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## PARAGON REIT FINANCIAL STATEMENT ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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

### **Introduction**

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

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

- \* Paragon, a premier upscale retail mall and medical suite/office property, well known for its upscale mall housing many luxury brands, located in the heart of Orchard Road, Singapore; and
- \* The Clementi Mall, a mid-market suburban mall located in the centre of Clementi town, an established residential estate in the west of Singapore.
- \* The Rail Mall, a unique cluster of shop units with established F&B offerings along Upper Bukit Timah Road, nestled in an affluent residential catchment in Singapore.
- \* PARAGON REIT holds a 85.0% stake in Figtree Grove Shopping Centre, an established sub-regional shopping centre in Wollongong, New South Wales, Australia.
- \* PARAGON REIT holds a 50.0% stake in Westfield Marion Shopping Centre, the largest regional shopping centre in South Australia.

**PARAGON REIT FINANCIAL STATEMENT ANNOUNCEMENT**  
**For The Financial Year Ended 31 December 2023**

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# PARAGON REIT FINANCIAL STATEMENT ANNOUNCEMENT

For The Financial Year Ended 31 December 2023

1(a) An income statement together with a comparative statement for the corresponding period of the immediately preceding financial year

1(a)(i) Statement of Total Return

	<u>Group</u>					
	2H 2023	2H 2022	Change	FY 2023	12M 2022	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross revenue	145,842	141,553	3.0	288,926	283,821	1.8
Property operating expenses	(36,830)	(36,010)	2.3	(73,857)	(72,326)	2.1
<b>Net property income</b>	<b>109,012</b>	<b>105,543</b>	<b>3.3</b>	<b>215,069</b>	<b>211,495</b>	<b>1.7</b>
Manager's management fees	(10,749)	(10,559)	1.8	(21,208)	(21,091)	0.6
Investment management fees <sup>1</sup>	(1,353)	(1,475)	(8.3)	(2,777)	(2,963)	(6.3)
Trustee's fees	(297)	(301)	(1.3)	(591)	(599)	(1.3)
Trust expenses <sup>2</sup>	(953)	(187)	NM	(2,274)	(1,440)	57.9
Finance income <sup>3</sup>	2,298	812	NM	3,957	1,022	NM
Finance costs <sup>4</sup>	(29,063)	(17,427)	66.8	(54,595)	(28,293)	93.0
<b>Net income</b>	<b>68,895</b>	<b>76,406</b>	<b>(9.8)</b>	<b>137,581</b>	<b>158,131</b>	<b>(13.0)</b>
Fair value gain on investment properties <sup>5</sup>	39,709	2,075	NM	10,436	2,271	NM
Net foreign currency exchange differences <sup>6</sup>	(275)	3,056	NM	(814)	4,311	NM
<b>Total return for the period/ year before taxes and distribution</b>	<b>108,329</b>	<b>81,537</b>	<b>32.9</b>	<b>147,203</b>	<b>164,713</b>	<b>(10.6)</b>
Less: income tax <sup>7</sup>	(1,536)	(2,099)	(26.8)	(356)	(3,107)	(88.5)
<b>Total return for the period/ year after taxes and before distribution</b>	<b>106,793</b>	<b>79,438</b>	<b>34.4</b>	<b>146,847</b>	<b>161,606</b>	<b>(9.1)</b>
<b>Attributable to:</b>						
Unitholders of the Trust	101,513	72,409	40.2	136,007	147,907	(8.0)
Perpetual securities holders <sup>8</sup>	6,200	6,200	0.0	12,300	12,300	0.0
Non-controlling interests	(920)	829	NM	(1,460)	1,399	NM
<b>Total return for the period/ year</b>	<b>106,793</b>	<b>79,438</b>	<b>34.4</b>	<b>146,847</b>	<b>161,606</b>	<b>(9.1)</b>

NM Not Meaningful

# PARAGON REIT FINANCIAL STATEMENT ANNOUNCEMENT

For The Financial Year Ended 31 December 2023

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**1(a) An income statement together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)**

**1(a)(i) Statement of Total Return (Cont'd)**

Notes:

