



SF REAL ESTATE INVESTMENT TRUST 順豐房地產投資信託基金

(a Hong Kong collective investment scheme authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong))



2021 Annual Results Presentation

2021 Annual Results

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Way Forward

2021 Annual Results

Results Highlights

Results Highlights (for the Reporting Period) ⁽¹⁾

Revenue: HK\$ 244.3 M

NPI: HK\$ 194.9 M

NPI Margin: 79.8%

Distributable Income: HK\$ 137.9 M

- ✓ Circa 77% of revenue contributed by SFH Group = High income stability
- ✓ Revenue is 3.3% higher than the forecast set out in Offering Circular

NAV⁽²⁾ HK\$ 4,091.7 M

NAV per Unit HK\$ 5.11

- ✓ Prime logistics portfolio in strategic locations

Gearing ratio⁽²⁾ 30.6%

- ✓ Ample debt headroom for acquisitions

Notes:

(1) For the Reporting Period from 29 April 2021 (date of establishment) to 31 December 2021. No comparative figures available.

(2) As at 31 December 2021

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Portfolio Update

Portfolio Performance

3 modern logistics properties in prime locations of Hong Kong and Mainland China



	Occupancy Rates		Property Valuation HK\$'M		
	Jun-21	Dec-21	Jun-21	Dec-21	
HK Asia Logistics Hub – SF Centre:	92.6%	92.6%	5,602	5,660	↑1.0% ⁽¹⁾
Foshan Guicheng Fengtai Industrial Park:	100.0%	100.0%	563	595	↑3.7% ⁽¹⁾
Wuhu Fengtai Industrial Park:	97.9%	98.5%	281	287	↑0.2% ⁽¹⁾
Average / Total:	95.7%	95.8%	6,446	6,542	↑1.5%

- ✓ ~80% GLA leased to SFH Group, providing stability of income
- ✓ Hong Kong committed occupancy rate at 97.3% as at 17 March 2022

- ✓ No change in cap rate for Hong Kong and Wuhu
- Foshan's valuation increased due to 0.25% decrease in capitalization rate to 5.25%

Note: (1) In local currency
 (2) WALE of REIT Portfolio is 4.1 years as at 31 December 2021

Prime Property Portfolio

Asia Logistics Hub – SF Centre, Tsing Yi, Hong Kong



- A **15-storey ‘ramp-up’ modern logistics property** with automatic sorting and supply chain support facilities

- Vehicular **ramp access to every warehouse floor** with direct, spacious loading/unloading docks

- **High quality building specifications** such as large and regular floor plates, high ceilings and wide column spacing for optimal spacing utilization



Gross Lettable Area	160,322 sq.m.
Expiry of land lease	2061
Occupancy ^{(1) (2)}	92.6% (65.9% of GLA leased to SFH Group)
Latest Valuation ⁽¹⁾	HK\$ 5,660 M Capitalization Rate: 4.4%
No. of tenants ⁽¹⁾	SFH Group – 2 Other 3 rd parties – 6

Note:

(1) As at 31 December 2021

(2) Committed occupancy rate at 97.3% as at 17 March 2022

Prime Property Portfolio

Foshan Guicheng Fengtai Industrial Park, Nanhai District, Foshan, Guangdong



- A **three-storey** ramp-up modern logistics property

- Equipped with **intelligent technology, built-to-suit facilities**, such as automatic sorting and supply chain support facilities

- Purposefully caters to the needs of its **single logistics tenant** (Foshan SF Express Co., Ltd.)

Gross Lettable Area	84,951 sq.m.
Expiry of land lease	2049
Occupancy ⁽¹⁾	100.0% (99.9% of GLA leased to SFH Group)
Latest Valuation ⁽¹⁾	HK\$ 595 M Capitalization Rate: 5.25%
No. of tenants ⁽¹⁾	SFH Group – 1 Other 3 rd parties – 1

Note: (1) As at 31 December 2021

Prime Property Portfolio

Wuhu Fengtai Industrial Park, Jiujiang District, Wuhu, Anhui



- **Two high-standard warehouses, a distribution center, a R&D building and two ancillary buildings**

- **Designed to suit the commercial needs of different tenants**

Gross Lettable Area	62,382 sq.m.
Expiry of land lease	2066
Occupancy ⁽¹⁾	98.5% (89.1% of GLA leased to SFH Group)
Latest Valuation ⁽¹⁾	HK\$ 287 M Capitalization Rate: 5.5%
No. of tenants ⁽¹⁾	SFH Group – 2 Other 3 rd parties – 20

