
PARAGON REIT FINANCIAL STATEMENT FOR THE 4 MONTHS PERIOD ENDED 31 DECEMBER 2022

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

Introduction

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

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

- * Paragon, a premier upscale retail mall and medical suite/office property located in the heart of Orchard Road.
- * The Clementi Mall, a mid-market suburban mall located in the centre of Clementi town, an established residential estate in the west of Singapore.
- * The Rail Mall is a retail strip, with about 360 metres of main road frontage along Upper Bukit Timah Road, comprising 43 single-storey shop units.
- * PARAGON REIT holds a 85.0% stake in Figtree Grove Shopping Centre, an established sub-regional shopping centre in Wollongong, New South Wales, Australia; and
- * PARAGON REIT holds a 50.0% stake in Westfield Marion Shopping Centre, the largest regional shopping centre in South Australia.

**PARAGON REIT FINANCIAL STATEMENT
FOR THE 4 MONTHS PERIOD ENDED 31 DECEMBER 2022**

TABLE OF CONTENTS

Description	Page No.
Report of the Trustee	1
Independent auditors' report	2 - 5
Condensed Interim Statement of Financial Position	6
Condensed Interim Statement of Total Return	7
Condensed Interim Distribution Statement	8
Condensed Interim Statement of Changes in Unitholders' Funds	9 – 10
Condensed Interim Portfolio Statement	11 – 13
Condensed Interim Statement of Cash Flows	14
Notes to the Condensed Interim Financial Statements	15 - 23

PARAGON REIT and its Subsidiaries

**(Constituted in the Republic of Singapore pursuant to a trust
deed dated 9 July 2013)**

Condensed Interim Financial Statements

For the 4 months period ended 31 December 2022

Report of the Trustee

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 the condensed interim financial statements, set out on pages 6 to 23 in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee,
DBS Trustee Limited



Jane Lim
Director

Singapore
10 March 2023



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

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

Independent auditors' report

DBS Trustee Limited (the "Trustee")
(in its capacity as Trustee of PARAGON REIT)

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

Opinion

We have audited the condensed interim financial information of PARAGON REIT (the "Trust") and its subsidiaries (the "Group"), which comprise the condensed consolidated interim statement of financial position and condensed consolidated interim portfolio statement of the Group and the condensed interim statement of financial position and condensed interim portfolio statement of the Trust as at 31 December 2022, the condensed consolidated interim statement of total return, condensed consolidated interim distribution statement, condensed consolidated interim statement of changes in unitholders' funds and condensed consolidated interim statement of cash flows of the Group and the condensed interim statement of changes in unitholders' funds of the Trust for the period from 1 September 2022 to 31 December 2022, and notes to the condensed interim financial information, including a summary of significant accounting policies, as set out on pages FS6 to FS23 (the "Condensed Interim Financial Information").

In our opinion, the Condensed Interim Financial Information is prepared, in all material respects, in accordance with the recommendations of Statement of Recommended Accounting Practice 7 *Reporting Framework for Investment Funds* ("RAP 7") relevant to interim financial information 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 Condensed Interim Financial Information*' 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.

Emphasis of matter – basis of accounting and restriction on use

We draw attention to Note 2 to the condensed interim financial statements, which describes the basis of accounting on the Condensed Interim Financial Information. The condensed interim financial statements are prepared by the Manager to comply with its undertaking to the Monetary Authority of Singapore. As a result, the condensed interim financial statements may not be suitable for another purpose. Our report on the Condensed Interim Financial Information is intended solely for the use and benefits of the Manager and the Trustee and we do not assume any responsibility to anyone other than the Manager and the Trustee for our work, our report, or for our conclusion which we have reached in our report. Our opinion is not modified in respect of this matter.

Other matter

The condensed interim financial statements for the comparative four-month and sixteen-month periods ended 31 December 2021 have not been audited or reviewed.

We have not been engaged to audit or review the condensed interim financial statements for the period from 1 September 2021 to 31 December 2022. The Manager has prepared a separate set of consolidated financial statements of the Group for the period from 1 September 2021 to 31 December 2022, statement of financial position and portfolio statement of the Trust as at 31 December 2022 and statement of total return, distribution statement and statement of change in unitholders' funds of the Trust for the period from 1 September 2021 to 31 December 2022 in accordance with RAP 7 issued by the Institute of Singapore Chartered Accountants on which we issued a separate auditors' report to the unitholders of the Trust dated 13 February 2023.

