

**PARAGON REIT MANAGEMENT PTE. LTD.**

(Registration No: 201305497E)

(Incorporated in the Republic of Singapore)

**ENTRY INTO PUT AND CALL OPTION DEED FOR  
THE PROPOSED DIVESTMENT OF FIGTREE GROVE****1. Introduction****1.1 Option Deed for the Divestment of the Property**

PARAGON REIT Management Pte. Ltd. (the “**Manager**”), the Manager of PARAGON REIT, wishes to announce that DBS Trustee Limited, in its capacity as trustee of PARAGON REIT (the “**Trustee**”) has, through its 85% owned trust, Figtree Trust (the “**Vendor**”), entered into a put and call option deed (the “**Option Deed**”) with an unrelated third party (the “**Purchaser**”) pursuant to which (i) the Vendor has granted the Purchaser a call option (the “**Call Option**”) and (ii) the Purchaser has granted the Vendor a put option (the “**Put Option**”) over the Vendor’s interest in Figtree Grove Shopping Centre (the “**Property**”, and the proposed divestment of the property, the “**Divestment**”).

**1.2 Information on the Property**

The Property is a sub-regional shopping centre located on 19 & 23 Princes Highway, Figtree, Wollongong, NSW 2525, Australia. It is located approximately 5.5 km south-west of the Wollongong Central Business District and approximately 70 km south-west of the Sydney Central Business District. The Property sits on a freehold land area of 51,366 sqm (approximately 552,904 sq ft), and has a total Gross Lettable Area of 21,984 sqm (approximately 236,629 sq ft) with 921 carpark lots.

The Property was valued at A\$183.0 million as at 31 October 2024. Savills Valuations Pty Ltd (the “**Independent Valuer**”) was commissioned by the Manager to value the Property and the Independent Valuer used both the income capitalisation method and discounted cash flow analysis method in its valuation.

**2. Principal Terms of the Divestment****2.1 Divestment Consideration and Valuation**

The divestment price of the Property of A\$192.0 million (the “**Divestment Consideration**”) was negotiated on a willing-buyer and willing-seller basis after taking into account the independent valuation of the Property of A\$183.0 million as at 31 October 2024. The Divestment Consideration translates to an estimated gain on disposal of approximately S\$5.2 million<sup>1</sup>.

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<sup>1</sup> Based on PARAGON REIT’s 85% interest of the Divestment Consideration of A\$192.0 million, the book value of the Property of A\$183.0 million as at 30 June 2024 and PARAGON REIT’s estimated transaction-related expenses of approximately S\$1.7 million (using an illustrative exchange rate AUD to SGD of 0.90).

PARAGON REIT's 85% share of the Divestment Consideration is approximately A\$163.2 million.

A deposit of approximately A\$9.6 million (being 5% of the Divestment Consideration) has been paid by the Purchaser to the Vendor's solicitors (the "**Deposit**"). The balance of the Divestment Consideration will be paid by the Purchaser in cash on completion of the Divestment ("**Completion**"). Completion is expected to take place by 1Q FY2025.

## 2.2 Principal terms of the Option Deed and the Agreed Form SPA

The Divestment shall be governed by the terms and conditions of the Option Deed and contains customary provisions relating to the Divestment, including representations and warranties, limitations on the Vendor's liabilities and other commercial terms.

The Divestment is not subject to any conditions precedent, and the principal terms of the Option Deed include, among others, the following:

- (a) the payment by the Purchaser of the Deposit to secure the Purchaser's performance of its obligations under the Option Deed;
- (b) pursuant to the Call Option, the Purchaser has the right to require the Vendor to sell to the Purchaser the Vendor's interest in the Property on the terms of the Option Deed;
- (c) pursuant to the Put Option, the Vendor has the right to require the Purchaser to purchase from the Vendor the Vendor's interest in the Property on the terms of the Option Deed; and
- (d) upon the exercise of the Put Option or Call Option, as the case may be, the parties are required to enter into a sale and purchase agreement (which is in agreed form as set out in the Option Deed) (the "**Agreed Form SPA**") and effect the Divestment in accordance with the terms of the Agreed Form SPA.

The Agreed Form SPA is not subject to any conditions precedent and contains customary provisions relating to the Divestment, including representations and warranties, limitations on the Vendor's liabilities and other commercial terms. The principal terms of the Agreed Form SPA include, among others, the following:

- (i) the Divestment Consideration shall be adjusted on Completion for certain customary settlement adjustments, including capital expenditure and tenant incentives committed before the date of entry into the Option Deed; and
- (ii) a sum of approximately A\$6.7 million (being 3.5% of the Divestment Consideration) shall be retained out of the Divestment Consideration (the "**Retention Sum**") and placed in a trust account on behalf of the Vendor and the Purchaser for a period of nine months after Completion (the "**Retention Period**") for the purposes of settling any warranty claims from the Purchaser. Upon the expiry of the Retention Period, the balance of the Retention Sum shall be released to the Vendor less any outstanding warranty claims payable to the Purchaser.

