



1H FY2024 Financial Results

Date: 5 August 2024

PARAGON REIT

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1H FY2024 Key Highlights

1H FY2024 Key highlights

Performance



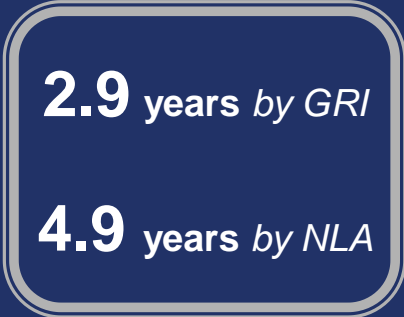
Gross revenue



Rental reversion



Portfolio occupancy



Portfolio WALE

Capital management



Gearing



Fixed debt



Average cost of debt



Weighted average term to maturity

Notes:
1. NLA refers to Net Lettable Area in Singapore and Gross Lettable Area in Australia

1H FY2024 Key highlights

Divestment of The Rail Mall

- The Rail Mall is a strip mall with 43 shop units and its adjacency to the iconic Rail Corridor nature trail also serves as a dining option for hikers and cyclists. The property has a total net lettable area of 49,886 sq ft
- The divestment 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
- The 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 Rail Mall
Cash Consideration	S\$78.5 million
Valuation of the Property as at 31 December 2023¹	S\$62.0 million
Target completion	2H FY2024



1. Please refer to the valuation announcement dated 6 February 2024 for details of the valuation of the Property as at 31 December 2023



1H FY2024 Financial Results

1H FY2024 Financial performance

	1H FY2024 S\$'000	1H FY2023 S\$'000	% + / (-)
Gross revenue	147,362	143,084	3.0
Property expenses	(36,515)	(37,027)	(1.4)
Net property income	110,847	106,057	4.5
Distributable income to Unitholders	60,404 ⁽¹⁾	70,631	(14.5)
Distribution to Unitholders	65,865 ⁽¹⁾	68,498	(3.8)
Distribution per unit (cents)	2.32 ⁽²⁾	2.42	(4.1)

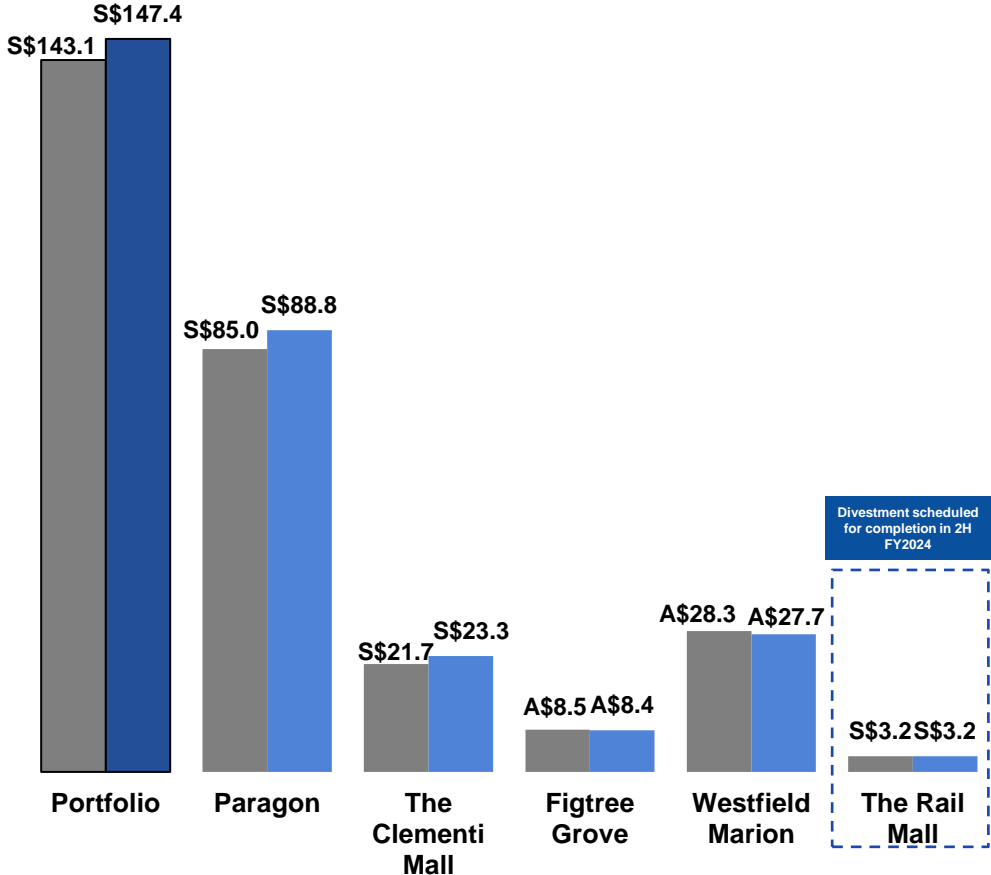
Notes:

