

*The Securities and Futures Commission of Hong Kong, Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**SF Real Estate Investment Trust**  
**順豐房地產投資信託基金**

*(a collective investment scheme authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong))*  
**(Stock Code: 2191)**

**Managed by**  
**SF REIT Asset Management Limited**

**ANNOUNCEMENT OF INTERIM RESULTS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2022**

SF Real Estate Investment Trust (“**SF REIT**”) is a real estate investment trust constituted by the trust deed (the “**Trust Deed**”) entered into between SF REIT Asset Management Limited (the “**REIT Manager**”), as the manager of SF REIT, and DB Trustees (Hong Kong) Limited, as the trustee of SF REIT, on 29 April 2021. The units of SF REIT were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 17 May 2021.

The board of directors (the “**Board**”) of the REIT Manager is pleased to announce the unaudited interim results of SF REIT and its subsidiaries (the “**Group**”) for the six months ended 30 June 2022 (the “**Reporting Period**”).

## MANAGEMENT DISCUSSION AND ANALYSIS

### OVERVIEW

In the first half of 2022, the COVID-19 pandemic continued to pose negative impacts on the global economy. Furthermore, new challenges brought by rising interest rates, intensifying inflationary pressures as well as military conflicts between Russia and Ukraine have weighed on growth and hindered business activities. In Mainland China, lockdowns in some cities caused by local outbreaks of new COVID-19 variants have disrupted the normal supply chain and manufacturing output. Against this backdrop, the overall economy in the first half came in below general expectations. In Hong Kong, a new wave of infections has also affected business activities as well as investment sentiments.

Despite the above, logistics services as an essential service has shown its relative resilience driven by basic consumer requirements. Demands for high quality modern logistics properties persisted amid the outbreaks in Mainland China and Hong Kong during the Reporting Period. Post-lockdown re-opening of factories as well as transportation infrastructure assisted recovery in the logistics sector. In Mainland China, the logistics prosperity index was 52.1% for June 2022, bouncing back from below 50% in the previous months amid partial lockdowns in the country. Another important logistics indicator, namely, online retail sales of physical goods nationwide, grew by 5.6% year-on-year in the first half of 2022, accounting for 25.9% of the total retail sales of consumer goods. Online shopping boosted the demand for parcel shipping and the fast development of the logistics industry, which translated into demands for modern logistics properties.

With sustained demands for logistics services, overall performance of modern logistics facilities in Mainland China and Hong Kong remained relatively resilient. Continuous demand driven by the expansion of e-commerce and third-party logistics were supplemented by growing demand from cold chain and medical supplies industries.

### ACQUISITION

As highlighted in the Annual Report 2021, the key growth driver of SF REIT shall mainly derive through yield accretive acquisition of modern logistics properties from S.F. Holding Co., Ltd. (順豐控股股份有限公司) (“**SFH**” and, together with its subsidiaries, the “**SFH Group**”). In June 2022, SF REIT acquired a modern logistics property in Changsha, Mainland China at an agreed property value of RMB540 million to expand its asset portfolio and extend its geographical footprint to Central Mainland China. This was the first logistics property it has acquired following its listing in May 2021. The acquisition has diversified the locations and composition of SF REIT’s portfolio assets and revenue streams. In terms of operation, the acquisition is expected to bring better economies of scale resulting from enhanced operating synergies, both in terms of satisfying tenants’ requirements as well as sharing of asset management resources.

## OPERATIONS REVIEW

Property	GLA (sq.m.) as at 30 June 2022	Occupancy as at 31 December 2021	Occupancy as at 30 June 2022	% of GLA occupied by the SFH Group as at 30 June 2022	Number of internal/ external tenants as at 30 June 2022 (Note)
Tsing Yi Property	160,322	92.6%	97.3%	65.9%	2/7
Changsha Property	119,964	N/A	98.8%	75.5%	3/15
Foshan Property	84,951	100.0%	100.0%	99.9%	1/1
Wuhu Property	62,569	98.5%	96.2%	89.2%	2/20
<b>Total</b>	<b>427,806</b>	<b>95.8%</b>	<b>98.1%</b>	<b>78.8%</b>	<b>8/43</b>

*Note:* Internal tenants referred to tenants from the SFH Group.

SF REIT’s portfolio comprises four modern logistics properties strategically located in Tsing Yi (the “**Tsing Yi Property**”), Hong Kong as well as Changsha, Hunan (the “**Changsha Property**”), Foshan, Guangdong (the “**Foshan Property**”) and Wuhu, Anhui (the “**Wuhu Property**”), in Mainland China. These four properties are all within key logistics hubs which were initially developed to support the logistics operations of members of the SFH Group. The Foshan Property is a “built-to-suit” property leased almost entirely to the SFH Group whilst the other three properties are multi-tenant and majority occupied by the SFH Group.

As at 30 June 2022, the average occupancy rate of the portfolio was 98.1% (31 December 2021: 95.8%), an improvement of 2.3 percentage points compared to end of 2021. SFH Group tenants occupied 78.8% of the gross lettable area (“**GLA**”) and contributed approximately 75.3% of the total revenue for the Reporting Period. Majority of the subsisting leases with the SFH Group tenants for the properties are expiring in 2026 with annual rental increases, provide a solid base and a high degree of income stability for SF REIT.

### Hong Kong

During the first half of 2022, overall economic activities were disrupted by the new wave of COVID-19 infections as well as geopolitical tensions but demand for logistic services remained stable.

By adopting a proactive leasing strategy, SF REIT was able to deliver improved occupancy and revenue of the Tsing Yi Property through working closely with its tenants to understand and facilitate their business expansion plans to adapt to evolving industry trends. During the Reporting Period, we managed to facilitate two of our existing tenants to expand their operation by leasing more space within the property and successfully recruited a new tenant in the food supply industry who will set-up cold storage facilities in the premises.

As at 30 June 2022, the Tsing Yi Property had an occupancy rate of 97.3% (31 December 2021: 92.6%) with approximately 65.9% of the GLA leased to the SFH Group tenants. Other third-party tenants included companies from freight forwarding, consumer products and food supply sectors. Almost all the warehouse area has been leased and the vacant units are mainly in the office portion.

## **Mainland China**

### ***Changsha, Hunan***

Changsha is a typical airport and high-speed rail linkage area within the Hunan Province and the Changsha Property is strategically located in a logistics service hub inside the Changsha Linkong Economic Development Zone that effectively serves Changsha and the central region of Mainland China.

The recently completed high-quality modern logistics property includes “built-to-suit” and standardised logistics and warehousing facilities for the provision of integrated supply chain solutions.

As at 30 June 2022, the Changsha Property had an occupancy rate of 98.8% with approximately 75.5% of the property’s GLA leased to various business units of the SFH Group including express delivery, freight forwarding and contract logistics. The majority of these leases are at a relatively long lease terms with expiry in 2026. Other major third-party tenants included a company from the food and beverage industry. All the warehouse area has been leased and the vacant units are mainly in the office portion.

