



**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))



**2022 Final Results  
Presentation**

# 2022 Final Results

**Results Highlights**

**Portfolio Update**

**Sustainability Initiatives**

**Way Forward**

**Appendix**

# Results Highlights

# Financial Highlights - Income



**Revenue**  
HK\$ 421.5M  
YoY +16.8%<sup>1</sup>



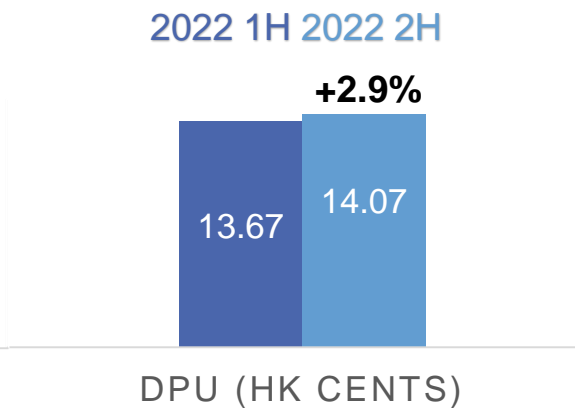
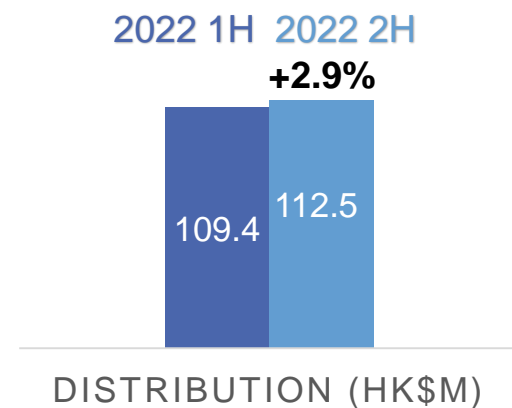
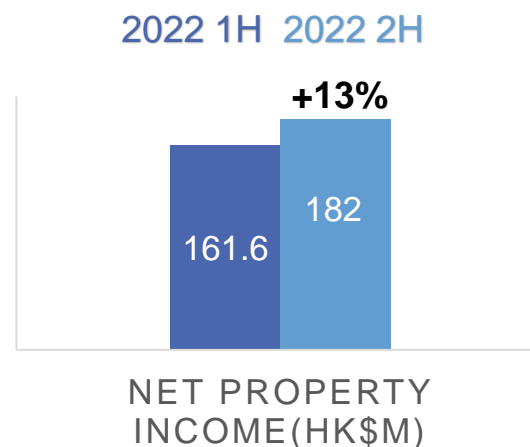
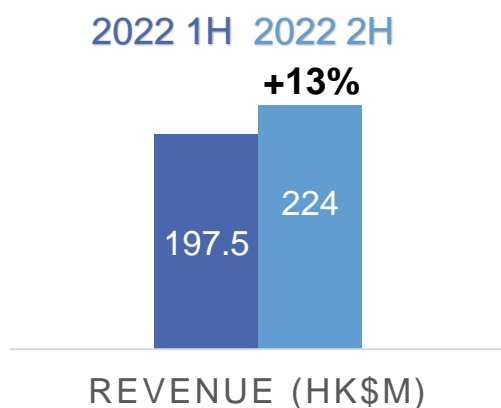
**Net Property Income**  
HK\$343.6M  
YoY +19.3%<sup>1</sup>



**Distribution**  
HK\$221.9M  
YoY +1.0%<sup>1</sup>



**DPU**  
HK 27.74 cents  
YoY +1.0%<sup>1</sup>



Notes:

<sup>1</sup> Year-on-year comparison figures, calculated on annualised basis. Please refer to the appendix for details.

<sup>2</sup> All figures as at 31 December 2022, unless stated otherwise.

