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**APPENDIX A – LETTER FROM THE PARAGON IFA TO THE PARAGON  
INDEPENDENT DIRECTORS AND TO THE PARAGON TRUSTEE IN  
RESPECT OF THE SCHEME**

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**PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.**

16 Collyer Quay  
#10-00 Collyer Quay Centre  
Singapore 049318

27 March 2025

To: The Paragon Independent Directors of **PARAGON REIT Management Pte. Ltd.**  
(as manager of PARAGON REIT) (the “**Paragon Manager**”)  
290 Orchard Road  
#14-05/06, The Paragon  
Singapore 238859

**DBS Trustee Limited** (as trustee of PARAGON REIT) (the “**Paragon Trustee**”)  
12 Marina Boulevard  
Marina Bay Financial Centre Tower 3  
Singapore 018982

Dear Sirs

**INDEPENDENT FINANCIAL ADVICE TO THE PARAGON INDEPENDENT DIRECTORS AND  
THE PARAGON TRUSTEE IN RESPECT OF THE PROPOSED PRIVATISATION OF PARAGON  
REIT BY WAY OF A TRUST SCHEME OF ARRANGEMENT**

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*Unless otherwise defined or the context otherwise requires, all terms defined in the scheme document issued by the Paragon Manager on behalf of PARAGON REIT dated 27 March 2025 (the “**Scheme Document**”) shall have the same meaning herein.*

**1 INTRODUCTION**

On 11 February 2025 (the “**Joint Announcement Date**”), the respective boards of directors of the Paragon Manager, and Times Properties Private Limited (“**TPPL**” or the “**Offeror**”) (a wholly-owned subsidiary of Cuscaden Peak Pte. Ltd. (“**CP**” and together with its subsidiaries, the “**Cuscaden Peak Group**”), jointly announced the proposed privatisation of PARAGON REIT, which shall be effected through the acquisition by TPPL of all the units in PARAGON REIT (the “**Units**”) held by the unitholders of PARAGON REIT (the “**Unitholders**”) other than CP and its subsidiaries (the “**Minority Unitholders**”), by way of a trust scheme of arrangement (the “**Scheme**”) in compliance with the Singapore Code on Take-overs and Mergers (the “**Code**”) and the Paragon Trust Deed (as defined in paragraph 3.7 of this letter) (“**Joint Announcement**”).

On 11 February 2025, in connection with the Scheme, TPPL, the Paragon Manager and the Paragon Trustee (each, a “**Party**” and collectively, the “**Parties**”) entered into an implementation agreement (the “**Implementation Agreement**”) setting out the terms and conditions on which the Parties will implement the Scheme. Pursuant to the Implementation Agreement, TPPL will, subject to the Scheme becoming effective in accordance with its terms, pay or procure the payment of a sum of S\$0.9800 in cash (the “**Scheme Consideration**”) for each Unit held by each of the Minority Unitholders as at the Record Date (as defined below). The Scheme Consideration will not be reduced or otherwise adjusted for the 2H FY2024 Distribution of 2.33 Singapore cents for each Unit in cash.

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Accordingly, in the event the Scheme becomes effective in accordance with its terms, the Minority Unitholders who are entitled to and have received or will receive payment of the 2H FY2024 Distribution shall have the right to retain the 2H FY2024 Distribution in addition to the Scheme Consideration.

In connection with the Scheme, PrimePartners Corporate Finance Pte. Ltd. (“**PPCF**”) has been appointed as the independent financial adviser (“**IFA**”) pursuant to Rule 1309(2) of the Listing Manual as well as under the Code to advise the Paragon Trustee and the directors of the Manager who are deemed independent in respect of the Scheme (the “**Paragon Independent Directors**”) as to whether the financial terms of the Scheme are fair and reasonable, and for the purpose of the Paragon Independent Directors making a recommendation on the actions to be taken by the Unitholders. This letter sets out, *inter alia*, our views and evaluation of the financial terms of the Scheme and our opinion thereon and forms part of the Scheme Document providing, *inter alia*, details of the Scheme and the recommendation of the Paragon Independent Directors.

### 2 TERMS OF REFERENCE

We have been appointed as the IFA pursuant to Rule 1309(2) of the Listing Manual, as well as under the Code and the rulings and confirmations of the SIC in respect of the Scheme to advise (i) the Paragon Independent Directors for the purposes of making a recommendation to the Minority Unitholders in connection with the Scheme; and (ii) the Paragon Trustee on the Scheme. We have confined our evaluation to the financial terms of the Scheme and have not taken into account the commercial risks and/or commercial merits of the Scheme.

Our terms of reference do not require us to evaluate or comment on the rationale for, or the strategic or long-term merits of the Scheme or on the future prospects of PARAGON REIT or the method and terms by which the Scheme is made or any other alternative methods by which the Scheme may be made. As set out in paragraph 4 of the Letter to Unitholders in the Scheme Document, the Offeror has set out an illustrative financial impact of the capital expenditure on the reduction in the net property income for FY2024 in relation to a Potential AEI. However, as the Potential AEI was an estimate made by the Offeror, we have not relied on such financial projections or forecasts in respect of PARAGON REIT in our evaluation to the financial terms of the Scheme.

We are not required to express and we do not express any view herein on the growth prospects, financial position and earnings potential of PARAGON REIT or its portfolio. We are also not expressing any view herein as to the prices at which the Units may trade if the Scheme does not proceed to completion. Such evaluations and comments remain the sole responsibility of the TPPL Directors and/or the Paragon Directors (as the case may be), although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this letter.

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We are not authorised to solicit, and we have not solicited, any indications of interest from any third party with respect to the Units. We are therefore not addressing the relative merits of the Scheme as compared to any alternative transaction that may be available to the Paragon Manager, PARAGON REIT (or the Unitholders), or as compared to any alternative Scheme or offer that might otherwise be available in the future. We were not involved in the negotiations pertaining to the Scheme nor were we involved in the deliberation leading up to the decision to put forth the Scheme.

In the course of our evaluation of the financial terms of the Scheme, we have relied on, and assumed without independent verification, the accuracy and completeness of published information relating to PARAGON REIT. We have also relied to a considerable extent on information provided and representations made, including relevant financial analyses and estimates, by the management of Paragon Manager (the “**Management**”), the Directors, the solicitors and auditors. We have not independently verified such information or any representation or assurance made by them, whether written or verbal, and accordingly cannot and do not make any representation or warranty, express or implied, in respect of, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information, representation or assurance. We have nevertheless made such reasonable enquiries and exercised our judgement as we deemed necessary and have found no reason to doubt the reliability of the information.

We have relied upon the assurances of the Management that upon making all reasonable inquiries and to the best of their respective knowledge, information and belief, all material information in connection with the Scheme and PARAGON REIT has been disclosed to us, that such information is true, complete and accurate in all material respects and that there is no other information or fact, the omission of which would cause any information disclosed to us or the facts of or in relation to PARAGON REIT stated in the Scheme Document to be inaccurate, incomplete or misleading in any material respect, in each case, as at 20 March 2025 (the “**Latest Practicable Date**” (except as disclosed in the Scheme Document where the Scheme Document expressly specifies a different date)). The Paragon Directors jointly and severally accept responsibility for the information contained in the Scheme Document (other than the sections specifically excluded in paragraph 24 of the Letter to Unitholders in the Scheme Document).

Our analysis and opinion as set out in this letter is based upon market, economic, industry, monetary and other conditions in effect on, and the information provided to us as at the Latest Practicable Date. Such conditions may change significantly over a relatively short period of time. We assume no responsibility to update, revise or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein. Unitholders should further take note of any announcement(s) relevant to their consideration of the Scheme which may be released by the Paragon Manager and/or the Offeror after the Latest Practicable Date.

We have not made any independent evaluation or appraisal of the assets and liabilities (including, without limitation, derivative financial instruments and the Paragon Properties) of PARAGON REIT or its portfolio. In connection with the reporting of PARAGON REIT’s financial results for FY2024 and the Scheme, the Paragon Manager has commissioned Jones Lang LaSalle Property Consultants Pte Ltd and Jones Lang LaSalle Advisory Services Pty Ltd (the “**Valuers**”) to carry out independent property valuations of the Paragon Properties. Copies of the valuation summary letters and certificates (“**Valuation Certificates**”) of the Paragon Properties are set out in Appendix F to the Scheme Document.

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We are not experts in the evaluation or appraisal of the assets concerned and we have placed sole reliance on the independent valuations conducted by the Valuers for such appraisal and have not made any independent verification of the contents thereof. In particular, we do not assume any responsibility to enquire about the basis of the valuation contained in their Valuation Certificates or if the contents thereof have been prepared and/or included in the Scheme Document in accordance with all applicable regulatory requirements and professional standards including the Code and the International Valuation Standards.

In rendering our opinion, we have not had regard to the specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any individual Unitholder. As each Unitholder would have different investment objectives and profiles, we would advise the Paragon Independent Directors to recommend that any individual Unitholder who may require specific advice in relation to his investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately. As such, our opinion should not be the sole basis for deciding whether or not to vote in favour of the Scheme.

The Paragon Manager has been separately advised by its own advisers in the preparation of the Scheme Document (other than this letter). We have had no role or involvement and have not and will not provide any advice (financial or otherwise) in the preparation, review and verification of the Scheme Document (other than this letter). Accordingly, we take no responsibility for and express no views, express or implied, on the contents of the Scheme Document (other than this letter).

Whilst a copy of this letter may be reproduced in the Scheme Document for the purpose of the Scheme, neither the Paragon Manager, the Paragon Trustee nor any other person may reproduce, disseminate or quote this letter (or any part thereof) for any other purpose, at any time and in any manner without the prior written consent of PPCF in each specific case.

We have prepared this letter as required under the Code and the rulings and confirmations of the SIC in respect of the Scheme and pursuant to Rule 1309(2) of the Listing Manual as well as addressed this letter to the Paragon Independent Directors and the Paragon Trustee for their benefit and deliberation of the Scheme. The recommendation made to the Unitholders on the Scheme shall remain the responsibility of the Paragon Independent Directors.

**Our opinion in respect of the Scheme, as set out in paragraph 9 of this letter, should be considered in the context of the entirety of this letter and the Scheme Document.**

### **3 KEY TERMS OF THE SCHEME**

Copies of the Scheme Document, setting out, *inter alia*, the terms and conditions of the Scheme have been made available to Unitholders. The principal terms and conditions of the Scheme are set out in paragraph 5 of the Letter to Unitholders in the Scheme Document. **Unitholders are advised to read the terms and conditions of the Scheme set out in the Scheme Document carefully.**

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### 3.1 The Scheme

The Scheme is proposed to be effected in accordance with the Code and the Paragon Trust Deed (as amended by the Paragon Trust Deed Amendments), subject to the terms and conditions of the Implementation Agreement. Under the Scheme:

(a) subject to the Scheme becoming effective and binding in accordance with its terms, all the Units held by the Minority Unitholders, as at the Record Date, will be transferred to TPPL:

(i) fully paid;

(ii) free from any charge, claim, hypothecation, lien, mortgage, power of sale, retention of title, or security interest of any kind over and in respect of such asset or real property, any right of pre-emption, first offer, first refusal, tag-along or drag-along of any kind to which any such asset or real property is subject or any right or option for the sale or purchase of any such asset or real property and any other third party rights and interests of any nature whatsoever or an agreement, arrangement or obligation to create any of the foregoing; and

(iii) together with all rights, benefits and entitlements as at the Joint Announcement Date and thereafter attaching thereto, including the right to receive and retain all rights and distributions (if any) declared by the Paragon Manager on or after the Joint Announcement Date, except for the 2H FY2024 Distribution,

such that on and from the Scheme Settlement Date, the Cuscaden Peak Group will hold 100% of the Units; and

(b) in consideration for such transfer of the Units and subject to the Scheme becoming effective in accordance with its terms, TPPL agrees to pay or procure the payment of the Scheme Consideration for each Unit held by each Minority Unitholder as at the Record Date, in accordance with the terms and conditions of the Implementation Agreement.

For the avoidance of doubt:

(i) the Scheme Consideration will not be reduced by the 2H FY2024 Distribution and the Minority Unitholders who are entitled to and have received payment of the 2H FY2024 Distribution shall have the right to receive and retain the 2H FY2024 Distribution in addition to the Scheme Consideration; and

(ii) in the event any Excess Distribution is declared, made or paid by the Paragon Manager on or after the date of the Implementation Agreement, TPPL shall have the right to adjust the Scheme Consideration so as to reduce the amount of Scheme Consideration payable for each Unit by an amount equivalent to such Excess Distribution.

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### **3.2 Scheme Consideration**

Based on the Units held by the Minority Unitholders as at the Latest Practicable Date, the aggregate Scheme Consideration payable for all the Units held by the Minority Unitholders is S\$1,071,190,010.38. In consideration of the transfer of the Units and subject to paragraph 3.3(c) below, TPPL will, subject to the Scheme becoming effective in accordance with its terms, pay or procure the payment of a sum of S\$0.9800 in cash for each Unit (the “**Scheme Consideration**”) held by each of the Minority Unitholders as at the Record Date in accordance with the terms and conditions of the Implementation Agreement.

### **3.3 2H FY2024 Distribution**

- (a) On the Joint Announcement Date, the Paragon Manager declared the 2H FY2024 Distribution of 2.33 Singapore cents for each Unit in cash, in respect of 2H FY2024, which distribution will be paid to entitled Unitholders on 28 March 2025.
- (b) The Scheme Consideration will not be reduced or otherwise adjusted for the 2H FY2024 Distribution. Accordingly, in the event the Scheme becomes effective in accordance with its terms, the Minority Unitholders who are entitled to and have received payment of the 2H FY2024 Distribution shall have the right to retain the 2H FY2024 Distribution in addition to the Scheme Consideration.
- (c) In the event that any Excess Distribution is declared, made or paid by the Paragon Manager on or after the Joint Announcement Date, TPPL shall have the right to adjust the Scheme Consideration so as to reduce the amount of Scheme Consideration payable for each Unit by an amount equivalent to such Excess Distribution.

### **3.4 Scheme Conditions**

The Scheme is conditional upon the satisfaction (or, where applicable, the waiver) of the Scheme Conditions. The Scheme Conditions and the status of each Scheme Condition is set out in Appendix G to the Scheme Document.

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### **3.5 Effective Date**

The Scheme will become effective upon the written notification to the MAS of the grant of the Scheme Court Order, which shall be effected by or on behalf of TPPL on a date to be mutually agreed in writing between TPPL and the Paragon Manager, being a date within 25 Business Days from the date that the last of the Scheme Conditions set out in paragraphs (a) (*Unitholders' Approvals*), (b) (*Regulatory Approvals*), (c) (*Tax Approvals*), (h) (*Authorisations and Consents*) and (i) (*Third Parties*) of Appendix G of the Scheme Document is satisfied (or, where applicable, waived) in accordance with the terms of the Implementation Agreement, and provided that the rest of the Scheme Conditions set out in paragraphs (d) (*No Legal or Regulatory Restraint*), (e) (*No Prescribed Occurrence*), (f) (*No Breach of Warranties*) and (g) (*No Paragon Material Adverse Effect*) of Appendix G of the Scheme Document are satisfied (or, where applicable, waived) on the Relevant Date, as the case may be, in accordance with the terms of the Implementation Agreement.

### **3.6 Switch Option**

Pursuant to the terms of the Implementation Agreement, in the event of a Competing Offer or an intention to make a Competing Offer is announced or reasonably expected to be announced (whether or not such Competing Offer is pre-conditional):

- (a) TPPL has the right at its discretion to elect at any time, subject to prior consultation with the SIC to elect to proceed, either on its own or together with any joint offeror(s), by way of an Offer (in lieu of proceeding with the Scheme);
- (b) in such event, TPPL will, either on its own or together with any joint offeror(s), make the Offer on the same or better terms as those which apply to the Scheme or the Competing Offer (whichever is higher), including the same or a higher consideration than the Scheme Consideration or the consideration payable to the Unitholders under the Competing Offer (whichever is the higher) for each Unit and conditional upon an acceptance condition to the Offer being set at a level to be determined with SIC's consent prior to the exercise of the Switch Option; and
- (c) if TPPL exercises the Switch Option, the Implementation Agreement (save for certain surviving provisions such as those relating to confidentiality, costs and expenses, and governing law) shall terminate with effect from the date of announcement by or on behalf of TPPL (or TPPL and the other joint offeror(s)) of a firm intention to make the Offer, and none of the Parties shall have any claim against the others hereunder (except for any claim in respect of any antecedent breaches and/or the surviving provisions).

### **3.7 The Paragon Trust Deed Amendments**

Pursuant to the Paragon Trust Deed, the Paragon Manager is seeking the approval of the Unitholders by way of an Extraordinary Resolution at the EGM for the Paragon Trust Deed Amendments to be effected, so as to allow for the facilitation of the implementation of the Scheme and the delisting of PARAGON REIT.

Unitholders should note that the Scheme Meeting will only be convened if the Paragon Trust Deed Amendments Resolution is approved at the EGM.

Further details on the Paragon Trust Deed Amendments are set out in paragraph 6 of the Letter to Unitholders and Appendix D of the Scheme Document.

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### 3.8 Approvals required in respect of the Scheme

The information on the approvals required in respect as set out below in italics have been extracted from paragraph 7 of the Letter to Unitholders in the Scheme Document. Unless otherwise defined, all terms and expressions used in the extract below shall have the same meanings as those defined in the Scheme Document.