Other information

The Manager is responsible for the other information contained in the condensed interim financial statements. Other information is defined as all information in the condensed interim financial statements other than the condensed interim financial statements and our auditors' report thereon. We have obtained all other information prior to the date of this auditors' report.

Our opinion on the Condensed Interim Financial Information does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Responsibilities of the Manager for the condensed interim financial statements

The Manager is responsible for the preparation of the condensed interim financial statements (including the Condensed Interim Financial Information) in accordance with RAP 7 relevant to interim financial information, issued by the Institute of Singapore Chartered Accountants, for determining the acceptability of the basis of accounting, and for such internal controls as the Manager determines is necessary to enable the preparation of condensed interim financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the condensed interim financial statements, the Manager is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate 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 Condensed Interim Financial Information

Our objectives are to obtain reasonable assurance about whether the Condensed Interim Financial Information 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 the Condensed Interim Financial Information.

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 Condensed Interim Financial Information, 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 Condensed Interim Financial Information 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Condensed Interim Financial Information. 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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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



KPMG LLP


*Public Accountants and
Chartered Accountants*

Singapore
10 March 2023

**Statement of Financial Position
As at 31 December 2022**

Note	Group		Trust	
	Audited As at 31 Dec 22 S\$'000	Audited As at 31 Aug 21 S\$'000	Audited As at 31 Dec 22 S\$'000	Audited As at 31 Aug 21 S\$'000
Non-current assets				
Plant and equipment	250	568	250	568
Investment properties	4,112,265	4,123,000	3,338,700	3,296,200
Subsidiaries	-	-	168,210	180,882
Trade and other receivables	-	-	377,665	375,673
Derivative financial instruments	9,623	-	6,113	-
	<u>4,122,138</u>	<u>4,123,568</u>	<u>3,890,938</u>	<u>3,853,323</u>
Current assets				
Trade and other receivables	6,003	11,316	3,080	8,335
Derivative financial instruments	3,150	-	3,150	-
Cash and cash equivalents	125,601	111,681	94,217	80,379
	<u>134,754</u>	<u>122,997</u>	<u>100,447</u>	<u>88,714</u>
Total assets	4,256,892	4,246,565	3,991,385	3,942,037
Non-current liabilities				
Borrowings	1,176,653	1,138,111	898,915	838,751
Derivative financial instruments	3,294	3,292	3,294	1,546
Trade and other payables	38,283	38,135	38,283	38,135
Deferred tax liabilities	2,206	2,206	2,206	2,206
	<u>1,220,436</u>	<u>1,181,744</u>	<u>942,698</u>	<u>880,638</u>
Current liabilities				
Borrowings	94,974	154,943	94,974	154,943
Derivative financial instruments	-	1,051	-	1,051
Trade and other payables	62,382	60,959	47,667	46,258
	<u>157,356</u>	<u>216,953</u>	<u>142,641</u>	<u>202,252</u>
Total liabilities	1,377,792	1,398,697	1,085,339	1,082,890
Net assets	2,879,100	2,847,868	2,906,046	2,859,147
Represented by:				
Unitholders' funds	2,563,069	2,535,243	2,604,011	2,561,223
Perpetual securities holders' fund	302,035	297,924	302,035	297,924
Non-controlling interests	13,996	14,701	-	-
Unitholders' funds	<u>2,879,100</u>	<u>2,847,868</u>	<u>2,906,046</u>	<u>2,859,147</u>
Units in issue ('000)	7	2,810,851	2,785,164	2,810,851
Net asset value per unit (\$)	8	0.91	0.91	0.93
		<u>0.91</u>	<u>0.93</u>	<u>0.92</u>