1. Investment management fees were lower than corresponding period due to the depreciation of Australian Dollar against Singapore Dollar.
2. 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. Trust expenses for 2H 2023 and FY2023 compared to the corresponding period/ year were higher mainly attributable to S\$974,000 and S\$815,000 of impairment loss written back in 2H 2022 and 12M 2022 (12 months ended 31 December 2022) respectively.
3. Finance income generated from fixed deposits were higher compared to the corresponding period/ year mainly due to higher interest rates.
4. Finance costs for 2H 2023 and FY2023 were higher than the corresponding period/ year mainly due to higher interest rates. The average cost of debt for the Group was 4.30% per annum for FY2023 (12M 2022: 2.19%).
5. Independent valuations for the investment properties as at 31 December 2023 were undertaken by Jones Lang LaSalle Property Consultants Pte Ltd (2022: Savills Valuation & Professional Services (S) Pte Ltd) for investment properties in Singapore, and Jones Lang LaSalle Advisory Services Pty Ltd and CBRE Valuations Pty Limited ("CBRE") (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 a fair value loss of S\$44.3 million mainly due to capitalisation rate expansion in Australia and depreciation of Australian Dollar against Singapore Dollar.
6. The net foreign currency exchange differences arose mainly from the revaluation of the monetary assets and liabilities that were denominated in Australian dollars. In 2H 2022 and 12M 2022, there was a realised gain from cross currency swap settlement of S\$3.7 million.
7. Tax expenses relates mainly to withholding tax payable for Australia. In FY2023, there was a S\$2.2 million reversal of deferred tax no longer required.
8. On 30 August 2019, the Trust issued S\$300.0 million of subordinated perpetual securities (the 'Perpetual Securities') at a rate of 4.10% per annum, with the first distribution rate reset falling on 30 August 2024 and subsequent resets occurring every five years thereafter. The Perpetual Securities have no fixed redemption date and redemption is at the option of the Trust in accordance with the terms of issue of the securities. The distribution is payable semi-annually at the discretion of the Trust and is non-cumulative.

# PARAGON REIT FINANCIAL STATEMENT ANNOUNCEMENT

For The Financial Year Ended 31 December 2023

1(a) An income statement together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)

1(a)(ii) Distribution Statement

	<u>Group</u>					
	2H 2023	2H 2022	Change	FY 2023	12M 2022	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Total return for the period/ year attributable to Unitholders and perpetual securities holders</b>	<b>107,713</b>	<b>78,609</b>	<b>37.0</b>	<b>148,307</b>	<b>160,207</b>	<b>(7.4)</b>
Less: Amount reserved for distribution to perpetual securities holders	(6,200)	(6,200)	-	(12,300)	(12,300)	-
Add: Non-tax deductible items <sup>1</sup>	(36,532)	4,563	NM	(395)	11,043	NM
Income available for distribution	64,981	76,972	(15.6)	135,612	158,950	(14.7)
<b>Distribution to Unitholders</b>	<b>73,682</b>	<b>74,367</b>	<b>(0.9)</b>	<b>142,180</b>	<b>154,955</b>	<b>(8.2)</b>

*NM Not Meaningful*

Notes:

1. 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.

**PARAGON REIT FINANCIAL STATEMENT ANNOUNCEMENT**  
**For The Financial Year Ended 31 December 2023**

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

**Statement of Financial Position**

	<u>Group</u>		<u>Trust</u>	
	<u>As at 31 Dec 23 S\$'000</u>	<u>As at 31 Dec 22 S\$'000</u>	<u>As at 31 Dec 23 S\$'000</u>	<u>As at 31 Dec 22 S\$'000</u>
<b>Non-current assets</b>				
Plant and equipment	105	250	105	250
Investment properties <sup>1</sup>	4,121,829	4,112,265	3,401,000	3,338,700
Subsidiaries	-	-	166,104	168,210
Trade and other receivables	-	-	377,697	377,665
Derivative financial instruments <sup>3</sup>	3,744	9,623	3,744	6,113
	<u>4,125,678</u>	<u>4,122,138</u>	<u>3,948,650</u>	<u>3,890,938</u>
<b>Current assets</b>				
Trade and other receivables <sup>2</sup>	6,272	6,003	3,624	3,080
Derivative financial instruments <sup>3</sup>	2,306	3,150	152	3,150
Cash and cash equivalents	134,467	125,601	106,925	94,217
	<u>143,045</u>	<u>134,754</u>	<u>110,701</u>	<u>100,447</u>
<b>Total assets</b>	<b><u>4,268,723</u></b>	<b><u>4,256,892</u></b>	<b><u>4,059,351</u></b>	<b><u>3,991,385</u></b>
<b>Non-current liabilities</b>				
Borrowings	1,045,647	1,176,653	879,225	898,915
Derivative financial instruments <sup>3</sup>	4,923	3,294	4,923	3,294
Trade and other payables	39,305	38,283	39,305	38,283
Deferred tax liabilities <sup>4</sup>	-	2,206	-	2,206
	<u>1,089,875</u>	<u>1,220,436</u>	<u>923,453</u>	<u>942,698</u>
<b>Current liabilities</b>				
Borrowings	223,042	94,974	114,968	94,974
Derivative financial instruments <sup>3</sup>	515	-	515	-
Trade and other payables <sup>5</sup>	64,056	62,382	55,099	47,667
	<u>287,613</u>	<u>157,356</u>	<u>170,582</u>	<u>142,641</u>
<b>Total liabilities</b>	<b><u>1,377,488</u></b>	<b><u>1,377,792</u></b>	<b><u>1,094,035</u></b>	<b><u>1,085,339</u></b>
<b>Net assets</b>	<b><u>2,891,235</u></b>	<b><u>2,879,100</u></b>	<b><u>2,965,316</u></b>	<b><u>2,906,046</u></b>
<b>Represented by:</b>				
Unitholders' funds	2,577,559	2,563,069	2,663,281	2,604,011
Perpetual securities holders' funds <sup>6</sup>	302,035	302,035	302,035	302,035
Non-controlling interests	11,641	13,996	-	-
<b>Total Equity</b>	<b><u>2,891,235</u></b>	<b><u>2,879,100</u></b>	<b><u>2,965,316</u></b>	<b><u>2,906,046</u></b>

