SpringREIT

Final Results 2022

Presentation

22 Mar 2023

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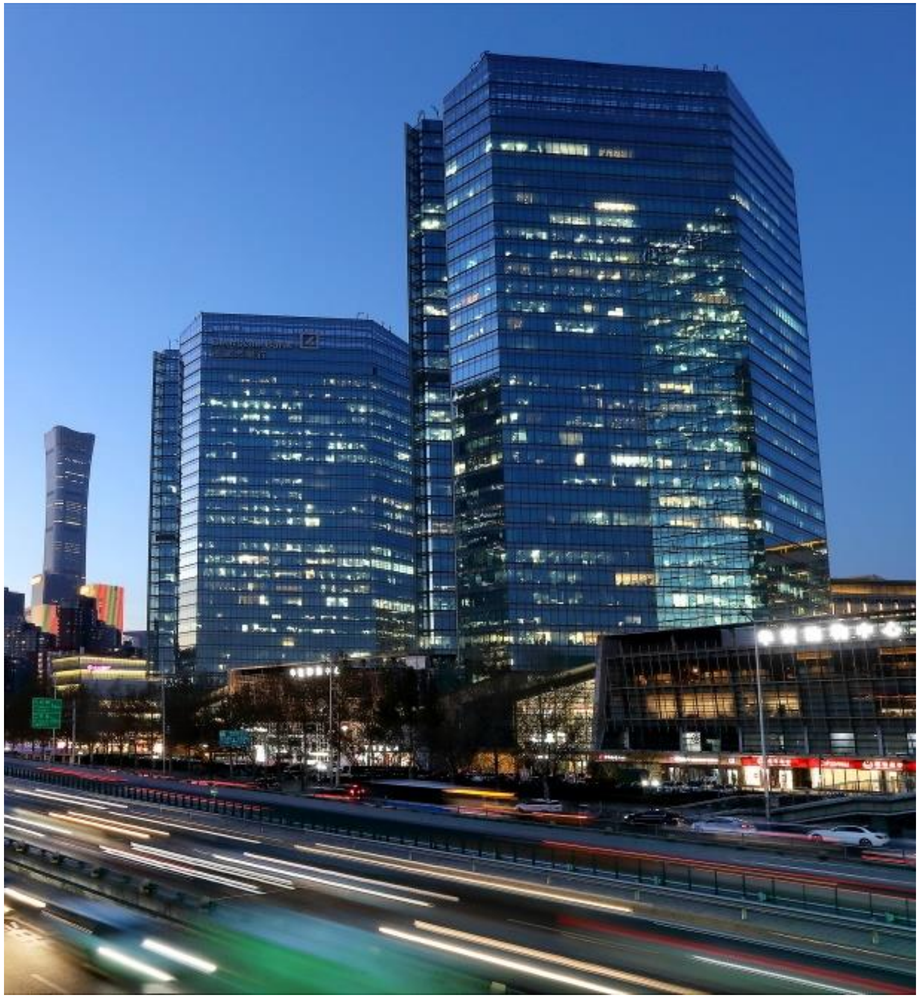

AGENDA

PERFORMANCE OVERVIEW OF FY 2022

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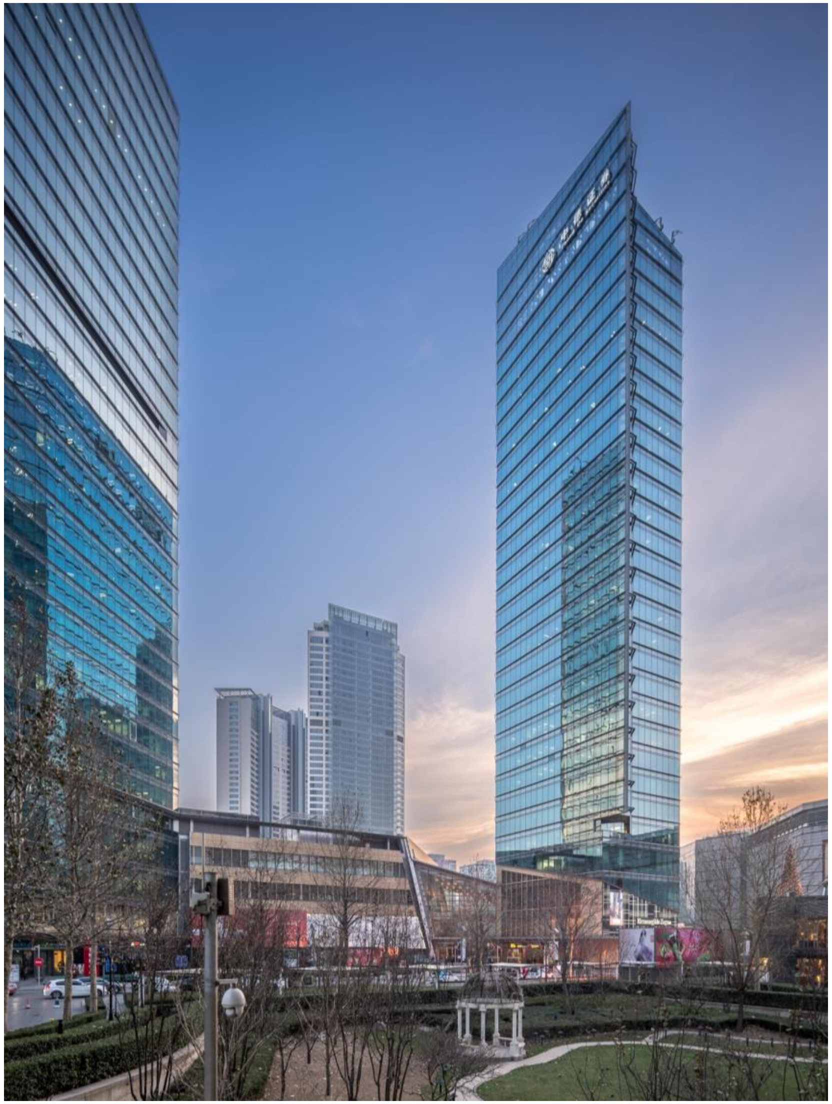
- After a strong start for China's economy in early 2022, the largest wave of COVID-19 in two years disrupted the country's growth trajectory. Globally, The high inflation environment of 2022 led to significant rises in global interest rates, which in turn led to volatility in foreign exchange markets. All these factors had a direct impact on Spring REIT's operating performance. Total distributable income of Spring REIT in 2022 slightly decreased by 1.7 % YoY to RMB292.6 million, DPU decreased by 3.6% to HK21.2 cents. Payout ratio increased from 90% to 92.5%.
- Spring REIT's CCP property in Beijing was also affected by the challenging economic conditions. However, our team worked tirelessly to retain tenants and attract new ones in a market where nervous tenants – particularly those with operations affected by lockdowns – were reconsidering their office arrangements. It is a credit to the team's exceptional efforts in a difficult environment that the CCP property achieved a high average occupancy level of around 94.7% for the year, even as occupancy rates in the broader market fell. Average monthly passing rent slightly decreased by 0.3% YoY, from RMB 350 to RMB 349.
- Spring REIT has accomplished an important milestones in a difficult year- we made an acquisition of a majority stake in Huamao Place which was completed on 28 Sep 2022. As a retail property, Huamao Place has diversified Spring REIT's portfolio and balanced its exposure, which was previously dominated by our Beijing office property. Huamao Place contributed RMB 39 million of Net Property Income for the period from 28 September 2022 to 31 December 2022.
- Throughout the year, cash interest expenses experienced a sharp increase, which was particularly pronounced in the second half of the year, increasing the cost of borrowing. Spring REIT has entered into a series of IRS contracts to mitigate the impact of rising rates, around 81% of all HKD-denominated loan principal was covered by its interest rate hedging programme at end 2022.
- The CCP Property was appraised at RMB8,640.00 million as at 31 Dec 2022, remaining stable compared to its valuation as at 31 December 2021. Huamao Place was appraised at RMB2,823 million as at 31 Dec 2022, while the UK Portfolio was appraised at GBP74.28 million (equivalent to RMB619.95 million) as at 31 Dec 2022, representing a 4.5% decrease in GBP terms compared to its valuation as at 31 December 2021. Total borrowings increased by 64.1% YoY to RMB 4,857.35 million due to the upsizing of the CCP Facilities for the acquisition and the assumption of an onshore bank loan via the acquisition. As such, gearing ratio rose to 37.6% as at 31 Dec 2022 (31 Dec 2021: 30.0%).