1. Distribution to unitholders for 1H FY2024 decreased primarily due to higher management fees 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

Improved portfolio Revenue and NPI

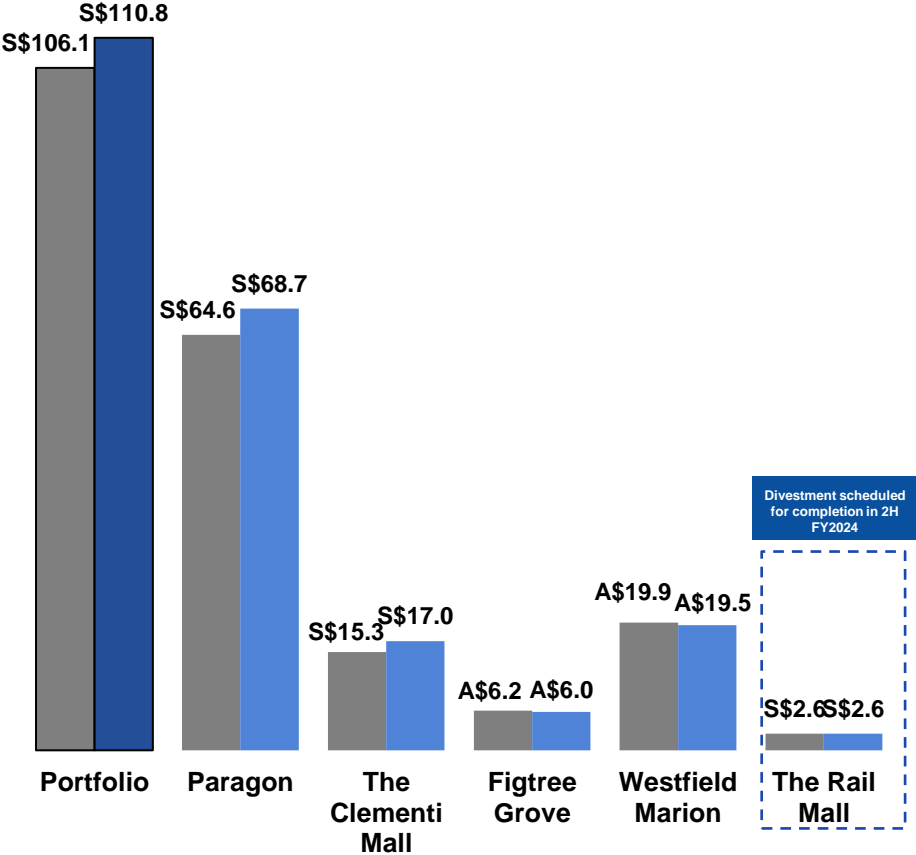
Gross Revenue

(in millions in local currency)