**PARAGON REIT FINANCIAL STATEMENT ANNOUNCEMENT**  
**For The Financial Year Ended 31 December 2023**

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

**Statement of Financial Position (cont'd)**

Notes:

1. The fair values of Paragon, The Clementi Mall, The Rail Mall, Westfield Marion and Figtree Grove as at 31 December 2023 were S\$2,730.0 million, S\$609.0 million, S\$62.0 million, S\$552.2 million and S\$168.6 million respectively.
2. The increase in Trust trade and other receivables corresponds to higher ancillary revenue generated by Singapore properties.
3. Derivative financial instruments represent the fair value of the interest rate swap, cross currency swap and cross currency interest rate swap contracts. The decrease in derivative values was mainly due to the change in fair value of the interest rate swaps during the current year.
4. Deferred tax liabilities are mainly in respect of the capital expenditures incurred for Singapore investment properties and have been estimated based on the differences between the carrying amount and tax carrying value of these capital expenditures. The taxable temporary differences is no longer required and reversed during the year.
5. Current trade and other payables comprised mainly rental deposits, accrued interests and other expenses, and collection in advance. The increase was attributed to higher rental deposits, higher amount payable to the Manager for management fee paid in cash and higher accrual of interest expenses.
6. On 30 August 2019, the Trust issued S\$300.0 million of fixed rate Perpetual Securities. The Perpetual Securities, net of issuance costs, are classified as equity instruments and recorded as equity in the Statement of Changes in Unitholders' Funds.

**PARAGON REIT FINANCIAL STATEMENT ANNOUNCEMENT**  
**For The Financial Year Ended 31 December 2023**

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1(b)(ii) **Borrowings**

**Secured borrowings**

	<b><u>Group</u></b>		<b><u>Trust</u></b>	
	<b>As at 31 Dec 23 S\$'000</b>	<b>As at 31 Dec 22 S\$'000</b>	<b>As at 31 Dec 23 S\$'000</b>	<b>As at 31 Dec 22 S\$'000</b>
Amount repayable within one year	223,042	94,974	114,968	94,974
Amount repayable after one year	1,045,647	1,176,653	879,225	898,915
<b>Total</b>	<b>1,268,689</b>	<b>1,271,627</b>	<b>994,193</b>	<b>993,889</b>

**Details of collateral**

The Group's secured term loans amounted to S\$1.3 billion.

The SGD term loan of S\$995 million is secured, inter alia, by way of the following:

- First legal mortgage on Paragon
- 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.

# PARAGON REIT FINANCIAL STATEMENT ANNOUNCEMENT

For The Financial Year Ended 31 December 2023

1(c) A cash flow statement together with a comparative statement for the corresponding period of the immediately preceding financial year

## Statement of Cash Flows

	<u>Group</u>			
	2H 2023 S\$'000	2H 2022 S\$'000	FY 2023 S\$'000	12M 2022 S\$'000
<b>Cash flows from operating activities</b>				
Total return for the financial period/ year	106,793	79,438	146,847	161,606
Adjustments for:				
Fair value change on investment properties	(39,709)	(2,075)	(10,436)	(2,271)
Manager's fee paid/payable in units	2,641	9,159	10,217	19,691
Depreciation of plant and equipment	78	135	207	287
Finance income	(2,298)	(812)	(3,957)	(1,022)
Finance costs	29,063	17,427	54,595	28,293
Impairment loss/(written back) on trade receivables	67	(974)	182	(815)
Income tax	1,536	2,099	356	3,107
Straight-line rental adjustments	1,022	41	773	(294)
Operating cash flow before working capital changes	99,193	104,438	198,784	208,582
Changes in operating assets and liabilities				
Trade and other receivables	(1,034)	1,943	(451)	9,307
Trade and other payables	1,079	5,599	(3,616)	(1,508)
Net cash from operating activities	99,238	111,980	194,717	216,381
Withholding tax paid	(1,536)	(2,099)	(2,562)	(3,107)
<b>Net cash from operating activities</b>	<b>97,702</b>	<b>109,881</b>	<b>192,155</b>	<b>213,274</b>
<b>Cash flows from investing activities</b>				
Additions to investment properties	(5,095)	(8,574)	(6,756)	(12,279)
Purchase of plant and equipment	(23)	(6)	(62)	(23)
Interest received	2,426	813	3,957	1,022
<b>Net cash used in investing activities</b>	<b>(2,692)</b>	<b>(7,767)</b>	<b>(2,861)</b>	<b>(11,280)</b>
<b>Cash flows from financing activities</b>				
Payment of transaction costs related to borrowing	(97)	(770)	(97)	(870)
Payment of bank loan <sup>1</sup>	-	(95,751)	-	(95,751)
Proceeds from bank loan <sup>1</sup>	-	95,751	-	95,751
Distribution to unitholders	(68,498)	(79,705)	(116,845)	(154,810)
Distributions to non-controlling interests of a subsidiary	(348)	(566)	(702)	(930)
Distribution to perpetual securities holders	(6,166)	(6,166)	(12,300)	(12,300)
Interest paid	(28,431)	(14,894)	(50,893)	(25,160)
<b>Net cash used in financing activities</b>	<b>(103,540)</b>	<b>(102,101)</b>	<b>(180,837)</b>	<b>(194,070)</b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>	<b>(8,530)</b>	<b>13</b>	<b>8,457</b>	<b>7,924</b>
Effect of exchange rate fluctuations on cash and cash equivalents held	376	(564)	409	(1,693)
Cash and cash equivalents at beginning of the financial period/ year	142,621	126,152	125,601	119,370
<b>Cash and cash equivalents at end of the financial period/ year</b>	<b>134,467</b>	<b>125,601</b>	<b>134,467</b>	<b>125,601</b>