Note: (1) As at 31 December 2021

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Financial Summary

Income Statement Highlights



	29 April 2021 – 31 December 2021 ⁽¹⁾		
(HK\$'000)	HK	PRC	Total
Revenue	191,624	52,650	244,274
Property operating expenses	(37,864)	(11,522)	(49,386)
Net property income	153,760	41,128	194,888
G&A expenses:			(29,328)
REIT Manager's fee	(15,324)		
Auditor's remuneration	(2,634)		
Trustee's remuneration	(1,582)		
Others ⁽²⁾	(9,788)		
Fair value changes on IP			80,838
Other losses - net			(2,924)
Operating profit			243,474
Finance costs, net			(22,584)
Income tax expenses			(46,619)
Profit after tax for the period			174,271

Revenue 3.3% higher than forecast set out in Offering Circular, May 2021

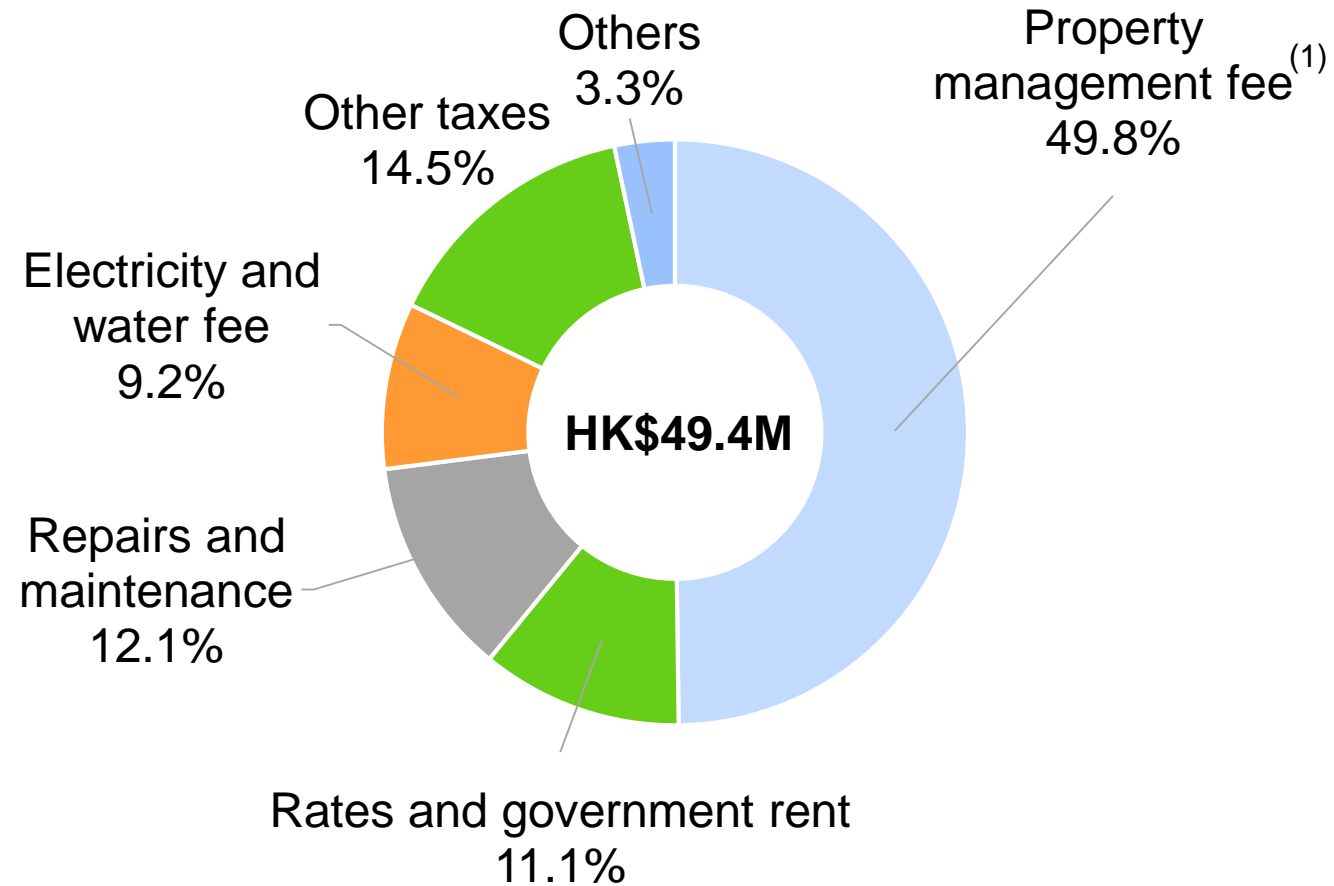
SFH Group provided ~77% of revenue, a stable income source

Note:

(1) First set of results since 29 April 2021 (date of establishment), no year-on-year comparison available.