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


Leong Horn Kee
Chairman
10 March 2023


Eugene Paul Lai Chin Look
Director

Statement of Total Return
For the financial period ended 31 December 2022

	Note	Group			
		Audited 4 months ended 31 Dec 22 S\$'000	Unaudited 4 months ended 31 Dec 21 S\$'000	Audited 16 months ended 31 Dec 22 S\$'000	Unaudited 16 months ended 31 Dec 21 S\$'000
Gross revenue	9	94,555	92,590	376,411	369,769
Property operating expenses	10	(24,327)	(24,156)	(96,482)	(98,708)
Net property income		70,228	68,434	279,929	271,061
Manager's management fees	11	(7,022)	(6,880)	(27,971)	(27,314)
Investment management fees		(994)	(922)	(3,885)	(3,872)
Trustee's fees		(199)	(199)	(798)	(799)
Trust expenses	12	(813)	(631)	(2,886)	(2,026)
Impairment written back/(loss) on trade receivables		935	(1,547)	(732)	(4,370)
Finance income		675	159	1,181	359
Finance costs	13	(12,503)	(7,269)	(35,562)	(31,263)
Grant income		-	-	-	2,903
Grant expense		-	-	-	(2,903)
Net income		50,307	51,145	209,276	201,776
Fair value change on investment properties	5	(5,101)	31,509	33,780	34,930
Net foreign currency exchange differences		3,145	(180)	4,131	(747)
Total return before taxes and distribution		48,351	82,474	247,187	235,959
Less: income tax	14	(1,119)	(581)	(3,688)	(1,978)
Total return after taxes and before distribution		47,232	81,893	243,499	233,981
Attributable to:					
Unitholders of the Trust		42,764	77,695	225,602	215,043
Perpetual securities holders		4,111	4,111	16,411	16,411
Non-controlling interests		357	87	1,486	2,527
		47,232	81,893	243,499	233,981
Earnings per unit (cents)					
Basic and diluted	15	1.52	2.79	8.02	7.72

Distribution Statement
For the financial period ended 31 December 2022

	Group			
	Audited 4 months ended 31 Dec 22 S\$'000	Unaudited 4 months ended 31 Dec 21 S\$'000	Audited 16 months ended 31 Dec 22 S\$'000	Audited 12 months ended 31 Aug 21 S\$'000
Amount available for distribution to Unitholders at beginning of the period	68,011	67,126	67,126	36,547
Total return for the period attributable to Unitholders	42,764	77,695	225,602	137,348
Add: Non-tax deductible items (A)	6,749	(26,461)	(15,418)	14,306
Total amount distributable to Unitholders for the period	117,524	118,360	277,310	188,201
Distribution to Unitholders for the period				
- Distribution of 0.54 cents per unit for the period from 1 June 2020 to 31 August 2020	-	-	-	(14,921)
- Distribution of 1.20 cents per unit for the period from 1 September 2020 to 30 November 2020	-	-	-	(33,307)
- Distribution of 1.24 cents per unit for the period from 1 December 2020 to 28 February 2021	-	-	-	(34,457)
- Distribution of 1.38 cents per unit for the period from 1 March 2021 to 31 May 2021	-	-	-	(38,390)
- Distribution of 1.58 cents per unit for the period from 1 June 2021 to 31 August 2021	-	(44,006)	(44,006)	-
- Distribution of 1.24 cents per unit for the period from 1 September 2021 to 30 November 2021	-	-	(34,750)	-
- Distribution of 1.44 cents per unit for the period from 1 December 2021 to 28 February 2022	-	-	(40,355)	-
- Distribution of 1.45 cents per unit for the period from 1 March 2022 to 31 May 2022	-	-	(40,675)	-
- Distribution of 1.39 cents per unit for the period from 1 June 2022 to 31 August 2022	(39,030)	-	(39,030)	-
	(39,030)	(44,006)	(198,816)	(121,075)
Amount available for distribution to Unitholders at end of the period	78,494	74,354	78,494	67,126

Note A – Non-tax deductible items

	Audited 4 months ended 31 Dec 22 S\$'000	Unaudited 4 months ended 31 Dec 21 S\$'000	Audited 16 months ended 31 Dec 22 S\$'000	Audited 12 months ended 31 Aug 21 S\$'000
- Manager's management fees	5,622	6,880	26,571	20,434
- Trustee's fees	199	199	798	600
- Amortisation of upfront fee for loan facility	183	277	994	1,020
- Fair value change on investment properties	5,101	(31,509)	(33,780)	(3,421)
- Net foreign currency exchange differences	(3,145)	180	(4,131)	567
- Net income from subsidiaries	(4,031)	(3,281)	(11,301)	(1,245)
- Straight-line rental adjustments	304	(116)	(410)	(4,106)
- Deferred tax expense	-	-	-	(913)
- Other items	2,516	909	5,841	1,370
	6,749	(26,461)	(15,418)	14,306

Statement of Changes in Unitholders' Funds
For the financial period ended 31 December 2022

