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**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 FINAL RESULTS**  
**FOR THE YEAR ENDED 31 DECEMBER 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 manager of SF REIT, and DB Trustees (Hong Kong) Limited, as 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 audited consolidated final results of SF REIT and its subsidiaries (the “**Group**”) for the year ended 31 December 2022 (the “**Year**”).

## FINANCIAL HIGHLIGHTS

<b>For the Year</b>		
<b>Revenue</b> (HK\$ million)		<b>421.5</b>
<b>Net property income</b> (HK\$ million)		<b>343.6</b>
<b>Total distributable income</b> (HK\$ million)		<b>221.9</b>
<b>Total distribution per unit</b> (HK cents)		<b>27.74</b>
<b>Pay-out ratio</b> (%)		<b>100%</b>
	<b>As at</b>	<b>As at</b>
	<b>31 December</b>	<b>31 December</b>
	<b>2022</b>	<b>2021</b>
<b>Appraised value of the portfolio</b> (HK\$ million)	<b>7,377.6</b>	6,541.8
<b>Net assets per unit</b> (HK\$)	<b>5.32</b>	5.11
<b>Gearing ratio</b> (%) <sup>(1)</sup>	<b>33.9</b>	30.6
Note:		
(1) Gearing ratio is defined as the percentage of total borrowings over total assets.		

## PERFORMANCE HIGHLIGHTS

During the Year, major economies continued to face unprecedented challenges including supply chain disruptions, geopolitical tensions and rising inflation. Further, interest rate hikes in major developed countries dampened business and investment sentiments.

In Mainland China, the lingering impact of COVID-19 curtailed social and economic activities during most parts of 2022. Nevertheless, demand for logistics services has remained resilient as supported by domestic consumption and broadening variety of platforms and business models (such as growing e-commerce activities, fresh food and pharmaceuticals as well as supply chain logistics management), thereby resulting in sustained demand for logistics properties.

As supported by sustained demand from the logistic industry and our major tenants S.F. Holding Co., Ltd. (順豐控股股份有限公司) (“**SFH**”, and together with its subsidiaries, collectively the “**SFH Group**”), overall portfolio occupancy of SF REIT improved during the Year and recorded 98.2% at the end of 2022.

With the contribution of the property in Changsha, Hunan in Mainland China (being the “**Changsha Property**”) which was acquired in June 2022, total revenue and net property income of SF REIT for the Year were HK\$421.5 million and HK\$343.6 million, registered 16.8% and 19.3% increases respectively, on an annualised basis<sup>1</sup>.

## **Distribution**

The total distributable income for the Year amounted to HK\$221.9 million. The Board has declared a final distribution of HK14.07 cents per unit for the second half of the Year, which is 2.9% higher than the interim distribution of HK13.67 cents per unit. Total distribution per unit for the Year amounted to HK27.74 cents, which implies a pay-out ratio of 100% and represents a distribution yield of 9.5% based on the closing unit price of HK\$2.91 on the last trading date of the Year.

## **Prudent and Proactive Management**

Under challenging economic conditions in 2022, the REIT Manager took a prudent approach in managing the financial risk of SF REIT. In February 2022, SF REIT entered into interest rate swaps to hedge HK\$900 million (equivalent to approximately 41.7% of the outstanding Hong Kong dollar term loan at end of the Year) to mitigate the impact of interest rate volatility. To minimise the impact of volatility in foreign exchange rates, the REIT Manager also entered into foreign exchange forward contract to hedge Renminbi (“**RMB**”) exchange risk associated with our distributable income from the three properties in Mainland China.

On the property level, a proactive leasing strategy enabled SF REIT to deliver improved occupancy and revenue of the property in Tsing Yi, Hong Kong (being the “**Tsing Yi Property**”). A yield accretive acquisition of Changsha Property at a total consideration of approximately RMB502.3 million was also completed in June 2022. All these initiatives improved the performance of SF REIT and soothed the impact from higher interest rates.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **MARKET OVERVIEW**

Global economy has been negatively impacted by unprecedented challenges including supply chain disruptions, geopolitical tensions, rising inflation and interest rate hikes. For Mainland China, domestic growth have been dragged by COVID-19 and externally, weak international business sentiments and high inflation harnessed exports demand. All these resulted in suppressed production capacity as well as lower than expected gross domestic product (“**GDP**”) growth in 2022.

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

Despite the above challenges, Mainland China’s logistics services demand generally remained resilient as supported by various factors including domestic consumption. As the pandemic shifted consumption habits to consume online, the online retail sales of physical goods grew 6.2% year-on-year in 2022, accounting for 27.2% of the total retail sales of consumer goods with an increase in market penetration. Online shopping boosted the demand for parcel shipping and the ongoing development of the logistics industry, which translated into demands for modern logistics properties.

With the aforesaid favourable conditions, occupancies of logistics properties in key regions such as the Greater Bay Area (“GBA”) and Yangtze River Delta remained stable as supported by third-party logistics, new demand from e-commerce, emerging drivers from high end manufacturers, new energy industries and cross border retailers.

In Hong Kong, restrictive travelling rules limited social and economic activities. Alongside with rising interest rates which was more prominent in the second half, overall GDP of Hong Kong also came in at a disappointing level of -3.5% in 2022. Nevertheless, tight new supply in modern logistics properties and sustained e-commerce, cold storage and third-party logistics services demand kept the overall vacancy at a low single digit. From an investment angle, logistics assets have been sought after by local and international investors despite higher interest rates, demonstrating longer term confidence in the asset class.

