

7 August 2023



STEADY RECOVERY UNDERPINNED BY RESILIENT DOMESTIC DEMAND AND RESUMPTION OF INTERNATIONAL TRAVEL

- NPI increased 0.1% year-on-year to S\$106.1 million for 1H FY2023
- 2.42 cents DPU declared, representing an annualised yield of 5.08%
- Portfolio rental reversion rate turned positive to 6.9% in 1H FY2023 from -4.1% in FY 2022

SINGAPORE, 7 August 2023 – PARAGON REIT Management Pte. Ltd. (“PARAGON RM” or the “Manager”), the Manager of PARAGON REIT¹ (formerly known as “SPH REIT”), today announced its financial results for the half year² ended 30 June 2023 (“1H FY2023”). Comparative figures against the corresponding unaudited six-month period ended 30 June 2022 (“1H CY2022”) are disclosed.

The progressive easing of Covid-19 measures and relaxation of border restrictions since May 2022 has moved Singapore towards normalisation. Tourist arrivals in first half of 2023 saw a rise in average monthly visitors to 1.04 million, from 0.25 million visitors in first half of 2022.

While the increase was significant, this is about 71% of the monthly average of 1.59 million visitors in 2019, which is largely attributable to a slower rebound in Chinese tourists visiting Singapore.

In Australia, New South Wales saw an increase in total retail sales by 5.3% for the six-month period ended 30 June 2023, compared to the same corresponding period in 2022. Similarly, South Australia saw an increase in total retail sales of 7.4% for the six-month period ended 30 June 2023, compared to the same corresponding period in 2022.

1. On 29 December 2022, PARAGON REIT announced a change in name of the trust from “SPH REIT” to “PARAGON REIT” with effect from 3 January 2023. The new counter name is “PARAGONREIT” with the counter code remaining unchanged as “SK6U”. The registered name of the manager has also been changed to “PARAGON REIT Management Pte Ltd” with effect from 3 January 2023.

2. On 29 July 2022, PARAGON REIT announced a change in its financial year-end from 31 August 2022 to 31 December 2022.

Financial Performance

PARAGON REIT's gross revenue rose 0.6% to S\$143.1 million in 1H FY2023 compared to 1H CY2022, while Net Property Income ("NPI") grew 0.1% year-on-year to S\$106.1 million for the same period.

Distribution per unit ("DPU") for 1H FY2023 was 2.42 cents, a 15.7% decrease year-on-year mainly due to the increase in interest cost which rose by S\$14.7 million to S\$25.5 million. 1H FY2023 distribution is expected be paid on 22 September 2023.

Operational Performance

As a result of the pandemic, omnichannel experience has emerged as the preferred choice for consumers purchasing daily necessities, while the experiential aspect is now a differentiating factor in drawing greater footfall. PARAGON REIT's assets continue to benefit from resilient retail spending, with near full occupancy across its portfolio, and maintaining a portfolio occupancy rate of 97.8% as at 30 June 2023.

Portfolio rental reversion rate turned positive from -4.1% in FY 2022 to 6.9% in 1H FY 2023, supported by the positive impact from the easing of restrictions. Tenant sales surpassed pre-Covid levels across PARAGON REIT's portfolio.

The portfolio weighted average lease expiry ("WALE") stood at 5.3 years by net lettable area ("NLA") and 3.0 years by gross rental income ("GRI").

Singapore Assets

Tenant sales and footfall in Singapore for 1H FY2023 recorded a 3% and 24% year-on-year increase, respectively.

Paragon strengthened its position as a premier upscale mall through its recent introduction of "Avenue on 3", which presents a new, innovative, and experiential retail concept. "Avenue on 3" is an 8,000 square foot multi-label luxury shoe and lifestyle retail boutique featuring an extensive selection of high-end luxury brands, as well as a 40-seater café & champagne bar. This new concept, uniquely offered at Paragon, is operated by "FJ Benjamin", an established Singapore fashion retailer.

Saint Laurent will open at Paragon in 2H 2023 with a duplex flagship store fronting Orchard Road. Additionally, French luxury fashion brand, Givenchy, is also undergoing a total store refit to showcase their latest store design, while Boarding Gate, one of Singapore's leading lifestyle stores, relocated to a larger unit in Paragon to offer an expanded range of merchandise.

Paragon's tenant sales and footfall increased 3% and 9% year-on-year for 1H FY2023, respectively.

The Clementi Mall, located in a well-established residential estate and an education hub, continues to benefit from working professionals returning to offices, as its linkage to Clementi MRT station and a bus interchange stands to drive greater footfall through its premises. The Clementi Mall's tenant sales and footfall increased 2% and 35% year-on-year for 1H FY2023, respectively.