	Group			
	Audited 4 months ended 31 Dec 22 S\$'000	Unaudited 4 months ended 31 Dec 21 S\$'000	Audited 16 months ended 31 Dec 22 S\$'000	Audited 12 months ended 31 Aug 21 S\$'000
Balance as at beginning of period/year	2,580,319	2,535,243	2,535,243	2,503,324
<u>Operations</u>				
Total return for the period after tax, attributable to Unitholders and perpetual securities holders	46,875	81,806	242,013	149,648
Less: Total return for the period after tax, attributable to perpetual securities holders	(4,111)	(4,111)	(16,411)	(12,300)
Net increase in assets from operations	42,764	77,695	225,602	137,348
<u>Hedging reserve</u>				
Effective portion of changes in fair value of cash flow hedges	1,124	1,227	14,798	(889)
Net change in fair value of cash flow hedge reclassified to Statement of Total Return	(4,732)	1,527	(3,748)	4,796
<u>Foreign currency translation reserve</u>				
Translation differences from financial statements of foreign entities	(15,294)	(192)	(23,909)	(5,167)
Exchange differences on monetary item forming part of net investments in foreign operations	(7,704)	(666)	(12,672)	(3,528)
<u>Unitholders' transactions</u>				
Distribution to unitholders	(39,030)	(44,006)	(198,816)	(121,075)
Manager's fee paid/payable in units	5,622	5,137	26,571	20,434
	(33,408)	(38,869)	(172,245)	(100,641)
Unitholders' funds as at end of period	2,563,069	2,575,965	2,563,069	2,535,243
<u>Perpetual Securities Holders' Funds</u>				
Balance as at beginning of period	297,924	297,924	297,924	297,924
Total return attributable to perpetual securities holders	4,111	4,111	16,411	12,300
Distribution to perpetual securities holders	-	-	(12,300)	(12,300)
Balance as at end of period/year	302,035	302,035	302,035	297,924

Statement of Changes in Unitholders' Funds
For the financial period ended 31 December 2022

	Trust			
	Audited 4 months ended 31 Dec 22 S\$'000	Unaudited 4 months ended 31 Dec 21 S\$'000	Audited 16 months ended 31 Dec 22 S\$'000	Audited 12 months ended 31 Aug 21 S\$'000
Balance as at beginning of period/year	2,604,247	2,561,223	2,561,223	2,526,457
<u>Operations</u>				
Total return for the period after tax, attributable to Unitholders and perpetual securities holders	41,159	81,185	225,865	144,838
Less: Total return for the period after tax, attributable to perpetual securities holders	(4,111)	(4,111)	(16,411)	(12,300)
Net increase in assets from operations	37,048	77,074	209,454	132,538
<u>Hedging reserve</u>				
Effective portion of changes in fair value of cash flow hedges	565	(127)	9,675	(979)
Net change in fair value of cash flow hedge reclassified to Statement of Total Return	(4,441)	1,205	(4,096)	3,848
<u>Unitholders' transactions</u>				
Distribution to unitholders	(39,030)	(44,006)	(198,816)	(121,075)
Manager's fee paid/payable in units	5,622	5,137	26,571	20,434
	(33,408)	(38,869)	(172,245)	(100,641)
Unitholders' funds as at end of period	2,604,011	2,600,506	2,604,011	2,561,223
<u>Perpetual Securities Holders' Funds</u>				
Balance as at beginning of period	297,924	297,924	297,924	297,924
Total return attributable to perpetual securities holders	4,111	4,111	16,411	12,300
Distribution to perpetual securities holders	-	-	(12,300)	(12,300)
Balance as at end of period/year	302,035	302,035	302,035	297,924

**Portfolio Statement
Group**

Description of Property	Location	Tenure of Land	Term of Lease	Remaining Term of Lease 31 Dec 2022	Occupancy Rate as at		At Valuation		Percentage of Unitholders' funds	
					31 Dec 2022	31 Aug 2021	31 Dec 2022	31 Aug 2021	31 Dec 2022	31 Aug 2021
					(%)	(%)	S\$'000	S\$'000	(%)	(%)
<u>Singapore</u>										
Paragon	290 Orchard Road, Singapore 238859	Leasehold	99 years, commencing on 24 July 2013 (Listing date)	90 years	99.9	99.1	2,679,000	2,640,000	105	104
The Clementi Mall	3155 Commonwealth Avenue West, Singapore 129588	Leasehold	99 years, commencing on 31 August 2010	87 years	100.0	99.9	597,500	594,000	24	23
The Rail Mall	380 to 400 & 422 to 484 (Even Nos) Upper Bukit Timah Road, Singapore 678040 to 678050 & 678051 to 678087	Leasehold	99 years, commencing on 18 March 1947	23 years	100.0	92.2	62,200	62,200	2	2
<u>Australia</u>										
Figtree Grove Shopping Centre	19 & 23 Princes Highway, Figtree, Wollongong, NSW 2525	Freehold	-	-	99.4	99.1	184,487	196,740	7	8
Westfield Marion Shopping Centre	293-297 Diagonal Road, Oaklands Park, Adelaide, South Australia, 5046	Freehold	-	-	97.4	98.8	589,078	630,060	23	25
Portfolio of investment properties							4,112,265	4,123,000	161	162
Other assets and liabilities (net)							(1,233,165)	(1,275,132)	(48)	(49)
Net assets of the Group							2,879,100	2,847,868	113	113
Perpetual securities holders' funds							(302,035)	(297,924)	(12)	(12)
Non-controlling interests							(13,996)	(14,701)	(1)	(1)
Unitholders' funds							2,563,069	2,535,243	100	100