### ***Foshan, Guangdong***

The Foshan Property is “built-to-suit” and occupied almost entirely by the SFH Group to operate as a regional hub to support its express delivery services in the Guangdong Province. As at 30 June 2022, the Foshan Property had an occupancy rate of 100.0% (31 December 2021: 100.0%).

## ***Wuhu, Anhui***

As at 30 June 2022, the Wuhu Property had an occupancy rate of 96.2% (31 December 2021: 98.5%) with approximately 89.2% of the property's GLA leased to various business units of the SFH Group including express delivery, freight forwarding and contract logistics. All the warehouse area has been leased and the vacant units are mainly in the office portion. Other major third-party tenants included companies from the construction industry.

## **FINANCIAL REVIEW**

Since SF REIT was newly established in April 2021 and listed on 17 May 2021, no appropriate comparable figures are available from the previous corresponding period.

### **Financial Performance**

#### ***Operating Results***

During the Reporting Period, the operating performance of SF REIT's portfolio has improved mainly supported by existing tenants expanding and the SFH Group occupying 78.8% of the GLA of the overall portfolio. The proactive asset management strategy focusing on stable occupancy and rental rates also contributed to the overall performance of SF REIT during the Reporting Period.

For the Reporting Period, SF REIT recorded a revenue of HK\$197.5 million. The Tsing Yi Property contributed HK\$156.9 million (79.4% of the total revenue) and the Foshan Property and the Wuhu Property contributed HK\$28.1 million and HK\$11.4 million, respectively. The acquisition of the Changsha Property announced in early June was completed on 24 June 2022 and would contribute to the results for the second half of the financial year. After deducting property operating expenses of HK\$35.9 million, net property income came in at HK\$161.6 million.

Property operating expenses include property management fees of approximately HK\$0.8 million charged by operations managers, which are subsidiaries of SFH for the Mainland China properties, fees and expenses of HK\$18.6 million 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. The remaining property operating expenses mainly consist of repairs and maintenance, rates and government rent and utilities fees.

Finance costs for the Reporting Period were HK\$24.4 million, comprising HK\$23.9 million in interest expenses on bank borrowings, with the remainder consisting of amortisation of cost of debt.

Taking into account an increase in fair value of investment properties of HK\$210.4 million, a profit after taxation of HK\$274.8 million was recorded for the Reporting Period.

### ***Distribution***

The unaudited total distributable income for the Reporting Period was HK\$109.4 million. This amount is the profit before transactions with Unitholders as adjusted to eliminate the effects of the adjustments as set out in the Trust Deed, which mainly include fair value changes on investment properties and deferred tax charges as mentioned in Consolidated Distribution Statement in this announcement.

The Board has resolved to declare a distribution per unit of HK13.67 cents for the Reporting Period which represents a 100% pay-out ratio.

Such distribution represents a distribution yield of 8.0% on an annualised basis based on the closing unit price of HK\$3.45 on the last trading day of the Reporting Period. Such distribution will be paid on Thursday, 29 September 2022 to the Unitholders whose names appear on the register of Unitholders of SF REIT on Monday, 5 September 2022.

### ***Financial Position***

As at 30 June 2022, gross assets were HK\$7,829.5 million (31 December 2021: HK\$7,009.6 million), comprising mainly investment properties of HK\$7,356.8 million (31 December 2021: HK\$6,541.8 million). Total liabilities amounted to HK\$3,599.6 million (31 December 2021: HK\$2,917.9 million), including bank borrowings of HK\$2,698.6 million (31 December 2021: HK\$2,141.5 million). Net asset value per unit was HK\$5.29 (31 December 2021: HK\$5.11).

As at 30 June 2022, the gearing ratio (defined as total borrowings as a percentage of gross assets) of SF REIT was 34.5% (31 December 2021: 30.6%).

## Portfolio Valuation

	Appraised value as at 30 June 2022		Appraised value as at 31 December 2021		HoH changes	HoH changes	Capitalisation rate as at 30 June 2022	Capitalisation rate as at 31 December 2021	Lease/land use right
	HK\$' million	RMB' million	HK\$' million	RMB' million	(in HK\$) %	(in local currency) %	%	%	
<b>Hong Kong</b>									
Tsing Yi Property	5,859.0		5,660.0		3.5	3.5	4.25	4.40	50 years till 2061
<b>Sub-total</b>	<b>5,859.0</b>		<b>5,660.0</b>		<b>3.5</b>	<b>3.5</b>			
<b>Mainland China</b>									
Changsha Property (Note)	653.0	557.6	N/A	N/A	N/A	N/A	5.25	N/A	50 years till 2066 and 2068
Foshan Property	581.7	496.7	595.3	486.4	-2.3	2.1	5.25	5.25	50 years till 2049
Wuhu Property	263.1	224.6	286.5	234.1	-8.2	-4.1	5.50	5.50	50 years till 2066
<b>Sub-total</b>	<b>1,497.8</b>	<b>1,278.9</b>	<b>881.8</b>	<b>720.5</b>	<b>69.9</b>	<b>77.5</b>			
<b>Sub-total (excluding Changsha Property)</b>	<b>844.8</b>	<b>721.3</b>	<b>881.8</b>	<b>720.5</b>	<b>-4.2</b>	<b>0.1</b>			
<b>Portfolio Total</b>	<b>7,356.8</b>		<b>6,541.8</b>		<b>12.5</b>				

Note: The acquisition of the Changsha Property was completed on 24 June 2022.

Jones Lang LaSalle Corporate Appraisal and Advisory Limited, the principal valuer of SF REIT, valued the properties using the income capitalisation approach (reference to market comparables). As at 30 June 2022, the appraised value of SF REIT's portfolio was HK\$7,356.8 million, representing an increase of 12.5% from that as at 31 December 2021 mainly due to the acquisition of the Changsha Property.

Valuation of the Tsing Yi Property increased by 3.5 percentage points mainly due to the compression of capitalisation rate with reference to recent market transactions. Valuation of the Foshan Property denominated in Renminbi ("RMB") increased by 2.1 percentage points mainly attributable to the increase in market rent whilst the decrease of 4.1 percentage points in the valuation of the Wuhu Property denominated in RMB were mainly attributable to the decrease of other income relating to utility charges due to a change of local policy. Excluding the newly acquired Changsha Property, the valuation of the portfolio denominated in Hong Kong dollars increased by 2.5 percentage points supported by the increase in the valuation of the Tsing Yi Property but offset by the decrease in the valuations of both the Foshan Property and Wuhu Property which were negatively impacted by the drop in exchange rate of RMB against Hong Kong dollars.

## Capital Management

The banking facilities of SF REIT currently include:

- (i) a five-year term loan facility for a principal amount up to HK\$2,159 million (the “**Term Loan**”) maturing in May 2026 and an one-year revolving loan facility for a principal amount up to HK\$250 million (the “**Revolving Loan**”, and together with the Term Loan, collectively the “**Offshore Loans**”). The Offshore Loans are secured by the Tsing Yi Property and its rental collection account;
- (ii) two five-year term loan facilities for principal amounts up to RMB120 million and RMB100 million, for the Foshan Property and the Wuhu Property respectively, at a fixed interest rate maturing in April 2026 (collectively, the “**Foshan and Wuhu Onshore Loans**”). The Foshan and Wuhu Onshore Loans are secured by the Foshan Property and the rental collection accounts of both the Foshan Property and the Wuhu Property; and
- (iii) an eight-year term loan facility (the “**Changsha Onshore Loan**”) for a principal amount up to RMB275 million at an interest margin above the loan prime rate for more than five years as announced by the National Interbank Funding Center on the business day immediately preceding the drawdown date and updated annually. The Changsha Onshore Loan is secured by the Changsha Property and the rental collection account of the Changsha Property.

