



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 Interim Results Presentation

2022 Interim Results

Results Highlights

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Way Forward



2022 Interim Results



Results Highlights



Financial Highlights



Revenue: HK\$ 197.5 M

NPI: HK\$ 161.6 M

Distributable Income: HK\$ 109.4 M

HoH (%)⁽²⁾

+2.0%

+5.8%

-1.6%

New Acquisition:

Changsha Property

Agreed property value: RMB540M

Completion: 24 Jun 2022

- Circa 75% of revenue contributed by SFH Group = High income stability**
- Higher income from improved occupancy and tight cost control**
- Higher interest cost weighed on distribution**

Note: (1) All figures as at 30 June 2022, unless stated otherwise.

(2) HoH comparison between Jul – Dec 2021 and Jan – Jun 2022

Operations Highlights

	Change (%) ⁽²⁾
Portfolio Value: HK\$ 7,356.8 M	+12.5%
NAV per Unit: HK\$ 5.29	+3.5%
Occupancy: 98.1%	+2.3% points
Total borrowing: HK\$ 2,698.6 M	+26.0%
Gearing ratio: 34.5%	+3.9% points

- Valuation increase include new acquisition and fair value gain of HK\$210 M
- Additional borrowing of HK\$581 M to finance new acquisition
- Strong leasing demand in Tsing Yi supported occupancy

Note: (1) All figures as at 30 June 2022, unless stated otherwise.
(2) Comparison between 31 Dec 2021 and 30 Jun 2022

2022 Interim Results



Portfolio Update



Portfolio Performance



Prime logistics portfolio
in strategic locations



Top-quality and
stable tenant base



SFH Group to support
portfolio expansion

4

Modern Logistics Assets

HK\$ 7,357 M

Total Property Value

427,806 sqm

Total GLA

(Acquired in June 2022)
Changsha Fengtai Industrial Park
GLA: 119,964 sq.m.



Strategically located, modern
logistics property portfolio



Wuhu Fengtai Industrial Park
GLA: 62,569 sq.m.



Foshan Guicheng Fengtai
Industrial Park
GLA: 84,951 sq.m.



Asia Logistics Hub – SF Centre
GLA: 160,322 sq.m.



Portfolio Performance

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



	<u>Occupancy Rates</u>		<u>Property Valuation (Million)</u>		
	Dec-21	Jun-22	Dec-21	Jun-22	
HK Asia Logistics Hub – SF Centre	92.6%	97.3%	HK\$5,660	HK\$5,859	↑ 3.5%
Foshan Guicheng Fengtai Industrial Park	100.0%	100.0%	RMB486	RMB497	↑ 2.1%
Wuhu Fengtai Industrial Park	98.5%	96.2%	RMB234	RMB225	↓ 4.1%
Changsha Fengtai Industrial Park	-	98.8%	-	RMB558	-
Average / Total:	95.8%	98.1%	HK\$6,542	HK\$7,357	↑ 12.5%

~79% GLA leased to SFH Group, providing stability of income

Cap rate compression may continue driven by strong investment demand

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

Gross Lettable Area	160,322 sq.m.
Expiry of land lease	50 years expiring in 2061
Occupancy	97.3% (↑ 4.7% from Dec 21) (65.9% of GLA leased to SFH Group)
Latest Valuation	HK\$ 5,859 M (↑ 3.5% from Dec 21) Capitalization Rate: 4.25% (↓ 0.15% from Dec 21)
No. of tenants	SFH Group – 2 Other 3 rd parties – 7

Note: (1) All figures as at 30 June 2022, unless stated otherwise

Prime Property Portfolio

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



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

Gross Lettable Area	84,951 sq.m.
Expiry of land lease	50 years expiring in 2049
Occupancy	100.0% (no change from Dec 21) (99.9% of GLA leased to SFH Group)
Latest Valuation	RMB 497 M (↑ 2.1% from Dec 21) Capitalization Rate: 5.25%
No. of tenants	SFH Group – 1 Other 3 rd parties – 1

Note: (1) All figures as at 30 June 2022, unless stated otherwise.

