

5 August 2024



## **STRONG OPERATING PERFORMANCE GAINING MOMENTUM, UNDERPINNED BY POSITIVE LEASING SENTIMENTS**

- Portfolio rental reversion rate at 19.1%
- NPI increased 4.5% year-on-year to S\$110.8 million
- DPU of 2.32 cents declared

**SINGAPORE, 5 August 2024** – PARAGON REIT Management Pte. Ltd. (“PARAGON RM” or the “Manager”), the Manager of PARAGON REIT, today announced its financial results for the half year ended 30 June 2024 (“1H FY2024”).

### **Financial Performance**

PARAGON REIT’s gross revenue increased 3.0% year-on-year to S\$147.4 million for 1H FY2024, while Net Property Income (“NPI”) grew 4.5% year-on-year to S\$110.8 million for the same period.

PARAGON REIT declared a Distribution per unit (“DPU”) of 2.32 cents for 1H FY2024, representing an annualised yield of 5.43%. DPU for 1H FY2024 is 4.1% lower than the corresponding period, as a result of management fees being paid fully in cash to reduce dilution of Unitholders’ returns. On a like-for-like basis<sup>1</sup>, DPU for 1H FY2024 is higher year-on-year. 1H FY2024 distribution is expected to be paid on 23 September 2024.

### **Operational Performance**

PARAGON REIT’s portfolio of quality assets continues to benefit from resilient domestic retail spending and the progressive recovery of tourist arrivals in Singapore. As at 30

---

<sup>1</sup> For 1H FY2023, 95% of the base fee component of the management fees for the period from 1 January to 31 March 2023 and 50% of the base fee for the period from 1 April to 30 June 2023 were paid or payable in the form of units in PARAGON REIT. The balance of the base fee was paid to the Manager in cash.

June 2024 occupancy is maintained at 98% across the portfolio, with occupancy of its Singapore assets achieved 100%, while occupancy of its Australia assets stood at 97%.

Rental reversion rate improved to 19.1% for 1H FY2024 from 6.9% for 1H FY2023, driven by the close collaboration and support of various key stakeholders including our retailers and customers, a reflection of retailers' continued positive leasing sentiments as well as PARAGON REIT's proactive leasing strategy.

To mitigate against concentration risk, the portfolio has a distributed lease expiry profile with a weighted average lease expiry of 4.9 years by net lettable area and 2.9 years by gross rental income.

### ***Singapore Assets***

Retailers benefited from the boost in shopping and food and beverage receipts stemming from events which increased international visitor arrivals. Popular A-list celebrity concerts including by Taylor Swift, Ed Sheeran and Coldplay drew over one million visitors in the first quarter of 2024. The increase in meetings, incentive travel, conventions and exhibitions (MICE) events in early 2024 also added to increased international visitor arrivals. Total international visitor arrivals reached 8.2 million during the period from January to June 2024, a 31.2% increase over the same period in 2023 and achieving 88.4% of pre-covid arrivals in 2019. Correspondingly, tourism shopping receipts posted an increase of 21.7% year-on-year to S\$1.34 billion for the first quarter of 2024.

For 1H FY2024, PARAGON REIT's Singapore portfolio recorded a marginal 2.3% year-on-year decline in tenant sales.

On 20 June 2024, the Manager announced that PARAGON REIT entered into a sale and purchase agreement for the divestment of The Rail Mall for a cash consideration of S\$78.5 million. The transaction is part of the Manager's proactive portfolio management strategy to unlock value in PARAGON REIT's portfolio to be better positioned for yield-accretive opportunities. Net proceeds will be deployed to reduce outstanding debt obligations, finance potential acquisitions and/or asset enhancement initiatives, and/or make distributions to unitholders. The divestment is scheduled for completion in 2H FY2024.

### **Australia Assets**

Total retail sales for New South Wales and South Australia inched higher marginally by 1.0% and 2.4% year-on-year, respectively for the six months ended 30 June 2024, notwithstanding higher mortgage rates, rising rents and inflationary pressures impacting cost of living. 13.6 million Australian taxpayers are expected to receive a boost to income when the Australian government delivers tax cuts over five years from 1 July 2024 to ease cost-of-living pressures. The total amount of tax cuts is estimated to be A\$105.7 billion or approximately 4% of Australia's GDP in FY2023. Surveys however suggest workers intend to save a significant proportion of this payout.

For 1H FY2024, tenant sales of PARAGON REIT's Australia portfolio remained stable, recording a 1.1% year-on-year increase.

### **Valuations**

The Singapore assets valuation increased by 3.4% or S\$116.0 million from the improved valuation of Paragon and The Clementi Mall on 30 June 2024 compared to 31 December 2023 as a result of their strong fundamental performance and outlook. Both assets' capitalisation rates remained unchanged.

