



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

2024
INTERIM REPORT





SF REIT

SF REIT (stock code: 2191) is the first logistics properties focused REIT listed on the Main Board of the Hong Kong Stock Exchange. It is a collective investment scheme authorised by the SFC and constituted by the Trust Deed.

SF REIT shall invest in income-generating real estate globally, with an initial focus on logistics properties. SF REIT's portfolio currently comprises four properties in Tsing Yi, Hong Kong as well as Foshan, Wuhu and Changsha, Mainland China. All these four properties are modern logistics properties strategically located within the key logistics hubs in Hong Kong and Mainland China.

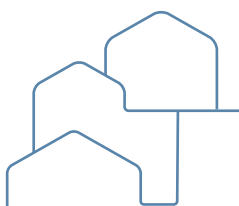
REIT Manager

SF REIT is managed by SF REIT Asset Management Limited, whose responsibility is to manage SF REIT and all its assets in accordance with the Trust Deed and in the sole interest of the Unitholders.

SFH

S.F. Holding Co., Ltd. (順豐控股股份有限公司), a company established in the PRC and whose shares are listed on the Shenzhen Stock Exchange, is the sponsor and a controlling unitholder of SF REIT. SFH is the largest integrated logistics service provider in the PRC and Asia, and the fourth largest in the world. Focusing on the logistics ecosystem, it has consistently built on its service capabilities, and has diversified into eight segments, namely time-definite express, economy express, freight, cold chain and pharmaceutical, intra-city on-demand delivery, supply chain and international business (including international express, international freight and freight forwarding, and supply chain), which can provide customers with domestic and international end-to-end one-stop supply chain services.





Contents

Performance Highlights	2
Management Discussion and Analysis	3
Corporate Governance	12
Disclosure of Interests	20
Other Information	23
Connected Party Transactions	25
Independent Auditor's Review Report	29
Condensed Consolidated Interim Financial Information	31
Condensed Consolidated Income Statement	31
Condensed Consolidated Statement of Comprehensive Income	32
Condensed Consolidated Balance Sheet	33
Condensed Consolidated Statement of Changes in Net Assets	35
Attributable to Unitholders	
Consolidated Distribution Statement	36
Condensed Consolidated Statement of Cash Flows	37
Notes to the Condensed Consolidated Interim Financial Information	38
Performance Table	68
Financial Summary	69
Glossary	70
Corporate Information	Inside Back

Performance Highlights

For the six months ended 30 June 2024

Revenue⁽¹⁾



30 June 2023: HK\$218.9 million

↑ 1.6%

Net property income⁽¹⁾



30 June 2023: HK\$177.0 million

↑ 2.3%

Distributable income



30 June 2023: HK\$117.1 million

↑ 1.9%

Distribution per unit



30 June 2023: HK14.64 cents

↑ 0.5%

(1) Adjusted to reflect the step-up rent mechanism in leases and excluding depreciations, where appropriate

As at 30 June 2024

Occupancy rate



31 December 2023: 98.0%

— stable

Portfolio value

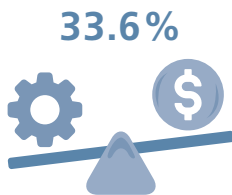


HK\$ 7,252.4 million

31 December 2023: HK\$7,388.2 million

↓ 1.8%

Gearing ratio



31 December 2023: 33.3%

↑ 0.3 percentage points

Net asset value per unit attributable to unitholders



31 December 2023: HK\$5.26

↓ 3.2%

Payout ratio



31 December 2023: 100%

— stable



Management Discussion and Analysis

Market Overview

During the Reporting Period, the global market landscape was still characterised by complex uncertainties brought by persistently high USD interest rates and geopolitical tensions. Concurrently, the unresolved geopolitical conflicts around the world further heightened caution and apprehension, thus casting a cloud over the business sentiment.

Amidst the challenging conditions, China experienced economic slowdown in the second quarter of 2024. However, the logistics sector still saw a degree of support from the demand side, with growth in online retail of physical goods of 8.8% during the Reporting Period, outrunning the total retail sales,¹ which shows a continuous migration of consumer and enterprise activities from offline to online channels, further driving demand for logistics services. Besides, the new supply of warehouses nationwide recorded a decline of 43% year-on-year, most notably in southern China,² indicating a gradual narrowing of the demand-supply gap.

In Hong Kong, the city experienced better-than-expected export levels during the Reporting Period with a year-on-year increase of 12.2% in terms of total value of exported goods, which showcases a solid demand for logistics services.³ Coupled with the modest growth in supply, the overall warehouse vacancy was constrained at a single-digit level. Furthermore, the Transport and Logistics Bureau earlier announced its Action Plan on Modern Logistics Development, illustrating its vision of developing the city into an international logistics hub, underscoring the government's support for the logistics property sector.

From a property investment perspective, transaction activities across key asset classes in both Mainland China and Hong Kong continue to be hindered by the lingering uncertainties surrounding the macroeconomic outlook. Investors are still closely monitoring the economic and political developments, until greater clarity on the trajectory of the broader economy arises.