Notes:

1. This relates to existing loan refinanced with a different bank.

**PARAGON REIT FINANCIAL STATEMENT ANNOUNCEMENT**  
**For The Financial Year Ended 31 December 2023**

**1(d)(i) Statement of Changes in Unitholders' Funds**

	<u>Group</u>			
	<b>2H 2023 S\$'000</b>	<b>2H 2022 S\$'000</b>	<b>FY 2023 S\$'000</b>	<b>12M 2022 S\$'000</b>
<b>Balance as at beginning of financial period/ year</b>	<b>2,554,787</b>	<b>2,588,199</b>	<b>2,563,069</b>	<b>2,575,965</b>
<b><u>Operations</u></b>				
Total return for the period/ year after tax attributable to Unitholders of the Trust	101,513	72,409	136,007	147,907
<b><u>Hedging reserve</u></b>				
Effective portion of changes in fair value of cash flow hedges <sup>1</sup>	(8,704)	860	(2,503)	13,571
Net change in fair value of cash flow hedge reclassified to Statements of Total Return	(2,270)	(5,680)	(6,480)	(5,275)
<b><u>Foreign currency translation reserve</u></b>				
Translation differences from financial statements of foreign operations	(1,424)	(13,910)	(3,800)	(23,717)
Exchange differences on monetary item forming part of net investments in foreign operations	(486)	(8,262)	(2,106)	(12,006)
Net loss recognised directly in Unitholders' funds	(12,884)	(26,992)	(14,889)	(27,427)
<b><u>Unitholders' transactions</u></b>				
Distribution to unitholders	(68,498)	(79,705)	(116,845)	(154,810)
Manager's fee paid/payable in units	2,641	9,158	10,217	21,434
	(65,857)	(70,547)	(106,628)	(133,376)
<b>Balance as at end of financial period/ year</b>	<b>2,577,559</b>	<b>2,563,069</b>	<b>2,577,559</b>	<b>2,563,069</b>
<b><u>Perpetual securities holders' funds</u></b>				
<b>Balance as at beginning of financial period/ year</b>	<b>302,001</b>	<b>302,001</b>	<b>302,035</b>	<b>302,035</b>
Amount reserved for distribution to perpetual securities holders	6,200	6,200	12,300	12,300
Distribution to perpetual securities holders	(6,166)	(6,166)	(12,300)	(12,300)
<b>Balance as at end of financial period/ year</b>	<b>302,035</b>	<b>302,035</b>	<b>302,035</b>	<b>302,035</b>

Notes:

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

**PARAGON REIT FINANCIAL STATEMENT ANNOUNCEMENT**  
**For The Financial Year Ended 31 December 2023**

**1(d)(i) Statement of Changes in Unitholders' Funds (Cont'd)**

	<b>2H 2023 S\$'000</b>	<b>2H 2022 S\$'000</b>	<b>Trust FY 2023 S\$'000</b>	<b>12M 2022 S\$'000</b>
<b>Balance as at beginning of financial period/ year</b>	<b>2,622,151</b>	<b>2,613,449</b>	<b>2,604,011</b>	<b>2,600,506</b>
<b><u>Operations</u></b>				
Total return for the period/ year after tax attributable to Unitholders of the Trust	116,025	66,768	173,633	132,380
<b><u>Hedging reserve</u></b>				
Effective portion of changes in fair value of cash flow hedges <sup>1</sup>	(7,651)	(299)	(2,618)	9,802
Net change in fair value of cash flow hedge reclassified to Statements of Total Return	(1,387)	(5,360)	(5,117)	(5,301)
Net (loss)/gain recognised directly in Unitholders' funds	(9,038)	(5,659)	(7,735)	4,501
<b><u>Unitholders' transactions</u></b>				
Distribution to unitholders	(68,498)	(79,705)	(116,845)	(154,810)
Manager's fee paid/payable in units	2,641	9,158	10,217	21,434
	<u>(65,857)</u>	<u>(70,547)</u>	<u>(106,628)</u>	<u>(133,376)</u>
<b>Balance as at end of financial period/ year</b>	<b><u>2,663,281</u></b>	<b><u>2,604,011</u></b>	<b><u>2,663,281</u></b>	<b><u>2,604,011</u></b>
<b><u>Perpetual securities holders' funds</u></b>				
<b>Balance as at beginning of financial period/ year</b>	<b>302,001</b>	<b>302,001</b>	<b>302,035</b>	<b>302,035</b>
Amount reserved for distribution to perpetual securities holders	6,200	6,200	12,300	12,300
Distribution to perpetual securities holders	(6,166)	(6,166)	(12,300)	(12,300)
<b>Balance as at end of financial period/ year</b>	<b><u>302,035</u></b>	<b><u>302,035</u></b>	<b><u>302,035</u></b>	<b><u>302,035</u></b>

