

OPERATIONS REVIEW



OVERVIEW

PARAGON REIT's proactive leasing and asset management strategy contributed to the portfolio's strong occupancy at 98.1%. A consistently high tenant retention ratio of 85.7% was also achieved for the year, reflecting tenants' confidence in the respective assets. The Manager continues to build strong business relationships with retailers, and tactically refresh tenant mix of its assets as part of its leasing strategy to introduce freshness while maintaining their positioning in the market.

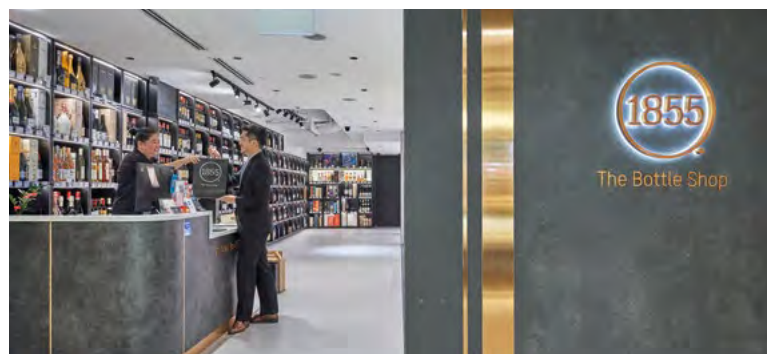
Through active asset management, the Manager seeks to protect the interests of unitholders, tenants, and shoppers, while staying at the forefront of retail mall trends, as well as the evolving habits of customers at PARAGON REIT assets.

In 2023, the world had transitioned into a new stage of growth, tempered by macro-economic factors of high interest rates and inflation. At PARAGON REIT assets, this was evidenced by higher tenant sales and positive rental reversion. Rental reversion for the portfolio was positive at 6.3% in FY2023 from -4.1% in 16M FY2022. The portfolio weighted

average lease expiry ("WALE") held steady at 5.1 years by net lettable area ("NLA") and 3.0 years by gross rental income ("GRI").

Footfall at the Singapore assets saw an increase of 13.6% for FY2023 over the corresponding 12-month period from 1 January 2022 to 31 December 2022 ("FY2022"). For the same comparable period, tenant sales for Paragon had a marginal decline of 3.0% and The Clementi Mall registered improvements by 1.1% for FY2023.

Footfall at the Australia assets saw an increase of 5.7% for FY2023 over FY2022, while tenants registered 6.8% higher sales. Westfield Marion tenant sales rose by 6.7% for FY2023 over FY2022. Figtree Grove tenant sales registered an increase of 7.2% for FY2023 over FY2022.





Paragon also welcomed leading sportswear brand from China, “ANTA Basketball”, and unique precious stone museum “Regalrare” providing differentiated shopping experiences for customers.

Luxury brands are continually revamping their stores to meet the changing needs of consumers, as shoppers are prioritising quality over quantity and looking for new, fresh and unique retail experiences. French luxury fashion house Saint Laurent opened their South-East Asia duplex flagship store fronting Orchard Road. Givenchy completed a store revamp in the middle of the year to showcase their latest store design.

Paragon was the exclusive partner in Singapore with Hong Kong Disneyland Resort on their launch of “World of Frozen” over the Christmas period with multiple installations to bring the Christmas cheer to shoppers. Estée Lauder brought their “Beauty Sleep Lounge” to Paragon’s Atrium to highlight their latest range.

SINGAPORE

PARAGON

A premier upscale retail mall, strategically located in the heart of Orchard Road with prime Orchard Road frontage, continues to be the location-of-choice for both international and local retailers.

In April 2023, Paragon reinforced its upscale positioning with the opening of “Avenue on 3”, an 8,000 sq ft multi-label concept store with unique retail offerings, restaurants, beauty salons and a chocolatier all under one roof. The multi-label concept store is also complemented by artisanal Lebanese chocolatier “Patchi”, a 40-seater café and bar that serves coffee during the day, and champagne and caviar from late afternoon. Avenue on 3 also offers beauty services for customers to experience top-of-the-line skincare products.

New F&B stores were introduced, including “Old Seng Choong”, a traditional and local bakery founded by Chef Daniel Tay with their modern take on Singaporean traditional snacks; American sandwich chain “Subway”; popular bubble tea chain “Koi+”; popular pretzel chain “Auntie Annes”; and “Swish Rolls” with their innovative croissants.

For FY2023, footfall saw a 4.4% year-on-year (“yoy”) increase to 15.2 million from 14.6 million. Tenant sales were 3.0% lower yoy to S\$692 million, with occupancy costs of 18.9%.

Occupancy as at 31 December 2023 stood at 100.0%.



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THE CLEMENTI MALL

In FY2023, The Clementi Mall welcomed a variety of F&B offerings. This included the first ever “Kenny Rogers Roasters” express outlet; Hong Kong noodle chain “TamJai SamGor Mixian”; fast food chain “Wingstop”; Michelin-starred Ramen chain “Hototogisu Ramen”; and popular takeaway “Hong Kong Egglet”.