#### **“7.1 Scheme**

*The Scheme will require, inter alia, the following approvals:*

- (a) the approval of the Unitholders by way of an Extraordinary Resolution at the EGM to be convened to approve the Paragon Trust Deed Amendments Resolution;*
- (b) the approval of a majority in number of the Minority Unitholders representing at least three-fourths in value of the Units held by the Minority Unitholders present and voting either in person or by proxy at Scheme Meeting for the Paragon Scheme Resolution; and*
- (c) the Scheme Court Order being obtained.*

***The Paragon Scheme Resolution is contingent upon the approval of the Paragon Trust Deed Amendments Resolution at the EGM, held immediately prior to the Scheme Meeting.***

***In the event that the Paragon Trust Deed Amendments Resolution is not approved, the Paragon Manager will not proceed with the Scheme Meeting.***

***This means that the Scheme cannot be implemented by the Paragon Manager unless both the Paragon Trust Deed Amendments Resolution and the Paragon Scheme Resolution are approved at the EGM and the Scheme Meeting respectively.***

***For avoidance of doubt, the Paragon Trust Deed Amendments Resolution is not conditional on the Paragon Scheme Resolution being passed. In the event the Paragon Trust Deed Amendments Resolution is approved at the EGM, the Paragon Trust Deed will be amended to include the Paragon Trust Deed Amendments, whether or not the Paragon Scheme Resolution is passed.***

***In addition, the Scheme will only come into effect if all the Scheme Conditions have been satisfied or, as the case may be, waived in accordance with the Implementation Agreement.***

***When the Scheme, with or without modification, becomes effective, it will be binding on all Unitholders, whether or not they were present in person or by proxy or voted at the Scheme Meeting.***



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### 7.2 SIC Confirmations

*Pursuant to the application made by TPPL to the SIC to seek SIC's rulings and confirmations on certain matters in relation to the Scheme, the SIC has confirmed, inter alia, that:*

- (a) the Scheme is exempted from complying with Rules 14, 15, 16, 17, 20.1, 21, 22, 28, 29 and 33.2 and Note 1(b) on Rule 19 of the Code, subject to the following conditions:*
  - (i) TPPL and its concert parties, as well as the common substantial shareholders of TPPL and its concert parties on one hand, and PARAGON REIT on the other hand, abstain from voting on the Scheme;*
  - (ii) the directors of the Paragon Manager who are also directors of TPPL or who are acting in concert with those persons in sub-paragraph (i) above abstain from making a recommendation on the Scheme to the Unitholders;*
  - (iii) this Scheme Document contains advice to the effect that by voting for the Scheme, the Unitholders are agreeing to TPPL and its concert parties acquiring or consolidating effective control of PARAGON REIT without having to make a general offer for PARAGON REIT;*
  - (iv) this Scheme Document discloses the names of TPPL and its concert parties, their current voting rights in PARAGON REIT as of the Latest Practicable Date and their voting rights in PARAGON REIT after the Scheme;*
  - (v) the Paragon Manager appointing an independent financial adviser to advise the Paragon Independent Directors on the Scheme;*
  - (vi) the Scheme is approved by a majority in number representing three-fourths in value of the Unitholders present and voting either in person or by proxy at the Scheme Meeting;*
  - (vii) the Paragon Manager obtains the approval of the Court for the Scheme under Order 32 of the Rules of Court (which is derived from, or deals with the same subject matter as, Order 80 of the revoked Rules of Court 2014 of Singapore); and*
  - (viii) the Scheme being completed within six (6) months (unless extended with SIC's consent) from the date of the Implementation Agreement;*
- (b) it has no objections to the Scheme Conditions. However, where the Scheme Conditions have been qualified as to materiality but have not been quantified, the test for materiality will be subject to a high standard. To satisfy such test, TPPL and/or the Paragon Manager would have to demonstrate that the relevant circumstances are of very considerable significance striking at the heart of the purpose of the Scheme;*

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- (c) *with respect to the Switch Option:*
- (i) *SIC has no objections to TPPL reserving its right to exercise the Switch Option, subject to:*
- (A) *disclosure in the Joint Announcement and the Scheme Document of the fact that TPPL reserves the right to exercise the Switch Option in the event of a Competing Offer or in the event that an intention to make a Competing Offer is announced;*
- (B) *the Offer being on the same or better terms as those which apply to the Scheme, including the same or higher consideration than the Scheme Consideration;*
- (C) *the acceptance condition to the Offer being set at a level to be determined with SIC's consent prior to the exercise of the Switch Option; and*
- (D) *consultation with SIC beforehand to determine the offer timetable that should apply to the Offer following the exercise of the Switch Option; and*
- (ii) *the Scheme Conditions, to the extent applicable in the event of the Offer, may similarly be imposed as conditions to the Offer becoming unconditional in all respects, subject to TPPL consulting with SIC and seeking SIC's approval prior to invoking such Scheme Condition so as to cause the Offer to lapse."*

### **3.9 Delisting**

Upon the Scheme becoming effective in accordance with its terms:

- (a) each Minority Unitholder will receive S\$0.9800 in cash for each Unit held by them, and will cease to hold any Units;
- (b) PARAGON REIT will be wholly-owned by the Cuscaden Peak Group; and
- (c) PARAGON REIT will, following settlement of the Scheme Consideration and subject to the approval of the SGX-ST, be delisted and removed from the Official List of the SGX-ST.

An application will be made to seek approval from the SGX-ST to delist and remove PARAGON REIT from the Official List of the SGX-ST in due course. The delisting will be conditional upon the receipt of a confirmation from the SGX-ST that it has no objections to the delisting of PARAGON REIT, subject to, *inter alia*, the Scheme becoming effective in accordance with its terms.

Unitholders should note that by voting in favour of the Scheme, PARAGON REIT will, subject to the approval of the SGX-ST, be delisted from the Official List of the SGX-ST if the Scheme becomes effective and binding in accordance with its terms.

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### **3.10 Further details of the Scheme**

Further details of the Scheme are set out in Appendix O to the Scheme Document, including details on (i) Scheme Conditions and Effectiveness of the Scheme; (ii) Terms of the Scheme; (iii) Scheme Consideration; and (iv) Effective Date.

## **4 INFORMATION ON PARAGON REIT AND THE PARAGON MANAGER**

### PARAGON REIT

PARAGON REIT is a REIT constituted under the Paragon Trust Deed on 9 July 2013 and was listed on the Mainboard of the SGX-ST on 24 July 2013. PARAGON REIT is a Singapore-based REIT established principally 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. As at the Latest Practicable Date, PARAGON REIT's portfolio comprises Paragon and The Clementi Mall located in Singapore, and a 50% stake in Westfield Marion Shopping Centre located in Australia.

As at the Latest Practicable Date, PARAGON REIT has 2,839,010,006 Units in issue.

### The Paragon Manager

PARAGON REIT is managed by the Paragon Manager, which was incorporated in Singapore on 1 March 2013 and currently holds a capital markets services licence for REIT management pursuant to the SFA.

As at the Latest Practicable Date, the Paragon Manager has an issued and paid-up share capital of S\$1,000,000 comprising 1,000,000 ordinary shares in issue and no treasury shares.

The Paragon Manager is wholly-owned by TPPL, which is in turn an indirect wholly-owned subsidiary of CP. CPI (a wholly-owned subsidiary of CP) is the sponsor of PARAGON REIT. Upon completion of the Scheme, it is envisaged that all the Units will be held by Cuscaden Peak Group.

The directors of the Paragon Manager are:

- (a) Dr. Leong Horn Kee (Chairman, Non-Executive and Non-Independent Director);
- (b) Ms. Chua Kheng Yeng, Jennie (Deputy Chairman, Non-Executive and Independent Director);
- (c) Mr. Eugene Paul Lai Chin Look (Non-Executive and Lead Independent Director);
- (d) Mrs. Trina Loh Soh Yong (Non-Executive and Independent Director);
- (e) Ms. Hoo Sheau Farn (Non-Executive and Independent Director);
- (f) Mr. Bernard Phang Sin Min (Non-Executive and Independent Director);
- (g) Mr. Raymond John Ferguson (Non-Executive and Independent Director);
- (h) Ms. Lim May Ling Ginney (Non-Executive and Non-Independent Director); and
- (i) Mr. Yong Choon Miao, Gerald (Non-Executive and Non-Independent Director);

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As at the Latest Practicable Date, PARAGON REIT has 2,839,010,006 Units, and 1,615,643 outstanding awards granted under the PUA Scheme, pursuant to which a maximum of 2,423,465 Units may be granted to eligible employees of the Paragon Manager and the property manager, Straits Retail Property Management Services Pte. Ltd. (subject to final achievement factor and fulfilment of the terms and conditions set out in the PUA Scheme). All Units to be granted pursuant to the PUA Scheme are transferred from the Paragon Manager's own holdings of Units. The Paragon Manager has on 3 March 2025 transferred 251,880 Units to such employees to satisfy the grants which have vested as at 31 August 2024<sup>(1)</sup>. Subject to the Scheme becoming effective, it is expected that the remaining awards will either lapse or be encashed in accordance with the terms of the PUA Scheme.

Further information on PARAGON REIT and the Paragon Manager can be found in Appendix C to the Scheme Document.

### 5 INFORMATION ON TPPL

The information on the Offeror as set out below in italics have been extracted from paragraph 2 of the Letter to Unitholders in the Scheme Document. Unless otherwise defined, all terms and expressions used in the extract below shall have the same meanings as those defined in the Scheme Document.

#### **“2. INFORMATION ON TPPL AND CPI**

*As stated in paragraph 4 of the Offeror's Letter:*

##### **2.1 TPPL**

*TPPL is a company incorporated in Singapore. TPPL is a wholly-owned subsidiary of CPI, the sponsor of PARAGON REIT. CPI is in turn a wholly-owned subsidiary of CP. The shareholders of CP are Adenium Pte. Ltd. (a wholly-owned subsidiary of CLA Real Estate Holdings Pte. Ltd.) and Mapletree Fortress Pte. Ltd. (an indirect wholly-owned subsidiary of Mapletree Investments Pte Ltd), each holding 50% of the ordinary shares of CP. The principal activities of TPPL include investment holding, letting properties and the provision of property management services. TPPL is the direct holding company of the Paragon Manager.*

##### **2.2 TPPL Directors**

*As at the Latest Practicable Date, the directors of TPPL are:*

- (a) Mr. Yong Choon Miao, Gerald; and*
- (b) Ms. Chin Yean Cheng.*

*2.3 Additional information relating to TPPL and CPI is set out in Schedule 3 to the Offeror's Letter.”*

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(1) The SIC has confirmed in its ruling dated 5 February 2025 that such a transfer will not constitute a breach of Rule 11.2 of the Code.

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### 6 RATIONALE FOR THE SCHEME AND THE OFFEROR’S FUTURE INTENTIONS FOR PARAGON REIT

#### 6.1 Rationale for the Scheme and the Offeror’s future intentions for PARAGON REIT

The information on the rationale of the Scheme and the Offeror’s future intentions for PARAGON REIT as set out below in italics have been extracted from paragraph 4 of the Letter to Unitholders in the Scheme Document. Unless otherwise defined, all terms and expressions used in the extract below shall have the same meanings as those defined in the Scheme Document.

#### “4. RATIONALE FOR THE SCHEME AND OFFEROR’S FUTURE INTENTIONS FOR PARAGON REIT

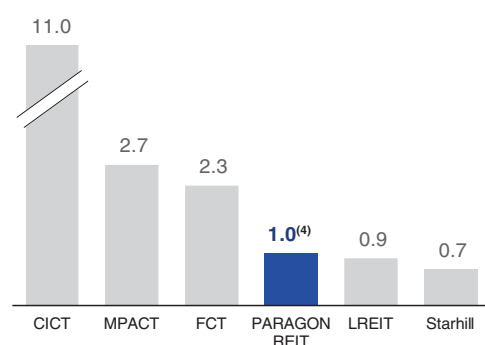
*The figures, prices and charts as set out in this Paragraph 4 are with reference to the relevant periods up to and including 10 February 2025, being the full trading day immediately prior to the Joint Announcement Date.*

*As stated in paragraphs 3.1 to 3.6 of the Offeror’s Letter:*

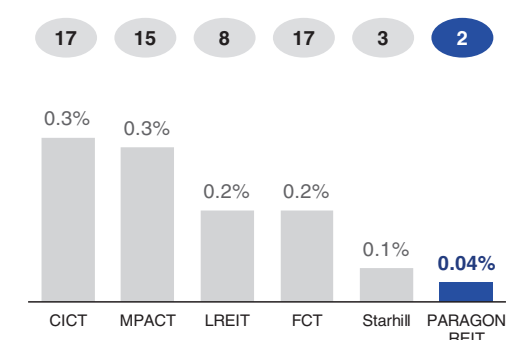
#### 4.1 PARAGON REIT faces trading conditions that constrain its potential for sustained growth

(a) *PARAGON REIT has one of the lowest free floats among its Retail S-REIT Peers and has historically experienced low trading liquidity, with an average of 0.04% of Units outstanding (approximately S\$1.0 million) traded per day over the last 12 months.<sup>3</sup> Despite its inclusion in the FTSE EPRA Nareit Developed Index on 20 September 2021, PARAGON REIT has the lowest analyst research coverage among peers and has attracted limited institutional investor flow compared to its Retail S-REIT Peers.*

**Retail S-REIT Free Float by Market Capitalisation**  
(S\$bn)



**12M Average Daily Trading Volume**  
(% of Total Units Outstanding)  
**Analyst Coverage**  
(# of Analysts)



Source: Company Filings, FactSet as at 10 February 2025

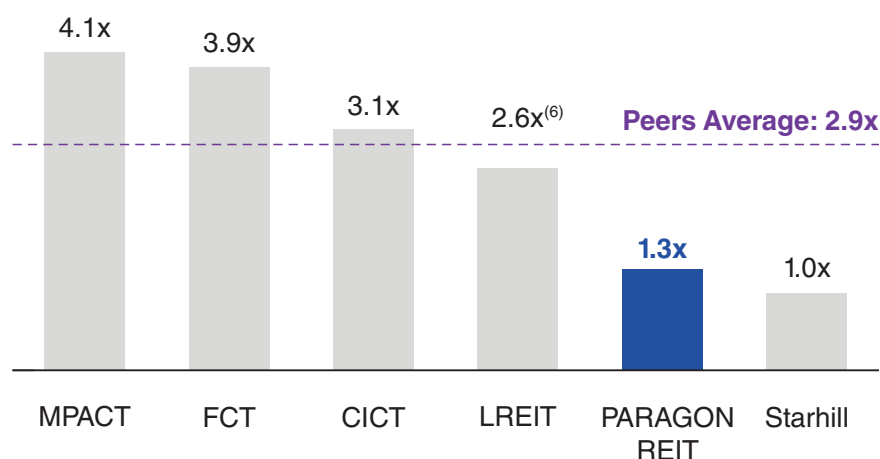
<sup>3</sup> For the period between 10 February 2024 and 10 February 2025.

<sup>4</sup> PARAGON REIT’s free float excludes Units held by Cuscaden Peak and its subsidiaries and is computed based on the free float Units of 1,093 million multiplied by the closing price of the Units on 10 February 2025 of S\$0.890.

## APPENDIX A – LETTER FROM THE PARAGON IFA TO THE PARAGON INDEPENDENT DIRECTORS AND TO THE PARAGON TRUSTEE IN RESPECT OF THE SCHEME

- (b) *These trading conditions may put PARAGON REIT at a disadvantage when looking to access capital markets compared to its Retail S-REIT Peers, and consequently may restrict its ability to expand its portfolio. Since its IPO in July 2013, PARAGON REIT's total assets have grown 1.3x, which, in comparison, is less than the 2.9x average of its Retail S-REIT Peers.*

### Retail S-REITs – Total Portfolio Growth Since 2013<sup>(5)</sup>



*Source: Company Filings, FactSet as at 10 February 2025*

- (c) *For the reasons above, the Offeror believes that despite its listed status, PARAGON REIT faces trading conditions that will continue to constrain its potential for sustained growth and long-term value creation.*

**4.2 PARAGON REIT's portfolio comprises three (3) assets, with Paragon accounting for 72% of value. However, Paragon's premier upscale status is being challenged with increased competition from (i) upcoming new retail malls in the surrounding catchment and (ii) existing competing malls undergoing major upgrades**

- (a) *PARAGON REIT's portfolio is concentrated, with Paragon representing approximately 72% of PARAGON REIT's total appraised value for FY2024.<sup>7</sup> Therefore, PARAGON REIT's value is dependent on the performance of Paragon.*
- (b) *While Paragon continues to be one of the leading upscale retail malls in Singapore, the mall is over 30 years old and is facing increasing competition from the surrounding catchment.*

<sup>5</sup> Based on latest total assets disclosed as at 10 February 2025, being the last full trading day immediately prior to the Joint Announcement Date, since PARAGON REIT's IPO in July 2013.

<sup>6</sup> For the period between 31 July 2019 and 10 February 2025.

<sup>7</sup> The Clementi Mall represents approximately 16% of PARAGON REIT's FY2024 total appraised value and PARAGON REIT's 50% stake in Westfield Marion Shopping Centre represents approximately 12% of PARAGON REIT's FY2024 total appraised value.

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## APPENDIX A – LETTER FROM THE PARAGON IFA TO THE PARAGON INDEPENDENT DIRECTORS AND TO THE PARAGON TRUSTEE IN RESPECT OF THE SCHEME

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- (c) *Competing retail assets of a similar vintage in central Singapore have undergone major upgrades in recent times. Redevelopments in the nearby Tanglin area, such as Ming Arcade, Tanglin Shopping Centre, Forum The Shopping Mall, voco Orchard Singapore, and HPL House, are also expected to significantly ramp up competition in Orchard Road in the coming years once completed. In contrast, Paragon's last major upgrade was over 15 years ago in 2009, involving an approximately S\$82 million investment to mainly refresh Paragon's façade and expand retail space.*
- (d) *In addition to the increasing competitive pressures, the luxury retail environment may remain challenging in the near to medium term. International luxury spending is currently only at 74% of its 2019 peak.<sup>8</sup> A persistent slowdown in luxury spending recovery would put further pressure on Paragon's performance – for FY2024, tenant sales declined approximately 5.5% year-on-year to S\$654 million (versus S\$692 million in the financial year ended 31 December 2023), indicating early signs of pressure.*

### **4.3 To future-proof Paragon's competitive positioning, the Offeror seeks to rejuvenate Paragon through a Potential AEI**

- (a) *Having considered the above factors, the Offeror believes that a major Potential AEI for Paragon is necessary to maintain its long-term competitiveness as a leading upscale retail mall in Singapore.*
- (b) *The Offeror, as a significant Unitholder, intends to collaborate closely with PARAGON REIT to facilitate the implementation of such a Potential AEI, which it believes will also be for the benefit of tenants and shoppers.*
- (c) *The Offeror envisions that a Potential AEI could include significant upgrades to the exterior and interior of Paragon, and the potential scope of work could include:*
  - (i) *upgrades to façade and interiors;*
  - (ii) *reconfiguration and optimisation of retail and circulation spaces;*
  - (iii) *improved connectivity and accessibility;*
  - (iv) *upgrades and replacement of Mechanical & Electrical (M&E) services and equipment; and*
  - (v) *other works that may be beneficial to improving and maintaining the long-term competitiveness of Paragon.*
- (d) *The Offeror does not intend to redevelop or change the underlying use of Paragon. A Potential AEI would also not increase the GFA as the existing plot ratio has been fully utilised based on current permits and regulations.*

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<sup>8</sup> Source: Intercontinental Group of Department Stores (May 2024).