(2) Other G&A expenses include listing expenses, legal and other professional fees, etc.

Property Operating Expenses



Note: (1) Includes HK\$6.6 million for management fee and related expense in relation to our property in Hong Kong and HK\$1.0 million for operation management fee in relation to our properties in mainland China

Distribution Statement Highlights



29 April 2021 –
31 December 2021

	(HK\$'000)
Profit for the period	174,271
Adjustments:	
Fair Value changes on IP	(80,838)
Deferred tax charges	26,837
Historical tax losses utilised	15,590
Others ⁽¹⁾	2,055
Total distributable income	137,915
Pay-out ratio	100%
Total distributions to Unitholders	137,915
Units in issue as at 31 December 2021	800,000,000
Distribution per unit	HK 17.24 cents
Annualized distribution yield ⁽²⁾	7.9%

1st distribution comprises:
(i) Interim' HK\$ 26.7 M; and
(ii) Final' HK\$ 111.2 M

Note:

(1) Other adjustments include listing expenses, differences between accrued rental income and actual rental receipts, etc.

(2) Annualized Dividend yield is calculated by annualizing the distribution per unit from the listing date to 31 December and then divided by the closing unit price of HK\$3.48 on 31 Dec 2021.

Balance Sheet Summary



31 December 2021

(HK\$'000)

Non-current assets

Investment properties	6,541,755
Others	15,156
	<u>6,556,911</u>

Current assets

Cash and cash equivalents	397,453
Others	55,196
	<u>452,649</u>

Total assets

7,009,560

Current liabilities

220,353

Non-current liabilities:

Borrowings

2,106,153

Deferred tax liabilities and government grants

591,380

Total liabilities

2,917,886

Net assets attributable to Unitholders

4,091,674

Units in issue as at 31 December 2021

800,000,000

Net assets per unit attributable to Unitholders

HK\$ 5.11

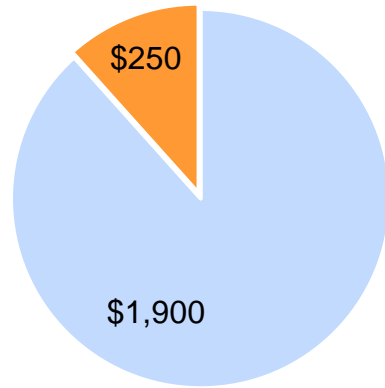
Healthy balance sheet supported by premium modern logistics assets

Gearing ratio at 30.6% allows headroom for future debt financing and acquisitions

Unit price of \$3.48 @ 31 Dec 2021 represents ~32% discount to NAV

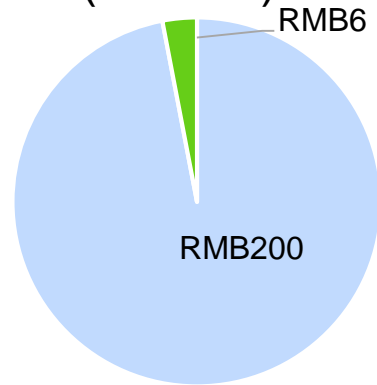
Liquidity and Borrowings

HKD debt facilities⁽¹⁾
(HK\$'M)



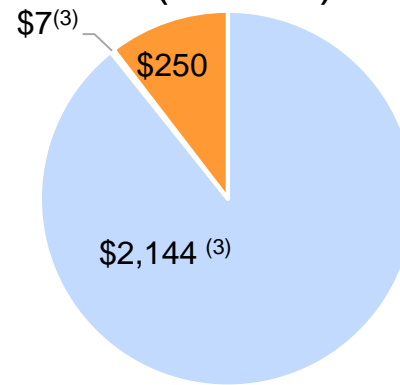
- Utilised term loan (maturity 2026)
- Unutilised revolving loan

RMB debt facilities⁽²⁾
(RMB'M)



