we embrace these material topics, we can further strengthen our reputation as an ethical, responsible, and people-centric organisation whilst fostering a positive and sustainable impact on our community, economy, and overall industry.

### HEALTH, SAFETY & WELLBEING (EMPLOYEES & PUBLIC)

At PARAGON REIT, we prioritise the health, safety, and wellbeing of both our employees and the surrounding community. This involves maintaining safe property conditions, disaster preparedness, and the promotion of employee health and well-being.

#### Our management approach and initiatives

PARAGON REIT is committed to providing a healthy and hazard-free environment for shoppers, tenants, employees, contractors, and suppliers. We ensure that we abide closely with health and safety requirements such as the Singapore Workplace Safety and Health Guidelines, including its latest guideline, to strengthen the management of our health, safety, and wellbeing.

Our sponsor's Workplace Safety and Health committee, including representative from PARAGON REIT, manages and maintains oversight over issues of health, safety, and wellbeing. This committee meets quarterly to discuss matters pertaining to health and safety and identify any potential risks that needs to be further addressed. PARAGON REIT takes an active approach to preventing and mitigating occupational health and safety impacts within our operations where any stakeholders or employees can submit a report internally. Our property managers would also regularly conduct on the ground checks in our assets to ensure any health and safety risks are highlighted and mitigated appropriately. These checks are reported to the ARC and the Board.

In Singapore, we adhere to the Group's Total Workplace Safety and Health Policy to manage interactions between work, safety, and health for employees of PARAGON REIT. In Australia, we have in place a similar Workplace Safety and Health policies and procedures are implemented by the respective property managers. These policies are broadcasted to our employees as and when there are webinars, trainings or events that relate to health, safety, and wellbeing.

#### *Enhancing safety within our public spaces*

Fire hazards is a significant safety concern amongst our workers and visitors. Therefore, we take an active approach to mitigate and ensure we have measures in place in an event of a fire. PARAGON REIT conducts regular fire risk assessments to identify and manage these potential risks and hazards.

In addition to the risk assessments, we have implemented policies such as the Emergency Response Plan in our Singapore malls, to obtain a swift response and evacuation in the event of a fire. This plan outlines the responsibilities and actions of all parties involved during a fire emergency. Additionally, tabletop fire drills were conducted for RPMS employees to comply with local fire safety requirements.

Similarly, in our Australian operations, we conduct annual and monthly workplace health and safety training for property managers and employees for Figtree Grove and Westfield Marion properties. At Figtree Grove, various safety measures, including Fire Safety Equipment compliance tests and evacuation drills, are in place yearly to manage hazard risks. Emergency Management Manuals are also in place to address other emergency situations including natural disasters, building damages and acts of terrorism, which are continually being reviewed through desktop simulations.

In the management of similar risks and hazards in public spaces at Westfield Marion, safety manuals, emergency evacuation plans, and a tenant safety certification process are implemented. We also restrict the use of flammable materials within retail premises to minimise fire risks.

# SUSTAINABILITY REPORT

Our on-site teams regularly inspect and maintain the premises while adhering to safe operating standards to maintain a high level of safety and smooth running of operations. Under the Tenancy Safety Certification process, tenants are required to renew any relevant safety certifications to ensure system reliability.

In the event of a major incident, we have established guidelines for all relevant stakeholders to facilitate swift and organised incident reporting. The results of investigations inform follow-up actions to minimise future incidents, and post-incident reviews are retained for future reference and guideline reviews. Reporting guidelines are reviewed annually.

## *Employee mental health and well-being*

The mental health and well-being of our employees and workers is equally as important to PARAGON REIT as their physical health and safety. As such, PARAGON REIT participates in the Workplace Outreach Wellness ("WOW") programme administered by the Health Promotion Board ("HPB"). This programme offers health programmes and workshops to enhance employee well-being and engagement. Examples of workshops that have been organised to support employee mental health.

## *Across our employees*

Training and development of PARAGON REIT's managers and property management staff will lead to high levels of competency to carry out quality service and delivery for our stakeholders. As such, trainings to upgrade employees' knowledge on a range of topics is embedded in PARAGON REIT's business practices. All PARAGON REIT managers and relevant property management staff attended our ESG training courses in 2023.

## **Our performance**

In 2023, zero cases of non-compliance in health and safety matters occurred. There were zero incidents resulting in permanent disability or fatalities among stakeholders and employees of PARAGON REIT.

## **Looking forward**

PARAGON REIT aims to uphold our safety standards through continuous review and improvements to our policies and procedures. We target to maintain zero cases of high-consequence injuries among stakeholders, such as the public and our employees.

Table 11. Work-related injuries

	REIT managers (Singapore)	Property managers (Singapore)	Property managers (Australia)
Number of hours worked	26,520	268,398	20,798
Rates have been calculated based on 200,000 hours worked	0	0	0



### STAKEHOLDER IMPACT AND PARTNERSHIPS

At PARAGON REIT, we aim to build strong relationships with our stakeholders, including tenants, local communities, suppliers, and industry partners, to foster collaboration and shared growth. This ensures that PARAGON REIT positively impacts the broader ecosystem.

#### Our management approach and initiatives

As means of enhancing our stakeholder impact and partnerships, PARAGON REIT engages all our

tenants directly to understand the sustainability of their businesses and how to assist them. We hold engagement sessions to communicate with our tenants and address any key areas of concerns.

We collaborated with Singapore Polytechnic and Singapore Environmental Council to provide sustainability training to tenants as well. Through such initiatives, we strengthen our relationship with our tenants and build long-term relationships that strengthen our business.

Figure 8. PARAGON REIT sustainability training initiatives



#### Our performance

In July 2023, PARAGON REIT established a sustainability-linked term loan facility of S\$995 million, with “green” targets tied to its achievements in utilities savings and initiatives with tenants. This demonstrated PARAGON REIT’s commitment to consider its environmental and social impact of its business comprehensively and foster collaboration with various stakeholders to integrate sustainability considerations into its operations.

#### Looking forward

PARAGON REIT will continually engage with all our tenants to assess their sustainability efforts and support their success, thereby enhancing the partnership and relationships with stakeholders.

### TRAINING & DEVELOPMENT

Investing in our workforce entails offering training and development programs to our employees, empowering them to reach their full potential. Through these programs, we can cultivate a skilled and motivated workforce, enhancing the REIT’s overall performance and competitiveness.

#### Our management approach and initiatives

Training and development are integral in ensuring a motivated workforce and maintaining high competency levels amongst our employees. Safety training, as well as various other training programs, are integrated into our operations to upgrade and refresh employee knowledge across diverse topics. As our team is relatively small, we personally encourage our staff to attend all relevant training programs that we conduct. They ensure that PARAGON REIT’s training programmes are up to date and regularly reviewed for efficacy.

#### Safety training

In Singapore, we conduct regular safety training, including Company Emergency Response Team (“CERT”) and first aid training for employees at all CMO. These programs cover basic first aid, Automated External Defibrillator (“AED”) training, fire emergency responses, and Workforce Skills Qualifications (“WSQ”) Implement Incident Management Processes.

# SUSTAINABILITY REPORT

In Australia, annual workplace health and safety training is provided for all Centre Management personnel at Figtree Grove, along with monthly safety training sessions for all employees at Westfield Marion. Various safety topics, including emergency management, safe handling of hazardous materials, working at heights, and confined space work, are covered.

PARAGON REIT distributes A Work-Health Safety ("WHS") handbook on an annual basis to all retailers as a reminder of their responsibility to raise safety concerns with Centre Management. Any concerns raised are assessed as part of the group's monthly WHS Forum.

Prior to the commencement of fit-out works for our new contractors, inductions are implemented, and kick-off meetings are held to review their safety policies and procedures. Contractors also receive regular training covering emergency management, safe working procedures on handling hazardous materials or chemicals, and working at height or within confined spaces.

## Other training

In 2023, directors received training on several topics, including regulatory updates and business sustainability. Additionally, they attended Directors' conferences and seminars on audit committees that were organised by the Singapore Institute of Directors ("SID"). PARAGON REIT property managers also underwent Facility Management ("FM") related, Real Estate related, and other related training programmes.

## Our performance

Overall, in 2023, 12 employees in Singapore underwent 50 total training hours and participated in an ESG training<sup>7</sup>. PARAGON REIT CMS license holders also met the training hours requirement.

Over the course of this financial year, we had 133 property managers, with 120 in Singapore and 13 in Australia. Our property managers in Singapore underwent 1,552 hours of training (an average of 12.9 hours per property manager) while property managers in Australia underwent 376.5 hours of training (average 29.0 hours per property manager) in 2023.

## Looking forward

In 2024, we target to maintain high participation rates for ESG-related training sessions for both our employees and property managers. For instance, we will continue to encourage all our employees to take value-adding training and at least one ESG-training annually.

## NON-DISCRIMINATION AND EQUAL OPPORTUNITY

Upholding principles of non-discrimination and equal opportunity reinforces a diverse and inclusive working environment and workforce. As such, we can ensure that every individual is treated fairly and are provided the opportunity to contribute their best to the REIT.

## Our management approach and initiatives

PARAGON REIT is committed to fostering a diverse workplace. We believe that a workplace that embraces diversity will attract and retain talent. Our diversity, equity, and inclusion policies ensure the representation of employees of different ages and genders 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 management and PARAGON REIT employees are not represented by unions to avoid any conflict of interest.

Each of our two operations in Australia has a dedicated Australian property manager overseeing the management of the malls, respectively. Each of the property managers has an established centre management team, comprising various functions including retail, property, and administration to manage the mall operations.

## Our performance

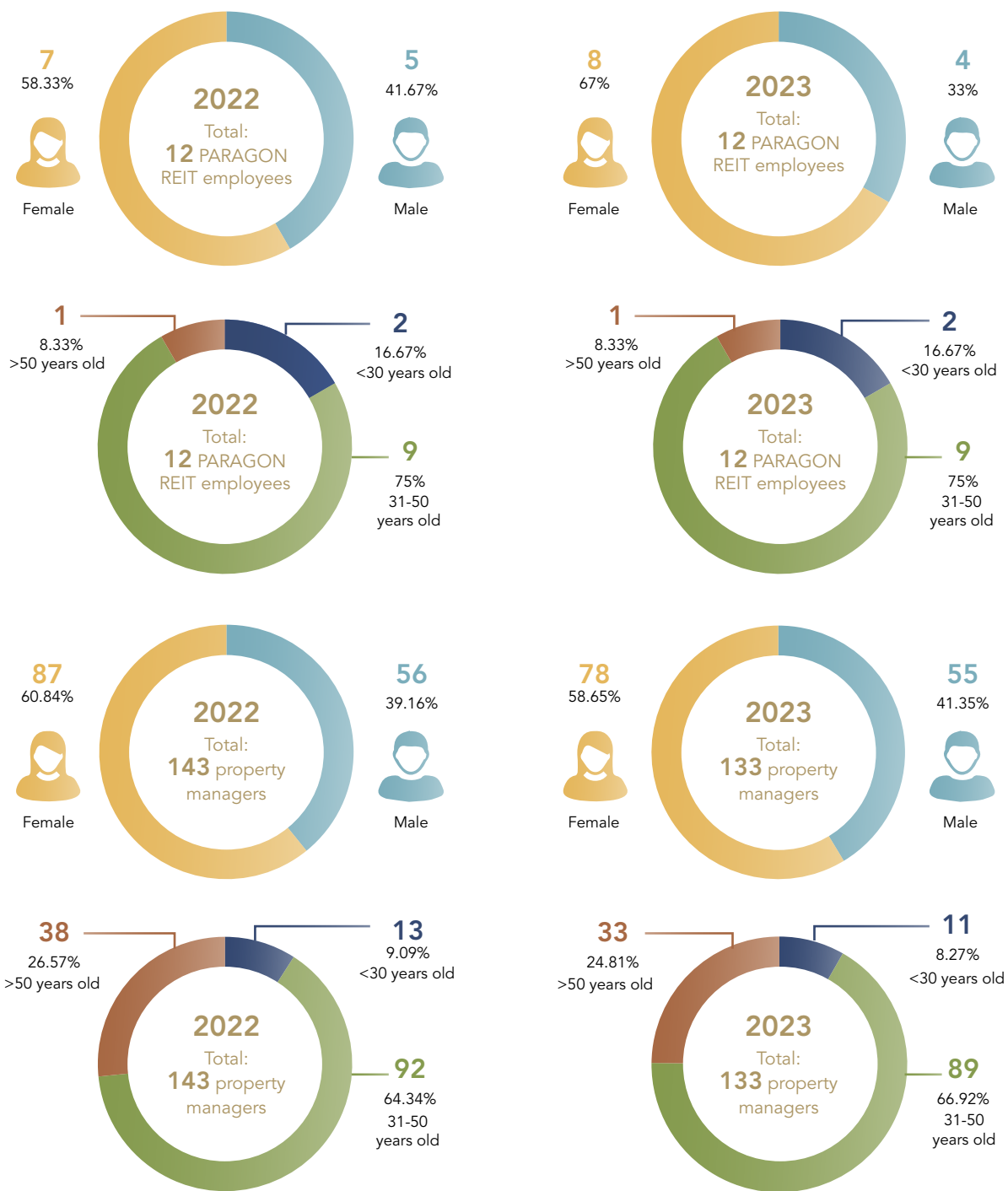
Overall, there were zero incidents of discrimination on grounds of colour, gender, sex, religion, political opinion, or social origin reported during this financial year.

<sup>7</sup> Reported training hours account for the 2023-year end and is lower than the actual number of hours, given that two new employees are yet to undergo training as of the reporting date.

PARAGON REIT’s workforce comprises 12 full-time employees based in Singapore. The number of full-time employees PARAGON REIT employed remains unchanged from 2022 to 2023. A detailed comparison of the gender and age demographic of PARAGON REIT’s employees is illustrated below.

As of 2023, there were a total of 133 property management staff across the Singaporean and Australian properties. A detailed comparison of the gender and age demographic of PARAGON REIT’s property managers is illustrated below.

Figure 9. Our employee breakdown





# SUSTAINABILITY REPORT

Table 12. Property managers breakdown

Gender diversity in governance bodies		
Board	Female	Male
Number	4	5
(%)	44.4%	55.6%
Management	Female	Male
Number	3	1
(%)	75.0%	25.0%

Table 13. Diversity of governing bodies & SGX Governance

Board composition		
	Independent	Non-independent
Number	6	3
(%)	66.7%	33.3%
	Executive	Non-executive
Number	0	9
(%)	0.0%	100.0%

Table 14. New hires and turnover breakdown by gender (SGX)

New hires	Number	(%)
Under 30 years old	0	0.0%
30 -50 years old	3	100.0%
Over 50 years old	0	0.0%
Turnover	Number	(%)
Under 30 years old	0	0.0%
30 -50 years old	3	100.0%
Over 50 years old	0	0.0%

Table 15. Total number of employees by employment by gender, region, and contract

New hires	Absolute number	(%)
Female	2	66.7%
Male	1	33.3%
Turnover	Absolute number	(%)
Female	1	33.3%
Male	2	66.7%
Total change	0	100.0%

Table 16. Total number of REIT employees by gender and contract

Total number of REIT employees by gender and contract		
	Female	Male
Permanent	8	4
(%)	66.7%	33.3%
Temporary	0	0
(%)	0.0%	0.0%

Table 17. Total number of employees by employment type by gender, region, and contract

Total number of employees by employment type by gender, region, and contract				Total
		Female	Male	
Australia	Permanent	8	5	13
	(%)	62.0%	38.0%	100.0%
	Temporary	0	0	0
	(%)	0.0%	0.0%	0.0%
Singapore	Permanent	70	50	120
	(%)	58%	42%	100.0%
	Temporary	0	0	0
	(%)	0.0%	0.0%	0.0%
Total		78	55	133

### Looking forward

Moving forward, PARAGON REIT aims to maintain zero incidents of discrimination in our workplace to ensure that it remains a safe environment for all.

