









10th Annual General Meeting

Date: 25 March 2024

PARAGON REIT

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This presentation shall be read in conjunction with PARAGON REIT's financial results for the period ended 31 December 2023 in the SGXNET announcement.

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FY2023

Key highlights

FY2023 Key highlights

Improvement in overall financial performance

- Gross Revenue for FY2023 grew 1.8% to S$288.9 million compared to FY2022[1]
- Net Property Income ("NPI") for FY2023 grew 1.7% year-on-year[1] ("yoy") to S$215.1 million
- DPU of 2.60 cents declared as final distribution for the six months ended 31 December 2023

Proactive management of a diversified portfolio

- Portfolio rental reversion rate improved to 6.3% for FY2023 from –ve 4.1% for the 16 months ended 31 December 2022
- Maintained strong occupancy rate of 98.1% across the diversified portfolio
- Healthy portfolio WALE of 5.1 years by NLA and 3.0 years by GRI
- Portfolio net operating margin remain stable at 74.4%
- Diversified assets with dominant catchments continued to benefit from resilient domestic demand and the progressive resumption of international travel

Capital management

- Gearing of approximately 30% with sufficient debt headroom
- Fixed debt at 85% and average cost of debt of 4.30% for FY2023

Note:
1. Comparative figures against the corresponding 12-month period ended 31 December 2022 ("FY2022")

FY2023 Key highlights

Singapore

- Tenant sales and footfall remain supported by resilient domestic demand and the gradual increase in tourist arrivals
- Tenant sales for FY2023 declined marginally by 2% yoy over FY2022[1]

Australia

- Retail sector fundamentals remained robust due to low unemployment rates
- Tenant sales for FY2023 increased 7% yoy over FY2022[1]

Note:
1. Comparative figures against the corresponding 12-month period ended 31 December 2022 ("FY2022")



FY2023

Financial results

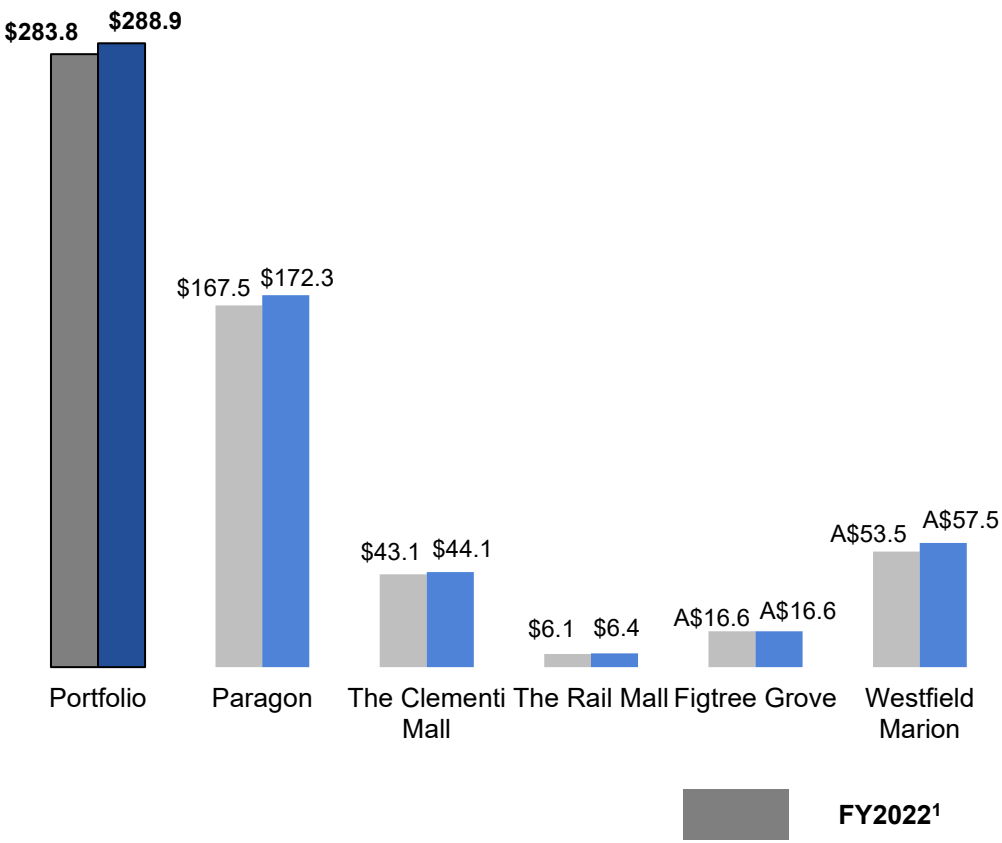
FY2023 Financial performance

	FY2023 S$'000	FY2022[1] S$'000	% + / (-)
Gross revenue	288,926	283,821	1.8
Property expenses	(73,857)	(72,326)	2.1
Net property income	215,069	211,495	1.7
Income available for distribution	135,612	158,950	(14.7)
Distribution to Unitholders	142,180	154,955[2]	(8.2)
Distribution per unit (cents)	5.02	5.52[3]	(9.1)