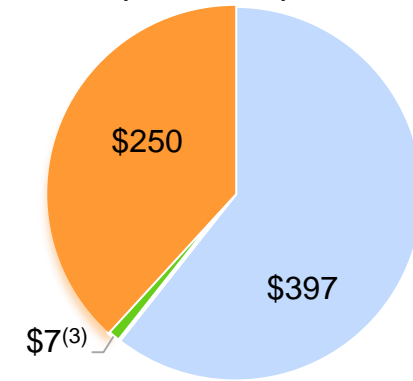
- Utilised term loan (maturity 2026)
- Unutilised term loan

Total debt facilities
(HK\$'M)



- Utilised term loan
- Unutilised term loan
- Unutilised revolving loan

Total Liquidity
(HK\$'M)



- Cash and cash equivalents
- Unutilised RMB term loan
- Unutilised revolving loan

Subsequent to the end of Reporting Period

- Extended availability period of the remaining HKD debt facilities of HK\$259M to April 2022
- Entered into interest rate swaps to hedge approximately 47.4% of the outstanding HKD debt

Notes:

- (1) Includes 5-year term loan @ HIBOR+1.1% maturing in 2026 and uncommitted revolving loan @ HIBOR+0.85% repayable 1 year from drawdown date
- (2) On-shore RMB borrowings @ 5.5% maturing in 2026
- (3) Exchange Rate adopted: RMB 1= HKD 1.22

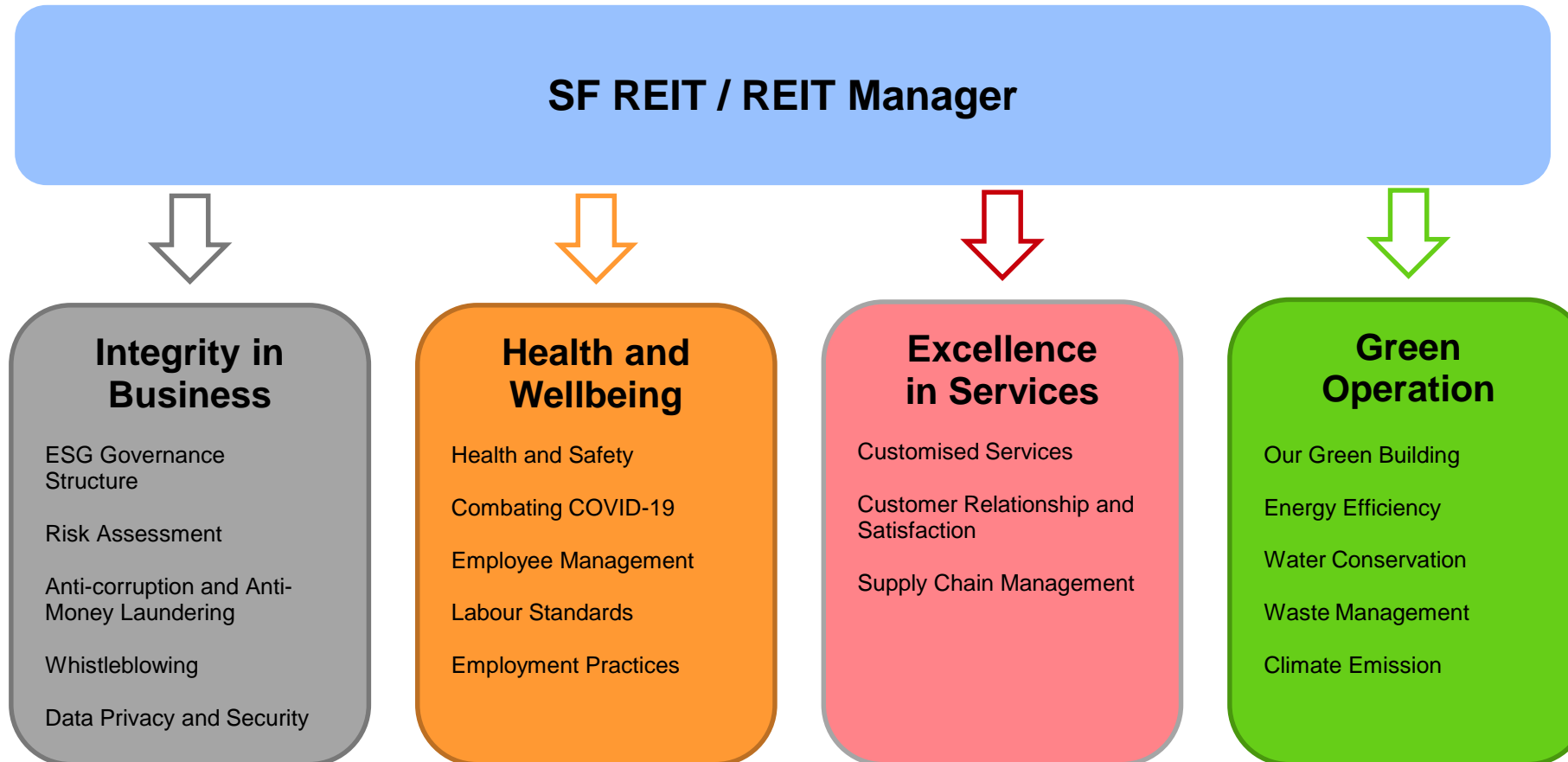
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Sustainability Initiatives