Agenda

FY 2022 Results Summary

- On the back of stable operation in Beijing and maiden contributions from Huizhou Huamao Place (68% stake acquired on 28 Sep 2022), consolidated revenue increased 9.4% yoy to RMB 577.85 million and NPI increased 11.1% yoy to RMB440.43 million.
- Total distributable income in 2022 (after deduction of 32% minority interest in Huamao Place) was RMB292.61 million, representing a 1.7% decrease YoY. Cash interest expenses increased RMB48.00 million as a result of both additional loan amount for the debt-funded acquisition and the net effect of higher market interest rates offset by the interest rate hedges in place.
- Spring REIT's gearing ratio stood at 37.6%, continuing to have a healthy balance sheet.

Operating Results (in RMB' million)	FY 2022	FY 2021	YoY Chg
Revenue	577.85	528.44	*9.4%*
Property operating expenses	(137.42)	(132.07)	*4.1%*
Net property income	440.43	396.37	*11.1%*
Net property income margin	76.2%	75.0%	*1.2ppts*
G&A expenses	(74.65)	(65.27)	*14.4%*
Cash interest expense	(110.18)	(62.18)	*77.2%*
Total distributable income	292.61	297.69	*-1.7%*
Payout Ratio	92.5%	90%	*2.5 ppts*
DPU (HK cents)	21.2	22.0	*-3.6%*

Financial Positions (in RMB' million)		31-12-2022	31-12-2021	YoY Chg
Portfolio valuation	CCP Property	8,640.00	8,638.00	*0.02%*
	Huizhou Property[1]	2,823.00	N/A	*N/A*
	UK Portfolio	619.95	669.10	*-7.3%*
	Total	12,082.95	9,307.10	*29.8%*
Total borrowings		4,857.35	2,960.83	*64.1%*
Net asset value		6,558.84	6,671.65	*-1.7%*
Gearing ratio		37.6%	30.0%	*7.6 ppts*

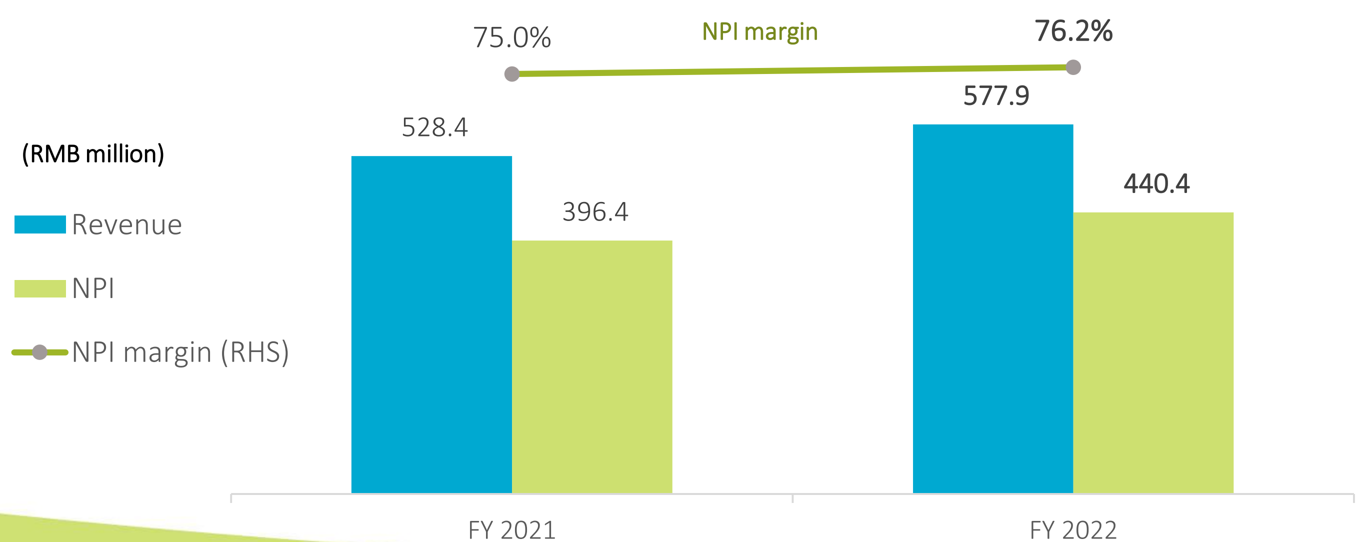
Note 1: The acquisition was completed on 28 Sep 2022.

Stable Operating Performance

Newly acquired shopping mall in Huizhou contributed to 4Q 2022

- **Spring REIT**: Overall stable operation despite the challenging economic environment. Revenue was RMB 577.85 million, 9.4% higher than that in 2021. NPI increased by 11.1% YoY to RMB 440.43 million , while NPI margin slightly improved by 1.2 ppt.
- **CCP Property**: It achieved an encouraging occupancy level of around 92.6% at year-end. CCP Property's revenue increased slightly by 0.4% YoY, NPI increased by 2.2% YoY.
- **Huizhou Huamao Place:** This newly acquired asset registered an occupancy rate of 96.3% at end 2022. It contributed RMB 39 million of NPI for the period from 28 September 2022 to 31 December 2022
- **UK Portfolio**: All properties are under long-term leases with UK's #1 car servicing chain (Kwik Fit). Car servicing is considered an essential service by UK government and garages remained open during COVID. Rental contribution from UK Portfolio remained rock solid, contributing 6.4% and 8.3% of the total revenue and NPI respectively.

Total Revenue & Net Property Income



PROACTIVE CAPITAL MANAGEMENT, TO MITIGATE INTEREST RATE HIKES

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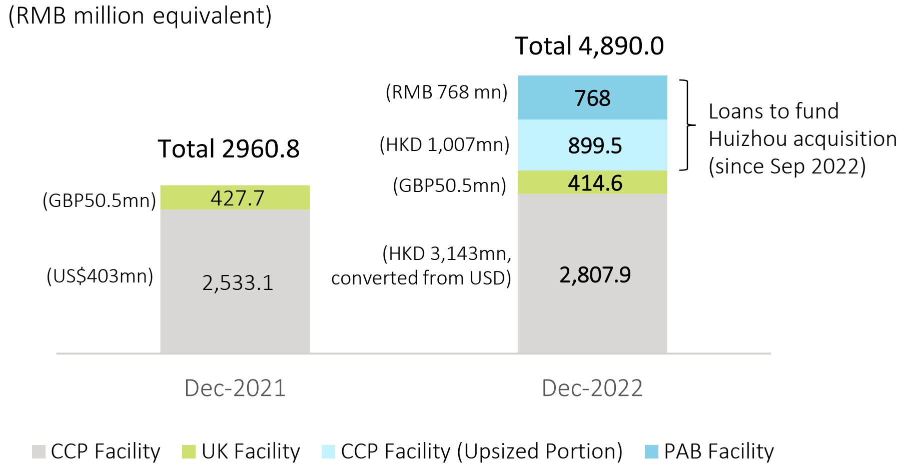
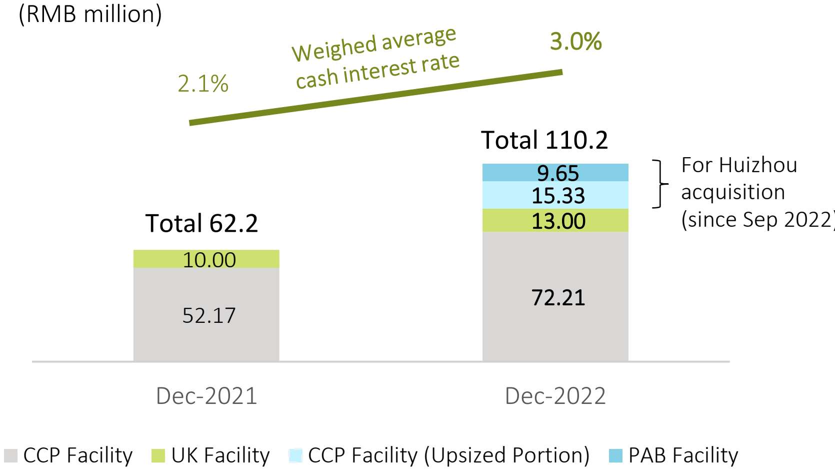
Gearing at 37.6% after debt-funded acquisition, remaining at healthy level