# Financial Highlights - Income



## Higher income

Improved occupancy,  
new acquisition



## Strategic partner

74% of revenue contributed  
by SFH Group



## Hedged RMB

Hedged RMB distributable  
income in 2H2022



## Hedged finance cost

42% of HKD floating rate debt  
hedged in early 2022

# Financial Highlights – Balance Sheet



**Portfolio value**  
**HK\$ 7,378M**  
**YoY +12.8%**



**NAV per Unit**  
**HK\$ 5.32**  
**YoY +4.1%**

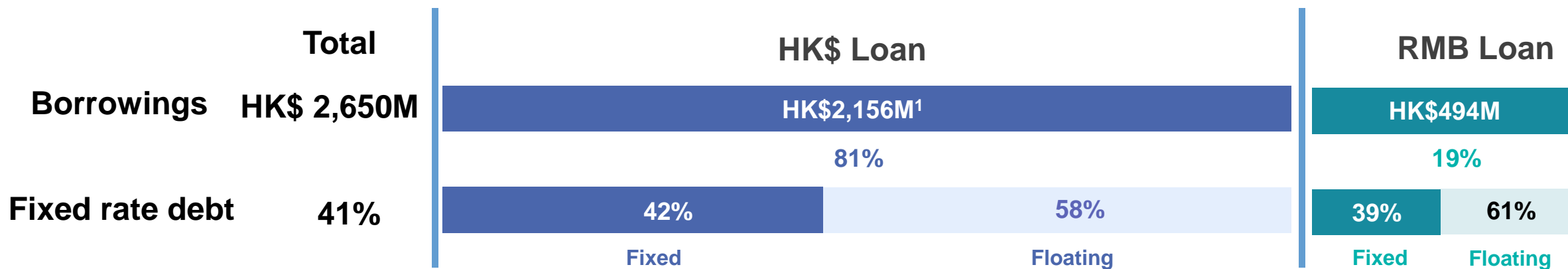


**Total bank borrowings**  
**HK\$ 2,650M**  
**YoY +23.7%**



**Gearing ratio**  
**33.9%**  
**+3.3 p.p.**

# Financial Highlights – Borrowings

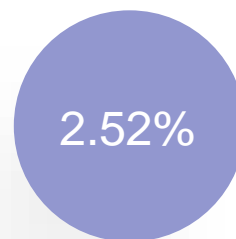


## Overall Average Interest Rate



## Average interest rates of

### HK\$ Loan



Interest rate risk managed through hedging

### RMB Loan



RMB Loan interest rate was reduced

Notes: <sup>1</sup> Included the capitalisation of transaction costs of approximately HK\$3M.

<sup>2</sup> Average interest rate represents the average of the interest rates applicable to individual loan over the period.

# Portfolio Update



# Portfolio Performance – Diversified Portfolio



**4**  
Modern Logistics  
Properties



**HK\$ 7,378 M**  
Total Property Value



**427,893 sq.m.**  
Total GLA

**57% of the portfolio by GLA located in  
Southern China (GBA)**

**Changsha Fengtai  
Industrial Park**  
*(Acquired in June 2022)*



**Foshan Guicheng  
Fengtai Industrial Park**



**Wuhu Fengtai  
Industrial Park**



**Asia Logistics Hub  
– SF Centre**



Wuhu, Anhui  
Changsha, Hunan  
Foshan, Guangdong  
Hong Kong

# Operations Highlights



**Occupancy**  
**98.2%**  
**+2.4 p.p.**



**Property Value**  
**YoY +3.2%**  
*Excluding the new acquisition*



**Completed acquisition**  
**Changsha Property**  
**RMB 540M<sup>2</sup>**

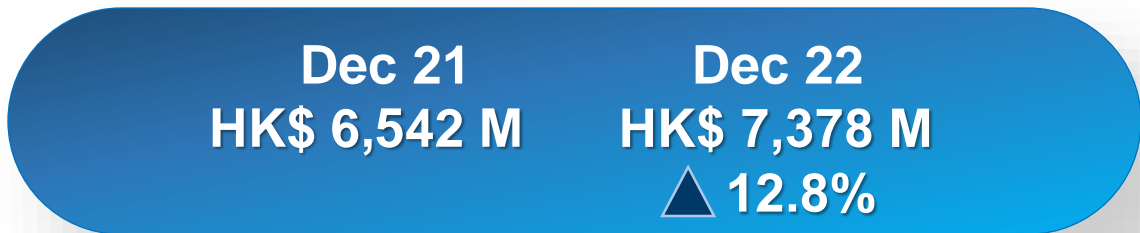


**GLA leased to**  
**SF Group**  
**78.8%**

Notes:<sup>1</sup> All figures as at 31 December 2022, unless stated otherwise.