Sustainability Framework

Embed concept of sustainable development across the business value chain for long-term value creation

Focuses on 4 key pillars – Integrity in Business, Health and Wellbeing, Excellence in Services and Green Operation



Sustainability Initiatives – Green Operation



Solar Panel at Rooftop



Rainwater Collection System



LEED Gold Rating



Source Separation of Waste

Sustainability Initiatives – COVID-19 measures

Measurements to provide sustainable environment for tenants

Safeguard the ingress of properties

In depth disinfection inside the properties

Leasing arrangement virtual viewing

Regular and timely communications with tenants



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Way Forward

Logistics Assets Market Update - Hong Kong and China



Hong Kong

Rental of modern logistics facilities in **Q4 continued to rebound** by ~ 2.7% with vacancy rates at 2.6%⁽¹⁾

Leasing activity levels improved in Q4 mainly driven by improving business prospects; continuous recovery of local trading, retail sectors and air cargo/container throughputs.

Investment sentiment paused in the Q4, however, funds and investors remain keen on this niche segment, which is comfortably the **highest yielding sector** in Hong Kong.

Mainland China

Market performance remained strong and continuous demand driven by expansion of e-commerce, retail and 3PL supplemented by growing demand from cold chain and medical supplies

Ample new supply but **overall vacancy rate** in major logistics markets across the country **has improved** thanks to strong rental demand

Overall rental performance remained stable with continuous rental growth in mature markets with stable performance and pressure in other markets has stabilized

Logistics Assets Market Update - Outlook



Hong Kong

Modern logistics warehouse supply still tight despite upcoming new supplies in 2022 amid of pandemic outbreak; continuous development of Greater Bay Area will support demand

Wuhu

Continuous demand derived from the integration of Yangtze River Delta

Foshan

Growing number of manufacturers transferred from Guangzhou to Foshan boosted the logistic industry

