



Improved performance underpinned by retail resurgence and resilient portfolio

- NPI rose 3.3% yoy to S\$279.9 million for 16M FY2022
- DPU of 1.72 cents as final distribution for four months ended 31 December 2022
- Near full occupancy across all assets to benefit from retail recovery

SINGAPORE, 13 February 2022 – PARAGON REIT Management Pte. Ltd. (“PARAGON RM” or the “Manager”), the Manager of PARAGON REIT¹ (formerly known as “SPH REIT”), today announced its financial results for the 16 months² ended 31 December 2022 (“16M FY2022”). With the easing of Covid-19 restrictions, PARAGON REIT registered strong recovery in tenant sales to near pre-Covid levels. As 16M FY2022 comprised a period of 16 months, comparative figures for the corresponding 16-month period ended 31 December 2021 (“CP 2021”) are also disclosed.

Financial Performance

PARAGON REIT’s gross revenue increased 1.8% over CP 2021 to S\$376.4 million, and Net Property Income (“NPI”) increased 3.3% over CP 2021 to S\$279.9 million. Gross revenue for the 12 months ended 31 December 2022 (“CY2022”) increased 1.5% over the 12 months ended 31 December 2021 (“CY2021”). NPI for CY2022 increased 3.6% over CY2021. The performance was supported by the retail recovery in Singapore.

Distribution per unit (“DPU”) for the four months ended 31 December 2022 (“4M FY2022”) was 1.72 cents, representing an annualised yield of 5.73%³. 4M FY2022 distribution is expected be paid on 28 March 2023.

1. On 29 December 2022, PARAGON REIT announced a change in name of the trust from “SPH REIT” to “PARAGON REIT” with effect from 3 January 2023. The new counter name is “PARAGONREIT” with the counter code remaining unchanged as “SK6U”. The registered name of the manager has also been changed to “PARAGON REIT Management Pte Ltd” with effect from 3 January 2023.
2. On 29 July 2022, PARAGON REIT announced a change in its financial year-end from 31 August 2022 to 31 December 2022. The current reporting period will therefore be a 16-month period from 1 September 2021 to 31 December 2022. Thereafter, PARAGON REIT’s financial year will be a 12-month period ending on 31 December each year.
3. Based on S\$0.90 per unit closing price on 30 December 2022.

Operational Performance

PARAGON REIT adopts a proactive leasing strategy and works closely with retailers to be at the forefront of evolving retail and consumer trends. This enables PARAGON REIT to mitigate vacancies, as evidenced by its strong portfolio occupancy rate of 98.5%. PARAGON REIT's assets are well-positioned to benefit from the retail sector recovery, with near full occupancy across the portfolio.

Tenant retention ratio was 80%, which reflects the strong relationships and confidence our tenants have in the performance of PARAGON REIT's assets.

Portfolio negative rental reversion rate had lowered from -8.4% to -4.1% due to recovering retail sentiments. Tenant sales returned close to near pre-Covid levels across PARAGON REIT's portfolio.

The portfolio weighted average lease expiry ("WALE") stood at 5.2 years by net lettable area ("NLA") and 2.8 years by gross rental income ("GRI").

Singapore Assets

Covid-19 safe-distancing measures were substantially lifted in April 2022, which led to increased visitation and spending. PARAGON REIT's portfolio in Singapore recorded a 24% increase both in tenant sales and footfall over CP 2021. For CY2022, tenant sales and footfall increased 35% yoy and 33% yoy, respectively.

International arrivals recovered significantly in 2022, with 6.3 million arrivals compared to 0.3 million arrivals in 2021. Paragon, in particular, which is located in the heart of Orchard Road, Singapore's shopping and tourist precinct, benefited from this resumption in international arrivals.

Paragon's position as a premier upscale mall was further enhanced with the introduction of new concept stores, such as Zegna's retrofitted flagship outlet, which showcases its latest brand concept, as well as a total shop refit from Ferragamo. Paragon will soon welcome Saint Laurent, one of Kering Group's top performing brands, to its premises in 2H 2023.