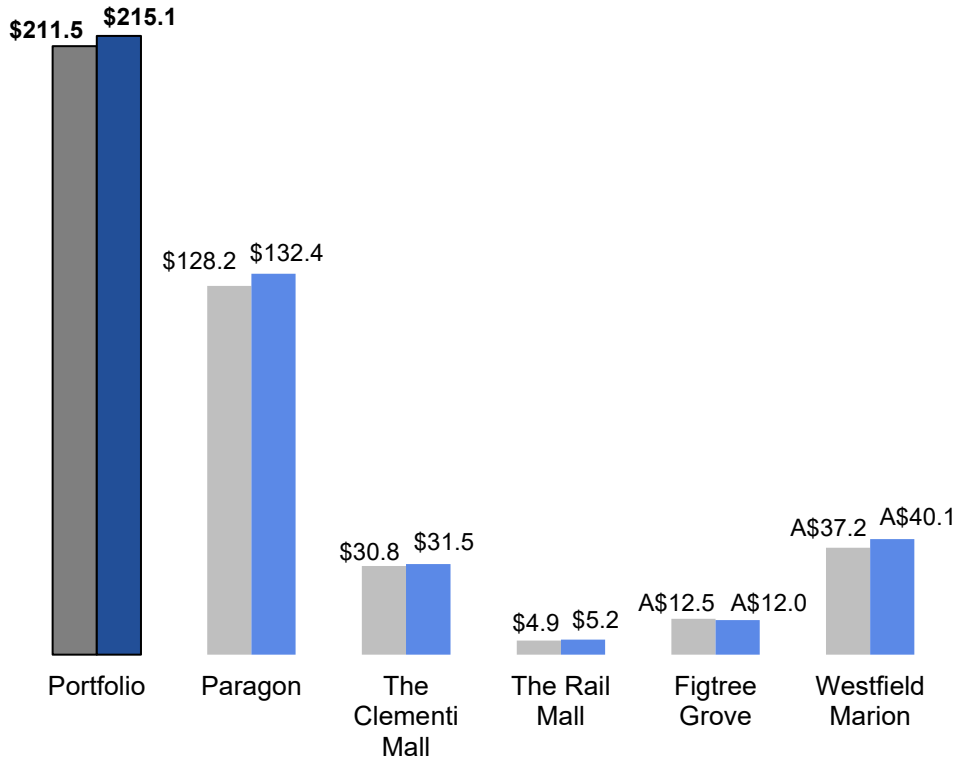
Notes:
1. Comparative figures against the corresponding 12-month period ended 31 December 2022 ("FY2022") except otherwise indicated
2. Distribution to unitholders for FY2022 (1 January 2022 to 31 December 2022) of S$155.0 million is the pro-rated 2-months distribution from the 1 December 2021 to 28 February 2022 distribution and the distributions for the periods between 1 March 2022 and 31 December 2022
3. Distribution per unit (DPU) for FY2022 (1 January 2022 to 31 December 2022) of 5.52 cents is the pro-rated 2-months DPU from the 1 December 2021 to 28 February 2022 DPU and the DPUs for the periods between 1 March 2022 and 31 December 2022

FY2023 – Improved portfolio Revenue and NPI

Gross revenue
(in millions in local currency)