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**

Gross Lettable Area	62,569 sq.m.
Expiry of land lease	50 years expiring in 2066
Occupancy	96.2% (↓ 2.3% from Dec 21) (89.2% of GLA leased to SFH Group)
Latest Valuation	RMB 225 M (↓ 4.1% from Dec 21) Capitalization Rate: 5.5%
No. of tenants	SFH Group – 2 Other 3 rd parties – 20

Note: (1) All figures as at 30 June 2022, unless stated otherwise.

Prime Property Portfolio

Changsha Fengtai Industrial Park, Huangxin Town, Changsha County, Hunan



- **Three single / three-storey high-standard warehouses, a double storey distribution centre with ramp access and a nine-storey office complex**

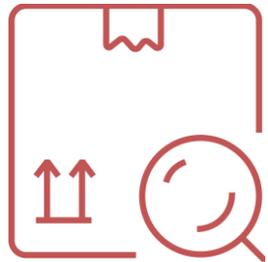
Gross Lettable Area	119,964 sq.m.
Expiry of land lease	50 years expiring in 2066 and 2068
Occupancy	98.8% (75.5% of GLA leased to SFH Group)
Latest Valuation	RMB 558 M Capitalization Rate: 5.25%
No. of tenants	SFH Group – 3 Other 3 rd parties – 15

Note: (1) All figures as at 30 June 2022, unless stated otherwise

Investment Rationale of Changsha property

- ✓ **Quality modern logistics property in prime location**
 - Strategically located at Changsha Linkong Economic Development Zone
 - Recently completed high quality modern logistics property
 - Built-to-suit facilities to house the needs of various logistics tenants
- ✓ **Attractive return with secured and stable income from SF Group**
 - High occupancy provides immediate cash contribution
 - ~76% GLA leased to SF Group with long lease term and annual rental increment
 - Yield accretive to improve unitholders' return
- ✓ **Diversify and enhance operating synergies**
 - Further diversify the portfolio to Central China and enhance operating synergies

2022 Interim Results



Financial Summary



Income Statement Highlights



	For the period ended 30 June 2022		
(HK\$'000)	HK	PRC	Total
Revenue	156,870	40,609	197,479
Property operating expenses	(26,678)	(9,186)	(35,864)
Net property income	130,192	31,423	161,615
<i>NPI Margin (%)</i>	<i>83.0%</i>	<i>77.4%</i>	<i>81.8%</i>
G&A expenses:			(16,673)
REIT Manager's fee	(12,898)		
Auditor's remuneration	(1,652)		
Trustee's remuneration	(783)		
Others ⁽²⁾	(1,340)		
Fair value changes on IP			210,377
Other gains - net			192
Operating profit			355,511
Finance costs, net			(24,137)
Income tax expenses			(56,530)
Profit after tax for the period			274,844

SFH Group provided ~75% of revenue, a stable income source

Changsha Property acquisition was completed in late June 2022, providing more diversified income sources

Note:

(1) Prior year's interim results not comparable as SF REIT was established in April 2021.

(2) Other G&A expenses mainly includes legal and other professional fees.

Property Operating Expenses

	For the period ended 30 June 2022
	(HK\$'000)
Property management fee ⁽¹⁾	19,364
Rates and government rent	4,220
Repairs and maintenance	3,038
Utilities	2,704
Other taxes	5,346
Others	1,192
Property Operating Expenses for the period	35,864

- Decreased by 12% from 2H 2021's HK\$41M due to diligent cost control

Note: (1) Property management fees include approximately HK\$0.8m charged by operations managers, which are subsidiaries of SFH for the Mainland China properties, fees and expenses of HK\$18.6m mainly for other property management services provided by independent vendors relating to property manager remuneration and staff costs, shuttle bus services, cleaning services and security services

Distribution Statement Highlights



	For the period ended 30 June 2022
	(HK\$'000)
Profit for the period	274,844
Adjustments:	
Fair value changes on IP	(210,377)
Deferred tax charges	52,621
Differences between accrued rental income and actual rental receipts	(9,014)
Others	1,314
Total distributable income	109,388
Pay-out ratio	100%
Total distributions to Unitholders	109,388
Units in issue as at 30 June 2022	800,000,000
Distribution per unit	HK 13.67 cents
Annualized distribution yield ⁽¹⁾	8.0%

Note:(1) Annualized distribution yield is calculated by annualizing the distribution per unit for the period and divided by the closing unit price of HK\$3.45 on 30 Jun 2022.