Australia Assets

Australia largely ended its Covid-19 social distancing requirements in early 2022. PARAGON REIT's portfolio in Australia recorded a 7% increase in tenant sales over CP 2021. Footfall, however, was impacted by four months of lockdown in New South Wales from July to October 2021, and recorded a 1% decrease over CP 2021. For CY2022, tenant sales and footfall increased 9% yoy and 1% yoy, respectively.

Westfield Marion, the largest shopping mall in South Australia, continues to attract quality tenants such as NASDAQ listed Canadian athleisure retailer, Lululemon, which opened its doors in November 2022.

Stable Valuations

Singapore assets recorded higher valuations as compared to 31 August 2021, with valuation rising to S\$3,338.7 million as at 31 December 2022, representing a 1.3% increase from S\$3,296.2 million as at 31 August 2021.

Australian portfolio valuation also rose to A\$847.0 million as at 31 December 2022, representing a 0.8% increase from A\$840.5 million as at 31 August 2021.

Capital Management

PARAGON REIT's fixed debt percentage stood at 84%, with an average cost of debt of 2.05% for the 16M FY2022.

In December 2022, PARAGON REIT successfully completed various loan refinancings of approximately S\$235 million. Effective interest rate as at 31 December 2022 was 3.09%. There is no major concentration of loans maturing in FY 2023, with only S\$95 million or 7% of total debt, scheduled to be refinanced.

Total borrowings amounted to S\$1.3 billion at a gearing ratio of 29.8%, providing debt headroom flexibility.

Market Outlook

PARAGON REIT's portfolio is a key beneficiary of the domestic retail recovery and the gradual return of international visitor arrivals. Nonetheless, high inflation, continued geopolitical tensions, and economic headwinds could potentially weigh on consumer behaviour.

Dr Leong Horn Kee, Chairman of PARAGON REIT, said: "Our assets displayed strong operational recovery, which is proof of the quality of our portfolio, and the effectiveness of our strategies. This is evident from the higher retail sales across our portfolio. We are pleased to announce a stable DPU of 1.72 cents for the four months ended 31 December 2022. PARAGON REIT remains well-positioned to capture the rebound in retail sales, and we will strive to maintain our resilience against potential headwinds."

Ms Susan Leng, CEO of PARAGON REIT, said: "As we return to normalcy, our operating metrics in terms of tenant sales and footfall continue to improve. Over the festive season, we saw encouraging tenant sales at our assets. The stable asset valuation reflects our strategic positioning, as well as the strong demand for our assets. We will continue to proactively manage our assets and work closely with our stakeholders to ensure that we remain at the forefront of evolving retail and consumer trends."

Summary Results of PARAGON REIT

	Unaudited 4M ended 31 Dec 2022 S\$'000	Unaudited 4M ended 31 Dec 2021 S\$'000	Change %
Gross revenue	94,555	92,590	2.1
Net property income	70,228	68,434	2.6
Distributable income to unitholders	49,513	51,234	(3.4)
Distribution to unitholders	48,347	48,202 ¹	0.3
Distribution per unit (cents)	1.72	1.72 ²	-
Annualised distribution yield (%)	5.73 ³	5.16 ⁴	11.0

	Audited 16M FY2022 S\$'000	Audited 12M FY2021 S\$'000	Change %
Gross revenue	376,411	277,179	35.8%
Net property income	279,929	202,627	38.1%
Distributable income to unitholders	210,184	157,803	33.2%
Distribution to unitholders	203,157	150,160	35.3
Distribution per unit (cents)	7.24	5.40 ⁵	34.1
Annualised distribution yield (%)	6.03 ³	5.93 ⁶	1.7

Notes:

1. Distribution to unitholders for 4M ended 31 Dec 2021 of S\$48.2 million includes distribution for the period 1 September 2021 to 30 November 2021 of S\$34.8 million and the pro-rated 1 month distribution from the 3-months period 1 December 2021 to 28 February 2022 of S\$40.4 million.
2. Distribution per unit (DPU) for 4M ended 31 Dec 2021 of 1.72 cents includes DPU for the period 1 September 2021 to 30 November 2021 of 1.24 cents and the pro-rated 1 month DPU from the 3-months period 1 December 2021 to 28 February 2022 of 1.44 cents.
3. Based on S\$0.90 per unit closing price on 30 December 2022.
4. Based on S\$1.00 per unit closing price on 31 December 2021.
5. The distribution to unitholders for 12M FY2021 includes S\$14.5 million of FY2020 distributable income deferred as allowed under COVID-19 relief measures, which is equivalent to 0.52 cents per unit.
6. Based on S\$0.91 per unit closing price on 31 August 2021.