## OPERATIONS REVIEW

Property	GLA (sq.m.) as at 31 December 2022	Occupancy as at 31 December 2022	Occupancy as at 31 December 2021	% of GLA occupied by SFH Group as at 31 December 2022	Number of internal/ external tenants as at 31 December 2022 <sup>(2)</sup>
Tsing Yi Property	160,322	97.3%	92.6%	65.9%	2/6
Changsha Property	119,922	99.1%	N/A <sup>(1)</sup>	75.4%	3/13
Foshan Property	84,951	100.0%	100.0%	99.9%	1/1
Wuhu Property	62,698	96.4%	98.5%	89.8%	2/18
<b>Total</b>	<b>427,893</b>	<b>98.2%</b>	<b>95.8%</b>	<b>78.8%</b>	<b>8/38</b>

Notes:

(1) The acquisition of Changsha Property was completed on 24 June 2022.

(2) Internal tenants referred to tenants from SFH Group.

SF REIT's portfolio comprises four modern logistics properties strategically located in Tsing Yi, Hong Kong as well as Changsha, Hunan, Foshan, Guangdong (being the "**Foshan Property**") and Wuhu, Anhui (being 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 SFH Group. Foshan Property is a "built-to-suit" property leased almost entirely to SFH Group whilst the other three properties are multi-tenanted with the majority being occupied by SFH Group.

The REIT Manager adopted proactive asset management approaches to increase the income and occupancy of the portfolio. By building and maintaining good relationships with the tenants via continuous communication, the overall occupancy of the portfolio increased from 95.8% as at 31 December 2021 to 98.2% as at 31 December 2022.

SFH Group tenants occupied 78.8% of the gross lettable area ("**GLA**") as at 31 December 2022 and contributed approximately 74.1% of the total revenue for the Year. While the majority of the subsisting leases with SFH Group tenants for the properties are expiring in 2026, its annual rental increases provide a solid base and a high degree of income stability for SF REIT.

Looking ahead, approximately 20,554 sq.m. of GLA, comprising approximately 4.8% of the total GLA, is due to expire in 2023. The REIT Manager will continue to focus on tenant retention and maintaining a healthy portfolio occupancy by proactively engaging tenants to understand their business needs, as well as attract new tenants with flexible leasing packages.

## **Hong Kong**

Tsing Yi Property demonstrated a strong resilience and continued to deliver creditable performance in 2022. The occupancy improved from 92.6% as at 31 December 2021 to 97.3% as at 31 December 2022, with 65.9% of the GLA leased to SFH Group tenants. The tenant base mainly included companies from freight forwarding, consumer products and food supply which are proven resilient amidst the pandemic.

With proactive leasing strategies, the REIT Manager communicated closely with its tenants to understand and facilitate their business expansion plans to adapt to evolving industry trends. For instance, the REIT Manager managed to facilitate two of our existing tenants to expand their operation by taking up vacated areas within the property. Also, the REIT Manager successfully introduced a new tenant in the food supply industry to set up cold-storage facilities in the property. As at 31 December 2022, almost all the warehouses area was leased up and the vacant units were mainly ancillary offices.

The REIT Manager will continue engaging tenants through regular meetings to understand their business needs. With this proactive approach, the REIT Manager has successfully renewed approximately 5,300 sq.m. of GLA, comprising more than 49% of GLA to be expired in 2023. The REIT Manager remains confident in securing leases for the remaining space ahead of the lease expiry.

## **Mainland China**

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

Changsha Property is a high-quality modern logistics property completed by phases in 2019 and 2021. It includes “built-to-suit” and standardised logistics and warehousing facilities for the provision of integrated supply chain solutions.

The REIT Manager further improved the performance of Changsha Property since completion of acquisition in June 2022 with occupancy increased to 99.1% as at 31 December 2022 (30 June 2022: 98.8%). The warehouses in Changsha Property was fully occupied while certain ancillary offices of approximately 1,100 sq.m. (representing 0.9% of the GLA) was vacant. The tenant base of Changsha Property is diversified with industries including food and beverage, third-party logistics and technology, apart from express logistics industry.

After the completion of acquisition, SFH Group took up additional areas and further increased the GLA occupied to 75.4% as at 31 December 2022, providing more income stability to Changsha Property and SF REIT.

Looking into 2023, approximately 6,200 sq.m. of warehouse and other spaces (representing 5.2% of the GLA) is due to expire and the REIT Manager will continue to employ proactive strategies to renew or replace these leases ahead of expiry.

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

Foshan Property is a “built-to-suit” distribution centre and occupied almost entirely by SFH Group to operate as a regional hub to support its express delivery services in the Guangdong Province. It reported an occupancy rate of 100% as at 31 December 2022 (31 December 2021: 100%).

### ***Wuhu, Anhui***

Wuhu Property recorded an occupancy rate of 96.4% as at 31 December 2022 (31 December 2021: 98.5%), with 89.8% of the GLA leased to SFH Group tenants including express delivery, freight forwarding and contract logistics. The warehouses in Wuhu Property remained fully occupied while certain ancillary offices of approximately 2,280 sq.m. (representing 3.6% of the GLA) remained vacant.

Approximately 3,600 sq.m. of ancillary offices and other spaces (representing 5.7% of the GLA) is due to expire in 2023. The REIT Manager will continue to focus on tenant retention and maintaining a healthy occupancy.

## FINANCIAL REVIEW

Since SF REIT was established on 29 April 2021 and listed on 17 May 2021, no appropriate comparable figures are available from the previous corresponding period.

### Financial Performance

#### Operating Results

Property	For the Year			
	Revenue (HK\$'000)	%	Net Property Income <sup>(1)</sup> (HK\$'000)	%
Tsing Yi Property	317,634	75.4	264,144	76.5
Changsha Property <sup>(2)</sup>	27,386	6.5	20,846	6.0
Foshan Property	54,655	13.0	44,519	12.9
Wuhu Property	21,794	5.1	15,585	4.6
<b>Total</b>	<b>421,469</b>	<b>100</b>	<b>345,094</b>	<b>100</b>

Notes:

- (1) Depreciation in property operating expenses amounted to approximately HK\$1.5 million is excluded for analysis purpose considering its non-cash nature.
- (2) The figures of Changsha Property covered the period from 24 June 2022 (date of Changsha Property acquisition) to 31 December 2022.