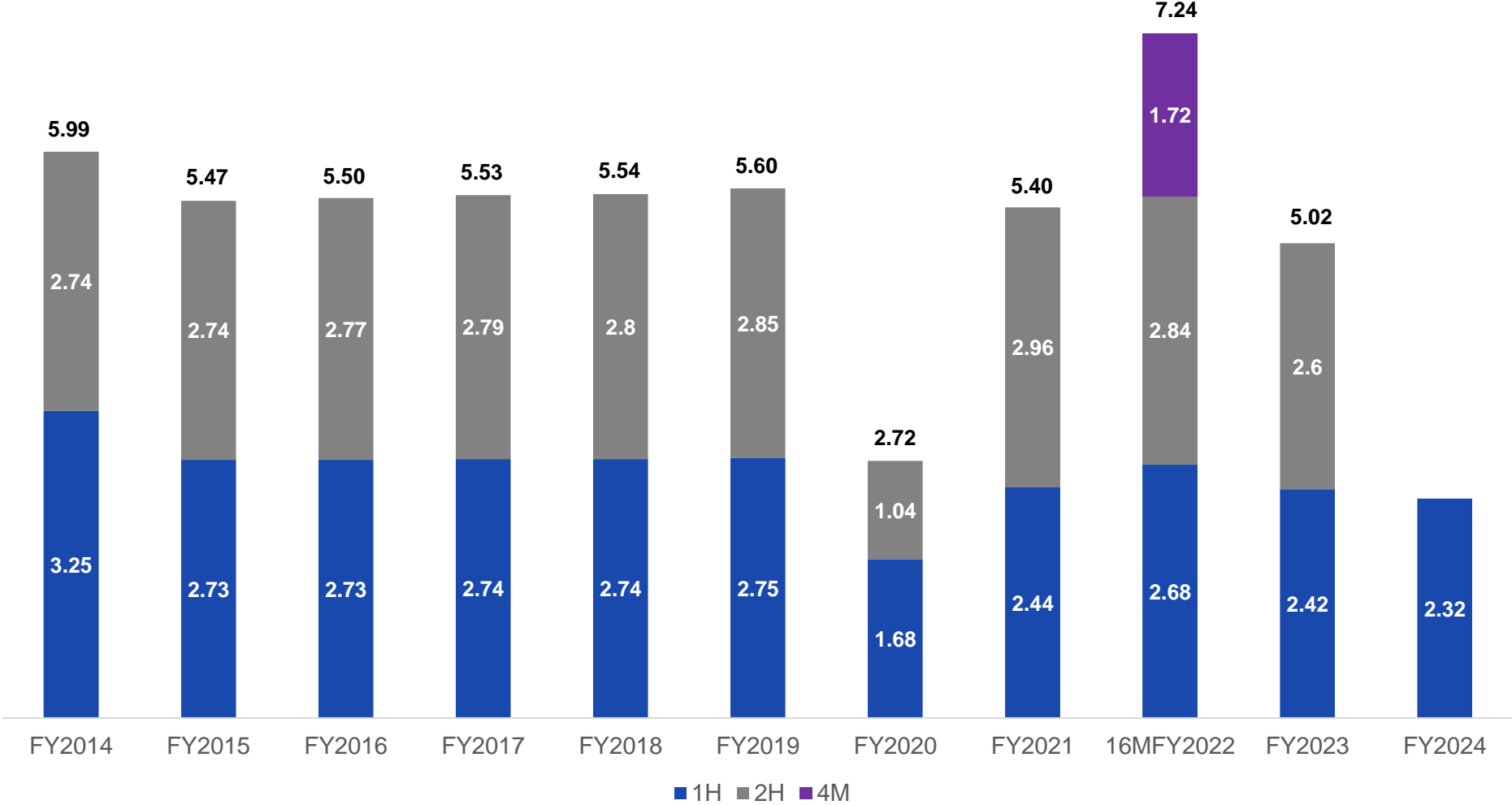
Net property Income

(in millions in local currency)



1H FY2023 1H FY2024

Stable distribution to unitholders



Notes:

- 1. Does not include the distribution of 0.56 cents from 24 July 2013 (listing date) to 31 August 2013
- 2. 16M FY2022 comprised a 16-month period ended 31 December 2022
- 3. FY2014 to FY2021 refers to financial years 1 September to 31 August
- 4. In 2022, PARAGON REIT changed its financial year end from 31 August to 31 December



Balance Sheet

Resilient balance sheet


S\$'000	30 June 2024	31 December 2023	% + / (-)
Total assets	4,349,543	4,268,723	1.9
Total liabilities	1,376,049	1,377,488	(0.1)
Net assets	2,973,494	2,891,235	2.8
Net asset value per unit	S\$0.94	S\$0.91	3.3
Debt gearing ⁽¹⁾	29.0%	29.6%	60bps

Notes:



(1) Gearing is computed based on total debt / total assets

Valuations

Singapore assets

	Valuation (S\$ million) ¹			Capitalisation rate (%)	
	As at 30 Jun 2024	As at 31 Dec 2023	Variance	As at 30 Jun 2024	As at 31 Dec 2023
PARAGON	2,825.0	2,730.0	3.5%	4.50% - Retail 3.75% - Medical Suite / Office	4.50% - Retail 3.75% - Medical Suite / Office
 THE CLEMENTI MALL	630.0	609.0	3.4%	4.50%	4.50%

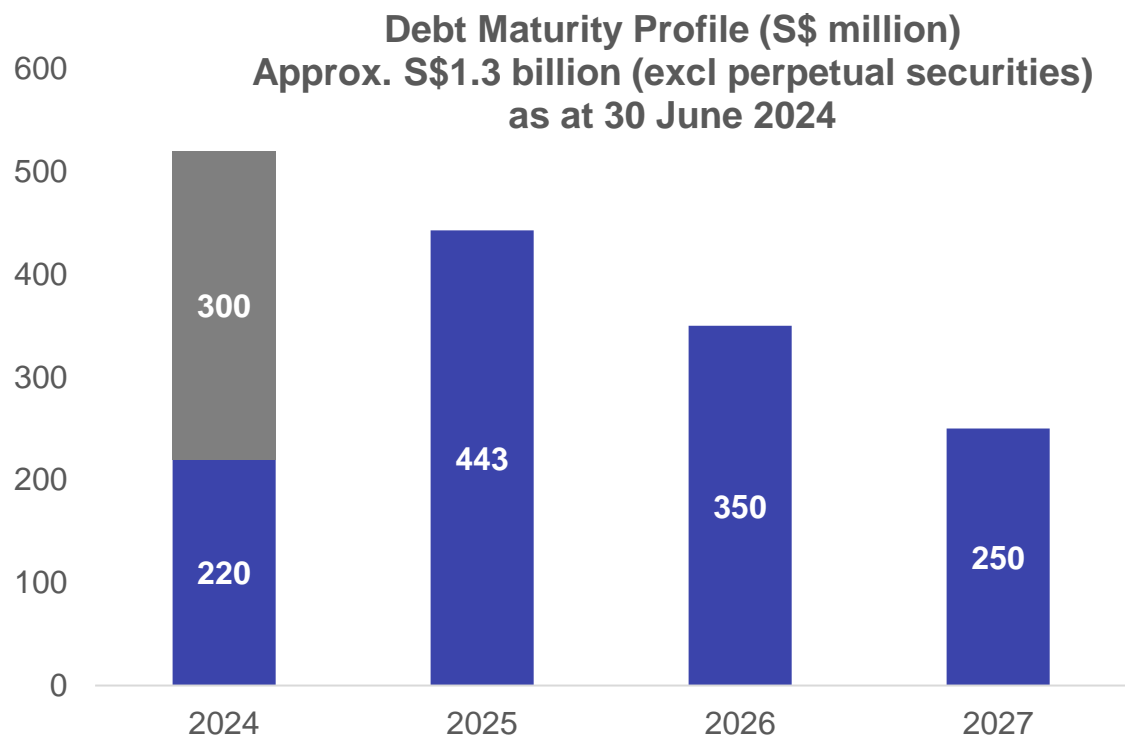
Australia assets


	Valuation (A\$ million)			Capitalisation rate (%)	
	As at 30 Jun 2024	As at 31 Dec 2023	Variance	As at 30 Jun 2024	As at 31 Dec 2023
 Westfield ² MARION	580.0	612.5	-5.3%	6.25%	6.00%
 figtree ³ grove	183.0	187.0	-2.1%	6.50%	6.50%

Notes:

- Singapore assets valuations as at 30 June 2024 & 31 December 2023 conducted by Jones Lang LaSalle Property Consultants Pte Ltd
- Westfield Marion valuations as at 30 June 2024 & 31 December 2023 conducted by Jones Lang LaSalle Advisory Services Pty Ltd, represents PARAGON REIT's 50% interest in Westfield Marion
- Figtree Grove Shopping Centre valuations as at 30 June 2024 & 31 December 2023 conducted by Savills Valuations Pty Ltd and CBRE Valuation Pty Ltd respectively, represents 100% value of Figtree Grove Shopping Centre; PARAGON REIT has a 85% interest in Figtree Grove Shopping Centre