Debt Profile, by notional amounts



Cash Interest Expenses, net of interest rate hedges



Spring REIT's debt facilities:

- **HKD 4,875 mn upsized CCP Facilities (3-year term, till Sep 2025)**
  (i) Drawdown amount of HKD 4,150 mn
  (ii) Undrawn amount of HKD 725 mn
- **GBP50.5 mn under UK Facility (3-year term, till Jan 2025)**
- **RMB 900 mn PAB Facility: (10-year term, till 2032)**
  (i) Drawdown amount of RMB800 mn
  (ii) Outstanding amount of RMB 768mn
  (iii) Undrawn amount of RMB 100mn
- **Gearing ratio at 37.6% (Dec 21: 30.0%)**

Proactive interest rate hedges partly offset big rate hikes in 2022; Cash interest also incurred for the debt-funded acquisition

- **US Fed Funds Rate increased from 0% to 4.1% during 2022.** We continue to manage interest rate risks carefully. At end-2022, 80.8% of the HKD loan notional was hedged with a weighted average swap rate of 1.21% per annum
- **Cash interest increased RMB48.00 million**, representing:
  (i) RMB 24.98 mil resulted from the additional bank loans for the debt-funded acquisition of Huamao Place, and
  (ii) RMB 23.02 mil from the net effect of higher market interest rates, offset by interest rate hedges in place.
- **Weighted average cash interest rate was 3.01% (2021: 2.08%)**

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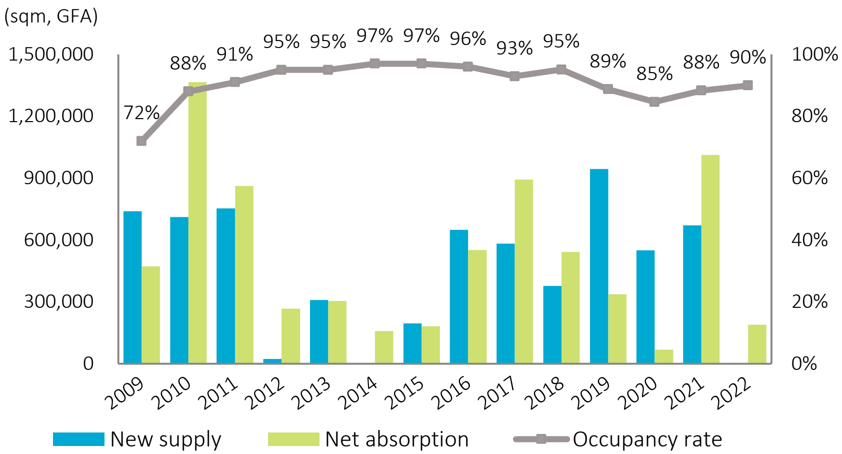
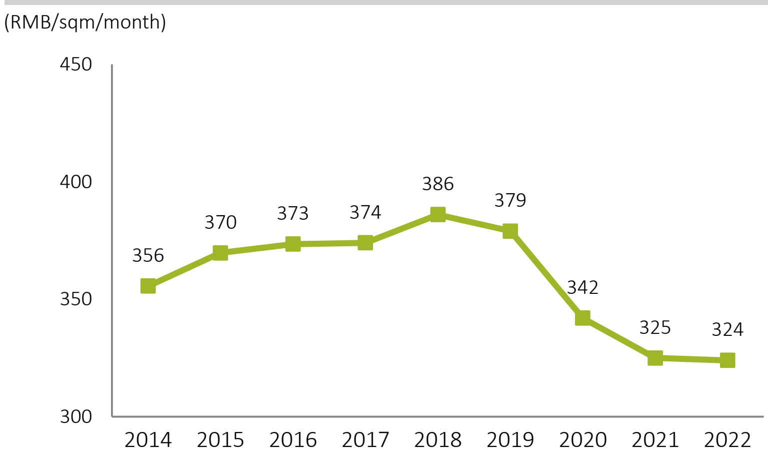
Beijing Leasing Market Condition