As at 30 June 2022, all of the Term Loan was drawn including HK\$259 million drawn for the financing of the Changsha Property acquisition in June 2022. The Revolving Loan was not utilised during the Reporting Period.

Earlier this year, SF REIT has entered into interest rate swaps to hedge HK\$900 million of the Term Loan to mitigate the impact of interest rate volatility. As at 30 June 2022, approximately 41.7% of the outstanding amount of the Term Loan were on fixed interest rates. The REIT Manager will closely monitor the interest rates movements and may adjust ratio of fixed and floating rate debt using financial instruments to hedge against interest rate exposure, if and when appropriate.

For the Reporting Period, approximately 20.6% and 19.4% of the revenue and net property income respectively, of SF REIT were denominated in RMB, which had to be converted into Hong Kong dollars for the calculation of distributions to the Unitholders. The depreciation in RMB during the Reporting Period has insignificant impact on the profits and distributions of SF REIT. Future fluctuations in the exchange rate of RMB against Hong Kong dollars may continue to impact the distributions to Unitholders. The REIT Manager will closely monitor the foreign exchange market and will take appropriate protective actions to mitigate foreign exchange risks, when necessary.



As at 30 June 2022, SF REIT had total cash and bank balances of HK\$360.5 million and available banking facilities of HK\$250 million. Taking into consideration the recurrent income generated from its operations, the current cash position and sources of funding available, the REIT Manager is of the view that SF REIT has sufficient financial capability to satisfy its financial commitments, working capital, and capital expenditure requirements.

## **OUTLOOK AND STRATEGY**

Looking forward beyond the first half of 2022, negative factors brought by rising interest rates, inflationary pressures, supply chain disruptions caused by the pandemic as well as the military conflicts in Europe will continue to put pressure on the global economy. Possible new variants of COVID-19 outbreaks might intermittently affect the recovery of the economy in Mainland China. Normalisation hinges on developments of the above mentioned global headwinds and availabilities of supportive macro policies and regulatory easing.

Over a longer horizon, underpinned by sustained demands for logistics services from areas such as domestic consumptions, e-commerce, regional trading and manufacturing, as well as increasing demand for fresh food, pharmaceuticals and third party logistics, the fundamentals in modern logistics properties in Mainland China and Hong Kong remained compelling. Furthermore, logistics hubs and infrastructure development is being prioritised by the Chinese government to support urbanisation and growth. For these reasons, the REIT Manager believes SF REIT is on the right track to grow both organically and through acquisitions.

The first acquisition by SF REIT since listing was well received by investors. SF REIT remains confident of its long-term sustainable growth through growth drivers including yield accretive acquisitions of modern logistics properties from the SFH Group, proactive asset management and cost control initiatives. In the second half of 2022, the REIT Manager will work closely with the SFH Group under this strategy and focus on properties with stable income stream supported by the SFH Group as a major tenant in different cities across Mainland China to expand SF REIT's portfolio.

## CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2022

		<b>For the six months ended 30 June 2022</b>	For the period from 29 April 2021 (Date of Establishment) to 30 June 2021
	<i>Note</i>	<b>HK\$'000</b> <b>(Unaudited)</b>	<b>HK\$'000</b> <b>(Unaudited)</b>
Revenue	4	197,479	50,700
Property operating expenses	6	<u>(35,864)</u>	<u>(8,489)</u>
<b>Net property income</b>		<b>161,615</b>	<b>42,211</b>
General and administrative expenses		<b>(16,673)</b>	(13,006)
Fair value changes on investment properties		<b>210,377</b>	–
Other gains/(losses) - net		<u>192</u>	<u>(3,833)</u>
<b>Operating profit</b>	7	<b>355,511</b>	<b>25,372</b>
Finance income		<b>216</b>	40
Finance costs		<u>(24,353)</u>	<u>(4,338)</u>
<b>Profit before tax and transactions with Unitholders</b>		<b>331,374</b>	<b>21,074</b>
Income tax expenses	8	<u>(56,530)</u>	<u>(5,269)</u>
<b>Profit for the period, before transactions with Unitholders</b>		<b>274,844</b>	<b>15,805</b>
Distribution paid to Unitholders – 2021 distribution, paid on 6 May 2022		<u>(137,915)</u>	–
<b>Profit for the period, after transactions with Unitholders</b>		<u><b>136,929</b></u>	<u><b>15,805</b></u>
Basic and diluted earnings per unit based upon profit for the period, before transactions with Unitholders	9	<u><b>HK34.36 cents</b></u>	<u><b>HK1.98 cents</b></u>

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the six months ended 30 June 2022*

	Before transactions with Unitholders <i>HK\$'000</i> (Unaudited)	Transactions with Unitholders <i>(Note)</i> <i>HK\$'000</i> (Unaudited)	After transactions with Unitholders <i>HK\$'000</i> (Unaudited)
<b>For the six months ended 30 June 2022</b>			
<b>Profit for the period</b>	274,844	(276,206)	(1,362)
Other comprehensive income			
<i>Items that may be reclassified subsequently to condensed consolidated income statement:</i>			
Changes in fair value of derivatives that are designated as cash flow hedges, net of tax	27,192	–	27,192
Exchange losses on translation of financial statements	(25,830)	–	(25,830)
	<u>276,206</u>	<u>(276,206)</u>	<u>–</u>
<b>Total comprehensive income for the period</b>			
<b>For the period from 29 April 2021 (Date of Establishment) to 30 June 2021</b>			
<b>Profit for the period</b>	15,805	(9,554)	6,251
Other comprehensive income			
<i>Items that may be reclassified subsequently to condensed consolidated income statement:</i>			
Exchange losses on translation of financial statements	(6,251)	–	(6,251)
	<u>9,554</u>	<u>(9,554)</u>	<u>–</u>
<b>Total comprehensive income for the period</b>			

*Note:*

In accordance with the Trust Deed, SF REIT is required to distribute to Unitholders not less than 90% of total distributable income for each financial year. SF REIT also has a limited life and shall continue until 80 years less one day from the date of establishment. Accordingly, the units contain contractual obligations of the trust to pay cash distributions and, upon termination of the trust, to share all net cash proceeds derived from the sales on realisation of the assets of the trust less any liabilities, in accordance with their proportionate interests in the trust at the date of the termination. The Unitholders' funds are therefore classified as a financial liability rather than equity in accordance with IAS 32 "Financial Instruments: Presentation". Consistent with Unitholders' funds being classified as a financial liability, the distribution to Unitholders and change in net assets attributable to Unitholders, excluding issuance of new units, are part of finance costs. Accordingly, the total comprehensive income attributable to Unitholders, after the transactions with Unitholders, is zero.

## CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2022

	<i>Note</i>	As at 30 June 2022 <i>HK\$'000</i> (Unaudited)	As at 31 December 2021 <i>HK\$'000</i> (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment properties	10	7,356,784	6,541,755
Property, plant and equipment		13,069	14,171
Land use rights		637	673
Intangible assets		268	312
Derivative financial instruments		32,566	–
		7,403,324	6,556,911
<b>Current assets</b>			
Trade receivables	11	1,749	344
Amounts due from related companies		10,293	6,460
Prepayments and other receivables		27,040	16,332
Restricted cash		26,663	32,060
Cash and cash equivalents		360,475	397,453
		426,220	452,649
<b>Total assets</b>		<b>7,829,544</b>	<b>7,009,560</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Borrowings		50,512	35,338
Trade payables	12	3,212	1,547
Amounts due to related companies		93,521	87,696
Other payables		152,593	94,262
Current tax liabilities		1,880	1,510
		301,718	220,353

	As at 30 June 2022 <i>HK\$'000</i> (Unaudited)	As at 31 December 2021 <i>HK\$'000</i> (Audited)
<b>Non-current liabilities, excluding net assets attributable to Unitholders</b>		
Borrowings	2,648,048	2,106,153
Deferred tax liabilities	616,417	561,095
Deferred government grants	33,396	30,285
	<u>3,297,861</u>	<u>2,697,533</u>
<b>Net current assets</b>	<u>124,502</u>	<u>232,296</u>
<b>Total assets less current liabilities</b>	<u>7,527,826</u>	<u>6,789,207</u>
<b>Total liabilities, excluding net assets attributable to Unitholders</b>	<u>3,599,579</u>	<u>2,917,886</u>
<b>Net assets attributable to Unitholders</b>	<u>4,229,965</u>	<u>4,091,674</u>
<b>Units in issue (<i>Thousand</i>)</b>	<u>800,000</u>	<u>800,000</u>
<b>Net assets per unit attributable to Unitholders</b>	<u>HK\$5.29</u>	<u>HK\$5.11</u>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS  
ATTRIBUTABLE TO UNITHOLDERS**

*For the six months ended 30 June 2022*

	<b>For the six months ended 30 June 2022 HK\$'000 (Unaudited)</b>
<b>As at 1 January 2022</b>	<b>4,091,674</b>
Profit for the period, before transactions with Unitholders	274,844
Distribution paid to Unitholders	(137,915)
Exchange losses on translation of financial statements	(25,830)
Cash flow hedging reserve	27,192
	<hr/>
<b>As at 30 June 2022</b>	<b>4,229,965</b>
	<hr/> <hr/>
	<b>For the period from 29 April 2021 (Date of Establishment) to 30 June 2021 HK\$'000 (Unaudited)</b>
<b>As at 29 April 2021 (Date of Establishment)</b>	<b>–</b>
Units issued for acquisition of subsidiaries	1,394,400
Units issued for initial offering	2,589,600
Units issuance cost	(71,304)
Profit for the period, before transactions with Unitholders	15,805
Exchange losses on translation of financial statements	(6,251)
	<hr/>
<b>As at 30 June 2021</b>	<b>3,922,250</b>
	<hr/> <hr/>

## CONSOLIDATED DISTRIBUTION STATEMENT

For the six months ended 30 June 2022

	For the six months ended 30 June 2022 HK\$'000 (Unaudited)	For the period from 29 April 2021 (Date of Establishment) to 30 June 2021 HK\$'000 (Unaudited)
<b>Profit for the period, before transactions with Unitholders</b>	<b>274,844</b>	15,805
Adjustments:		
– Fair value changes on investment properties	(210,377)	–
– Negative goodwill	–	(395)
– Differences between finance cost and interest paid in accordance with contractual obligations	129	687
– Deferred tax charges	52,621	4,669
– Depreciation and amortisation	769	188
– Appropriation to PRC statutory reserve	(1,371)	–
– Listing expenses	–	7,716
– Amortisation of cost of debt	357	82
– Amortisation of government grants	(340)	(89)
– Non-cash foreign exchange losses	1,770	–
– Differences between accounting rental income and contractual rental income	(9,014)	–
– Amounts not available for distribution (Note (i))	–	(1,966)
<b>Total distributable income</b>	<b>109,388</b>	26,697
Percentage of distribution over total distributable income for the period (Note (ii))	100%	100%
Interim distribution for the period, to be paid to the Unitholders (Note (iii))	109,388	26,697
Units in issue as at period end (Thousand)	800,000	800,000
<b>Distribution per unit for the period</b>	<b>HK13.67 cents</b>	HK3.34 cents

*Notes:*

- (i) Pursuant to the Trust Deed, SF REIT's first distribution comprised of: (i) the distribution for the period from and including 17 May 2021 to 30 June 2021; and (ii) the distribution for the six months ended 31 December 2021. The first distribution was paid on 6 May 2022. Amounts not available for distribution related to profit after tax for the period from 29 April 2021 (Date of Establishment) to 16 May 2021.
- (ii) Pursuant to the Trust Deed, the distributable income is the profit for the period, before transactions with Unitholders as adjusted to eliminate the effects of Adjustments (as set out in the Trust Deed) which have been recorded in the condensed consolidated income statement for the relevant year. The REIT Manager's policy is to distribute to Unitholders an amount of no less than 90% of annual distributable income for each financial year save for the first distribution. The REIT Manager decided to distribute 100% of the Annual Distributable Income (as defined in the Trust Deed) for the six months ended 30 June 2022.
- (iii) The interim distribution is declared and approved by the Board of Directors of SF REIT Asset Management Limited on 18 August 2022. The interim distribution will be paid to Unitholders on 29 September 2022.



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 1. General information

SF Real Estate Investment Trust (“**SF REIT**”) is a Hong Kong collective investment scheme authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and its units were listed on the Main Board of The Stock Exchange of Hong Kong Limited on 17 May 2021. SF REIT is governed by a trust deed dated 29 April 2021 between SF REIT Asset Management Limited (the “**REIT Manager**”) and DB Trustees (Hong Kong) Limited (the “**Trustee**”) (the “**Trust Deed**”).

The principal activity of SF REIT is investment holding and its subsidiaries (collectively, the “**Group**”) are principally engaged in property investments in Hong Kong, and in Foshan, Wuhu and Changsha of The People’s Republic of China (“**PRC**” or “**Mainland China**”).

The addresses of the registered office of the REIT Manager and the Trustee, are Room 2002, 20/F, Lee Garden Six, 111 Leighton Road, Causeway Bay, Hong Kong, and Level 60, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong, respectively.

This condensed consolidated interim financial information are presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Group. This condensed consolidated interim financial information have been approved for issue by the board of directors of the REIT Manager on 18 August 2022.