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

PARAGON REIT (formerly known as “SPH REIT”) is a Singapore-based real estate investment trust established principally to invest in a portfolio of income-producing real estate primarily for retail purposes in Asia-Pacific, as well as real estate-related assets.

PARAGON REIT has a portfolio of five assets in Singapore and Australia.

Its portfolio of properties in Singapore comprises a 99-year leasehold interest in Paragon that commenced on 24 July 2013, a 99-year leasehold interest in The Clementi Mall that commenced on 31 August 2010 and a 99-year leasehold interest in The Rail Mall that commenced on 18 March 1947. These Singapore properties have an aggregate net lettable area of approximately 960,000 sq. ft.

In Australia, PARAGON REIT owns a 50% freehold interest in Westfield Marion Shopping Centre, the largest regional shopping centre in Adelaide, South Australia. PARAGON REIT also owns an 85% interest in Figtree Grove Shopping Centre, a freehold sub-regional shopping centre in Wollongong, New South Wales, Australia. Both Australian properties have an aggregate gross lettable area of approximately 1.7 million sq. ft.

Visit PARAGON REIT’s website at www.paragonreit.com.sg for more details.

ABOUT THE REIT MANAGER: PARAGON REIT MANAGEMENT PTE. LTD.

PARAGON REIT is managed by PARAGON REIT Management Pte. Ltd., a wholly-owned subsidiary of Cuscaden Peak Investments Private Limited. The Manager's key objective for PARAGON REIT is to provide Unitholders with regular and stable distributions, and sustainable long-term growth in DPU and NAV per Unit, while maintaining an appropriate capital structure.

ABOUT THE SPONSOR: CUSCADEN PEAK INVESTMENTS PRIVATE LIMITED

Cuscaden Peak Investments Private Limited (formerly known as Singapore Press Holdings Private Limited before it was privatized on 13 May 2022) is a wholly owned subsidiary of Cuscaden Peak Pte. Ltd. ("Cuscaden Peak"), a consortium made up of three shareholders - Hotel Properties Limited; Mapletree Investments Pte. Ltd., and CLA Real Estate Holdings Pte. Ltd. It has businesses in Retail & Commercial, Purpose-Built Student Accommodation (PBSA), Aged Care and Events Management Businesses.

On the retail and commercial front, Cuscaden Peak owns ~61% stake in PARAGON REIT, whose portfolio comprises three properties in Singapore, namely Paragon, The Clementi Mall and The Rail Mall. In Australia, PARAGON REIT holds an 85% stake in Figtree Grove Shopping Centre and a 50% stake in Westfield Marion Shopping Centre. Cuscaden Peak Investments also has joint venture stakes in The Seletar Mall and an upcoming integrated development consisting of The Woodleigh Residences and The Woodleigh Mall.

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

Visit Cuscaden Peak Investment Private Limited's website at www.cuscadenpeak.com for more details.

Important Notice

This release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses, including employee wages, benefits and training, property expenses and governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of PARAGON REIT Management Pte. Ltd. (as the manager of PARAGON REIT) on future events.

This press release is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for Units. The value of Units and the income derived from them, if any, may fall or rise. Units are not obligations of, deposits in, or guaranteed by the Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested. Investors should note that they will have no right to request the Manager to redeem or purchase their Units for so long as the Units are listed on the SGX-ST. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. The listing of the Units on the SGX-ST does not guarantee a liquid market for the Units. The past performance of PARAGON REIT is not necessarily indicative of the future performance of PARAGON REIT.

This press release shall be read in conjunction with PARAGON REIT's financial results for the period ended 31 December 2022 in the SGXNET announcement.