Beijing Overall

Beijing Overall – Supply, Absorption, Occupancy

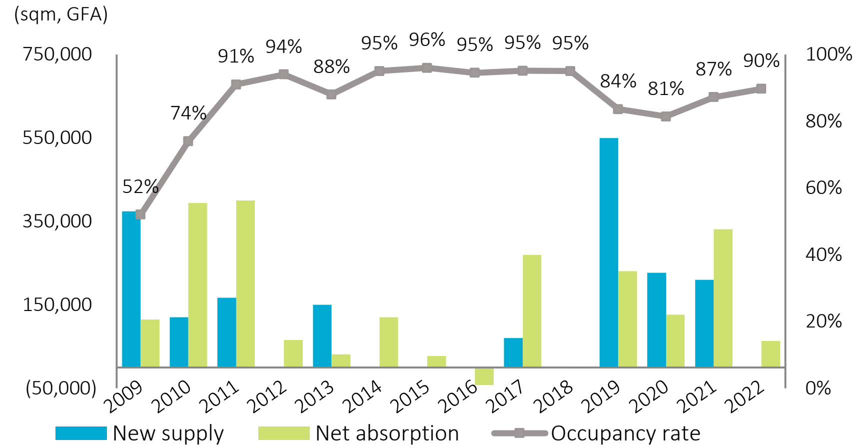


Beijing Overall – Effective Rental Rate

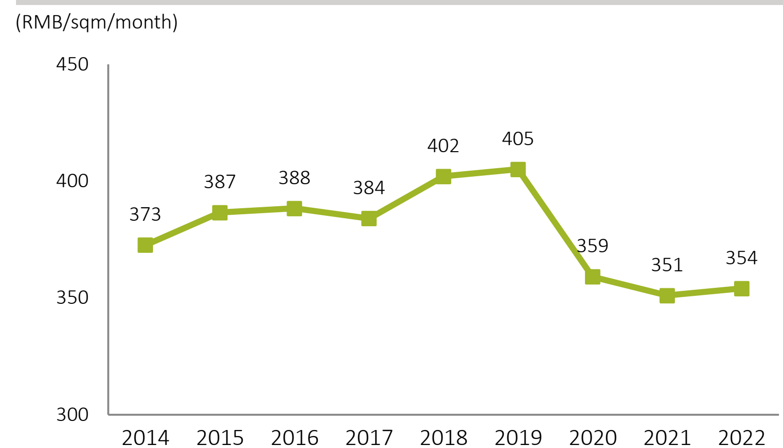


Beijing CBD

Beijing CBD – Supply, Absorption, Occupancy



Beijing CBD – Effective Rental Rate



Source: JLL Research, Dec 2022

BEIJING FUTURE GRADE-A OFFICE SUPPLY

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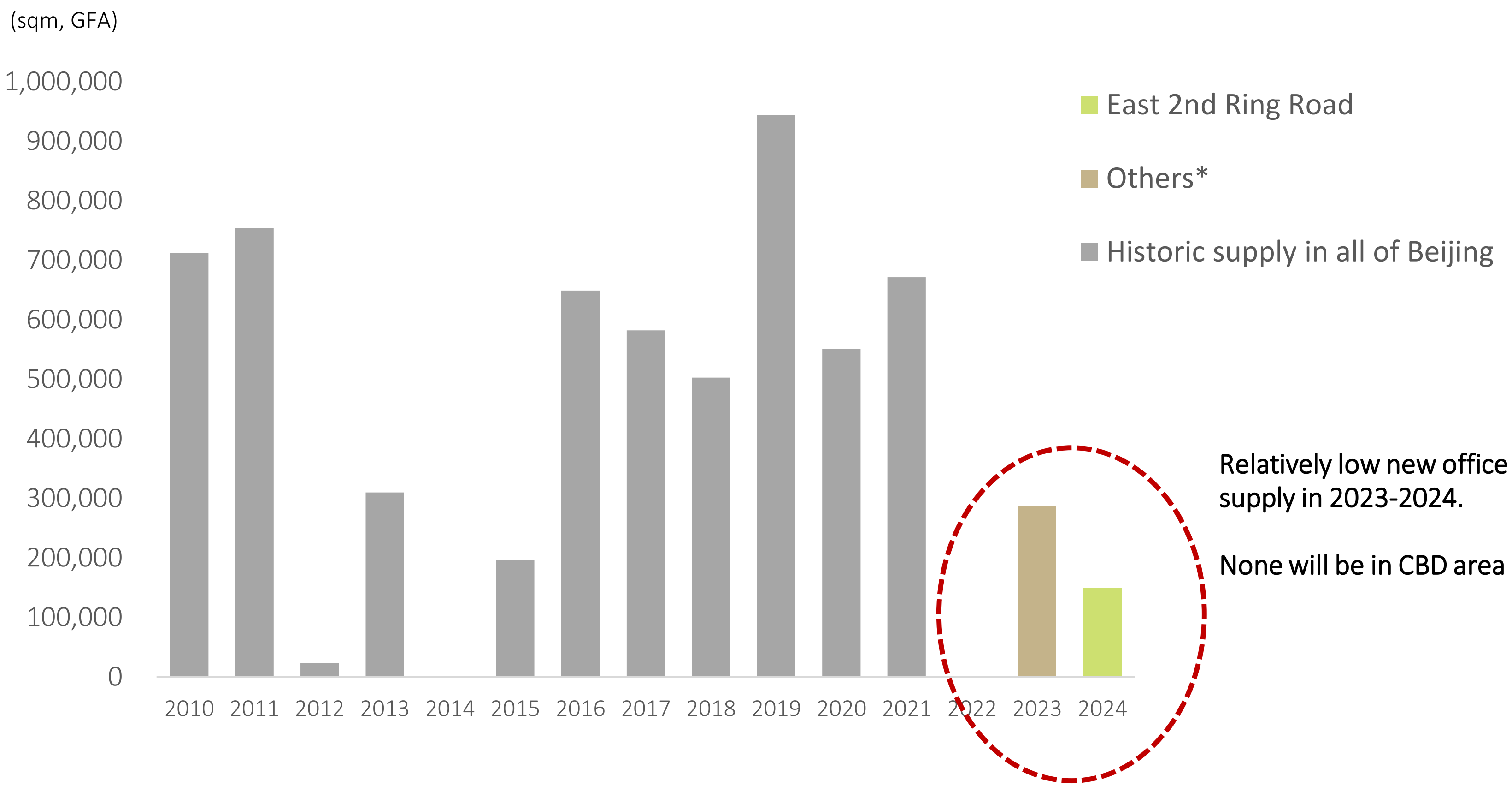
Of the 435,900 sqm GFA of new supply in 2023 and 2024, none will be located in the CBD area

Grade-A office supply by year



Note:
* Others included Zhongguancun, 3rd Embassy Area and Olympic Park
All of the above data are based on JLL Research in Dec 2022.

COMPARISON OF GRADE-A OFFICE MARKETS ACROSS CHINA

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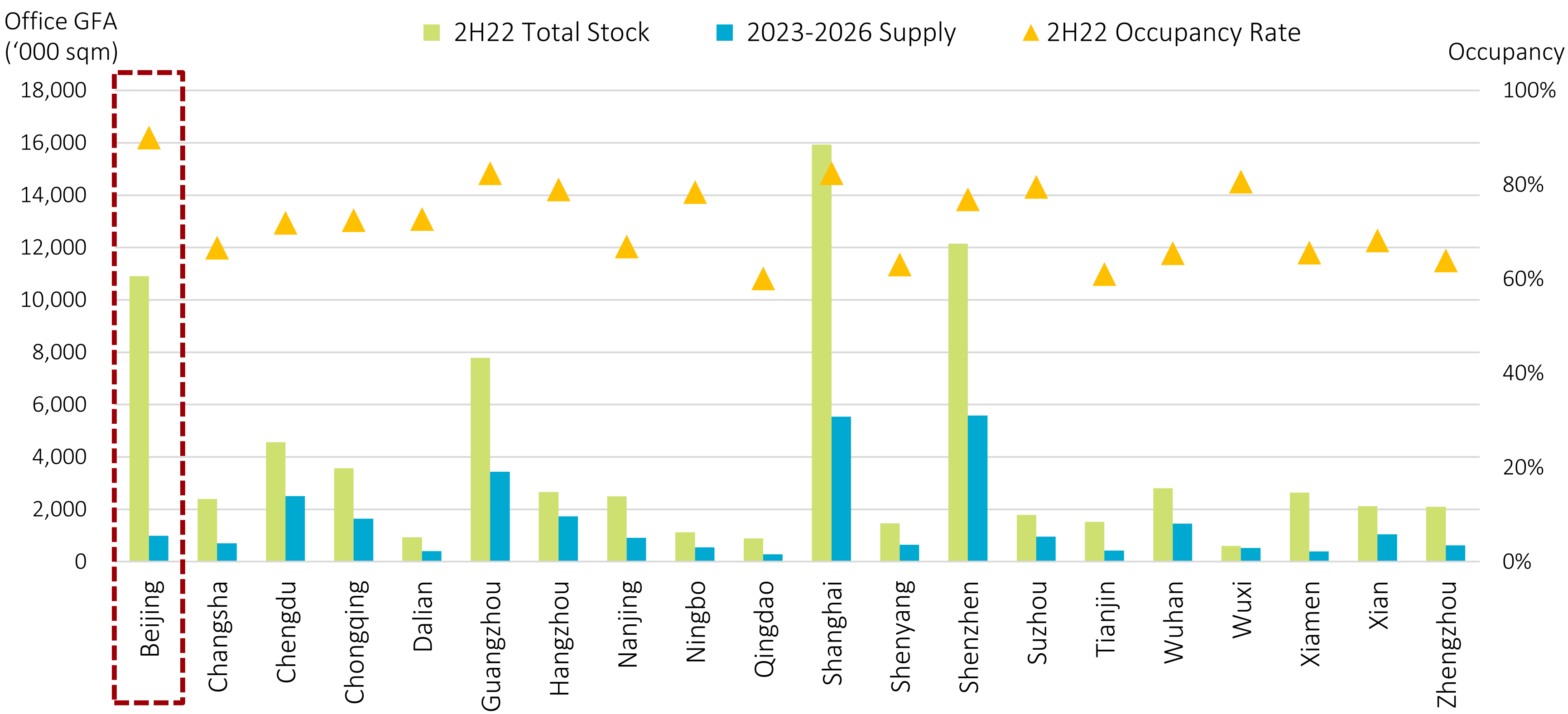
- Beijing has highest office occupancy of 90%. Guangzhou and Shanghai have occupancy rate of over 80%.
- Low new supply in Beijing in the next 4 years, only 0.4 % p.a. of existing stock (vs avg. 12.7% p.a. of other selected cities)



Source: JLL Research, Dec 2022

CCP PROPERTY: OPERATIONS SUMMARY

- Total revenue was increased by 0.4% YoY, reflecting slightly lower rental income due to softer rental rates, but higher other income.
- Property operating expenses declined by 4.5% mainly due to lower leasing commission incurred.
- Cost structure remained stable, with NPI margin at 74.4% (FY 2021: 73.1%)