For the Year, SF REIT recorded a total revenue of HK\$421.5 million and after deducting property operating expenses of HK\$77.9 million, the net property income came in at HK\$343.6 million.

Property operating expenses included building management fees of approximately HK\$2.1 million charged by operations managers which are subsidiaries of SFH, building management fees of approximately HK\$24.3 million charged by independent third parties, and HK\$14.1 million for provision of services to generate supplemental services income. The remaining property operating expenses mainly consisted of other taxes, rates and government rent, repairs and maintenance and utilities fees.

Finance costs for the Year were HK\$73.2 million, comprising HK\$72.5 million in interest expenses on bank borrowings, with the remainder consisting of amortisation of cost of debt. The finance costs for the second half of the Year increased due to the increase in HK\$ loans interest rate and extra borrowings incurred for the acquisition of Changsha Property.



Taking into account an increase in fair value of investment properties of HK\$301.2 million, a profit after taxation of HK\$439.7 million was recorded for the Year.

### ***Distribution***

Under the Code on Real Estate Investment Trusts (the “**REIT Code**”) and the Trust Deed, SF REIT is required to distribute to its unitholders (the “**Unitholders**”) not less than 90% of the total distributable income (which is the audited profit for the period before transactions with Unitholders subject to certain adjustments as defined in the Trust Deed).

The total distributable income for the Year was HK\$221.9 million representing 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 the Consolidated Distribution Statement in this announcement.

The Board has resolved to declare a final distribution per unit of HK14.07 cents for the second half of the Year, representing a total distribution per unit of HK27.74 cents for the Year and a 100% pay-out ratio.

Final distribution will be paid on Friday, 28 April 2023 to the Unitholders whose names appear on the register of Unitholders of SF REIT on Thursday, 6 April 2023.

### ***Financial Position***

As at 31 December 2022, gross assets were HK\$7,817.5 million (31 December 2021: HK\$7,009.6 million) comprising mainly investment properties of HK\$7,377.6 million (31 December 2021: HK\$6,541.8 million). Total liabilities amounted to HK\$3,557.5 million (31 December 2021: HK\$2,917.9 million) including bank borrowings of HK\$2,650.1 million (31 December 2021: HK\$2,141.5 million), of which HK\$2,156.4 million was in HK\$ loans (31 December 2021: HK\$1,897.1 million) and HK\$493.7 million was in RMB loans (31 December 2021: HK\$244.4 million). Net assets per unit was HK\$5.32 (31 December 2021: HK\$5.11).

After accounting for the interest rate swap contracts entered into at the beginning of the Year, the weighted average effective interest rates of the Year for total borrowings, HK\$ borrowings, and RMB borrowings were contained at 2.94%, 2.52% and 5.36% per annum, respectively (2021: 1.69%, 1.18% and 5.50%, respectively). The gearing ratio (defined as the percentage of total borrowings over total assets) of SF REIT was 33.9% (31 December 2021: 30.6%), while the gross liabilities as a percentage of gross assets was 45.5% (31 December 2021: 41.6%).



## Portfolio Valuation

Jones Lang LaSalle Corporate Appraisal and Advisory Limited, the principal valuer of SF REIT, valued the properties using the income capitalisation approach with reference to market comparables. As at 31 December 2022, the appraised value of SF REIT's portfolio was HK\$7,377.6 million, representing an increase of 12.8% year-on-year. The increase in value was primarily due to the acquisition of Changsha Property. Excluding Changsha Property, the property value was increased by 3.2% year-on-year.

The following table summarises the valuation of each of the properties as at 31 December 2021 and 2022.

	Appraised Value as at 31 December 2022		Appraised Value as at 31 December 2021		YoY Changes (in HK\$)		Capitalisation Rate as at 31 December 2022	Capitalisation Rate as at 31 December 2021
Hong Kong	HK\$ million		HK\$ million		%		%	%
Tsing Yi Property	5,944.0		5,660.0		5.0		4.25	4.40
<b>Sub-Total</b>	<b>5,944.0</b>		<b>5,660.0</b>		<b>5.0</b>			
Mainland China	HK\$ million	RMB million	HK\$ million	RMB million	%		%	%
Changsha Property <sup>(1)</sup>	624.8	559.4	N/A	N/A	N/A		5.25	N/A
Foshan Property	556.4	498.1	595.3	486.4	-6.5		5.25	5.25
Wuhu Property	252.4	226.0	286.5	234.1	-11.9		5.50	5.50
<b>Sub-Total</b>	<b>1,433.6</b>	<b>1,283.5</b>	<b>881.8</b>	<b>720.5</b>	<b>62.6</b>			<b>78.1</b>
<b>Sub-Total (Excluding Changsha Property)</b>	<b>808.8</b>	<b>724.1</b>	<b>881.8</b>	<b>720.5</b>	<b>-8.3</b>			<b>0.5</b>
<b>Total Portfolio</b>	<b>7,377.6</b>		<b>6,541.8</b>		<b>12.8</b>			

Note:

(1) The acquisition of Changsha Property was completed on 24 June 2022.

The valuation of Tsing Yi Property increased by 5.0% year-on-year to HK\$5,944 million as at 31 December 2022. It was mainly attributable to impact of higher market rent coupled with the compression of capitalisation rate with reference to recent market transactions.

The properties in Mainland China were valued at HK\$1,433.6 million as at 31 December 2022 (31 December 2021: HK\$881.8 million). The increase in valuation was mainly attributable to the acquisition of Changsha Property which was partially offset by the exchange translation losses from RMB depreciation compared with 31 December 2021. Excluding the translation differences and on a like-for-like basis (excluding Changsha Property), the valuation of our properties in Mainland China went up by 0.5% in RMB terms. The 2.4% appreciation of Foshan Property denominated in RMB was primarily driven by the increase of market rent to reflect the rental growth in GBA, whilst the decrease of 3.5% in the valuation of Wuhu Property denominated in RMB was mainly attributable to the decrease of other income relating to utility charges due to a change of local policy.