Australia Assets

Tenant sales and footfall in Australia remained resilient, recording a 13% and 5% year-on-year increase for 1H FY2023, respectively. PARAGON REIT's Australia assets are strategically located and positioned to serve their respective catchments.

Westfield Marion, the largest shopping mall in South Australia located a 20-minute drive south-west of Adelaide's CBD, posted a 13% and 2% year-on-year increase in tenant sales and footfall for 1H FY2023, respectively.

Figtree Grove, a sub-regional shopping centre located a 1.5-hour drive south-west of Sydney CBD, New South Wales, serves its immediate residential catchment as well as a hospital community with more than 500 beds, which supports longer trading hours. Figtree Grove recorded an 16% and 12% year-on-year increase in tenant sales and footfall for 1H FY2023, respectively.

Valuations

Compared to 31 December 2022, the valuation of Singapore assets remained largely unchanged, with the exception of The Rail Mall, which registered a S\$0.2 million or 0.3% decrease. Valuation for Singapore portfolio was S\$3,338.5 million as at 30 June 2023.

Australia assets saw a A\$31.0 million or 3.7% decrease in valuation from A\$847.0 million as at 31 December 2022 to A\$816.0 million as at 30 June 2023, mainly attributable to the increase in interest rate, as well as higher capitalisation rates based on Australia's recent retail asset transactions.

Capital Management

PARAGON REIT's fixed debt percentage remained at 85%, with an average cost of debt of 4.05% for 1H FY2023. With the refinancing of approximately S\$95 million of debt completed in July 2023, there is no further refinancing required in FY2023. Total borrowings remained at S\$1.3 billion with a gearing of 29.8%.

Market Outlook

While PARAGON REIT remains a beneficiary of resilient domestic demand and the resumption of international travel, the retail recovery may be uneven given the uncertain macroeconomic outlook.

Dr Leong Horn Kee, Chairman of PARAGON REIT, said: "Looking ahead, the resilient domestic demand and the gradual increase in international arrivals are expected to contribute to improved performance overall. Through our portfolio of quality assets and proactive asset management, we are well-positioned to capitalise on the retail recovery."

Ms Susan Leng, CEO of PARAGON REIT, said: "The portfolio's rental reversion recorded a significant improvement to positive 6.9% for the period 1H FY2023, supported by the strong recovery in retail sentiments. With the continued recovery of tourist arrivals, we are optimistic that Paragon, in particular, will benefit from this trend. In addition, we will continue to manage our assets proactively to keep our properties at the forefront of evolving retail trends that are relevant to the changing demands of consumers. In this regard, we are pleased to have launched "Avenue on 3" in April, and we look forward to the opening of Saint Laurent's flagship store later this year."

Summary Results of PARAGON REIT

	1H FY2023 S\$'000	1H CY2022¹ S\$'000	Change %
Gross revenue	143,084	142,268	0.6
Net property income	106,057	105,952	0.1
Income available for distribution	70,631	81,978	(13.8)
Distribution to unitholders	68,498	80,588 ²	(15.0)
Distribution per unit (cents)	2.42	2.87 ³	(15.7)
Annualised distribution yield (%)	5.08 ⁵	6.16 ⁴	(17.4)

Notes:

1. As FY2022 comprised a period of 16 months, the comparative unaudited figures are presented for the corresponding 6-month period ended 30 June 2022 (1H CY2022)
2. Distribution to unitholders for 1H CY2022 (1 January 2022 to 30 June 2022) of S\$80.6 million is the pro-rated 2-months distribution from the 1 December 2021 to 28 February 2022 distribution of S\$40.4 million, the 3-months distribution for 1 March 2022 to 31 May 2022 of S\$40.7 million and the pro-rated 1-month distribution from the 1 June 2022 to 31 August 2022 distribution of \$39.0m
3. Distribution per unit (DPU) for 1H CY2022 of 2.87 cents is the pro-rated 2-months DPU from the 1 December 2021 to 28 February 2022 DPU of 1.44 cts, the 3-months DPU for 1 March 2022 to 31 May 2022 of 1.45 cts and the pro-rated 1-month DPU from the 1 June 2022 to 31 August 2022 DPU of 1.39 cts
4. Based on S\$0.94 per unit closing price on 30 June 2022
5. Based on S\$0.96 per unit closing price on 30 June 2023

===== END =====

Issued by PARAGON REIT Management Pte. Ltd.