Capital management



 S\$300m of fixed rate perpetual securities issued on 30 August 2019
 Announced on 10 July 2024 to redeem 100 per cent of the principal amount



Established a sustainability linked term loan facility of S\$995 million in July 2023

Gearing ¹	29.0%
Average Cost of Debt for 1H FY2024	4.6%
Weighted Average Term to Maturity	1.6 years
Floating rate % Fixed rate %	15% 85%
Interest Coverage Ratio ²	3.4 times
Adjusted Interest Coverage Ratio ² (includes perpetual securities)	2.8 times
Available Facilities	S\$225 m
% of green loan of total borrowings	~77%

Notes:

1. The total assets used for computing the gearing ratio is based on the latest valuation of the investment properties as at 30 June 2024
2. Computed based on rolling 12 months from 1 July 2023 to 30 June 2024



Operations Review

Resilient portfolio

98.1%

Portfolio occupancy¹

19.1%

Rental Reversion

2.7m

Net Lettable Area
("NLA") sf¹

4.9 years

WALE by NLA²

2.9 years

WALE
by Gross Rental Income²

Singapore



Paragon



The Clementi Mall

Australia



Westfield Marion
SA




Figtree Grove
NSW



As of 30 June 2024	Singapore			Australia	
	Paragon	The Clementi Mall	The Rail Mall ³	Westfield Marion	Figtree Grove
NLA ('000 sqft)	718	196	50	1,484	237
Occupancy rate	100.0%	100.0%	100.0%	97.0%	97.1%

Notes:

- Occupancy and Net Lettable area as of 30 June 2024 include The Rail Mall
- WALE excludes The Rail Mall due to its scheduled divestment
- The divestment of The Rail Mall is scheduled for completion in 2H FY2024

Sustainable returns supported by high occupancy

As at 30 June 2024	Occupancy rate	Number of renewals / new leases ¹	NLA renewed/ new leases ('000 sqft)	As a % of properties' NLA	Change compared to preceding rental rates ²
PARAGON	100.0%	118	327	45.6%	22.5%
	100.0%	48	43	22.2%	16.4%
The Rail Mall⁴	100.0%	3	4	7.4%	18.6%
Singapore assets	100.0%	169	374	38.8%	21.6%

As at 30 June 2024	Occupancy rate	Number of renewals / new leases ¹	NLA renewed/ new leases ('000 sqft)	As a % of properties' NLA	Change compared to preceding rental rates ³
	97.0%	47	97	6.6%	-1.7%
	97.1%	11	12	5.2%	-16.2%
Australia assets	97.0%	58	110	6.4%	-4.9%

Notes:

1. For expiries in 1H FY2024, excluding newly created, reconfigured units and licenses less than 12 months
2. Reversion rate is computed based on weighted average of all expiring leases. The change is measured between average rents of the renewed & new lease terms and the average rents of the preceding lease terms. Preceding leases were typically committed three years ago.
3. Based on the first-year fixed rent of the new leases divided by the preceding final year fixed rents of the expiring leases.
4. The divestment of The Rail Mall is scheduled for completion in 2H FY2024

Well staggered lease expiry profile

Lease expiry as at 30 Jun 2024	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029 & beyond
PARAGON REIT Portfolio						
Expiries as a % of total NLA	6%	12%	15%	15%	7%	45%
Expiries as a % of Gross rental income	5%	18%	23%	30%	8%	16%
Singapore assets						
Expiries as a % of total NLA	1%	21%	34%	32%	8%	4%
Expiries as a % of Gross rental income	1%	19%	26%	36%	8%	10%
Australia assets						
Expiries as a % of total NLA	9%	7%	5%	5%	6%	68%
Expiries as a % of Gross rental income	17%	16%	11%	9%	10%	37%