In June 2022, SF REIT completed the acquisition of Changsha Property with agreed property value of RMB540 million. The appreciation of Changsha Property denominated in RMB by 3.6% was a reflection of higher market rent.

## 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**”) at interest rate of HIBOR plus 1.10% per annum maturing in May 2026 and an one-year revolving loan facility for a principal amount up to HK\$250 million at interest rate of HIBOR plus 0.85% per annum (the “**Revolving Loan**”, and together with the Term Loan, collectively the “**HK\$ Loans**”). The HK\$ 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 Foshan Property and Wuhu Property respectively, at a fixed interest rate maturing in April 2026 (collectively, “**Foshan and Wuhu RMB Loans**”). During the Year, SF REIT successfully negotiated to reduce the fixed interest rate from 5.5% per annum to 4.5% per annum. The Foshan and Wuhu RMB Loans are secured by the Foshan Property and the rental collection accounts of both Foshan Property and Wuhu Property;
- (iii) an eight-year term loan facility (“**Changsha RMB Loan**”) for a principal amount up to RMB275 million at an interest rate of 5.00% per annum which consists of an interest margin of 0.55% per annum 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 RMB Loan is secured by the Changsha Property and the rental collection account of the Changsha Property.

As at 31 December 2022, the HK\$ Term Loan was fully drawn including HK\$259 million drawn for the financing of Changsha Property acquisition in June 2022. The HK\$ Revolving Loan was not utilised during the Year.

In early 2022, SF REIT entered into interest rate swaps to hedge HK\$900 million of the HK\$ Term Loan to mitigate the impact of interest rate volatility. As at 31 December 2022, approximately 41.7%, 39.3% and 41.2% of the outstanding amount of HK\$ Term Loan, RMB loans and total loans were on fixed interest rates respectively. 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 Year, approximately 24.6% and 23.3% 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. During the second half of the Year, SF REIT entered into foreign currency forward contract to hedge RMB risk associated with the distributable income. As at 31 December 2022, SF REIT had no outstanding foreign currency forward contract. 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.

At 31 December 2022, SF REIT had total cash and bank balances of HK\$274.1 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 working capital and capital expenditure requirements.

## **OUTLOOK AND STRATEGY**

Looking forward into 2023, central banks in major developed economies may continue to tighten monetary policies to control inflation which will increase the risk of recession. Nevertheless, relaxation of COVID-19 related measures in Mainland China and Hong Kong is expected to accelerate their economic recovery.

As highlighted in the Report to the 20th National Congress of the Communist Party of China, in pursuing a high-quality development, it will ensure that domestic demand expansion is integrated with the economic policy of deepened supply-side structural reform, supported by more resilient and secured industrial and supply chains. All these will translate into higher demand in the logistics industry and warehousing needs.

The development of the GBA is accorded the status of key strategic planning in the China's development blueprint. With improved connectivity and integrated trade development among the cities within the GBA, Hong Kong will play an important role as a hub for cross-border trade and passenger travels in the burgeoning GBA region.

The logistics property market in Southern China, in particular in the GBA, has performed well in recent years with relatively high occupancy rate, absorption rates and offers good growth potential. Logistics properties in major cities of South Western China (predominantly the ChengYu region) also receive growing attention from institutional investors due to their relatively attractive investment yields and good growth potential. The growth in Southeast Asia's intra-regional trade will drive demand for logistics services and warehouses in major cities in Southeast Asia where our parent-the SFH has already had business presence.

Against the backdrop of these solid market fundamentals, SF REIT will place more focus to expand our portfolio in Southern China, in particular the GBA, as well as key cities in South Western China (predominantly the ChengYu region) to leverage the SFH's business in those areas as well as in Southeast Asia. To accelerate the growth of our portfolio, we may take the investment opportunities with third-party capital partner or business operator, particularly when this will also optimise our capital structure and investment return.

In line with such investment strategy, SF REIT will tap into the capital market in a prudent and disciplined manner, mindful of the global economic headwind and volatile market conditions.

### **Sustainable Growth**

The high quality tenants and strategic partnerships with SFH Group should provide stable rental income in the coming few years and the REIT Manager will strive to control expenses in the inflationary environment to maintain a relatively steady net property income. While overall performance and distributable income in 2023 hinges on interest rate movements, through the above mentioned proactive management strategies as well as growth driver of potential yield accretive acquisitions, we remain confident in the long-term sustainable growth of SF REIT.

While SF REIT has clear growth strategies through acquisitions and organic growth, it is mindful of the importance of integrating environmental, social and governance (“ESG”) elements into business decision-making processes to create long-lasting value for our stakeholders and society at large. The REIT Manager has put focus on four key pillars – Green Operation, Employee Empowerment, Partner Engagement and Business Integrity in managing SF REIT as well as setting ESG targets for the next few years to achieve its growth strategies.

# CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2022

		<b>For the year ended 31 December 2022 HK\$'000</b>	For the period from 29 April 2021 (Date of Establishment) to 31 December 2021 HK\$'000
	Notes		
<b>Revenue</b>	3	<b>421,469</b>	244,274
Property operating expenses	5	<u>(77,908)</u>	<u>(49,386)</u>
<b>Net property income</b>		<b>343,561</b>	194,888
General and administrative expenses		<b>(31,968)</b>	(29,328)
Fair value changes on investment properties	9	<b>301,231</b>	80,838
Other gains/(losses) – net		<u>870</u>	<u>(2,924)</u>
<b>Operating profit</b>	6	<b>613,694</b>	243,474
Finance income		<b>3,537</b>	109
Finance costs		<u>(73,195)</u>	<u>(22,693)</u>
<b>Profit before taxation and transactions with Unitholders</b>		<b>544,036</b>	220,890
Income tax expenses	7	<u>(104,363)</u>	<u>(46,619)</u>
<b>Profit for the year/period, before transactions with Unitholders</b>		<b>439,673</b>	174,271
Distribution paid to Unitholders			
– 2021 final distribution paid on 6 May 2022		<b>(137,915)</b>	–
– 2022 interim distribution paid on 29 September 2022		<u>(109,388)</u>	<u>–</u>
<b>Profit for the year/period, after transactions with Unitholders</b>		<u><b>192,370</b></u>	<u>174,271</u>
Basic earnings per unit	8	<u><b>HK54.96 cents</b></u>	<u>HK21.78 cents</u>
Diluted earnings per unit	8	<u><b>HK54.96 cents</b></u>	<u>HK21.78 cents</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	<b>Before transactions with Unitholders HK\$'000</b>	<b>Transactions with Unitholders (Note) HK\$'000</b>	<b>After transactions with Unitholders HK\$'000</b>
<b>For the year ended 31 December 2022</b>			
Profit for the year	439,673	(415,622)	24,051
Other comprehensive income			
<i>Items that may be reclassified subsequently to consolidated income statement:</i>			
Changes in fair value of derivatives that are designated as cash flow hedges, net of tax	42,764	–	42,764
Exchange loss on translation of financial statements	(66,815)	–	(66,815)
<b>Total comprehensive income for the year ended 31 December 2022</b>	<b>415,622</b>	<b>(415,622)</b>	<b>–</b>
For the period from 29 April 2021 (Date of Establishment) to 31 December 2021			
Profit for the period	174,271	(176,484)	(2,213)
Other comprehensive income			
<i>Items that may be reclassified subsequently to consolidated income statement:</i>			
Exchange gain on translation of financial statements	2,213	–	2,213
<b>Total comprehensive income for the period from 29 April 2021 (Date of Establishment) to 31 December 2021</b>	<b>176,484</b>	<b>(176,484)</b>	<b>–</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 to Unitholders 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.

**CONSOLIDATED BALANCE SHEET**

As at 31 December 2022

		<b>31 December 2022</b>	31 December
	Notes	<b>HK\$'000</b>	2021 HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment properties	9	<b>7,377,618</b>	6,541,755
Property, plant and equipment		<b>14,141</b>	14,171
Land use rights		<b>601</b>	673
Intangible assets		<b>221</b>	312
Derivative financial instruments		<b>51,214</b>	–
		<b>7,443,795</b>	6,556,911
<b>Current assets</b>			
Trade receivables	10	<b>1,689</b>	344
Amounts due from related companies		<b>6,327</b>	6,460
Prepayments and other receivables		<b>25,629</b>	16,332
Restricted cash		<b>65,912</b>	32,060
Cash and cash equivalents		<b>274,136</b>	397,453
		<b>373,693</b>	452,649
<b>Total assets</b>		<b>7,817,488</b>	7,009,560
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Borrowings		<b>48,210</b>	35,338
Trade payables	11	<b>1,153</b>	1,547
Amounts due to connected persons and related companies		<b>77,378</b>	87,696
Other payables		<b>126,238</b>	94,262
Current tax liabilities		<b>5,072</b>	1,510
		<b>258,051</b>	220,353



	<b>31 December 2022 HK\$'000</b>	31 December 2021 HK\$'000
<b>Non-current liabilities, excluding net assets attributable to Unitholders</b>		
Borrowings	2,601,904	2,106,153
Deferred tax liabilities	658,279	561,095
Deferred government grants	39,261	30,285
	<u>3,299,444</u>	<u>2,697,533</u>
<b>Net current assets</b>	<u>115,642</u>	<u>232,296</u>
<b>Total assets less current liabilities</b>	<u>7,559,437</u>	<u>6,789,207</u>
<b>Total liabilities, excluding net assets attributable to Unitholders</b>	<u>3,557,495</u>	<u>2,917,886</u>
<b>Net assets attributable to Unitholders</b>	<u>4,259,993</u>	<u>4,091,674</u>
<b>Units in issue (Thousand)</b>	<u>800,000</u>	<u>800,000</u>
<b>Net assets per unit attributable to Unitholders</b>	<u>HK\$5.32</u>	<u>HK\$5.11</u>

# CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

For the year ended 31 December 2022

	Net Assets Attributable to Unitholders HK\$'000
<b>As at 1 January 2022</b>	<b>4,091,674</b>
Profit for the year, before transactions with Unitholders	439,673
Distribution paid to the Unitholders	(247,303)
Exchange losses on translation of financial statements	(66,815)
Cash flow hedging reserve	42,764
	<hr/>
<b>As at 31 December 2022</b>	<b>4,259,993</b>
	<hr/> <hr/>
As at 29 April 2021 (Date of Establishment)	–
Units issued for acquisition of subsidiaries (Note (i))	1,394,400
Units issued for initial offering (Note (ii))	2,589,600
Units issuance cost	(71,304)
Profit for the period, before transactions with Unitholders	174,271
Exchange gain on translation of financial statements and others	4,707
	<hr/>
As at 31 December 2021	4,091,674
	<hr/> <hr/>

Notes:

- (i) The amount represents 280,000,000 units issued at HK\$4.98 per unit to settle part of the asset injection consideration in relation to the acquisition of the sole issued share of Golden Bauhinia Logistics Holdings Limited (“**Golden Bauhinia**”) and the acceptance of certain loans from a related company.
- (ii) The amount represents 520,000,000 units issued for initial offering of SF REIT on 17 May 2021 at the offer price of HK\$4.98 per unit.