<sup>2</sup> The Agreed Property Value of Changsha Property.

# Portfolio Performance – Valuation



## Capitalisation Rate

## Property Valuation (Million)

	Capitalisation Rate		Property Valuation (Million)	
	Dec 21	Dec 22	Dec 21	Dec 22
Asia Logistics Hub – SF Centre	4.40%	▼ 4.25%	HK\$ 5,660	HK\$ 5,944 ▲ 5.0%
Changsha Fengtai Industrial Park	5.25% <sup>2</sup>	▬ 5.25%	RMB 540 <sup>3</sup>	RMB 559 ▲ 3.6%
Foshan Guicheng Fengtai Industrial Park	5.25%	▬ 5.25%	RMB 486	RMB 498 ▲ 2.4%
Wuhu Fengtai Industrial Park	5.50%	▬ 5.50%	RMB 234	RMB 226 ▼ 3.5%

□ Capitalisation rate remained relatively stable as logistic properties are still highly sought after

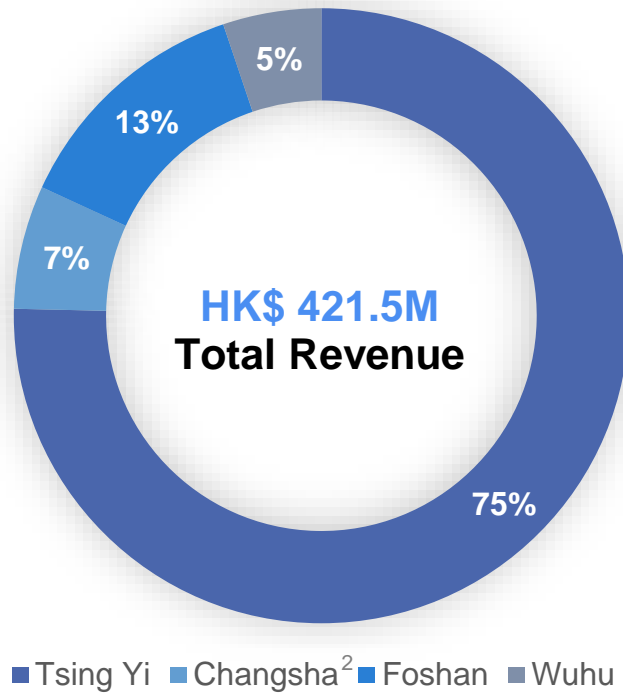
Notes: <sup>1</sup> All figures as at 31 December 2022, unless stated otherwise.

<sup>2</sup> The capitalisation rate as at 31 March 2022 (before the acquisition in June 2022).

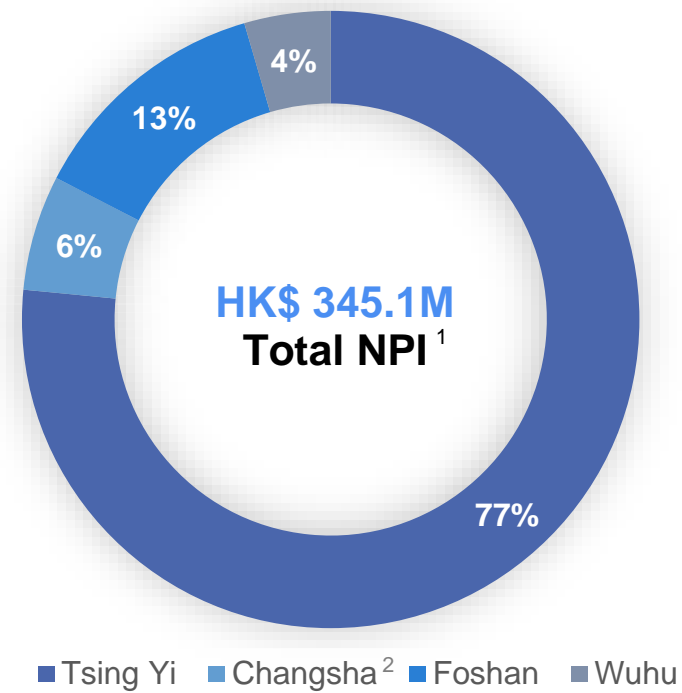
<sup>3</sup> The Agreed Property Value of Changsha Property.