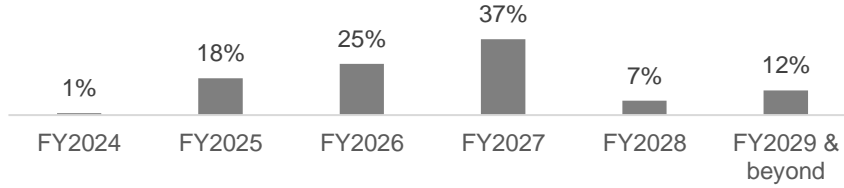
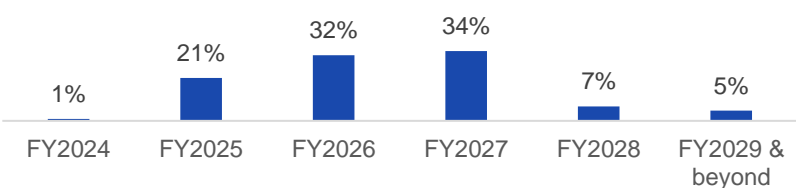
Proactive management of lease expiry

Singapore assets

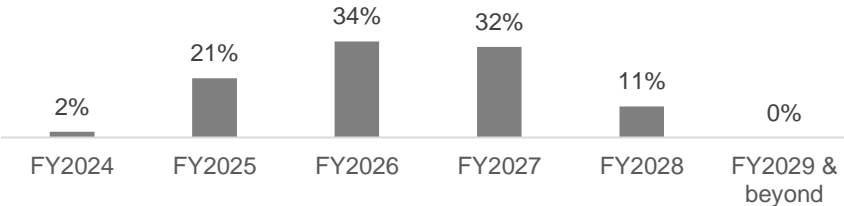
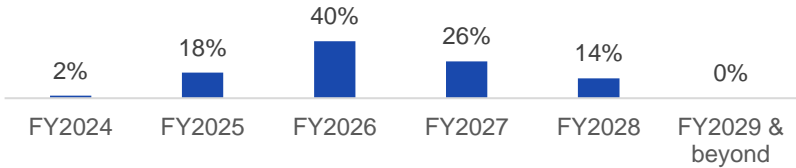
Expiry by NLA

Expiry by Gross Rental Income

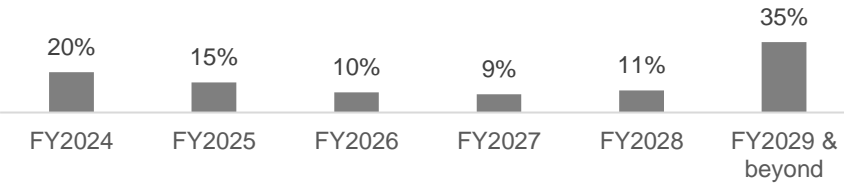
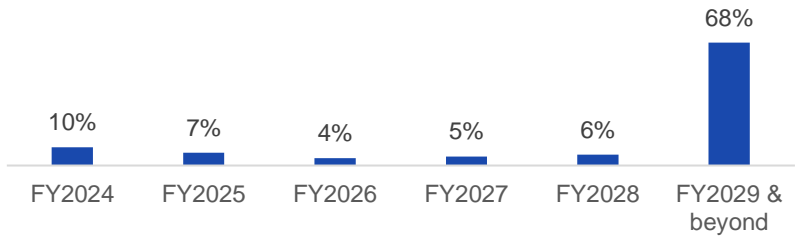
PARAGON



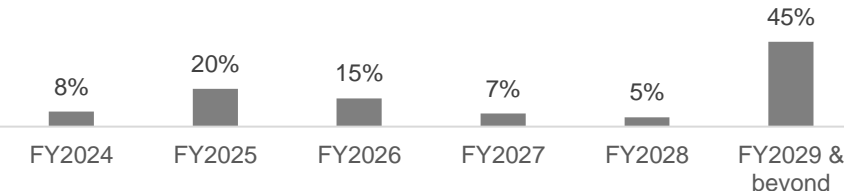
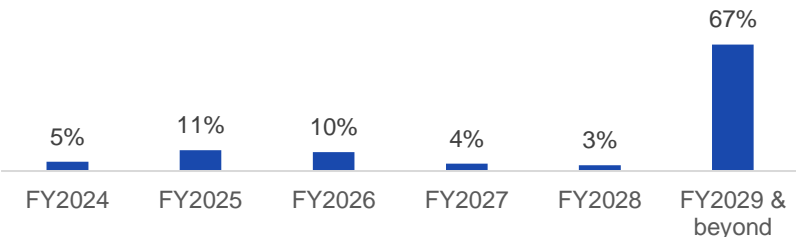
THE CLEMENTI mall