1 National Bureau of Statistics of China, *National Economy was Generally Stable with Steady Progress in the First Half Year*

2 CBRE, *China Figures Q2 2024*

3 Census and Statistics Department, *External merchandise trade statistics for June 2024*



Management Discussion and Analysis

Operations Review

Property	GLA	Occupancy	Occupancy	% of GLA
	as at 30 June 2024 <i>(sq.m.)</i>	as at 30 June 2024	as at 31 December 2023	occupied by internal tenants as at 30 June 2024 ⁴
Tsing Yi Property	160,322	97.3%	97.3%	69.3%
Changsha Property	119,684	98.9%	98.9%	75.6%
Foshan Property	84,951	100.0%	100.0%	99.9%
Wuhu Property	62,698	95.5%	95.4%	90.2%
Total	427,655	98.0%	98.0%	80.2%

SF REIT possesses a prime portfolio comprising four modern logistics properties strategically located in key logistics hubs, including Tsing Yi, Hong Kong as well as Changsha in Hunan Province, Foshan in Guangdong Province and Wuhu in Anhui Province, Mainland China. All of these properties were initially developed to support the logistics operations of members of SFH Group.

During the Reporting Period, the REIT Manager maintained a robust leasing performance as a result of its proactive strategy to cultivate long-term and healthy relationships with tenants. Through ongoing communication, the REIT Manager was able to gain insights into the evolving needs of the tenants' businesses and offer them flexible leasing arrangements to accommodate those needs. Consequently, the overall occupancy level across SF REIT's portfolio remained high at 98.0% as of 30 June 2024 (31 December 2023: 98.0%).

Among all the tenants, the SFH Group occupied 80.2% of the GLA as at 30 June 2024 (31 December 2023: 80.1%) and contributed approximately 75.1% of the total revenue for the Reporting Period (30 June 2023: 73.1%). While the majority of the subsisting leases with the SFH Group tenants for the properties are expiring in 2026, the annual rental increases from the step-up rental mechanism from the leases provide a solid base and a high degree of income stability for SF REIT.

⁴ Internal tenants refer to tenants from the SFH Group.



Management Discussion and Analysis

During the Reporting Period, the REIT Manager successfully renewed and re-let expiring leases with a total GLA of approximately 34,500 sq.m., representing 93.8% of the leases due to expire in 2024. Through ongoing efforts to reinforce ties with existing tenants, the REIT Manager aims to sustain a healthy occupancy level across the portfolio.

Hong Kong

During the Reporting Period, the Tsing Yi Property demonstrated stable growth in leasing performance, a result of the REIT Manager's proactive leasing strategies. The REIT Manager successfully renewed all expiring leases due to expire in 2024, attaining an average positive rental reversion of 10.0%. Consequently, the property's occupancy level was maintained at 97.3% as at 30 June 2024 (31 December 2023: 97.3%), with all the warehouses fully leased whilst some ancillary offices remained vacant.

Mainland China

The three properties in Mainland China also achieved stable operating performance during the Reporting Period. The occupancy rates of the Changsha Property, Foshan Property and Wuhu Property were of 98.9%, 100.0% and 95.5%, respectively, as at 30 June 2024 (31 December 2023: 98.9%, 100.0% and 95.4%, respectively).

As at 30 June 2024, for Changsha Property, the majority of GLA expiring in 2024 have been renewed or re-let. The REIT Manager is actively overseeing the leasing of the remaining approximately 1,100 sq.m. of ancillary offices and dormitories. However, we anticipate downward rental pressure due to oversupply and limited demand in the region.

The Foshan Property remained almost entirely occupied by the SFH Group. For Wuhu Property, over half of GLA expiring in 2024 have been renewed or re-let. The REIT Manager is continuing its efforts to lease out the remaining approximately 1,200 sq.m. of ancillary offices and dormitories, while the warehouses remained fully occupied by the SFH Group.



Management Discussion and Analysis

Financial Review

Financial Performance

Operating Results

	Revenue ⁵			Net property income ⁵		
	Six months ended 30 June					
	2024	2023	Changes	2024	2023	Changes
Hong Kong	<i>HK\$'000</i>	<i>HK\$'000</i>	%	<i>HK\$'000</i>	<i>HK\$'000</i>	%
Tsing Yi Property	162,220	158,212	+2.5	134,344	130,281	+3.1
Mainland China	<i>RMB'000</i>	<i>RMB'000</i>	%	<i>RMB'000</i>	<i>RMB'000</i>	%
Changsha Property	22,287	21,978	+1.4	17,160	16,916	+1.4
Foshan Property	23,603	22,733	+3.8	19,138	18,204	+5.1
Wuhu Property	9,618	9,202	+4.5	6,884	6,392	+7.7
Total	55,508	53,913	+3.0	43,182	41,512	+4.0

During the Reporting Period, SF REIT recorded revenue of HK\$222.3 million (30 June 2023: HK\$218.9 million),⁵ representing an increase of 1.6% year-on-year. After deducting property operating expenses of HK\$41.2 million (30 June 2023: HK\$41.9 million), the net property income amounted to HK\$181.1 million (30 June 2023: HK\$177.0 million),⁵ representing an increase of 2.3% year-on-year.