# Portfolio Performance

## Revenue Distribution



## Net Property Income Distribution



Notes: <sup>1</sup> Depreciation in property operating expenses amounted to approximately HK\$1.5 million is excluded for analysis purpose considering its non-cash nature.

<sup>2</sup> The figures of Changsha Property covered the period from 24 June 2022 (date of acquisition of Changsha Property) to 31 December 2022.

# Prime Property Portfolio

## Asia Logistics Hub – SF Centre



- A **15-storey ramp-up** modern logistics property comprising warehouses with automatic sorting and supply chain support facilities and ancillary offices



**GLA**  
160,322 sq.m.



**Occupancy**  
97.3%  
▲ 4.7 p.p.



**SFH**  
65.9% of GLA  
(2 tenants)



**Revenue<sup>2</sup>**  
HK\$ 318M



**NPI<sup>2,3</sup>**  
HK\$ 264M



### Property Highlights

- ❑ Warehouses almost **fully occupied**
- ❑ Vacant units were mainly ancillary offices
- ❑ 2 existing tenants **expanded operation**
- ❑ Introduced a new tenant to set-up **cold-storage**



### 2023 Expiry

- ❑ **6.7%** of GLA (~10,800 sq.m.)
- ❑ **> 49%** of total GLA has **successfully renewed**

Notes: <sup>1</sup> All figures as at 31 December 2022, unless stated otherwise.

<sup>2</sup> Revenue and NPI represented the figures for the year ended 31 December 2022.

<sup>3</sup> Depreciation excluded for analysis purpose considering its non-cash nature.

# Prime Property Portfolio

## Changsha Fengtai Industrial Park



- **Three-storey high-standard warehouse, two single-storey warehouses, a two-storey ramp-up distribution centre and ancillary offices**



**GLA**  
119,922 sq.m.



**Occupancy**  
99.1%



**SFH**  
75.4% of GLA  
(3 tenants)



**Revenue<sup>2</sup>**  
HK\$ 27M



**NPI<sup>2,3</sup>**  
HK\$ 21M



### Property Highlights

- ❑ **SFH** took up **additional areas** since acquisition
- ❑ Warehouses were **fully occupied**
- ❑ Vacancy from **ancillary offices only** (0.9% of GLA)



### 2023 Expiry

- ❑ **5.2%** of GLA (~6,200 sq.m.)
- ❑ Comprises ancillary offices and other spaces



Notes: <sup>1</sup> All figures as at 31 December 2022, unless stated otherwise.

<sup>2</sup> The revenue and NPI covered the period from 24 June 2022 (date of acquisition of Changsha Property) to 31 December 2022.

<sup>3</sup> Depreciation excluded for analysis purpose considering its non-cash nature.

# Prime Property Portfolio

## Foshan Guicheng Fengtai Industrial Park



- A three-storey ramp-up and “built-to-suit” distribution centre



**GLA**  
84,951 sq.m.



**Occupancy**  
100%



**SFH**  
99.9% of GLA  
(1 tenant)



**Revenue<sup>2</sup>**  
HK\$ 55M



**NPI<sup>2,3</sup>**  
HK\$ 45M



### Property Highlights

- Stable as almost **entirely occupied by SFH Group**



### 2023 Expiry

- **Fully leased** with expiry in **2026**



Notes: <sup>1</sup> All figures as at 31 December 2022, unless stated otherwise.

<sup>2</sup> Revenue and NPI represented the figures for the year ended 31 December 2022.

<sup>3</sup> Depreciation excluded for analysis purpose considering its non-cash nature.

# Prime Property Portfolio

## Wuhu Fengtai Industrial Park



- Two **single-storey** high-standard **warehouses**, a **two-storey distribution centre**, and ancillary offices



**GLA**  
62,698 sq.m.



**Occupancy**  
96.4%  
▼ 2.1 p.p.



**SFH**  
89.8% of GLA  
(2 tenants)



**Revenue**<sup>2</sup>  
HK\$ 22M



**NPI**<sup>2,3</sup>  
HK\$ 16M



### Property Highlights

- Warehouses remained **fully occupied**
- Vacancy from **ancillary offices only** (3.6% of GLA)



### 2023 Expiry

- 5.7% of GLA (~3,600 sq.m.)
- Comprises ancillary offices and other spaces



Notes: <sup>1</sup> All figures as at 31 December 2022, unless stated otherwise.