### 3. Rationale for the Divestment

As part of its proactive asset management and enhancement strategies, PARAGON REIT regularly evaluates opportunities to optimise its quality portfolio and to unlock strategic value for redeployment of capital to initiatives to enhance returns to unitholders of PARAGON REIT (“Unitholders”).

#### Divestment Consideration Premium over Book Value

The Divestment Consideration of A\$192.0 million represents a A\$9.0 million premium to the book value as at 30 June 2024 and the independent valuation of the Property (conducted by the Independent Valuer) of A\$183.0 million as at 31 October 2024.

This enables PARAGON REIT to divest at a premium while maintaining a strong foothold in key markets.

Upon Completion, PARAGON REIT’s portfolio will comprise 3 primarily retail properties located in Singapore and Australia. Paragon and The Clementi Mall will continue to be a significant component of PARAGON REIT’s portfolio post Divestment, contributing approximately 83% and 87% of PARAGON REIT’s net property income (“NPI”)<sup>1</sup> and assets under management<sup>2</sup> respectively.

#### Bolster Balance Sheet

The Divestment allows PARAGON REIT to optimise its capital structure and improves its financial flexibility to pursue growth opportunities to enhance the resilience and growth potential of PARAGON REIT’s portfolio.

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1 Based on 1H FY2024 NPI excluding the NPI of The Rail Mall which was divested on 15 August 2024.

2 Based on the independent valuation of the properties of PARAGON REIT as at 30 June 2024. This excludes The Rail Mall which was divested on 15 August 2024.

## 4. Use of Divestment Proceeds and Financial Effects

### 4.1 Use of Divestment Proceeds

After the settlement adjustments of approximately A\$4.2 million and PARAGON REIT's estimated transaction costs of approximately S\$1.7 million<sup>2</sup>, the net proceeds from the Divestment for PARAGON REIT's 85% interest in the Property would be approximately S\$142.0 million. This will provide the Manager with greater financial flexibility to repay debt, to finance any capital expenditure, asset enhancement works and/or acquisitions, distribute to Unitholders and/or to finance general corporate and working capital requirements.

### 4.2 Pro Forma Financial Effects

#### FOR ILLUSTRATIVE PURPOSES ONLY

The pro forma financial effects of the Divestment on the distribution per unit ("**DPU**") and net asset value ("**NAV**") per unit in PARAGON REIT presented below were prepared based on the audited financial statements of PARAGON REIT for the financial year ended 31 December 2023 ("**FY2023**").

#### 4.2.1 Pro forma DPU of the Divestment

**FOR ILLUSTRATIVE PURPOSES ONLY:** The pro forma financial effects of the Divestment on PARAGON REIT's DPU for FY2023, as if the Divestment was completed on 1 January 2023, is as follows:

	Effects of the Divestment	
	Before the Divestment	After the Divestment
Distribution to Unitholders (S\$ million)	138.5 <sup>(1)</sup>	135.9
Number of Units in issue (million)	2,833.4	2,833.4
DPU (Singapore cents)	4.89	4.80

**Note:**

- (1) Excludes The Rail Mall which was divested on 15 August 2024 and the finance costs from the S\$25 million loan which was repaid with the proceeds of the divestment of The Rail Mall.

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<sup>2</sup> The total estimated transaction costs of approximately S\$1.7 million comprises the divestment fee payable to the Manager for the Divestment of approximately S\$0.7 million payable in cash, professional fees and other divestment-related expenses of approximately S\$1.0 million.

#### 4.2.2 Pro forma NAV of the Divestment

**FOR ILLUSTRATIVE PURPOSES ONLY:** The pro forma financial effects of the Divestment on PARAGON REIT's NAV as at 31 December 2023, as if the Divestment was completed on 31 December 2023, is as follows:

	Effects of the Divestment	
	Before the Divestment	After the Divestment
NAV (S\$ million)	2,542.3 <sup>(1)</sup>	2,479.5 <sup>(2)</sup>
Number of Units in issue (million)	2,833.4	2,833.4
NAV per Unit (S\$)	0.90	0.88

**Notes:**

- (1) Excludes The Rail Mall which was divested on 15 August 2024 and the repayment of S\$25 million loan from the proceeds of the divestment of The Rail Mall.
- (2) Based on PARAGON REIT's 85% interest on the book value of the Property as at 31 December 2023 less PARAGON REIT's share of the A\$105 million loan taken on the Property.

#### 5. Interests of Directors and Controlling Unitholders

As at the date of this Announcement and based on information available to the Manager as at the date of this Announcement, save for the Unitholding interests in PARAGON REIT held by certain directors of the Manager and the controlling Unitholders, none of the directors of the Manager or the controlling Unitholders has an interest, direct or indirect, in the Divestment.

