

5 February 2024



**ROBUST PORTFOLIO PERFORMANCE SUPPORTED BY RESILIENT DOMESTIC DEMAND AND CONTINUED RECOVERY IN TOURIST ARRIVALS**

- Portfolio positive rental reversion of 6.3%
- NPI increased 1.7% year-on-year to S\$215.1 million
- DPU impacted by higher interest cost
- DPU for FY2023 of 5.02 cents declared, representing a yield of 5.7%

**SINGAPORE, 5 February 2024** – PARAGON REIT Management Pte. Ltd. (“PARAGON RM” or the “Manager”), the Manager of PARAGON REIT, today announced its financial results for the full year ended 31 December 2023 (“FY2023”). Comparative figures against the corresponding twelve-month period ended 31 December 2022<sup>1</sup> (“FY2022”) are disclosed.

**Financial Performance**

PARAGON REIT’s gross revenue increased 1.8% year-on-year to S\$288.9 million for FY2023, and Net Property Income (“NPI”) increased 1.7% year-on-year to S\$215.1 million for the same period.

Distribution per unit (“DPU”) for FY2023 was 5.02 cents, a decrease of 9% year-on-year mainly due to rising interest cost. 2H FY2023 distribution of 2.60 cents is expected be paid on 22 March 2024.

**Operational Performance**

PARAGON REIT’s assets continue to benefit from resilient retail spending, maintaining a portfolio occupancy rate of 98.1% as at 31 December 2023.

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<sup>1</sup> On 29 July 2022, PARAGON REIT announced a change in its financial year-end from 31 August 2022 to 31 December 2022.

PARAGON REIT achieved a positive rental reversion rate of 6.3% in FY2023, reflecting retailers' positive leasing sentiments post pandemic to position for progressive growth in international demand.

The portfolio weighted average lease expiry stood at 5.1 years by net lettable area and 3.0 years by gross rental income, translating to a distributed lease expiry profile with low concentration risk.

### ***Singapore Assets***

Domestic retail consumption was supported by low unemployment rates and a resilient labour market. The retail sector recovery was further driven by the progressive resumption of international travel which saw total tourist arrivals reaching 13.6 million in 2023, a 115.7% increase over 2022 and about 71.2% of pre-covid levels in 2019. For FY2023, PARAGON REIT's Singapore portfolio recorded a marginal 2% year-on-year decline in tenant sales.

"Avenue on 3", an 8,000 sq ft niche luxury shoe retail concept with integrated lifestyle elements such as a café and champagne bar opened at Paragon on level 3 in April 2023, further enhancing Paragon's position as a premier upscale retail mall. Reflecting the positive trajectory of luxury retail market demand, Saint Laurent unveiled its latest duplex flagship store in December 2023 alongside French luxury fashion brand, Givenchy, which undertook a total store refit. On the food & beverage front, Fish & Co introduced a revamped dining concept with the introduction of Coast & Roast, while a new Thai fusion café, Crazy Rich Thai, was added to Paragon's wide array of cuisines.

### ***Australia Assets***

Total retail sales for New South Wales and South Australia rose 2.8% and 5.1% year-on-year respectively for the 12 months ended 31 December 2023 as retail sector fundamentals remained robust due to low unemployment rates, despite inflationary pressures impacting cost of living. For FY2023, PARAGON REIT's Australia portfolio recorded a 7% year-on-year increase in tenant sales.

Westfield Marion, the only super regional mall in South Australia continues to attract key retailers such as Country Road, a leading national fashion and lifestyle retailer which

opened a 6,000 sq ft outlet, and JB Hi-Fi, Australia's largest home entertainment retailer, which relocated within the mall to an expanded retail space totalling 15,000 sq ft.

### **Valuations**

Compared to 31 December 2022, Singapore assets valuation registered a S\$62.3 million or 1.9% uplift to S\$3.4 billion as at 31 December 2023. Capitalisation rates of Paragon, The Clementi Mall and The Rail Mall remained unchanged.