Portfolio Statement
Group (Cont'd)

Footnotes:

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

Portfolio Statement (Cont'd)
Trust

Description of Property	Location	Tenure of Land	Term of Lease	Remaining Term of Lease 31 Dec 2022	Occupancy Rate as at		At Valuation		Percentage of Unitholders' funds	
					31 Dec 2022	31 Aug 2021	31 Dec 2022	31 Aug 2021	31 Dec 2022	31 Aug 2021
					(%)	(%)	S\$'000	S\$'000	(%)	(%)
<u>Singapore</u>										
Paragon	290 Orchard Road, Singapore 238859	Leasehold	99 years, commencing on 24 July 2013 (Listing date)	90 years	99.9	99.1	2,679,000	2,640,000	104	103
The Clementi Mall	3155 Commonwealth Avenue West, Singapore 129588	Leasehold	99 years, commencing on 31 August 2010	87 years	100.0	99.9	597,500	594,000	23	23
The Rail Mall	380 to 400 & 422 to 484 (Even Nos) Upper Bukit Timah Road, Singapore 678040 to 678050 & 678051 to 678087	Leasehold	99 years, commencing on 18 March 1947	23 years	100.0	92.2	62,200	62,200	2	2
Portfolio of investment properties							3,338,700	3,296,200	129	128
Other assets and liabilities (net)							(432,654)	(437,053)	(17)	(16)
Net assets of the Trust							2,906,046	2,859,147	112	112
Perpetual securities holders' funds							(302,035)	(297,924)	(12)	(12)
Unitholders' funds							2,604,011	2,561,223	100	100

Footnotes:

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

Statement of Cash Flows
For the financial period ended 31 December 2022

	Group			
	Audited	Unaudited	Audited	Audited
	4 months	4 months	16 months	12 months
	ended	ended	ended	ended
	31 Dec 22	31 Dec 21	31 Dec 22	31 Aug 21
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Total return for the period	47,232	81,893	243,499	152,088
Adjustments for:				
Fair value change on investment properties	5,101	(31,509)	(33,780)	(3,421)
Manager's fee paid/payable in units	5,622	6,880	26,571	20,434
Depreciation of plant and equipment	87	100	387	255
Finance income	(675)	(159)	(1,181)	(200)
Finance costs	12,503	7,269	35,562	23,994
Impairment loss on trade receivables	(935)	1,547	732	2,823
Income tax	-	-	-	(913)
Straight-line rental adjustments	304	(116)	(410)	(4,106)
Operating cash flow before working capital changes	69,239	65,905	271,380	190,954
Changes in operating assets and liabilities				
Trade and other receivables	1,404	(4,726)	4,581	18,589
Trade and other payables	6,790	1,532	24	(6,998)
Net cash from operating activities	77,433	62,711	275,985	202,545
Cash flows from investing activities				
Additions to investment properties	(6,913)	(2,257)	(14,536)	(13,044)
Purchase of plant and equipment	(2)	(46)	(69)	(234)
Interest received	675	159	1,181	200
Net cash used in investing activities	(6,240)	(2,144)	(13,424)	(13,078)
Cash flows from financing activities				
Payment of transaction costs related to borrowings	(632)	(100)	(970)	(580)
Payment of bank loan	(95,751)	-	(95,751)	-
Proceeds from bank loan	95,751	-	95,751	-
Distribution to unitholders	(39,030)	(44,006)	(198,816)	(121,075)
Distribution to non-controlling interests of a subsidiary	(335)	(186)	(1,116)	(924)
Distribution to perpetual securities holders	-	-	(12,300)	(12,300)
Interest paid	(11,865)	(8,050)	(33,210)	(23,385)
Net cash used in financing activities	(51,862)	(52,342)	(246,412)	(158,264)
Net increase in cash and cash equivalents	19,331	8,225	16,149	31,203
Effect of exchange rate fluctuations on cash and cash equivalents held	(873)	(536)	(2,229)	(1,496)
Cash and cash equivalents at beginning of the period/year	107,143	111,681	111,681	81,974
Cash and cash equivalents at end of the period/year	125,601	119,370	125,601	111,681

Notes to the Condensed interim financial statements

These notes form an integral part of the Condensed interim financial statements.

