

**PARAGON REIT MANAGEMENT PTE. LTD.**  
(Registration No: 201305497E)  
(Incorporated in the Republic of Singapore)

**RESPONSES TO QUESTIONS FROM UNITHOLDERS  
IN ADVANCE OF ANNUAL GENERAL MEETING**

PARAGON REIT Management Pte. Ltd. (the “**Manager**”), as manager of PARAGON REIT, wishes to thank unitholders of PARAGON REIT (“**Unitholders**”) for submitting their questions in advance of the Annual General Meeting (“**AGM**”), which will be convened and held on Monday, 25 March 2024 at 3.30pm (Singapore time).

The Manager’s responses to substantial and relevant questions from Unitholders are set out below. Where questions from Unitholders overlap or are closely related, they have been merged and rephrased for clarity.

**Question No. 1**

**Gross revenue for PARAGON REIT’s Australia assets on page 210 of the Annual Report 2023 appears to have come down. Can you explain why?**

On 29 July 2022, PARAGON REIT announced the changing of its financial year-end from 31 August to 31 December. The reason for the change in financial year-end is for its financial year-end to correspond with the financial year-end of the Manager and of its sponsor, Cuscaden Peak Investments Private Limited (the “**Sponsor**”).

Due to the change in financial year-end, the FY2022 gross revenue on page 210 of PARAGON REIT’s 2023 Annual Report comprises a 16-month period from 1 September 2021 to 31 December 2022, while gross revenue for FY2023 relates to the 12-month period from 1 January 2023 to 31 December 2023. Therefore, the figures are not comparable.

On a like-for-like 12-month comparison basis, PARAGON REIT’s portfolio gross revenue for FY2023 grew 1.8% year-on-year from S\$283.8 million to S\$288.9 million while the Australia portfolio gross revenue grew 5.7% year-on-year from A\$70.1 million to A\$74.1 million compared to the 12-month period ended 31 December 2022.

**Question No. 2**

**Can the Board explain why it declined the offer to acquire The Seletar Mall and how it plans to grow the REIT going forward?**

As announced on 29 February 2024, DBS Trustee Limited (in its capacity as trustee of PARAGON REIT) and the Manager have considered the offer from the Sponsor for the acquisition of The Seletar Mall at a property value of S\$550 million (the “**Offer**”) and are of the view that acquiring The Seletar Mall, based on the proposed terms set out in the Offer, would not be in the best interests of PARAGON REIT for a number of reasons, including that the transaction will be dilutive to PARAGON REIT’s distribution per unit.

Singapore-listed real estate investment trusts (“**S-REITs**”) including PARAGON REIT are also required to comply with maximum gearing and minimum interest coverage ratio (“**ICR**”) limits of 50% and 2.5x respectively, set by the Monetary Authority of Singapore (“**MAS**”).

PARAGON REIT aims to provide Unitholders with regular and stable distributions. In view of the current high interest rate environment, PARAGON REIT remains committed to maintaining prudent capital management, and the Manager is of the view that it is not in Unitholders' best interest at this point of time to commit to a high gearing level and risk breaching the abovementioned maximum gearing and minimum ICR limits set by MAS.

The Manager will continue to explore opportunities for the acquisition of yield-accretive assets which are in line with PARAGON REIT's investment criteria and strategy and continue to seek organic growth opportunities through rental reversion and asset enhancement initiatives.

### **Question No. 3**

#### **With no acquisitions in the pipeline, is there a plan to privatise the REIT?**

As stated in the Sponsor's Offeree Circular dated 27 May 2022, it is the intention of the Sponsor for PARAGON REIT to continue with its existing activities and there are no plans to make any material changes to PARAGON REIT's existing business, re-deploy its fixed assets or to initiate any major changes to the investment policy, except in the ordinary course of business.

### **Question No. 4**

#### **What range of rates will the perpetual securities expiring this year be reset to? If the perpetual securities are redeemed, either through the issuance of new perpetual securities or redeemed via bank loans, what would the range of rates be like?**

PARAGON REIT's existing perpetual securities, if rolled forward on the reset date (i.e. 30 August 2024), would reset with a coupon rate of approximately 6%. New issuance of perpetual securities is expected to be in the range of 5.5% to 6%.

Alternatively, should the Manager opt to redeem the perpetual securities via debt, the debt would be financed at prevailing interest rates. As an illustration, PARAGON REIT's average cost of debt was 4.3% for the financial year ended 31 December 2023.

### **Question No. 5**

#### **Including the outstanding perpetual securities, is PARAGON REIT expected to reduce its gearing to the 35% range?**

As at 31 December 2023, PARAGON REIT's gearing ratio is approximately 30%. Should the Manager opt to redeem the perpetual securities via debt, PARAGON REIT's gearing is expected to increase to approximately 37%. This is in line with the current S-REIT gearing average of approximately 38% as at 31 January 2024.

**Issued by PARAGON REIT Management Pte. Ltd.  
As manager of PARAGON REIT**

**21 March 2024**

### **IMPORTANT NOTICE**

This announcement 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 Singapore Exchange Securities Trading Limited (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.