Westfield MARION

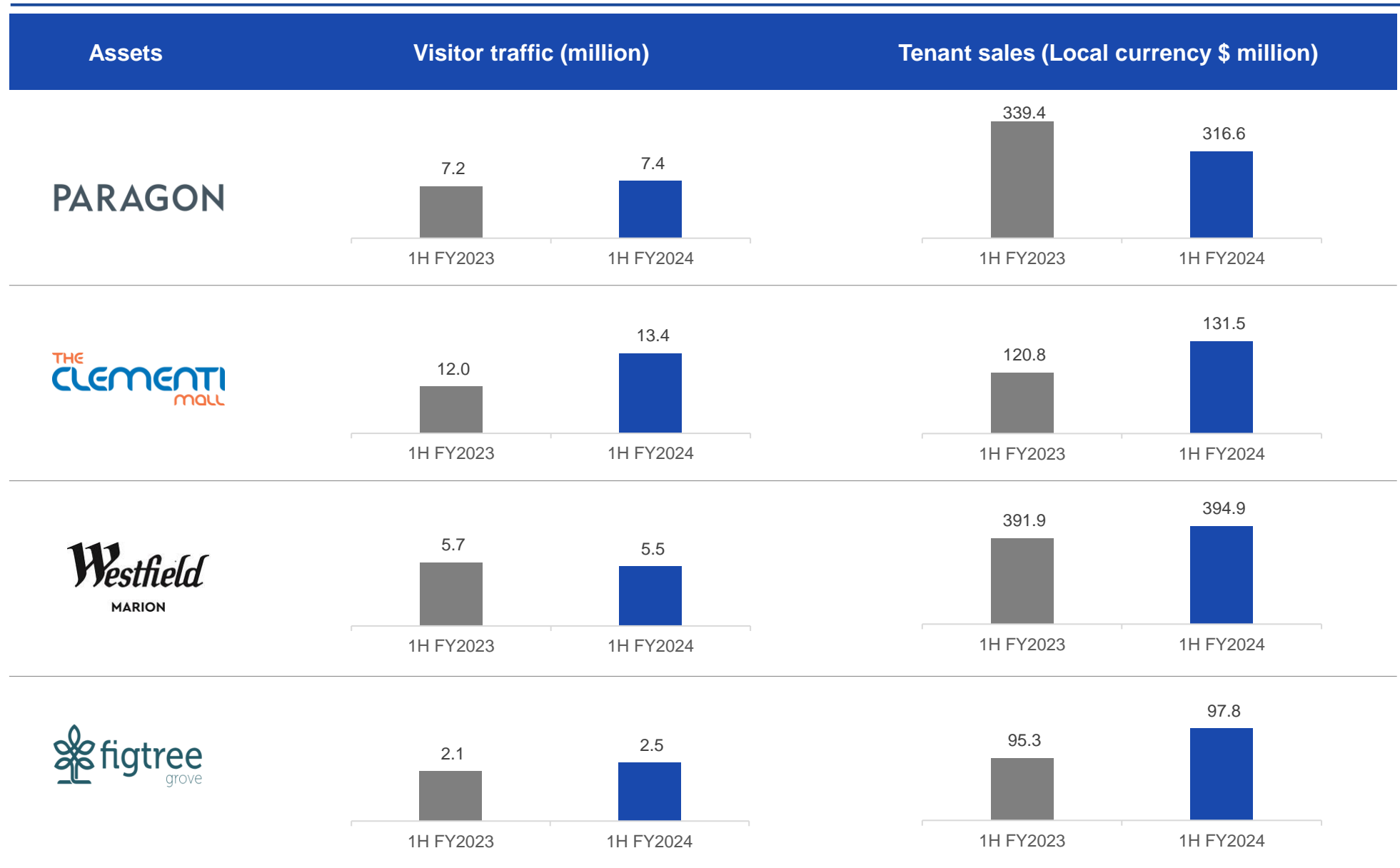


figtree grove



Note: Typical anchor lease in Australia is longer than 10 years.