## CONSOLIDATED DISTRIBUTION STATEMENT

For the year ended 31 December 2022

		<b>For the year ended 31 December 2022</b>	For the period from 29 April 2021 (Date of Establishment) to 31 December 2021
	Notes	<b>HK\$'000</b>	HK\$'000
<b>Profit for the year/period, before transactions with Unitholders</b>		<b>439,673</b>	174,271
<b>Adjustments:</b>			
– Fair value changes on investment properties		<b>(301,231)</b>	(80,838)
– Negative goodwill	6	–	(395)
– Differences between finance cost and interest paid in accordance with contractual obligations		<b>182</b>	515
– Deferred tax charges		<b>93,614</b>	42,427
– Depreciation and amortisation		<b>1,572</b>	996
– Appropriation to PRC statutory reserve		<b>(3,638)</b>	(2,494)
– Listing expenses		–	15,335
– Amortisation of cost of debt		<b>744</b>	415
– Amortisation of government grants	6	<b>(759)</b>	(429)
– Non-cash foreign exchange loss		<b>3,734</b>	–
– Differences between accrued rental income and contractual rental income		<b>(11,959)</b>	(9,915)
– Net reversal for impairment losses of financial assets	6	–	(7)
– Amounts not available for distribution (Note (i))		–	(1,966)
<b>Total distributable income</b>		<b>221,932</b>	137,915
Interim distribution, paid to Unitholders		<b>109,388</b>	26,697
Final distribution, to be paid/paid to Unitholders		<b>112,544</b>	111,218
<b>Total distributions to Unitholders for the year/period</b>		<b>221,932</b>	137,915
<b>Percentage of distribution over total distributable income for the year/period</b> (Note (ii))		<b>100%</b>	100%
<b>Units in issue as at year/period end (Thousand)</b>		<b>800,000</b>	800,000
<b>Distributions per unit to Unitholders:</b>			
– Interim distribution per unit, paid to Unitholders (Note (iii))		<b>HK13.67 cents</b>	HK3.34 cents
– Final distribution per unit, to be paid/paid to Unitholders (Note (iv))		<b>HK14.07 cents</b>	HK13.90 cents
<b>Distribution per unit for the year/period</b>		<b>HK27.74 cents</b>	HK17.24 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 (the "**Listing Date**") 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 profit for the year/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 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 SF REIT's 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 year ended 31 December 2022.
- (iii) The interim distribution per unit for the period from 1 January 2022 to 30 June 2022 of HK13.67 cents (the period from and including 17 May 2021 to 30 June 2021: HK3.34 cents), was paid on 29 September 2022 (2021: 6 May 2022).
- (iv) The final distribution per unit for the period from 1 July 2022 to 31 December 2022 of HK14.07 cents (the period from 1 July 2021 to 31 December 2021: HK13.90 cents), will be paid on 28 April 2023 (2021: 6 May 2022).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 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 the SF REIT Asset Management Limited (the “**REIT Manager**”) and DB Trustees (Hong Kong) Limited (the “**Trustee**”), as amended by any supplemental deed (the “**Trust Deed**”).

The principal activity of SF REIT is investment holding. SF REIT 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 (the “**PRC**”).

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.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Group.

### 2. Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standard (“**IFRS**”). In addition, the consolidated financial statements 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 (the “**SFC**”) and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

All effective standards, amendments to standards and interpretations, which are mandatory for the financial year beginning 1 January 2022 are applied to the Group in the consolidated financial statements.

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

### 3. Revenue

	<b>For the year ended 31 December 2022 HK\$'000</b>	For the period from 29 April 2021 (Date of Establishment) to 31 December 2021 HK\$'000
Rental income (i)	357,141	203,646
Management service income (ii)	45,423	23,883
Others (iii)	18,905	16,745
	<u>421,469</u>	<u>244,274</u>

- (i) As at 31 December 2022 and 2021, the Group's minimum lease payment receivables on lease of investment properties including warehouses, distribution centres, office buildings and car parking spaces are as follows:

	<b>As at 31 December 2022 HK\$'000</b>	As at 31 December 2021 HK\$'000
Within 1 year	359,318	315,200
Between 1 and 2 years	319,743	322,315
Between 2 and 3 years	298,613	293,280
Between 3 and 4 years	107,413	281,920
Between 4 and 5 years	10,262	86,754
More than 5 years	1,710	12,314
	<u>1,097,059</u>	<u>1,311,783</u>

- (ii) Revenue from providing management services to customers is recognised over time. The Group applied the practical expedient in IFRS 15 to recognise revenue in the amount that the Group has the right to invoice based on the terms of the relevant agreements. As permitted by IFRS 15, the contract price of management service income allocated to the remaining performance obligations is not disclosed.
- (iii) Others mainly represent revenue generated from supplementary services and arrangement for provision of electricity and water, which is recognised point in time.

#### 4. 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 and related management service income from tenants. 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> <b>HK\$'000</b>	<b>Mainland</b> <b>China</b> <b>HK\$'000</b>	<b>Total</b> <b>HK\$'000</b>
<b>For the year ended 31 December 2022</b>			
<b>Revenue</b>	<u>317,634</u>	<u>103,835</u>	<u>421,469</u>
Net property income	263,553	80,008	343,561
Fair value changes on investment properties	284,000	17,231	301,231
General and administrative expenses			(31,968)
Other gains – net			870
Finance income			3,537
Finance costs			(73,195)
Income tax expenses			<u>(104,363)</u>
<b>Profit for the year, before transactions with Unitholders</b>			<u><u>439,673</u></u>



	Hong Kong HK\$'000	Mainland China HK\$'000	Total HK\$'000
<b>For the period from 29 April 2021 (Date of Establishment) to 31 December 2021</b>			
<b>Revenue</b>	<u>191,624</u>	<u>52,650</u>	<u>244,274</u>
Net property income	153,760	41,128	194,888
Fair value changes on investment properties	57,178	23,660	80,838
General and administrative expenses			(29,328)
Other losses – net			(2,924)
Finance income			109
Finance costs			(22,693)
Income tax expenses			<u>(46,619)</u>
<b>Profit for the period, before transactions with Unitholders</b>			<u><u>174,271</u></u>