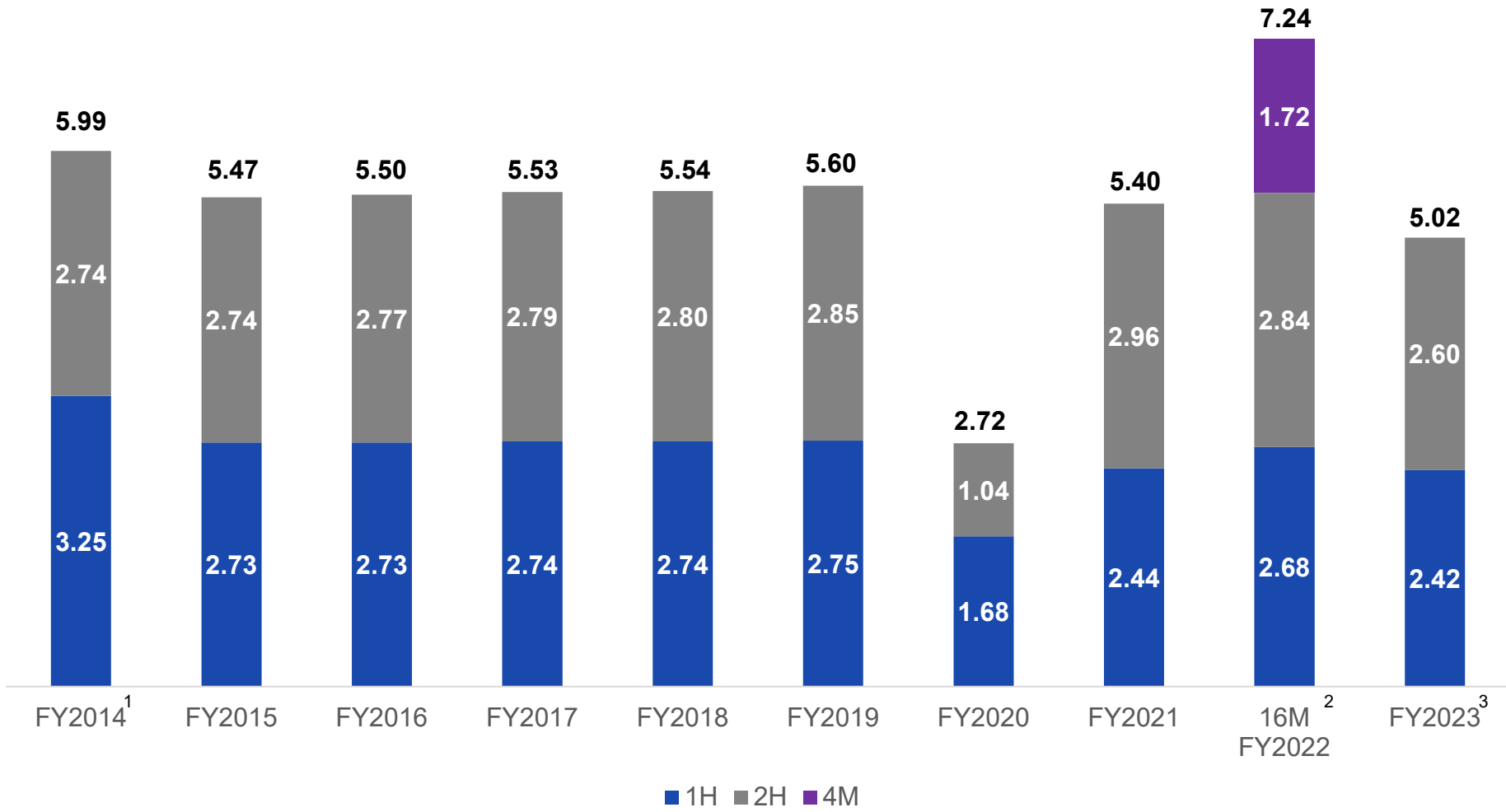
Net property Income
(in millions in local currency)



FY2022[1] FY2023

Notes:
1. Comparative figures against the corresponding 12-month period ended 31 December 2022 ("FY2022") and include rent relief write-back in FY2022

Distribution to unitholders



Notes:
[1] Does not include the distribution of 0.56 cents from 24 July 2013 (listing date) to 31 August 2013
[2] 16M FY2022 comprised a 16-month period ended 31 December 2022
[3] FY2023 refers to the period 1 January 2023 to 31 December 2023
* FY2014 to FY2021 refers to the period 1 September to 31 August

PARAGON REIT



Balance Sheet

Resilient balance sheet

S$'000	31 December 2023	31 December 2022	% + / (-)
Total assets	4,268,723	4,256,892	0.3
Total liabilities	1,377,488	1,377,792	-
Net assets	2,891,235	2,879,100	0.4
Net asset value per unit	S$0.91	S$0.91	-

Improved valuations underpinned by market recovery in Singapore

Singapore assets

	Valuation (S$ million) [1]			Capitalisation rate (%)	
	As at 31 Dec 2023	As at 31 Dec 2022	Variance	As at 31 Dec 2023	As at 31 Dec 2022
PARAGON	2,730.0	2,679.0	1.9%	4.50% - Retail 3.75% - Medical Suite / Office	4.50% - Retail 3.75% - Medical Suite / Office
THE CLEMENTI MALL	609.0	597.5	1.9%	4.50%	4.50%
The Rail Mall	62.0	62.2	-0.3%	6.00%	6.00%