#### 6. Other Information

##### 6.1 Directors' Service Contracts

No person is proposed to be appointed as a director of the Manager in connection with the Divestment or any other transactions contemplated in relation to the Divestment.

##### 6.2 Relative Figures Computed on the Bases Set Out in Rule 1006 of the Listing Manual

Chapter 10 of the listing manual of Singapore Exchange Securities Trading Limited (the "SGX-ST" and the listing manual of the SGX-ST, the "Listing Manual") governs the acquisition or disposal of assets, including options to acquire or dispose of assets, by PARAGON REIT. Such transactions are classified into the following categories:

- (i) non-discloseable transactions;
- (ii) discloseable transactions;
- (iii) major transactions; and
- (iv) very substantial acquisitions or reverse takeovers.

A transaction by PARAGON REIT may fall into any of the categories set out above depending on the size of the relative figures computed on the following bases of comparison under Rule 1006 of the Listing Manual:

- (a) the NAV of the assets to be disposed of, compared with PARAGON REIT's NAV pursuant to Rule 1006(a) of the Listing Manual;
- (b) the net profits attributable to the assets disposed of, compared with PARAGON REIT's net profits pursuant to Rule 1006(b) of the Listing Manual; and
- (c) the aggregate value of the consideration received, compared with PARAGON REIT's market capitalisation based on the total number of issued Units pursuant to Rule 1006(c) of the Listing Manual.

The relative figures computed on the bases set out in Rules 1006(a), 1006(b) and 1006(c) of the Listing Manual in respect of the Divestment is as follows:

	<b>Divestment</b>	<b>PARAGON REIT</b>	<b>Relative figure</b>
	<b>(S\$ million)</b>	<b>(S\$ million)</b>	<b>(%)</b>
<u>Rule 1006(a)</u> NAV of the assets to be disposed of, compared with PARAGON REIT's NAV as at 30 June 2024	59.7 <sup>(1)</sup>	2,660.5 <sup>(2)</sup>	2.2
<u>Rule 1006(b)</u> NPI attributable to the assets to be disposed of, compared with the NPI of PARAGON REIT's for 1H FY2024	5.3 <sup>(3)</sup>	110.8 <sup>(4)</sup>	4.8
<u>Rule 1006(c)</u> Aggregate value of the consideration received compared with PARAGON REIT's market capitalisation based on the total number of issued Units	146.9 <sup>(5)</sup>	2,469.9 <sup>(6)</sup>	5.9

**Notes:**

- (1) Based on PARAGON REIT's 85% interest on the book value of the Property as at 30 June 2024 less PARAGON REIT's share of the A\$105 million loan taken on the Property.
- (2) Based on PARAGON REIT's portfolio net asset value as at 30 June 2024, which, for the avoidance of doubt, includes the net asset value attributable to The Rail Mall which was divested on 15 August 2024.
- (3) Based on the 1H FY2024 Unaudited Financial Statements.
- (4) Based on PARAGON REIT's NPI for 1H FY2024, which, for the avoidance of doubt, includes the NPI of The Rail Mall which was divested on 15 August 2024.
- (5) Based on the Divestment Consideration of A\$163.2 million for PARAGON REIT's 85% interest in the Property and the AUD to SGD illustrative exchange rate of 0.90.
- (6) Based on 2,839,010,006 Units in issue and the weighted average price of the Units transacted on the SGX-ST on 21 November 2024, being the market day preceding the date of signing of the Option Deed, of S\$0.87 per Unit.

Under Rule 1010 of the Listing Manual, where any of the relative figures computed on the bases set out above exceeds 5.0% but does not exceed 20.0%, the transaction is classified as a discloseable transaction. Based on the relative figures set out above, the Divestment is classified as a discloseable transaction.

Under Rule 1014(3) of the Listing Manual, in the case of a real estate investment trust, unitholders' approval is required for the disposal of a property if the relative figures as computed on the bases set out in Rule 1006 of the Listing Manual exceed 50% based on the aggregate value of all disposals in the last twelve months.

Based on the aggregate value of all disposals by PARAGON REIT in the last twelve months, the relative figures computed on the bases set out in Rule 1006 do not exceed 50% and hence the Divestment is not subject to Unitholders' approval under Chapter 10 of the Listing Manual.

## **7. Documents Available for Inspection**

Copies of the following documents are available for inspection by prior appointment only during normal business hours at the registered office of the Manager at 290 Orchard Road, #14-05/06 Paragon, Singapore 238859 from the date of this Announcement up to and including the date falling three months after the date of this Announcement:

- (i) the Option Deed; and
- (ii) the valuation report of the Independent Valuer.

The Trust Deed will also be available for inspection by prior appointment only during normal business hours at the registered office of the Manager for so long as PARAGON REIT is in existence.

**Issued by PARAGON REIT Management Pte. Ltd.**

**As manager of PARAGON REIT**

**22 November 2024**

## **IMPORTANT NOTICE**

This announcement 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 Singapore Exchange Securities Trading Limited (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.