Property operating expenses included building management fees charged by independent third parties of approximately HK\$13.3 million (30 June 2023: HK\$13.3 million) and by the operations manager which is a subsidiary of SFH of approximately HK\$1.3 million (30 June 2023: HK\$1.3 million) as well as fees for provision of services to generate supplemental services income of HK\$5.0 million (30 June 2023: HK\$6.8 million). The remaining property operating expenses mainly consisted of other taxes, rates and government rent, repairs and maintenance and utilities fees.

⁵ Adjusted to reflect the step-up rent mechanism in leases and excluding depreciations, where appropriate



Management Discussion and Analysis

Finance costs for the Reporting Period were HK\$56.6 million (30 June 2023: HK\$53.5 million), comprising interest expenses on bank borrowings of HK\$56.2 million (30 June 2023: HK\$53.1 million) with the remainder consisting of amortisation of cost of debt.

Including the fair value loss on investment properties of HK\$102.7 million (30 June 2023: Gain HK\$71.1 million), SF REIT reported a profit after taxation of HK\$12.2 million during the Reporting Period, compared to HK\$148.2 million in the same period last year. The decline was mainly due to the fair value loss on investment properties and the increase in finance costs resulting from higher interest rates on HK\$ loans.

Distribution

The unaudited total distributable income for the Reporting Period increased by 1.9% to HK\$119.3 million (30 June 2023: HK\$117.1 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 loss on investment properties of HK\$102.7 million and the REIT Manager's fee payable in units in lieu of cash of HK\$13.3 million.

The Board has resolved to declare an interim distribution per unit of HK14.71 cents for the Reporting Period (30 June 2023: HK14.64 cents), representing a year-on-year growth of 0.5% and a persistent 100% pay-out ratio. Such distribution represents a distribution yield of 11.1% on an annualised basis based on the closing unit price of HK\$2.67 on the last trading day of the Reporting Period.

Interim distribution will be paid on 30 September 2024 to the Unitholders whose names appear on the register of Unitholders of SF REIT on 30 August 2024.

Financial Position

As at 30 June 2024, total assets were HK\$7,532.3 million (31 December 2023: HK\$7,692.3 million) comprising mainly investment properties of HK\$7,252.4 million (31 December 2023: HK\$7,388.2 million). Total liabilities amounted to HK\$3,403.8 million (31 December 2023: HK\$3,458.7 million) including bank borrowings of HK\$2,531.6 million (31 December 2023: HK\$2,563.4 million), of which HK\$2,157.5 million was in HK\$ loans (31 December 2023: HK\$2,157.2 million) and HK\$374.2 million was in RMB loans (31 December 2023: HK\$406.3 million). Net assets per unit attributable to Unitholders was HK\$5.09 (31 December 2023: HK\$5.26).

After accounting for the IRS, the weighted average effective interest rates for the Reporting Period for total borrowings, HK\$ borrowings and RMB borrowings were contained at 4.39%, 4.44% and 4.15% per annum, respectively (31 December 2023: 4.31%, 4.23% and 4.65% per annum, respectively). The gearing ratio (defined as the percentage of total borrowings over total assets) of SF REIT was 33.6% (31 December 2023: 33.3%), while the total liabilities as a percentage of total assets was 45.2% (31 December 2023: 45.0%).

Management Discussion and Analysis

Portfolio Valuation

In accordance with the REIT Code, Jones Lang LaSalle Corporate Appraisal and Advisory Limited has retired after serving a term of three years and completed the valuation of the properties of SF REIT as at 31 December 2023. Colliers International (Hong Kong) Limited has been appointed as the principal valuer of SF REIT, and commenced the valuation of the properties of SF REIT as at 30 June 2024 using the income capitalisation approach with reference to market sales transactions comparables.

As at 30 June 2024, the appraised value of SF REIT's portfolio was HK\$7,252.4 million (31 December 2023: HK\$7,388.2 million), representing a decrease by 1.8%. The following table summarises the valuation of SF REIT's properties as at 30 June 2024 and 31 December 2023.

	Appraised Value		HoH Changes		Capitalisation Rate			
	As at 30 June 2024	As at 31 December 2023	in HK\$	in local currency	As at 30 June 2024	As at 31 December 2023		
Hong Kong	<i>HK\$ million</i>	<i>HK\$ million</i>	%	%	%	%		
Tsing Yi Property	6,000.0	5,987.0	+0.2	+0.2	4.25	4.25		
Mainland China	<i>HK\$ million</i>	<i>RMB million</i>	<i>HK\$ million</i>	<i>RMB million</i>	%	%		
Changsha Property	540.7	503.3	605.1	550.4	-10.6	-8.6	5.55	5.25
Foshan Property	491.9	457.9	547.6	498.1	-10.2	-8.1	5.45	5.25
Wuhu Property	219.8	204.6	248.5	226.0	-11.5	-9.5	5.70	5.50
Sub-total	1,252.4	1,165.8	1,401.2	1,274.5	-10.6	-8.5		
Total	7,252.4	7,388.2			-1.8			

The Tsing Yi Property and properties in Mainland China were valued at HK\$6,000.0 million and HK\$1,252.4 million as at 30 June 2024, respectively (31 December 2023: HK\$5,987.0 million and HK\$1,401.2 million, respectively).

The Tsing Yi Property demonstrated a mild upward valuation, supported by a modest rise in passing rents. However, the properties in Mainland China experienced a 8.5% decrease in valuation in local currency terms down to RMB1,165.8 million (31 December 2023: RMB1,274.5 million). This was primarily attributable to an expansion of capitalisation rates and decline in market rental rates, reflecting a more cautious outlook on the economy and logistics market.