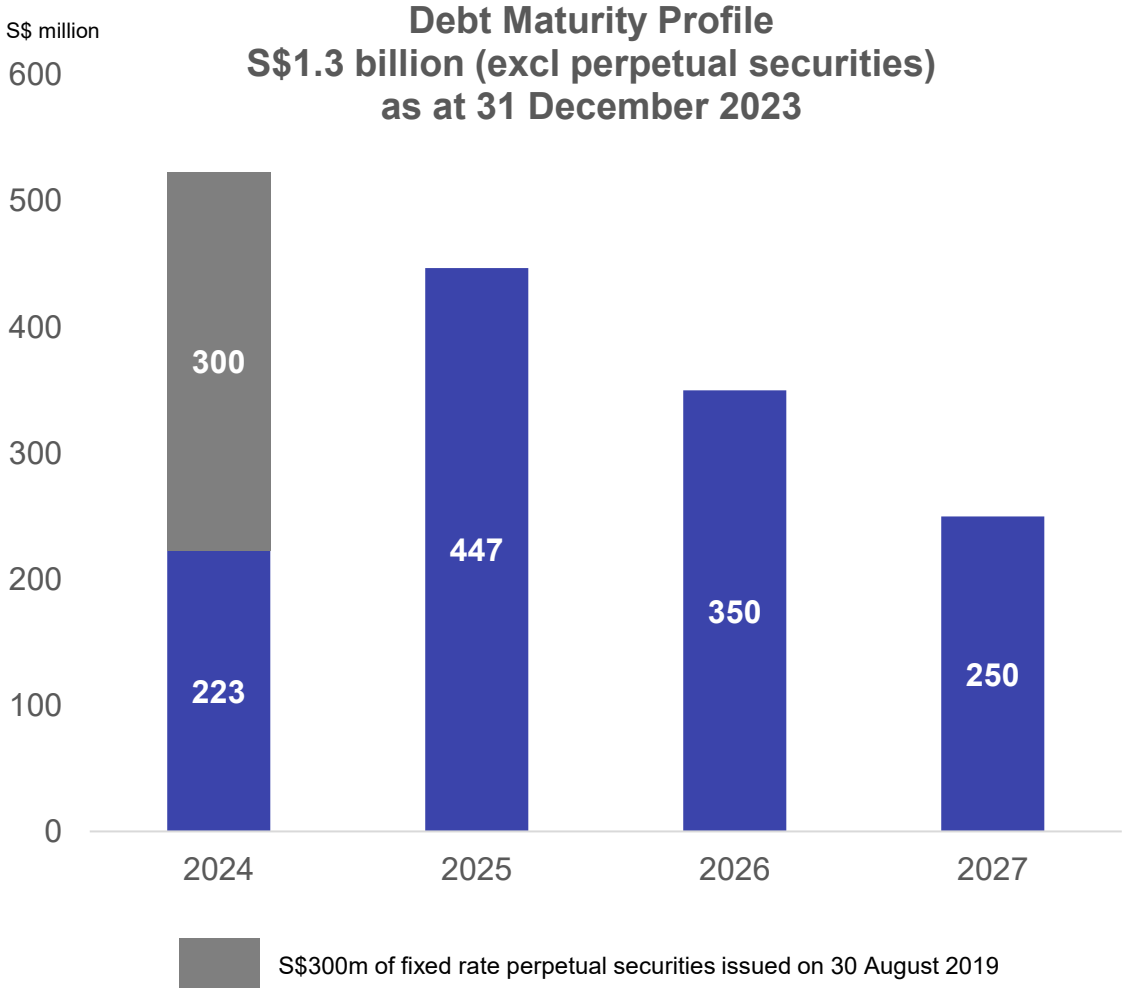
Australia assets

	Valuation (A$ million)			Capitalisation rate (%)	
	As at 31 Dec 2023	As at 31 Dec 2022	Variance	As at 31 Dec 2023	As at 31 Dec 2022
Westfield MARION [2]	612.5	645.0	-5.0%	6.00%	5.50%
figtree grove [3]	187.0	202.0	-7.4%	6.50%	6.00%

Notes:

1. Singapore assets valuations as at 31 December 2023 conducted by Jones Lang LaSalle Property Consultants Pte Ltd and 31 December 2022 by Savills Valuation & Professional Services (S) Pte Ltd.
2. Westfield Marion valuation as at 31 December 2023 conducted by Jones Lang LaSalle Advisory Services Pty Ltd and 31 December 2022 by CBRE Valuations Pty Ltd, represents PARAGON REIT's 50% interest in Westfield Marion
3. Figtree Grove Shopping Centre valuations as at 31 December 2023 & 31 December 2022 conducted by CBRE Valuations Pty Ltd, represents 100% value of Figtree Grove Shopping Centre; PARAGON REIT has an 85% interest in Figtree Grove Shopping Centre

Capital management



Gearing [1]	30%
Average Cost of Debt	4.3%
Weighted Average Term to Maturity	2.1 years
Floating rate % Fixed rate %	15% 85%
Interest Coverage Ratio	3.5 times
Adjusted Interest Coverage Ratio (includes perpetual securities)	2.9 times
Available Facilities	S$225m

Note:
1. The total assets used for computing the gearing ratio is based on the latest valuation of the investment properties as at 31 December 2023



Operations review

Resilient portfolio

98.1%	2.7m	5.1 years	3.0 years
Portfolio occupancy	Net Lettable Area ("NLA") sf	WALE by NLA	WALE by Gross Rental Income

Singapore



Paragon



The Clementi Mall



The Rail Mall

Australia



Westfield Marion SA



Figtree Grove NSW

As of 31 December 2023	Singapore			Australia	
	Paragon	The Clementi Mall	The Rail Mall	Westfield Marion	Figtree Grove
NLA ('000 sqft)	718	196	50	1,484	237
Occupancy rate	100%	100%	95.5%	97.0%	97.9%

Sustainable returns supported by high occupancy

As at 31 December 2023	Occupancy rate	Number of renewals / new leases[1]	NLA renewed/ new leases ('000 sqft)	As a % of properties' NLA	Change compared to preceding rental rates [2]
PARAGON	100%	95	155	21.5%	11.6%
THE CLEMENTI mall	100%	71	112	57.3%	8.7%
The Rail Mall	95.5%	11	28	55.3%	12.8%
Singapore assets	**99.8%**	**177**	**295**	**30.6%**	**10.6%**