Depreciation and amortisation of Hong Kong segment and Mainland China segment for the year ended 31 December 2022 was approximately HK\$630,000 and approximately HK\$942,000 respectively (for the period from 29 April 2021 (Date of Establishment) to 31 December 2021: HK\$367,000 and HK\$629,000), 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 31 December 2022 HK\$'000</b>	As at 31 December 2021 HK\$'000
Segment assets		
Hong Kong	<b>5,963,468</b>	5,700,110
Mainland China	<b>1,568,358</b>	956,999
Others	<b>285,662</b>	352,451
	<b><u>7,817,488</u></b>	<u>7,009,560</u>
Segment liabilities, excluding net assets attributable to Unitholders		
Hong Kong	<b>693,886</b>	619,158
Mainland China	<b>687,470</b>	356,928
Others	<b>2,176,139</b>	1,941,800
	<b><u>3,557,495</u></b>	<u>2,917,886</u>

## 5. Property operating expenses

	<b>For the year ended 31 December 2022 HK\$'000</b>	For the period from 29 April 2021 (Date of Establishment) to 31 December 2021 HK\$'000
Property management fees	<b>40,476</b>	24,592
– Building management fees (Note (i))	<b>26,383</b>	16,922
– Supplemental services related expenses	<b>14,093</b>	7,670
Rates and government rent	<b>8,452</b>	5,493
Repairs and maintenance	<b>6,536</b>	5,963
Electricity and water fee	<b>6,273</b>	4,533
Other taxes	<b>13,597</b>	7,163
Others (Note (ii))	<b>2,574</b>	1,642
	<b>77,908</b>	49,386

Notes:

- (i) Building management fees included operation managers' fees to operation managers which are subsidiaries of S.F. Holding Co., Ltd. of approximately HK\$2,140,000 (the period from 29 April 2021 (Date of Establishment) to 31 December 2021: HK\$992,000).
- (ii) Others include a commission fee of HK\$1,456,000 (the period from 29 April 2021 (Date of Establishment) to 31 December 2021: None) which was amortised over the lease terms paid to a property agent during the year ended 31 December 2022.

## 6. Operating profit

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

	<b>For the year ended 31 December 2022 HK\$'000</b>	For the period from 29 April 2021 (Date of Establishment) to 31 December 2021 HK\$'000
Auditors' remuneration		
– Audit and audit-related assurance services	2,333	2,307
– Other services	545	327
REIT Manager's fee	25,438	15,324
Trustee's fee	1,563	1,582
Principal valuer's fee	273	195
Legal and professional fee	1,900	2,134
Bank charges	75	22
Listing expenses	–	7,335
Negative goodwill	–	(395)
Settlement of the currency forward contracts	(3,173)	–
Exchange losses, net	3,850	3,966
Amortisation of a government grant	(759)	(429)
Net reversal of impairment losses of financial assets	–	(7)
	<b>=====</b>	<b>=====</b>

## 7. Income tax expenses

During the year ended 31 December 2022 and the period from 29 April 2021 (Date of Establishment) to 31 December 2021, Hong Kong profits tax was subject to the rate of 16.5% on the estimated assessable profit. The Group's subsidiaries in the Mainland China were subject to corporate income tax ("CIT") at a standard rate of 25% on the estimated assessable profit for the year/period. Withholding tax was provided for undistributed profits of subsidiaries in the Mainland China at a rate of 10%.

	<b>For the year ended 31 December 2022 HK\$'000</b>	For the period from 29 April 2021 (Date of Establishment) to 31 December 2021 HK\$'000
Current income tax		
– Mainland China CIT	10,749	4,192
Deferred income tax	93,614	42,427
	<u>104,363</u>	<u>46,619</u>

The differences between the Group's expected income tax expenses, using the Hong Kong profits tax rate, and the Group's income tax expenses for the year/period were as follows:

	<b>For the year ended 31 December 2022 HK\$'000</b>	For the period from 29 April 2021 (Date of Establishment) to 31 December 2021 HK\$'000
Profit before taxation and transactions with unitholders	544,036	220,890
Expected tax calculated at the Hong Kong profits tax rate of 16.5%	89,766	36,447
Effect of different tax rates	5,211	4,728
Income not subject to tax purposes	(643)	(18)
Expenses not deductible for tax purposes	4,563	4,709
Tax losses not recognised	2,663	569
Over-provision in prior years	(196)	–
Withholding taxes	2,999	1,398
Tax effect of temporary difference previously not recognised	–	(1,214)
	<u>104,363</u>	<u>46,619</u>

## 8. Earnings per unit

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

	<b>For the year ended 31 December 2022</b>	For the period from 29 April 2021 (Date of Establishment) to 31 December 2021
Profit for the year/period, before transactions with Unitholders (HK\$'000)	<u><b>439,673</b></u>	<u>174,271</u>
Weighted average number of units for the year/period (Thousand)	<u><b>800,000</b></u>	<u>800,000</u>
Basic and diluted earnings per unit	<u><b>HK54.96 cents</b></u>	<u>HK21.78 cents</u>

There were no dilutive potential units during the year ended 31 December 2022 (the period from 29 April 2021 (Date of Establishment) to 31 December 2021: None).

## 9. Investment properties

Details of the movements of investment properties are as follows:

	<b>HK\$'000</b>
<b>As at 1 January 2022</b>	<b>6,541,755</b>
Acquisition of subsidiaries (Note)	643,841
Cost adjustments	(1,766)
Fair value changes on investment properties	301,231
Currency translation differences	<u>(107,443)</u>
<b>As at 31 December 2022</b>	<u><b>7,377,618</b></u>

HK\$'000

As at 29 April 2021 (Date of Establishment)	–
Acquisition of subsidiaries	6,446,700
Additions	1,967
Cost adjustments	(3,240)
Fair value changes on investment properties	80,838
Currency translation differences	15,490
	<hr/>
As at 31 December 2021	<u><u>6,541,755</u></u>

Note:

This amount of acquisition of subsidiaries during the year ended 31 December 2022 includes the capitalisation of professional fees in relation to the acquisition of subsidiaries of approximately HK\$10,219,000.