## 2. Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2022 has been prepared in accordance with International Accounting Standard (“IAS”) 34, ‘Interim Financial Reporting’ issued by the International Accounting Standards Board. In addition, the condensed consolidated interim financial information include the relevant provisions of the Trust Deed, the Code on Real Estate Investment Trusts (the “REIT Code”) issued by the Securities and Futures Commission of Hong Kong and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The condensed consolidated interim financial information should be read in conjunction with the audited consolidated financial statements for the period from 29 April 2021 (Date of Establishment) to 31 December 2021, which have been prepared in accordance with International Financial Reporting Standards (the “IFRSs”).

The condensed consolidated interim financial information has been prepared under the historical cost convention, except for investment properties and derivative financial instruments, which are carried at fair value.

## 3. Accounting policies

The accounting policies applied are consistent with those of the audited consolidated financial statements for the period from 29 April 2021 (Date of Establishment) to 31 December 2021, as described in the audited consolidated financial statements, except for the adoption of new standards and amendments to standards effective for accounting periods beginning on or after 1 January 2022 and the application of hedge accounting policies, details of which are set out below:

### **Derivative financial instruments and hedge accounting**

A derivative is initially recognised at fair value on the date a derivative contract is entered into and is subsequently re-measured at its fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

At the inception of the hedging, the Group documents the economic relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking its hedge transactions.

Hedging relationships are classified as cash flow hedges when such relationships are used to hedge against exposure to variability in cash flows that are attributable to a particular risk associated with a recognised asset or liability and such variability could affect profit or loss.

The changes in the fair value of the effective portion of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income (the “OCI”) and deferred in a cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated income statement.

Amounts accumulated in hedging reserves are transferred to the consolidated income statement in the periods when the hedged item affects profit or loss. When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in the cash flow hedging reserve are immediately reclassified to the consolidated income statement.

### **New standards and amendments to standards**

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning on or after 1 January 2022.

		<b>Effective for accounting periods beginning on or after</b>
Amendments to IFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to IAS 16	Property, plant and equipment – Proceeds before Intended Use	1 January 2022
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual improvements 2018-2020 cycle	IFRS 1, IFRS 9, IFRS 16 and IAS 41	1 January 2022

The adoption of these new standards and amendments to standards did not result in any significant impact on the results and financial position of the Group.

Certain new standards, amendments to standards have been published but are not yet effective and have not been early adopted by the Group.

		<b>Effective for accounting periods beginning on or after</b>
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
IFRS 17	Insurance Contracts	1 January 2023
Amendments to IAS 12	Deferred Tax Related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group has assessed the impact of adopting these new standards and amendments to standards. According to the preliminary assessment, these new standards and amendments to standards are not expected to have a significant impact on the results and financial position of the Group.

#### 4. Revenue

	<b>For the six months ended 30 June 2022 HK\$'000 (Unaudited)</b>	For the period from 29 April 2021 (Date of Establishment) to 30 June 2021 HK\$'000 (Unaudited)
Rental income	<b>164,696</b>	42,323
Management service income	<b>19,794</b>	5,014
Others ( <i>Note</i> )	<b>12,989</b>	3,363
	<b>197,479</b>	50,700

*Note:*

Others mainly represent revenue generated from supplementary services and arrangement for provision of electricity and water.

#### 5. Segment information

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker, which has been identified as the REIT Manager, in order to allocate resources to segments and to assess their performance. The Group holds one property company in Hong Kong and three property companies in the Mainland China, which are principally engaged in property investment. Revenue recognised for the current period is mainly from rental income from tenants and related management service income. The REIT Manager evaluates the Group's performance from a geographic perspective and identifies two reportable segments of its business, Hong Kong and the Mainland China.

The REIT Manager primarily uses a measure of segment revenue and net property income to assess the performance of the operating segments.

	<b>Hong Kong</b> <i>HK\$'000</i> (Unaudited)	<b>Mainland</b> <b>China</b> <i>HK\$'000</i> (Unaudited)	<b>Total</b> <i>HK\$'000</i> (Unaudited)
<b>For the six months ended</b>			
<b>30 June 2022</b>			
<b>Revenue</b>	<b>156,870</b>	<b>40,609</b>	<b>197,479</b>
<b>Net property income</b>	<b>130,192</b>	<b>31,423</b>	<b>161,615</b>
Fair value changes on investment properties	199,000	11,377	210,377
General and administrative expenses			(16,673)
Other gains - net			192
Finance income			216
Finance costs			(24,353)
Income tax expenses			(56,530)
<b>Profit for the period, before transactions with Unitholders</b>			<b>274,844</b>
<b>For the period from 29 April 2021 (Date of Establishment) to 30 June 2021</b>			
<b>Revenue</b>	<b>39,863</b>	<b>10,837</b>	<b>50,700</b>
<b>Net property income</b>	<b>33,229</b>	<b>8,982</b>	<b>42,211</b>
Fair value changes on investment properties	-	-	-
General and administrative expenses			(13,006)
Other losses - net			(3,833)
Finance income			40
Finance costs			(4,338)
Income tax expenses			(5,269)
<b>Profit for the period, before transactions with Unitholders</b>			<b>15,805</b>

Depreciation and amortisation of Hong Kong segment and Mainland China segment for the six months ended 30 June 2022 was approximately HK\$280,000 and approximately HK\$489,000 respectively (for the period from 29 April 2021 (Date of Establishment) to 30 June 2021: HK\$70,000 and HK\$118,000 respectively).

Segment assets and segment liabilities (excluding net assets attributable to Unitholders) are measured in the same way as in the financial statements. Total segment assets and total segment liabilities (excluding net assets attributable to Unitholders) are allocated based on the physical location of the assets and liabilities:

	<b>As at 30 June 2022 HK\$'000 (Unaudited)</b>	As at 31 December 2021 HK\$'000 (Audited)
Segment assets		
Hong Kong	<b>5,903,896</b>	5,700,110
Mainland China	<b>1,644,050</b>	956,999
Others	<b>281,598</b>	352,451
	<b>7,829,544</b>	7,009,560
Segment liabilities, excluding net assets attributable to Unitholders		
Hong Kong	<b>660,033</b>	619,158
Mainland China	<b>733,404</b>	356,928
Others	<b>2,206,142</b>	1,941,800
	<b>3,599,579</b>	2,917,886

## 6. Property operating expenses

	<b>For the six months ended 30 June 2022 HK\$'000 (Unaudited)</b>	For the period from 29 April 2021 (Date of Establishment) to 30 June 2021 HK\$'000 (Unaudited)
Property management expenses ( <i>Note (i)</i> )	19,364	4,633
Rates and government rent	4,220	1,127
Repairs and maintenance	3,038	551
Electricity and water fee	2,704	862
Other taxes	5,346	1,195
Others ( <i>Note (ii)</i> )	1,192	121
	<u>35,864</u>	<u>8,489</u>

### Notes:

- (i) Property management expenses are mainly comprised of management fees and related expenses, including property manager remuneration and staff costs to an independent property manager of approximately HK\$5,000,000 (the period from 29 April 2021 (Date of Establishment) to 30 June 2021: HK\$1,263,000), operation managers' fees to operations managers which are subsidiaries of S.F. Holding Co., Ltd. of approximately HK\$819,000 (the period from 29 April 2021 (Date of Establishment) to 30 June 2021: HK\$203,000), shuttle bus services expenses of approximately HK\$6,025,000 (the period from 29 April 2021 (Date of Establishment) to 30 June 2021: HK\$1,358,000), cleaning services expenses of approximately HK\$3,232,000 (the period from 29 April 2021 (Date of Establishment) to 30 June 2021: HK\$770,000) and security services expenses of approximately HK\$3,053,000 (the period from 29 April 2021 (Date of Establishment) to 30 June 2021: HK\$584,000).
- (ii) Others include a commission fee of HK\$1,456,000 which was amortised over the lease terms paid to a property agent during the six months ended 30 June 2022.