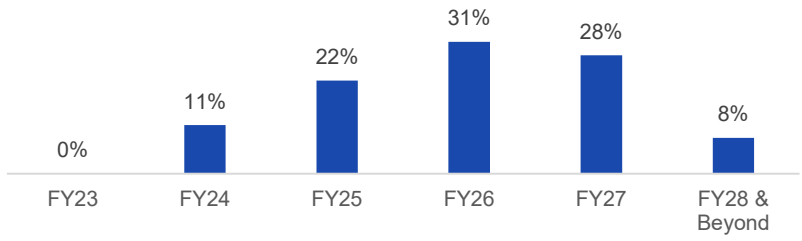
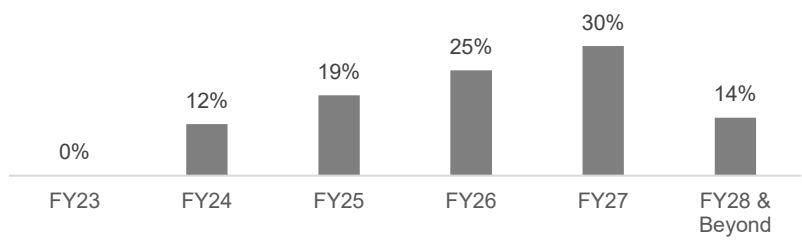
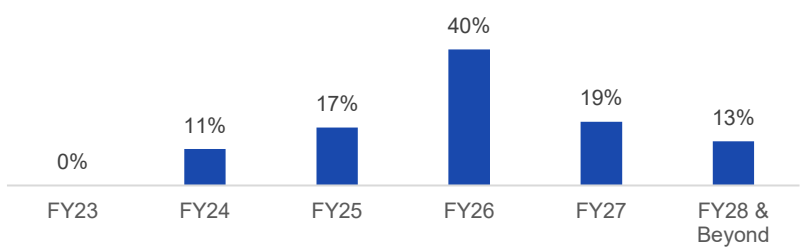
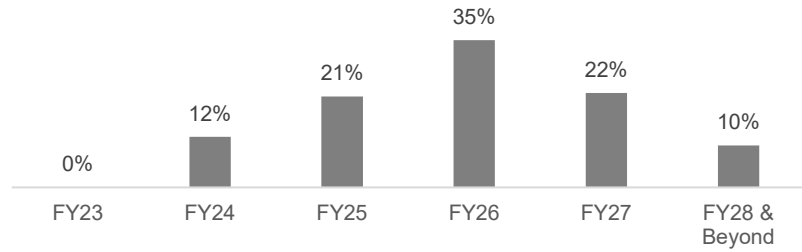
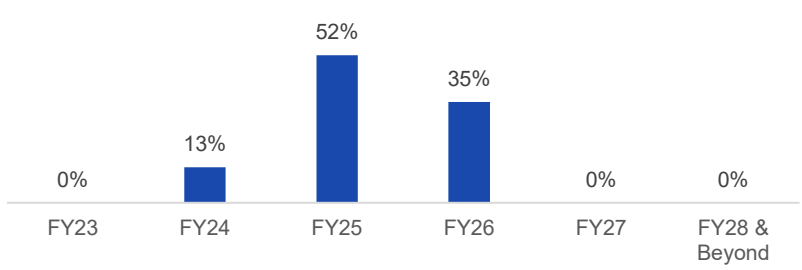
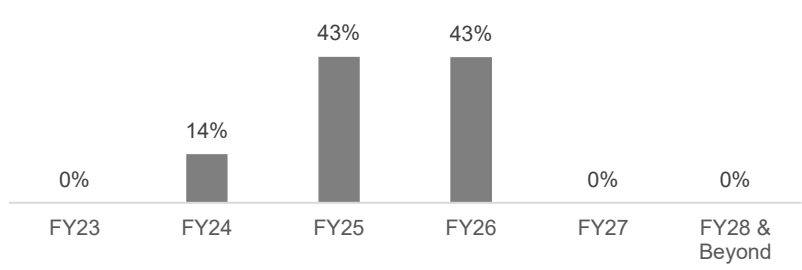
As at 31 December 2023	Occupancy rate	Number of renewals / new leases[1]	NLA renewed/ new leases ('000 sqft)	As a % of properties' NLA	Change compared to preceding rental rates [3]
Westfield MARION	97.0%	80	245	16.5%	-5.8%
figtree grove	97.9%	7	5	2.2%	-11.6%
Australia assets	**97.1%**	**87**	**250**	**14.5%**	**-8.2%**

Notes:
1. For expiries in FY2023, excluding newly created, reconfigured units and licenses less than 12 months
2. Reversion rate is computed based on weighted average of all expiring leases. The change is measured between average rents of the renewed & new lease terms and the average rents of the preceding lease terms. Preceding leases were typically committed three years ago.
3. Based on the first-year fixed rent of the new leases divided by the preceding final year fixed rents of the expiring leases

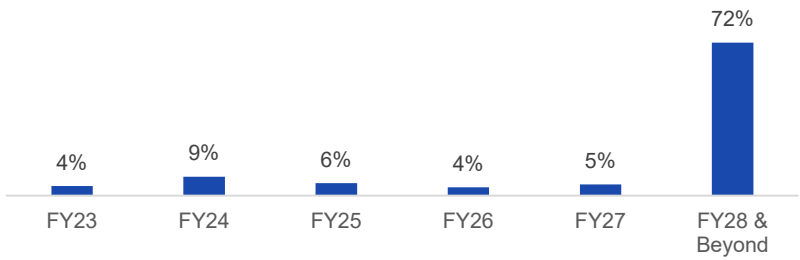
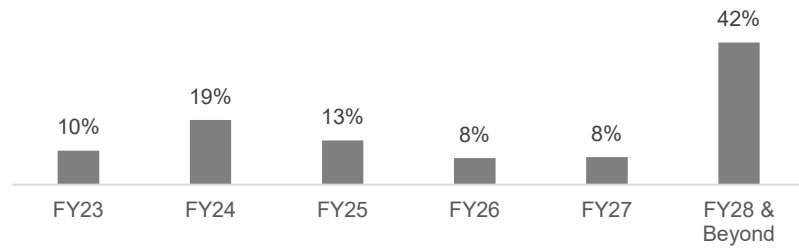
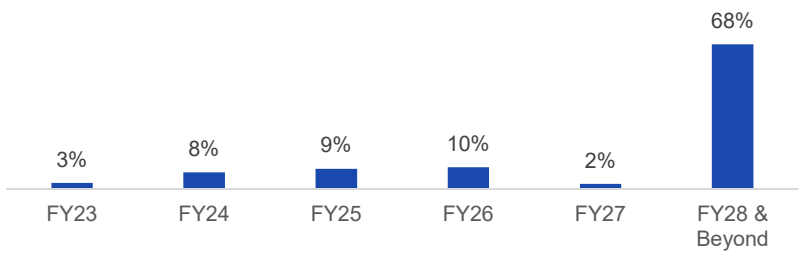
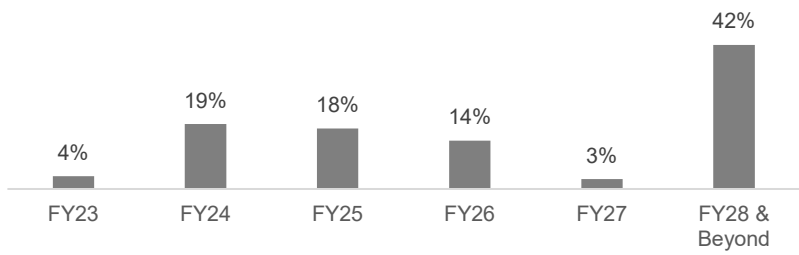
Well staggered lease expiry profile