Management Discussion and Analysis

Capital Management

The banking facilities of SF REIT at the end of the Reporting Period include:

- (i) a five-year term loan facility for a principal amount up to HK\$2,159 million (the “**HK\$ Term Loan**”) at an interest rate of HIBOR plus 1.10% per annum maturing in May 2026 and a one-year revolving loan facility for a principal amount up to HK\$250 million at an interest rate of HIBOR plus 0.85% per annum (the “**HK\$ Revolving Loan**”, together with the HK\$ Term Loan, collectively the “**HK\$ Loans**”). The HK\$ Loans are secured by Tsing Yi Property and its rental collection account. As at 30 June 2024, the HK\$ Term Loan was fully drawn while the HK\$ Revolving Loan was not utilised during the Reporting Period;
- (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**”). In the second half of 2023, the REIT Manager successfully negotiated to reduce the fixed interest rate from 4.50% per annum to 3.95% per annum. The Foshan and Wuhu RMB Loans are secured by Foshan Property and the rental collection accounts of both Foshan Property and Wuhu Property. As at 30 June 2024, the total outstanding amount of Foshan and Wuhu RMB Loans amounted to approximately RMB100.8 million;
- (iii) an eight-year term loan facility (“**Changsha RMB 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. During the Reporting Period, the REIT Manager successfully negotiated to reduce the interest margin from a premium at 0.20% per annum to a discount of 0.45% per annum, reducing the total interest rate by 0.65% to 3.50% per annum. The Changsha RMB Loan is secured by Changsha Property, the rental collection account of Changsha Property and the entire shareholding of an indirect wholly-owned subsidiary of SF REIT holding Changsha Property. As at 30 June 2024, the total outstanding amount of Changsha RMB Loan amounted to approximately RMB247.5 million; and
- (iv) a one-year unsecured revolving sustainability-linked facility for a principal amount up to HK\$200 million or its equivalent in RMB at an interest rate of HIBOR plus 0.5% for HK\$ loan or 3.5% fixed for RMB loan per annum (the “**Sustainability-linked Loan**”), which is our first sustainability-linked facility. As at 30 June 2024, the Sustainability-linked Loan was not utilised during the Reporting Period.



Management Discussion and Analysis

In early 2022, SF REIT entered into IRS with maturity in February 2026 to hedge HK\$900 million of the HK\$ Term Loan to mitigate the impact of interest rate volatility. For the remaining portion of the HK\$ Term Loan, since July 2023, the REIT Manager has been controlling the finance costs through short-term IRS of around six months on a rolling basis, and has achieved interest savings since this strategy was adopted. During the Reporting Period, SF REIT entered into two short-term IRS to hedge the remaining HK\$1,259 million of the HK\$ Term Loan for the first half and the second half of 2024, respectively. This was carried out to protect against the market volatility as the timetable for interest rate cuts remains uncertain.

As at 30 June 2024, 100.0% of the HK\$ Term Loan was on interest rates that had been locked in with IRS. The REIT Manager will closely monitor the interest rates movements and may adjust the ratio of fixed and floating rate debt using financial instruments to hedge against the interest rate exposure, if and when appropriate.

For the Reporting Period, approximately 27.0% and 25.7% (30 June 2023: 27.9% and 26.5%) 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 Unitholders. Subsequent to the Reporting Period, SF REIT entered into foreign currency forward contracts to hedge RMB risk associated with the distributable income for the second half of 2024. The REIT Manager will continue to monitor the foreign exchange market and will take appropriate protective actions to mitigate foreign exchange risks, when necessary.

As at 30 June 2024, SF REIT had total cash and bank balances of HK\$165.0 million (31 December 2023: HK\$190.2 million) and available banking facilities of HK\$450 million (31 December 2023: 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.



Management Discussion and Analysis

Outlook and Strategy

Stepping into the second half of the year, the global economy is still shadowed by uncertainties. Whilst a number of the world's major central banks have already initiated a tide of easing measures since June 2024, the market is still awaiting the likely interest rate cut by the United States Federal Reserve. On the other hand, multiple elections scheduled in the year may also cause swings in economic policies.

Looking into China, the country is anticipated to maintain modest economic growth.⁶ Nonetheless, cross-border e-commerce is poised to continuously expand and sustain the demand for modern logistics properties. Coupled with a slowdown in new supply, the overall occupancy is projected to stabilise, albeit varying across locations. While certain regions are facing downward pressure due to excess supply, Southern China, particularly the Greater Bay Area, is exhibiting more positive trends with healthy occupancy and rents backed by the emerging cross-border e-commerce platforms.

Similarly, Hong Kong's general market is expected to stay sluggish. A silver lining is that consumers have been increasingly inclined towards online retail, bolstering the demand for modern logistics assets. Driven by the government's plan to develop the city into an international smart logistics hub, cross-border e-commerce is anticipated to continue scaling up. Meanwhile, the overall supply of modern logistics warehouses is still tight, as indicated by the low vacancy rate, which will support rental levels.