<sup>2</sup> Revenue and NPI represented the figures for the year ended 31 December 2022.

<sup>3</sup> Depreciation excluded for analysis purpose considering its non-cash nature.



# Sustainability Initiatives

# Sustainability Framework



# Sustainability Framework



**Installed solar panels  
on properties rooftop**  
(at total of approx. 64,000 m<sup>2</sup>)



**Community serving**



**Increased female representative  
in the Board of Directors**



**Established Climate  
Change Policy**



**Promoted occupational  
health and safety**



**Provided anti-corruption  
training**



**Participated in  
Sustainability-linked deposit**

# Way Forward

# Logistics Assets Market Update and Outlook

## Hong Kong Market

- ❑ **Industrial leasing market was strong** (rental growth: 5.9% y-o-y<sup>1</sup>)
- ❑ **Investment interest softened** with continued **interest rate hikes**
- ❑ **Re-opening of the border** with mainland China will **drive cross-broader trade demand**

## China Market

- ❑ **Demand and overall net absorption remained active** on back of resilient leasing activities
- ❑ **New supply pushed up overall vacancy**
- ❑ **Rental performance varies** among different cities
- ❑ Important to choose **investment location carefully and selectively**

## Outlook

- ❑ **Uncertain and complex global environment:** inflation, risk of recession
- ❑ **Logistics services demand remained intact:**
  - Relaxation of COVID-19 related measures
  - Transformation of domestic consumptions structure in China
  - E-commerce, fresh food, medical sectors, 3PLs, etc.

# Outlook and Strategies

## SF REIT Outlook

- ❑ **NPI** supported by **high quality tenants**, **stable lease expiry profile** and **diligent cost control**
- ❑ **Distribution** depends on **interest rate movements** and **potential acquisitions execution**
- ❑ **Steadfast partnership with SFH supports long term growth:**
  - ✓ Providing strong logistics pipelines
  - ✓ As anchor tenants



## More Diversified Capital Resources

- ❑ **Debt Financing**
  - ✓ Increase gearing in disciplined manner
- ❑ **Cooperation with capital partners**
  - ✓ To optimise capital structure

## More Focused Investment Strategy

- ❑ **Southern China** (in particularly **GBA**)
  - ✓ Well performed with good growth potential
  - ✓ Operational synergy with existing portfolio
- ❑ **South Western China** (predominantly **ChengYu** region)
  - ✓ Attractive investment yields and good growth potential
  - ✓ Growing investors' attention

# Distribution Details

## Distribution Period



1 July 2022  
to  
31 December 2022

## Distribution Per Unit



HK14.07 cents

## Ex-distribution Date



30 March 2023

## Closure of Register of Unitholders for Distribution



3 April 2023  
to  
6 April 2023

## Distribution Date



28 April 2023

# Appendix Financial Summary



# Income Statement Highlights



	For the year ended 31 December 2022		
(HK\$'000)	HK	PRC	Total
Revenue	317,634	103,835	421,469
Property operating expenses	(54,081)	(23,827)	(77,908)
<b>Net property income</b>	<b>263,553</b>	<b>80,008</b>	<b>343,561</b>
<i>NPI Margin (%)</i>	83.0%	77.1%	81.5%
G&A expenses:			(31,968)
REIT Manager's fee	(25,438)		
Auditor's remuneration	(2,878)		
Trustee's remuneration	(1,563)		
Others <sup>3</sup>	(2,089)		
Fair value changes on IP			301,231
Other gains - net			870
<b>Operating profit</b>			<b>613,694</b>
Finance costs, net			(69,658)
Income tax expenses			(104,363)
<b>Profit after tax for the year</b>			<b>439,673</b>

Revenue and NPI increased 16.8%<sup>1</sup> and 19.3%<sup>1</sup> respectively when compared with 2021's annualised figures

Changsha Property was acquired in late June 2022, providing more diversified income sources. It contributed 6.5% of revenue and 6.0% of net property income.

Notes:

<sup>1</sup> Revenue and net property income from 29 April 2021 (date of establishment) to 31 December 2021 were HK\$244.3 million and HK\$194.9 million or HK\$361.0 million and HK\$288.0 million on an annualised basis, respectively.