In the same period, PARAGON REIT's Australia assets saw fair valuation decrease by 4.6% or A\$36.5 million to A\$763 million. Capitalisation rate of Figtree Grove, which is located in New South Wales, remained stable. Due to regional mall segment in South Australia being transacted at higher capitalisation rates, Westfield Marion's capitalisation rate expanded from 6.00% to 6.25%.

### **Capital Management**

PARAGON REIT maintains a prudent and disciplined approach to capital management, with total borrowings at S\$1.3 billion, translating to a gearing of approximately 29.0% as at 30 June 2024 (Average S-REIT gearing of 39.1% based on SGX 2Q 2024 Chartbook). Fixed debt percentage remained at 85% to mitigate against the impact of rising interest rates, while debt maturity profile stood at a weighted average term to maturity of 1.6 years. Average cost of debt was 4.6% for 1H FY2024.

In July 2024, the Manager completed the refinancing of a S\$115.0 million loan tranche and announced its intention to redeem 100 per cent of the principal amount of S\$300.0 million 4.10% subordinated perpetual securities on the redemption date of 30 August 2024.

### **Market Outlook**

Easing labour market conditions and waning tailwinds from the post-pandemic boom in retail spending are expected to contribute to the moderation in retail sales growth. However, growing international travel and the progressive recovery of international visitor arrivals are expected to support the continued strengthening of tenants' leasing sentiments in FY2024.

Dr Leong Horn Kee, Chairman of PARAGON REIT, said: "Our resilient operating performance amidst a tepid market environment is a testament to the enduring quality of our portfolio. Our proactive leasing strategies have also enabled us to achieve strong occupancy rates across our assets. With tourist arrivals expected to continue its recovery for the rest of 2024, we remain cautiously optimistic that we will continue delivering sustainable long-term value for all our unitholders."

Ms Susan Leng, CEO of PARAGON REIT, said: "The assets in our Singapore portfolio contribute about 80% of our gross revenue and continue to enjoy strong rental reversions driven by resilient domestic demand. We continually evaluate concepts to elevate Paragon's positioning and we are pleased to welcome *Burberry's* expansion to a duplex store. Strong retailer relations remain the bedrock of our proactive leasing strategy which saw our current tenants *Tommy Hilfiger*, *Brooks Brothers* and *45R* investing in new shop fit outs. We also welcomed new tenants *alice+olivia by Stacey Bendet*, *Christofle* and *Song Fa Signatures*.

In Australia, tenant sales of both our assets remain stable despite the macroeconomic headwinds including inflationary pressures weighing on the economy.

We continue to take an active management role and collaborate closely with our tenants to enhance our operations and offerings to satisfy the evolving preferences of shoppers."

## Summary Results of PARAGON REIT

	1H FY2024 S\$'000	1H FY2023 S\$'000	Change %
Gross revenue	147,362	143,084	3.0
Net property income	110,847	106,057	4.5
Distributable income to unitholders	60,404 <sup>1</sup>	70,631	(14.5)
Distribution to unitholders	65,865 <sup>1</sup>	68,498	(3.8)
Distribution per unit (cents)	2.32 <sup>1</sup>	2.42	(4.1)
Annualised distribution yield (%)	5.43 <sup>2</sup>	5.08 <sup>2</sup>	6.9

Notes:

1. Distribution income to unitholders for 1H FY2024 decreased primarily due to management fees paid/payable in cash
2. Based on S\$0.8550 per unit closing price on 28 June 2024  
Based on S\$0.9550 per unit closing price on 30 June 2023

===== END =====

**Issued by PARAGON REIT Management Pte. Ltd.  
Co. Regn. No. 201305497E**

For further information and enquiries, please contact:

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

Jonathan Yeoh / Jonathan Wee / Natalie Loh  
Teneo  
Tel: +65 6955 8873  
Email: [paragonreit@teneo.com](mailto:paragonreit@teneo.com)

**ABOUT PARAGON REIT**

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

PARAGON REIT has a portfolio of five assets in Singapore and Australia as at 30 June 2024.

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

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

Visit PARAGON REIT's website at [www.paragonreit.com.sg](http://www.paragonreit.com.sg) for more details.

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

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

### **ABOUT THE SPONSOR: CUSCADEN PEAK INVESTMENTS PRIVATE LIMITED**

Cuscaden Peak Investments Private Limited (formerly known as Singapore Press Holdings Limited before it was privatised 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, Aged Care and Events Management Businesses.

On the retail and commercial front, Cuscaden Peak owns an ~61% stake in PARAGON REIT. Cuscaden Peak Investments also has a joint venture stake in an integrated development consisting of The Woodleigh Residences and The Woodleigh Mall.

For more information, please visit:

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

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

Instagram: [@cuscadenpeakinvestments](https://www.instagram.com/cuscadenpeakinvestments)



## **Important Notice**

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

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

This press release shall be read in conjunction with PARAGON REIT's financial results for the period ended 30 June 2024 in the SGXNET announcement.