## 7. PILLAR 5: ENGAGE LOCAL COMMUNITIES AND ADVOCATE FOR POSITIVE IMPACT

Under this pillar, PARAGON REIT primarily focuses on local communities and community engagement. As we strive to effectively address this material topic, we can not only enhance our social responsibility but also contribute to the long-term sustainability of our real estate investments in Singapore and Australia.

### LOCAL COMMUNITIES / COMMUNITY ENGAGEMENT

Local community and community engagement are vital considerations for PARAGON REIT as we remain aware of our operational impacts on local communities, beyond financial gains. We recognise the role we should play in

fostering positive relationships, social responsibility, and sustainable growth.

Engaging with local communities extends beyond being a REIT, and towards being a conscientious partner. This entails understanding the unique needs, cultures and values of the communities that reside around our assets. We focus on active participation in community development initiatives to enhance infrastructure, educational and healthcare projects, and promoting social wellbeing.

We aim to advocate for positive impact by not only engaging but also actively promoting policies and practices that align with the broader societal and environmental good. As we address these aspects, PARAGON REIT hopes to build strong relationships, add social value, and secure a sustainable and ethical position in the industry, ultimately benefitting both the REIT and the communities in which we serve.

# SUSTAINABILITY REPORT

## Our management approach and initiatives

PARAGON REIT places great importance on engaging with and “caring for our community” as part of our Corporate Social Responsibility (CSR) programme. We actively collaborate with our tenants to implement various campaigns that promote the spirit of giving back. These initiatives are organised across five main categories – Charity & Community, Nature & Conservation, Education, Arts & Culture and Sports.

## Our performance

We have accomplished our 2023 target of integrating CSR activities into at least two events held at our malls. Through our key community engagement programmes highlighted below, we aim to create positive impacts to enrich and uplift lives of our participants and communities.

Table 18. Our social Initiatives

<p><b>Paragon Junior Charity Event (Paragon)</b></p> <p>Paragon successfully sold event passes to Paragon Junior Charity event worth \$3,000. These event passes granted attendees access to a range of interesting social activities, including bouldering, candle making, and manicure sessions. All of the proceeds generated were donated to Kid Horizon Appeal, Paragon’s beneficiary dedicated to supporting children with chronic illnesses.</p>	
	<p><b>Yoga Charity Event (Paragon)</b></p> <p>Paragon collaborated with Under Armour and Fitness First to organise a meaningful Yoga Charity Event, held at the Level 1 outdoor foyer. Through this event, Paragon successfully raised \$3,200 for the Singapore Cancer Society. In addition, Paragon matched dollar-for-dollar and donated a further \$3,200 to the Singapore Cancer Society. Singapore Cancer Society is a beneficiary committed to minimising the impact of cancer and maximising lives through effective programs.</p>



### Fund Raising for Singapore Cancer Society via Jolly Winter Kids Parties (Paragon)

Continuing our CSR efforts with Singapore Cancer Society, Paragon's Jolly Winter Kids Parties in Nov/Dec 2023 managed to raise a further \$8,650 in donations to the beneficiary. The funds were raised via purchase of event passes to a captivating array of kids' activities, from scavenger hunts to clay sculpturing, bouldering, and chocolate painting sessions organised by Paragon and tenants during the Festive season.



### Blessings of Fortune (The Clementi Mall)

To support needy seniors living in Clementi, The Clementi Mall partnered with Lion Befrienders Services Association Singapore in January and February 2023 to raise funds. PARAGON REIT donated \$1 for every fortune cookie made by seniors and also collected donations from the public. The campaign raised \$740.



### Better future for our children (The Clementi Mall)

To foster growth and meaningful connections with our community, The Clementi Mall partnered with Children's Wishing Well, an organisation dedicated to supporting disadvantaged children. The Clementi Mall hosted fifteen children for lunch and brought them through a short learning journey to the library and supermarket.

# SUSTAINABILITY REPORT

## Fund Raising for Singapore Cancer Society (The Clementi Mall)

Partnering Singapore Cancer Society (SCS) in the collective fight against cancer, The Clementi Mall organised a fund raising initiative for the whole month of December 2023. For every \$20 donated, the donor will get to receive a reversible design bag specially designed by cancer patients. This collaboration with SCS raised a total of \$1,695.



## Westfield Local Heroes (Westfield Marion)

The Westfield Local Heroes program provides grants to support those who make an impact to their local communities. 3 nominated local heroes and their families were hosted to breakfast by Westfield Marion at one of its café.

The winner to the Local Hero 2023 award won a grant of A\$20,000 for the St Jude's Brighton Community Meal, which provides food and company to more than 100 locals every Friday. The grant will go towards industrial refrigeration and an outdoor dining area to accommodate more people.

One of the finalists received A\$5,000 for Friends of Sturt River Landcare Group, a volunteer group that maintains and re-establish native plant communities for biodiversity and climate resilience. The other finalist received A\$5,000 for Grandparents for Grandchildren SA, an organisation that supports grandparents who have concerns about the safety and welfare of their grandchildren and those who are experiencing alienation.







### Vulnerable Community Support (Westfield Marion)

Westfield Marion supported the neighboring SA Leisure and Aquatic Centre when they opened their doors to South Australia's homeless community with a pop-up shelter to temporarily provide a warm and inviting refuge for rough sleepers. We donated dinner and breakfast items purchased from our retailers and made up 100 individual care packs with snacks and food items.

Additionally, Westfield Marion's Foodbank currently support 135,000 South Australians to put food on the table. Westfield Marion hosted 3 collection bins and a collection and collected 4,575kg of food in 2023, which will assist to put thousands of meals on the table to feed vulnerable persons in the community.

### Community Engagement Initiatives (Westfield Marion)

Westfield Marion hosted a variety of community engagement initiatives including hosting local musicians, interactive painting events, interactive wildlife education events, indigenous artwork experiences, and holiday events.



### Interactive Storytime sessions (Figtree Grove)

Each month Wollongong City Library provides free, interactive Storytime sessions in Figtree Grove for local children and families. This community outreach event supports local families to help children build a lifelong love of reading, learning and literacy and provide parents with tools to further develop toddler early literacy.



# SUSTAINABILITY REPORT

## Cancer Cares Fundraiser (Figtree Grove)

As part of Figtree Grove's fundraising initiatives, Gift Wrapping and Gift Stalls are held three times annually for Mother's and Father's Day and in the lead up to Christmas. All gift-wrapping supplies are supplied by the Centre and the gifts are made by the volunteers and their families. Full proceeds are donated to the Illawarra Cancer Carers, an organisation that provides trained volunteers who work in conjunction with the medical staff of the Illawarra Area Health Service to offer practical, emotional and physical assistance to cancer patients and their families. In 2023, a total of A\$5,881 was raised.



## Red Shield Appeal (Figtree Grove)

Figtree Grove partnered with The Salvation Army to raise money in support of Australians with hardship, homelessness, domestic violence, addiction, mental illness, poverty, isolation and much more. The common area is provided to the Salvation Army Charity to raise funds free of charge.

## Looking forward

We strive to maintain our efforts in engaging the community and stakeholders around us to maximise our positive social impact, and we look forward to organising more initiatives in the following financial year.

## 8. APPENDIX

### MEMBERSHIP OF ASSOCIATIONS

PARAGON REIT is a member of the REITAS and acts as a REITAS SGX Listed co. international advocacy. As an active member of REITAS, PARAGON REIT represents and engages with policy makers regarding key matters affecting Singapore REITs under MAS and SGX guidelines.

PARAGON REIT is also a member of the Orchard Road Business Association ("ORBA"), an association that aims to enhance Orchard Road's position as one of the world's premier shopping and lifestyle destinations.

#### GRI MATERIALITY INDEX (DISCLOSURE INDEX)

GRI DISCLOSURE	LOCATION	OMISSION	
		Reason for omission	Required explanation
<b>GRI 2: General Disclosures 2021</b>	2-1 Organisational details	73	-
	2-2 Entities included in the organisation's sustainability reporting	73	-
	2-3 Reporting period, frequency, and contact point	72	-
	2-4 Restatements of information	72, 85, 87	-
	2-5 External assurance	72	-
	2-6 Activities, value chain and other business relationships	90	-
	2-7 Employees	99	-
	2-8 Workers who are not employees	99	-
	2-9 Governance structure and composition	78	-
	2-10 Nomination and selection of the highest governance body	AR p.125	-
	2-11 Chair of the highest governance body	AR p.122	-
	2-12 Role of the highest governance body in overseeing the management of impacts	78	-
	2-13 Delegation of responsibility for managing impacts	78	-
	2-14 Role of the highest governance body in sustainability reporting	78	-
	2-15 Conflicts of interest	90	-
	2-16 Communication of critical concerns	91	-
	2-17 Collective knowledge of the highest governance body	91	-
	2-18 Evaluation of the performance of the highest governance body	Annual Report	-
	2-19 Remuneration policies	Annual Report	-
	2-20 Process to determine remuneration	Annual Report	-

# SUSTAINABILITY REPORT

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	73	-
	2-23 Policy commitments	Disclosed throughout Sustainability report 2023 across all pillars	-
	2-24 Embedding policy commitments	Disclosed throughout Sustainability report 2023 across all pillars	-
	2-25 Processes to remediate negative impacts	Disclosed throughout Sustainability report 2023 across all pillars	-
	2-26 Mechanisms for seeking advice and raising concerns	91	-
	2-27 Compliance with laws and regulations	90	-
	2-28 Membership associations	107	-
	2-29 Approach to stakeholder engagement	81	-
	2-30 Collective bargaining agreements	Not applicable	No collective bargaining agreements
<b>GRI 3: Material Topics 2021</b>	3-1 Process to determine material topics	81	-
	3-2 List of material topics	81	-
Sustainable materials	3-3 Management of material topics	89	-
	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	84	-
	302-1 Energy consumption within the organisation	84	-
	302-3 Energy intensity	85	-
	302-4 Reduction of energy consumption	84-85	-



GRI DISCLOSURE	LOCATION	OMISSION	
		Reason for omission	Required explanation
Emissions	3-3 Management of material topics	84	
	305-1 Direct (Scope 1) GHG emissions	Not applicable	Negligible amount
	305-2 Energy indirect (Scope 2) GHG emissions	85	-
	305-3 Other indirect (Scope 3) GHG emissions	Information incomplete	Information for Scope 3 GHG emissions incomplete
	305-4 GHG emissions intensity	85	-
	305-5 Reduction of GHG emissions	85	-
Water	3-3 Management of material topics	87	-
	303-2 Management of water discharge-related impacts	87	-
	303-5 Water consumption	87	-
Waste	3-3 Management of material topics	85	-
	306-1 Waste generation and significant waste-related impacts	85-86	-
	306-2 Management of significant waste-related impacts	86	-
	306-3 Waste generated	85-86	-
Occupational Health and Safety	3-3 Management of material topics	95	-
	403-1 Occupational health and safety management system	95-96	-
	403-2 Hazard identification, risk assessment, and incident investigation	95-96	-
	403-3 Occupational health services	95-96	-
	403-4 Worker participation, consultation, and communication on occupational health and safety	95-96	-
	403-5 Worker training on occupational health and safety	95-96	-
	403-6 Promotion of worker health	95-96	-
	403-8 Workers covered by an occupational health and safety management system	95-96	-
	403-9 Work-related injuries	95-96	-
	403-10 Work-related ill health	95-96	-
Training and Education	3-3 Management of material topics	97	-
	404-1 Average hours of training per year per employee	98	-
	404-2 Programs for upgrading employee skills and transition assistance programs	97-98	-
	404-3 Percentage of employees receiving regular performance and career development reviews	Information unavailable/incomplete	Information unavailable

# SUSTAINABILITY REPORT

GRI DISCLOSURE	LOCATION	OMISSION	
		Reason for omission	Required explanation
Non-discrimination	3-3 Management of material topics	98	-
	406-1 Incidents of discrimination and corrective actions taken	98	-
Human rights and fair labour	3-3 Management of material topics	94	
Local Communities	3-3 Management of material topics	101	-
	413-1 Operations with local community engagement, impact assessments, and development programs	101-106	-
	413-2 Operations with significant actual and potential negative impacts on local communities	101-106	-
Customer Privacy	3-3 Management of material topics	93	-
	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	93	-
Anti-corruption	3-3 Management of material topics	91-92	-
	205-1 Operations assessed for risks related to corruption	91-92	-
	205-2 Communication and training about anti-corruption policies and procedures	91-92	-
	205-3 Confirmed incidents of corruption and actions taken	91-92	-

## TCFD INDEX

TCFD Recommended Disclosure	Description
<b>GOVERNANCE</b>	
a. Describe the organisation's governance around climate-related risks and opportunities	<p>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 &amp; 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.</p> <p>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. The Sustainability Working Committee drives the sustainability programme across the organisation.</p> <p>PARAGON REIT holds trainings and sharing sessions with the Board and the Senior management on ESG awareness and general landscape updates, as well as provides quarterly sustainability reporting updates in the ARC meetings.</p>
b. Describe management's role in assessing and managing climate-related risks and opportunities	<p>Progress against the climate-related targets is monitored by the Board on an annual basis through KPIs. PARAGON REIT management regularly monitors environmental KPIs and collects data for submission to the statutory board for green certification.</p> <p>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's asset manager &amp; senior management about any climate-related risks, prevention and/or remediation. Thereafter, it will be escalated to ARC for their information, consideration, and guidance. Following which, the ARC will report to the Board accordingly.</p>
<b>STRATEGY</b>	
a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	<p>PARAGON REIT performed its first scenario analysis in 2022, and identified and prioritised the key risks and opportunities for PARAGON REIT's assets in Singapore and Australia, covering 100% of PARAGON REIT's portfolio.</p> <p>Through the 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 scenario analysis considers two scenarios, the 1.5°C Scenario (RCP 2.6) and &gt;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.</p> <p>A non-exhaustive list of key physical and transition risks is listed as follows:</p> <p>Physical risks:</p> <ul style="list-style-type: none"> <li>• More frequent or intense floods (river and flash floods)</li> <li>• Higher mean temperature and more frequent/intense heatwaves</li> <li>• Windstorms (tropical cyclones)</li> <li>• Water stress</li> </ul> <p>Transition risks:</p> <ul style="list-style-type: none"> <li>• Carbon pricing</li> <li>• Changing customer expectations</li> <li>• Low carbon economy transition policies and regulations</li> <li>• Technology shifts</li> </ul>



# SUSTAINABILITY REPORT

TCFD Recommended Disclosure	Description
b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	<p>Climate-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.</p> <p>We have made progress on some of the recommendations arising from the scenario analysis findings, including embarking on our decarbonisation journey by establishing a decarbonisation roadmap. To this end, we have started tracking our Scope 3 emissions, and aim to expand the coverage in future years. 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. Solar panel installation is also expected to be completed on PARAGON REIT properties in 2024. In 2023, we also reduced our electricity consumption by 5.39%, exemplifying our commitment to energy efficiency.</p> <p>We are also looking into 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 accordance to green building standards.</p>
c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	<p>The findings from our scenario analysis have helped shape our strategy to ensure our organisation remains resilient in the face of change.</p> <p>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.</p> <p>Furthermore, PARAGON REIT aims to continue working towards growing the green finance market, through the adoption of sustainability-linked loans. In July 2023, we have established a sustainability-linked term loan with our existing lending banks, demonstrating comprehensive consideration of the environmental and social impact of our business.</p>
<b>RISK MANAGEMENT</b>	
a) Describe the organisation's processes for identifying and assessing climate-related risks.	<p>Our Sustainability taskforce continuously monitors all current events and regulatory updates in the geographic regions where our operations are active to safeguard against transition risk, such as emissions reduction policies that are implemented on a regional level.</p> <p>For asset related reporting and monitoring of risks, PARAGON REIT currently adopts a risk assessment in which risks 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.</p>