Notes:

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

**PARAGON REIT FINANCIAL STATEMENT ANNOUNCEMENT**  
**For The Financial Year Ended 31 December 2023**

**1(d)(ii) Details of Changes in Issued units and Issuable Units**

	<b>Group and Trust</b>			
	<b>2H 2023</b>	<b>2H 2022</b>	<b>FY 2023</b>	<b>12M 2022</b>
	<b>No. of units '000</b>	<b>No. of units '000</b>	<b>No. of units '000</b>	<b>No. of units '000</b>
<b>Issued units as at beginning of period/ year</b>	<b>2,830,509</b>	<b>2,805,154</b>	<b>2,810,851</b>	<b>2,799,823</b>
Manager's fee paid in units <sup>1,3</sup>	2,919	5,697	22,577	11,028
	<b>2,833,428</b>	<b>2,810,851</b>	<b>2,833,428</b>	<b>2,810,851</b>
<b>Issuable units:</b>				
Manager's fee payable in units <sup>2,3</sup>	5,582	17,030	5,582	17,030
<b>Total issued and issuable units as at end of period/ year</b>	<b>2,839,010</b>	<b>2,827,881</b>	<b>2,839,010</b>	<b>2,827,881</b>

Notes:

1. The units issuable to the REIT Manager were in full satisfaction of management fee for respective quarters.
2. Includes performance fee payable on an annual basis, after Board's approval of the audited annual accounts and base fee payable for 4Q FY2023.
3. The number of units is calculated based on volume weighted average traded price for the last 10 business days for the respective quarters, as provided in the Trust Deed.

**1(d)(iii) To show the total number of issued units excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

As at 31 December 2023, the Trust had 2,833,427,759 units (31 December 2022: 2,810,850,807 units).

**1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable.

**PARAGON REIT FINANCIAL STATEMENT ANNOUNCEMENT**  
**For The Financial Year Ended 31 December 2023**

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

The figures for the year have been audited. The auditors' report on the financial statements of PARAGON REIT was not subject to any modification.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).**

Please refer to the attached auditor's audit report.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements for the period ended 31 December 2022.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

None noted.

**6. Earnings per unit ("EPU") and Distribution per unit ("DPU")**

	<u>Group</u>			
	<b>2H 2023</b>	<b>2H 2022</b>	<b>FY 2023</b>	<b>12M 2022</b>
<b><u>Earnings per unit</u></b>				
Total return for the period/ year after tax attributable to Unitholders of the Trust <sup>1</sup> (S\$'000)	101,513	72,409	136,007	147,907
Weighted average number of units <sup>2</sup> ('000)	2,836,721	2,819,783	2,833,680	2,814,745
EPU <sup>2</sup> (basic and diluted) (cents)	3.58	2.56	4.80	5.25
EPU (cents), excluding fair value change	2.14	2.50	4.36	5.18
<b><u>Distribution per unit</u></b>				
Total number of units in issue at end of period/ year ('000)	2,833,428	2,810,851	2,833,428	2,810,851
Distribution to Unitholders <sup>3</sup> (S\$'000)	73,682	74,367	142,180	154,955
DPU <sup>4</sup> (cents)	2.60	2.65	5.02	5.52

Notes:

1. Included the effects of fair value change on investment properties for the respective periods.

**PARAGON REIT FINANCIAL STATEMENT ANNOUNCEMENT**  
**For The Financial Year Ended 31 December 2023**

**6. Earnings per unit (“EPU”) and Distribution per unit (“DPU”) (Cont’d)**

2. The weighted average number of units was based on the number of units in issue and issuable units to the Manager.
3. As shown in 1(a)(ii) Distribution Statement.
4. The DPU was computed based on the number of units entitled to distribution.

**7. Net Asset Value (“NAV”) per unit and Net Tangible Asset (“NTA”) per unit**

	<u>Group</u> <u>Audited</u>		<u>Trust</u> <u>Audited</u>	
	As at 31 Dec 23	As at 31 Dec 22	As at 31 Dec 23	As at 31 Dec 22
NAV / NTA per unit <sup>1</sup> (S\$)	0.91	0.91	0.94	0.93

Note:

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

**8. Review of Performance**

**Review of Results for the Second Half ended 31 December 2023 (“2H 2023”) compared with the Second Half ended 31 December 2022 (“2H 2022”)**

In 2H 2023, Gross revenue increased by S\$4.3 million (3.0%) to S\$145.8 million. This increase was mainly contributed by improved rental reversions and higher atrium income as mall activities return to normalcy in 2H 2023.