Co. Regn. No. 201305497E

For further information and enquiries, please contact:

Benjamin Kuah Hsien Yiao
Chief Financial Officer &
Head of Investor Relations
PARAGON REIT Management Pte. Ltd.
Tel: +65 6631 8703
Email: benkuah@paragonreit.com.sg

Terence Ho Kin Wai
Senior Manager
Group Communications
Cuscaden Peak Investments Private Limited
Tel: +65 6631 8547
Email: terho@cuscaden.com.sg

ABOUT PARAGON REIT

PARAGON REIT (formerly known as “SPH REIT”) is a Singapore-based real estate investment trust established principally to invest in a portfolio of income-producing real estate primarily for retail purposes in Asia-Pacific, as well as real estate-related assets.

PARAGON REIT has a portfolio of five assets in Singapore and Australia.

Its portfolio of properties in Singapore comprises a 99-year leasehold interest in Paragon that commenced on 24 July 2013, a 99-year leasehold interest in The Clementi Mall that commenced on 31 August 2010 and a 99-year leasehold interest in The Rail Mall that commenced on 18 March 1947. These Singapore properties have an aggregate net lettable area of approximately 970,000 sq. ft.

In Australia, PARAGON REIT owns a 50% freehold interest in Westfield Marion Shopping Centre, the largest regional shopping centre in Adelaide, South Australia. PARAGON REIT also owns an 85% interest in Figtree Grove Shopping Centre, a freehold sub-regional shopping centre in Wollongong, New South Wales, Australia. Both Australian properties have an aggregate gross lettable area of approximately 1.7 million sq. ft.

Visit PARAGON REIT’s website at www.paragonreit.com.sg for more details.

ABOUT THE REIT MANAGER: PARAGON REIT MANAGEMENT PTE. LTD.

PARAGON REIT is managed by PARAGON REIT Management Pte. Ltd., a wholly-owned subsidiary of Cuscaden Peak Investments Private Limited. The Manager's key objective for PARAGON REIT is to provide Unitholders with regular and stable distributions, and sustainable long-term growth in DPU and NAV per Unit, while maintaining an appropriate capital structure. The Manager endeavours to be a good corporate citizen, committed to its social and environmental responsibilities, contributing to a sustainable world.

ABOUT THE SPONSOR: CUSCADEN PEAK INVESTMENTS PRIVATE LIMITED

Cuscaden Peak Investments Private Limited (formerly known as Singapore Press Holdings Limited before it was privatized on 13 May 2022) is a wholly owned subsidiary of Cuscaden Peak Pte. Ltd. ("Cuscaden Peak"), a consortium made up of three shareholders - Hotel Properties Limited; Mapletree Investments Pte. Ltd., and CLA Real Estate Holdings Pte. Ltd. It has businesses in Retail & Commercial, Purpose-Built Student Accommodation (PBSA), Aged Care and Events Management Businesses.

On the retail and commercial front, Cuscaden Peak owns ~61% stake in PARAGON REIT, whose portfolio comprises three properties in Singapore, namely Paragon, The Clementi Mall, and The Rail Mall. In Australia, PARAGON REIT holds an 85% stake in Figtree Grove Shopping Centre and a 50% stake in Westfield Marion Shopping Centre. Cuscaden Peak Investments also has joint venture stakes in The Seletar Mall, as well as an integrated development consisting of The Woodleigh Residences and The Woodleigh Mall.

We are a leading player in PBSA, owning and operating a portfolio of assets in 18 cities across the United Kingdom and Germany. We also own Orange Valley, one of Singapore's largest private nursing homes platforms, with an additional six assets in Japan. Cuscaden Peak Investments has investments in long-standing joint ventures, holding stakes in a Data Centre development with Keppel Corporation, M1 Limited, and Constellar Holdings, which operates events development and management, as well as event space management businesses.

For more information, please visit:

Website: www.cuscadenpeak.com

LinkedIn: [linkedin.com/company/cuscadenpeak](https://www.linkedin.com/company/cuscadenpeak)

Instagram: @cuscadenpeakinvestments



Important Notice

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.

This press release is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for Units. The value of Units and the income derived from them, if any, may fall or rise. Units are not obligations of, deposits in, or guaranteed by the Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested. Investors should note that they will have no right to request the Manager to redeem or purchase their Units for so long as the Units are listed on the SGX-ST. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. The listing of the Units on the SGX-ST does

not guarantee a liquid market for the Units. The past performance of PARAGON REIT is not necessarily indicative of the future performance of PARAGON REIT.

This press release shall be read in conjunction with PARAGON REIT's financial results for the period ended 30 June 2023 in the SGXNET announcement.