Balance Sheet Summary



	30 Jun 2022	31 Dec 2021
	(HK\$'000)	(HK\$'000)
Non-current assets		
Investment properties	7,356,784	6,541,755
Others	46,540	15,156
	7,403,324	6,556,911
Current assets		
Cash and cash equivalents	360,475	397,453
Others	65,745	55,196
	426,220	452,649
Total assets	7,829,544	7,009,560
Current liabilities	301,718	220,353
Non-current liabilities:		
Borrowings	2,648,048	2,106,153
Deferred tax liabilities and government grants	649,813	591,380
Total liabilities	3,599,579	2,917,886
Net assets attributable to Unitholders	4,229,965	4,091,674
Units in issue	800,000,000	800,000,000
Net assets per unit attributable to Unitholders	HK\$ 5.29	HK\$ 5.11

Investment properties increased mainly due to new acquisition and Tsing Yi Property capitalization rate compression.

Gearing ratio at 34.5% vs Dec 2021's 30.6% due to increased borrowings for new acquisition.

Liquidity and Borrowings



Loan	Loan balance	Total Loan %	Fixed rate debt	Fixed rate debt%
Hong Kong Loan (HK\$ M)	2,159	80%	900	42%
Onshore Loan (RMB M)	463	20%	188	41%
- Foshan and Wuhu	188	8%	188	100%
- Changsha	275	12%	-	0%
Total (HK\$ M)⁽¹⁾	2,702	100%	1,120	42%

Total Liquidity	HK\$ M
Cash and cash equivalents	360
Unutilised revolving loan	250

Notes: (1) Exchange Rate adopted: RMB 1= HKD 1.171 as at 30 June 2022

(2) All figures as at 30 June 2022, unless stated otherwise.