With a prime portfolio of strategically located and high-quality logistics assets, SF REIT has maintained a strategic partnership with our anchor tenant, the SFH Group, and healthy relationships with other third-party tenants. Looking ahead, the REIT Manager will uphold its proactive asset management and prudent risk management in navigating the prevailing turbulence, while benefiting from the likely interest rate cut. In addition, the REIT Manager will also continue to closely monitor the market and strengthening its capabilities, with an aim to act swiftly in possible acquisition plans targeting assets in the Greater Bay Area when the market turns positive, and to generate sustainable value for Unitholders.

6 International Monetary Fund, *World Economic Outlook Update*



Corporate Governance

SF REIT is committed to upholding high corporate governance standards and its corporate governance framework emphasises transparency, accountability and independence.

The REIT Manager recognises that good corporate governance is fundamental to the smooth, effective and transparent operation of SF REIT and its ability to attract investment, protect the rights of Unitholders and stakeholders, and enhance Unitholder value. As such, the REIT Manager is committed to fostering a culture of integrity based on a strong set of moral values, in order to uphold high standards of business ethics and enhance anti-corruption capabilities and awareness of all staff, and is also committed to upholding high corporate governance standards and has put in place policies and procedures to promote SF REIT's operations in a transparent manner and with built-in checks and balances.

The REIT Manager has adopted the Compliance Manual for the management and operation of SF REIT. The Compliance Manual sets out the key processes, systems and policies and procedures including the corporate governance policy.

Authorisation Structure

SF REIT is a collective investment scheme authorised by the SFC under section 104 of the SFO, regulated by the REIT Code and constituted by the Trust Deed. The REIT Manager is licensed by the SFC under section 116 of the SFO to conduct the regulated activity of asset management. The REIT Manager has three responsible officers, whose names appear in the "Corporate Information" section of this report, for the purposes of the SFO and the REIT Code.

The Trustee is a trust company registered under section 77 of the Trustee Ordinance (Chapter 29 of the Laws of Hong Kong) and is qualified to act as a trustee for collective investment schemes authorised under the SFO pursuant to the REIT Code.

The Trustee and the REIT Manager are independent of each other. The Trustee is responsible under the Trust Deed for the safe custody of the assets of SF REIT on behalf of the Unitholders and for overseeing the activities of the REIT Manager for compliance with the relevant constitutive documents of, and regulatory requirements applicable to, SF REIT. The REIT Manager is to manage SF REIT and its assets in accordance with the Trust Deed in the sole interest of the Unitholders and to fulfil the duties imposed on it under general law as the manager of SF REIT and, in particular, to ensure that the financial and economic aspects of SF REIT's assets are professionally managed in the sole interest of the Unitholders.

Board of the REIT Manager

The Board is responsible for the overall corporate governance of SF REIT. Within the limits defined by the REIT Manager's articles of association, the Board exercises its general powers to manage the business and affairs of SF REIT and to ensure that sound risk management and internal control systems are maintained.

Size and Composition

The Board currently consists of eight Directors, including one ED (who is the CEO), three NEDs (one of whom is the Board Chairman) and four INEDs. The Board considers that the current Board size is optimal and composition is well-balanced to facilitate efficient decision-making. The names of the Directors appear in the "Corporate Information" section of this report.

With effect from 29 April 2024, Mr. TAN Huay Lim ceased to act as an INED and Ms. LI Juhua stepped down from the Board as a NED. Saved as disclosed, there was no change in Board members during the Reporting Period and up to the date of approval of this report.

Independent Non-executive Directors

Four out of eight (50%) of the Board members are INEDs. This strong independent representation ensures that opinions of the INEDs carry weight inside the Board room. The INEDs bring constructive challenge and exercise independent judgement on management proposals and act objectively for the benefit of SF REIT and the Unitholders as a whole.

Each of the INEDs is appointed for a term of three years, subject to retirement by rotation and re-election by Unitholders at annual general meeting of SF REIT at least once every three years. Any INED who has held office for nine consecutive years shall be subject to re-election by Unitholders by way of ordinary resolution at the next following annual general meeting of SF REIT and at every third annual general meeting of SF REIT thereafter.

Board Chairman and Chief Executive Officer

The role of the Board Chairman (which is held by Mr. HO Chit) is separate from that of the CEO (which is held by Mr. Hubert CHAK) to reinforce accountability and responsibility. According to the Compliance Manual, the Board Chairman must be a NED. He is responsible for the overall leadership of the Board. The CEO, being an ED, is responsible for the day-to-day management and supervises the management team to ensure that SF REIT and the REIT Manager are operated in accordance with stated strategies, policies and regulations.



Corporate Governance

Board Committees of the REIT Manager

As announced by SF REIT on 28 June 2024, in order to enhance the efficiency and effectiveness of, and the level of independent representation in, all of the Board Committees, the Board approved the change in composition of the Investment Committee and the cessation of the Disclosures Committee with effect from 28 June 2024.

Immediately following the cessation of the Disclosures Committee, the Board has established three instead of four Board Committees, namely, the Investment Committee, the Audit Committee and the Nomination and Remuneration Committee, to assist the Board in discharging certain aspects of its duties. Each of these Board Committees is governed by its own written terms of reference.

All the Board Committees are provided with sufficient resources to discharge their duties and have access to professional advice, if necessary, at the REIT Manager's expenses.