In the same period, PARAGON REIT's Australia assets saw fair valuation decline by 5.6% or A\$47.5 million to A\$799.5 million due to capitalisation rate expansions.

### **Capital Management**

PARAGON REIT maintains a prudent and disciplined approach to capital management, with total borrowings at S\$1.3 billion, translating to a gearing of approximately 30%. Fixed debt percentage remained at 85% to mitigate against the impact of rising interest rates, while debt maturity profile stood at a weighted average term to maturity of 2.1 years. Average cost of debt was 4.30% for FY2023.

### **Market Outlook**

Resilient domestic demand and labour market conditions, coupled with the potential upside of an increase in international travel, is expected to support the continued recovery of tenants' leasing sentiments and lead to improved performances across Singapore and Australia assets in FY2024.

Dr Leong Horn Kee, Chairman of PARAGON REIT, said: "Underpinned by our proactive leasing strategies aimed at maintaining strong occupancy, we are well positioned to capitalise on the strong retail sector recovery. We remain cautiously optimistic that we will continue to deliver sustainable long-term value for all our unitholders."

Ms Susan Leng, CEO of PARAGON REIT, said: "Our portfolio rental reversion continued to trend positively with an improvement to 6.3% for FY2023, reflecting stronger demand and improved sentiments and outlook from retailers. We continue to focus on maximising the value of our quality assets by capitalising on the retail recovery in the form of positive rental reversion, maintaining prudent cost management and adopting innovative technology solutions to streamline our operations."

## Summary Results of PARAGON REIT

	<b>2H 2023 S\$'000</b>	<b>2H 2022 S\$'000</b>	<b>Change %</b>
Gross revenue	145,842	141,553	3.0
Net property income	109,012	105,543	3.3
Distributable income to unitholders	64,981	76,972	(15.6)
Distribution to unitholders	73,682	74,367	(0.9)
Distribution per unit (cents)	2.60	2.65	(1.9)

	<b>FY2023 S\$'000</b>	<b>FY2022<sup>1</sup> S\$'000</b>	<b>Change %</b>
Gross revenue	288,926	283,821	1.8
Net property income	215,069	211,495	1.7
Distributable income to unitholders	135,612	158,950	(14.7)
Distribution to unitholders	142,180	154,955 <sup>2</sup>	(8.2)
Distribution per unit (cents)	5.02	5.52 <sup>3</sup>	(9.1)
Annual distribution yield (%)	5.7 <sup>5</sup>	6.1 <sup>4</sup>	(6.6)

### Notes:

1. Comparative figures against the corresponding 12-month period ended 31 December 2022 ("FY2022")
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
4. Based on S\$0.90 per unit closing price on 30 December 2022.
5. Based on S\$0.885 per unit closing price on 29 December 2023.

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

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For further information and enquiries, please contact:

Woo Yeng Yeng  
Chief Financial Officer &  
Head of Investor Relations  
PARAGON REIT Management Pte. Ltd.  
Tel: +65 6631 8703  
Email: [wooyengyeng@paragonreit.com.sg](mailto:wooyengyeng@paragonreit.com.sg)

### **ABOUT PARAGON REIT**

PARAGON 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 960,000 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](http://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 and an upcoming integrated development consisting of The Woodleigh Residences and The Woodleigh Mall.

Cuscaden Peak Investments is a leading player in PBSA, owning and operating a portfolio of assets in 18 cities across the United Kingdom and Germany. Cuscaden Peak Investments also owns Orange Valley, one of Singapore's largest private nursing homes platform, with an additional six assets in Japan. Cuscaden Peak Investments also has a stake in Constellar Holdings, which operates events development and management, as well as event space management businesses.

For more information, please visit:

Website: [www.cuscadenpeak.com](http://www.cuscadenpeak.com)

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

Instagram: [@cuscadenpeakinvestments](https://www.instagram.com/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 31 December 2023 in the SGXNET announcement.