(in RMB million)	**FY 2022**	FY 2021	YoY Chg
Revenues			
- Rental income	**476.26**	478.80	*(0.5%)*
- Car park income	**4.78**	4.87	*(1.8%)*
- Other income	**9.85**	5.33	*84.8%*
Total revenue	**490.89**	489.00	*0.4%*
Property Operating Expenses			
- Property management fee	**(10.80)**	(10.34)	*4.4%*
- Property tax	**(59.29)**	(57.09)	*3.9%*
- Withholding tax	**(49.87)**	(47.88)	*4.2%*
- Other taxes	**(0.42)**	(4.03)	*(89.6%)*
- Leasing commission	**(2.79)**	(10.63)	*(73.8%)*
- Others	**(2.36)**	(1.46)	*61.6%*
Total property expenses	**(125.53)**	(131.43)	*(4.5%)*
Net Property Income	**365.36**	357.57	*2.2%*

CCP Property: Leasing Performance

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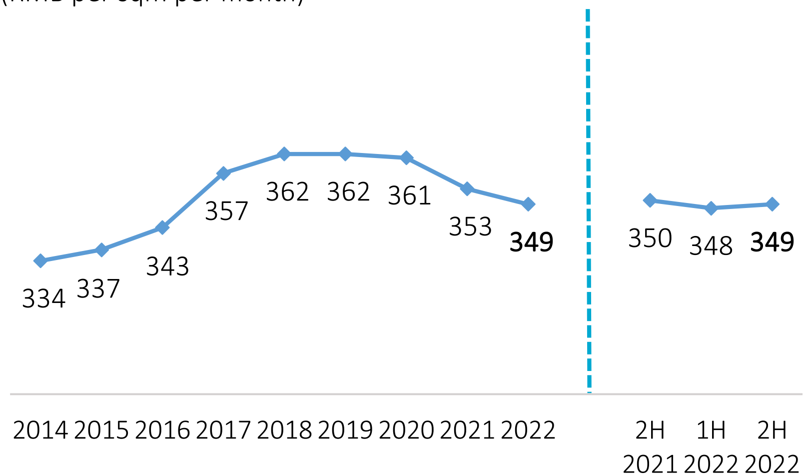
- Average passing rent increased slightly by 0.3% HoH, and decreased slightly by 0.1% YoY.
- The CCP Property registered an average occupancy of 93% in 2H 2022.

Average Passing Rents

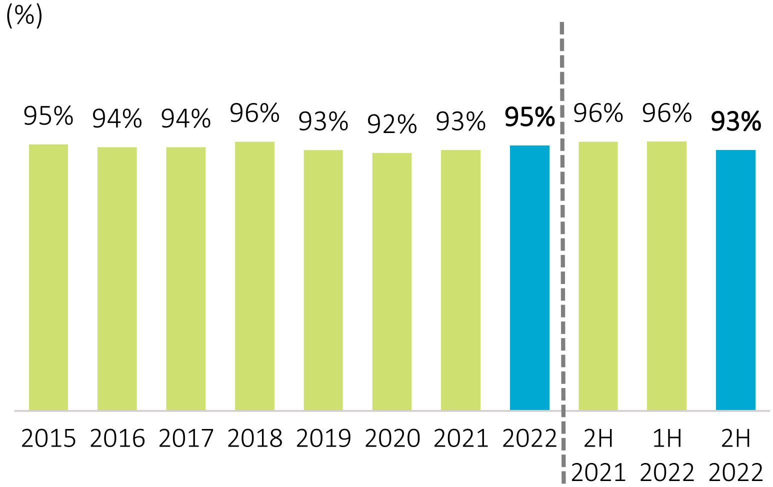
(RMB per sqm per month)



- Passing rent relatively soft as we prioritized occupancy and tenant mix during 2022, when the market was weak
- Rental reversion of -0.3% for FY 2022 (FY 2021: -4.5%)
- Retention rate 69% (FY21: 81.3%)

Average Occupancy Rates

(%)



- Average occupancy rate strengthened to 95% for FY22 (FY21: 93%).
- As at 31 December 2022, occupancy rate was recorded at 93%.

CCP Property: Tenant Base

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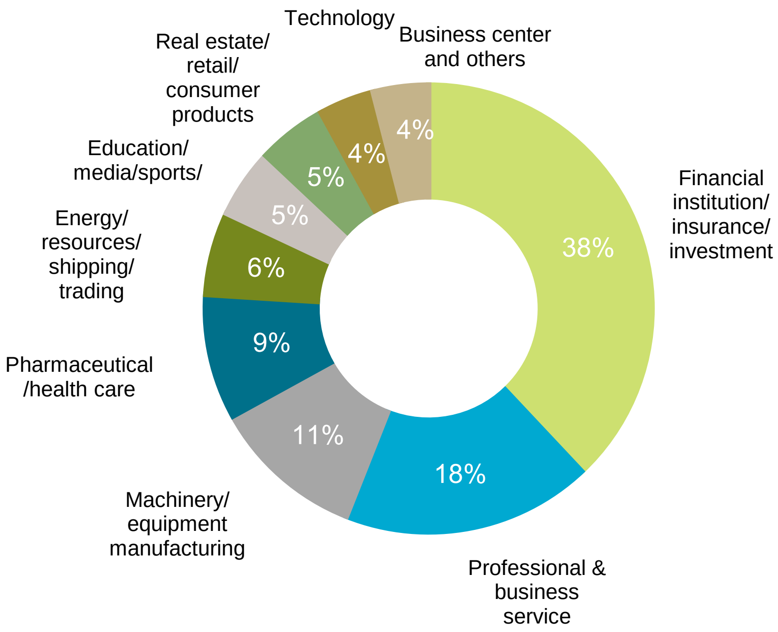
Diverse and high-quality tenant mix

Tenants by Industry

As % of leased office GFA

(As of 31 Dec 2022)



Top 5 Tenants

Tenants	% of total leased GFA
Epson	6.0%
Zhong De Securities	4.3%
Global Law	4.2%
TEC	4.1%
Condé Nast	3.2%

21.8%

Note: as of 31 Dec 2022

Other industry-leading tenants

- White & Case
- Baxter
- DB
- SMBC Nikko Securities
- NBA
- AECOM
- Bain & Company
- Richemont
- AIG

Note: as of 31 Dec 2022

CCP PROPERTY: EXPIRING LEASE PROFILE

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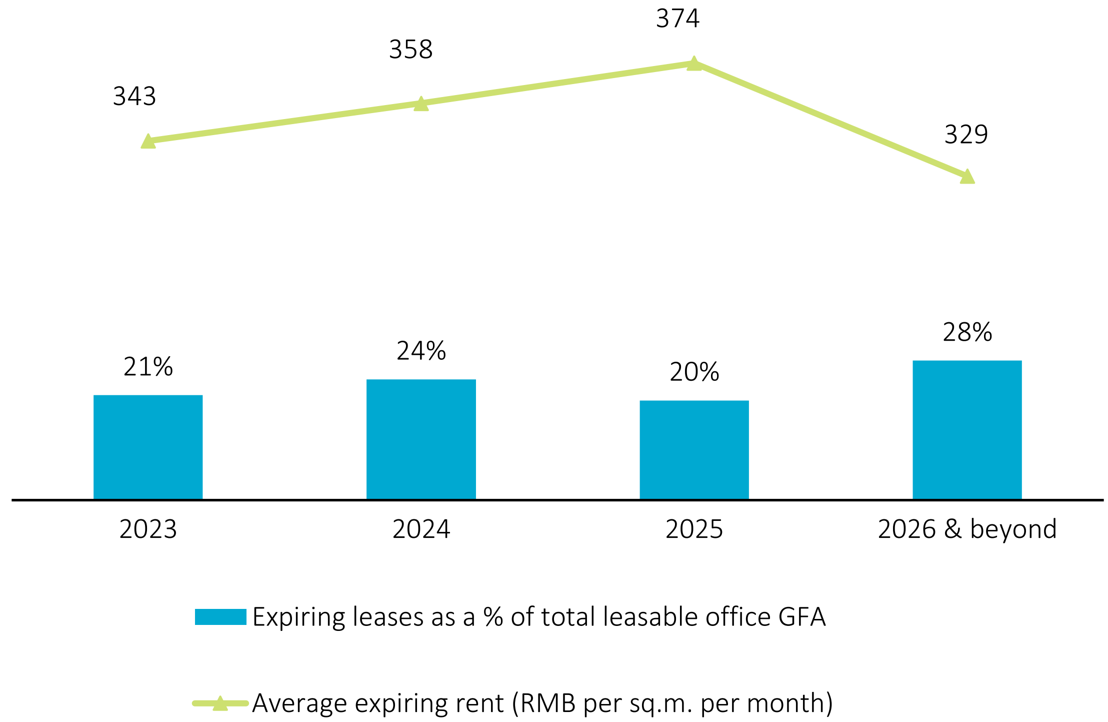
- Average lease expiry of existing leases (in GFA terms) as of 31 Dec 2022 was 747 days.
- Lease expiries in 2023 – about 21% of the leasable GFA, with an average expiring rental rate of RMB343 per sqm.
- As of 31 Dec 2022, rental arrears amounted to RMB 0.9 million, representing 2.3% of the total rental income receivable in Dec 2022. 77% of the outstanding arrears as of 31 Dec 2022 was recovered within 30 days.