Lease expiry as at 31 Dec 2023	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028 & beyond
PARAGON REIT Portfolio						
Expiries as a % of total NLA	3%	10%	12%	15%	12%	48%
Expiries as a % of Gross rental income	2%	13%	19%	23%	24%	19%
Singapore assets						
Expiries as a % of total NLA	0%	11%	22%	33%	25%	9%
Expiries as a % of Gross rental income	0%	12%	20%	27%	28%	13%
Australia assets						
Expiries as a % of total NLA	4%	9%	6%	5%	5%	71%
Expiries as a % of Gross rental income	9%	19%	14%	9%	7%	42%

Proactive management of lease expiries

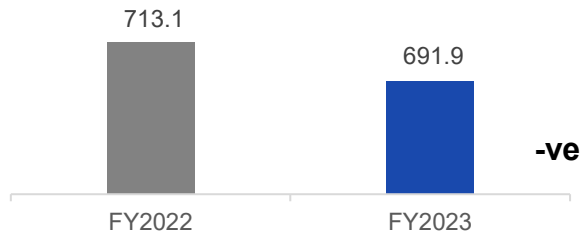
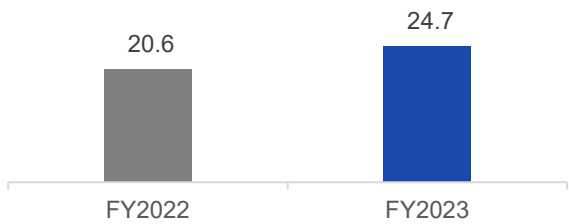
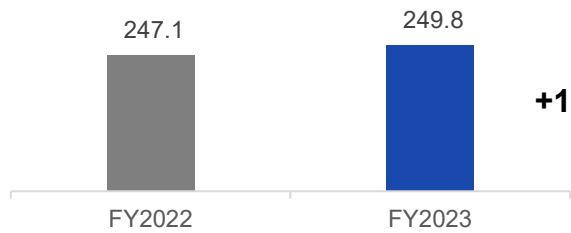
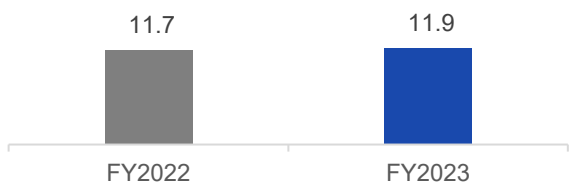
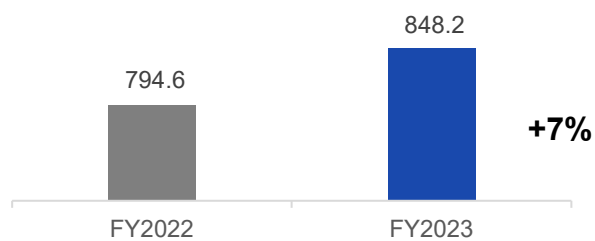
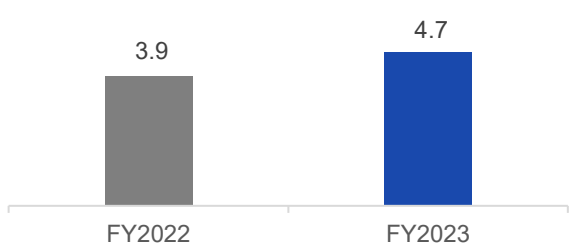
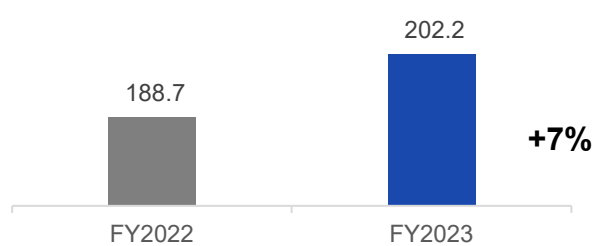
Singapore assets	Expiry by NLA	Expiry by Gross Rental Income
PARAGON		
THE CLEMENTI MALL		
The Rail Mall		