TCFD Recommended Disclosure	Description
<p>b) Describe the organisation's processes for managing climate-related risks.</p>	<p>Short-term risks are addressed by 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 REIT's strategies.</p> <p>The 2022 scenario analysis also lead to the following:</p> <p><b>Assessment of results</b> PARAGON REIT aims to draw conclusions on the financially material physical and transition risks and validate or update its current strategy.</p> <p><b>Considerations on the need to take actions</b> PARAGON REIT has adopted some recommendations, and is reviewing other possible mitigation and adaptation plans, as well as identifying climate-related opportunities. The ultimate aim is to help PARAGON REIT's portfolio build resilience against climate-related risks and capture climate-related opportunities.</p> <p>Such resilience will future-proof PARAGON REIT's real estate portfolio to guard against the risk of climate change, to avoid premature obsolescence, and maximise its ability to capitalise on available opportunities.</p> <p><b>Actions taken to address the risk</b> PARAGON REIT has embarked on a number of asset enhancement initiatives (AEIs), including:</p> <ul style="list-style-type: none"> <li>• Replacement of AHUs</li> <li>• Solar panels</li> <li>• Cold/Hot Air balancing</li> <li>• Upgrade of BMS to better track usage</li> <li>• Phased installation of flood barriers</li> <li>• Installation of electric vehicle car parks</li> </ul> <p>Actions have also been taken to mitigate other physical risks. To mitigate intense floods, we update and ensure drainage systems are designed to handle floods. A key action which arises from the scenario analysis is the possibility of installing necessary infrastructure and building features to increase the resilience.</p> <p>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.</p> <p>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 assessed.</p>
<p>c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.</p>	<p>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.</p> <p>Certain initiatives PARAGON REIT has currently undertaken include an ESG awareness training, with a focus on climate-related risks, and Board and Senior Management as the target audience. Furthermore, on a quarterly basis, PARAGON REIT's sustainability consultants provide sustainability reporting updates to the ARC.</p>

# SUSTAINABILITY REPORT

TCFD Recommended Disclosure	Description
<b>METRICS &amp; TARGETS</b>	
a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	<p>The key metrics and targets we have set relate to our GHG emissions.</p> <p>PARAGON REIT discloses its Scope 2 emissions of four of its properties. In this past financial year, PARAGON REIT has reduced its Scope 2 emissions by 9.29%. The emissions targets (energy usage, GHG emissions, water usage in intensity &amp; absolute terms) set are currently only for two properties in Singapore, namely Paragon and The Clementi Mall. The Rail Mall data has been excluded as it lacks shared common areas, and tenants are responsible for their own utilities consumptions. Our like-for-like targets were initially set before PARAGON REIT acquired our assets in Australia. In 2024, we plan to revise our targets to include both Westfield Marion and Figtree Grove.</p> <p>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 The Clementi Mall.</p> <p>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.</p>
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	We target to continue improvement in disclosures of emissions, where relevant, 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 and develop a feasible but ambitious target accordingly next year. 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.



#### 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- AS4801-certified safety management team
  - 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
  - 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 in place to support 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 exists 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 ISO45001-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 of 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 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 in managing risks, preserving capital, and maintaining 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, appetite 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 strategic, financial, operational, legal and compliance, technology risks that are relevant and material to business operations. Regular horizon scanning is performed to identify emerging risks that may affect the achievement of PARAGON REIT's objectives. Periodical internal and external audits are conducted to check that directions, policies, procedures, and practices are adhered to, and functioning as desired.

## STRATEGIC RISKS

Throughout the year, the Board and Management engage in open and constructive debates for furthering the strategic objectives of the Manager and the REIT. The Manager identifies potential risks ahead of time and focusses on investment and asset management efforts to proactively manage the risks for sustainable performance.

## INVESTMENT RISK

All investment and divestment proposals are subject to rigorous and disciplined planning, assessments and due diligence processes. Factors such as asset valuation, yield, sustainability and risks are considered and sensitivity analyses are included in each review to assess the impacts of a change in assumptions used. Potential acquisitions and divestments 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 and divestment 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.

#### **REAL ESTATE MARKET RISK**

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.

#### **ENVIRONMENTAL, SOCIAL & GOVERNANCE ("ESG") AND CLIMATE RISK**

ESG-related issues and climate risks including physical risks (e.g., flooding) and transitions risks (e.g., carbon pricing, changing consumer preferences and regulations, technology shifts) affects the assets directly and indirectly. Strategies are put in place to address these issues and risks and reported to the Board regularly. For more details on PARAGON REIT'S efforts in addressing ESG-related issues and climate risks, refer to the Sustainability Report.

#### **CONCENTRATION RISK**

Within PARAGON REIT'S portfolio, there are tenants who take up significant portion of the total Net Lettable Area of the respective assets. Over-reliance on these tenants may impact rental yields. The Manager monitors key tenants' performance and the concentration of these tenants in each asset closely. Where required, the Manager diversifies the tenant mix to provide better experiences to the customers and minimise concentration risks.

#### **FINANCIAL RISKS**

##### **CREDIT RISK**

All leases are subject to assessment of business proposition including credit risk. 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. Tenants' performances are reviewed continually. 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 RISK**

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 ensures that there is access to various sources of funding from banks and capital markets. The Manager also 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.

#### **OPERATIONAL RISKS**

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.



# RISK MANAGEMENT

## ADVERSE EXTERNAL EVENT RISK

Natural and / or man-made adverse events including large-scale outbreaks of infectious diseases, geo-political conflicts, flooding, and fire can have an impact on PARAGON REIT's assets.

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. The property managers, outsourced service providers and tenants, are involved in periodic drills and table-top exercises to better prepare them for various scenarios. The Manager practises 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

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

Regular meetings are conducted to review reports from the respective managers, 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 ensures a greater alignment of interests.

## CONDUCT AND FRAUD RISK

The Manager recognises 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.

## PROJECT MANAGEMENT RISK

As the Manager embarks on Asset Enhancement Initiatives to deliver long term value to unitholders, budgets, schedules and quality expectations are put in place and closely monitored. Regular updates are provided to the Board and Management on the progress of the projects and any possible delays / overruns.

## FACILITIES AND ASSET MAINTENANCE RISK

The Manager recognises the importance of adequate maintenance and refurbishments of PARAGON REIT's facilities and assets to avoid any possible disruptions to the operations, keep up with competition and deliver returns. A preventive maintenance program is in place so that the assets and its facilities are kept in optimal conditions.

## 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. The Manager also leverages on in-house teams and external consultants to scan for updates on changes to laws and regulations. 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. Regular safety reviews have also been put in place.

#### **REGULATORY RISK**

The Manager recognises the importance of monitoring the laws and regulations closely to ensure compliance and timely responses to changes in jurisdictions that the Manager operates in. Corporate policies and procedures are regularly updated to reflect changing laws and regulations and regular training and communication are provided to all relevant staff to keep them apprised of updates.

#### **LEGAL RISK**

The Manager acknowledges that there may be circumstances where legal dispute may arise in the course of its businesses. Any litigations that are not managed effectively or adequately may result in financial loss / legal consequences. The Manager seeks advice from external consultants and/or lawyers to ensure that any potential issues can be addressed on a timely basis.

#### **DATA CONFIDENTIALITY RISK**

In providing an enriched customer experience for shoppers, personal data of shoppers are collected. The Manager ensures that safeguards are put in place to protect all collected data and that all data are only accessible by authorised personnel.

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. In Australia, the investment and property managers also have contractual obligations to comply with the Privacy Act 1988.

### **TECHNOLOGY RISKS**

#### **TECHNOLOGY AND CYBER SECURITY RISK**

Information Technology ("IT") and Operational Technology ("OT") play vital roles in the sustainability of the business, and the Manager is cognisant of the evolving risks in technology and cyber security. System failures may cause downtime in business operations and adversely affect operational efficiency and integrity. The Manager has implemented tight controls within the corporate systems to address such threats. In this respect, policies are in place to guide staff on appropriate and acceptable use of technological 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 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, a disaster recovery programme is in place to provide a systematic off-site back-up of data.

#### **TECHNOLOGY INNOVATION RISK**

The Manager recognises the need for the adoption of new technology to achieve greater efficiencies and optimisation. The Manager reviews current processes and technology architecture regularly and considers the need to refresh existing systems or to invest in newer technologies. Feasibility studies are conducted prior to the investment and implementation of new systems.

# CORPORATE GOVERNANCE REPORT

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 the highest standards of 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 PARAGON REIT’s unitholders (“**Unitholders**”). Good corporate governance is also critical to the performance and success of the Manager.

To this end, the Manager has in place a set of policies and processes to enhance corporate governance, as well as protect the interests of stakeholders. 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**”, last amended on 11 January 2023). 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, as amended and supplemented from time to time (“**Trust Deed**”). 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 (the "**ARC**") and the Nominating and Remuneration Committee (the "**NRC**", and collectively with the ARC, the "**Board Committees**") 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, including the Board Committees, are set out in the table under Board Composition and Guidance on page 122 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 REPORT

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

Name of Director	Board	Audit & Risk Committee	Nominating & Remuneration Committee
<b>Leong Horn Kee</b> Board Chairman (Appointed on 10 June 2013)	Chairman and Non-Executive and Non-Independent Director	–	Member
<b>Jennie Chua</b> Deputy Chairman (Appointed on 15 August 2022)	Deputy Chairman and Non-Executive and Independent Director	Member	Chairman
<b>Eugene Lai</b> Lead Independent Director (Appointed on 15 August 2022)	Non-Executive and Lead Independent Director	Chairman	Member
<b>Hoo Sheau Farn</b> (Appointed on 26 September 2018)	Non-Executive and Independent Director	Member	–
<b>Bernard Phang</b> (Appointed on 1 December 2021)	Non-Executive and Independent Director	Member	–
<b>Trina Loh</b> (Appointed on 1 December 2020)	Non-Executive and Independent Director	–	Member
<b>Ray Ferguson</b> (Appointed on 1 December 2021)	Non-Executive and Independent Director	–	Member
<b>Gerald Yong</b> (Appointed on 15 August 2022)	Non-Executive and Non-Independent Director	Member	Member
<b>Ginney Lim</b> (Appointed on 10 June 2013)	Non-Executive and 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, the NRC will review the relevant objectives for promoting and achieving diversity on the Board, and make recommendations for approval by the Board. The 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 (the "**SF(LCB) 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 21 to 22.

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. Five Board meetings were held in the financial year ended 31 December 2023 ("FY2023") 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 quarters where no financial report was issued, the Board reviewed and approved the key business and operational updates for those quarters. A Director who is unable to attend any meeting in person may participate via telephone or video conference. 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 MEETINGS FOR FY2023

The Directors' attendance at the Board, ARC and NRC meetings for the period from 1 January 2023 to 31 December 2023, and the frequency of such meetings, is disclosed below.

Name of Director	Board	Audit & Risk Committee	Nominating & Remuneration Committee
<b>Leong Horn Kee</b> Board Chairman (Appointed on 10 June 2013)	5 out of 5	–	4 out of 4
<b>Jennie Chua</b> Deputy Chairman / Nominating & Remuneration Committee Chairman (Appointed on 15 August 2022)	5 out of 5	3 out of 4	4 out of 4
<b>Eugene Lai</b> Lead Independent Director / Audit & Risk Committee Chairman (Appointed on 15 August 2022)	5 out of 5	4 out of 4	4 out of 4
<b>Hoo Sheau Farn</b> (Appointed on 26 September 2018)	5 out of 5	4 out of 4	–
<b>Bernard Phang</b> (Appointed on 1 December 2021)	5 out of 5	4 out of 4	–
<b>Trina Loh</b> (Appointed on 1 December 2020)	3 out of 5	–	4 out of 4
<b>Ray Ferguson</b> (Appointed on 1 December 2021)	5 out of 5	–	4 out of 4
<b>Gerald Yong</b> (Appointed on 15 August 2022)	5 out of 5	4 out of 4	4 out of 4
<b>Ginney Lim</b> (Appointed on 10 June 2013)	5 out of 5	–	–



# CORPORATE GOVERNANCE REPORT

## 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, where appropriate, attend Board meetings to answer any queries from the Directors. The Directors also have unrestricted access to the Company Secretaries 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 Secretaries work closely with the Chairman in setting the agenda for Board meetings, attends all Board meetings, and prepares minutes of the Board proceedings. The Company Secretaries ensure that Board procedures are followed, and that applicable rules and regulations are complied with. Under the direction of the Chairman, the Company Secretaries' responsibilities include ensuring good information flow within the Board and the Board Committees, and between Management and Directors. The Company Secretaries also organise orientation and training for Directors, as well as provide updates and advise Directors on all governance matters. The appointment and removal of a 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 Secretaries 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 Secretaries, 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 Director 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 ARC 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 REPORT

## 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 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 FY2023, certain Directors attended conferences and seminars organised by the Singapore Institute of Directors, and were also provided with, or underwent training in various areas of corporate governance including regulatory updates on environmental, social and corporate governance, risk management, and business sustainability.

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 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 Regulations**").

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 FY2023	Had been independent from any business relationship with the Manager and PARAGON REIT during FY2023	Had been independent from every substantial shareholder of the Manager and every substantial unitholder of PARAGON REIT during FY2023	Had not been a substantial shareholder of the Manager or a substantial unitholder of PARAGON REIT during FY2023	Had not served as a director of the Manager for a continuous period of 9 years or longer as at the last day of FY2023
Leong Horn Kee <sup>1</sup>		✓	✓	✓	
Jennie Chua	✓	✓	✓	✓	✓
Eugene Lai <sup>2</sup>	✓		✓	✓	✓
Hoo Sheau Farn <sup>3</sup>	✓		✓	✓	✓
Bernard Phang	✓	✓	✓	✓	✓
Trina Loh	✓	✓	✓	✓	✓
Ray Ferguson	✓	✓	✓	✓	✓
Gerald Yong <sup>4</sup>				✓	✓
Ginney Lim <sup>5</sup>				✓	

Based on the declarations of independence provided by the Directors, and taking into consideration the guidance in the Relevant Regulations, the NRC and the Board have determined that Dr Leong Horn Kee, Mr Gerald Yong and Ms Ginney Lim are the only non-independent Directors. All other members of the Board are considered to be independent Directors.

In addition, Mr Eugene Lai has been appointed as the Lead Independent Director. He serves in a lead capacity to coordinate the activities of the other Directors in circumstances where it would be inappropriate for the Chairman to serve in such capacity. He has, among others, the discretion to hold meetings with the other independent Directors as he deems appropriate or necessary and provide feedback to the Chairman.

<sup>1</sup> Dr Leong Horn Kee 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 FY2023. Mr Eugene Lai has since been appointed as a lead independent director of the Manager.

<sup>2</sup> Mr Eugene Lai is the Chairman of Boardroom Pte Ltd ("Boardroom"). Boardroom received payments from the Manager and its subsidiaries in FY2023. 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, the Chairman 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 2023, Mr Lai was able to act in the best interests of all the unitholders of PARAGON REIT as a whole.

<sup>3</sup> Ms Hoo Sheau Farn is a partner of Allen & Gledhill LLP ("A&G"). A&G received payments from the Manager and its subsidiaries in FY2023. 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 substantial 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 2023, Ms Hoo was able to act in the best interests of all the unitholders of PARAGON REIT as a whole.

<sup>4</sup> Mr Gerald Yong is an executive director and the CEO 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 FY2023, 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 2023, Mr Yong was able to act in the best interests of all the unitholders of PARAGON REIT as a whole.