## 7. Operating profit

Operating profit is arrived at after charging/(crediting) the following items:

	<b>For the six months ended 30 June 2022 HK\$'000 (Unaudited)</b>	For the period from 29 April 2021 (Date of Establishment) to 30 June 2021 HK\$'000 (Unaudited)
Auditor's remuneration		
– Audit and audit-related assurance services	<b>1,532</b>	1,451
– Other services	<b>120</b>	121
REIT Manager's fee	<b>12,898</b>	3,240
Trustee's fee	<b>783</b>	156
Principal valuer's fee	<b>109</b>	71
Legal and professional fees	<b>882</b>	109
Listing expenses	–	7,716
Bank charges	<b>38</b>	29
Negative goodwill	–	(395)
Settlement of the currency forward contract (Note 13(c))	<b>(1,968)</b>	–
Exchange losses, net	<b>2,733</b>	4,228
Amortisation of government grants	<b>(340)</b>	(89)
Net provision for impairment losses of financial assets	–	158
	<b>=====</b>	<b>=====</b>

## 8. Income tax expenses

Income tax expenses are recognised based on management's best estimate of the income tax rate that would be applicable to the full financial year.

During the six months ended 30 June 2022, Hong Kong profits tax had been provided for at the rate of 16.5% (the period from 29 April 2021 (Date of Establishment) to 30 June 2021: 16.5%) on the estimated assessable profit.

During the six months ended 30 June 2022, the SF REIT's subsidiaries in the Mainland China had provided for corporate income tax ("CIT") at a standard rate of 25% (the period from 29 April 2021 (Date of Establishment) to 30 June 2021: 25%) on the estimated assessable profit for the period. Withholding tax was provided for undistributed profits of subsidiaries in the Mainland China at a rate of 10% (the period from 29 April 2021 (Date of Establishment) to 30 June 2021: 10%).

	<b>For the six months ended 30 June 2022 HK\$'000 (Unaudited)</b>	For the period from 29 April 2021 (Date of Establishment) to 30 June 2021 HK\$'000 (Unaudited)
<b>Current income tax</b>		
– Mainland China CIT	3,875	600
– Withholding taxes	34	–
<b>Deferred income tax</b>	<u>52,621</u>	<u>4,669</u>
	<u><u>56,530</u></u>	<u><u>5,269</u></u>

## 9. Earnings per unit

The calculation of the basic earnings per unit before transactions with Unitholders is based on the profit for the period before transactions with Unitholders, with the weighted average number of units in issue for the period.

	<b>For the six months ended 30 June 2022 HK\$'000 (Unaudited)</b>	For the period from 29 April 2021 (Date of Establishment) to 30 June 2021 HK\$'000 (Unaudited)
Profit for the period, before transactions with Unitholders ( <i>HK\$'000</i> )	<u><u>274,844</u></u>	<u><u>15,805</u></u>
Weighted average number of units for the period ( <i>Thousand</i> )	<u><u>800,000</u></u>	<u><u>800,000</u></u>
Basic and diluted earnings per unit	<u><u>HK34.36 cents</u></u>	<u><u>HK1.98 cents</u></u>

There were no dilutive potential units during the six months ended 30 June 2022 and the period from 29 April 2021 (Date of Establishment) to 30 June 2021, therefore the diluted earnings per unit is equivalent to the basic earnings per unit.

## 10. Investment properties

	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
At the beginning of the period	6,541,755	–
Acquisition of subsidiaries ( <i>Note</i> )	644,240	6,446,700
Additions	–	1,967
Cost adjustments	(1,620)	(3,240)
Fair value changes on investment properties	210,377	80,838
Currency translation differences	(37,968)	15,490
	<u>7,356,784</u>	<u>6,541,755</u>
At the end of the period	<u>7,356,784</u>	<u>6,541,755</u>

*Note:*

This amount of acquisition of subsidiaries during the six months ended 30 June 2022 includes the capitalisation of professional fees in relation to the acquisition of subsidiaries of approximately HK\$10,618,000.

### (i) Valuation Process

The Group's investment properties are measured using the fair value model.

The investment properties were revalued on a market value basis as at 30 June 2022 and 31 December 2021 by Jones Lang LaSalle Corporate Appraisal and Advisory Limited (the "**Principal Valuer**"), an independent firm of professional qualified valuers and the Principal Valuer of SF REIT.

### (ii) Valuation Techniques

The investment properties were appraised by the Principal Valuer, using the income capitalisation approach as its primary approach with cross-reference to the direct comparison approach, where appropriate.

The income capitalisation approach is based on the net rental income of a property derived from its existing tenancies with due allowance for the reversionary income potential of the property upon expiry of the existing leases, which was then capitalised to determine the fair value at an appropriate capitalisation rate.

The investment properties are included in Level 3 of the fair value hierarchy.

Investment properties	Fair value hierarchy	Valuation (HK\$)	Valuation technique and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Asia Logistics Hub – SF Centre No. 36 Tsing Yi Hong Wan Road (Tsing Yi Town Lot No. 180), Tsing Yi, New Territories, Hong Kong (亞洲物流中心-順豐大廈)	Level 3	30 June 2022: 5,859,000,000 (31 December 2021: 5,660,000,000)	Income capitalisation method with cross reference to the direct comparison approach		
			The key inputs are		
			(1) Term yield	Term yield, taking into account of yield generated by market average selling price and the market average rental from comparable properties and adjustment to reflect the conditions of the subject property, was 3.75% as at 30 June 2022 (31 December 2021: 3.90%).	The higher the term yield, the lower the fair value.
			(2) Reversionary yield	Reversionary yield, taking into account of yield generated by market average selling price and the market average rental from comparable properties and adjustment to reflect the risk associated with the future rental, was 4.25% as at 30 June 2022 (31 December 2021: 4.40%).	The higher the reversionary yield, the lower the fair value.
			(3) Monthly market rent	Market rent was determined by the estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion, the amount of which was HK\$13.14/sq. ft./month as at 30 June 2022 (31 December 2021: HK\$13.14/sq. ft./month).	The higher the monthly market rent, the higher the fair value.