Property operating expenses increased by S\$0.8 million (2.3%) to S\$36.8 million mainly due to increase in utilities rates.

Net property income (“NPI”) increased by S\$3.5 million (3.3%) to S\$109.0 million.

Total return for the 2H 2023 increased by S\$27.4 million (34.4%) to S\$106.8 million, contributed mainly by S\$37.6 million increase fair value gain on investment properties and partially offset by a \$11.6 million increase in finance costs.

**Review of Results for the Full Year ended 31 December 2023 (“FY2023”) compared with the 12 Months ended 31 December 2022 (“12M 2022”)**

FY2023 gross revenue increased by S\$5.1 million (1.8%) to S\$288.9 million and NPI increased by S\$3.6 million (1.7%) to S\$215.1 million. Net income of S\$137.6 million for FY2023 was S\$20.6 million (13.0%) lower than 12M 2022. The decrease is largely attributable to a S\$26.3 million increase in finance costs mitigated by stronger performances from the Singapore Properties.

Total return of S\$146.8 million for FY2023 includes a fair value gain on investment properties of S\$10.4 million, which has no impact on the income available for distribution.

## PARAGON REIT FINANCIAL STATEMENT ANNOUNCEMENT

For The Financial Year Ended 31 December 2023

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9. **Variance from Prospect Statement**

No forecast was made previously.

10. **A commentary at the date of announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months**

Singapore

Singapore's GDP expanded 2.8% year-on-year ("yoy") in 4Q 2023, compared to 1.0% yoy growth in 3Q 2023 according to advanced estimates from the Ministry of Trade and Industry ("MTI"). GDP grew by 1.2% in 2023, moderating from the 3.6% growth in 2022.

Retail sales (excluding motor vehicles) declined 2.7% yoy for December 2023, mainly due to Recreational Goods (-12.3%) and Optical Goods & Books (-11.8%). Conversely, Watches & Jewellery (+6.0%) and Food & Alcohol (+4.4%) saw yoy increases according to the Department of Statistics Singapore.

Tourist arrivals reached 13.6 million in 2023, a 115% increase over 2022 and about 71% of pre-Covid levels in 2019, as reported by Singapore Tourism Board ("STB").

According to the MTI, the retail sector is projected to continue to expand in 2024, supported by high employment rates, a resilient labour market and further driven by progressive resumption of international travel. Further recovery is expected as China relaxed pandemic restrictions, with STB expecting international arrivals to reach 15 to 16 million by the end of 2024.

Australia

Australia's GDP growth was 2.1% yoy in September 2023. The Reserve Bank of Australia ("RBA") projects GDP growth at 1.5% for 2023 and 2.0% for 2024, with key uncertainties around inflation.

According to the Australian Bureau of Statistics, seasonally adjusted retail turnover rose 0.8% yoy in December 2023 and unemployment rate remained low at 3.9% in December 2023. KPMG's Retail Health Index suggests the health of Australia's retail sector will return to a positive territory in the final quarter of 2024 as the cumulative impacts of strong population growth and moderating interest rates outweigh the negative elements impacting the sector.

Portfolio

There were a total of 11 rate hikes in 2022 and 2023, with the US Federal Reserve ("Fed") raising interest rates by 425 and 100 basis points in the respective years. In January 2024, the Fed kept the fed funds rate steady at 5.25 – 5.50% for a fourth consecutive meeting. The Fed noted that it does not expect to reduce the target range until it has gained confidence that inflation is moving sustainably towards its 2% objective, adding it would be prepared to adjust the stance of monetary policy if risks emerge that could impede this objective.

The Monetary Authority of Singapore noted the current appreciating path of the Singapore Dollar nominal effective exchange rate will continue to dampen imported inflation and curb domestic cost pressures, thus ensuring medium-term stability. Barring any further global shocks, the Singapore economy is expected to strengthen in 2024 with growth becoming more broad-based.

RBA has left rates unchanged at 4.35% in December 2023, following a 25 basis point hike at its November 2023 meeting. The central bank noted that the path of future monetary policy will depend on the evolving outlooks for inflation, domestic demand, the labour market and the global economy.

**PARAGON REIT FINANCIAL STATEMENT ANNOUNCEMENT**  
**For The Financial Year Ended 31 December 2023**

**11. Distribution**

**(a) Current Financial Period**

Any distribution recommended for the current financial period reported on?      Yes.