<sup>5</sup> 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 FY2023, 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 2023, Ms Lim was able to act in the best interests of all the unitholders of PARAGON REIT as a whole.

# CORPORATE GOVERNANCE REPORT

## 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 Secretaries compile Directors' responses to the Questionnaire into a consolidated report. The report is discussed at the NRC and Board meetings.

For FY2023, 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 FY2023, 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 Secretaries and given to the Board Chairman, who assesses the performance of the individual Directors, and will decide on any appropriate actions, including the need to discuss with each individual Director if needed.

Pursuant to the Board evaluation process, the NRC is satisfied that all performance objectives have been achieved for FY2023 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. The 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, of 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.

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.



# CORPORATE GOVERNANCE REPORT

The total amount of Directors' fees paid to the Directors for FY2023 are as follows:

	Board Member (S\$)	Audit & Risk Committee (S\$)	Nominating & Remuneration Committee (S\$)	Total Fees (S\$)
Leong Horn Kee	80,000	–	8,000	88,000
Jennie Chua	55,000	17,500	15,000	87,500
Eugene Lai	42,000	35,000	8,000	85,000
Hoo Sheau Farn	42,000	17,500	–	59,500
Bernard Phang	42,000	17,500	–	59,500
Trina Loh	42,000	–	8,000	50,000
Ray Ferguson	42,000	–	8,000	50,000
Gerald Yong*	42,000	17,500	8,000	67,500
Ginney Lim*	42,000	–	–	42,000

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

There were no termination, retirement and post-employment benefits granted to Directors, the CEO, or the CFO during FY2023.

No employee of the Manager whose remuneration exceeded S\$100,000 in FY2023 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 FY2023 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 FY2023, 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 remuneration 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, and the importance of ensuring stability and continuity of business operations of PARAGON REIT with a competent and experienced management team in place. Notwithstanding the aforementioned, the Manager is making available, the 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 & Head, Investor Relations, Head of Investment and 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 FY2023**

Remuneration Band of CEO (Ms Susan Leng Mee Yin) (S\$)	Based/Fixed Salary (%)	Variable or Bonuses (%)	Benefits in Kind (%)	Units* (%)	Total (%)
Between 500,001 to 750,000	53.11	36.05	0.05	10.79	100

**Table 2 – Key Management Personnels' Remuneration Table for FY2023**

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	60.40	35.47	0.07	4.06	100
Between 1 to 250,000	3	72.49	26.36	0.15	1.00	100

**Notes:**

<sup>1</sup> The Manager has less than five key management personnel other than the CEO.

<sup>2</sup> 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 FY2023.

The annual aggregate remuneration paid to the top four key management personnel of the Manager (excluding the CEO) for FY2023 is S\$848,909. This does not represent their remuneration for the full financial year as some of these personnel had joined PARAGON REIT or assumed their current position in the course of the financial year. Their remuneration for the full financial year will be reflected in the following year's report.

# CORPORATE GOVERNANCE REPORT

## 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 of 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 controls and the management of key business risks is set out in the "Risk Management Report" section on pages 116 to 119 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.

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 reviews the adequacy and effectiveness of IAD on an annual basis.



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 2023 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 and full-year financial statements of PARAGON REIT. 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.

# CORPORATE GOVERNANCE REPORT

## 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 FY2023 was approximately S\$609,000, comprising fees paid for audit and non-audit services of approximately S\$436,000 and S\$173,000 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 and full-year FY2023 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.

For FY2023, 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 changes to the 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 2023.

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 FY2023, 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 REPORT

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 Meetings

*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.

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 and investors, which will generally coincide with the release of PARAGON REIT's quarterly key business and operational updates (where applicable), and half-year and full-year results. During these briefings, Management will review PARAGON REIT's most recent developments and performance, as well as discuss the business outlook of 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 on PARAGON REIT's website.

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

Unitholders may submit questions to the chairman of the meeting in advance of the meeting, and substantial and relevant questions will be addressed before the meeting via publication on PARAGON REIT's website and on SGXNet.

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 SGXNet and 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 share 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 shares through custodial institutions may attend the general meetings as observers.

## **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 on pages 72 to 115 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 FY2023.

### *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.

# CORPORATE GOVERNANCE REPORT

In particular, the following procedures are in place<sup>1</sup>:

1. transactions<sup>2</sup> (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. transactions<sup>2</sup> (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. transactions<sup>2</sup> (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 FY2023, which are subject to disclosure requirements under the SGX-ST Listing Manual can be found on page 214 of this Annual Report.

<sup>1</sup> 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.

<sup>2</sup> 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.

#### **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 to promote 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 costs 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 the 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.

# CORPORATE GOVERNANCE REPORT

## **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 the 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 off 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.

## FINANCIAL CONTENTS

142	Report of the Trustee
143	Statement by the Manager
144	Independent Auditors' Report
147	Statements of Financial Position
148	Statements of Total Return
149	Distribution Statements
150	Statements of Changes in Unitholders' Funds
151	Consolidated Statement of Cash Flows
152	Portfolio Statements
156	Notes to the Financial Statements
212	Statistics of Unitholdings
214	Interested Person Transactions
215	Notice of Annual General Meeting Proxy Form



# REPORT OF THE TRUSTEE

For the financial year ended 31 December 2023

DBS Trustee Limited (the "Trustee") is under a duty to take into custody and hold the assets of PARAGON 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. (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 147 to 211 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**

**Chan Kim Lim**  
*Director*

**Singapore**  
5 February 2024

# STATEMENT BY THE MANAGER

For the financial year ended 31 December 2023

In the opinion of the directors of PARAGON REIT Management Pte. Ltd., the accompanying financial statements set out on pages 147 to 211, 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 (the "Trust") and its subsidiaries (the "Group") as at 31 December 2023, 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 year then ended 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**  
5 February 2024

# INDEPENDENT AUDITORS' REPORT

To the Unitholders of PARAGON 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 2023, 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 year then ended, and notes to the financial statements, including a summary of material accounting policies, as set out on pages 147 to 211.

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 2023 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 year then ended 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 Group 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 2023 (2022: 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, 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 except for the Statistics of Unitholdings ('the Report') which is expected to be made available to us after that date.

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 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 on the other information that we obtained prior to the date of this auditors' report, 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.

When we read the Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

#### ***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

(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**

5 February 2024

# STATEMENTS OF FINANCIAL POSITION

As at 31 December 2023

	Note	Group		Trust	
		2023	2022	2023	2022
		S\$'000	S\$'000	S\$'000	S\$'000
<b>Non-current assets</b>					
Plant and equipment	4	105	250	105	250
Investment properties	5	4,121,829	4,112,265	3,401,000	3,338,700
Subsidiaries	6	–	–	166,104	168,210
Trade and other receivables	7	–	–	377,697	377,665
Derivative financial instruments	10	3,744	9,623	3,744	6,113
		4,125,678	4,122,138	3,948,650	3,890,938
<b>Current assets</b>					
Trade and other receivables	7	6,272	6,003	3,624	3,080
Derivative financial instruments	10	2,306	3,150	152	3,150
Cash and cash equivalents	8	134,467	125,601	106,925	94,217
		143,045	134,754	110,701	100,447
<b>Total assets</b>		4,268,723	4,256,892	4,059,351	3,991,385
<b>Non-current liabilities</b>					
Borrowings	9	1,045,647	1,176,653	879,225	898,915
Derivative financial instruments	10	4,923	3,294	4,923	3,294
Trade and other payables	11	39,305	38,283	39,305	38,283
Deferred tax liabilities	12	–	2,206	–	2,206
		1,089,875	1,220,436	923,453	942,698
<b>Current liabilities</b>					
Borrowings	9	223,042	94,974	114,968	94,974
Derivative financial instruments	10	515	–	515	–
Trade and other payables	11	64,056	62,382	55,099	47,667
		287,613	157,356	170,582	142,641
<b>Total liabilities</b>		1,377,488	1,377,792	1,094,035	1,085,339
<b>Net assets</b>		2,891,235	2,879,100	2,965,316	2,906,046
Represented by:					
<b>Unitholders' funds</b>		2,577,559	2,563,069	2,663,281	2,604,011
<b>Perpetual securities holders' fund</b>	13	302,035	302,035	302,035	302,035
<b>Non-controlling interests</b>	14	11,641	13,996	–	–
		2,891,235	2,879,100	2,965,316	2,906,046
<b>Units in issue ('000)</b>	15	2,833,428	2,810,851	2,833,428	2,810,851
<b>Net asset value per unit (S\$)</b>		0.91	0.91	0.94	0.93

The accompanying notes form an integral part of these financial statements.



# STATEMENTS OF TOTAL RETURN

For the financial year ended 31 December 2023

	Note	Group		Trust	
		12 months	16 months	12 months	16 months
		1 Jan 2023 to 31 Dec 2023 S\$'000	1 Sep 2021 to 31 Dec 2022 S\$'000	1 Jan 2023 to 31 Dec 2023 S\$'000	1 Sep 2021 to 31 Dec 2022 S\$'000
Gross revenue	17	288,926	376,411	222,857	286,205
Property operating expenses	18	(73,857)	(96,482)	(53,733)	(69,802)
<b>Net property income</b>		<b>215,069</b>	<b>279,929</b>	<b>169,124</b>	<b>216,403</b>
Manager's management fees	19	(21,208)	(27,971)	(21,208)	(27,971)
Investment management fees		(2,777)	(3,885)	–	–
Trustee's fees		(591)	(798)	(570)	(767)
Trust expenses	20	(2,274)	(3,618)	(1,639)	(2,133)
Dividend income from subsidiaries		–	–	19,709	28,898
Finance income		3,957	1,181	7,048	7,108
Finance costs	21	(54,595)	(35,562)	(40,736)	(23,953)
<b>Net income</b>		<b>137,581</b>	<b>209,276</b>	<b>131,728</b>	<b>197,585</b>
Fair value change on investment properties	5	10,436	33,780	54,720	34,947
Net foreign currency exchange differences		(814)	4,131	(2,306)	(6,068)
<b>Total return for the year/period before taxes and distribution</b>		<b>147,203</b>	<b>247,187</b>	<b>184,142</b>	<b>226,464</b>
Less: income tax	22	(356)	(3,688)	1,791	(599)
<b>Total return for the year/period after taxes and before distribution</b>		<b>146,847</b>	<b>243,499</b>	<b>185,933</b>	<b>225,865</b>
<b>Attributable to:</b>					
Unitholders of the Trust		136,007	225,602	173,633	209,454
Perpetual securities holders	13	12,300	16,411	12,300	16,411
Non-controlling interests	14	(1,460)	1,486	–	–
		<b>146,847</b>	<b>243,499</b>	<b>185,933</b>	<b>225,865</b>
<b>Earnings per unit (cents)</b>					
Basic and diluted	23	4.80	8.02	6.13	7.45

The accompanying notes form an integral part of these financial statements.

# DISTRIBUTION STATEMENTS

For the financial year ended 31 December 2023

	Group		Trust	
	12 months	16 months	12 months	16 months
	1 Jan 2023 to 31 Dec 2023	1 Sep 2021 to 31 Dec 2022	1 Jan 2023 to 31 Dec 2023	1 Sep 2021 to 31 Dec 2022
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Income available for distribution to Unitholders at beginning of the financial year/period</b>	<b>78,494</b>	67,126	<b>78,494</b>	67,126
Total return attributable to Unitholders	<b>136,007</b>	225,602	<b>173,633</b>	209,454
Add: Net tax adjustments (Note A)	<b>(395)</b>	(15,418)	<b>(38,021)</b>	730
<b>Total income available for distribution to Unitholders for financial year/period</b>	<b>214,106</b>	277,310	<b>214,106</b>	277,310
<b>Distribution to Unitholders</b>				
– 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)
– Distribution of 1.72 cents per unit for the period from 1 September 2022 to 31 December 2022	<b>(48,347)</b>	–	<b>(48,347)</b>	–
– Distribution of 2.42 cents per unit for the period from 1 January 2023 to 30 June 2023	<b>(68,498)</b>	–	<b>(68,498)</b>	–
	<b>(116,845)</b>	(198,816)	<b>(116,845)</b>	(198,816)
<b>Income available for distribution to Unitholders at end of the financial year/period</b>	<b>97,261</b>	78,494	<b>97,261</b>	78,494

## Note A - Net tax adjustments

### Non-tax deductible items:

Manager's management fees <sup>1</sup>	<b>10,217</b>	26,571	<b>10,217</b>	26,571
Trustee's fees	<b>591</b>	798	<b>570</b>	767
Amortisation of upfront fee for loan facility	<b>715</b>	994	<b>400</b>	582
Fair value change on investment properties	<b>(10,436)</b>	(33,780)	<b>(54,720)</b>	(34,947)
Net foreign currency exchange differences	<b>814</b>	(4,131)	<b>2,306</b>	6,068
Net income from subsidiaries	<b>(5,528)</b>	(11,301)	–	–
Straight-line rental adjustments	<b>773</b>	(410)	<b>748</b>	(465)
Deferred tax income	<b>(2,206)</b>	–	<b>(2,206)</b>	–
Rollover adjustment <sup>2</sup>	<b>3,912</b>	–	<b>3,912</b>	–
Other items	<b>753</b>	5,841	<b>752</b>	2,154
<b>Net tax adjustments</b>	<b>(395)</b>	(15,418)	<b>(38,021)</b>	730

<sup>1</sup> For FY2023, 95% management fees for period from 1 January to 31 March 2023, 50% base fee from 1 April to 31 December 2023, 50% performance fee from 1 April to 30 June 2023 and 0% performance fee from 1 July to 31 December 2023, respectively were paid/payable in units.

For FY2022, 100% management fees were paid out in units except for S\$1,400,000 paid out in cash.

<sup>2</sup> The rollover adjustment pertains to the tax deductibility of interest expenses in FY2022 (1 September 2021 to 31 December 2022) relating to the perpetual securities.

The Manager has also assessed the deductibility of such interest expenses for FY2020 and FY2021. As at the balance sheet date, the Manager does not expect the tax impact (if any) for such years to be material and accordingly, no provision has been made.

The accompanying notes form an integral part of these financial statements.

# STATEMENTS OF CHANGES IN UNITHOLDERS' FUNDS

For the financial year ended 31 December 2023

	Group		Trust	
	12 months 1 Jan 2023 to 31 Dec 2023 S\$'000	16 months 1 Sep 2021 to 31 Dec 2022 S\$'000	12 months 1 Jan 2023 to 31 Dec 2023 S\$'000	16 months 1 Sep 2021 to 31 Dec 2022 S\$'000
<b>Balance as at beginning of financial year/period</b>	<b>2,563,069</b>	2,535,243	<b>2,604,011</b>	2,561,223
<b>Operations</b>				
Total return for the year/period after tax attributable to Unitholders of the Trust	<b>136,007</b>	225,602	<b>173,633</b>	209,454
<b>Hedging reserve</b>				
Effective portion of changes in fair value of cash flow hedges	<b>(2,503)</b>	14,798	<b>(2,618)</b>	9,675
Net change in fair value of cash flow hedge reclassified to Statements of Total Return	<b>(6,480)</b>	(3,748)	<b>(5,117)</b>	(4,096)
<b>Foreign currency translation reserve</b>				
Translation differences from financial statements of foreign operations	<b>(3,800)</b>	(23,909)	–	–
Exchange differences on monetary item forming part of net investments in foreign operations	<b>(2,106)</b>	(12,672)	–	–
Net (loss)/gain recognised directly in Unitholders' funds	<b>(14,889)</b>	(25,531)	<b>(7,735)</b>	5,579
<b>Unitholders' transactions</b>				
Distribution to unitholders	<b>(116,845)</b>	(198,816)	<b>(116,845)</b>	(198,816)
Manager's fee paid/payable in units	<b>10,217</b>	26,571	<b>10,217</b>	26,571
	<b>(106,628)</b>	(172,245)	<b>(106,628)</b>	(172,245)
<b>Balance as at end of financial year/period</b>	<b>2,577,559</b>	2,563,069	<b>2,663,281</b>	2,604,011
<b>Perpetual securities holders' funds</b>				
<b>Balance as at beginning of financial year/period</b>	<b>302,035</b>	297,924	<b>302,035</b>	297,924
Amount reserved for distribution to perpetual securities holders	<b>12,300</b>	16,411	<b>12,300</b>	16,411
Distribution to perpetual securities holders	<b>(12,300)</b>	(12,300)	<b>(12,300)</b>	(12,300)
<b>Balance as at end of financial year/period</b>	<b>302,035</b>	302,035	<b>302,035</b>	302,035

The accompanying notes form an integral part of these financial statements.



# CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2023

	Group	
	12 months 1 Jan 2023 to 31 Dec 2023 S\$'000	16 months 1 Sep 2021 to 31 Dec 2022 S\$'000
<b>Cash flows from operating activities</b>		
Total return for the financial year/period	146,847	243,499
Adjustments for:		
Fair value change on investment properties	(10,436)	(33,780)
Manager's fee paid/payable in units	10,217	26,571
Depreciation of plant and equipment	207	387
Finance income	(3,957)	(1,181)
Finance costs	54,595	35,562
Impairment loss on trade receivables	182	732
Income tax	356	3,688
Straight-line rental adjustments	773	(410)
Operating cash flow before working capital changes	198,784	275,068
Changes in operating assets and liabilities		
Trade and other receivables	(451)	4,581
Trade and other payables	(3,616)	24
Net cash from operating activities	194,717	279,673
Withholding tax paid	(2,562)	(3,688)
<b>Net cash from operating activities</b>	<b>192,155</b>	<b>275,985</b>
<b>Cash flows from investing activities</b>		
Additions to investment properties	(6,756)	(14,536)
Purchase of plant and equipment	(62)	(69)
Interest received	3,957	1,181
<b>Net cash used in investing activities</b>	<b>(2,861)</b>	<b>(13,424)</b>
<b>Cash flows from financing activities</b>		
Payment of transaction costs related to borrowing	(97)	(970)
Payment of bank loan	–	(95,751)
Proceeds from bank loan	–	95,751
Distribution to unitholders	(116,845)	(198,816)
Distributions to non-controlling interests of a subsidiary	(702)	(1,116)
Distribution to perpetual securities holders	(12,300)	(12,300)
Interest paid	(50,893)	(33,210)
<b>Net cash used in financing activities</b>	<b>(180,837)</b>	<b>(246,412)</b>
<b>Net increase in cash and cash equivalents</b>	<b>8,457</b>	<b>16,149</b>
Effect of exchange rate fluctuations on cash and cash equivalents held	409	(2,229)
Cash and cash equivalents at beginning of the financial year/period	125,601	111,681
<b>Cash and cash equivalents at end of the financial year/period</b>	<b>134,467</b>	<b>125,601</b>

The accompanying notes form an integral part of these financial statements.

# PORTFOLIO STATEMENT OF THE GROUP

For the financial year ended 31 December 2023

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			
<b>Unitholders' funds</b>			

The accompanying notes form an integral part of these financial statements.

Remaining Term of Lease 31 Dec 2023	Occupancy Rate as at		At Valuation		Percentage of Unitholders' funds	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
	(%)	(%)	S\$'000	S\$'000	(%)	(%)
89 years	100.0	99.9	2,730,000	2,679,000	106	105
86 years	100.0	100.0	609,000	597,500	24	24
22 years	95.5	100.0	62,000	62,200	2	2
–	97.9	99.4	168,599	184,487	7	7
–	97.0	97.4	552,230	589,078	21	23
			4,121,829 (1,230,594)	4,112,265 (1,233,165)	160 (48)	161 (48)
			2,891,235 (302,035) (11,641)	2,879,100 (302,035) (13,996)	112 (12) –	113 (12) (1)
			2,577,559	2,563,069	100	100



# PORTFOLIO STATEMENT OF THE TRUST

For the financial year ended 31 December 2023

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			
<b>Unitholders' funds</b>			

## PORTFOLIO DETAILS

### Investment properties in Singapore

The carrying amount of the investment properties were based on independent valuations as at 31 December 2023 conducted by Jones Lang LaSalle Property Consultants Pte Ltd (2022: Savills Valuation and Professional Services (S) Pte Ltd (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 2023 conducted by Jones Lang LaSalle Advisory Services Pty Ltd and CBRE Valuation Pty Ltd ("CBRE") (2022: 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.

The accompanying notes form an integral part of these financial statements.

Remaining Term of Lease 31 Dec 2023	Occupancy Rate as at		At Valuation		Percentage of Unitholders' funds	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
	(%)	(%)	S\$'000	S\$'000	(%)	(%)
89 years	100.0	99.9	2,730,000	2,679,000	103	104
86 years	100.0	100.0	609,000	597,500	23	23
22 years	95.5	100.0	62,000	62,200	2	2
			3,401,000 (435,684)	3,338,700 (432,654)	128 (17)	129 (17)
			2,965,316 (302,035)	2,906,046 (302,035)	111 (11)	112 (12)
			2,663,281	2,604,011	100	100

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

These notes form an integral part of and should be read in conjunction with the financial statements.

## 1. GENERAL INFORMATION

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

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

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 year ended 31 December 2023 comprise the Trust and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

During the previous financial period, the Trust changed its financial year end from 31 August to 31 December and accordingly, the financial statements for the comparative 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 S\$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 2023.

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. (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 2023, 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 year ended 31 December 2023

## 2. MATERIAL 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.

### (b) 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 January 2023:

- Amendments to FRS 12: *Deferred tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to FRS 12: *International Tax Reform – Pillar Two Model Rules*
- Amendments to FRS 1 and FRS Practice Statement 2: *Disclosure of Accounting Policies*
- Amendments to FRS 8: *Definition of Accounting Estimates*

Other than the below, the application of these amendments to standards and interpretations does not have a material effect on the financial statements.

#### (i) Global minimum top-up tax

The Amendments to FRS 12: *International Tax Reform – Pillar Two Model Rules* provide a temporary mandatory exception from deferred tax accounting for the top-up tax that may arise from the jurisdictional adoption of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development ('OECD'), and require new disclosures about the Pillar Two tax exposure.

The mandatory exception is effective immediately and applies retrospectively. However, the amendments have no impact on the Group as the Group's consolidated revenue is less than EUR 750 million/year and it is not in scope of the Pillar Two model rules.

## 2. MATERIAL ACCOUNTING POLICIES (CONT'D)

### (b) Changes in accounting policies (cont'd)

#### (ii) Material accounting policy information

The Group adopted Amendments to FRS 1 and FRS Practice Statement 2: Disclosure of Accounting Policies for the first time in 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in Note 2 Material accounting policies (2022: Significant accounting policies) in certain instances in line with the amendments.

### (c) 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.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 2. MATERIAL ACCOUNTING POLICIES (CONT'D)

### (c) Group Accounting (cont'd)

#### (i) Subsidiaries (cont'd)

- 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.

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.

## 2. MATERIAL ACCOUNTING POLICIES (CONT'D)

### (c) Group Accounting (cont'd)

#### (i) Subsidiaries (cont'd)

- 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.

#### (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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 2. MATERIAL ACCOUNTING POLICIES (CONT'D)

### (d) 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.

#### (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.



## 2. MATERIAL ACCOUNTING POLICIES (CONT'D)

### (d) Currency translation (cont'd)

#### (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.

### (e) 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.

### (f) 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 2. MATERIAL ACCOUNTING POLICIES (CONT'D)

### (f) Financial instruments (cont'd)

#### (ii) Classification and subsequent measurement (cont'd)

- 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.

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

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. MATERIAL ACCOUNTING POLICIES (CONT'D)

### (f) 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.

#### (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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 2. MATERIAL ACCOUNTING POLICIES (CONT'D)

### (f) Financial instruments (cont'd)

#### (iv) Impairment (cont'd)

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.

#### **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.



## 2 MATERIAL ACCOUNTING POLICIES (CONT'D)

### (f) Financial instruments (cont'd)

#### (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.

### (g) 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***

##### *Phase 2 amendments: Replacement of benchmark interest rates – when there is no longer uncertainty arising from interest rate benchmark reform*

When the basis for determining the contractual cash flows of the hedged item or the hedging instrument changed as a result of interest rate benchmark reform and therefore there is no longer uncertainty arising about the cash flows of the hedged item or the hedging instrument, the Group amended the hedge documentation of that hedging relationship to reflect the change(s) required by interest rate benchmark reform. 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 2. MATERIAL ACCOUNTING POLICIES (CONT'D)

### (g) Derivative financial instruments and hedging activities (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.

### (h) 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.

## 2. MATERIAL ACCOUNTING POLICIES (CONT'D)

### (i) 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 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'.

### (j) 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 2. MATERIAL ACCOUNTING POLICIES (CONT'D)

### (k) Income taxes

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.

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.



## 2. MATERIAL ACCOUNTING POLICIES (CONT'D)

### (k) Income taxes (cont'd)

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.

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.

### (l) 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.

### (m) 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 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	
	2023	2022
	S\$'000	S\$'000
<b>Cost</b>		
Beginning of financial year/period	2,174	2,117
Additions	62	69
Disposals	(13)	(12)
End of financial year/period	2,223	2,174
<b>Accumulated depreciation</b>		
Beginning of financial year/period	1,924	1,549
Depreciation charge	207	387
Disposals	(13)	(12)
End of financial year/period	2,118	1,924
<b>Net book value</b>		
Beginning of financial year/period	250	568
End of financial year/period	105	250

## 5. INVESTMENT PROPERTIES

	Group		Trust	
	2023	2022	2023	2022
	S\$'000	S\$'000	S\$'000	S\$'000
Beginning of financial year/period	4,112,265	4,123,000	3,338,700	3,296,200
Additions	9,859	14,592	8,328	7,088
Fair value change	10,436	33,780	54,720	34,947
Straight-line rental adjustments	(773)	410	(748)	465
Translation differences	(9,958)	(59,517)	–	–
End of financial year/period	4,121,829	4,112,265	3,401,000	3,338,700

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 2023, investment properties with a carrying amount of approximately S\$3,451 million (2022: S\$3,453 million) are mortgaged to banks as security for the term loans (Note 9).

## 6. SUBSIDIARIES

	Trust	
	2023	2022
	S\$'000	S\$'000
Equity investments, at cost	3,816	3,816
Loan to a subsidiary – interest bearing	162,288	164,394
	166,104	168,210

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 (2022: 2.71%).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 6. SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of Incorporation	Effective Interests held by the Group	
		2023	2022
		%	%
<u>Held by the Trust</u>			
PARAGON REIT (Investments) Pte. Ltd. <sup>1</sup>	Singapore	100	100
<u>Held through subsidiaries</u>			
<u>Held by PARAGON REIT (Investments) Pte. Ltd.</u>			
Orchard 290 Australia Trust <sup>2</sup>	Australia	100	100
Orchard 290 Marion Trust <sup>4</sup>	Australia	100	100
Marion Advertising Trust <sup>4</sup>	Australia	100	100
<u>Held by Orchard 290 Australia Trust</u>			
Orchard 290 MA Trust <sup>2,3</sup>	Australia	85	85
<u>Held by Orchard 290 MA Trust</u>			
Figtree Holding Trust <sup>2,3</sup>	Australia	85	85
<u>Held by Figtree Holding Trust</u>			
Figtree Trust <sup>2,3</sup>	Australia	85	85
<u>Held by Orchard 290 Marion Trust</u>			
Marion Sub Trust <sup>4</sup>	Australia	100	100

1 Audited by KPMG LLP Singapore

2 Exempted from statutory audit

3 Audited by KPMG LLP Australia in prior year

4 Audited by Ernst & Young LLP Australia



## 7. TRADE AND OTHER RECEIVABLES

	Group		Trust	
	2023	2022	2023	2022
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Non-current</b>				
Amount owing by subsidiaries	–	–	377,697	377,665
<b>Current</b>				
Trade receivables	3,698	4,364	1,019	914
Impairment loss on trade receivables	(1,906)	(2,145)	–	(26)
	1,792	2,219	1,019	888
Amount owing by ultimate holding company	–	9	–	9
Amount owing by related parties	–	3	–	3
Other receivables	3,498	2,638	2,287	1,639
Deposits	62	445	62	445
Prepayments	920	689	256	96
	6,272	6,003	3,624	3,080

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 were 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	
	2023	2022	2023	2022
	S\$'000	S\$'000	S\$'000	S\$'000
Cash held as fixed bank deposit	85,178	60,000	85,178	60,000
Cash and bank balances	49,289	65,601	21,747	34,217
	134,467	125,601	106,925	94,217

Interest on cash and bank balances for the Group and Trust ranged from 0% to 5.10% (2022: 0% to 0.77%) and 0% to 3.43% (2022: 0% to 0.77%) per annum for the Group and the Trust respectively. The Group and the Trust's fixed bank deposits earn interest at rates ranging from 4.03% to 4.62% (2022: 4.22% to 4.33%) per annum.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 9. BORROWINGS

	Group		Trust	
	2023	2022	2023	2022
	S\$'000	S\$'000	S\$'000	S\$'000
Secured term loans	1,269,988	1,273,557	995,000	995,000
Less: Unamortised transaction costs	(1,299)	(1,930)	(807)	(1,111)
	1,268,689	1,271,627	994,193	993,889
Borrowings repayable:				
Within 1 year	223,042	94,974	114,968	94,974
Between 1 – 5 years	1,045,647	1,176,653	879,225	898,915
	1,268,689	1,271,627	994,193	993,889

The Group and the Trust secured term loans amounted to S\$1.3 billion (2022: S\$1.3 billion) and S\$995 million (2022: 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:

				2023		2022	
	Currency	Weighted average nominal interest rate	Year to maturity	Face value	Carrying amount	Face value	Carrying amount
		%		S\$'000	S\$'000	S\$'000	S\$'000
<b>Group</b>							
Floating rate loans	SGD	4.55	2024 – 2027	995,000	994,193	995,000	993,889
Floating rate loan	AUD	5.66	2024 – 2025	274,988	274,496	278,557	277,738

### Trust

Floating rate loans	SGD	4.55	2024 – 2027	995,000	994,193	995,000	993,889
---------------------	-----	------	-------------	---------	---------	---------	---------

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

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).