1. General Information

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

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

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

The principal activity of the Trust is to invest, directly or indirectly, in a portfolio of income-producing real estate which is used primarily for retail purposes in Asia-Pacific, as well as real estate-related assets with the primary objective of providing Unitholders with regular and stable distributions and sustainable long-term growth.

The condensed interim financial statements of the Trust as at and for the period ended 31 December 2022 comprise the Trust and its subsidiaries (together referred to as the “Group” and individually as “Group entities”).

During the financial period, the Trust changed its financial year end from 31 August to 31 December. Therefore, the current financial year will be a 16-month period from 1 September 2021 to 31 December 2022. Thereafter, PARAGON REIT’s financial year will be a 12-month period ending on 31 December each year. The comparative amounts presented for distributable income, changes in Unitholders’ funds and cash flows of the Group and distributable income and changes in Unitholders’ funds of the Trust, and related disclosure notes are not entirely comparable. The condensed interim financial statements are prepared by the Manager to comply with its undertaking to the Monetary Authority of Singapore.

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

(a) Trustee’s fees

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

(b) Manager’s management fees

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

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

1. General Information (Cont'd)

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

(c) Property Manager's management fees

(i) Property management fees

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

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

(ii) Project management fees

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

2. Basis of preparation

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

The condensed interim financial statements does not contain all the information required for a full set of annual financial statements and should be read in conjunction with the Group's consolidated financial statements for period from 1 September 2021 to 31 December 2022 and the consolidated financial statements for the year ended 31 August 2021.

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

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

3. Significant accounting policies

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

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

4. Critical Accounting Estimates, Assumptions and Judgements

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

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

In preparing the condensed interim financial statements, the significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the condensed interim financial statements were the same as those applied in the financial statements for the period from 1 September 2021 to 31 December 2022 and for the year ended 31 August 2021.

5. Investment properties

	Group		Trust	
	Audited 31 Dec 22	Audited 31 Aug 21	Audited 31 Dec 22	Audited 31 Aug 21
	S\$'000	S\$'000	S\$'000	S\$'000
Beginning of financial period/year	4,123,000	4,125,447	3,296,200	3,286,200
Additions	14,592	6,194	7,088	2,120
Fair value change	33,780	3,421	34,947	4,160
Straight-line rental adjustments	410	4,106	465	3,720
Translation differences	(59,517)	(16,168)	-	-
End of financial period/year	4,112,265	4,123,000	3,338,700	3,296,200

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

Key unobservable inputs correspond to:

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

5. Investment properties (Cont'd)

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

At 31 December 2022, investment properties with a carrying amount of approximately S\$3,453 million (2021: S\$3,467 million) are mortgaged to banks as security for the term loans (Note 6).

Description	Valuation technique(s)	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Investment properties	Discounted cash flow	Discount rate 6.50% to 8.00% (2021: 6.50% to 8.00%) Terminal Yield 4.00% to 6.50% (2021: 4.00% to 6.50%)	Significant reduction in the capitalisation rate, discount rate and/or terminal yield in isolation would result in a significantly higher fair value of the investment properties.
	Income capitalisation	Capitalisation rate 3.75% to 6.00% (2021: 3.75% to 6.00%) Market rent S\$60.37 psf to S\$236.70 psf (2021: S\$63.11 psf to S\$220.77 psf)	Significant reduction in the market rent rates in isolation would result in a significantly lower fair value of the investment properties.

6. Borrowings

	Group		Trust	
	Audited 31 Dec 22 S\$'000	Audited 31 Aug 21 S\$'000	Audited 31 Dec 22 S\$'000	Audited 31 Aug 21 S\$'000
Secured term loan	1,273,557	1,295,029	995,000	995,000
Less: Unamortised transaction costs	(1,930)	(1,975)	(1,111)	(1,306)
	<u>1,271,627</u>	<u>1,293,054</u>	<u>993,889</u>	<u>993,694</u>
Borrowing repayable:				
Within 1 year	94,974	154,943	94,974	154,943
Between 1 – 5 years	1,176,653	1,138,111	898,915	838,751
	<u>1,271,627</u>	<u>1,293,054</u>	<u>993,889</u>	<u>993,694</u>

The Group's secured term loan consists of a term loan of S\$995 million (2021: S\$995 million) secured by way of a first legal mortgage on Paragon, a term loan of A\$105 million (2021: A\$105 million) secured by way of mortgage on Figtree Grove Shopping Centre and a term loan of A\$200 million (2021: A\$200 million) secured by way of mortgage on the Group's 50% interest in Westfield Marion Shopping Centre.