Name of distribution:	Distribution for the period from 1 July 2023 to 31 December 2023							
Distribution Type:	i. Taxable Income ii. Tax-exempt income							
Distribution rate per unit (cents):	<table border="1"> <thead> <tr> <th>Distribution type</th> <th>Distribution rate</th> </tr> </thead> <tbody> <tr> <td>Taxable income</td> <td>2.17 cents per unit</td> </tr> <tr> <td>Tax-exempt income</td> <td>0.43 cents per unit</td> </tr> </tbody> </table>		Distribution type	Distribution rate	Taxable income	2.17 cents per unit	Tax-exempt income	0.43 cents per unit
Distribution type	Distribution rate							
Taxable income	2.17 cents per unit							
Tax-exempt income	0.43 cents per unit							
Par value of units:	Not applicable.							
Tax rate:	<p><u>Taxable income distribution:</u></p> <p>Qualifying investors and individuals (other than those who hold their units through a partnership) will generally receive pre-tax distribution. These distributions are exempt from tax in the hands of individuals unless such distributions are derived through a Singapore partnership or from the carrying on of a trade, business or profession. Such individual unitholders, i.e. to whom the exemption will not apply, must declare the distribution received as income in their tax returns.</p> <p>Qualifying foreign non-individual investors and foreign funds under Section 13CA, 13X or 13Y of the Singapore Income Tax Act will receive their distributions after deduction of tax at the rate of 10%. This is based on the existing income tax concession for listed REITs on distributions made to non-resident non-individual investors during the period from 18 February 2005 to 31 December 2025 and non-resident funds during the period from 1 July 2019 to 31 December 2025.</p> <p>All other investors will receive their distributions after deduction of tax at the rate of 17%.</p> <p><u>Tax-exempt income distribution:</u></p> <p>Tax-exempt income distribution is exempt from tax in the hands of all unitholders.</p>							

**PARAGON REIT FINANCIAL STATEMENT ANNOUNCEMENT**  
**For The Financial Year Ended 31 December 2023**

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

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any distribution declared for the corresponding period of the immediately preceding financial year?  
 Yes

Name of distribution:	1. Distribution for the period from 1 June 2022 to 31 August 2022 2. Distribution for the period from 1 September 2022 to 31 December 2022												
Distribution Type:	iii. Taxable Income iv. Tax-exempt income												
Distribution rate per unit (cents):	1 June 2022 to 31 August 2022 <table border="1"> <thead> <tr> <th>Distribution type</th> <th>Distribution rate</th> </tr> </thead> <tbody> <tr> <td>Taxable income</td> <td>1.17 cents per unit</td> </tr> <tr> <td>Tax-exempt income</td> <td>0.22 cents per unit</td> </tr> </tbody> </table> 1 September 2022 to 31 December 2022 <table border="1"> <thead> <tr> <th>Distribution type</th> <th>Distribution rate</th> </tr> </thead> <tbody> <tr> <td>Taxable income</td> <td>1.53 cents per unit</td> </tr> <tr> <td>Tax-exempt income</td> <td>0.19 cents per unit</td> </tr> </tbody> </table>	Distribution type	Distribution rate	Taxable income	1.17 cents per unit	Tax-exempt income	0.22 cents per unit	Distribution type	Distribution rate	Taxable income	1.53 cents per unit	Tax-exempt income	0.19 cents per unit
Distribution type	Distribution rate												
Taxable income	1.17 cents per unit												
Tax-exempt income	0.22 cents per unit												
Distribution type	Distribution rate												
Taxable income	1.53 cents per unit												
Tax-exempt income	0.19 cents per unit												
Par value of units:	Not applicable.												
Tax rate:	<u>Taxable income distribution:</u>  Qualifying investors and individuals (other than those who hold their units through a partnership) will generally receive pre-tax distribution. These distributions are exempt from tax in the hands of individuals unless such distributions are derived through a Singapore partnership or from the carrying on of a trade, business or profession. Such individual unitholders, i.e. to whom the exemption will not apply, must declare the distribution received as income in their tax returns.  Qualifying foreign non-individual investors and foreign funds under Section 13CA, 13X or 13Y of the Singapore Income Tax Act will receive their distributions after deduction of tax at the rate of 10%. This is based on the existing income tax concession for listed REITs on distributions made to non-resident non-individual investors during the period from 18 February 2005 to 31 December 2025 and non-resident funds during the period from 1 July 2019 to 31 December 2025.  All other investors will receive their distributions after deduction of tax at the rate of 17%.  <u>Tax-exempt income distribution:</u>  Tax-exempt income distribution is exempt from tax in the hands of all unitholders.												

**PARAGON REIT FINANCIAL STATEMENT ANNOUNCEMENT**  
**For The Financial Year Ended 31 December 2023**

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

**(c) Date payable**

The date the distribution is payable: Friday, 22 March 2024.

**(d) Record date**

The Transfer Books and Register of Unitholders of PARAGON REIT will be closed at 5.00pm on 14 February 2024 for purposes of determining each Unitholder's entitlement to PARAGON REIT distribution.

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

Not applicable.