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## APPENDIX A – LETTER FROM THE PARAGON IFA TO THE PARAGON INDEPENDENT DIRECTORS AND TO THE PARAGON TRUSTEE IN RESPECT OF THE SCHEME

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- (e) *Notwithstanding the above, Unitholders should note that concepts relating to a Potential AEI remain preliminary and will require, among other things, further feasibility assessments, an in-depth study of execution plausibility and timeline as well as regulatory approvals.*

**4.4 Given the execution risks associated with a significant Potential AEI, including uncertainties around cost and timing, a Potential AEI would be more suitably carried out in a private setting**

- (a) *The Offeror envisions that future-proofing Paragon through a Potential AEI could require a sizeable capital investment and potentially take three (3) to four (4) years<sup>9</sup> to complete, with the potential for completion to be extended subject to approvals required and delays in the construction project schedule. This capital investment would be in addition to potential business-as-usual capital expenditures that the Offeror believes will be required in the next few years for routine upgrades, end-of-life replacements, and compliance with the latest building codes.*
- (b) *Illustratively, based on precedent AEIs capital expenditure per square foot (psf)<sup>10</sup> for retail and office properties in Singapore of approximately S\$330 – S\$590 psf, the Offeror believes a potential total capital expenditure for Paragon’s GFA could be approximately S\$300 million – S\$600 million (representing approximately 10% – 21% of Paragon’s appraised value for FY2024).*
- (c) *A Potential AEI carries significant execution risks that are inherent to such large-scale construction projects, including but not limited to ongoing business disruptions arising from the construction, uncertainties around cost and timing, and potential changes in market conditions that may impact leasing demand and/or rental rates. To minimise business disruptions, the Offeror believes a Potential AEI should be implemented in phases without a complete closure of Paragon.*
- (d) *Given that a Potential AEI is subject to further in-depth feasibility assessments, there is significant uncertainty as to the parameters for, and the impact of, such Potential AEI on PARAGON REIT. For illustrative and hypothetical purposes only, the Offeror has set out a sensitivity analysis in Part 1 of Schedule 1 to the Offeror’s Letter for the impact of variations in capital expenditure for a Potential AEI and fluctuations to the Paragon NPI on the Adjusted DPU, Adjusted DPU Yield and Adjusted Aggregate Leverage of PARAGON REIT for FY2024.<sup>11</sup>*

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9 In line with precedent office/retail S-REIT asset enhancement initiatives.

10 The range for capital expenditure per square foot of gross floor area has been derived based on office and retail asset enhancement initiative precedents, adjusted for capital expenditure inflation from the year of each asset enhancement initiative to 2026 using the BCA Tender Price Index.

11 Adjusted DPU, Adjusted DPU Yield and Adjusted Aggregate Leverage based on excluding the impact of divestments undertaken or announced by PARAGON REIT in 2024. Please refer to Schedule 1 to the Offeror’s Letter.

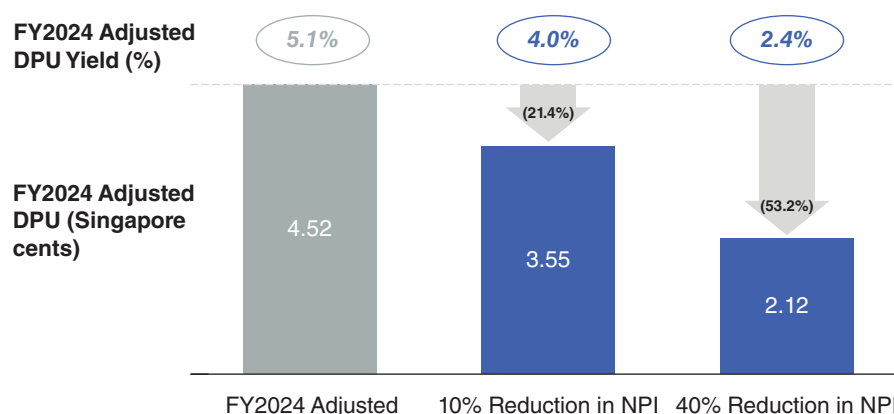


**APPENDIX A – LETTER FROM THE PARAGON IFA TO THE PARAGON INDEPENDENT DIRECTORS AND TO THE PARAGON TRUSTEE IN RESPECT OF THE SCHEME**

(e) As an illustration (as prepared by the Offeror):

- (i) assuming (A) a Potential AEI capital expenditure of S\$300 million is fully funded by debt and fully drawn down in FY2024 at an all-in finance cost of 4.4%,<sup>12</sup> and (B) a fluctuation in the Paragon NPI for FY2024 of between 10% – 40%, which would collectively result in a decrease in net property income and an increase in interest expenses and consequentially reduce distributable income and DPU, PARAGON REIT’s DPU and DPU Yield would have ranged between 2.12 – 3.55 Singapore cents and 2.4% – 4.0% respectively, representing a decrease of between 21.4% – 53.2% to the FY2024 Adjusted DPU;

**Illustrative Impact of Potential AEI on FY2024 Adjusted DPU (Singapore cents)**



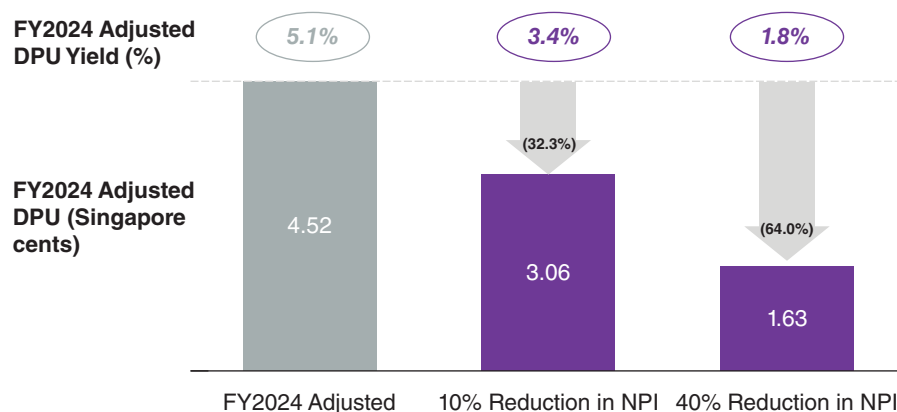
- (ii) assuming (A) a Potential AEI capital expenditure of S\$600 million is fully funded by debt and fully drawn down in FY2024 at an all-in finance cost of 4.4%<sup>13</sup> and (B) a fluctuation in the Paragon NPI for FY2024 of between 10 – 40%, which would collectively result in a decrease in net property income and an increase in interest expenses and consequentially reduce distributable income and DPU, PARAGON REIT’s DPU and DPU Yield would have ranged between 1.63 – 3.06 Singapore cents and 1.8% – 3.4% respectively, representing a decrease of between 32.3% and 64.0% to the FY2024 Adjusted DPU; and

<sup>12</sup> Based on PARAGON REIT’s average cost of debt in FY2024.

<sup>13</sup> Based on PARAGON REIT’s average cost of debt in FY2024.

## APPENDIX A – LETTER FROM THE PARAGON IFA TO THE PARAGON INDEPENDENT DIRECTORS AND TO THE PARAGON TRUSTEE IN RESPECT OF THE SCHEME

### Illustrative Impact of Potential AEI on FY2024 Adjusted DPU (Singapore cents)



(iii) assuming a Potential AEI capital expenditure of S\$300 million – S\$600 million which is fully debt-funded and fully drawn down in FY2024, FY2024 Adjusted Aggregate Leverage<sup>14</sup> would have increased from 34.2% to 38.5% – 42.4% (versus Retail S-REIT Peers average of 38.6%).

- (f) The Offeror believes that PARAGON REIT's other assets, The Clementi Mall and Westfield Marion Shopping Centre,<sup>15</sup> would not be able to offset the potential impact on the DPU and DPU Yield given their relative size (approximately 28% of PARAGON REIT's FY2024 total appraised value) as compared to Paragon (approximately 72% of PARAGON REIT's FY2024 total appraised value).
- (g) Taking into consideration the uncertainties inherent in a Potential AEI, the Offeror believes a major Potential AEI would be more suitably carried out in a private setting. If the Scheme is successful and a major Potential AEI is carried out, Unitholders will not need to bear the volatility and execution risks associated with such an initiative.

#### 4.5 The Scheme offers an opportunity for Unitholders to fully monetise their investment in cash at an attractive Scheme Consideration

- (a) The Offeror believes that the privatisation will provide Unitholders with the opportunity to realise their investment at an attractive value and receive 100% of the value of their Units in cash, without exposure to future market risk and Unit price movements.

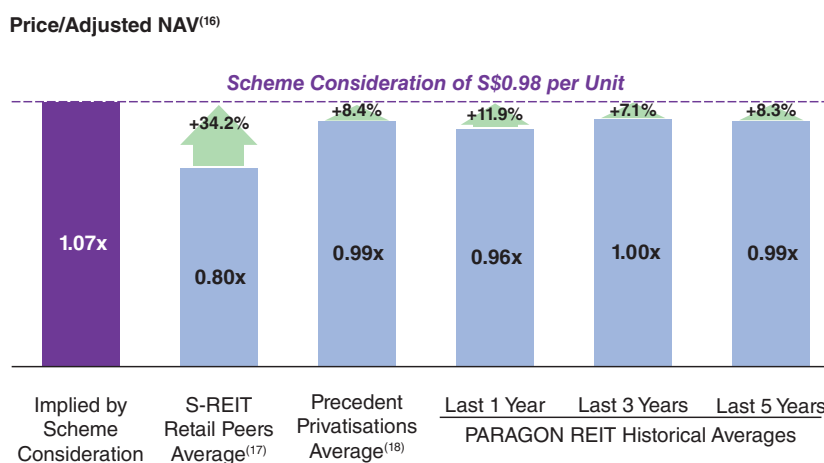
<sup>14</sup> PARAGON REIT's FY2024 Aggregate Leverage of 35.3% has been adjusted to 34.2% ("FY2024 Adjusted Aggregate Average"). Refer to Part 2 of Schedule 1 to the Offeror's Letter for detailed adjustments.

<sup>15</sup> PARAGON REIT has a 50% interest in Westfield Marion Shopping Centre.

## APPENDIX A – LETTER FROM THE PARAGON IFA TO THE PARAGON INDEPENDENT DIRECTORS AND TO THE PARAGON TRUSTEE IN RESPECT OF THE SCHEME

(b) *The Offeror and the board of the Paragon Manager believe that the Scheme Consideration of S\$0.9800 is attractive for Unitholders, based on the various metrics as outlined below:*

- (i) *the Scheme Consideration represents a 7.1% premium to the Paragon Adjusted NAV and an implied Price/Paragon Adjusted NAV of 1.07x; which represents an 8.4% premium to average Price/Precedent Privatisations Adjusted NAV of 0.99x;*
- (ii) *the implied Price/Paragon Adjusted NAV of 1.07x represents a premium of 34.2% to the average Price/Peer Adjusted NAV of 0.80x;*
- (iii) *the implied Price/Paragon Adjusted NAV of 1.07x represents a premium of 11.9%, 7.1% and 8.3% to the historical one (1)-year, three (3)-year and five (5)-year Average Price/Paragon Adjusted NAV, respectively;*



*Source: FactSet, Bloomberg, Company Filings as at 10 February 2025*

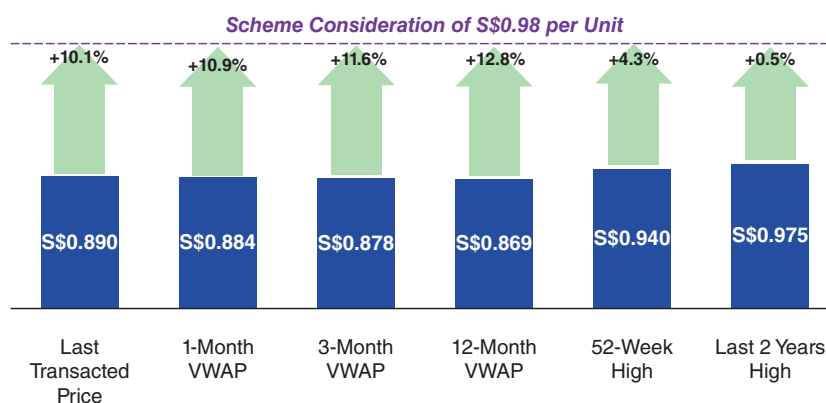
16 Based on PARAGON REIT's FY2024 NAV of S\$0.9385 per Unit, adjusted for the 2H FY2024 Distribution of S\$0.0233 per Unit.

17 Peers include CICT, MPACT, FCT, LREIT and Starhill.

18 Based on precedent privatisations of property trusts and REIT mergers with an all-cash option as consideration.

## APPENDIX A – LETTER FROM THE PARAGON IFA TO THE PARAGON INDEPENDENT DIRECTORS AND TO THE PARAGON TRUSTEE IN RESPECT OF THE SCHEME

- (iv) *the Scheme Consideration represents a 10.1%, 10.9%, 11.6% and 12.8% premium to the Last Transacted Price and the one (1)-month, three (3)-month and 12-month volume weighted adjusted price, respectively;*



*Source: FactSet, Bloomberg, Company Filings as at 10 February 2025*

- (v) *the Scheme Consideration exceeds the highest ever traded price over the last two (2) years;<sup>19</sup>*
- (vi) *the Scheme Consideration represents a premium of 4.3% to the 52-week high traded price of Units;<sup>20</sup> and*
- (vii) *the premium of 9.0 Singapore cents per Unit to the Last Transacted Price represents approximately two (2) years of distributions.<sup>21</sup>*
- (c) *The Scheme offers an opportunity for Unitholders to realise their investment in cash with no trading cost and the ability to immediately redeploy the proceeds into other investment opportunities.*

### **4.6 If the Scheme is not approved, the Offeror intends to actively engage with PARAGON REIT to consider implementing a Potential AEI**

- (a) *The proposed Scheme will be submitted to the vote of the Minority Unitholders. The Offeror and its concert party group will abstain from voting.*
- (b) *In the event that the Scheme is not approved by Unitholders, the Offeror intends to continue to engage with PARAGON REIT to consider an appropriate plan, as it believes that a Potential AEI is critical for Paragon to remain competitive. Further engagement between the Offeror and PARAGON REIT would be required at the prevailing time.*

<sup>19</sup> In respect of the two (2)-year period ending on 10 February 2025, being the full trading day immediately prior to the Joint Announcement Date.

<sup>20</sup> In respect of the 52-week period ending on 10 February 2025, being the full trading day immediately prior to the Joint Announcement Date.

<sup>21</sup> Based on the last-12-months' (from 10 February 2025) declared distributions of 4.65 Singapore cents per Unit, excluding special dividends that are capital distributions in nature.

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## APPENDIX A – LETTER FROM THE PARAGON IFA TO THE PARAGON INDEPENDENT DIRECTORS AND TO THE PARAGON TRUSTEE IN RESPECT OF THE SCHEME

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### 4.7 Offeror's Future Intentions for PARAGON REIT

*As stated in paragraph 3.7 of the Offeror's Letter, save as disclosed in this Scheme Document (including the Offeror's Letter), there is presently no intention by the Offeror to (a) introduce any major changes to the business of PARAGON REIT, (b) re-deploy the fixed assets of PARAGON REIT, or (c) discontinue the employment of the employees of PARAGON REIT (if any), save in the ordinary course of business.*

*In the event the Scheme becomes effective, the Offeror intends to conduct a strategic review of the portfolio of the Paragon Group and retains and reserves the right and flexibility at any time after the completion of the Scheme to consider any options in relation to the Paragon Group or any of its assets which may present themselves and which it may regard to be in the interest of the Paragon Group."*

## 7 ASSESSMENT OF THE FINANCIAL TERMS OF THE SCHEME

In assessing the fairness and reasonableness of the financial terms of the Scheme, we have considered the following factors which we consider to be pertinent and to have a significant bearing on our assessment of the Scheme:

- (i) Historical market price performance and trading activity of the Units;
- (ii) Unit price performance relative to market index;
- (iii) Financial information of PARAGON REIT;
- (iv) Net asset value ("NAV") per Unit, Adjusted NAV per Unit and Ex-cash Adjusted NAV per Unit;
- (v) Historical trailing price-to-NAV ("P/NAV") ratio of the Units;
- (vi) Valuation ratios of selected listed property investment trusts broadly comparable to PARAGON REIT;
- (vii) Precedent merger and/or acquisition transactions of REITs involving Singapore-based acquirers or targets;
- (viii) Analysts' estimates and price targets for PARAGON REIT;
- (ix) Estimated valuation of the Units; and
- (x) Distribution track record of PARAGON REIT.

We have also considered other relevant considerations which have a significant bearing on our assessment as set out in paragraph 8 of this letter.

**The figures, underlying financial and market data used in our analysis, including securities prices, trading volumes, free float data and foreign exchange rates have been extracted from S&P Capital IQ, Bloomberg L.P., Monetary Authority of Singapore ("MAS"), SGXNet and other public filings as at the Latest Practicable Date or as provided by the Paragon Manager where relevant. PPCF makes no representation or warranties, express or implied, as to the accuracy or completeness of such information.**

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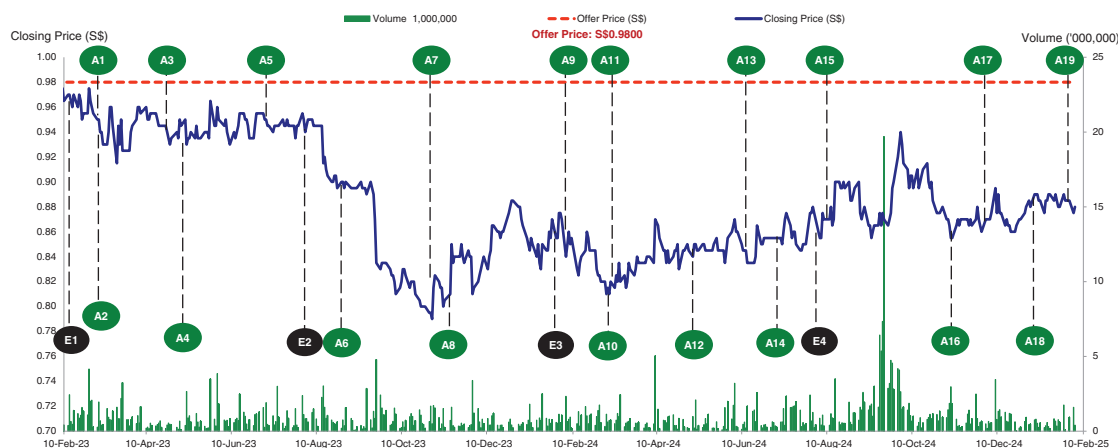
### 7.1 Historical market price performance and trading activity of the Units

The Units were last transacted on 10 February 2025 (“**Last Trading Day**”) prior to the trading halt announced before trading hours on 11 February 2025 and the subsequent release of the Joint Announcement on the same day, being the Joint Announcement Date. The trading halt was subsequently lifted and PARAGON REIT’s trading resumed after the mid-day break on 11 February 2025.