CCP PROPERTY: COST STRUCTURE

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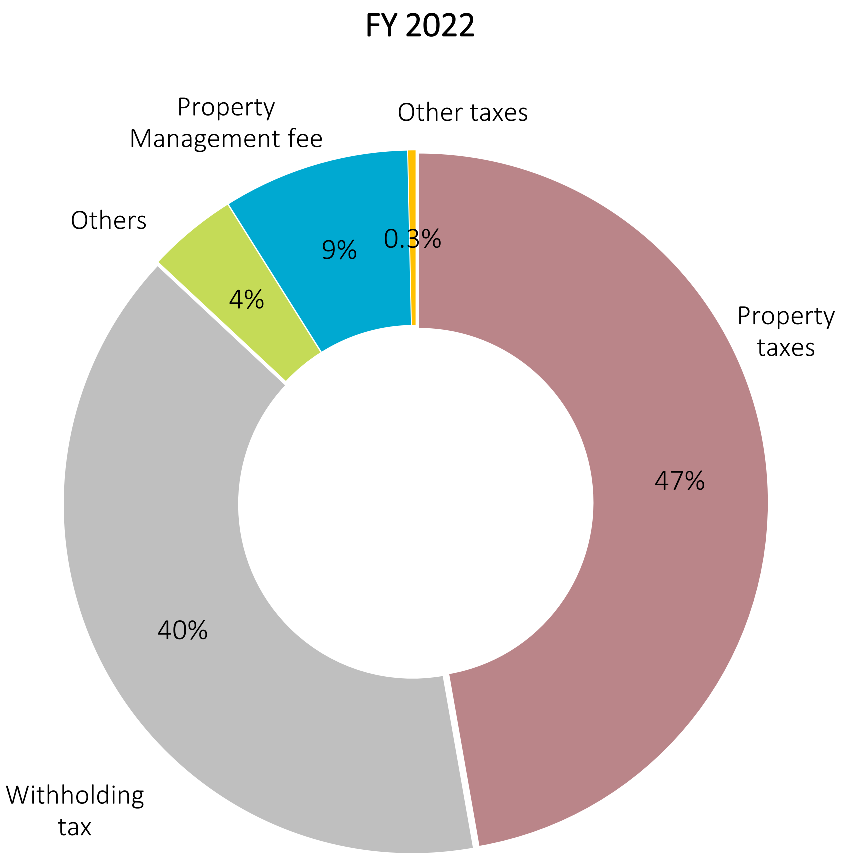
Most property expenses are revenue-linked or fixed. Stable NPI margin.



- Property taxes
  - Includes real estate tax and land use tax
  - Land use tax based on the site area of the development
- Withholding tax
  - 10% of revenues received from rental operations
- Property management fee
  - 2% of the total revenue
- Others
  - Includes reinstatement costs, agent commission, insurance, etc.
- Other taxes
  - Stamp duty of 0.1% on total rental income payable over the term of each lease

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Huizhou Market Overview

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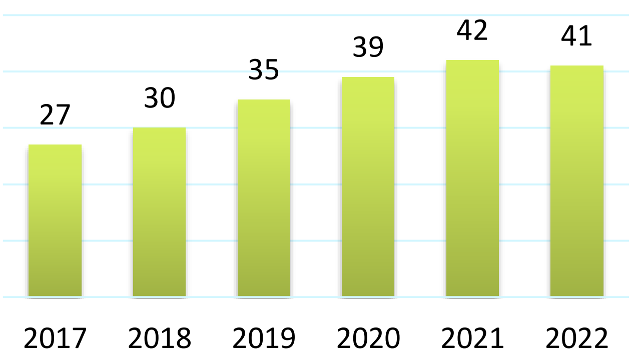
Local shopping mall industry has been expanding, and expected to regain momentum after COVID

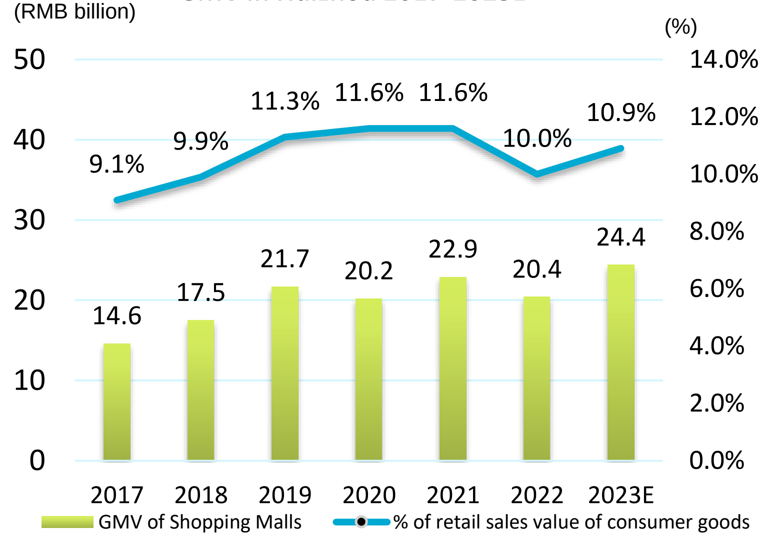
- Huizhou's shopping mall industry has experienced robust growth, driven by high economic growth potential, ongoing urbanisation, consumption upgrading, expanding retail facilities, and continued government support.
- 41 shopping malls in Huizhou with overall retail GFA of approx. 2.7 million sq.m at the year-end of 2022, managed by 35 shopping mall management service providers. The industry is not highly concentrated, with top 5 accounting for 32.4% of retail GFA in the market
- The overall Gross Merchandise Value ("GMV") of shopping malls in Huizhou increased from RMB14.6 billion in 2017 to RMB20.4 billion in 2022, with a CAGR of 6.9%. However, growth was interrupted by Covid between 2020 and 2022.
- As the economy recovers on the back of stimulus measures and the easing of domestic COVID-19 restrictions, the shopping mall industry in Huizhou is expected to regain momentum.