## 9. BORROWINGS (CONT'D)

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 2023, the Group's and the Trust's loans hedged with interest rate swaps amounted to S\$1,069 million (2022: S\$1,071 million) and S\$888 million (2022: S\$888 million) respectively. The fixed interest rates of the Group and the Trust were from 2.60% to 5.43% (2022: 1.05% to 5.43%) and 3.39% to 4.84% (2022: 1.05% to 5.43%) per annum respectively. The floating rates of SGD term loans are referenced to Singapore overnight rate average (2022: Singapore dollar swap offer rate and Singapore overnight rate average) 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 4.30% (2022: 2.05%) and 4.09% (2022: 1.80%) 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
<b>Group</b>			
<b>2023</b>			
Beginning of financial year	1,271,627	3,943	1,275,570
<b>Changes from financing cash flows</b>			
Payment of transaction costs related to borrowing	(97)	–	(97)
Interest paid	–	(50,893)	(50,893)
<b>Total changes from financing activities</b>	<b>(97)</b>	<b>(50,893)</b>	<b>(50,990)</b>
<b>Non-cash changes</b>			
Finance costs	–	53,880	53,880
Amortisation of transaction costs	715	–	715
Translation differences	(3,556)	(22)	(3,578)
<b>End of financial year</b>	<b>1,268,689</b>	<b>6,908</b>	<b>1,275,597</b>
<b>2022</b>			
Beginning of financial period	1,293,054	2,585	1,295,639
<b>Changes from financing cash flows</b>			
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)
<b>Total changes from financing activities</b>	<b>(970)</b>	<b>(33,210)</b>	<b>(34,180)</b>
<b>Non-cash changes</b>			
Finance costs	–	34,568	34,568
Amortisation of transaction costs	994	–	994
Translation differences	(21,451)	–	(21,451)
<b>End of financial period</b>	<b>1,271,627</b>	<b>3,943</b>	<b>1,275,570</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 10. DERIVATIVE FINANCIAL INSTRUMENTS

	Group		Trust	
	Contract notional amount	Fair value amount*	Contract notional amount	Fair value amount*
	S\$'000	S\$'000	S\$'000	S\$'000
<b>2023</b>				
<b>Non-current assets</b>				
– Cross currency interest-rate swaps	48,248	3,244	48,248	3,244
Cash flow hedge				
– Interest-rate swaps	105,000	500	105,000	500
<b>Current assets</b>				
Cash flow hedge				
– Interest-rate swaps	278,568	2,306	98,248	152
<b>Non-current liabilities</b>				
Cash flow hedge				
– Interest-rate swaps	535,000	(4,923)	535,000	(4,923)
<b>Current liabilities</b>				
Cash flow hedge				
– Interest-rate swaps	150,000	(515)	150,000	(515)
<b>2022</b>				
<b>Non-current assets</b>				
– 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
<b>Current assets</b>				
Cash flow hedge				
– Interest-rate swaps	425,000	3,150	425,000	3,150
<b>Non-current liabilities</b>				
Cash flow hedge				
– Interest-rate swaps	608,248	(3,294)	608,248	(3,294)

The cross currency interest-rate swaps and cross currency swaps will be collectively termed as "Cross currency interest-rate swaps".



## 10. DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D)

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 2023 are:

	Group		Trust	
	2023	2022	2023	2022
	S\$'000	S\$'000	S\$'000	S\$'000
Notional due:				
Within 1 year	428,568	425,000	248,248	425,000
Between 1 – 5 years	688,248	1,119,156	688,248	936,496
Total	1,116,816	1,544,156	936,496	1,361,496

\* 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.

## 11. TRADE AND OTHER PAYABLES

	Group		Trust	
	2023	2022	2023	2022
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Non-current</b>				
Deposits received	39,305	38,283	39,305	38,283
<b>Current</b>				
Trade payables	1,033	2,617	461	260
Amount owing to related parties	9,923	6,112	9,923	6,112
Other payables	9,148	6,805	7,276	5,266
Accrued expense	10,366	18,491	8,248	11,065
Interest payable	6,908	3,943	6,185	3,250
Deposits received	16,957	15,115	16,938	15,106
Collections in advance	5,932	4,249	3,396	3,505
Goods and services tax payable	3,168	3,055	2,672	2,798
Withholding tax payable	621	1,995	–	305
	64,056	62,382	55,099	47,667

The amount owing to related parties is trade in nature, unsecured, interest-free and repayable on demand.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 12. DEFERRED TAX LIABILITIES

Deferred tax liabilities are attributable to the following:

	Group and Trust	
	2023	2022
	S\$'000	S\$'000
Investment properties	–	2,206

Movement in temporary differences during the year/period:

	Group and Trust	
	2023	2022
	S\$'000	S\$'000
Investment properties		
Beginning of financial year/period	2,206	2,206
Recognised in the Statements of Total Return	(2,206)	–
Beginning of financial year/period	–	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 2023, the S\$302.0 million (2022: S\$302.0 million) presented in the Statements of Financial Position represents the carrying value of the S\$300.0 million (2022: 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	
	2023	2022
	Number of Units	Number of Units
	'000	'000
<u>Units in issue</u>		
Beginning of financial year/period	<b>2,810,851</b>	2,785,164
– Manager's fee paid in units	<b>22,577</b>	25,687
End of financial year/period	<b>2,833,428</b>	2,810,851

During the financial year, the Trust issued 22,576,952 (16 months from 1 Sep 2021 to 31 Dec 2022: 25,686,735) new units at the issue price range of S\$0.8501 to S\$0.9419 (2022: S\$0.8515 to S\$1.0136 per unit), in respect of the payment of management fees to the Manager in units. The issue prices were determined based on the volume weighted average traded price for all trades done on SGX-ST in the ordinary course of trading for the last 10 business days of the relevant quarter on which the fees accrued.

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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 16. CAPITAL AND OTHER COMMITMENTS

### (a) Commitments for capital expenditure

	Group		Trust	
	2023	2022	2023	2022
	S\$'000	S\$'000	S\$'000	S\$'000
Authorised and contracted for – investment properties	5,388	2,356	643	576

### (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
<b>2023</b>		
Less than one year	257,937	209,739
One to two years	196,937	159,454
Two to three years	133,408	101,799
Three to four years	65,889	38,341
Four to five years	28,148	5,847
More than five years	75,774	283
<b>Total</b>	<b>758,093</b>	<b>515,463</b>
<b>2022</b>		
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
<b>Total</b>	<b>657,589</b>	<b>465,712</b>



## 17. GROSS REVENUE

	Group		Trust	
	12 months 1 Jan 2023 to 31 Dec 2023	16 months 1 Sep 2021 to 31 Dec 2022	12 months 1 Jan 2023 to 31 Dec 2023	16 months 1 Sep 2021 to 31 Dec 2022
	S\$'000	S\$'000	S\$'000	S\$'000
Rental income <sup>1,2</sup>	274,366	357,089	213,130	275,222
Car park income	6,487	8,922	6,486	8,922
Other income	8,073	10,400	3,241	2,061
	288,926	376,411	222,857	286,205

<sup>1</sup> Included in prior year, rental assistance of approximately S\$3.6 million for eligible tenants to cushion the impact of the COVID-19 pandemic for the period ended 31 December 2022.

<sup>2</sup> Includes service charges and advertising and promotion fees of approximately S\$25.9 million (2022: S\$33.9 million).

## 18. PROPERTY OPERATING EXPENSES

	Group		Trust	
	12 months 1 Jan 2023 to 31 Dec 2023	16 months 1 Sep 2021 to 31 Dec 2022	12 months 1 Jan 2023 to 31 Dec 2023	16 months 1 Sep 2021 to 31 Dec 2022
	S\$'000	S\$'000	S\$'000	S\$'000
Property tax	22,938	30,495	19,254	25,355
Maintenance and utilities	29,329	37,250	17,277	21,078
Property management fees	12,474	16,259	8,942	11,380
Marketing	3,220	5,053	3,107	4,892
Reimbursements paid to the Property Manager	4,560	6,194	4,560	6,194
Others	1,336	1,231	593	903
	73,857	96,482	53,733	69,802

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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 19. MANAGER'S MANAGEMENT FEES

	Group		Trust	
	12 months 1 Jan 2023 to 31 Dec 2023	16 months 1 Sep 2021 to 31 Dec 2022	12 months 1 Jan 2023 to 31 Dec 2023	16 months 1 Sep 2021 to 31 Dec 2022
	S\$'000	S\$'000	S\$'000	S\$'000
Base fee	10,491	14,141	10,491	14,141
Performance fee	10,717	13,830	10,717	13,830
	21,208	27,971	21,208	27,971

## 20. TRUST EXPENSES

	Group		Trust	
	12 months 1 Jan 2023 to 31 Dec 2023	16 months 1 Sep 2021 to 31 Dec 2022	12 months 1 Jan 2023 to 31 Dec 2023	16 months 1 Sep 2021 to 31 Dec 2022
	S\$'000	S\$'000	S\$'000	S\$'000
Audit fees paid to:				
– auditors of the Trust	436	456	431	372
– other auditors	112	119	–	–
Non-audit fees paid to:				
– auditors of the Trust	173	94	165	91
– other auditors	8	8	–	–
Impairment loss/(written back)				
on trade receivables	182	732	3	(124)
Valuation expense	180	287	88	128
Consultancy and other professional fees	212	1,001	212	1,001
Other expenses	971	921	740	665
	2,274	3,618	1,639	2,133

## 21. FINANCE COSTS

	Group		Trust	
	12 months 1 Jan 2023 to 31 Dec 2023	16 months 1 Sep 2021 to 31 Dec 2022	12 months 1 Jan 2023 to 31 Dec 2023	16 months 1 Sep 2021 to 31 Dec 2022
	S\$'000	S\$'000	S\$'000	S\$'000
Interest on borrowing	60,285	38,223	45,380	27,374
Amortisation of upfront fee for loan facility	715	994	400	582
Other financial expenses	75	93	73	93
Cash flow hedges – reclassified from Unitholders' Funds	(6,480)	(3,748)	(5,117)	(4,096)
	54,595	35,562	40,736	23,953

## 22. INCOME TAX

	Group		Trust	
	12 months 1 Jan 2023 to 31 Dec 2023 S\$'000	16 months 1 Sep 2021 to 31 Dec 2022 S\$'000	12 months 1 Jan 2023 to 31 Dec 2023 S\$'000	16 months 1 Sep 2021 to 31 Dec 2022 S\$'000
Deferred tax expense				
– Origination and reversal of temporary differences	(2,206)	–	(2,206)	–
Withholding tax	2,562	3,688	415	599
	356	3,688	(1,791)	599

The income tax expense on return for the financial year varies from the amount of income tax determined by applying the Singapore standard rate of income tax to total return for the year due to the following factors:

	Group		Trust	
	12 months 1 Jan 2023 to 31 Dec 2023 S\$'000	16 months 1 Sep 2021 to 31 Dec 2022 S\$'000	12 months 1 Jan 2023 to 31 Dec 2023 S\$'000	16 months 1 Sep 2021 to 31 Dec 2022 S\$'000
Total return for the year/period	147,203	247,187	184,142	226,464
Tax calculated at tax rate of 17% (2022: 17%)	25,025	42,022	31,304	38,499
Expenses not deductible for tax purposes	1,745	3,234	3,243	6,703
Income not subject to tax due to tax transparency	(21,214)	(30,492)	(21,214)	(30,492)
Other income not subject to tax	(7,762)	(14,764)	(15,539)	(14,710)
Withholding tax	2,562	3,688	415	599
	356	3,688	(1,791)	599

## 23. EARNINGS PER UNIT

Basic and diluted Earnings per Unit are based on:

	Group		Trust	
	2023 S\$'000	2022 S\$'000	2023 S\$'000	2022 S\$'000
Total return for the year/period after tax attributable to Unitholders of the Trust (S\$'000)	136,007	225,602	173,633	209,454
Weighted average number of Units ('000)	2,833,680	2,811,343	2,833,680	2,811,343
Basic and diluted Earnings per Unit (cents)	4.80	8.02	6.13	7.45

Diluted earnings per Unit is the same as the basic earnings per Unit as there are no dilutive instruments in issue during the year.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 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.

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 2023, the Group had completed its amendments to its financial instruments with contractual terms indexed to SOR such that they incorporate the new benchmark rate (i.e. SORA).



## 24. FINANCIAL RISK MANAGEMENT (CONT'D)

### (a) Interest rate risk (cont'd)

#### Managing interest rate benchmark reform and associated risks (cont'd)

##### *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 has modified its non-derivatives financial liabilities indexed to SOR to reference SORA during the year ended 31 December 2022 and 2023.

##### *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 SORA. The Group's derivative instruments are governed by contracts based on the International Swaps and Derivatives Association (ISDA)'s master agreements.

##### *Hedge accounting*

The Group's hedged items and hedging instruments as at the reporting date are indexed to SORA. The benchmark rates are quoted each day and the cash flows are exchanged with its counterparties as usual.

The Group replaced its SOR interest rate derivatives used in cash flow hedging relationships with economically equivalent interest rate derivatives referencing SORA in 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 Phase 1 Amendments to FRS 109 on Interest Rate Benchmark Reform to those hedging relationships.

##### *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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 24. FINANCIAL RISK MANAGEMENT (CONT'D)

### (a) Interest rate risk (cont'd)

*Exposure to interest rate risk (cont'd)*

Movements in interest rates will therefore have an impact on the Group. If the interest rate change 0.50% (2022: 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	Decrease	Increase	Decrease
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Group</b>				
<b>2023</b>				
Borrowings	(1,007)	1,007	–	–
Interest rate swap	–	–	6,538	(6,601)
	(1,007)	1,007	6,538	(6,601)
<b>2022</b>				
Borrowings	(1,013)	1,013	–	–
Interest rate swap	–	–	11,250	(11,411)
	(1,013)	1,013	11,250	(11,411)
<b>Trust</b>				
<b>2023</b>				
Borrowings	(534)	534	–	–
Interest rate swap	–	–	5,885	(5,944)
	(534)	534	5,885	(5,944)
<b>2022</b>				
Borrowings	(534)	534	–	–
Interest rate swap	–	–	9,743	(9,886)
	(534)	534	9,743	(9,886)

## 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 2023 and 31 December 2022, 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	
	2023	2022	2023	2022
	S\$'000	S\$'000	S\$'000	S\$'000
Trade and other receivables, exclude prepayments (Note 7)	5,352	5,314	381,065	380,649
Cash and cash equivalents	134,467	125,601	106,925	94,217
	139,819	130,915	487,990	474,866

#### Impairment losses

##### *Expected credit loss assessment for individual tenants as at 31 December 2023 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 year ended 31 December 2023

## 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:

	2023		2022	
	Gross carrying amount	Impairment loss allowance	Gross carrying amount	Impairment loss allowance
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Group</b>				
Current (not past due)	262	–	63	–
Past due 1 to 30 days	1,218	–	1,065	–
Past due 31 to 60 days	237	(180)	414	(125)
Past due 61 to 90 days	64	(19)	137	(8)
Past due over 90 days	1,917	(1,707)	2,685	(2,012)
	<b>3,698</b>	<b>(1,906)</b>	<b>4,364</b>	<b>(2,145)</b>
<b>Trust</b>				
Current (not past due)	–	–	–	–
Past due 1 to 30 days	807	–	681	–
Past due 31 to 60 days	125	–	143	–
Past due 61 to 90 days	10	–	8	–
Past due over 90 days	77	–	82	(26)
	<b>1,019</b>	<b>–</b>	<b>914</b>	<b>(26)</b>

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	
	2023	2022	2023	2022
	S\$'000	S\$'000	S\$'000	S\$'000
Beginning of financial year/period	2,145	8,022	26	544
Impairment loss/(written back) recognised	182	732	3	(124)
Amount written-off	(392)	(5,920)	(29)	(394)
Translation differences	(29)	(689)	–	–
End of financial year/period	<b>1,906</b>	<b>2,145</b>	<b>–</b>	<b>26</b>



## 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\$377,697,000 (2022: S\$377,665,000). 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\$134,467,000 (2022: S\$125,601,000) and S\$106,925,000 (2022: S\$94,217,000) respectively at 31 December 2023. 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 2023, the Group has undrawn and committed long-term revolving credit facilities of up to S\$225 million (2022: S\$225 million) to cover the net current liabilities of the Group of approximately S\$144.6 million (2022: S\$22.6 million), as well as cash and cash equivalents of approximately S\$134.5 million (2022: S\$125.6 million).