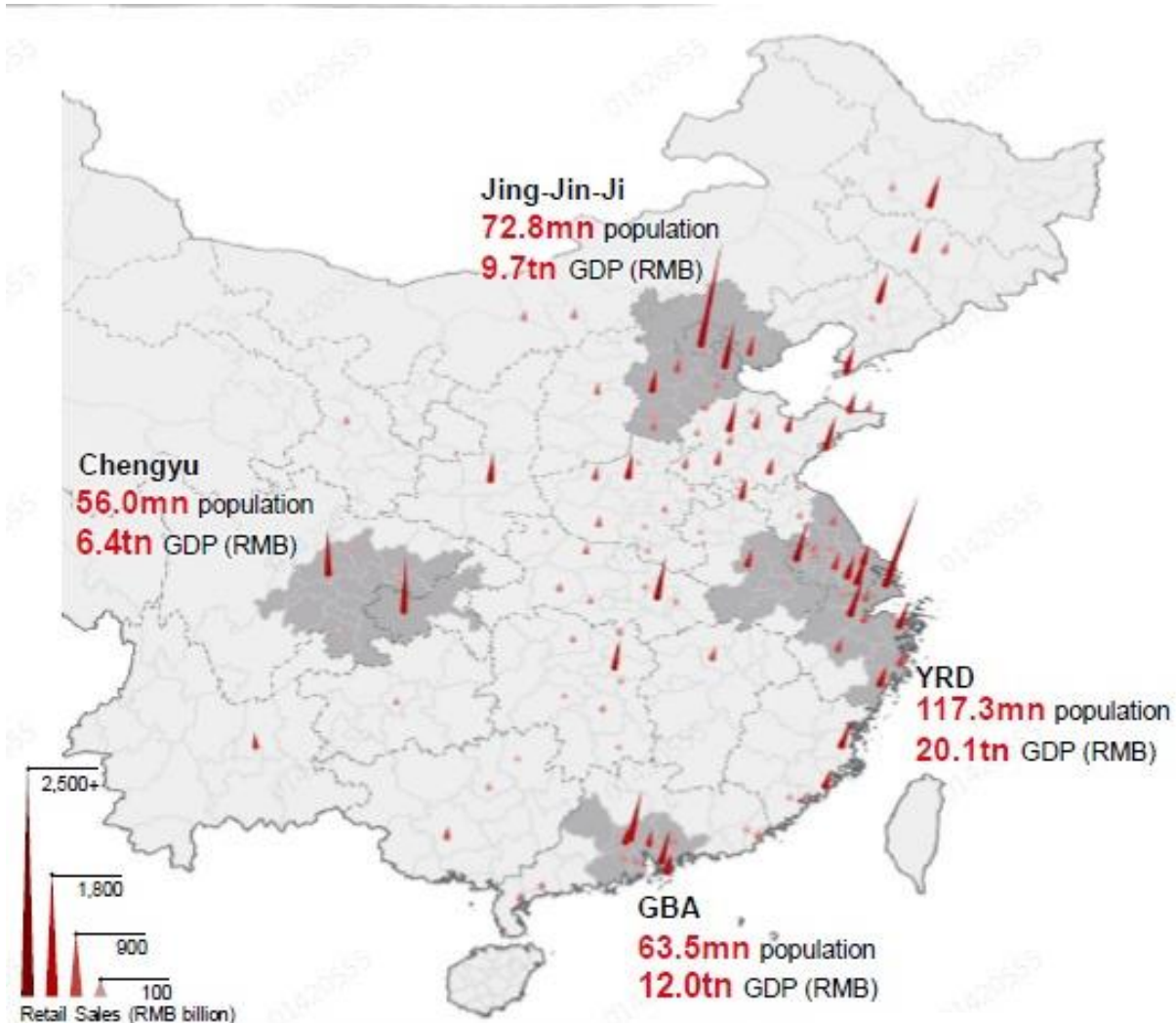
Key trends in logistics

Global supply chain bottlenecks prolong decisions and planning prompted increase in inventories

Relocating point of production closer to point of consumption

Transformation of consumption structure in China driven by the internal cycle provides a strong cornerstone for future growth

4Q21 City Cluster Market Snapshot



Source: Economist Intelligence Unit, JLL Research, Logistics Intelligence Service, 4Q21
Note: Larger bars indicate greater annual retail sales in each city.

Jing-Jin-Ji

Stock (sqm)

8.4m

New Supply (sqm)

474k

Vacancy Rate

17.4%

YRD

Stock (sqm)

26.4m

New Supply (sqm)

1.4m

Vacancy Rate

13.6%

Chengyu

Stock (sqm)

8.8m

New Supply (sqm)

219k

Vacancy Rate

17.5%

GBA

Stock (sqm)

10.1m



New Supply (sqm)

277k

Vacancy Rate

3.1%

Investment Outlook

- 1 Stable operations benefited from strong demand for modern logistic properties 
- 2 Portfolio value increased reflecting improved leasing terms and investment demand 
- 3 Long term leases with SFH Group tenants provide high degree of income stability 
- 4 Prudent balance sheet provides gearing headroom to support acquisitions 
- 5 Continue to work closely with SFH Group to pursue expansion opportunities 

Distribution Details

FY2021 Distribution	Key Dates
Distribution Period	17 May 2021 - 31 December 2021
Distribution Amount Per Unit	HK17.24 cents
Ex-distribution Date	30 March 2022
Closure of Register for Distribution	1 April 2022 to 6 April 2022
Distribution Date	6 May 2022

Appendix I

Additional Visualizations of the Properties

The Hong Kong Property

Asia Logistics Hub – SF Centre, Tsing Yi, Hong Kong



Main Entrance of the building



Vehicular ramp access to every warehouse floor



Environmentally friendly and energy saving features



Automatic sorting and supply chain support facilities



Modern technological specifications



Direct and spacious loading and unloading docks

The Foshan Property

Foshan Guicheng Fengtai Industrial Park,
Nanhai District, Foshan, Guangdong



Bird's-eye rendering of the Foshan Property



Automatic sorting and supply chain support facilities



Ramp-up capabilities and ample loading/unloading areas

The Wuhu Property

Wuhu Fengtai Industrial Park, Jiujiang District, Wuhu, Anhui



Bird's-eye rendering of the Wuhu Property



Automatic sorting and supply chain support facilities



Ancillary, research and development buildings



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