<sup>2</sup> Prior year's results not comparable as SF REIT was established in April 2021

<sup>3</sup> Other G&A expenses mainly include legal and other professional fees.

# Property Operating Expenses



	For the year ended 31 December 2022
	(HK\$'000)
Property management fee	40,476
- Building management fee	24,243
- Operation managers' fees to SFH Group	2,140
- Supplemental services related expenses	14,093
Rates and government rent	8,452
Repairs and maintenance	6,536
Utilities	6,273
Other taxes	13,597
Others	2,574
<b>Property Operating Expenses for the year</b>	<b>77,908</b>

# Distribution Statement Highlights



	For the year ended 31 December 2022
	(HK\$'000)
<b>Profit for the year</b>	<b>439,673</b>
Adjustments:	
Fair value changes on IP	(301,231)
Deferred tax charges	93,614
Differences between accrued rental income and actual rental receipts	(11,959)
Others	1,835
<b>Total distributable income</b>	<b>221,932</b>
Pay-out ratio	100%
<b>Total distributions to Unitholders</b>	<b>221,932</b>
Units in issue as at 31 December 2022	800,000,000
<b>Distribution per unit</b>	<b>HK 27.74 cents</b>
Annualised distribution yield <sup>1</sup>	9.5% <sup>2</sup>

Total distributions and distribution per unit registered 1.0%<sup>1</sup> increases on an annualised basis.

1H 2022: HK13.67 cents  
2H 2022: HK14.07 cents

Notes:

<sup>1</sup> Distribution and DPU from 17 May 2021 (listing date) to 31 December 2021 were HK\$137.9 million and HK17.24 cents or HK\$219.8 million and HK27.48 cents on an annualised basis, respectively.

<sup>2</sup> Annualised distribution yield is calculated by dividing the distribution per unit for the year by the closing unit price of HK\$2.91 on 31 December 2022.

# Balance Sheet Summary



	31 Dec 2022	31 Dec 2021
	(HK\$'000)	(HK\$'000)
<b>Non-current assets</b>		
Investment properties	7,377,618	6,541,755
Others	66,177	15,156
	<b>7,443,795</b>	<b>6,556,911</b>
<b>Current assets</b>		
Cash and cash equivalents	274,136	397,453
Others	99,557	55,196
	<b>373,693</b>	<b>452,649</b>
<b>Total assets</b>	<b>7,817,488</b>	<b>7,009,560</b>
Current liabilities	258,051	220,353
Non-current liabilities:		
Borrowings	2,601,904	2,106,153
Deferred tax liabilities and government grants	697,540	591,380
<b>Total liabilities</b>	<b>3,557,495</b>	<b>2,917,886</b>
<b>Net assets attributable to Unitholders</b>	<b>4,259,993</b>	<b>4,091,674</b>
Units in issue	800,000,000	800,000,000
<b>Net assets per unit attributable to Unitholders</b>	<b>HK\$ 5.32</b>	<b>HK\$ 5.11</b>

Investment properties increased mainly due to new acquisition and Tsing Yi Property valuation increase.

Gearing ratio at 33.9% vs Dec 2021's 30.6% due to increased borrowings for new acquisition

# Liquidity and Borrowings



Loan	Loan balance (HK\$ M)	Total Loan %	Fixed rate debt (HK\$ M)	Fixed rate debt%
Hong Kong Loan	2,156 <sup>1</sup>	81%	900	42%
RMB Loan	494	19%	194	39%
<b>Total</b>	<b>2,650</b>	<b>100%</b>	<b>1,094</b>	<b>41%</b>

Total Liquidity	HK\$ M
Cash and cash equivalents	274
Unutilised revolving loan	250

Fixed interest rate for the Foshan and Wuhu onshore loans was reduced from 5.5% per annum to 4.5% per annum.

Changsha loan has been adjusted from LPR+0.9% to LPR+0.55%<sup>2</sup>

Notes:

<sup>1</sup> Included the capitalisation of transaction costs of approximately HK\$3M.

<sup>2</sup> The applicable five year LPR on the business day immediately preceding the drawdown date was 4.45%.

<sup>3</sup> All figures as at 31 December 2022, unless stated otherwise.

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