2022 Interim Results



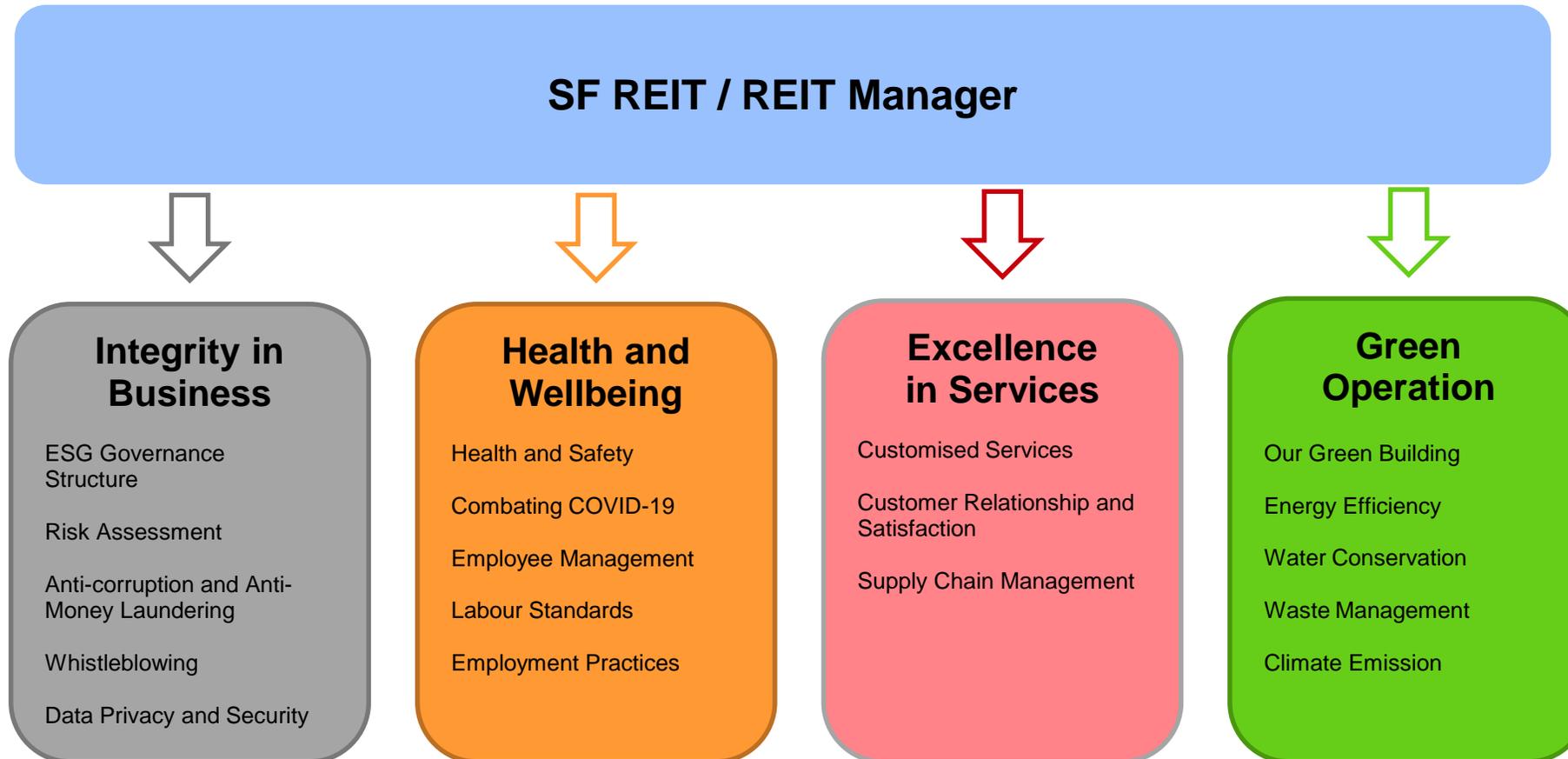
Sustainability Initiatives



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



ESG Initiatives

✓ Building solar panel at properties rooftop

- Changsha property



- Wuhu property



✓ Community serving

✓ Gender diversity

- Increased female representative in the Board of Directors

2022 Interim Results



Way Forward



Logistics Assets Market Update and Outlook

Hong Kong

Prime Warehouse rents in **Q2 continued to rise** by ~ 1.7% quarterly driven by extremely tight availability with vacancy rates at 0.9%⁽¹⁾

Robust demand from 3PLs, air freight and cold storage operators

Investment market continued to be active with several en-bloc transactions observed.

China

Partial lockdowns disrupted normal consumption demand, supply chain and manufacturing output

Basic consumptions required logistics services which support demand for modern logistics properties sector

Post-lockdown re-opening of economic activities supported logistics sector recovery as noticeable from online retail sales.

Outlook

Uncertain and complex global environment: inflation, supply chain disruptions, military conflicts

Logistics services demand remained intact:

- transformation of domestic consumptions structure in China
- e-commerce, fresh food, medical sectors, 3PLs, etc.

SF REIT's key investment markets remain resilient driven by solid demand.

Outlook & Strategy

-  Clear visibility on income supported by long term leases of SFH Group tenants 
-  Prudent capital management to mitigate financial market volatility and support acquisitions 
-  Investment demand and positive market outlook in logistics support future growth potential 
-  Strong pipeline from SFH Group to support portfolio expansion and DPU growth 

Distribution Details

1H2022 Distribution	Key Dates
Distribution Period	1 January - 30 June 2022
Distribution Amount Per Unit	HK13.67 cents
Ex-distribution Date	31 August 2022
Closure of Register for Distribution	2 September to 5 September 2022 (both days inclusive)
Distribution Date	29 September 2022

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