For the purpose of our analysis, we have compared the Scheme Consideration against the historical market price performance of the Units and considered the historical trading volume of the Units from 10 February 2023 to 10 February 2025, being the 2-year period prior to the trading halt and to the Last Trading Day (the “**2-year Lookback Period**”), and between the Joint Announcement Date and up to and including the Latest Practicable Date. We have assessed that the 2-year Lookback Period provides sufficient data points for the assessment of historical market price performance and trading activity of the Units, without having significant differences in the general business environment.

We set out below the daily closing price and daily trading volume of the Units for the 2-year Lookback Period. We have also marked certain dates in the chart where significant events have occurred.

#### Daily closing price and daily trading volume of the Units for the 2-year Lookback Period



Source: S&P Capital IQ and PARAGON REIT’s announcements on SGXNet

#### Earnings and distribution announcements:

E1. **13 February 2023.** PARAGON REIT announced its financial results for the financial period ended 31 December 2022. On 29 July 2022, PARAGON REIT announced a change in its financial year-end from 31 August to 31 December. The financial statement announcement was made for the 16-months period from 1 September 2021 to 31 December 2022 (“**16M 2022**”). 16M 2022 gross revenue increased by S\$6.6 million (1.8%) to S\$376.4 million, net property income (“**NPI**”) increased by S\$8.9 million (3.3%) to S\$279.9 million. Net income of S\$209.3 million for 16M 2022 was S\$7.5 million (3.7%) higher than 16M 2021. The increase is attributable to the stronger performance of the Singapore Properties.

PARAGON REIT announced distribution of 1.72 cents per Unit with respect to the distribution period from 1 September 2022 to 31 December 2022.

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## APPENDIX A – LETTER FROM THE PARAGON IFA TO THE PARAGON INDEPENDENT DIRECTORS AND TO THE PARAGON TRUSTEE IN RESPECT OF THE SCHEME

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- E2. **7 August 2023.** PARAGON REIT announced its financial results for the first half year ended 30 June 2023 (“1H 2023”). Gross revenue for 1H 2023 increased by S\$0.8 million (0.6%) to S\$143.1 million. The increase was mainly due to higher atrium income as mall activities returned to normalcy in 1H 2023. NPI of S\$106.1 million for 1H 2023 was S\$0.1 million (0.1%) higher than 1H 2022.

PARAGON REIT announced distribution of 2.42 cents per Unit with respect to the distribution period for 1H 2023.

- E3. **5 February 2024.** PARAGON REIT announced its financial results for the financial year ended 31 December 2023 (“FY2023”). 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 performance from the Singapore Properties.

PARAGON REIT announced distribution of 2.60 cents per Unit with respect to the distribution period from 1 July 2023 to 31 December 2023.

- E4. **5 August 2024.** PARAGON REIT announced its financial results for the first half year ended 30 June 2024 (“1H 2024”). Gross revenue for 1H 2024 increased by S\$4.3 million (3.0%) to S\$147.4 million. The increase was mainly due to higher rental income which benefited from the positive rental reversion. NPI of S\$110.8 million for 1H 2024 was S\$4.8 million (4.5%) higher than 1H 2023.

PARAGON REIT announced distribution of 2.32 cents per Unit with respect to the distribution period for 1H 2024.

### Other significant events or announcements:

- A1. **27 February 2023.** PARAGON REIT issued 17,039,543 Units to the Paragon Manager as payment of management fees.
- A2. **28 February 2023.** PARAGON REIT announced that it will change its distribution frequency from quarterly distributions to half-yearly distributions with effect from FY2023.
- A3. **8 May 2023.** PARAGON REIT announced its first quarter key business and operational updates for FY2023 (“1QFY2023”) where gross revenue increase by 0.6% year-on-year (“y-o-y”) to S\$72.0 million and portfolio occupancy rate was 97.7%.
- A4. **29 May 2023.** PARAGON REIT issued 2,619,071 Units to the Paragon Manager as payment of management fees.
- A5. **19 July 2023.** PARAGON REIT announced that the Paragon Trustee has entered into an amended and restated facility agreement for a sustainability-linked term loan facility of up to S\$995.0 million.
- A6. **25 August 2023.** PARAGON REIT issued 1,382,108 Units to the Paragon Manager as payment of management fees.
- A7. **31 October 2023.** PARAGON REIT announced its third quarter key business and operational updates for FY2023 (“3QFY2023”) where gross revenue increased 1.2% y-o-y to S\$215.6 million and the portfolio occupancy rate was 98.1%.
- A8. **23 November 2023.** PARAGON REIT issued 1,536,230 Units to the manager as payment of management fees.
- A9. **14 February 2024.** PARAGON REIT issued 5,582,247 Units to the manager as payment of management fees.
- A10. **29 February 2024.** PARAGON REIT announced that it has declined the offer to acquire The Seletar Mall pursuant to the right of first refusal letter dated 9 July 2013 entered between the Paragon Trustee and the Sponsor. The Paragon Trustee and the Manager have considered 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.
- A11. **1 March 2024.** PARAGON REIT announced the grant of Units pursuant to its performance unit award scheme.

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- A12. **6 May 2024.** PARAGON REIT announced its first quarter key business and operational updates for FY2024 (“**1QFY2024**”) where gross revenue increased 3.0% y-o-y to S\$73.8 million and the portfolio occupancy rate was 98.1%.
- A13. **20 June 2024.** PARAGON REIT announced that it has entered into a sale and purchase agreement for the divestment of The Rail Mail for a cash consideration of S\$78.5 million.
- A14. **10 July 2024.** PARAGON REIT announced its intention to redeem 100% of the principal amount of the S\$300.0 million 4.10% subordinated perpetual securities.
- A15. **15 August 2024.** PARAGON REIT announced the completion of the divestment of The Rail Mail and a special distribution of 1.85 cents per Unit.
- A16. **7 November 2024.** PARAGON REIT announced its third quarter key business and operational updates for FY2024 (“**3QFY2024**”) where gross revenue increased 3.0% y-o-y to S\$223.0 million and the portfolio occupancy rate was 97.9%.
- A17. **22 November 2024.** PARAGON REIT announced that it has entered into a put and call option deed for the proposed divestment of Figtree Grove Shopping Centre.
- A18. **14 January 2025.** PARAGON REIT announced that the Purchaser has exercised the Call Option in relation to the proposed divestment of Figtree Grove Shopping Centre and entered into a sale and purchase agreement in respect of the divestment.
- A19. **31 January 2025.** PARAGON REIT announced the completion of divestment of Figtree Grove Shopping Centre for a cash consideration of A\$192.0 million.

Based on the chart above, we note that during the 2-year Lookback Period, the Units had traded no higher than the Scheme Consideration. The Scheme Consideration represents a premium of 10.1% to the last transacted Unit price of S\$0.890 on the Last Trading Day.

Prior to the 2-year Lookback Period, we noted that Morgan Stanley Asia (Singapore) Pte., for and on behalf of Cuscaden Peak Pte. Ltd. (“**CPPL**”), had on 29 April 2022 made a mandatory cash offer (“**2022 MGO**”) for the Units of PARAGON REIT (formerly known as SPH REIT) other those already owned, controlled or agreed to be acquired by CPPL and its concert parties, and all new Units unconditionally issued or to be issued prior to the final closing date of the 2022 MGO pursuant to the valid vesting and release of any outstanding awards granted under performance unit scheme, at S\$0.9372 in cash for each offer unit (“**MGO Offer Price**”). We note that the MGO Offer Price<sup>(2)</sup> represented a slight premium of 1.9% over the Adjusted NAV whereas the Scheme Consideration represented a premium of 7.1% over the Adjusted NAV. We recognise that the 2022 MGO was made in a different point in time where, *inter alia*, asset base, size and scale of business operations, risk profile, general business environment and future prospects of PARAGON REIT at that time was significantly different. Since the 2022 MGO, PARAGON REIT’s portfolio had become smaller as a result of the divestments of The Rail Mail and The Figtree Grove Shopping Centre. Furthermore, a special distribution of 1.85 cents per Unit was distributed to Unitholders from the divestment proceeds of The Rail Mail.

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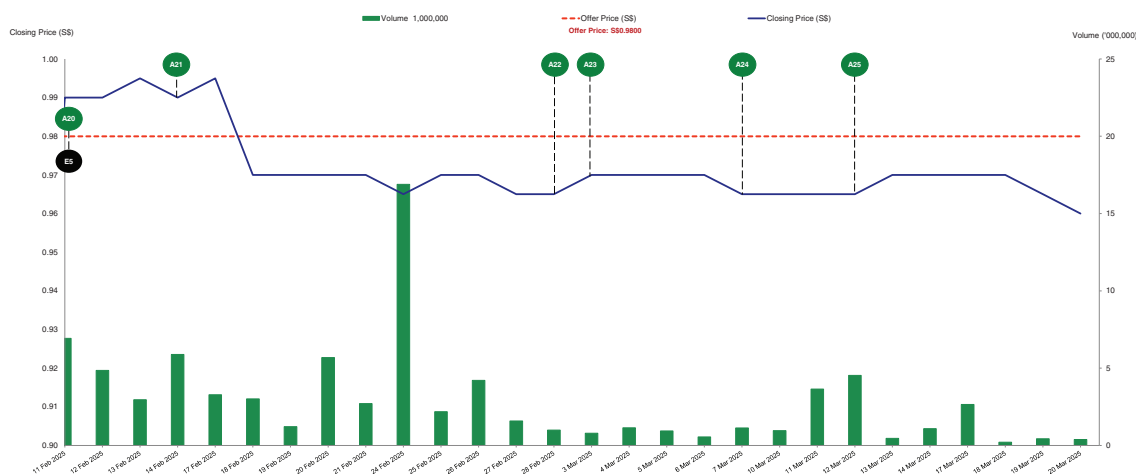
(2) PPCF, as the independent financial adviser in connection with the 2022 MGO, had opined that the MGO Offer Price was fair and reasonable.



## APPENDIX A – LETTER FROM THE PARAGON IFA TO THE PARAGON INDEPENDENT DIRECTORS AND TO THE PARAGON TRUSTEE IN RESPECT OF THE SCHEME

We set out below the daily closing price and daily trading volume of the Units for the period between the Joint Announcement Date and up to and including the Latest Practicable Date.

### Daily Closing Price and Daily Trading Volume of the Units for the period between the Joint Announcement Date and up to and including the Latest Practicable Date



Source: S&P Capital IQ and PARAGON REIT's announcements on the SGXNet

#### Earnings and distribution announcements:

E5. **11 February 2025.** PARAGON REIT announced its financial results for the financial year ended 31 December 2024 ("FY2024"). FY2024 gross revenue increased by S\$12.0 million (4.2%) to S\$301.0 million and NPI increased by S\$9.6 million (4.5%) to S\$224.7 million. Net income of S\$142.1 million for FY2024 was S\$4.5 million (3.3%) higher than FY2023. The improvement was mainly contributed by the positive rental revisions in Singapore partially offset by the rise in finance costs.

PARAGON REIT announced distribution of 2.33 cents per Unit with respect to the distribution period from 1 July 2024 to 31 December 2024.

#### Other significant events or announcements:

A20. **11 February 2025.** The Joint Announcement in relation to the proposed privatisation of PARAGON REIT by way of a Trust Scheme of Arrangement was announced.

A21. **14 February 2025.** PARAGON REIT announced the appointment of PrimePartners Corporate Finance Pte. Ltd. as the IFA to the Scheme.

A22. **28 February 2025.** PARAGON REIT announced that the Paragon Manager and the Paragon Trustee had entered into a fifth supplemental deed to allow for the electronic dissemination of any notice or document relating to any take-over offer of PARAGON REIT or rights issue by PARAGON REIT where permitted by any relevant laws, regulations and guidelines and/or any competent authority.

A23. **3 March 2025.** PARAGON REIT announced the grant of Units pursuant to its performance unit award scheme.

A24. **7 March 2025.** PARAGON REIT announced that the Court has directed that an application filed for leave to convene the Scheme Meeting be fixed for hearing at 10:00 a.m. on 12 March 2025.

A25. **12 March 2025.** PARAGON REIT announced that the Court has granted leave to convene the Scheme Meeting for the purposes of considering and, if thought fit, approving the Scheme.

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Between the Joint Announcement Date and up to and including the Latest Practicable Date, the Units had traded slightly above the Scheme Consideration during the cum distribution period and slightly below the Scheme Consideration during the ex distribution period.

We have also set out below the premium implied by the Scheme Consideration over the historical volume weighted average price (“VWAP”) and historical trading volume of the Units from 10 February 2023 (being the beginning of the 2-year Lookback Period) up to and including the Latest Practicable Date.

<b>Premium implied by the Scheme Consideration over VWAP<sup>(1)</sup></b>							
	VWAP (S\$)	Premium of Scheme Consideration over VWAP	Highest traded price (S\$)	Lowest traded price (S\$)	No. of Traded Days <sup>(2)</sup>	Average daily traded volume <sup>(3)</sup> ('000)	Average daily traded volume <sup>(3)</sup> as a percentage of free float <sup>(4)</sup>
<b>Periods up to and including the Last Trading Day</b>							
2-year	0.884	10.9%	0.975	0.790	501	1,001	0.09%
1-year	0.869	12.8%	0.940	0.810	250	1,122	0.10%
6-month	0.881	11.2%	0.940	0.855	127	1,407	0.13%
3-month	0.878	11.6%	0.895	0.860	63	749	0.07%
1-month	0.884	10.9%	0.895	0.875	20	725	0.07%
10 February 2025, being the Last Trading Day prior to the trading halt	0.890 <sup>(5)</sup>	10.1%	0.895	0.880	1	2,327	0.21%
<b>11 February 2025 and up to and including the Latest Practicable Date</b>							
11 February 2025 and up to and including the Latest Practicable Date	0.975	0.5%	0.995	0.965	27	2,906	0.27%
Latest Practicable Date	0.965 <sup>(5)</sup>	1.6%	0.970	0.965	1	390	0.04%

Source: Bloomberg L.P. and PPCF calculations

**Notes:**

- (1) VWAP is calculated based on the aggregate daily turnover value of the Units and aggregate daily traded volume of the Units for the relevant trading days for each relevant period as obtained from Bloomberg L.P., excluding off-market transactions.
- (2) Traded days refer to the number of days on which the Units were traded on the SGX-ST during that relevant period.

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- (3) The average daily traded volume of the Units is calculated based on the total volume of Units traded during the relevant periods, divided by the number of market days (excluding days with full day trading halts on the Units) during that relevant period.
- (4) Free float refers to approximately 1,093 million Units as set out in paragraph 4.1 of the Letter to Unitholders in the Scheme Document.
- (5) The price shown refers to the closing price of the Units.

Based on the above, we note the following:

- (i) The Scheme Consideration of S\$0.9800 represents premia of 10.9%, 12.8%, 11.2%, 11.6% and 10.9% over the VWAP of the Units for the 2-year, 1-year, 6-month, 3-month and 1-month periods prior to the release of the Joint Announcement respectively;
- (ii) The Scheme Consideration represents a premium of 10.1% over the closing price of the Units of S\$0.890 on the Last Trading Day;
- (iii) Between the Joint Announcement Date and up to and including the Latest Practicable Date, the Units had traded slightly above the Scheme Consideration during the cum distribution period and slightly below the Scheme Consideration during the ex distribution period and were last transacted at S\$0.965 on the Latest Practicable Date;
- (iv) During the 2-year Lookback Period, the Units were traded every day PARAGON REIT was open for trading on the SGX-ST but the average daily traded volume of the Units for the 2-year, 1-year, 6-month, 3-month, 1-month periods and the Last Trading Day prior to the release of the Scheme was very low, representing 0.09%, 0.10%, 0.13%, 0.07%, 0.07% and 0.21% of the free float of the Units respectively; and
- (v) Subsequent to the Joint Announcement Date and up to and including the Latest Practicable Date, the trading liquidity of the Units increased to an average daily traded volume of approximately 2.91 million Units, representing approximately 0.27% of PARAGON REIT's free float. As at the Latest Practicable Date, the average daily traded volume was approximately 0.39 million Units, representing approximately 0.04% of PARAGON REIT free float.

Based on the above observations, it appears likely that the market price and the trading volume of the Units have been supported by the Scheme subsequent to the release of the Joint Announcement. As such, there is no assurance that the market price and trading volume of the Units will be maintained at the prevailing level as at the Latest Practicable Date.

**Unitholders are advised that the historical trading performance of the Units should not, in any way, be relied upon as an indication or a promise of its future trading performance.**

We wish to highlight that the market valuation of units traded on a stock exchange may be affected by, *inter alia*, its relative liquidity, the size of its free float, the extent of research coverage, the investor interest it attracts, the prevailing economic conditions, economic outlook and the general market sentiment at a given point in time.

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### 7.2 Unit price performance relative to market index

To gauge the market price performance of the Units relative to the general share price performance of the Singapore equity market, we have compared the market price movement of the Units against the following indices:

- (a) FSTE Straits Times Index (the “**FSSTI**”), of which is a market capitalisation weighted index based on stocks of 30 representative companies listed on the Mainboard of the SGX-ST;
- (b) iEDGE S-REIT Index (the “**iEDGE S-REIT**”), which is a free-float market capitalisation weighted index that is widely regarded as Singapore’s S-REIT benchmark; and
- (c) FTSE EPRA Nareit Developed Index (the “**FNRE**”), which is a globally recognised benchmark that tracks the performance of listed REITs in developed markets and which PARAGON REIT is included.

We note that PARAGON REIT was dropped from the S&P Global BMI Index on 22 September 2024.

The FSSTI, iEDGE S-REIT and FNRE have been rebased to the closing price of the respective indices as at the beginning of the 2-year Lookback Period (being 10 February 2023) prior to the trading halt and release of the Joint Announcement. As a comparative, the rebased prices of the respective indices are multiplied by PARAGON REIT’s closing price as at the beginning of the 2-year Lookback Period (being 10 February 2023), to illustrate the relative trajectories of the respective indices vis-à-vis PARAGON REIT.

The market price performance of the Units relative to the rebased FSSTI, rebased iEDGE S-REIT and rebased FNRE for the period from 10 February 2023 up to and including the Latest Practicable Date, is illustrated below.

#### Unit Price Performance against Rebased FSSTI, Rebased iEDGE S-REIT and Rebased FNRE



Source: S&P Capital IQ and PPCF calculations

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We have also set out in the table below the movements in the last transacted prices of the Units and the rebased FSSTI, the rebased iEDGE S-REIT and the rebased FNRE between the Last Trading Day and the Latest Practicable Date:

	As at the Last Trading Day (S\$)	As at the Latest Practicable Date (S\$)	Percentage Change (%)
PARAGON REIT Units	0.8900	0.9650 <sup>(1)</sup>	8.4
Rebased iEDGE S-REIT	0.8146	0.8295	1.8
Rebased FSSTI	1.1127	1.1286	1.4
Rebased FNRE	0.9528	0.9423	(1.1)

Source: S&P Capital IQ, Bloomberg L.P. and PPCF calculations

**Note:**

(1) The market price of the Units at the Latest Practicable Date reflects the ex distribution price, excluding the 2H FY2024 Distribution of 2.33 Singapore cents.