Investment properties	Fair value hierarchy	Valuation (HK\$)	Valuation technique and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Foshan Guicheng Fengtai Industrial Park The northern side of Guanli Road and the western side of Guihe Road, Nanhai District, Foshan City, Guangdong Province, PRC (佛山桂城豐泰產業園)	Level 3	30 June 2022: 581,710,000 (RMB496,700,000) 31 December 2021: 595,261,000 (RMB486,400,000))	Income capitalisation method with cross reference to the direct comparison approach		
			The key inputs are		
			(1) Term yield	Term yield, taking into account of yield generated by market average selling price and the market average rental from comparable properties and adjustment to reflect the conditions of the subject property, was 4.75% as at 30 June 2022 (31 December 2021: 4.75%).	The higher the term yield, the lower the fair value.
			(2) Reversionary yield	Reversionary yield, taking into account of yield generated by market average selling price and the market average rental from comparable properties and adjustment to reflect the risk associated with the future rental, was 5.25% as at 30 June 2022 (31 December 2021: 5.25%).	The higher the reversionary yield, the lower the fair value.
			(3) Monthly market rent	Market rent was determined by the estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion, the amount of which was RMB43.00/sq.m/month as at 30 June 2022 (31 December 2021: RMB40.50/sq.m/month).	The higher the monthly market rent, the higher the fair value.

Investment properties	Fair value hierarchy	Valuation (HK\$)	Valuation technique and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Wuhu Fengtai Industrial Park No. 61 Longteng Road, Jiujiang District, Wuhu City, Anhui Province, PRC (蕪湖豐泰產業園)	Level 3	30 June 2022: 263,040,000 (RMB224,600,000) 31 December 2021: 286,494,000 (RMB234,100,000))	Income capitalisation method with cross reference to the direct comparison approach		
			The key inputs are		
			(1) Term yield	Term yield, taking into account of yield generated by market average selling price and the market average rental from comparable properties and adjustment to reflect the conditions of the subject property, was 5.00% as at 30 June 2022 (31 December 2021: 5.00%).	The higher the term yield, the lower the fair value.
			(2) Reversionary yield	Reversionary yield, taking into account of yield generated by market average selling price and the market average rental from comparable properties and adjustment to reflect the risk associated with the future rental, was 5.50% as at 30 June 2022 (31 December 2021: 5.50%).	The higher the reversionary yield, the lower the fair value.
			(3) Monthly market rent	Market rent was determined by the estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion, the amount of which was RMB24.42/sq.m./month as at 30 June 2022 (31 December 2021: RMB23.83/sq.m./month).	The higher the monthly market rent, the higher the fair value.

Investment properties	Fair value hierarchy	Valuation (HK\$)	Valuation technique and key inputs	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Changsha Fengtai Industrial Park No. 102, Hexin Road, Huangxin Town, Changsha City, Hunan Province, PRC (長沙豐泰產業園)	Level 3	30 June 2022: 653,034,000 (RMB557,600,000) 31 December 2021: Not applicable)	Income capitalisation method with cross reference to the direct comparison approach		
			The key inputs are		
			(1) Term yield	Term yield, taking into account of yield generated by market average selling price and the market average rental from comparable properties and adjustment to reflect the conditions of the subject property, was 4.75% as at 30 June 2022 (31 December 2021: Not applicable).	The higher the term yield, the lower the fair value.
			(2) Reversionary yield	Reversionary yield, taking into account of yield generated by market average selling price and the market average rental from comparable properties and adjustment to reflect the risk associated with the future rental, was 5.25% as at 30 June 2022 (31 December 2021: Not applicable).	The higher the reversionary yield, the lower the fair value.
			(3) Monthly market rent	Market rent was determined by the estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion, the amount of which was RMB30.05/sq.m./month as at 30 June 2022 (31 December 2021: Not applicable).	The higher the monthly market rent, the higher the fair value.



**(iii) Restriction on the investment properties**

SF REIT acquired the Hong Kong, Foshan and Wuhu properties as at 13 May 2021 and acquired the Changsha property as at 24 June 2022. SF REIT is prohibited from disposing of its properties for at least two years from the time such properties are acquired, unless the Unitholders approved the proposed disposal by way of special resolution passed in accordance with the Trust Deed.

Approval from the Urban and Rural Planning Bureau in Wuhu is required for SF REIT to dispose the Wuhu property, although such approval is not required for the equity disposal of the property holding company of the Wuhu property (the “**Wuhu Company (PRC)**”) itself. This does not restrict the free negotiability of the equity interest of the Wuhu Company (PRC).

**(iv) Security for the Group’s loan facilities**

As at 30 June 2022, certain of the Group’s investment properties in Mainland China and Hong Kong, amounting to approximately HK\$1,234,744,000 (31 December 2021: HK\$595,261,000) and HK\$5,859,000,000 (31 December 2021: HK\$5,660,000,000) respectively, were pledged to secure the Group’s loan facilities of HK\$2,698,560,000 (31 December 2021: HK\$2,141,491,000).

**11. Trade receivables**

	<b>As at 30 June 2022 HK\$’000 (Unaudited)</b>	<b>As at 31 December 2021 HK\$’000 (Audited)</b>
Trade receivables		
– Third parties	<b>1,749</b>	344
– Related companies ( <i>Note</i> )	<b>10,293</b>	6,407
	<b>12,042</b>	6,751

*Note:*

Trade receivables from related companies are classified as amounts due from related companies in the condensed consolidated balance sheet.

Rental income from rental of investment properties including warehouses, distribution centres and office buildings are generally required to be settled by tenants within 30 days upon issuance of invoice.

As at 30 June 2022, a significant portion of the trade receivables and future trade receivables were and will be pledged to secure the Group’s bank borrowings.

As at 30 June 2022, the ageing analysis of trade receivables, net of impairment, based on invoice date, were as follows:

	<b>As at 30 June 2022 <i>HK\$'000</i> (Unaudited)</b>	<b>As at 31 December 2021 <i>HK\$'000</i> (Audited)</b>
0-30 days	<b>11,467</b>	6,751
31-60 days	<b>380</b>	–
61-90 days	<b>35</b>	–
More than 90 days	<b>160</b>	–
	<b>12,042</b>	6,751

The carrying amounts of trade receivables and amounts due from related companies approximate their fair values.

## 12. Trade payables

	<b>As at 30 June 2022 <i>HK\$'000</i> (Unaudited)</b>	<b>As at 31 December 2021 <i>HK\$'000</i> (Audited)</b>
Trade payables	<b>3,212</b>	1,547

As at 30 June 2022, the ageing analysis of trade payables, based on invoice date, were as follows:

	<b>As at 30 June 2022 <i>HK\$'000</i> (Unaudited)</b>	<b>As at 31 December 2021 <i>HK\$'000</i> (Audited)</b>
0-30 days	<b>3,212</b>	1,547

The carrying amounts of trade payables approximate their fair values.

### 13. Acquisition of subsidiaries

On 2 June 2022, Golden Bauhinia Logistics Holdings Limited (金紫荊物流控股有限公司) (as buyer), a subsidiary of SF REIT, the REIT Manager (in its capacity as manager of SF REIT), SF Fengtai Industrial Park Holdings Limited (順豐豐泰產業園控股有限公司) (as seller) and SF Holding Limited (順豐控股有限公司) (as guarantor) entered into a deed for the sale and purchase of all of the issued share of Changsha Industrial Park Limited (長沙產業園有限公司) and its subsidiaries (collectively, the “**Changsha Group**”) at a total consideration of approximately HK\$591,888,000 (RMB502,296,000) (the “**Acquisition**”). The Acquisition was completed on 24 June 2022 (the “**Date of Acquisition**”). The Acquisition is accounted for as an acquisition of assets in accordance with IFRS 3 “Business Combination”.