Investment Committee

The Investment Committee is mainly responsible for evaluating and making recommendations on proposed acquisitions and/or disposals of assets; reviewing and making recommendations on capital management strategies (such as hedging activities), financing and refinancing arrangements, and investment and financial risks; and reviewing and recommending changes to financial authorities and policies or procedures in relation to treasury management.

With effect from 28 June 2024, Mr. Hubert CHAK, an ED and CEO, stepped down from being a member of the Investment Committee. As at the date of approval of this report, the Investment Committee comprises the following three members:

HO Chit* (chairman)
CHAN Ming Tak, Ricky**
Michael Tjahja SUSANTO**

* Non-executive Director

** Independent Non-executive Director

Audit Committee

The Audit Committee is mainly responsible for establishing and maintaining effective internal financial reporting system and internal control and risk management systems; ensuring the quality and integrity of financial statements; nominating independent external auditor; and reviewing the adequacy of external audit in respect of cost, scope and performance.

As at the date of approval of this report, the Audit Committee comprises the following three members:

CHAN Ming Tak, Ricky** (chairman)
HO Lap Kee**
KWOK Tun Ho, Chester**

** Independent Non-executive Director

At least one of the Audit Committee members possesses appropriate professional qualifications, accounting or related financial management expertise as required under Rule 3.21 of the Listing Rules (as if such rule were applicable to SF REIT).

Nomination and Remuneration Committee

The Nomination and Remuneration Committee is mainly responsible for reviewing the structure, size and composition of the Board and Board Committees; making recommendations on changes in members of the Board and Board Committees; developing the criteria for identifying and evaluating candidates for directorship; assessing the independence of INEDs; reviewing, implementing and monitoring the board diversity policy; reviewing, implementing and monitoring the nomination policy; overseeing and establishing the overall compensation strategy and policies, pay level and manpower succession plan; and making recommendations to the Board on the remuneration packages of Directors.

As at the date of approval of this report, the Nomination and Remuneration Committee comprises the following three members:

HO Lap Kee** (chairman)
HO Chit*
KWOK Tun Ho, Chester**

* Non-executive Director

** Independent Non-executive Director



Corporate Governance

Procedures to Deal with Conflict of Interests

SF REIT invests in income-generating real estate globally with an initial focus on logistics properties located in Hong Kong and Mainland China. While SFH's principal business is not the leasing of properties, its certain subsidiaries are engaged in the investment, development and management of logistics properties in Mainland China. The REIT Manager which manages SF REIT is an indirect subsidiary of SFH. Therefore, there may be circumstances where conflict of interests amongst the REIT Manager, SF REIT and SFH may arise. The Operations Manager is an indirect subsidiary of SFH and it also manages and services other properties held by SFH in the PRC. The Operations Manager may face conflict of interests in other activities of the SFH Group at an operational level. During the Reporting Period, three current NEDs, namely Mr. HO Chit, Ms. OOI Bee Ti and Ms. GAN Ling, and a former NED, namely, Ms. LI Juhua, hold directorships, shareholding interests or senior management positions in SFH and/or its subsidiaries and may therefore have conflict of interests in their involvement in the businesses of both the Group and the SFH Group.

To mitigate the potential conflict of interests with the SFH Group, the REIT Manager has maintained a strong representation of INEDs in the Board who are not related to the SFH Group and can therefore act independently for the sole interest of SF REIT and address any potential conflict of interests with the SFH Group.

With regard to the Operations Manager appointed for managing Foshan Property, Wuhu Property and Changsha Property, the REIT Manager has required certain sensitive operational functions, such as leasing and marketing, to be performed by dedicated and ringfenced teams within the Operations Manager. These ringfenced teams are made up of personnel whose performance is only measured by reference to their efforts in managing the properties of SF REIT, effectively aligning the interests of the Operations Manager with those of SF REIT and the Unitholders. The REIT Manager has also required the Operations Manager to implement measures such as "Chinese Walls", information technology systems with access rights control and clear reporting lines to protect sensitive property management information pertaining to the properties of SF REIT from being used by members of the SFH Group to the detriment of the Group.

Moreover, the REIT Manager has adopted the following measures to deal with conflict of interests generally:

- the REIT Manager is a dedicated manager to SF REIT and does not manage any other REIT;
- the REIT Manager will ensure that it is able to function independently from its shareholder, and its management staff are employed on a full-time basis solely for the operations of the Group;
- the REIT Manager has established procedures to deal with conflict of interests in the Compliance Manual;
- the REIT Manager has established control procedures to monitor connected party transactions between SF REIT and its connected persons;



Corporate Governance

- conflict of interests involving a Director or a substantial holder of SF REIT or other connected persons will be managed by convening a physical Board meeting where all INEDs having no material interest in the matter shall attend the meeting; and
- a Director who has a material interest in a matter shall abstain from voting on the resolution concerned and shall not be counted in quorum at the relevant Board meeting.

Whistleblowing and Anti-corruption

The REIT Manager has adopted a whistleblowing policy to ensure that proper arrangements are put in place for all employees and other stakeholders including suppliers, service providers or business partners of the REIT Manager and/or SF REIT and their respective subsidiaries to raise their concerns of any irregularities, suspected misconduct, malpractice or impropriety within the REIT Manager and/or SF REIT in confidence and without fear of reprisal or victimisation. Whistleblowers may raise concerns in writing to the CEO or the chairman of the Audit Committee.