Dessert offerings were also enhanced, with “Rekab cafe” opening a café offering Thai-inspired crepe cakes and “Smile Dessert”, which serves iced desserts as well as cakes.

Supermarket chain and anchor tenant “Fairprice Finest” also underwent a revamp of their store, improving their range of offerings and store layout to serve the suburban population.

The Clementi Mall, located in a well-established residential estate and education hub saw footfall increase 20.2% yoy to 24.7 million from 20.6 million. Correspondingly, tenant sales also registered an 1.1% yoy increase to S\$250 million, with occupancy costs of 15.9%.

Occupancy as at 31 December 2023 stood at 100.0%.



THE RAIL MALL

The Rail Mall’s diverse F&B concepts offer a unique “shophouse style” dining destination to the Hillview and Upper Bukit Timah community. It is located next to one of the key access points to the Rail Corridor and serves as a dining option for hikers and cyclists.

In FY2023, The Rail Mall’s food offerings were improved to strengthen its positioning as a F&B destination. American fast-food chain “Popeyes” opened their latest outlet at The Rail Mall that is also the first 24-hour restaurant in Singapore where customers can get their Louisiana-style signature fried chicken at any time of day. Other newly introduced F&B offerings at The Rail Mall include casual family dining restaurant, “Fish & Co”, and Chinese restaurant, “Yi Qian Hong Kong Café”, serving up Cantonese and Teochew delicacies.

Being a strip mall, footfall data is not collected. Assessment of the asset’s performance is based on tenant sales. FY2023 tenant sales increased 10.8% to S\$35 million, with occupancy costs of 17.0%.

Occupancy as at 31 December 2023 stood at 95.5%.



AUSTRALIA

WESTFIELD MARION

Westfield Marion is a dominant regional shopping centre. As the largest shopping centre in South Australia, it offers the most comprehensive range of retailers and services.

Tenancy mixes are continually refreshed with the introduction of new F&B concepts. One of the latest additions include Chinese noodle restaurant chain "Lanzhou Beef Noodle".

Australian home-grown brands opening in Westfield Marion also strengthened its position as a regional mall in Adelaide. Australia's largest home entertainment retailer "JB Hi-Fi" reopened its store after relocating within the mall, offering consumers a larger variety of products, improved service and quality of experience. Women's clothing label store "Witchery Fashion" opened in August 2023, complete with in-store celebrations during its opening weekend, offering complimentary coffee and sweets as well as giveaways with every purchase including styling sessions for its customers. Besides

Witchery Fashion, homegrown fashion and lifestyle brand "Country Road" also set up its newest outlet at the mall in November 2023. Focusing on style, quality and versatility, Country Road has over 40 years of experience being in the Australian market providing apparel for women, men and child as well as home products.

Footfall at Westfield Marion increased by 1.0% to 11.9 million, and tenant sales registered a 6.7% yoy increase to A\$848 million, with occupancy costs of 11.8%.

Occupancy as at 31 December 2023 stood at 97.0%.

FIGTREE GROVE

Figtree Grove, an established sub-regional shopping centre, is located in Wollongong in the state of New South Wales. It serves its immediate residential catchment as well as a hospital community with more than 900 beds.

In FY2023, Figtree Grove expanded its F&B offering with the introduction of "HK Asian Kitchen", a Hong Kong style takeaway booth offering delicacies such as Mongolian Lamb, Wonton Soup and Honey Chicken.

Apart from F&B, new service-based tenants were also introduced into the mall. This includes "Silk Laser Clinic", which offers beauty services, "Hearing Australia", an audiologist clinic providing hearing aid products and services.

As a sub-regional mall catering to families, the mall held various activities in celebration of special occasions and holidays. This included Valentine's Day, where roaming "Concierge Cupids" gave out sweet treats, and Easter, where shoppers were greeted by easter bunny mascots. Over Mothers' Day weekend, donut giveaways, gift wrapping services and roaming live music entertainment also enhanced the shopping experience.

For FY2023, footfall saw a 19.5% yoy increase to 4.7 million. Correspondingly, tenant sales also registered a 7.2% yoy increase to A\$202 million, with occupancy costs of 8.0%.

Occupancy as at 31 December 2023 stood at 97.9%.



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SUMMARY OF RENEWALS/NEW LEASES FOR FY2023

	No. of renewals/new leases	Retention rate	NLA/GLA renewed/new leases ('000 sq ft)	% of properties NLA/GLA	Change compared to preceding rental rates
SINGAPORE					
Paragon	95	72.6%	155	21.5%	11.6%
The Clementi Mall	71	85.9%	112	57.3%	8.7%
The Rail Mall	11	81.8%	28	55.3%	12.8%
Singapore assets	177	78.5%	295	30.6%	10.6%
AUSTRALIA					
Westfield Marion	80	96.9%	245	16.5%	-5.8%
Figtree Grove	7	80.0%	5	2.2%	-11.6%
Australia assets	87	94.4%	250	14.5%	-8.2%