Number of Huizhou shopping malls



Source: CIC Research, Dec 2022

GMV in Huizhou 2017-2023E



Source: CIC Research, Dec 2022

HUAMAO PLACE IN HUIZHOU: OPERATION PERFORMANCE

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- From 28 September to 31 December 2022, the mall was adversely affected by the pandemic. Fortunately its operating performance remained encouraging due to the conclusion of the litigation with the supermarket lessee and the reletting of the space previously occupied by it. Occupancy rebounded from about 90% on 28 September to 96.3% as of 31 December 2022, resulting in an average occupancy of 92.2% for the period.
- Average Monthly Rent stood at 150 RMB/sq.m/month

Average Occupancy Rate

Q4 2022: 92.2%
31 Dec 2022: 96.3%

Revenue

Q4 2022: RMB 50 mn

Average Monthly Rent

Q4 2022: RMB147.6 / sqm
31 Dec 2022: RMB150.0 / sqm

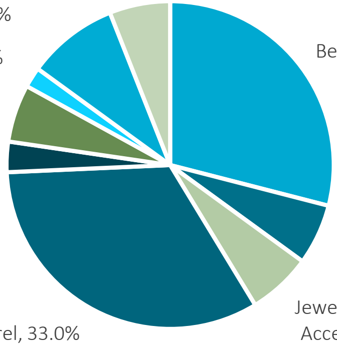
Net Property Income

Q4 2022: RMB 39 mn




Ongoing Optimization to our Tenant Mix

Trade sector in terms of GLA (as at 31 Dec 2022)



- ✓ Reconfiguration of the trade mix has been ongoing in order to enhance the overall shopping experience. The first floor has been repositioned to showcase prominent electric vehicles brands like Tesla and Nio, as well as stores featuring latest digital products from DJI and Apple authorised retailer.
- ✓ We enhanced the positioning of the mall by introducing a cluster of international cosmetics brands, that are currently exclusive to Huamao Place in Huizhou, cosmetic brands included Estée Lauder, Lancôme, Kiehl's, WHOO, GUERLAIN, and DIOR, YSL and 3CE, with Shu Uemura and SkinCeuticals to follow in Jan 2023

- ✓ The high-end sports area on the second floor has been further enhanced with the relocation of Armani Exchange and the addition of Samsonite, Tommy Hilfiger, Kent & Curwen, Fila and Adidas Megastore.
- ✓ The litigation with the supermarket lessess at the basement area was resolved. It was then fully refurnished and transformed into a new-concept marketplace called "ONES," featuring specialty shops that offer fresh produce, household products, and social dining options
- ✓ Over the course of 2022, we successfully signed leases with 198 new merchants. Additionally, for the 189 merchants up for renewal that we signed in 2022, we achieved an average rental reversion rate of 9.8%

Brands Highlight

Calvin Klein	**Lancôme**	**Muji**	**Chow Tai Fook**	**Estee Lauder**	**Haidilao Hot Pot**	**Hugo Boss**	**YSL**
	DJI	**Lego**	**Whoo**	**Pandora**	**Tesla**	**Nio**	

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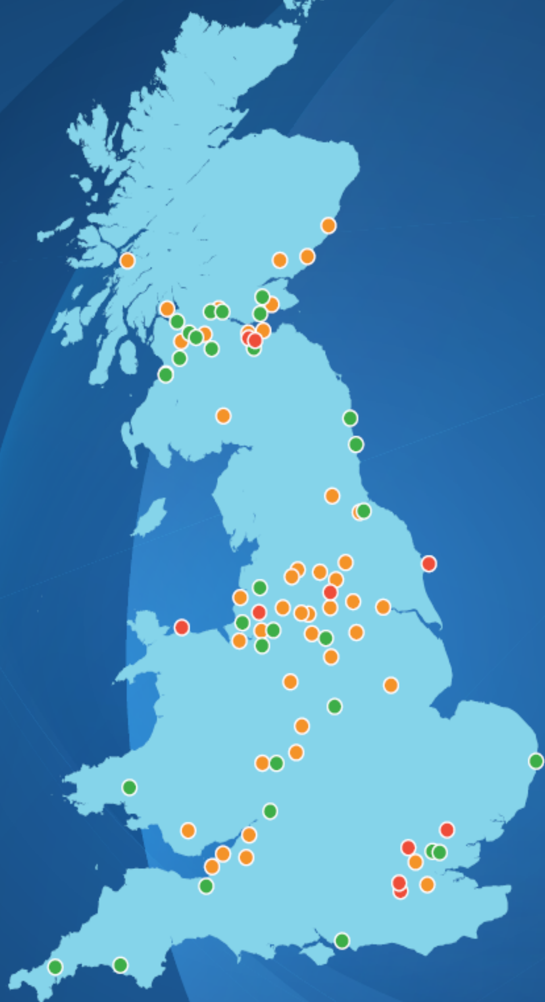
Location of the properties



KEY:
LARGE RENT
MEDIUM RENT
SMALL RENT

TRADING NAME	TOWN	ADDRESS	POSTCODE
Kwik Fit	Chelmsford	103 New London Road	CM2 0PP
Kwik Fit	South Croydon	453 Brighton Road	CR2 6EW
Kwik Fit	Tottenham	32 Monument Way	N17 9NX
Kwik Fit	Bridlington	32-36 St Johns Street	YO16 7JS
Kwik Fit	Chapel Allerton	Leeds, 232 Harrogate Road	LS7 4QD
Kwik Fit	Edinburgh	107/109 Dundee Street	EH11 1AW
Kwik Fit	Croydon	3 Mitcham Road	CR0 3RU
Kwik Fit	Wigan	Wallgate	WN5 0XG
Kwik Fit	Edinburgh	19 Corstorphine Road	EH12 6DD
Kwik Fit	Llandudno	Conway Road	LL30 1DE
Kwik Fit	Altrincham	1-3 Church Street	WA14 4DB
Kwik Fit	Middlesbrough	3 Lansdowne Road	TS4 2LW
Kwik Fit	Plymouth	125-129 Alexandra Road	PL4 7EG
Kwik Fit	Loughborough	24-29 The Rushes	LE11 5BG
Kwik Fit	Truro	Treaswalls Road	TR1 3PY
Central Tyres	Gloucester	Unit 3 Northbrook Road	GL4 3DP
Kwik Fit	Portsmouth	94 East Surrey Street	PO1 1JY
Kwik Fit	Bridgewater	48-54 St John's Street	TA6 5HY
Kwik Fit	Worcester	1 Carden Street, City Walls	WR1 2AX
Kwik Fit	Yoker	2369-2375 Dumbarton Road	G14 0NT
Tyre City	Northwich	Leicester Street	CW9 5LQ
Kwik Fit	Blyth	Cowpen Road	NE24 5TT
Kwik Fit	Stirling	11 Burghmuir Road	FK8 2DY
Kwik Fit	Sunderland	Monk Street	SR6 0BD
Kwik Fit	Motherwell	99a Airbles Road	ML1 2TJ
Kwik Fit	Kilmarnock	32/36 Low Glencairn Street	KA1 4DD
Kwik Fit	Skegness	50 Roman Bank	PE25 2SP
Kwik Fit	Hornchurch	Ardleigh Green Road	RM11 2ST
Kwik Fit	Glasgow	381 Pollokshaws Road	G41 1QZ
Kwik Fit	Sheffield	Townhead Street	S1 1YG
Kwik Fit	Glenrothes	Fullerton Road	KY7 5QR
Kwik Fit	Alloa	Clackmannan Road	FK10 1RR
Kwik Fit	Great Yarmouth	90 North Quay	NR30 1JT
Kwik Fit	Edinburgh	81/91 Dundee Street	EH11 1AW
Kwik Fit	Carmarthen	Pensarn Road	SA31 2BS
Kwik Fit	Preston	Market Street	PR1 2HP
Kwik Fit	Kirkcaldy	182 The Esplanade	KY1 2AQ
Kwik Fit	Rutherglen	273 Main Street	G73 1EE
Kwik Fit	Ayr	22/26 Maybole Road	KA7 2PZ
Kwik Fit	Liverpool	232 Aigburth Road	L17 0BJ
Kwik Fit	Stonehaven	110 Barclay Street	AB39 2AP
Non-Op	Edinburgh	40a Portobello Road	EH8 7EH