**(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 31 December 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 with 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.



### (iii) Restriction on the investment properties

SF REIT acquired the Hong Kong, Foshan and Wuhu properties on 13 May 2021 and acquired the Changsha property on 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 approve 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 of 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 borrowings

As at 31 December 2022, certain of the Group’s investment properties in Mainland China and Hong Kong, amounting to approximately HK\$1,181,185,000 (as at 31 December 2021: HK\$595,261,000) and HK\$5,944,000,000 (as at 31 December 2021: HK\$5,660,000,000) respectively, were pledged to secure the Group’s loan facilities of HK\$2,650,114,000 (as at 31 December 2021: HK\$2,141,491,000).

## 10. Trade receivables

	<b>31 December 2022 HK\$’000</b>	31 December 2021 HK\$’000
Trade receivables		
– Third parties	<b>1,689</b>	344
– Related companies (Note)	<b>6,327</b>	6,407
	<b>8,016</b>	6,751

Note:

Trade receivables from related companies are classified as amounts due from related companies in the 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 31 December 2022, a significant portion of the trade receivables and future trade receivables were and will be pledged to secure the Group’s bank borrowings.

The ageing analysis of trade receivables, based on invoice date, was as follows:

	<b>31 December 2022 HK\$'000</b>	31 December 2021 HK\$'000
Within 30 days	<u><b>8,016</b></u>	<u><b>6,751</b></u>

## 11. Trade payables

	<b>31 December 2022 HK\$'000</b>	31 December 2021 HK\$'000
Trade payables	<u><b>1,153</b></u>	<u><b>1,547</b></u>

The ageing analysis of trade payables, based on invoice date, was as follows:

	<b>31 December 2022 HK\$'000</b>	31 December 2021 HK\$'000
Within 30 days	<u><b>1,153</b></u>	<u><b>1,547</b></u>

## 12. 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 of the Changsha Group**”). The Acquisition is accounted for as an acquisition of assets in accordance with IFRS 3 “Business Combination”.

**(a) Consideration**

**HK\$'000**

Total consideration **591,888**

Note:

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 assets value of the Changsha Group as at the Date of Acquisition of the Changsha Group. As at 30 June 2022, the Final Payment had been recognised in amounts due to connected persons and 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 and liabilities recognised at the Date of Acquisition of the Changsha Group**

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

	<b>Fair value of Changsha Group as at Date of Acquisition of the Changsha Group HK\$'000</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 connected persons and related companies	(278,679)
Borrowings	(322,156)
Other net liabilities (Note)	(68,498)
Net assets acquired	<b>2,831</b>
Net assets acquired	2,831
Settlement of Onshore Payable	314,658
Settlement of Reorganisation Payable	274,399
Total consideration	<b>591,888</b>

Note:

Other liabilities mainly represent other payables and deferred government grants.

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

**For the year ended  
31 December 2022  
HK\$'000**

Total consideration	<b>591,888</b>
Less: settlement of Onshore Payable (Note)	<b>(314,658)</b>
Less: cash and cash equivalent acquired	<b>(27,357)</b>
Less: settlement of the currency forward contract	<b>(1,968)</b>
	<hr/>
Net cash outflow	<b>247,905</b>
	<hr/> <hr/>

Note:

The Onshore Payable was settled by the Changsha Group prior to the Date of Acquisition of the Changsha Group.

## **APPRECIATION**

During the Year and up to the date of this announcement, Mr. HO Chit (“**Mr. HO**”), Ms. OOI Bee Ti (“**Ms. OOI**”) and Ms. GAN Ling (“**Ms. GAN**”) 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, and a member of the nomination and remuneration committee of the REIT Manager. Mr. YANG Tao (“**Mr. YANG**”), Mr. LEONG Chong (“**Mr. LEONG**”) and Ms. NG Wai Ting (“**Ms. NG**”) resigned as non-executive directors of the REIT Manager, while Ms. NG also resigned as the chairman and a member of the investment committee, and a member of the nomination and remuneration committee of the REIT Manager. The Board is delighted to welcome Mr. HO, Ms. OOI and Ms. GAN to the REIT Manager and wishes to express its deep gratitude to Mr. YANG, Mr. LEONG and Ms. NG 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 FINAL RESULTS**

The final results and the consolidated financial statements of SF REIT for the Year have been reviewed by the audit committee of the REIT Manager in conjunction with SF REIT’s external auditor, PricewaterhouseCoopers and have also been reviewed by the disclosures committee of the REIT Manager.

The figures in this final results announcement have been agreed by PricewaterhouseCoopers, the external auditor of SF REIT, to the amounts set out in the audited consolidated financial statements for the Year of SF REIT. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and, consequently, no assurance has been expressed by PricewaterhouseCoopers on this final results announcement.

## **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 Year, SF REIT and the REIT Manager complied with the REIT Code, 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 Year.

## **ISSUE OF NEW UNITS**

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

## **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 Year.

## **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.

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

The final distribution of HK14.07 cents per unit for the Year will be paid on Friday, 28 April 2023 to those Unitholders whose names appear on the register of Unitholders of SF REIT on Thursday, 6 April 2023. For the purpose of ascertaining Unitholders' entitlement to this distribution, the register of Unitholders of SF REIT will be closed from Monday, 3 April 2023 to Thursday, 6 April 2023, 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 Friday, 31 March 2023.

## **PUBLICATION OF ANNUAL REPORT**

The annual report of SF REIT for the Year will be published on the websites of the Stock Exchange and SF REIT and be despatched to Unitholders on or before 30 April 2023.

## **ANNUAL GENERAL MEETING OF UNITHOLDERS**

The date and notice of the 2023 annual general meeting of Unitholders of SF REIT will be published and issued in accordance with the Trust Deed.

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, 16 March 2023

*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; Mr. HO Chit, Ms. OOI Bee Ti and Ms. GAN Ling 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.*