7. Units in issue

	Group and Trust	
	Audited	Audited
	16 months	12 months
	ended	ended
	31 Dec 22	31 Aug 21
	No. of units	No. of units
	'000	'000
Issued units as at beginning of period/year	2,785,164	2,763,122
Manager's fee paid in units	25,687	22,042
Issued units at the end of the period/year	2,810,851	2,785,164
Issuable units:		
Manager's fee payable in units	17,030	14,681
Total issued and issuable units as at end of period/year	2,827,881	2,799,845

During the financial period, the Trust issued 25,686,735 (2021: 22,042,037) new units at the issue price of S\$0.8515 to S\$1.0136 per unit (2021: S\$0.8178 to S\$0.9314 per unit), in respect of the payment of management fees to the Manager in units. The issue prices were determined based on the volume weighted average traded price for all trades done on SGX-ST in the ordinary course of trading for the last 10 business days of the relevant quarter on which the fees accrued.

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

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

Note:

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

9. Gross Revenue

	Group		
	Audited	Unaudited	Audited
	4 months	4 months	16 months
	ended	ended	ended
	31 Dec 22	31 Dec 21	31 Dec 22
	S\$'000	S\$'000	S\$'000
Rental income	88,690	88,235	357,089
Car park income	2,411	2,180	8,922
Other income	3,454	2,175	10,400
	94,555	92,590	376,411
			369,769

10. Property Operating expenses

	Group			
	Audited 4 months ended 31 Dec 22 S\$'000	Unaudited 4 months ended 31 Dec 21 S\$'000	Audited 16 months ended 31 Dec 22 S\$'000	Unaudited 16 months ended 31 Dec 21 S\$'000
Maintenance and utilities	9,920	9,712	37,250	33,923
Property tax	6,823	7,554	30,495	30,706
Property management fees	4,088	3,894	16,259	15,733
Marketing	1,604	1,160	5,053	6,626
Reimbursements paid to the Property Manager	1,561	1,548	6,194	6,123
Others	331	288	1,231	5,597
	24,327	24,156	96,482	98,708

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.

11. Manager's Management Fees

	Group			
	Audited 4 months ended 31 Dec 22 S\$'000	Unaudited 4 months ended 31 Dec 21 S\$'000	Audited 16 months ended 31 Dec 22 S\$'000	Unaudited 16 months ended 31 Dec 21 S\$'000
Base fee	3,530	3,514	14,141	14,100
Performance fee	3,492	3,366	13,830	13,214
	7,022	6,880	27,971	27,314

12. Trust Expenses

	Group			
	Audited 4 months ended 31 Dec 22 S\$'000	Unaudited 4 months ended 31 Dec 21 S\$'000	Audited 16 months ended 31 Dec 22 S\$'000	Unaudited 16 months ended 31 Dec 21 S\$'000
Audit fees	144	144	575	532
Non-audit fees	26	26	102	98
Valuation expense	25	32	287	136
Consultancy and other professional fees	424	192	1,001	391
Other expenses	194	237	921	869
	813	631	2,886	2,026

13. Finance Costs

	Group			
	Audited 4 months ended 31 Dec 22 S\$'000	Unaudited 4 months ended 31 Dec 21 S\$'000	Audited 16 months ended 31 Dec 22 S\$'000	Unaudited 16 months ended 31 Dec 21 S\$'000
Interest on borrowing	17,047	5,442	38,223	23,568
Amortisation of upfront fee for loan facility	183	277	994	1,297
Other financial expenses	24	22	93	74
Cash flow hedges – reclassified from Unitholders' Funds	(4,751)	1,528	(3,748)	6,324
	<u>12,503</u>	<u>7,269</u>	<u>35,562</u>	<u>31,263</u>

The average cost of debts of the Group for the 4 months period ended 31 December and 16 months ended 31 December was 2.93% (4M 2021: 1.67%) and 2.05% (16M 2021: 1.79%) per annum respectively.

14. Income Tax

	Group			
	Audited 4 months ended 31 Dec 22 S\$'000	Unaudited 4 months ended 31 Dec 21 S\$'000	Audited 16 months ended 31 Dec 22 S\$'000	Unaudited 16 months ended 31 Dec 21 S\$'000
Deferred tax expense				
- Origination and reversal of temporary differences	-	-	-	(913)
Withholding tax	1,119	581	3,688	2,891
	<u>1,119</u>	<u>581</u>	<u>3,688</u>	<u>1,978</u>

The withholding tax is related to dividend income remitted from Australia subsidiaries.