**13. Segment Results**

	<b>Group</b>					
	<b>2H 2023</b>	<b>2H 2022</b>	<b>Change</b>	<b>FY 2023</b>	<b>12M 2022</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
<b><u>Gross Revenue</u></b>						
<b><u>Singapore</u></b>						
Paragon	87,337	84,045	3.9	172,296	167,507	2.9
The Clementi Mall	22,441	21,526	4.3	44,152	43,118	2.4
The Rail Mall	3,237	2,993	8.2	6,409	6,134	4.5
	<u>113,015</u>	<u>108,564</u>	<u>4.1</u>	<u>222,857</u>	<u>216,759</u>	<u>2.8</u>
<b><u>Australia</u></b>						
Figtree Grove Shopping Centre	7,108	7,649	(7.1)	14,785	15,908	(7.1)
Westfield Marion Shopping Centre	25,719	25,340	1.5	51,284	51,154	0.3
	<u>32,827</u>	<u>32,989</u>	<u>(0.5)</u>	<u>66,069</u>	<u>67,062</u>	<u>(1.5)</u>
Total	<u>145,842</u>	<u>141,553</u>	<u>3.0</u>	<u>288,926</u>	<u>283,821</u>	<u>1.8</u>
<b><u>Net Property Income</u></b>						
<b><u>Singapore</u></b>						
Paragon	67,799	64,523	5.1	132,390	128,159	3.3
The Clementi Mall	16,202	15,470	4.7	31,519	30,779	2.4
The Rail Mall	2,611	2,375	9.9	5,216	4,950	5.4
	<u>86,612</u>	<u>82,368</u>	<u>5.2</u>	<u>169,125</u>	<u>163,888</u>	<u>3.2</u>
<b><u>Australia</u></b>						
Figtree Grove Shopping Centre	5,106	5,823	(12.3)	10,694	11,997	(10.9)
Westfield Marion Shopping Centre	17,294	17,352	(0.3)	35,250	35,610	(1.0)
	<u>22,400</u>	<u>23,175</u>	<u>(3.3)</u>	<u>45,944</u>	<u>47,607</u>	<u>(3.5)</u>
Total	<u>109,012</u>	<u>105,543</u>	<u>3.3</u>	<u>215,069</u>	<u>211,495</u>	<u>1.7</u>

**PARAGON REIT FINANCIAL STATEMENT ANNOUNCEMENT**  
**For The Financial Year Ended 31 December 2023**

14. **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Please refer to paragraph 8 on page 14.

15. **Breakdown of Gross revenue and Net Income**

	<b>Group</b>		<b>Change</b>
	<b>12M ended 31 Dec 2023</b>	<b>16M ended 31 Dec 2022</b>	
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
<b><u>1 September 2021 to 31 December 2021<sup>1</sup></u></b>			
<b>(4-months)</b>			
Gross revenue	-	92,590	NM
Net income	-	68,434	NM
<b><u>1 January to 30 June</u></b>			
<b>(First half year)</b>			
Gross revenue	143,084	142,268	0.6
Net income	106,057	105,952	0.1
<b><u>1 July to 31 December</u></b>			
<b>(Second half year)</b>			
Gross revenue	145,842	141,553	3.0
Net income	109,012	105,543	3.3

Note:

1. The Group changed its financial year end from 31 August to 31 December in 2022 and accordingly, the financial statements for the comparative period covered a period of 16 months. The additional 4 months period from 1 September 2021 to 31 December 2021 is presented separately for comparison purposes.

16. **Breakdown of Total Distributions for the financial year/period ended 31 December 2023 and 31 December 2022**

	<b>12M ended 31 Dec 2023</b>	<b>16M ended 31 Dec 2022</b>
	<b>S\$'000</b>	<b>S\$'000</b>
1 September 2021 to 30 November 2021	-	34,750
1 December 2021 to 28 February 2022	-	40,355
1 March 2022 to 31 May 2022	-	40,675
1 June 2022 to 31 August 2022	-	39,030
1 September 2022 to 31 December 2022	-	48,347
1 January 2023 to 30 June 2023	68,498	-
1 July 2023 to 31 December 2023 <sup>1</sup>	73,682	-
<b>Total distributed to unitholders</b>	<b>142,180</b>	<b>203,157</b>

Notes:

1. Please refer to paragraph 11(a) on page 16.

**PARAGON REIT FINANCIAL STATEMENT ANNOUNCEMENT**  
**For The Financial Year Ended 31 December 2023**

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17. **If the group has obtained a general mandate from shareholders for Interested Person Transactions, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

PARAGON REIT has not obtained a general mandate from unitholders for Interested Person Transactions.

18. **Confirmation By the Manager Pursuant to Rule 720(1) of the SGX Listing Manual.**

The Manager confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7.7) pursuant to Rule 720(1) of the SGX Listing Manual.

19. **Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (13). If there are no such persons, the issuer must make an appropriate negative statement.**

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, PARAGON REIT Management Pte. Ltd. (the "Company"), as manager of PARAGON REIT, confirms that there is no person occupying a managerial position in the Company who is related to a director, chief executive officer, substantial shareholder of the Company or substantial unitholder of PARAGON REIT.

This release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses, including employee wages, benefits and training, property expenses and governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of PARAGON REIT Management Pte. Ltd. (as the manager of PARAGON REIT) on future events.

**BY ORDER OF THE BOARD**

Brent Huang

Joint Company Secretary  
Singapore,  
5 February 2024



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## 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 FS1 to FS65.

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.

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