Based on the above, we note the following:

- (i) For the 2-year period up to and including the Last Trading Day, the Units had generally performed below the rebased FSSTI, and the rebased FNRE during the period between 31 October 2023 and the Last Trading Day, whereas the Units had generally performed below the rebased iEDGE S-REIT during the period between 15 September 2023 and 8 April 2024; and
- (ii) From the Last Trading Day and up to the Latest Practicable Date, the market price of the Units had increased significantly to outperform the rebased iEDGE S-REIT, the rebased FSSTI and the rebased FNRE, having increased by approximately 8.4% as compared to the increase of approximately 1.8% and 1.4% in the rebased iEDGE S-REIT and the rebased FSSTI respectively over the same period, and the decrease of approximately 1.1% in the rebased FNRE over the same period.

The above observation reinforces our view that the market price of the Units appears to have been supported by the Scheme subsequent to the Joint Announcement Date. Unitholders should note that there is no assurance that the market price of the Units will be maintained at the prevailing level as at the Latest Practicable Date.

### 7.3 Financial information of PARAGON REIT

#### 7.3.1 Financial performance of PARAGON REIT

For the purpose of evaluating the financial terms of the Scheme, we have considered PARAGON REIT's audited financial statements for 12 months financial period from 1 January 2022 to 31 December 2022 ("12M FY2022") as PARAGON REIT had announced a change in its financial year-end from 31 August 2022 to 31 December 2022 on 29 July 2022 and the financial years ended 31 December ("FY") 2023 and 2024.

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A summary of the statement of total return and distribution statement of PARAGON REIT for 12M FY2022, FY2023, FY2024 is set out in the table below. The following summary statement of total return and distribution statement should be read in conjunction with the full text of the annual reports and the results announcements of PARAGON REIT in respect of the relevant financial periods including the notes thereto.

<b>Selected items from statements of total return and distribution statement</b>			
<b>(S\$'000)</b>	<b>12M FY2022 (Audited)<sup>(1)</sup></b>	<b>FY2023 (Audited)</b>	<b>FY2024 (Audited)</b>
Gross revenue	283,821	288,926	300,954
Property operating expenses	(72,326)	(73,857)	(76,232)
<b>Net property income</b>	<b>211,495</b>	<b>215,069</b>	<b>224,722</b>
<i>Net property income margin (%)</i>	<i>74.5%</i>	<i>74.4%</i>	<i>74.7%</i>
Manager's management fees	(21,091)	(21,208)	(21,968)
Investment management fees	(2,963)	(2,777)	(2,662)
Trustee's fees	(599)	(591)	(610)
Other trust expenses	(2,255)	(2,092)	(2,091)
Reversal of/(impairment loss) on trade receivables	815	(182)	316
Finance income	1,022	3,957	4,234
Finance costs	(28,293)	(54,595)	(59,877)
<b>Net income</b>	<b>158,131</b>	<b>137,581</b>	<b>142,064</b>
<i>Net income margin (%)</i>	<i>55.7%</i>	<i>47.6%</i>	<i>47.2%</i>
Fair value change on investment properties	2,271	10,436	175,646 <sup>(2)</sup>
Net foreign currency exchange (loss)/ gain	4,311	(814)	(348)
<b>Total return for the year before taxes and before distribution</b>	<b>164,713</b>	<b>147,203</b>	<b>317,362</b>
Less: income tax	(3,107)	(356)	(2,474)
<b>Total return for the year after taxes and before distribution</b>	<b>161,606</b>	<b>146,847</b>	<b>314,888</b>
Attributable to:			
– Unitholders of the trust	147,907	136,007	306,405
– Perpetual securities holders	12,300	12,300	8,189
– Non-controlling interests	1,399	(1,460)	294
	161,606	146,847	314,888
Distributions per unit in relation to the financial year (Singapore cents)	5.5 <sup>(3)</sup>	5.0	4.7 <sup>(4)</sup>

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Source: PARAGON REIT's financial results announcements for 12M FY2022 and FY2024 and annual report for FY2023.

**Notes:**

- (1) On 29 July 2022, PARAGON REIT announced a change in its financial year-end from 31 August 2022 to 31 December 2022. The review of the operating results is based on 12M FY2022 and FY2023 respectively.
- (2) The fair value change on investment properties comprise a fair value gain of S\$213.4 million contributed by investment properties in Singapore offset by a fair value loss of S\$37.8 million mainly due to 25 basis points capitalisation rate expansion for Westfield Marion Shopping Centre.
- (3) Including distributions relating to the pro-rated 2 months distributions per unit from 1 December 2021 to 31 December 2022 and distributions per unit for the period from 1 March 2022 to 31 December 2022.
- (4) The distributions per unit in relation to the financial year FY2024 excludes the special distribution of S\$0.0185 for the divestment of the Rail Mail ("**TRM Special Distribution**").

### Review of operating results

#### *12M FY2022 as compared to FY2023*

PARAGON REIT reported gross revenue of S\$288.9 million in FY2023, which was an increase of S\$5.1 million or 1.8% as compared to S\$283.8 million in 12M FY2022. PARAGON REIT also reported net property income of S\$215.1 million in FY2023 which was an increase of S\$3.6 million or 1.7% as compared to S\$211.5 million in 12M FY2022.

The net income of PARAGON REIT decreased by S\$20.6 million or 13.0% from S\$158.1 million in 12M FY2022 to S\$137.6 million in FY2023.

The total return attributable to Unitholders decreased by S\$11.9 million or 8.0% from a return of S\$147.9 million in 12M FY2022 to S\$136.0 million in FY2023.

The distributions per unit in relation to the financial year decreased by 0.5 Singapore cents from 5.5 Singapore cents in 12M FY2022 to 5.0 Singapore cents in FY2023.

#### *FY2023 as compared to FY2024*

PARAGON REIT reported gross revenue of S\$301.0 million in FY2024, which was an increase of S\$12.0 million or 4.2% as compared to S\$288.9 million in FY2023. PARAGON REIT also reported net property income of S\$224.7 million in FY2024 which was an increase of S\$9.7 million or 4.5% as compared to S\$215.1 million in FY2023.

The net income of PARAGON REIT increased by S\$4.5 million or 3.3% from S\$137.6 million in FY2023 to S\$142.1 million in FY2024.

The total return attributable to Unitholders increased by S\$170.4 million or 125.3% from a return of S\$136.0 million in FY2023 to S\$306.4 million in FY2024.

The distributions per unit in relation to the financial year decreased by 0.3 Singapore cents from 5.0 Singapore cents in FY2023 to 4.7 Singapore cents in FY2024.

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7.3.2 Financial position of PARAGON REIT

The statement of financial position of PARAGON REIT as at 31 December 2022, 31 December 2023 and 31 December 2024 is set out in the table below. The following statement of financial position of PARAGON REIT should be read in conjunction with the full text of the financial results announcement of PARAGON REIT.

<b>Statement of Financial Position (S\$'000)</b>	<b>As at 31 December 2022 (Audited)<sup>(1)</sup></b>	<b>As at 31 December 2023 (Audited)</b>	<b>As at 31 December 2024 (Audited)</b>
<b>Non-current assets</b>			
Plant and equipment	250	105	146
Investment properties	4,112,265	4,121,829	4,038,216
Derivative financial instruments	9,623	3,744	6,196
	4,122,138	4,125,678	4,044,558
<b>Current assets</b>			
Trade and other receivables	6,003	6,272	5,364
Derivative financial instruments	3,150	2,306	83
Cash and cash equivalents	125,601	134,467	105,703
	134,754	143,045	111,150
Asset held for sale <sup>(2)</sup>	–	–	158,816
	134,754	143,045	269,966
<b>Total assets</b>	4,256,892	4,268,723	4,314,524
<b>Non-current liabilities</b>			
Borrowings	1,176,653	1,045,647	989,399
Derivative financial instruments	3,294	4,923	2,460
Trade and other payables	38,283	39,305	44,000
Deferred tax liabilities	2,206	–	–
	1,220,436	1,089,875	1,035,859
<b>Current liabilities</b>			
Borrowings	94,974	223,042	537,454
Derivative financial instruments	–	515	1,616
Trade and other payables	62,382	64,056	64,132
Provision for taxation	–	–	135
	157,356	287,613	603,337



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<b>Statement of Financial Position (S\$'000)</b>	<b>As at 31 December 2022 (Audited)<sup>(1)</sup></b>	<b>As at 31 December 2023 (Audited)</b>	<b>As at 31 December 2024 (Audited)</b>
Liabilities directly associated with the asset held for sale	–	–	479
	157,356	287,613	603,816
Total liabilities	1,377,792	1,377,488	1,639,675
Net assets	2,879,100	2,891,235	2,674,849
Represented by:			
Unitholders' funds	2,563,069	2,577,559	2,664,274
Perpetual securities holders' fund	302,035	302,035	–
Non-controlling interests	13,996	11,641	10,575
	2,879,100	2,891,235	2,674,849
Units in issue as at the end of the financial period ('000)	2,810,851	2,833,428	2,839,010
<b>NAV as represented by Unitholders' funds per Unit (S\$)</b>	<b>0.9118</b>	<b>0.9097</b>	<b>0.9385</b>

Source: PARAGON REIT's annual report for FY2023 and financial results announcement for FY2024.

**Notes:**

- (1) On 29 July 2022, PARAGON REIT announced a change in its financial year-end from 31 August 2022 to 31 December 2022.
- (2) On 22 November 2024, PARAGON REIT announced that it had entered into a put and call option deed to divest an investment property, Figtree Grove Shopping Centre in Australia, to a third party. As at 31 December 2024, the investment property was reclassified as asset held for sale and is valued based on the agreed selling price of \$162.3 million (A\$192.0 million) with the buyer. The sale was completed on 31 January 2025. It is assumed that no post balance sheet event adjustments are required in relation to the effects of the sale of Figtree Grove Shopping Centre on PARAGON REIT's NAV as at 31 December 2024.

Assets

As at 31 December 2024, PARAGON REIT has total assets of S\$4.3 billion comprising non-current assets of S\$4.0 billion and current assets of S\$270.0 million, representing 93.7% and 6.3% of total assets respectively.

The non-current assets of PARAGON REIT comprised mainly investment properties of S\$4.0 billion representing 93.6% of total assets. The Paragon Properties relate to the assets in Singapore and Australia namely, Paragon, The Clementi Mall and Westfield Marion Shopping Centre. The Paragon Properties were carried at market value as at 31 December 2024 based on independent valuations conducted by the Valuers.

The current assets of PARAGON REIT comprised mainly cash and cash equivalents of S\$105.7 million, representing 2.4% of total assets.

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PARAGON REIT's total assets also included S\$158.8 million of asset held for sale. PARAGON REIT entered into a put and call option deed with a purchaser to divest the FigTree Trust's interest in Figtree Grove Shopping Centre. The divestment was completed on 31 January 2025.

### Liabilities and Net Assets

As at 31 December 2024, PARAGON REIT has total liabilities of S\$1.6 billion comprising non-current liabilities of S\$1.0 billion and current liabilities of S\$603.8 million, representing 63.2% and 36.8% of total liabilities respectively.

The liabilities of PARAGON REIT comprised mainly borrowings of S\$1.5 billion representing 93.1% of total liabilities. The borrowings relate to secured term loans secured by way of mortgage against, *inter alia*, Paragon, Figtree Grove Shopping Centre and PARAGON REIT's 50% interest in Westfield Marion Shopping Centre. The loan secured against Figtree Grove Shopping Centre has been fully repaid upon the completion of divestment on 31 January 2025. The carrying amount of the borrowings have been adjusted for unamortised transaction costs.

PARAGON REIT's net assets are represented by S\$2.7 billion of Unitholders' funds, and S\$10.6 million of non-controlling interests representing 99.6% and 0.4% of net assets respectively.

### 7.3.3 Cash flows of PARAGON REIT

A summary of the consolidated statement of cash flows of PARAGON REIT for 12M FY2022, FY2023 and FY2024 is set out in the table below. The following summary consolidated statement of cash flows should be read in conjunction with the full text of the results announcements and annual reports of PARAGON REIT in respect of the relevant financial years including the notes thereto.

<b>Summary Consolidated Statement of Cash Flows</b>			
<b>(\$'000)</b>	<b>12M FY2022 (Unaudited)<sup>(1)</sup></b>	<b>FY2023 (Audited)</b>	<b>FY2024 (Audited)</b>
Net cash from operating activities	213,274	192,155	199,158
Net cash from/(used in) investing activities	(11,280)	(2,861)	61,697
Net cash used in financing activities	(194,070)	(180,837)	(289,399)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>7,924</b>	<b>8,457</b>	<b>(28,544)</b>

Source: PARAGON REIT's financial results announcements for 12M FY2022 and FY2024 and annual report for FY2023.

#### Note:

(1) During the financial period, PARAGON REIT changed its financial year end from 31 August to 31 December. The review of the statement of cash flows is based on 12M FY2022.

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### 12M FY2022

During FY2022, PARAGON REIT recorded net cash from operating activities of S\$213.3 million which was mainly attributable to PARAGON REIT's operating cash flow before working capital changes of S\$208.6 million and decrease in trade and other receivables of S\$9.3 million.

The net cash used in investing activities of S\$11.3 million was mainly due to additions to investment properties of S\$12.3 million, but partially offset by interest received to S\$1.0 million.

The net cash used in financing activities of S\$194.1 million was mainly attributable to S\$154.8 million in distribution to Unitholders and S\$25.2 million in interest paid.

As a result of the above cash movements, PARAGON REIT's net cash and cash equivalents increased by S\$7.9 million.

### FY2023

During FY2023, PARAGON REIT recorded net cash from operating activities of S\$192.2 million which was mainly attributable to PARAGON REIT's operating cash flow before working capital changes of S\$198.8 million and decrease in trade and other payables of S\$3.6 million.

The net cash used in investing activities of S\$2.9 million was mainly due to additions to investment properties of S\$6.8 million, but partially offset by interest received of S\$4.0 million.

The net cash used in financing activities of S\$180.8 million was mainly attributable to S\$116.8 million in distribution to Unitholders and S\$50.9 million in interest paid.

As a result of the above cash movements, PARAGON REIT's net cash and cash equivalents increased by S\$8.5 million.

### FY2024

During FY2024, PARAGON REIT recorded net cash from operating activities of S\$199.2 million which was mainly attributable to PARAGON REIT's operating cash flow before working capital changes of S\$192.5 million and increase in trade and other payables of S\$7.5 million.

The net cash from investing activities of S\$61.7 million was mainly a result of proceeds from divestment of investment property of S\$76.2 million, but partially offset by additions to investment properties of S\$18.4 million.

The net cash used in financing activities of S\$289.4 million was mainly attributable to S\$192.2 million in distribution to Unitholders, S\$25.0 million in payment of bank loan and S\$58.8 million in interest paid.

As a result of the above cash movements, PARAGON REIT's net cash and cash equivalents decreased by S\$28.5 million.

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### 7.4 NAV per Unit, Adjusted NAV per Unit and Ex-cash Adjusted NAV per Unit

#### 7.4.1 NAV per Unit

The NAV of a group refers to the aggregate value of all the assets in their existing condition, net of non-controlling interests and all liabilities. The NAV approach may provide an estimate of the value of a group assuming the hypothetical sale of its assets over a reasonable period of time, the proceeds of which would first be used to settle liabilities of that group with the balance available for distribution to its Unitholders. Therefore, the net assets of a group are perceived as providing support for the value of its equity. Given the asset-intensive nature of PARAGON REIT's leasing-related business model and activities, we have focused on the asset-based valuation approach (as opposed to other valuation approaches) for the purpose of evaluating the financial terms of the Scheme.

Notwithstanding the foregoing, Unitholders should note that an analysis based on the NAV provides an estimate of the value of PARAGON REIT based on a hypothetical scenario, and such hypothetical scenario is assumed to be made without considering factors such as, *inter alia*, time value of money, market conditions, legal and professional fees, liquidation costs, contractual obligations, any regulatory requirements and availability of potential buyers, which may in theory, alter the NAV that can be realised. While the asset base of PARAGON REIT can be a basis for valuation, such a valuation does not necessarily imply a realisable market value as the market value of the assets and liabilities may vary depending on prevailing market and economic conditions.

A summary of the financial position of PARAGON REIT as at 31 December 2024 is set out below:

Summary Statement of Financial Position	Audited as at 31 December 2024 (S\$'000)	Contribution to total assets (%)
<b>Non-current assets</b>		
Plant and equipment	146	<i>n.m.</i> <sup>(1)</sup>
Investment Properties	4,038,216	93.6
– 100% of Paragon in Singapore		
– 100% of The Clementi Mall in Singapore		
– 50% of Westfield Marion Shopping Centre in Australia		
Derivative financial instruments	6,196	0.1
<b>Current assets</b>		
Trade and other receivables	5,364	0.1
Derivative financial instruments	83	<i>n.m.</i> <sup>(1)</sup>
Cash and cash equivalents	105,703	2.4
Asset held for sale	158,816	3.7
<b>Total assets</b>	<b>4,314,524</b>	

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<b>Summary Statement of Financial Position</b>	<b>Audited as at 31 December 2024 (S\$'000)</b>	<b>Contribution to total assets (%)</b>
Non current liabilities	1,035,859	–
Current liabilities	603,816	–
<b>Total liabilities</b>	<b>1,639,675</b>	<b>–</b>
<b>Unitholders' funds</b>	<b>2,664,274</b>	
Units in issue as at the end of the financial period (‘000)	2,839,010	
<b>NAV as represented by Unitholders' funds per Unit (S\$)</b>	<b>0.9385</b>	

**Note:**

(1) n.m. denotes not meaningful.

The P/NAV ratio illustrates the comparison between a company's stock price or market value versus the book value of the company's shareholders' equity as indicated on its balance sheet.

Based on PARAGON REIT's NAV per Unit of S\$0.9385 as at 31 December 2024, the Scheme Consideration represents a slight premium of 4.4% over the NAV per Unit and the P/NAV ratio of PARAGON REIT as implied by the Scheme Consideration of **1.04 times**. As there are no intangible assets, the net tangible asset (“**NTA**”) of PARAGON REIT is equivalent to its NAV.

#### 7.4.2 Adjusted NAV per Unit

The Paragon Manager had, on 11 February 2025, declared a distribution of 2.33 Singapore cents for each Unit in cash (the “**2H FY2024 Distribution**”), in respect of the six (6) month period ended 31 December 2024 (“**2H 2024**”).

The Scheme Consideration will not be reduced or otherwise adjusted for the 2H FY2024 Distribution. Accordingly, in the event the Scheme becomes effective in accordance with its terms, the Minority Unitholders who have become entitled to the 2H FY2024 Distribution shall have the right to retain the 2H FY2024 Distribution in addition to the Scheme Consideration.