Stable lease expiry profile

Australia assets	Expiry by NLA [1]	Expiry by Gross Rental Income [1]
Westfield MARION		
figtree grove		

Note:
1. Typical anchor lease in Australia is longer than 10 years

Resilient tenant sales

Assets	Visitor traffic (million) [1]		Tenant sales (Local currency $ million)[1]	
PARAGON		+4%		-ve 3%
THE CLEMENTI mall		+20%		+1%
Westfield MARION		+2%		+7%
figtree grove		+21%		+7%

Note:
1. FY2022 is for the period 1 January 2022 to 31 December 2022



Growth strategy and market outlook

Multi-pronged strategy to ensure growth

Proactive asset management and asset enhancement strategy	■ Ensure that interests of all stakeholders, including tenants, shoppers and unitholders are protected while keeping its properties at the forefront of evolving retail mall trends and relevant to changing demands of consumers ■ Continually optimise tenant mix of its properties ■ Deliver high quality service to tenants and become the landlord of choice in the retail real estate space ■ Implement asset enhancement initiatives and pro-active marketing plans
Investments and acquisition growth strategy	■ ROFR on the Sponsor's future income-producing properties used primarily[1] for retail purposes in Asia Pacific ➢ As announced on 29 February 2024, The Trustee and the Manager have considered the offer from Cuscaden Peak Investments Private Limited for the acquisition of The Seletar Mall at a property value of S$550 million (the "Offer") and are of the view that acquiring The Seletar Mall, based on the proposed terms set out in the Offer, would not be in the best interests of PARAGON REIT for a number of reasons, including that the transaction will be dilutive to PARAGON REIT's distribution per unit. Accordingly, the Trustee and the Manager have decided to decline the Offer. ➢ The remaining ROFR, The Woodleigh Mall opened in May 2023 ■ Explore acquisition opportunities that will add value to PARAGON REIT's portfolio and improve returns to unitholders

Note:

1. ('primarily' means more than 50.0% of net lettable area or (in the case of a property where the concept of net lettable area is not applicable) gross floor area.

Market outlook

Singapore

- Based on advanced estimates, Singapore's real GDP expanded 2.8% yoy in 4Q 2023, compared to 1.0% yoy growth in 3Q 2023. For 2023, GDP grew by 1.2%, 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.
- Tourist arrivals was 13.6 million for 2023 and the Singapore Tourism Board expects international arrivals of 15 to 16 million for 2024.
- According to the Ministry of Trade and Industry, consumer-facing sectors such as retail trade are projected to continue to expand in 2024 amidst resilient labour market conditions, supported by the progressive recovery in air travel and tourist arrivals.

Australia

- Australia's GDP growth was 2.1% yoy in September 2023; Reserve Bank of Australia (RBA) forecasts GDP growth to be 1.5% for 2023 and 2.0% for 2024, with key uncertainties around inflation
- Retail turnover rose 0.8% yoy and unemployment rate remained low at 3.9% in December 2023 according to Australian Bureau of Statistics.
- 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

- In January 2024, the US 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 inflation is moving sustainably towards its 2 percent 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.
- The central bank in Australia left rates unchanged at 4.35% in Dec 2023 following a 25 basis point hike at its Nov 2023 meeting as inflation expectations remained consistent with the 2-3% inflation target range. The bank also noted that the path of future monetary policy will depend on data and the evolving outlooks for inflation, domestic demand, the labor market and the global economy.



Distribution details & timeline

Distribution details and timeline

Distribution period	6M ended 31 December 2023 (1 July 2023 – 31 December 2023)
Distribution per unit	2.60 cents per unit
Distribution yield [a]	5.67%
Ex-date	13 February 2024
Record date	14 February 2024
Payment date	22 March 2024

Note:
a. Computed based on 12M period ending 31 December 2023 distribution and S$0.885 per unit closing price on 29 December 2023



Thank You

Please visit www.paragonreit.com.sg for more information