The REIT Manager regards honesty, integrity and fair play as the core values of SF REIT that must be upheld by all Directors and employees of the REIT Manager at all times. The REIT Manager has adopted the anti-corruption policy, as complemented with the gifts and entertainment policy (collectively, the “**anti-corruption policies**”) to strictly prohibit all Directors and employees of the REIT Manager from soliciting, accepting or offering any bribe in the course of business of the REIT Manager and the Group. The REIT Manager has required all its Directors and employees to comply with the anti-corruption policies.

Compliance

Corporate Governance Code

SF REIT and the REIT Manager have applied the principles and complied with, to the extent applicable, the code provisions in the Corporate Governance Code contained in Appendix C1 to the Listing Rules throughout the Reporting Period.

Disclosure under Rule 13.51B(1) of the Listing Rules

Subsequent to the date of approval of SF REIT’s 2023 annual report, there have been the following changes in Directors’ information which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules (as if such rule were applicable to SF REIT):

- (i) Mr. TAN Huay Lim ceased to act as an INED, the chairman of the Audit Committee, a member of the Nomination and Remuneration Committee and a member of the Disclosures Committee with effect from 29 April 2024.



Corporate Governance

- (ii) Ms. LI Juhua stepped down from the Board as a NED with effect from 29 April 2024.
- (iii) Mr. CHAN Ming Tak, Ricky, an INED, was appointed as the chairman of the Audit Committee with effect from 29 April 2024.
- (iv) Mr. Hubert CHAK, an ED and CEO, was appointed as a member of the Disclosures Committee with effect from 29 April 2024 and stepped down from being a member of the Investment Committee with effect from 28 June 2024.
- (v) Ms. OOI Bee Ti, a NED, was appointed as a non-executive director of KEX Express (Thailand) Public Company Limited (formerly known as Kerry Express (Thailand) Public Company Limited), a company listed on the Thailand Stock Exchange and a subsidiary of SFH, with effect from 10 May 2024.
- (vi) Mr. Michael Tjahja SUSANTO, an INED, ceased to hold positions as Managing Director, Head of China and Head of Portfolio Management of Phoenix Property Investors with effect from 21 June 2024.
- (vii) Mr. HO Lap Kee, an INED, was re-appointed as a non-official member of the Land and Development Advisory Committee and its Land Sub-Committee from 1 July 2024 to 30 June 2027 upon expiry of his term on 30 June 2024.
- (viii) Following the cessation of Disclosures Committee with effect from 28 June 2024, Mr. CHAN Ming Tak, Ricky was no longer the chairman of the Disclosures Committee, and Mr. HO Lap Kee and Mr. Hubert CHAK were no longer members of the Disclosures Committee.

Code Governing Dealings in Units by Directors

The REIT Manager has adopted its own “Code Governing Dealings in Units by Directors” on terms no less exacting than the required standard as set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules to govern dealings in units by the Directors. The “Code Governing Dealings in Units by Directors” is extended to apply to the REIT Manager and those employees of the REIT Manager who are likely to be in possession of unpublished inside information in relation to SF REIT.

After making specific enquiry of all Directors, each of them confirmed that he/she had complied with the required standard as set out in the “Code Governing Dealings in Units by Directors” throughout the Reporting Period.

Other Compliance

Throughout the Reporting Period, SF REIT and the REIT Manager complied with the REIT Code, the SFO, applicable provisions of the Listing Rules, the Trust Deed and in all material respects the Compliance Manual.

Investor Relations and Communications

Unitholders' Communication Policy

The REIT Manager has adopted a Unitholders' communication policy which aims to maintain an effective communication with Unitholders and the investment community and to allow them to engage actively with the Group. The policy will be regularly reviewed to ensure its effectiveness. Announcements, circulars and other corporate communications covering financial and non-financial information of SF REIT are disseminated on a timely basis to keep Unitholders and the public informed of SF REIT's latest developments.

Corporate Communication Policy

To ensure proper dissemination of information, the REIT Manager has adopted a corporate communication policy to set the standard and guide Directors and staff to respond to external enquiries.

Unitholders and investors may direct their enquiries to the REIT Manager by email or post. The contact details of the REIT Manager are set out in the "Corporate Information" section of this report.

ESG Initiatives

The REIT Manager recognises the importance of integrating ESG principles and values into business decision-making process to create long-lasting value to Unitholders and society at large. It will continue to follow the key pillars of its ESG strategies, namely, green operation, partner engagement, employee empowerment and business integrity as stated in SF REIT's 2023 ESG report.

Other Disclosures

Certain other disclosures as required by the REIT Code and/or the Listing Rules can be found in the "Other Information" section of this report on pages 23 to 24.



Disclosure of Interests

The REIT Code requires connected persons of SF REIT to disclose their interests in units of SF REIT. Further, certain provisions of Part XV of the SFO in relation to disclosure of interests are deemed, pursuant to the Trust Deed, to apply to the REIT Manager, the Directors or the CEO and certain persons interested in units of SF REIT (including short positions).