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<b>Adjustments to the NAV (S\$'000, unless otherwise indicated)</b>	<b>As at 31 December 2024</b>
NAV represented by Unitholders' funds	2,664,274
Less: 2H FY2024 Distribution	66,149
Adjusted NAV represented by Unitholders' funds	2,598,125
Units in issue as at the Latest Practicable Date ('000)	2,839,010
Adjusted NAV as represented by Unitholders' funds per Unit (S\$)	0.9152
<b>P/Adjusted NAV as implied by the Scheme Consideration</b>	1.07 times
<b>Premium to of Scheme Consideration over the Adjusted NAV per Unit</b>	7.1%

Based on PARAGON REIT's Adjusted NAV per Unit of S\$0.9152 as at 31 December 2024, the Scheme Consideration represents a premium of 7.1% over the Adjusted NAV per Unit and the P/Adjusted NAV ratio of PARAGON REIT as implied by the Scheme Consideration of 1.07 times.

Save as disclosed above, the Management has confirmed that they are not aware of any other post balance sheet events which may have a material impact on the NAV of PARAGON REIT.

#### 7.4.3 Ex-cash Adjusted NAV per Unit

PARAGON REIT recorded adjusted cash and cash equivalents attributable to Unitholders of approximately S\$39.3 million as at 31 December 2024, representing S\$0.0139 per Unit and accounting for approximately 1.5% of the Adjusted NAV of PARAGON REIT as at 31 December 2024. We have also considered PARAGON REIT's ex-cash Adjusted NAV below in line with the NAV approach which assumes a hypothetical sale of its assets over a reasonable period of time.

After deducting the adjusted cash and cash equivalents from the adjusted NAV, we note that the ex-cash adjusted NAV of PARAGON REIT as at 31 December 2024 was approximately S\$2.56 billion or S\$0.9013 per Unit (the "**Ex-cash Adjusted NAV per Unit**").

The Scheme Consideration as adjusted for adjusted cash and cash equivalents of S\$0.0139 per Unit, is S\$0.9661 per Unit and represents a premium of 7.2% over the Ex-cash Adjusted NAV per Unit.

#### 7.4.4 Independent Valuation

The Valuers had carried out independent valuations of all the Paragon Properties held by PARAGON REIT in Singapore and Australia as at 31 December 2024 for the purpose of financial reporting. Copies of the Valuation Certificates are attached in Appendix F to the Scheme Document.

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In arriving at the as-is market value of the Paragon Properties, the Valuers had used the Income Capitalisation Method and discounted cash flow analysis.

The market value of the Paragon Properties has been incorporated in the carrying values of these properties in PARAGON REIT's audited financial statements for FY2024. The Paragon Manager did not commission another independent valuation of the Paragon Properties for the purpose of the Scheme in view of the recent valuation carried out.

We note that the Valuers have recommended that market value assessments be reviewed periodically if required as the market conditions can change rapidly and therefore they are unable to provide assurance that the valuation assessment provided will remain valid in the future.

Save as disclosed above and the announcements released by the Paragon Manager on the SGXNet, the Management and Paragon Independent Directors confirm that, to the best of their knowledge and based on information made available to them, as at the Latest Practicable Date:

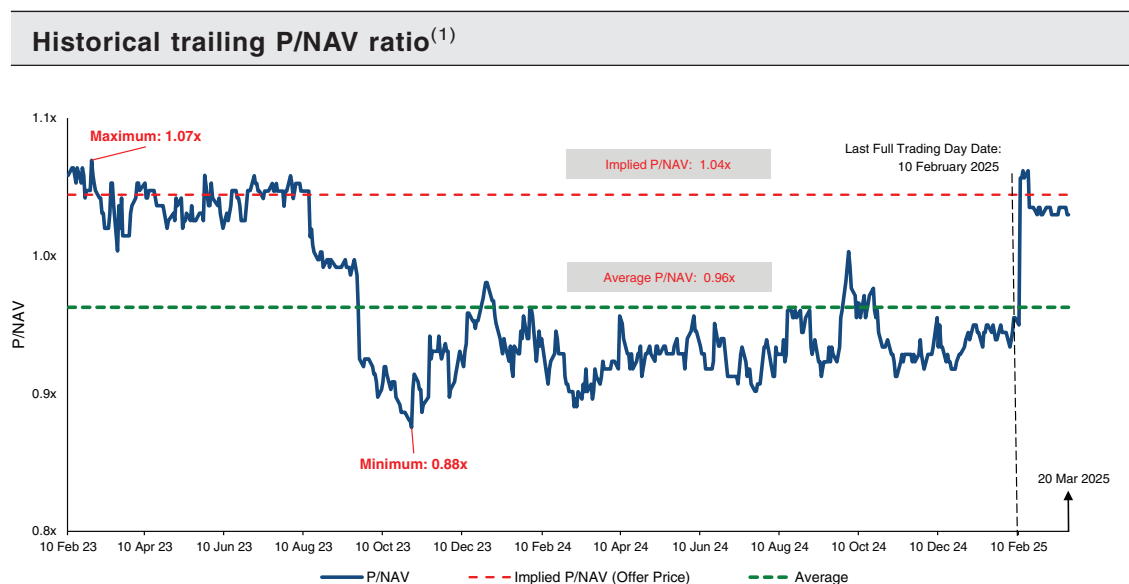
- (a) there are no other material differences between the realisable value of PARAGON REIT's assets as at the Latest Practicable Date and their respective book values as at 31 December 2024, which would result in a material impact on the NAV of PARAGON REIT between 31 December 2024 and the Latest Practicable Date;
- (b) they are not aware of any new circumstances between 31 December 2024 and the Latest Practicable Date, which may cause the NAV of PARAGON REIT as at the Latest Practicable Date to be materially different from that recorded in the audited Statement of Financial Position of PARAGON REIT as at 31 December 2024;
- (c) there have been no material disposals or acquisitions of assets by PARAGON REIT between 31 December 2024 and the Latest Practicable Date, PARAGON REIT does not have any other plans for any impending material disposal or acquisition of assets, conversion of the use of PARAGON REIT's material assets and/or material change in the nature of PARAGON REIT's business between 31 December 2024 and the Latest Practicable Date;
- (d) there are no contingent liabilities, bad or doubtful debts or impairment losses or material events arising between 31 December 2024 and the Latest Practicable Date which are likely to have a material impact on the audited NAV of PARAGON REIT as at 31 December 2024;
- (e) there are no litigation, claim or proceedings pending or threatened against PARAGON REIT or of any fact likely to give rise to any proceedings between 31 December 2024 and the Latest Practicable Date which would have an adverse material impact on the financial position of PARAGON REIT as at 31 December 2024; and
- (f) there are no other intangible assets as at the Latest Practicable Date which ought to be disclosed in the Statement of Financial Position in accordance with the Statement of Recommended Accounting Practice ("**RAP**") 7 "*Reporting Framework for Unit Trusts*" and which have not been disclosed that would have a material impact on the audited NAV of PARAGON REIT as at 31 December 2024.

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We have not made any independent evaluation or appraisal of the assets and liabilities of PARAGON REIT. We are also not experts in the evaluation or appraisal of the assets concerned and we have placed sole reliance on the independent valuations conducted by the Valuers for such appraisal and have not made any independent verification of the contents thereof. In particular, we do not assume any responsibility to enquire about the basis of the valuation contained in their Valuation Certificates or if the contents thereof have been prepared and/or included in the Scheme Document in accordance with all applicable regulatory requirements and professional standards including the Code and the International Valuation Standards.

### 7.5 Historical trailing P/NAV ratio of the Units

We have compared the P/NAV of the Units as implied by the Scheme Consideration of 1.04 times against the historical trailing P/NAV of the Units (based on the daily closing prices of the Units and PARAGON REIT’s trailing announced NAV per Unit) for the 2-year Lookback Period up to and including the Latest Practicable Date.



Source: S&P Capital IQ and PPCF calculations

**Note:**

- (1) P/NAV ratio of the Units implied by the Scheme Consideration (using the latest NAV per Unit computed based on PARAGON REIT’s audited FY2024 financial results announcement) against the trailing P/NAV of the Units computed based on the corresponding NAV as represented by Unitholders’ funds for each financial reporting period as reported by PARAGON REIT in its interim and full-year financial results announcements.



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The average, minimum and maximum of the historical trailing P/NAV of the Units from 10 February 2023 (being the beginning of the 2-year Lookback Period) up to and including the Latest Practicable Date are set out below:

<b>Historical trailing P/NAV ratio of the Units</b>			
	<b>Historical trailing P/NAV (times)</b>		
	<b>Average</b>	<b>Maximum</b>	<b>Minimum</b>
<b>Periods up to and including the Last Trading Day</b>			
2-year	0.96	1.07	0.88
1-year	0.93	1.00	0.89
6-month	0.94	1.00	0.91
3-month	0.94	0.96	0.92
1-month	0.95	0.96	0.93
10 February 2025, being the Last Trading Day prior to the trading halt	0.95	0.95	0.95
<b>11 February 2025 and up to and including the Latest Practicable Date</b>			
11 February 2025 and up to and including the Latest Practicable Date	1.04	1.06	1.03
Latest Practicable Date	1.03	1.03	1.03

*Source: S&P Capital IQ, financial results announcements of PARAGON REIT and PPCF calculations*

Based on the above, we note that:

- (a) for the 1-month, 3-month, 6-month, 1-year and 2-year periods up to and including the Last Trading Day prior to the Joint Announcement, the implied P/NAV of 1.04 times is above the average historical trailing P/NAV ratio of the Units of 0.95 times, 0.94 times, 0.94 times, 0.93 times and 0.96 times respectively;
- (b) after the Joint Announcement Date and up to and including the Latest Practicable Date, the implied P/NAV of 1.04 times is in line with the average historical trailing P/NAV ratio of the Units of 1.04 times; and
- (c) as at Latest Practicable Date, the implied P/NAV of 1.04 times is slightly above the historical trailing P/NAV ratio of the Units of 1.03 times.

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**7.6 Valuation ratios of selected listed property investment trusts broadly comparable to PARAGON REIT**

For the purpose of evaluating the financial terms of the Scheme, we have made reference to the valuation ratios of selected property investment trusts listed on the SGX-ST which we consider to be broadly comparable to PARAGON REIT (the “**Comparable REITs**”), to get an indication of the current market expectations with regard to the perceived valuation of PARAGON REIT.

We have held discussions with the Management about the suitability and reasonableness in selecting the Comparable REITs for comparison with PARAGON REIT. We have taken reference from the list of Retail REITs trade sector as defined by REIT Association of Singapore (“**REITAS**”) and selected other Comparable REITs which have investment exposure that are largely similar to the investment exposure of PARAGON REIT, namely a significant exposure to retail real estate investments in Singapore and/or Australia.

Relevant information has been extracted from S&P Capital IQ, publicly available annual reports and/or public announcements of the Comparable REITs. We make no representations or warranties, expressed or implied, as to the accuracy or completeness of such information.

In evaluating these Comparable REITs, we have applied and used the following valuation ratios:

<b>Valuation ratios</b>	<b>General descriptions</b>
<b>P/NAV</b>	“ <b>P/NAV</b> ” or “ <b>price-to-NAV</b> ” illustrates the comparison between a company’s stock price or market value versus the book value of the company’s total shareholders’ common equity as indicated on its balance sheet. Comparisons of companies using their book NAVs are affected by differences in their respective accounting policies, in particular their depreciation and asset valuation policies. Nonetheless, for a REIT, P/NAV is a primary valuation metric as NAV represents the fundamental value of the underlying real estate business.
<b>LTM Distribution Yield</b>	“ <b>LTM Distribution Yield</b> ” illustrates the aggregate DPU amount that is attributed to Unitholders in relation to the preceding four (4) quarters, divided by the current unit price.

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Brief descriptions of the Comparable REITs are set out below:

<b>Name</b>	<b>Business description</b>
CapitaLand Integrated Commercial Trust (“ <b>CICT</b> ”)	<p>CICT is the first REIT listed on the SGX-ST since July 2002, CICT is a office/retail focused REIT.</p> <p>As at 31 December 2024, CICT’s portfolio consisted of 21 properties in Singapore, two properties in Frankfurt, Germany and three properties in Sydney, Australia with a total property value of S\$26.0 billion.</p> <p>CICT’s retail portfolio in Singapore includes Bedok Mall, Bugis+, Bugis Junction, Bukit Panjang Plaza, Clarke Quay, IMM Building, ION Orchard, ION Orchard Link, Junction 8, Lot One Shoppers’ Mall, Tampines Mall and Westgate.</p>
Mapletree Pan Asia Commercial Trust (“ <b>MPACT</b> ”)	<p>Listed on the SGX-ST since 27 April 2011, MPACT is a office/retail focused REIT.</p> <p>As at 31 December 2024, MPACT’s total assets under management was S\$15.7 billion with total NLA of 10.5 million sq feet, comprising 17 commercial properties across five key gateway markets of Asia – four in Singapore, one in Hong Kong, two in China, nine in Japan and one in South Korea.</p> <p>MPACT’s portfolio in Singapore includes VivoCity, Mapletree Business City, mTower, and Bank of America Merrill Lynch HarbourFront with a total NLA of 4.7 million sq feet and valued at approximately S\$8.4 billion.</p>

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Name	Business description
Frasers Centrepoint Trust (“FCT”)	<p>Listed on the SGX-ST since 5 July 2006, FCT is a retail focused REIT and one of the largest suburban retail mall owners in Singapore.</p> <p>As at 31 December 2024, FCT’s portfolio consisted of 9 suburban retail malls with a total retail portfolio NLA of 2.7 million sq feet and approximately S\$7.1 billion in assets under management.</p> <p>FCT’s portfolio includes Causeway Point, Northpoint City North Wing (including Yishun 10 Retail Podium), Tampines 1, Tiong Bahru Plaza, Century Square, NEX (50%-interest), Waterway Point (50%-interest), White Sands and Hougang Mall.</p> <p>FCT also owns an office building being Central Plaza, which is integrated with Tiong Bahru Plaza as part of the mixed development, and a 31.15% stake in Hektar Real Estate Investment Trust, a retail-focused REIT in Malaysia listed on the Main Market of Bursa Malaysia Securities Berhad.</p>
Lendlease Global Commercial REIT (“LREIT”)	<p>Listed on the SGX-ST since 2 October 2019, LREIT is a office/retail focused REIT.</p> <p>As at 31 December 2024, LREIT’s portfolio consisted of 5 retail and office buildings with a total NLA of 1.3 million square feet (“sq ft”) and valued at approximately S\$3.7 billion.</p> <p>LREIT’s portfolio includes JEM and 313@Somerset in Singapore and Sky Complex in Milan, Italy. Other investments include development of a multifunctional event space on a site adjacent to 313@Somerset.</p> <p>LREIT owns 10.0% of the shares in Parkway Parade Partnership Pte. Ltd., which holds an indirect 100% interest in 291 strata lots in Parkway Parade, representing 77.09% of the total share value of the strata lots in Parkway Parade. Parkway Parade is an integrated office and retail development located in Marine Parade, Singapore.</p>

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Name	Business description
Starhill Global Real Estate Investment Trust (“ <b>Starhill</b> ”)	<p>Listed on the SGX-ST since 20 September 2005, Starhill is a retail focused REIT.</p> <p>As at 31 December 2024, Starhill’s portfolio consisted of 9 mid to high end predominantly retail properties valued at approximately S\$2.8 billion.</p> <p>Starhill’s portfolio includes Wisma Atria and Ngee Ann City in Singapore, The Starhill and Lot 10 in Malaysia, Myer Centre Adelaide, David Jones Building and Plaza Arcade in Australia, a four-storey building in China and Ebisu Fort in Japan.</p>

Source: S&P Capital IQ

We wish to highlight that the Comparable REITs are not exhaustive and we recognise that there may not be any REIT which we may consider to be identical to PARAGON REIT in terms of, *inter alia*, geographical spread, composition of business activities, customer base, size and scale of business operations, risk profile, asset base, market capitalisation, valuation methodologies adopted, accounting policies, track record, future prospects, market/industry size, political risk, competitive and regulatory environment, tax factors, financial positions and other relevant criteria and that such businesses may have fundamentally different annual profitability objectives. The Paragon Independent Directors should note that any comparison made with respect to the Comparable REITs herein is strictly limited in scope and merely serves to provide an illustrative perceived market valuation of PARAGON REIT as at the Latest Practicable Date.

We set out below the valuation statistics for the Comparable REITs based on their last transacted unit prices as at the Latest Practicable Date.

Comparable REITs	Market Capitalisation <sup>(1)</sup> (S\$'million)	Gearing (%) <sup>(2)</sup>	P/Adjusted NAV <sup>(3)</sup> (times)	LTM Distribution Yield <sup>(4)</sup> (%)
CICT <sup>(5)</sup>	15,286	38.5	1.00	5.2
MPACT <sup>(6)</sup>	6,584	38.2	0.73	6.7
FCT <sup>(7)</sup>	4,000	39.3	0.99	5.5
LREIT <sup>(8)</sup>	1,243	40.8	0.71	7.0
Starhill <sup>(9)</sup>	1,146	36.2	0.72	7.3
			<b>High</b>	1.00
			<b>Low</b>	0.71
			<b>Mean</b>	0.83
			<b>Median</b>	0.73
				7.3
				5.2
				6.3
				6.7

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Comparable REITs	Market Capitalisation <sup>(1)</sup> (S\$'million)	Gearing (%) <sup>(2)</sup>	P/Adjusted NAV <sup>(3)</sup> (times)	LTM Distribution Yield <sup>(4)</sup> (%)
<b>PARAGON REIT (as implied by the Scheme Consideration)</b>	2,782	35.3	1.07	4.7 <sup>(10)</sup>

Source: SGXNet, S&P Capital IQ and the relevant announcements by the Comparable REITs on SGXNet

**Notes:**

- (1) Market capitalisation of the Comparable REITs is based on their respective last transacted prices as at the Latest Practicable Date as extracted from S&P Capital IQ.
- (2) The gearing ratio as at 31 December 2024 as reported in the latest business update of the Comparable REITs.
- (3) P/ANAV is computed by dividing the respective market capitalisation by the latest NAV of the Comparable REITs as reported in the latest financial results announcement, and adjusted for post balance sheet events after 31 December 2024.
- (4) LTM Distribution Yield is computed by dividing the distributions declared in respect of the preceding four (4) quarters of the Comparable REITs as reported in the relevant announcements or annual reports by the respective closing price as at the Latest Practicable Date.
- (5) CICT NAV as at 31 December 2024 is adjusted for the distribution of S\$0.0329 in respect of the period from 12 September 2024 to 31 December 2024 to be paid on 21 March 2025.
- (6) MPACT NAV as at 31 December 2024 is adjusted for the distribution of S\$0.0200 in respect of the period from 1 October 2024 to 31 December 2024 to be paid on 7 March 2025.
- (7) FCT NAV as at 30 September 2024 is adjusted for the distribution of S\$0.0602 in respect of the period from 1 April 2024 to 30 September 2024 and paid on 29 November 2024.
- (8) LREIT NAV as at 31 December 2024 is adjusted for the distribution of S\$0.018 in respect of the period from 1 July 2024 to 31 December 2024 to be paid on 28 March 2025.
- (9) Starhill NAV as at 31 December 2024 is adjusted for the distribution of S\$0.018 in respect of the period from 1 July 2024 to 31 December 2024 to be paid on 25 March 2025.
- (10) LTM distribution yield of PARAGON REIT is based on the total distribution per Unit for FY2024 of Paragon REIT, excluding the special distribution of S\$0.0185 for the divestment of the Rail Mail ("**TRM Special Distribution**"), divided by the Scheme Consideration.