In addition, the Group also monitors and observes the Property Fund Appendix issued by MAS concerning limits on total borrowings.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 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
<b>Group</b>				
<b>2023</b>				
Net-settled interest rate swap	(1,539)	(3,622)	(353)	–
Cross currency swaps				
– Outflow	–	–	(44,629)	–
– Inflow	–	–	48,248	–
Trade and other payables*	(54,335)	(11,704)	(27,601)	–
Borrowings	(281,356)	(490,023)	(624,160)	–
	(337,230)	(505,349)	(648,495)	–
<b>2022</b>				
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)
<b>Trust</b>				
<b>2023</b>				
Net-settled interest rate swap	(1,539)	(3,622)	(353)	–
Cross currency swaps				
– Outflow	–	–	(44,629)	–
– Inflow	–	–	48,248	–
Trade and other payables*	(49,031)	(11,704)	(27,601)	–
Borrowings	(158,031)	(314,473)	(624,160)	–
	(208,601)	(329,799)	(648,495)	–
<b>2022</b>				
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)

\* 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 (2022: S\$48,248,000 ) 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	
	2023	2022	2023	2022
	AUD	AUD	AUD	AUD
	S\$'000	S\$'000	S\$'000	S\$'000
Loan to a subsidiary (Note 6)	–	–	162,288	164,394
Cash and cash equivalents	7,732	7,875	7,732	7,875
Statements of Financial Position exposure	7,732	7,875	170,020	172,269
Add: Effect of cross currency swaps	48,248	48,248	48,248	48,248
Less: Cross currency swaps designated for net investment hedge	(48,248)	(48,248)	–	–
Net exposure	7,732	7,875	218,268	220,517

#### 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	
	2023	2022	2023	2022
	S\$'000	S\$'000	S\$'000	S\$'000
Statements of Total Return				
5% strengthening	387	394	10,913	11,026
5% weakening	(387)	(394)	(10,913)	(11,026)

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 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
<b>2023</b>					
<b>Group</b>					
<b>Financial Assets</b>					
Cross currency					
interest-rate swaps	3,244	–	3,244	–	3,244
Interest rate swaps	2,806	–	2,806	–	2,806
<b>Financial Liabilities</b>					
Interest rate swaps	(5,438)	–	(5,438)	–	(5,438)
<b>Trust</b>					
<b>Financial Assets</b>					
Cross currency					
interest-rate swaps	3,244	–	3,244	–	3,244
Interest rate swaps	652	–	652	–	652
<b>Financial Liabilities</b>					
Interest rate swaps	(5,438)	–	(5,438)	–	(5,438)
<b>2022</b>					
<b>Group</b>					
<b>Financial Assets</b>					
Cross currency					
interest-rate swaps	3,021	–	3,021	–	3,021
Interest rate swaps	9,752	–	9,752	–	9,752
<b>Financial Liabilities</b>					
Interest rate swaps	(3,294)	–	(3,294)	–	(3,294)
<b>Trust</b>					
<b>Financial Assets</b>					
Cross currency					
interest-rate swaps	3,021	–	3,021	–	3,021
Interest rate swaps	6,242	–	6,242	–	6,242
<b>Financial Liabilities</b>					
Interest rate swaps	(3,294)	–	(3,294)	–	(3,294)



## 24. FINANCIAL RISK MANAGEMENT (CONT'D)

### (f) Hedge Accounting

#### Cash flow hedges

As at 31 December 2023, the Group and the Trust held the following instruments to hedge exposures to changes in interest rate.

	Maturity		
	Within 1 year	Within 2 to 5 years	More than 5 years
<b>2023</b>			
<b>Group</b>			
<b>Interest rate risk</b>			
<b>Interest rate swaps</b>			
Net exposure (in S\$'000)	428,568	640,000	–
Average fixed interest rate	3.95%	4.22%	–
<b>Cross currency interest rate swaps</b>			
Net exposure (in S\$'000)	–	48,248	–
Average fixed interest rate	–	5.43%	–
<b>Trust</b>			
<b>Interest rate risk</b>			
<b>Interest rate swaps</b>			
Net exposure (in S\$'000)	248,248	640,000	–
Average fixed interest rate	4.64%	4.22%	–
<b>Cross currency interest rate swaps</b>			
Net exposure (in S\$'000)	–	48,248	–
Average fixed interest rate	–	5.43%	–
<b>2022</b>			
<b>Group</b>			
<b>Interest rate risk</b>			
<b>Interest rate swaps</b>			
Net exposure (in S\$'000)	425,000	1,070,908	–
Average fixed interest rate	1.06%	4.03%	–
<b>Cross currency interest rate swaps</b>			
Net exposure (in S\$'000)	–	48,248	–
Average fixed interest rate	–	5.43%	–
<b>Trust</b>			
<b>Interest rate risk</b>			
<b>Interest rate swaps</b>			
Net exposure (in S\$'000)	425,000	888,248	–
Average fixed interest rate	1.06%	4.25%	–
<b>Cross currency interest rate swaps</b>			
Net exposure (in S\$'000)	–	48,248	–
Average fixed interest rate	–	5.43%	–

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 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.

2023				Line item in the Statements of Financial Position where the hedging instrument is included
	Nominal amount	Carrying amount (assets)	Carrying amount (liabilities)	
	S\$'000	S\$'000	S\$'000	

#### Group

Interest rate swaps	1,068,568	2,806	(5,438)	Derivative financial instruments
---------------------	-----------	-------	---------	----------------------------------

#### Trust

Interest rate swaps	888,248	652	(5,438)	Derivative financial instruments
---------------------	---------	-----	---------	----------------------------------

2022				Line item in the Statements of Financial Position where the hedging instrument is included
	Nominal amount	Carrying amount (assets)	Carrying amount (liabilities)	
	S\$'000	S\$'000	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

During the year – 2023					
Change in the fair value of the hedging instrument used for calculating hedge ineffectiveness for 2023 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

2,503	2,503	–	Not applicable	6,480	Finance costs
-------	-------	---	----------------	-------	---------------

2,618	2,618	–	Not applicable	5,117	Finance costs
-------	-------	---	----------------	-------	---------------

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
---------	---------	---	----------------	-------	---------------

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 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:

2023			Line item in the Statements of Financial Position where the hedging instrument included
	Nominal amount S\$'000	Carrying amount (assets) S\$'000	

#### Group

Cross currency swaps	48,248	3,244	Derivative financial instruments
----------------------	--------	-------	-------------------------------------

2022			Line item in the Statements of Financial Position where the hedging instrument is included
	Nominal amount S\$'000	Carrying amount (assets) S\$'000	

#### Group

Cross currency swaps	48,248	3,021	Derivative financial instruments
----------------------	--------	-------	-------------------------------------



During the year – 2023					
Change in the fair value of the hedging instrument used for calculating hedge ineffectiveness for 2023 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

223	223	–	Net foreign currency exchange differences	–	Not applicable
-----	-----	---	---	---	----------------

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 \$'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
---------	---------	-------	---	---	----------------

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 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:

2023	
	Change in value of the hedged item used for calculating hedge ineffectiveness
	S\$'000
AUD net investment	(1,014)

2022	
	Change in value of the hedged item used for calculating hedge ineffectiveness
	S\$'000
AUD net investment	(3,998)

During the year – 2023		
	Foreign currency translation reserve	Balances remaining in the foreign currency translation reserve from hedging relationships for which hedge accounting is no longer applied
	S\$'000	S\$'000
	(3,244)	–
During the period – 2022		
	Foreign currency translation reserve	Balances remaining in the foreign currency translation reserve from hedging relationships for which hedge accounting is no longer applied
	S\$'000	S\$'000
	(2,477)	–

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 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 29.6% (2022: 29.8%), and is in compliance with the Aggregate Leverage limit of 50% (2022: 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	Level 2	Level 3	Total
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Group</b>				
<b>2023</b>				
<b>Assets</b>				
Investment properties	–	–	4,121,829	4,121,829
Derivative financial instruments	–	6,050	–	6,050
<b>Liabilities</b>				
Derivative financial instruments	–	(5,438)	–	(5,438)
<b>2022</b>				
<b>Assets</b>				
Investment properties	–	–	4,112,265	4,112,265
Derivative financial instruments	–	12,773	–	12,773
<b>Liabilities</b>				
Derivative financial instruments	–	(3,294)	–	(3,294)



## 24. FINANCIAL RISK MANAGEMENT (CONT'D)

### (h) Fair value measurements (cont'd)

#### Fair value hierarchy (cont'd)

	Level 1	Level 2	Level 3	Total
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Trust</b>				
<b>2023</b>				
<b>Assets</b>				
Investment properties	–	–	3,401,000	3,401,000
Derivative financial instruments	–	3,896	–	3,896
<b>Liabilities</b>				
Derivative financial instruments	–	(5,438)	–	(5,438)
<b>2022</b>				
<b>Assets</b>				
Investment properties	–	–	3,338,700	3,338,700
Derivative financial instruments	–	9,263	–	9,263
<b>Liabilities</b>				
Derivative financial instruments	–	(3,294)	–	(3,294)

#### 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	<b>Discounted cash flow</b>	Discount rate 6.50% – 8.00% (2022: 6.50% to 8.00%)  Terminal Yield 4.00% to 6.75% (2022: 4.00% to 6.50%)	Significant reduction in the capitalisation rate, discount rate and/or terminal yield in isolation would result in a significantly higher fair value of the investment properties.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 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	<b>Income capitalisation</b>	Capitalisation rate 3.75% to 6.50% (2022: 3.75% to 6.00%)  Market rent S\$60.61 psf to S\$232.16 psf (2022: S\$60.37 psf to S\$236.70 psf)	Significant reduction in the market rent rates in isolation would result in a significantly lower fair value of the investment properties

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
<b>Group</b>				
<b>2023</b>				
<b>Assets</b>				
Trade and other receivables <sup>1</sup>	–	5,352	–	5,352
Derivative financial instruments	6,050	–	–	6,050
Cash and cash equivalents	–	134,467	–	134,467
	6,050	139,819	–	145,869
<b>Liabilities</b>				
Trade and other payables <sup>2</sup>	–	–	(93,640)	(93,640)
Borrowings	–	–	(1,268,689)	(1,268,689)
Derivative financial instruments	(5,438)	–	–	(5,438)
	(5,438)	–	(1,362,329)	(1,367,767)
<b>2022</b>				
<b>Assets</b>				
Trade and other receivables <sup>1</sup>	–	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
<b>Liabilities</b>				
Trade and other payables <sup>2</sup>	–	–	(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)

<sup>1</sup> Excludes prepayments

<sup>2</sup> Excludes collections in advance, Goods and services tax payable and withholding tax payable

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 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
<b>Trust</b>				
<b>2023</b>				
<b>Assets</b>				
Trade and other receivables <sup>1</sup>	–	381,065	–	381,065
Derivative financial instruments	3,896	–	–	3,896
Cash and cash equivalents	–	106,925	–	106,925
	3,896	487,990	–	491,886
<b>Liabilities</b>				
Trade and other payables <sup>2</sup>	–	–	(88,336)	(88,336)
Borrowings	–	–	(994,193)	(994,193)
Derivative financial instruments	(5,438)	–	–	(5,438)
	(5,438)	–	(1,082,529)	(1,087,967)
<b>2022</b>				
<b>Assets</b>				
Trade and other receivables <sup>1</sup>	–	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
<b>Liabilities</b>				
Trade and other payables <sup>2</sup>	–	–	(79,342)	(79,342)
Borrowings	–	–	(993,889)	(993,889)
Derivative financial instruments	(3,294)	–	–	(3,294)
	(3,294)	–	(1,073,231)	(1,076,525)

<sup>1</sup> Excludes prepayments

<sup>2</sup> 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 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	
	2023	2022
	S\$'000	S\$'000
Manager's management fees paid to a related company	21,208	27,971
Property management fees paid/payable to a related company	8,942	11,380
Investment management fees paid/payable to non-controlling interests	2,777	3,885
Trustee's fees paid/payable to the Trustee	570	767
Staff reimbursements paid/payable to a related company	4,560	6,194
Rental and other income received/receivable from related companies	3,396	3,031
Other expenses paid/payable to related companies	1,790	2,070

## 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 year ended 31 December 2023

## 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
<b>2023</b>						
<b>Result</b>						
Gross revenue	172,296	44,152	6,409	14,785	51,284	288,926
Property operating expenses	(39,906)	(12,633)	(1,193)	(4,091)	(16,034)	(73,857)
<b>Segment net property income</b>	<b>132,390</b>	<b>31,519</b>	<b>5,216</b>	<b>10,694</b>	<b>35,250</b>	<b>215,069</b>
<b>Unallocated amounts:</b>						
Manager's management fees						(21,208)
Investment management fees						(2,777)
Trustee's fee						(591)
Other Group expenses						(2,274)
Finance income						3,957
Finance costs						(54,595)
<b>Net income</b>						<b>137,581</b>
Net foreign currency exchange differences						(814)
Fair value change on investment properties	44,449	10,605	(334)	(14,171)	(30,113)	10,436
<b>Total return for the financial year before taxes and distribution</b>						<b>147,203</b>
Less: income tax						(356)
<b>Total loss for the financial year after taxes and before distribution</b>						<b>146,847</b>
<b>Segment assets</b>	<b>2,730,071</b>	<b>609,030</b>	<b>62,004</b>	<b>168,599</b>	<b>552,230</b>	<b>4,121,934</b>
Segment assets includes:						
– Plant and equipment	71	30	4	–	–	105
– Investment properties	2,730,000	609,000	62,000	168,599	552,230	4,121,829
Unallocated assets						146,789
<b>Total assets</b>						<b>4,268,723</b>
<b>Segment liabilities</b>	<b>42,761</b>	<b>11,789</b>	<b>1,693</b>	<b>–</b>	<b>19</b>	<b>56,262</b>
Unallocated liabilities:						
– Borrowings						1,268,689
– Others						52,537
<b>Total liabilities</b>						<b>1,377,488</b>
<b>Other information</b>						
Additions to:						
– Plant and equipment	49	13	–	–	–	62
– Investment properties	7,218	1,025	86	838	692	9,859
Depreciation of plant and equipment	161	41	5	–	–	207

## 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
<b>2022</b>						
<b>Result</b>						
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)
<b>Segment net property income</b>	<b>169,360</b>	<b>40,693</b>	<b>6,352</b>	<b>16,174</b>	<b>47,350</b>	<b>279,929</b>
<b>Unallocated amounts:</b>						
Manager's management fees						(27,971)
Investment management fees						(3,885)
Trustee's fee						(798)
Other Group expenses						(3,618)
Finance income						1,181
Finance costs						(35,562)
<b>Net income</b>						<b>209,276</b>
Net foreign currency exchange differences						4,131
Fair value change on investment properties	32,360	2,741	(154)	1,403	(2,570)	33,780
<b>Total return for the year before taxes and distribution</b>						<b>247,187</b>
Less: income tax						(3,688)
<b>Total loss for the year after taxes and before distribution</b>						<b>243,499</b>
<b>Segment assets</b>	<b>2,679,184</b>	<b>597,558</b>	<b>62,208</b>	<b>184,487</b>	<b>589,078</b>	<b>4,112,515</b>
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
<b>Total assets</b>						<b>4,256,892</b>
<b>Segment liabilities</b>	<b>40,771</b>	<b>11,011</b>	<b>1,608</b>	<b>–</b>	<b>8</b>	<b>53,398</b>
Unallocated liabilities:						
– Borrowings						1,271,627
– Others						52,767
<b>Total liabilities</b>						<b>1,377,792</b>
<b>Other information</b>						
<b>Additions to:</b>						
– 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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 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	
	2023	2022
	S\$'000	S\$'000
<u>Revenue</u>		
Singapore	222,857	286,205
Australia	66,069	90,206
	<b>288,926</b>	<b>376,411</b>
<u>Non-current assets<sup>1</sup></u>		
Singapore	3,401,105	3,338,950
Australia	720,829	773,565
	<b>4,121,934</b>	<b>4,112,515</b>

<sup>1</sup> 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 January 2023 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 and Non-current Liabilities with Covenants*
- Amendments to FRS 7 and FRS 107: *Supplier Finance Arrangements*
- Amendments to FRS 116: *Lease Liability in a Sale and Leaseback*
- Amendments to FRS 21: *Lack of Exchangeability*



## 28. FINANCIAL RATIOS

	Group	
	2023	2022
Ratio of expenses to weighted average net assets value <sup>1</sup>		
– including performance component of Manager's management fees	<b>0.92%</b>	0.93%
– excluding performance component of Manager's management fees	<b>0.55%</b>	0.57%
Total operating expenses to net asset value <sup>2</sup>	<b>3.40%</b>	4.49%
Interest coverage ratio <sup>3</sup>	<b>3.5 times</b>	6.8 times
Adjusted interest coverage ratio <sup>3</sup> (includes perpetual securities)	<b>2.9 times</b>	4.7 times
Portfolio turnover rate <sup>4</sup>	–	–

Notes:

- <sup>1</sup> The annualised ratio is computed in accordance with guidelines of Investment Management Association of Singapore dated 25 May 2005. The expenses used in the computation relate to expenses of the Group, excluding property expenses and finance expense.
- <sup>2</sup> The ratio is computed based on the total property expenses, including all fees and charges paid to the Trustee, the Manager and related parties for the financial year and as a percentage of net asset value as at the end of the financial year.
- <sup>3</sup> The ratio is calculated by dividing the trailing 12 months EBITDA by the trailing 12 months interest expense (excluding FRS 116 finance expense) in accordance with MAS guidelines.
- <sup>4</sup> The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Group expressed as a percentage of weighted average net asset value. The portfolio turnover rate was nil for the year ended 31 December 2023 and 31 December 2022, as there were no sales of investment properties.