PORTFOLIO OCCUPANCY

	As at 31 December 2022	As at 31 December 2023
SINGAPORE		
Paragon	99.9%	100.0%
The Clementi Mall	100.0%	100.0%
The Rail Mall	100.0%	95.5%
Singapore assets	99.9%	99.8%
AUSTRALIA		
Westfield Marion	97.4%	97.0%
Figtree Grove	99.4%	97.9%
Australia assets	98.7%	97.1%

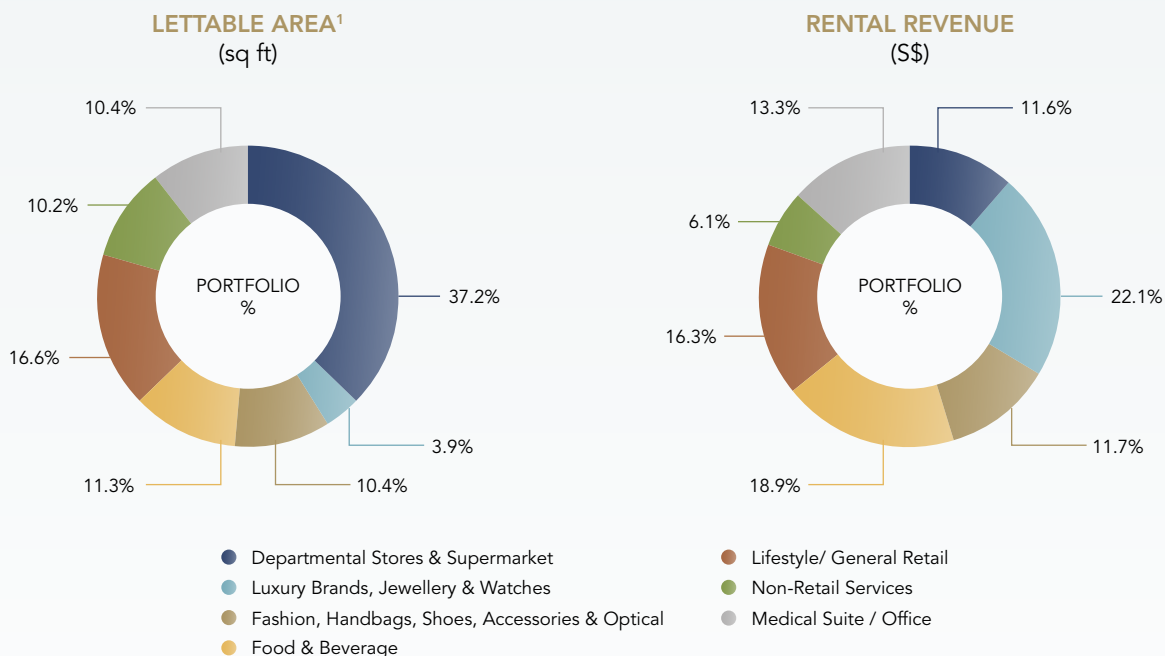
PORTFOLIO LEASE EXPIRY AS AT 31 DECEMBER 2023

	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028 and beyond
SINGAPORE						
By no. of lease expiry	0%	16%	30%	32%	18%	4%
By NLA	0%	11%	22%	33%	25%	9%
By Gross Rental Income	0%	12%	20%	27%	28%	13%
AUSTRALIA						
By no. of lease expiry	12%	24%	20%	13%	9%	22%
By GLA	4%	9%	6%	5%	5%	71%
By Gross Rental Income	9%	19%	14%	9%	7%	42%
Portfolio Total						
By no. of lease expiry	5%	20%	26%	24%	14%	11%
By NLA/GLA	3%	10%	12%	15%	12%	48%
By Gross Rental Income	2%	13%	19%	23%	24%	19%

TOP 10 TENANTS AS AT 31 DECEMBER 2023

PARAGON REIT's portfolio top 10 tenants contributed 20.8% of gross rental income for the month of December 2023. The top 10 tenants by gross rental income are listed below.

	Tenant	Trade sector	Lease expiry (Year)	% of total GRI
1	Tenant A	Luxury brands, jewellery, watches	Between 1H2025 & 2H2029	4.7%
2	Tenant B	Department Stores & Supermarket	1H2027	3.1%
3	Tenant C	Luxury brands, jewellery, watches	Between 2H2024 & 2H2027	2.9%
4	Tenant D	Department Stores & Supermarket, General retail	Between 1H2025 & 2H2031	2.2%
5	Tenant E	Department Stores & Supermarket, Lifestyle	Between 2H2024 & 1H2025	1.8%
6	Tenant F	Luxury brands, jewellery, watches	1H2027	1.6%
7	Tenant G	Food & Beverage	Between 1H2025 & 2H2025	1.2%
8	Tenant H	Luxury brands, jewellery, watches	Between 1H2025 & 2H2027	1.2%
9	Tenant I	Department Stores & Supermarket, Lifestyle	Between 1H2027 & 1H2028	1.1%
10	Tenant J	Luxury brands, jewellery, watches	Between 2H2024 & 1H2026	1.0%



Note:

1 Lettable Area refers to NLA in Singapore and GLA in Australia.