For illustration purposes only, we note that based on the Scheme Consideration:

- (a) the P/Adjusted NAV as implied by the Scheme Consideration of PARAGON REIT of 1.07 times is above the range of the P/Adjusted NAV ratios of the Comparable REITs and above the mean and median P/Adjusted NAV ratios of the Comparable REITs of 0.83 times and 0.73 times respectively; and
- (b) the LTM Distribution Yield of 4.7% is below the range, mean and median of LTM Distribution Yields of Comparable REITs. Please refer to paragraph 7.10 of this letter for further information in relation to the distribution track record and analysis.

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### 7.7 Precedent merger and/or acquisition transactions of REITs involving Singapore-based acquirers or targets

For the purpose of our evaluation of the financial terms of the Scheme, we have also compared the valuation statistics implied by the Scheme Consideration *vis-à-vis* recently completed merger and/or acquisition transactions with cash and/or cash and scrip consideration of equity interest in REITs and/or business trusts in the preceding 10 calendar years up to and including the Latest Practicable Date with implied values above S\$500 million that involved a Singapore-based acquirer or target (“**Precedent M&A Transactions**”). However, publicly available information on these Precedent M&A Transactions may be limited and may not include the relevant financial information necessary for our comparison purposes.

Relevant information has been extracted from S&P Capital IQ, the relevant company websites, and/or public announcements of the Precedent M&A Transactions, where available. We make no representations or warranties, expressed or implied, as to the accuracy or completeness of such information. The details on the selected Precedent M&A Transactions are set out below:

Completion Date	Target REIT/Trust	Description and Background
21 July 2022	Mapletree North Asia Commercial Trust (“ <b>MNACT</b> ”)	<p>Listed on the SGX-ST since 7 March 2013, MNACT is the first and only North Asia focused commercial REIT.</p> <p>As at 31 December 2021, MNACT had a portfolio of 13 properties, including 10 properties located in China, Hong Kong SAR, Japan and South Korea, with a total net lettable area of 5.9 million sq ft.</p> <p>On 31 December 2021, the respective boards of directors of Mapletree Commercial Trust (“<b>MCT</b>”) and MNACT jointly announced the proposed merger of MCT and MNACT.</p> <p>The proposed scheme consideration valued MNACT at approximately S\$4.2 billion comprising:</p> <ul style="list-style-type: none"> <li>(i) scrip-only consideration of 0.5963 consideration units at the scheme issue price of S\$2.0039; or</li> <li>(ii) cash-and-scrip consideration of S\$0.1912 in cash and 0.5009 consideration units at the scheme issue price of S\$2.0039; or</li> <li>(iii) cash-only consideration of S\$1.1949 in cash.</li> </ul> <p>The scheme became effective on 21 July 2022.</p>

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Completion Date	Target REIT/Trust	Description and Background
31 March 2021	Soilbuild Business Space REIT (“ <b>Soilbuild</b> ”)	<p>Listed on the SGX-ST since 16 August 2013, Soilbuild is an industrial REIT focused on business spaces.</p> <p>As at 30 September 2020, Soilbuild’s portfolio comprised of 13 business space properties located across Singapore and Australia.</p> <p>On 14 December 2020, the respective boards of SB REIT Management Pte. Ltd. and Clay Holdings III Limited (“<b>Clay</b>”) jointly announced the proposed acquisition of all the remaining 69.7% of issued units in Soilbuild from DBS Bank Ltd. and other unitholders for approximately S\$490 million which shall be effected by way of a trust scheme of arrangement. Clay is a vehicle jointly established by entities within The Blackstone Group Inc. and Mr. Lim Chap Huat, Executive Chairman and Co-founder of Soilbuild.</p> <p>The proposed scheme consideration valued Soilbuild at approximately S\$687 million comprising 100% cash consideration of S\$0.53806 per Soilbuild unit after reducing the distribution made in the fourth quarter of FY2020 from the scheme consideration of S\$0.550 per Soilbuild unit.</p> <p>The scheme became effective on 31 March 2021.</p>
29 September 2020	Accordia Golf Trust (“ <b>AGT</b> ”)	<p>Listed on SGX-ST since 1 August 2014, AGT is the first business trust listed on the Main Board of the SGX-ST comprising golf course assets in Japan.</p> <p>As at 31 December 2019, AGT owned 88 golf courses located in Japan (“<b>Golf Courses</b>”), which were managed by Accordia Golf Co., Ltd., (“<b>Accordia Golf</b>”). The Golf Courses were diversified across the main island of Japan, with a focus on the 3 largest metropolitan regions of Greater Tokyo, Greater Osaka and Greater Nagoya areas, which constituted 85% of the portfolio total valuation.</p> <p>On 29 June 2020, the unitholders of AGT agreed to divest AGT’s interests in the Golf Courses to Accordia Golf.</p> <p>The divestment became effective on 29 September 2020.</p>

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Completion Date	Target REIT/Trust	Description and Background
15 January 2019	RHT Health Trust (“ <b>RHT Health</b> ”)	<p>Listed on SGX-ST since 19 October 2012, RHT Health is a business trust with India based healthcare assets.</p> <p>As at 30 September 2017, RHT Health’s portfolio consisted of 12 clinical establishments, 4 greenfield clinical establishments and 2 operating hospitals across India.</p> <p>On 15 November 2017, the Trustee-Manager of RHT Health received a proposal from Fortis Healthcare Limited (“<b>Fortis Health</b>”) for RHT Health’s entire asset portfolio of clinical establishments and hospitals in India for a purchase consideration of INR46,500 million (S\$913.5 million).</p> <p>On 26 September 2018, the unitholders of RHT Health agreed to dispose of RHT Health’s entire asset portfolio.</p> <p>The divestment was completed on 15 January 2019.</p>
16 October 2017	Croesus Retail Trust (“ <b>Croesus</b> ”)	<p>Listed on SGX-ST since 10 May 2013, Croesus is a retail business trust with a portfolio focused on retail real estate assets located in Japan.</p> <p>As at 31 March 2017, Croesus’ portfolio comprised of 11 retail properties located across Japan.</p> <p>On 28 June 2017, Croesus and the Offeror, Cyrus Bidco Pte. Ltd. (“<b>Cyrus</b>”), a company incorporated in Singapore by funds managed or advised by affiliates of The Blackstone Group L.P. announced the proposed acquisition of all the units in Croesus by way of a scheme of arrangement.</p> <p>The scheme became effective on 16 October 2017.</p>
4 March 2016	Saizen Real Estate Investment Trust (“ <b>Saizen</b> ”)	<p>Listed on SGX-ST since 9 November 2007, Saizen is a REIT focused on real estate located in Japan, which is used primarily for residential and residential-related purposes.</p> <p>As at 30 June 2015, Saizen’s portfolio consisted of 136 residential properties located in 14 Japanese cities.</p> <p>On 22 October 2015, the REIT manager of Saizen received a firm offer for Saizen’s entire portfolio of real estate assets in Japan by Triangle TMK (a Japanese affiliate of Lone Star Funds) for a purchase consideration of JPY44,660.0 million (S\$514.1 million).</p> <p>On 5 February 2016, the unitholders of Saizen agreed to dispose of Saizen’s entire portfolio of real estate assets in Japan to Triangle TMK.</p> <p>The divestment was completed on 4 March 2016.</p>

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Completion Date	Target REIT/Trust	Description and Background
11 February 2015	Forterra Trust (“Forterra”)	<p>Listed on SGX-ST since 21 June 2010, Forterra was established to acquire, develop and manage commercial real estate in China.</p> <p>As at 30 September 2014, Forterra’s portfolio consisted of 6 office/retail properties located in Shanghai and Qingdao.</p> <p>On 4 November 2014, New Precise Holdings Limited (“NPHL”) announced a mandatory cash offer to acquire all the units at S\$1.85 per unit. On 24 November 2014, NPHL acquired an additional 53,889,162 units by way of a number of married trades on the SGX-ST at S\$2.25 per unit. Consequently, the offer price was revised to S\$2.25 per unit and the offer became unconditional.</p> <p>The offer closed on 5 January 2015 and NPHL owned, controlled, acquired or agreed to acquire an aggregate of 249,598,882 units, representing approximately 97.11% of the total number of issued units, which entitled NPHL to exercise its right of compulsory acquisition.</p> <p>Following the completion of compulsory acquisition by NPHL on 11 February 2015, Forterra was delisted from SGX-ST on 13 February 2015.</p>

*Source: Relevant company announcements and offer/scheme documents by targets and acquirers.*

Precedent M&A Transactions									
Target REIT/Trust/Company	Acquirer REIT/Trust/Company	Offer Price per Share (S\$)	Implied Equity Value <sup>(1)</sup> (S\$’million)	Premium/(discount) of price offered prior to the offer announcement date <sup>(2)</sup>					
				Implied P/Adjusted NAV (times)	Last transacted price	1-month VWAP	3-month VWAP	6-month VWAP	12-month VWAP
MNACT	MCT	1.1949	4,078	1.00	7.6%	14.4%	17.5%	17.8%	17.3%
Soilbuild	Clay	0.5381 <sup>(3)</sup>	687	0.99	25.1%	31.6%	31.9%	49.9%	26.3%
AGT	Accordia Golf	0.7580	833	1.09	26.3%	26.2%	32.8%	36.4%	44.7%
RHT Health	Fortis Health	0.8250	670	1.06	22.0%	9.1%	2.7%	2.1%	(1.9)%
Croesus	Cyrus	1.1700	901	1.19	24.5%	26.2%	32.0%	34.5%	37.7%
Saizen	Triangle TMK	1.1620	514	1.00	35.9%	39.5%	39.3%	36.7%	34.3%
Forterra	NPHL	2.2500	578	0.58 <sup>(4)</sup>	32.4%	51.1%	49.7%	39.8%	25.1%



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We wish to highlight to the Paragon Independent Directors and the Paragon Trustee that the Precedent M&A Transactions are not exhaustive and the target REITs/business trusts may not be directly comparable to PARAGON REIT in terms of location, business activities, customer base, size of operations, asset base, geographical spread of activities, geographical markets, track record, financial performance, operating and financial leverage, future prospects, liquidity, quality of earnings, accounting policies, risk profile and other relevant criteria. As such, any comparison made herein is necessarily limited and it may be difficult to place reliance on the comparison of the valuation statistics for these Precedent M&A Transactions. Therefore, any comparison made serves only as an illustrative guide.

### 7.8 Analysts' estimates and price targets for PARAGON REIT

We have noted and reviewed the recommendations and estimate of the price targets of PARAGON REIT from the latest analyst research reports. The summary of the price targets by analysts within 12 months prior to the Joint Announcement Date is set out in the table below:

Analysts' price targets for PARAGON REIT				
Date	Analyst	Recommendation	Target Price (S\$)	Premium/ (Discount) of Scheme Consideration to Target Price
5 Nov 2024	DBS Bank Ltd. <sup>(1)</sup>	Buy	1.0500	(6.7)%
8 Nov 2024	CGS International	Hold	0.9200	6.5%
11 Nov 2024	Beansprout	Neutral	0.8500	15.3%
<b>Mean</b>			<b>0.9400</b>	

*Source: Various research reports of the brokers, publicly available information and analyst target prices as extracted from Bloomberg L.P..*

**Note:**

- (1) The target price of S\$1.0500 recommended by DBS Bank Ltd. is higher than the Scheme Consideration of S\$0.9800 due to the analysts' views of the interest rate outlook being in favour of the REIT sector which is suited for unitholders with a long-term investment horizon.

Based on the above analysts research reports prior to the Joint Announcement, we note that the Scheme Consideration of S\$0.9800 represents a premium of 4.3% to the mean target price of S\$0.9400 of the latest analyst research reports. Following the release of the Joint Announcement, we note that both CGS International and Beansprout had issued reports on 11 February 2025 with a revised target price of S\$0.9800 which is in line with the Scheme Consideration.

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We wish to highlight that the above analyst research reports are not exhaustive and the estimated price targets of the Units and recommendations in these reports represent the individual views of the respective analysts (and not PPCF) based on the circumstances, including but not limited to, market, economic and industry conditions and market sentiment and investor perceptions on the prospects of PARAGON REIT, prevailing at the date of the publication of the respective reports. The opinion of the analysts may change over time due to, *inter alia*, changes in market conditions, PARAGON REIT's corporate developments and the emergence of new information relevant to PARAGON REIT. As such, the estimated price targets in these analyst research reports may not be an accurate prediction of future market prices of the Units.

### 7.9 Estimated valuation of the Units

As set out above, we have taken into consideration various factors and evaluated the financial terms of the Scheme, being the Scheme Consideration of S\$0.9800 per Unit.

#### Earnings Approach

Earnings Approach uses a set of projected cash flows accruing to the underlying assets and discounting them at an appropriate rate to arrive at the present value of the asset. In the absence of any cash flow projections and given the asset-intensive nature of REITs, we are of the view that the asset approach and market approach are the most appropriate for valuing the Units.

#### Asset Approach

Based on our assessment, we are of the view that the Adjusted NAV per Unit as at 31 December 2024 represents the value of PARAGON REIT's underlying property portfolio and other assets, net of liabilities. As such, we established that the Adjusted NAV per unit of S\$0.9152 as at 31 December 2024 to be the lower bound of our estimated valuation range.

#### Market Approach

For the market approach, we have considered the mean and median (i) P/Adjusted NAV ratios of the Comparable REITs; and (ii) P/Adjusted NAV ratio of Precedent M&A Transactions, against the P/Adjusted NAV and P/Adjusted NAV ratios as implied by the Scheme Consideration. We have also considered the latest analyst research reports covering PARAGON REIT and the mean price target for the latest analyst research reports. We are of the view that the P/Adjusted NAV ratio of Precedent M&A Transactions is a more appropriate multiple to assess the value of the Units under a willing-buyer and willing-seller situation for publicly listed REITs or business trusts. Accordingly, we have applied the mean (excluding the outlier) implied P/Adjusted NAV multiple of the Precedent M&A Transactions of 1.06 times to the Adjusted NAV per unit of S\$0.9152 as at 31 December 2024 to derive at the higher bound of our estimated valuation range of S\$0.9701 per Unit.

As such, the Scheme Consideration of S\$0.9800 is above our estimated valuation range for the Units of between S\$0.9152 and S\$0.9701.

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### 7.10 Distribution track record of PARAGON REIT

For the purpose of assessing the Scheme, we have considered the historical distribution track record of the Units for the last five financial years prior to the Joint Announcement Date and compared them with the returns which a Unitholder may potentially obtain by re-investing the proceeds from the Scheme in other selected alternative equity investments.

PARAGON REIT had declared and paid the following distributions in respect of its last five financial years:

<b>Historical distribution track record of PARAGON REIT</b>					
(S\$)	2020 <sup>(1)</sup>	2021 <sup>(1)</sup>	2022 <sup>(2)</sup>	2023 <sup>(3)</sup>	2024 <sup>(3)</sup>
1Q distribution per Unit	0.0138	0.0120	0.0124		
				0.0242	0.0232
2Q distribution per Unit	0.0030	0.0124	0.0144		
3Q distribution per Unit	0.0050	0.0138	0.0145		
				0.0260	0.0233
4Q distribution per Unit	0.0054	0.0158	0.0139		
4M22 distribution per Unit	–	–	0.0172 <sup>(4)</sup>	–	–
Special distribution per Unit	–	–	–	–	0.0185 <sup>(5)</sup>
Total distribution per Unit	0.0272	0.0540	0.0724	0.0502	0.0650
Average price per Unit <sup>(6)</sup>	0.9641	0.8564	0.9415	0.9099	0.8607
Annualised distribution yield (%)	2.8	6.3	5.8 <sup>(7)</sup>	5.5	7.6 <sup>(8)</sup> 5.4 <sup>(9)</sup>
					LTM Distribution Yield of PARAGON REIT (as implied by the Scheme Consideration) 4.7 <sup>(9)</sup>

Source: S&P Capital IQ, financial results and distribution announcements of PARAGON REIT and PPCF calculations

**Notes:**

- (1) Period relate to September of the preceding year to August of the current year.
- (2) Period relates to September of the preceding year to December of the current year.
- (3) Period relates to January to December of the current year.
- (4) Based on distributions for 1 September 2022 to 31 December 2022.
- (5) Based on the TRM Special Distribution.
- (6) Calculated based on the average price of the Units during trading days for the corresponding period.
- (7) Based on annualised distributions for 2022 of 5.52 cents which includes distributions relating to the pro-rated 2-months distribution per Unit from 1 December 2021 to 28 February 2022 and the distribution per Unit for the period from 1 March 2022 and 31 December 2022.
- (8) Based on the total distribution per Unit for FY2024 of PARAGON REIT.
- (9) Based on the total distribution per Unit, but excluding the TRM Special Distribution for FY2024 of PARAGON REIT.

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Based on the above distribution analysis, we note the LTM Distribution Yield of PARAGON REIT as implied by the Scheme Consideration is 4.7%.

The mean and median LTM Distribution Yield of the Comparable REITs of 6.3% and 6.7% respectively as set out in paragraph 7.6 of this letter is higher than the distribution yield of PARAGON REIT as implied by the Scheme Consideration of 4.7%. By comparing the LTM Distribution Yield of 4.7% to the mean and median LTM Distribution Yield of the Comparable REITs, it suggests that a Unitholder may potentially receive a higher distribution yield through reinvesting an equivalent amount into Comparable REITs.

With reference to its annual report, the distribution policy of PARAGON REIT is to distribute at least 90% of its specified taxable income, comprising rental and other property-related income from its business of property letting, interest income and top-up payments from income support and after deducting allowable expenses and applicable tax allowances. The actual level of distribution will be determined at the Paragon Manager’s discretion, taking into consideration PARAGON REIT’s capital management and funding requirements.