15. Earnings per unit ("EPU")

	Group			
	Audited 4 months ended 31 Dec 22 S\$'000	Unaudited 4 months ended 31 Dec 21 S\$'000	Audited 16 months ended 31 Dec 22 S\$'000	Unaudited 16 months ended 31 Dec 21 S\$'000
Total return for the period after tax attributable to Unitholders of the Trust (S\$'000)	<u>42,764</u>	<u>77,695</u>	<u>225,602</u>	<u>215,043</u>
Weighted average number of Units ¹ ('000)	<u>2,821,666</u>	<u>2,786,441</u>	<u>2,811,343</u>	<u>2,786,441</u>
Basic and diluted Earnings ² per Unit (cents)	<u>1.52</u>	<u>2.79</u>	<u>8.02</u>	<u>7.72</u>

Notes:

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

16. Operating Segments

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

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

	Paragon	The Clementi Mall	The Rail Mall	Figtree Grove	Westfield Marion	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Audited						
4 months ended 31 Dec 2022						
Gross revenue	56,181	14,334	2,004	5,050	16,986	94,555
Property operating expenses	(13,123)	(4,201)	(391)	(1,216)	(5,396)	(24,327)
Segment net property income	43,058	10,133	1,613	3,834	11,590	70,228
Unaudited						
4 months ended 31 Dec 2021						
Gross revenue	53,797	13,833	1,816	5,373	17,771	92,590
Property operating expenses	(12,596)	(3,919)	(414)	(1,196)	(6,031)	(24,156)
Segment net property income	41,201	9,914	1,402	4,177	11,740	68,434
Audited						
16 months ended 31 Dec 2022						
Gross revenue	221,304	56,951	7,950	21,281	68,925	376,411
Property operating expenses	(51,944)	(16,258)	(1,598)	(5,107)	(21,575)	(96,482)
Segment net property income	169,360	40,693	6,352	16,174	47,350	279,929
Unaudited						
16 months ended 31 Dec 2021						
Gross revenue	213,663	55,204	7,473	22,623	70,806	369,769
Property operating expenses	(53,068)	(15,406)	(1,636)	(5,164)	(23,434)	(98,708)
Segment net property income	160,595	39,798	5,837	17,459	47,372	271,061

17. Financial ratios

	Group		Group	
	Audited 4 months ended 31 Dec 22	Unaudited 4 months ended 31 Dec 21	Audited 16 months ended 31 Dec 22	Unaudited 16 months ended 31 Dec 21
<i>Ratio of expenses to weighted average net assets value¹</i>				
- including performance component of Manager's management fees	0.94%	0.90%	0.93%	0.89%
- excluding performance component of Manager's management fees	0.58%	0.55%	0.57%	0.55%
<i>Total operating expenses to net asset value²</i>	1.13%	1.11%	4.49%	4.52%
<i>Interest coverage ratio³</i>	6.8 times	7.6 times	6.8 times	7.6 times
<i>Adjusted interest coverage ratio³ (includes perpetual securities)</i>	4.7 times	5.0 times	4.7 times	5.0 times
<i>Portfolio turnover rate⁴</i>	-	-	-	-

Notes:

- ¹ The annualised ratio is computed in accordance with guidelines of Investment Management Association of Singapore dated 25 May 2005. The expenses used in the computation relate to expenses of the Group, excluding property expenses and finance expense.
- ² The ratio is computed based on the total property expenses, including all fees and charges paid to the Trustee, the Manager and related parties for 4 months and 16 months ended 31 December 2022 and 31 December 2021 and as a percentage of net asset value as at 31 December 2022 and 31 December 2021.
- ³ The ratio is calculated by dividing the trailing 12 months EBITDA by the trailing 12 months interest expense (excluding FRS 116 finance expense) in accordance with MAS guidelines.
- ⁴ The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Group expressed as a percentage of weighted average net asset value. The portfolio turnover rate was nil for the period ended 31 December 2022 and 31 December 2021, as there were no sales of investment properties.

18. Subsequent Event

Subsequent to the balance sheet date, the Manager announced a distribution of 1.72 cents per unit, for the 4 months period from 1 September 2022 to 31 December 2022.

On 27 February 2023, the Trust issued 17,039,543 new units at the issue price of S\$0.9383 per unit, in respect of the payment of management fees to the Manager in units. The remaining management fees were paid in cash.