#### (a) Consideration

	<i>HK\$’000</i> (Unaudited)
Total consideration	<u><u>591,888</u></u>

The consideration for the Acquisition is equal to the sum of: (i) the Initial Share Consideration\* of approximately HK\$2,530,000 (RMB2,147,000); (ii) the settlement of Onshore Payable\* and Reorganisation Payable\* of approximately HK\$314,658,000 (RMB267,029,000) and HK\$274,399,000 (RMB232,864,000) respectively and (iii) the final payment of approximately HK\$301,000 (RMB256,000) (the “**Final Payment**”) which was calculated based on adjusted net asset value of the Changsha Group as at the Date of Acquisition. As at 30 June 2022, the Final Payment had been recognised in amounts due to related companies in the condensed consolidated balance sheet. Further details were disclosed in the announcement dated 18 August 2022 of SF REIT.

\* *These capitalised terms shall have the same meanings as ascribed to them in the circular to Unitholders of SF REIT dated 7 June 2022.*

**(b) Assets acquired and liabilities recognised at the Date of Acquisition**

The fair values of the identifiable assets and liabilities of the Changsha Group at the Date of Acquisition are summarised as follows:

	<b>Fair value of Changsha Group as at Date of Acquisition HK\$'000 (Unaudited)</b>
Investment properties	633,622
Cash and cash equivalents	27,357
Trade and other receivables	10,704
Amounts due from related companies	481
Amounts due to related companies	(278,679)
Borrowings	(322,156)
Other liabilities ( <i>Note</i> )	(68,498)
	<hr/>
<b>Net assets acquired</b>	<b>2,831</b>
	<hr/> <hr/>
Net assets acquired	2,831
Settlement of Onshore Payable	314,658
Settlement of Reorganisation Payable	274,399
	<hr/>
<b>Total consideration</b>	<b>591,888</b>
	<hr/> <hr/>

*Note:*

Other liabilities mainly represent other payables and deferred government grants.

**(c) Net cash outflow on the Acquisition**

	<b>For the six months ended 30 June 2022 HK\$'000 (Unaudited)</b>
Total consideration	<b>591,888</b>
Less: settlement of Onshore Payable ( <i>Note (i)</i> )	<b>(314,658)</b>
Less: cash and cash equivalent acquired	<b>(27,357)</b>
Less: Final Payment to be settled	<b>(301)</b>
Less: settlement of the currency forward contract ( <i>Note (ii)</i> )	<b>(1,968)</b>
	<hr/>
Net cash outflow	<b>247,604</b>
	<hr/> <hr/>

*Notes:*

- (i) The Onshore Payable was settled by the Changsha Group prior to the Date of Acquisition.
- (ii) SF REIT entered into a currency forward contract to hedge against the foreign currency risk arising from the settlement of Reorganisation Payable which were denominated in RMB. The currency forward contract was settled with a gain of HK\$1,968,000 (Note 7).

## **APPRECIATION**

During the Reporting Period and up to the date of this announcement, Mr. HO Chit (“**Mr. HO**”) and Ms. OOI Bee Ti (“**Ms. OOI**”) were appointed as non-executive directors of the REIT Manager, while Mr. HO was also appointed as the chairman and a member of the investment committee of the REIT Manager. Mr. YANG Tao (“**Mr. YANG**”) and Mr. LEONG Chong (“**Mr. LEONG**”) resigned as non-executive directors of the REIT Manager. The Board is delighted to welcome Mr. HO and Ms. OOI to SF REIT and wishes to express its deep gratitude to Mr. YANG and Mr. LEONG for their service, commitment and invaluable contribution to SF REIT.

The Board would like to thank all staff of the REIT Manager as well as investors, business partners and other stakeholders of SF REIT for their support and confidence.

## **REVIEW OF INTERIM RESULTS**

The interim results and the condensed consolidated interim financial information of the Group for the Reporting Period have been reviewed by the audit committee of the REIT Manager. The condensed consolidated interim financial information have also been reviewed by PricewaterhouseCoopers, the external auditor of SF REIT, in accordance with the Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

## **CORPORATE GOVERNANCE**

The REIT Manager is committed to upholding high corporate governance standards and has put in place a series of policies and procedures to promote SF REIT’s operation in a transparent manner and with built-in checks and balances. Throughout the Reporting Period, SF REIT and the REIT Manager complied with the Code on Real Estate Investment Trusts, the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), applicable provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), the Trust Deed and in all material respects the REIT Manager’s compliance manual. SF REIT and the REIT Manager had also applied the principles and complied with, to the extent appropriate, the code provisions in the Corporate Governance Code contained in Appendix 14 to the Listing Rules throughout the Reporting Period.

## **ISSUE OF NEW UNITS**

There were no new units of SF REIT issued during the Reporting Period.

## **EMPLOYEES**

SF REIT is an externally managed real estate investment trust and therefore does not employ any staff directly.

## **BUY-BACK, SALE OR REDEMPTION OF LISTED UNITS OF SF REIT**

There was no buy-back, sale or redemption of any listed units by SF REIT or any of its subsidiaries during the Reporting Period.

## **PUBLIC FLOAT**

As far as the REIT Manager is aware and based on information publicly available, SF REIT has maintained a sufficient public float with not less than 25% of its outstanding units being held in public hands.

## **INTERIM DISTRIBUTION AND CLOSURE OF REGISTER OF UNITHOLDERS**

The interim distribution of HK13.67 cents per unit for the Reporting Period will be paid on Thursday, 29 September 2022 to those Unitholders whose names appear on the register of Unitholders of SF REIT on Monday, 5 September 2022. For the purpose of ascertaining Unitholders' entitlement to this distribution, the register of Unitholders of SF REIT will be closed from Friday, 2 September 2022 to Monday, 5 September 2022, both days inclusive, during which period no transfer of units will be registered. In order for Unitholders to qualify for this distribution, all transfer documents accompanied by the relevant unit certificates must be lodged with SF REIT's unit registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 1 September 2022.

## **PUBLICATION OF INTERIM REPORT**

The Interim Report 2022 of SF REIT will be published on the websites of the Stock Exchange and SF REIT and be despatched to Unitholders on or around Friday, 9 September 2022.

By Order of the Board  
**SF REIT Asset Management Limited**  
**(as manager of SF Real Estate Investment Trust)**  
**WANG Wei**  
*Chairman of the Board*

Hong Kong, 18 August 2022

*As at the date of this announcement, the Board comprises Mr. WANG Wei as Chairman and Non-executive Director; Mr. Hubert CHAK as Executive Director and Chief Executive Officer; Ms. NG Wai Ting, Mr. HO Chit and Ms. OOI Bee Ti as Non-executive Directors; and Mr. TAN Huay Lim, Mr. HO Lap Kee, MH, JP, Mr. CHAN Ming Tak, Ricky, Mr. KWOK Tun Ho, Chester and Mr. Michael Tjahja SUSANTO as Independent Non-executive Directors.*