## 29. SUBSEQUENT EVENT

Subsequent to the reporting date, the Manager announced a distribution of 2.60 cents per unit, for the period from 1 July 2023 to 31 December 2023.

## 30. AUTHORISATION OF FINANCIAL STATEMENT

The financial statements were authorised for issue by the Manager and the Trustee on 5 February 2024.

# STATISTICS OF UNITHOLDINGS

As at 5 February 2024

Issued and Fully Paid-Up Units

2,833,427,759 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	523	1.40	26,048	0.00
100 – 1,000	7,010	18.77	5,969,413	0.21
1,001 – 10,000	22,193	59.44	89,411,664	3.16
10,001 – 1,000,000	7,563	20.26	358,824,140	12.66
1,000,001 and above	47	0.13	2,379,196,494	83.97
<b>TOTAL</b>	<b>37,336</b>	<b>100.0</b>	<b>2,833,427,759</b>	<b>100.0</b>

## TWENTY LARGEST UNITHOLDERS

No.	Name	No. of Units	%
1.	DBS NOMINEES (PRIVATE) LIMITED	1,244,562,486	43.92
2.	TIMES PROPERTIES PRIVATE LIMITED	462,747,825	16.33
3.	CITIBANK NOMINEES SINGAPORE PTE LTD	182,531,327	6.44
4.	PARAGON REIT MANAGEMENT PTE LTD	142,992,502	5.05
5.	RAFFLES NOMINEES (PTE.) LIMITED	75,358,729	2.66
6.	HSBC (SINGAPORE) NOMINEES PTE LTD	61,839,709	2.18
7.	DBSN SERVICES PTE. LTD.	50,825,289	1.79
8.	LEE FOUNDATION STATES OF MALAYA	17,500,000	0.62
9.	OCBC SECURITIES PRIVATE LIMITED	13,402,081	0.47
10.	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	13,392,596	0.47
11.	CHAN SIEW KIM ALICE	9,550,600	0.34
12.	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	8,955,861	0.32
13.	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	7,480,507	0.26
14.	LEE FOUNDATION	6,420,955	0.23
15.	SOON LI HENG CIVIL ENGINEERING PTE LTD	6,000,000	0.21
16.	TAN TIANG HIN JERRY	5,169,385	0.18
17.	PHILLIP SECURITIES PTE LTD	5,094,193	0.18
18.	GAN TECK YEOW SDN BHD	5,000,000	0.18
19.	BPSS NOMINEES SINGAPORE (PTE.) LTD.	4,929,722	0.17
20.	UOB KAY HIAN PRIVATE LIMITED	4,145,917	0.15
	<b>TOTAL</b>	<b>2,327,899,684</b>	<b>82.15</b>

## SUBSTANTIAL UNITHOLDERS

No.	Name of Company	Direct Interest	Deemed Interest	% of Total Issued Units
1.	Cuscaden Peak Pte. Ltd. <sup>1</sup>	–	1,740,919,758	61.44
2.	Cuscaden Peak Investments Private Limited <sup>2</sup>	–	605,740,327	21.38
3.	Cuscaden Peak Two Pte. Ltd. <sup>3</sup>	–	402,882,246	14.22
4.	Nassim Developments Pte. Ltd. <sup>4</sup>	–	1,740,919,758	61.44
5.	WI Investments (Singapore) Pte. Ltd. <sup>4</sup>	–	1,740,919,758	61.44
6.	City Fairy Limited <sup>4</sup>	–	1,740,919,758	61.44
7.	Wheelock Investments Limited <sup>4</sup>	–	1,740,919,758	61.44
8.	Wheelock and Company Limited <sup>4</sup>	–	1,740,919,758	61.44
9.	TJ Holdings (III) Pte. Ltd. <sup>4</sup>	–	1,740,919,758	61.44
10.	Glenville Investments Pte. Ltd. <sup>4</sup>	–	1,740,919,758	61.44
11.	Mawson Peak Holdings Pte. Ltd. <sup>4</sup>	–	1,740,919,758	61.44
12.	Bartley Investments Pte. Ltd. <sup>4</sup>	–	1,740,919,758	61.44
13.	Tembusu Capital Pte. Ltd. <sup>4</sup>	–	1,740,919,758	61.44
14.	Fullerton Management Pte Ltd <sup>4</sup>	–	1,740,919,758	61.44
15.	Temasek Holdings (Private) Limited <sup>4</sup>	–	1,740,919,758	61.44
16.	Tiga Stars Pte. Ltd. <sup>4</sup>	–	1,740,919,758	61.44
17.	Hotel Properties Limited <sup>4</sup>	–	1,740,919,758	61.44
18.	68 Holdings Pte. Ltd. <sup>4</sup>	–	1,740,919,758	61.44
19.	Cuscaden Partners Pte. Ltd. <sup>4</sup>	–	1,740,919,758	61.44
20.	Ong Beng Seng <sup>4</sup>	–	1,740,919,758	61.44
21.	Como Holdings Inc. <sup>4</sup>	–	1,740,919,758	61.44
22.	Mapletree Fortress Pte. Ltd. <sup>4</sup>	–	1,740,919,758	61.44
23.	Gemstone Asset Holdings Pte. Ltd. <sup>4</sup>	–	1,740,919,758	61.44
24.	Mapletree Investments Ptd. Ltd. <sup>4</sup>	–	1,740,919,758	61.44
25.	Adenium Pte. Ltd <sup>4</sup>	–	1,740,919,758	61.44
26.	CLA Real Estate Holdings Pte. Ltd <sup>4</sup>	–	1,740,919,758	61.44
27.	Times Properties Private Limited <sup>5</sup>	462,747,825	142,992,502	21.38
28.	PARAGON REIT Management Pte Ltd	142,992,502	–	5.05

<sup>1</sup> Cuscaden Peak Pte. Ltd. ("Cuscaden") is deemed to be interested in 732,297,185 units held through DBS Nominees (Private) Limited, 605,740,327 units held by Cuscaden Peak Investments Private Limited ("CPI") and 402,882,246 units held by Cuscaden Peak Two Pte. Ltd. ("Cuscaden Two").

<sup>2</sup> CPI is a wholly-owned subsidiary of Cuscaden and is deemed to be interested in the 462,747,825 units held by Times Properties Private Limited ("TPPL") and the 142,992,502 units held by PARAGON REIT Management Pte Ltd. PARAGON REIT Management Pte Ltd is a subsidiary of TPPL. Cuscaden Two is a wholly-owned subsidiary of Cuscaden.

<sup>3</sup> Deemed to be interested in 402,882,246 units which are held through DBS Nominees (Private) Limited.

<sup>4</sup> Deemed to have an interest in the units in which Cuscaden has an interest in pursuant to Section 4 of the SFA.

<sup>5</sup> TPPL is deemed to be interested in 142,992,502 units held by PARAGON REIT Management Pte Ltd. PARAGON REIT Management Pte Ltd is a wholly-owned subsidiary of Times Properties Private Limited.

## DIRECTORS' UNITHOLDINGS IN PARAGON REIT

(As at 21 January 2024)

No.	Name of Director	Direct Interest	Deemed Interest
1.	JENNIE CHUA	100,000	–
2.	LIM MAY LING GINNEY	203,324	–

## FREE FLOAT

Approximately 38.56% 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 2023, 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 Appendix") 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
<b>Cuscaden Peak Pte Ltd and its subsidiaries or associates</b>	Controlling shareholder of the Manager and controlling Unitholder, and its subsidiaries and associates		
– Manager's management fees		21,208	–
– Property management fees and operating related expenses <sup>1</sup>		14,946	–
– Rental related income		214	–
<b>Temasek Holdings (Private) Limited and its subsidiaries or associates</b>	Ultimate controlling shareholder of the Manager and ultimate controlling Unitholder, and its subsidiaries and associates		
– Rental related income		1,394	–
– Operating related expenses		392	–
<b>Hotel Properties Limited and its subsidiaries or associates</b>	Substantial shareholder of the Manager and controlling Unitholder, and its subsidiaries and associates		
– Rental related income		1,691	–
<b>DBS Trustee Limited</b>	Trustee		
– Trustee's fees		570	–

Note:

- (1) The property management fees and reimbursables payable by PARAGON REIT to the Property Manager in the financial year ended 31 December 2023 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.

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 in Note 25 to the financial statements.

## SUBSCRIPTION OF PARAGON REIT UNITS

During the financial year ended 31 December 2023, PARAGON REIT issued 22,576,952 new units as payment of management fees.



# NOTICE OF ANNUAL GENERAL MEETING

## PARAGON REIT

(CONSTITUTED IN THE REPUBLIC OF SINGAPORE PURSUANT TO A TRUST DEED DATED 9 JULY 2013 (AS AMENDED))

NOTICE IS HEREBY GIVEN that the Tenth Annual General Meeting of the holders of units of PARAGON REIT ("**PARAGON REIT**", and the holders of units of PARAGON REIT, "**Unitholders**") will be convened and held at Orchid Junior Ballroom, Level 4, Sands Expo & Convention Centre, 10 Bayfront Ave, Singapore 018956 on Monday, 25 March 2024 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 2023 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,  
4 March 2024

## 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 (i) 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 [paragonreitagm2024@boardroomlimited.com](mailto:paragonreitagm2024@boardroomlimited.com);

in either case, by **3.30pm on 22 March 2024**, 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 **14 March 2024**, 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 **19 March 2024**:
  - (a) if submitted electronically, be submitted via email to the Manager at [ir@paragonreit.com.sg](mailto:ir@paragonreit.com.sg) (with subject title "**AGM Questions**");
  - (b) if submitted by post, be deposited at the office of the Manager at 79 Robinson Road, CapitaSky, #07-01, Singapore 068897. Please address and attention the letter as follows:
 

**PARAGON REIT Management Pte. Ltd.**  
 79 Robinson Road,  
 CapitaSky,  
 #07-01,  
 Singapore 068897  
 Attention: Investor Relations Department (PARAGON REIT AGM FY2023)
10. The Annual Report of PARAGON REIT for the financial year ended 31 December 2023 may be accessed at PARAGON REIT's website at <https://paragonreit.listedcompany.com/agm.html>. Printed copies of the Annual Report of PARAGON REIT for the financial year ended 31 December 2023 are available upon request by Unitholders. Please refer to paragraph 11 below on how to make a request.
11. Any Unitholder may request a printed copy of the Annual Report of PARAGON REIT for the financial year ended 31 December 2023 by sending a written request (the "**Request**") to PARAGON REIT's Unit Registrar via email to [paragonreitagm2024@boardroomlimited.com](mailto:paragonreitagm2024@boardroomlimited.com) or via post to 1 HarbourFront Ave, #14-07 Keppel Bay Tower, Singapore 098632. To be a valid Request, the Request must:
  - (a) be addressed to PARAGON REIT Management Pte Ltd c/o PARAGON REIT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd.;
  - (b) state the following:
    - (i) full name of Unitholder (as per NRIC / Passport);
    - (ii) address; and
    - (iii) whether the Units are held through CDP Securities Account or CPFIS Account; and
  - (c) be received by PARAGON REIT's Unit Registrar no later than **19 March 2024**.

#### **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.

This page has been intentionally left blank.

This page has been intentionally left blank.

This page has been intentionally left blank.



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 4 March 2024.

Note: Water will be served 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 Tenth Annual General Meeting (the "Meeting") of Unitholders of PARAGON REIT to be held at Orchid Junior Ballroom, Level 4, Sands Expo & Convention Centre, 10 Bayfront Ave, Singapore 018956 on Monday, 25 March 2024 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 2023 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 \_\_\_\_\_ 2024

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:**

- 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.
- 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/aggm.html> and from the SGX website at <https://www.sgx.com/securities/company-announcements>. Where 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. Where no proxy name is inserted into the proxy form, the Chairman of the Meeting shall be deemed to have been appointed as your proxy to vote on your behalf at his discretion.
- 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 14 March 2024**, 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.
- 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 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;
  - 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
  - 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.
- 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.
- 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:
  - 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
  - if submitted electronically, be submitted via email to PARAGON REIT's Unit Registrar at [paragonreitaggm2024@boardroomlimited.com](mailto:paragonreitaggm2024@boardroomlimited.com) in each case, by **3.30 p.m. on 22 March 2024**, 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.
- 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.
- 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.
- 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.
- 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.

3rd fold here

Fold here, glue along the dotted line and fold flap

Fold here, glue along the dotted line and fold flap

# 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

### 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

### MRS. TRINA LOH

- Non-Executive and Independent Director
- Member, Nominating & Remuneration 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 (CHAIR)

MS. JENNIE CHUA  
MS. HOO SHEAU FARN  
MR. BERNARD PHANG  
MR. GERALD YONG

## NOMINATING & REMUNERATION COMMITTEE

### MS. JENNIE CHUA (CHAIR)

DR. LEONG HORN KEE  
MR. EUGENE LAI  
MRS. TRINA LOH  
MR. RAY FERGUSON  
MR. GERALD YONG

## MANAGEMENT

### MS. SUSAN LENG MEE YIN

Chief Executive Officer

### MS. WOO YENG YENG

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.

1 HarbourFront Ave, #14-07  
Keppel Bay Tower  
Singapore 098632  
Telephone : +65 6536 5355  
Facsimile : +65 6438 8710

## TRUSTEE

### DBS TRUSTEE LIMITED

12 Marina Boulevard  
Level 44 DBS Asia Central  
Marina Bay Financial Centre  
Singapore 018982  
Telephone : +65 6878 8888  
Facsimile : +65 6878 3977

## AUDITORS

### KPMG LLP

12 Marina View, #15-01  
Asia Square Tower 2  
Singapore 018961  
Telephone : +65 6213 3388  
Facsimile : +65 6225 0984

Partner-in-charge: Mr. Lim Jek  
(With effect from financial year ended  
31 August 2019)

---

PARAGON REIT  
MANAGEMENT PTE. LTD.

Bridge+, 79 Robinson Road #07-01,  
CapitaSky, Singapore 068897

[www.paragonreit.com.sg](http://www.paragonreit.com.sg)



# PARAGON REIT

# Resilience for ANNUAL REPORT 2023