Visitor traffic & Tenant sales





Growth Strategy and Market Outlook

Multi-pronged strategy to ensure growth

Proactive asset management and asset enhancement strategy

- Ensure that interests of all stakeholders, including tenants, shoppers and unitholders are protected while keeping its properties at the forefront of evolving retail mall trends and relevant to changing demands of consumers
- Continually optimise tenant mix of its properties
- Deliver high quality service to tenants and become the landlord of choice in the retail real estate space
- Implement asset enhancement initiatives and pro-active marketing plans

Investments and acquisition growth strategy

- ROFR on the Sponsor's future income-producing properties used primarily⁽¹⁾ for retail purposes in Asia Pacific
 - One applicable ROFR; The Woodleigh Mall opened in May 2023
 - Explore investment opportunities that will add value to PARAGON REIT's portfolio and improve returns to unitholders

Notes:

1. 'primarily' means more than 50.0% of net lettable area or (in the case of a property where the concept of net lettable area is not applicable) gross floor area.

Market outlook

Singapore

- Based on advanced estimates, Singapore's economy grew by 2.9% yoy in 2Q 2024, compared to 3.0% yoy growth in 1Q 2024. The Ministry of Trade and Industry's latest forecast for full-year 2024 GDP growth is 1% to 3%.
- Retail sales (excluding motor vehicles) fell 3.1% yoy for June 2024, with five of the 13 retail categories recording yoy growth – Food & Alcohol (+5.3%), Supermarkets & Hypermarkets (+1.6%) and Cosmetics, toiletries & medical goods (+0.9%). Conversely, Optical Goods & Books (-12.5%) and Wearing Apparel & Footwear (-10.1%) saw yoy declines.
- The Singapore Tourism Board expects international arrivals of 15 to 16.5 million for 2024, and \$27.5 to \$29 billion in tourism receipts.
- According to the Ministry of Trade and Industry, consumer-facing sectors such as retail trade are projected to continue to expand in 2024 amidst resilient labour market conditions, supported by the progressive recovery in air travel and tourist arrivals.

Australia

- Australia's GDP growth was 1.1% yoy in March 2024 – the slowest rate of annual growth since December 2020; Reserve Bank of Australia (RBA) forecasts GDP growth to be 1.3% in the middle of 2024, before regaining momentum amidst the high-interest rate environment and macroeconomic uncertainties.
- Retail turnover rose 2.9% and unemployment rate increased to 4.1% yoy in June 2024 according to the Australian Bureau of Statistics.
- JLL's Retail Market Overview suggests that recent tax measures, including income tax cuts, have been implemented to alleviate ongoing cost-of-living pressures, and may potentially provide an uplift to retail spending.

Portfolio

- In July 2024, the US Federal Reserve Board kept the fed funds rate unchanged at 5.25%-5.50% for the eighth consecutive meeting. The Fed has now said that it could start lowering interest rates as soon as September, citing that inflation is aligned with expectations. with growth remaining reasonably strong and the labour market remaining consistent with current conditions. The market is confident that the Fed's September meeting will see benchmark interest rate lowered by a quarter point.
- The Monetary Authority of Singapore kept unchanged the prevailing rate of appreciation of the Singapore dollar nominal effective exchange rate policy band aimed at strengthening the trade-weighted Singapore dollar to fight still-elevated inflation. Barring any further global shocks, the Singapore economy is expected to strengthen in 2024 with growth becoming more broad-based.
- The Reserve Bank of Australia left rates unchanged at 4.35% in June 2024 with unemployment rates ticking up in May from 3.9% to 4.0%, the highest level in two years. The central bank noted that inflation needs to remain sustainably consistent within the 2-3% target range and considered the possibility of interest rate hikes due to the rising inflation risks.



Distribution details & timeline

Distribution details and timeline

Distribution period	6 months ended 30 June 2024 (1 January 2024 – 30 June 2024)
Distribution per unit	2.32 cents per unit
Annualised distribution yield ¹	5.43%
Ex-date	14 August 2024
Record date	15 August 2024
Payment date	23 September 2024

Notes:

1. Computed based on 1H FY2024 distribution annualised and S\$0.855 per unit closing price on 28 June 2024



Thank You

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