There can be no assurance that PARAGON REIT will continue its distributions in the future or maintain the level of distributions that were paid in the past periods.

For the purpose of analysing the Scheme, we have considered that the Unitholders may re-invest the proceeds from the Scheme in selected alternative equity investments such as a broad Singapore REIT index instrument such as the Lion-Phillip S-REIT ETF (“**S-REIT ETF**”).

For illustration purposes, the distribution yield of the S-REIT ETF based on their distributions declared over the latest 12 months are as follows:

Distribution yield of alternative equity investment	
	LTM Distribution Yield <sup>(1)</sup> (%)
S-REIT ETF	5.8%
PARAGON REIT (implied by the Scheme Consideration)	4.7% <sup>(2)</sup>

*Source: S&P Capital IQ, financial results and distribution announcements of PARAGON REIT and PPCF calculations*

**Notes:**

- (1) LTM Distribution Yield of S-REIT ETF is computed as the distributions declared over the latest 12 months divided by the closing market price as at the Latest Practicable Date (or where there was no trading on such date, the last available closing market price). The aforementioned distribution yield computed may differ from the actual distribution yield which will vary depending on the actual cost of investment paid by the individual investor.
- (2) LTM Distribution Yield of PARAGON REIT is based on the total distribution per Unit, excluding the TRM Special Distribution, divided by the Scheme Consideration.

Based on the above distribution analysis, we note the LTM Distribution Yield of PARAGON REIT as implied by the Scheme Consideration of 4.7% is below that of the S-REIT ETF of 5.8%. By comparing the LTM Distribution Yield of 4.7%, it suggests that a Unitholder may potentially receive a higher distribution yield through reinvesting an equivalent amount into the S-REIT ETF.

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We wish to highlight that the above distribution analysis serves only as an illustrative guide and is not an indication of PARAGON REIT's future distribution policy nor that of the S-REIT ETF. There is no assurance that PARAGON REIT will continue or S-REIT ETF will continue to pay distributions and dividends in the future and/or maintain the level of distributions and dividends paid in past periods.

Notwithstanding the above, it is uncertain whether PARAGON REIT and S-REIT ETF can maintain its historical yields at the levels set out above, hence it is uncertain whether the Unitholders will be able to achieve their desired levels of investment income by liquidating their investment in PARAGON REIT and reinvesting their proceeds in the S-REIT ETF or other alternative investments.

**The Paragon Independent Directors and the Paragon Trustee should note that an investment in S-REIT ETF provides a different risk-return profile as compared to an investment in the Units, and therefore the above comparison serves purely as a guide only. Furthermore, it should also be noted that the above analysis ignores the effect of any potential capital gain or capital loss that may accrue to the Unitholders arising from their investment in the Units due to market fluctuations in the price of the Units during the relevant corresponding periods in respect of which the above distribution yields were analysed.**

**In addition, there can be no assurance that in any given year a distribution will be proposed or declared. The payment of distributions, if any, and the amounts and timing thereof, will depend on a number of factors, including future profits, financial conditions, general economic and business conditions, and future prospects and such other factors as the Paragon Independent Directors or the Paragon Manager may deem relevant, as well as other legal and regulatory requirements.**

### 8 OTHER CONSIDERATIONS

#### 8.1 Outlook of the industry that PARAGON REIT is operating in

We note that the Paragon Manager had made a commentary in the FY2024 results announcement on the significant trends and competitive conditions of the industry that may affect PARAGON REIT in the next reporting period and the next 12 months. The commentary has been reproduced below in italics and should be read in the context of the entire FY2024 results announcement:

*"Singapore*

*Based on advance estimates by the Ministry of Trade and Industry, Singapore economy grew by 4.3% year-on-year in 4Q 2024, slower than the 5.4% year-on-year growth recorded in 3Q 2024. For 2024, the economy grew by 4.0% year-on-year, faster than the 1.1% year-on-year growth in 2023.*



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*According to the Department of Statistics Singapore, Retail sales (excluding motor vehicles) declined 4% year-on-year for December 2024, with four of the 13 retail categories recording year-on-year growth, namely Food & Alcohol (+9.4%), Cosmetics, toiletries & medical goods (+2.2%), Supermarkets & hypermarkets (+0.8%), and Recreational goods (+0.6%). According to the Ministry of Trade and Industry, consumer-facing sectors such as the retail trade sector shrank in 2024, partly due to an increase in outbound travel by locals. The trend is expected to persist in 2025 with Singaporeans expected to continue travelling extensively and spending abroad.*

*The Singapore Tourism Board expects international arrivals of 17 to 18.5 million for 2025, and \$29 to \$30.5 billion in tourism receipts.*

### Australia

*Australia's GDP growth was 0.8% year-on-year through the year to end-September 2024, the lowest rate since the COVID-19 affected December quarter 2020. Government spending and public capital investment were the main drivers of GDP growth.*

*Retail turnover rose 4.6% year-on-year in December 2024 and unemployment rate remained at 4.0% year-on-year in December 2024.*

*Deloitte Access Economics' Retail Forecasts suggests consumers are starting to shift from saving to spending, especially when there are good deals on offer, partly due to an uptick in savings since tax cuts started making their way to consumers in July 2024.*

### Portfolio

*In January 2025, the US Federal Reserve Board kept the fed funds rate unchanged at 4.25% to 4.50%. A moderating but healthy US job market, coupled with rising inflation expectations from the new US administration policies, have kept the Federal Reserve inclined to hold rates steady for the foreseeable future.*

*Macroeconomic uncertainties are likely to remain elevated in the near-term as the market anticipates how the new US administration will address immigration, tariffs and tax cuts. Analysts have opined that global trade and growth (including heightened inflation pick up) are at risk from a wider trade war as the US contemplates broader tariffs with economic partners.*

*The Monetary Authority of Singapore eased monetary policy in January for the first time in nearly five years, announcing it will "reduce slightly" the slope of the Singapore dollar nominal effective exchange rate (S\$NEER) policy band. The central bank added that the adjustment is consistent with a modest and gradual appreciation path of the S\$NEER policy band that will ensure medium-term price stability.*

*The Reserve Bank of Australia left the cash rate on hold at 4.35% in December 2024 and ended the year signalling it had more confidence inflation was falling towards the central bank's target range and that it could be ready to cut interest rates as soon as February if inflation and unemployment data meet or come in softer than expectations."*

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## 8.2 Increased Competition for Paragon

We note that the Offeror had highlighted in paragraph 4.2 of the Letter to Unitholders in the Scheme Document that Paragon is experiencing mounting competition with its premier status and luxury shopping destination increasingly challenged by malls in the surrounding or nearby areas as set out below.

Surrounding Malls		
Mall	Type	Remarks
ION	Existing Competitor	Opened in 2009
Ngee Ann City	Existing Competitor	Opened in 1993 AEI plan agreed in 2023
The Shoppes at MBS	Existing Competitor	Opened in 2010 Approximately US\$8 billion expansion at MBS
Wisma Atria	Existing Competitor	Opened in 1986 Latest AEI in 2023
Ming Arcade	Upcoming Redevelopments	Royal Group exploring redevelopment options
Tanglin Shopping Centre	Upcoming Redevelopments	Pacific Eagle Real Estate exploring redevelopment options
Voco Orchard, Forum The Shopping Mall, HPL House	Upcoming Redevelopments	URA approval received by Hotel Properties Limited for redevelopment in 2024

With the presence of various luxury malls and upcoming redevelopment works for malls in the Orchard and Marina Bay area, this will likely result in increased competition for Paragon in the shopping belt.

We note that the Offeror believes a major Potential AEI for Paragon is necessary for it to maintain its long-term competitiveness as a leading upscale retail mall in Singapore. As set out in paragraph 6 of this letter, one of the rationale of the Scheme includes a Potential AEI to rejuvenate Paragon in order to future-proof Paragon's competitive positioning.

The Offeror has indicated that the Potential AEI carries execution risks, including uncertainties around cost and timing, which would be more suitably carried out in a private setting. A Potential AEI carries significant execution risks that are inherent to such large-scale construction projects, including but not limited to ongoing business disruptions arising from the construction, uncertainties around cost and timing, and potential changes in market conditions that may impact leasing demand and/or rental rates.

We note that given that the Potential AEI is still subject to further in-depth feasibility assessments, there is significant uncertainty as to the parameters for, and the impact of, such Potential AEI on PARAGON REIT. Nonetheless, based on the sensitivity analysis as prepared by the Offeror for illustration purposes, PARAGON REIT's FY2024 DPU would have ranged between 1.63 to 3.55 Singapore cents, representing a potential decrease of between 21.4% to 64.0% to the FY2024 Adjusted DPU, assuming a Potential AEI capital expenditure of S\$300 million to S\$600 million.

If the Scheme is successful and a major Potential AEI is carried out, Unitholders will not need to bear the volatility and execution risks associated with such an initiative.

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### **8.3 Offeror’s future intentions for PARAGON REIT**

Upon completion of the Scheme, PARAGON REIT will be wholly-owned by the Cuscaden Peak Group and will, subject to the approval of the SGX-ST, be delisted and removed from the Official List of the SGX-ST. The Offeror and PARAGON REIT will continue to review, from time to time, the operations of PARAGON REIT as well as its strategic options. The Offeror retains and reserves the right and flexibility at any time and from time to time to further consider any options or opportunities in relation to PARAGON REIT which may present themselves or which the Offeror may regard to be in the interests of PARAGON REIT. Save as disclosed above, the Offeror has no current intention to (a) introduce any major changes to the business of PARAGON REIT; (b) re-deploy the fixed assets of PARAGON REIT; or (c) discontinue the employment of the employees of PARAGON REIT (if any), save in the ordinary course of business.

### **8.4 Likelihood of competing Schemes**

The Management and Paragon Independent Directors have confirmed that, as at the Latest Practicable Date, apart from the Scheme being made by the Offeror, no alternative Scheme or binding proposal similar to or in competition with the Scheme has been received by PARAGON REIT.

The Offeror Concert Parties group is the largest group of Unitholders representing more than 50 per cent unitholding interest in PARAGON REIT as at the Latest Practicable Date and the likelihood of a competing Scheme from a third party is remote. No other competing offer will be capable of turning unconditional or succeeding without the Offeror’s support.

In the event of a competing offer or an intention to make a competing offer is announced or reasonably expected to be announced, the Offeror may exercise the Switch Option and the details of the Switch Option are set out in paragraph 5.7 of the Letter to Unitholders in the Scheme Document.

## **9 OPINION**

In arriving at our opinion in respect of the Scheme, we have considered the following key considerations (which should be read in conjunction with, and in the context of, the full text of this letter):

### **9.1 Assessment of fairness of the Scheme**

In determining the fairness of the Scheme, we have considered the following:

- (i) Based on PARAGON REIT’s NAV per Unit of S\$0.9385 as at 31 December 2024, the Scheme Consideration represents a slight premium of 4.4% over the NAV per Unit and the P/NAV ratio of PARAGON REIT as implied by the Scheme Consideration is 1.04 times;
- (ii) Based on PARAGON REIT’s Adjusted NAV per Unit of S\$0.9152 as at 31 December 2024, the Scheme Consideration represents a premium of 7.1% over the Adjusted NAV per Unit and the P/Adjusted NAV ratio of PARAGON REIT as implied by the Scheme Consideration is 1.07 times;

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- (iii) Based on PARAGON REIT's Ex-cash Adjusted NAV per Unit of S\$0.9013 as at 31 December 2024, the Scheme Consideration as adjusted for adjusted cash and cash equivalents of S\$0.0139 per Unit, is S\$0.9661 per Unit and, represents a premium of 7.2% over the Ex-cash Adjusted NAV per Unit;
- (iv) For the 1-month, 3-month, 6-month, 1-year and 2-year periods up to and including the Last Trading Day prior to the Joint Announcement, the implied P/NAV of 1.04 times is above the average historical trailing P/NAV of the Units of 0.95 times, 0.94 times, 0.94 times, 0.93 times and 0.96 times respectively;
- (v) after the Joint Announcement Date and up to and including the Latest Practicable Date, the implied P/NAV of 1.04 times is in line with the average historical trailing P/NAV ratio of the Units of 1.04 times;
- (vi) as at Latest Practicable Date, the implied P/NAV of 1.04 times is slightly above the historical trailing P/NAV ratio of the Units of 1.03 times;
- (vii) In respect of the Comparable REITs,
  - the P/Adjusted NAV as implied by the Scheme Consideration of PARAGON REIT of 1.07 times is above the range of the P/Adjusted NAV ratios of the Comparable REITs and above the mean and median P/Adjusted NAV ratios of the Comparable REITs of 0.83 times and 0.73 times respectively;
- (viii) In respect of the Precedent M&A Transactions:
  - Paragon REIT has a P/Adjusted NAV ratio of 1.07 times which is within the range of P/Adjusted NAV ratios and higher than the mean (excluding the outlier) P/Adjusted NAV ratio and median (excluding the outlier) P/Adjusted NAV ratio of 1.06 times and 1.03 times respectively;
- (ix) The Scheme Consideration of S\$0.9800 represents a premium of 4.3% to the mean target price of S\$0.9400 of the latest analyst research reports; and
- (x) The Scheme Consideration of S\$0.9800 is above our estimated valuation range for the Units of between S\$0.9152 and S\$0.9701.

After careful consideration of the above factors, we are of the view that the financial terms of the Scheme is **FAIR**.

### 9.2 Assessment of reasonableness of the Scheme

In determining the reasonableness of the Scheme, we have considered the following:

- (i) During the 2-year Lookback Period, the Units had traded no higher than the Scheme Consideration;
- (ii) The Scheme Consideration of S\$0.9800 represents premia of 10.9%, 12.8%, 11.2%, 11.6% and 10.9% over the VWAP of the Units for the 2-year, 1-year, 6-month, 3-month and 1-month periods prior to the release of the Joint Announcement respectively;
- (iii) The Scheme Consideration represents a premium of 10.1% over the closing price of the Units of S\$0.890 on the Last Trading Day;

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- (iv) Between the Joint Announcement Date and up to and including the Latest Practicable Date, the Units had traded slightly above the Scheme Consideration during the cum distribution period and slightly below the Scheme Consideration during the ex distribution period and were last transacted at S\$0.965 on the Latest Practicable Date;
- (v) During the 2-year Lookback Period, the Units were traded every day PARAGON REIT was open for trading on the SGX-ST but the average daily traded volume of the Units for the 2-year, 1-year, 6-month, 3-month, 1-month periods and the Last Trading Day prior to the release of the Scheme was very low, representing 0.09%, 0.10%, 0.13%, 0.07%, 0.07% and 0.21% of the free float of the Units respectively;
- (vi) Subsequent to the Joint Announcement Date and up to and including the Latest Practicable Date, the trading liquidity of the Units increased to an average daily traded volume of approximately 2.91 million Units, representing approximately 0.27% of PARAGON REIT's free float. As at the Latest Practicable Date, the average daily traded volume was approximately 0.39 million Units, representing approximately 0.04% of PARAGON REIT's free float;
- (vii) For the 2-year period up to and including the Last Trading Day, the Units had generally performed below the rebased FSSTI, and the rebased FNRE during the period between 31 October 2023 and the Last Trading Day, whereas the Units had generally performed below the rebased iEDGE S-REIT during the period between 15 September 2023 and 8 April 2024;
- (viii) From the Last Trading Day and up to the Latest Practicable Date, the prices of the Units had increased significantly to outperform the rebased iEDGE S-REIT, the rebased FSSTI and the rebased FNRE, having increased by approximately 8.4% as compared to the increase of approximately 1.8% and 1.4% in the rebased iEDGE S-REIT and the rebased FSSTI respectively over the same period, and the decrease of approximately 1.1% in the rebased FNRE over the same period;
- (ix) In respect of the Comparable REITs,
  - the LTM Distribution Yield of 4.7% is below the range, mean and median of LTM Distribution Yields of Comparable REITs;
- (x) In respect of the Precedent M&A Transactions:
  - the premia implied by the Scheme Consideration to the last transacted price and VWAP for the 1-month, 3-month, 6-month and 12-month periods is within the range of the premia but below the mean and median premia over the last transacted prices and VWAPs of the target REIT/business trust of the Precedent M&A Transactions for the respective periods;
- (xi) The LTM Distribution Yield of PARAGON REIT as implied by the Scheme Consideration of 4.7% is below that of the S-REIT ETF of 5.8%. By comparing the LTM Distribution Yield of 4.7%, it suggests that a Unitholder may potentially receive a higher distribution yield through reinvesting an equivalent amount into the S-REIT ETF; and
- (xii) As at the Latest Practicable Date, apart from the Scheme being made by the Offeror, no alternative Scheme or proposal similar to or in competition with the Scheme has been received by PARAGON REIT.

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After careful consideration of the above factors, we are of the view that the financial terms of the Scheme is **REASONABLE**.

**Having considered as at Latest Practicable Date the aforementioned factors set out in this letter and summarised in this section, we are of the opinion that the financial terms of the Scheme are fair and reasonable. Based on our opinion, we advise the Paragon Independent Directors to recommend that Minority Unitholders vote in favour of the Scheme, unless Minority Unitholders are able to obtain a price higher than the Scheme Consideration, taking into account all the brokerage commissions or transactions costs in connection with open market transactions.**

The Paragon Independent Directors should also note that any trades or transactions in the Units after the Latest Practicable Date are subject to possible market fluctuations and accordingly, our opinion on the Scheme does not and cannot take into account the future transactions or price levels that may be established for the Units since these are governed by factors beyond the ambit of our review.

In rendering our opinion, we have not had regard to the specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any individual Unitholder. As each Unitholder would have different investment objectives and profiles, we would advise the Paragon Independent Directors to recommend that any individual Unitholder who may require specific advice in relation to his investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately. As such, our opinion should not be the sole basis for deciding whether or not to vote in favour of the Scheme.

This letter is issued pursuant to Rule 1309(2) of the Listing Manual as well as under the Code and the rulings and confirmations of the SIC in respect of the Scheme to advise (i) the Paragon Independent Directors for the purposes of making a recommendation to the Minority Unitholders in connection with the Scheme; and (ii) the Paragon Trustee on the Scheme, and should not be relied on by any other party. The recommendation made by Paragon Independent Directors to the Minority Unitholders in relation to the Scheme shall remain the sole responsibility of the Paragon Independent Directors.

Whilst a copy of this letter may be reproduced in the Scheme Document, neither PARAGON REIT nor the Paragon Independent Directors, nor the Paragon Trustee may reproduce, disseminate or quote this letter (or any part thereof) for any other purpose at any time and in any manner without the prior written consent of PPCF in each specific case, except for the purpose of the Scheme. This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully,  
For and on behalf of  
**PrimePartners Corporate Finance Pte. Ltd.**

Mark Liew  
Chief Executive Officer and Executive Director

Wong Wei Fong  
Director, Corporate Finance