TRADING NAME	TOWN	ADDRESS	POSTCODE
Kwik Fit	Otley	Bondgate	LS21 3AB
Kwik Fit	Thornaby-On-Tees	212 Thornaby Road	TS17 8AA
Kwik Fit	Edinburgh	69b Saughton Road North	EH12 7JB
Kwik Fit	Shipley	58 Briggate	BD17 7BT
Kwik Fit	Oldham	Huddersfield Road	OL1 3HR
Kwik Fit	Ellesmere Port	116 Whitby Road	CH65 0AA
Kwik Fit	Pontypridd	Sardis Road	CF37 1BA
Kwik Fit	Hyde	26-28 Manchester Road	SK14 2BD
Kwik Fit	Lincoln	148-150 Newark Road	LN5 8QJ
Kwik Fit	Coatbridge	320 Main Street	ML5 3RX
Kwik Fit	Goole	Boothferry Road	DN14 6AG
Kwik Fit	Huddersfield	Lockwood Road	HD1 3QU
Kwik Fit	Congleton	46a West Road	CW12 4EU
Kwik Fit	Barrhead	17 Cross Arthurlie Street	G78 1QY
Budget	Ayr	38 Fort Street	KA7 1DE
Central Tyres	Stirling	1 Whitehouse Road	FK7 7SS
Kwik Fit	Keynsham	Ashton Way	BS31 2UF
Kwik Fit	Sheffield	726 City Road	S2 1GJ
Kwik Fit	Leven	The Promenade	KY8 4PJ
Kwik Fit	Oban	Market Street	PA34 4HR
Kwik Fit	Nelson	130 Leeds Road	BB9 9XB
Kwik Fit	Burnley	Caldervale Road	BB11 1BS
Kwik Fit	Helensburgh	3 Charlotte Street	G84 7PH
Winterstoke	Weston-Super-Mare	Winterstoke Road	BS23 3YE
Kwik Fit	Warrington	Priestley Street/Garibaldi Street	WA5 1TE
Kwik Fit	Eltham	727 Sidcup Road	SE9 3AQ
Kwik Fit	Clevedon	119-120 Kenn Road	BS21 6JE
Kwik Fit	Keighley	Worthway	BD21 5ET
Kwik Fit	Thornbury	14 Mead Court	BS35 3UW
Kwik Fit	Southport	8 Ash Street	PR8 6JH
Kwik Fit	Forfar	Queenswell Road	DD8 3JA
Kwik Fit	Castleford	Leeds, 92 Bridge Street	WF10 4LA
Kwik Fit	Radcliffe	Bury Road	M26 2UG
Kwik Fit	Oldham	Middleton Road/Lansdowne Road	OL9 9EG
Kwik Fit	Birmingham	900/902 Coventry Road	B10 0UA
Kwik Fit	Montrose	24 George Street	DD10 8EW
Kwik Fit	Islington	379 Camden Road	N7 0SH
Kwik Fit	Kidderminster	20 Churchfields	DY10 2JL
Kwik Fit	Doncaster	Wheatley Hall Road	DN2 4LP
Tyre City	Lichfield	8-9 Europa Way	WS14 9TZ
Budget	Dumfries	40 Laurieknowe Road	DG2 7DA
Kwik Fit	Bishop Auckland	Cockton Hill Road	DL14 6JN

KwikFit SpringREIT

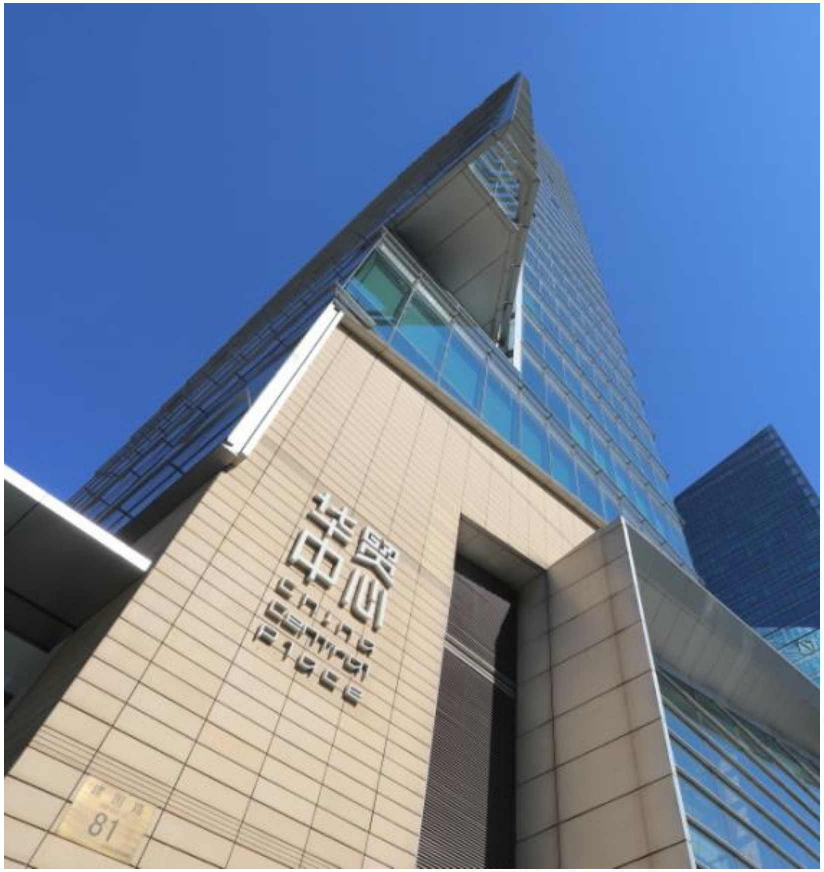
UK PORTFOLIO OPERATION SUMMARY

SpringREIT

Long-term, quality cash flow backed by guarantee, with upward-only revisions

- Each of the 84 properties in the UK Portfolio is under a long-term lease with the tenant Kwik-Fit (GB) Limited, a leading car servicing operator in the United Kingdom, with all but one of the leases expiring in March 2032. (Save for the lease and head lease in respect of one property will expire in Sep 2024)
- Car servicing is considered an essential service by UK government and garages remained open during COVID.
- Currently, the UK Portfolio has an occupancy rate of 100%, with an annual contract rental income of approximately GBP4.55 million.
- Spring REIT enjoys substantial pass through of rental income as the leases are “full repairing and insuring” in nature. This means that the tenant agrees to pay all real estate taxes, building insurance, and maintenance (the triple "nets") on the properties, in addition to any normal fees that are specified under the agreement (e.g. rent, utilities, etc.).

SpringREIT



AGENDA

Outlook & Strategic Priorities

SpringREIT

- Market sentiment in Beijing has improved with a pickup in activities across all areas of life. The number of tenant enquiries has also risen to an extent, and the situation regarding rental arrears and concessions and early terminations has continued to improve. Stiff market competition to fill up existing vacancies is still expected to weigh on rental levels in the short term. However, we remain cautiously optimistic that the dynamics of the Beijing office market will gradually improve as business activities recover.
- In the coming year, we anticipate a normalised full-year contribution from our Huizhou operation. Thanks to the untiring efforts of the local Huizhou management team, the occupancy rate at Huamao Place was kept steady, with a significant portion of the major leases that were due to expire in the first half of 2023 being secured for renewal. The tenants' configuration has also been updated to better position the mall for the expected post-Covid recovery in domestic consumption.
- In terms of capital management, we are paying close attention to interest rate and inflation trends both globally and domestically. Our earlier initiative to implement float-to-fixed interest rate hedges has significantly reduced the impact of interest rate volatility on Spring REIT. In addition, our RMB-denominated loan is based on the relatively stable PRC Loan Prime Rate, meaning that only 23% of Spring REIT's loans are now exposed to a floating HKD or GBP interest rates.
- In closing, our acquisition of a 68% interest in Huamao Place in 2022 marked Spring REIT's first investment in a retail property asset in the PRC, and its first investment in the Greater Bay Area. We were pleased to receive 99.99% support for the acquisition from Unitholders at the EGM on 26 May 2022. This transaction has been structured according to a clear vision of Spring REIT for diversification within the PRC and DPU accretion. We are committed to adhering to this consistent vision as we look to grow the Spring REIT portfolio in the years ahead.