Interests of Directors

As at 30 June 2024, none of the Directors or the CEO had any interests or short positions in units (or, as the case may be, shares) or underlying units (or, as the case may be, underlying shares) or debentures (if any) of SF REIT and/or its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register required to be kept by the REIT Manager pursuant to the Trust Deed, or as otherwise notified to the REIT Manager and the Hong Kong Stock Exchange pursuant to the provisions of Part XV of the SFO.

Interests of Substantial Unitholders

As at 30 June 2024, each of the following persons (other than the Directors or the CEO) had an interest of 5% or more in units of SF REIT as recorded in the register required to be kept by the REIT Manager pursuant to the Trust Deed:

Name of Unitholder	Capacity	Number of units held	Long position/ Short position/ Lending pool	Approximate percentage of total units in issue (%) ⁽³⁾
SF Fengtai ⁽¹⁾	Beneficial owner	290,999,999	Long position	35.88
SFH ⁽¹⁾	Interest of controlled corporations	290,999,999	Long position	35.88
深圳明德控股發展有限公司 (Shenzhen Mingde Holding Development Co., Ltd.) ⁽¹⁾	Interest of controlled corporations	290,999,999	Long position	35.88
WANG Wei ⁽¹⁾	Interest of controlled corporations	290,999,999	Long position	35.88
China Orient Asset Management (International) Holding Limited ⁽²⁾	Interest of controlled corporations	152,105,000	Long position	18.76

Notes:

As at 30 June 2024:

1. 290,999,999 units were held directly by SF Fengtai, a direct wholly-owned subsidiary of Sunny Sail Holding Limited. Sunny Sail Holding Limited was a direct wholly-owned subsidiary of SF Holding (HK) Limited (formerly known as SF Holding Limited) (“**SFHK**”). SFHK was a direct wholly-owned subsidiary of 深圳順豐泰森控股(集團)有限公司 (Shenzhen S.F. Taisen Holding (Group) Co., Ltd.) which itself was a direct wholly-owned subsidiary of SFH. SFH is a company listed on the Shenzhen Stock Exchange and being majority-owned by 深圳明德控股發展有限公司 (Shenzhen Mingde Holding Development Co., Ltd.), a company owned as to 99.9% by Mr. WANG Wei. Accordingly, 深圳明德控股發展有限公司 (Shenzhen Mingde Holding Development Co., Ltd.), SFH, 深圳順豐泰森控股(集團)有限公司 (Shenzhen S.F. Taisen Holding (Group) Co., Ltd.), SFHK and Sunny Sail Holding Limited were all deemed to be interested in the same batch of 290,999,999 units held directly by SF Fengtai. Mr. WANG Wei, by virtue of his 99.9% interests in 深圳明德控股發展有限公司 (Shenzhen Mingde Holding Development Co., Ltd.), was also deemed to be interested in the same batch of 290,999,999 units.
2. These interests represented:
 - (i) 124,154,000 units were held directly by China Orient Multi-Strategy Master Fund. China Orient Multi-Strategy Master Fund was 100% controlled by China Orient Multi-Strategy Fund and the latter itself was 98.3% controlled by China Orient International Fund Management Limited (“**China Orient International**”). China Orient International was 100% controlled by China Orient Asset Management (International) Holding Limited (“**China Orient Asset Management**”). Accordingly, China Orient Asset Management, China Orient International and China Orient Multi-Strategy Fund were all deemed to be interested in the same batch of 124,154,000 units held directly by China Orient Multi-Strategy Master Fund; and
 - (ii) 27,951,000 units were held directly by China Orient Enhanced Income Fund which was 100% controlled by China Orient International. China Orient International was 100% controlled by China Orient Asset Management. Accordingly, China Orient Asset Management and China Orient International were both deemed to be interested in the same batch of 27,951,000 units held directly by China Orient Enhanced Income Fund.
3. The approximate percentage was calculated based on a total of 810,999,999 units in issue.

Interests of the REIT Manager

As at 30 June 2024, the REIT Manager did not hold any interest in units of SF REIT.



Disclosure of Interests

Interests of Other Connected Persons

After making reasonable enquiries and according to the information available to the REIT Manager, as at 30 June 2024, the interests in units of SF REIT held by connected persons (other than substantial holders of SF REIT, Directors or the CEO, the REIT Manager itself, and their respective associates) were as follows:

Name of Unitholder	Number of units held	Approximate percentage of total units in issue (%)⁽²⁾
RREEF America LLC ⁽¹⁾	2,377,000	0.29
DB AG (New York) ⁽¹⁾	104,000	0.01

Notes:

1. RREEF America LLC and DB AG (New York) are associates of the Trustee.
2. The approximate percentage was calculated based on a total of 810,999,999 units in issue as at 30 June 2024.

Save as disclosed above, as at 30 June 2024, none of the Directors or the CEO or any of their respective associates and no other persons had any interests or short positions in units (or, as the case may be, shares) or underlying units (or, as the case may be, underlying shares) or debentures (if any) of SF REIT and/or its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register required to be kept by the REIT Manager pursuant to the Trust Deed, or as otherwise notified to the REIT Manager and the Hong Kong Stock Exchange pursuant to the provisions of Part XV of the SFO.



Other Information

Issue of New Units

On 9 April 2024, a total of 6,238,023 new units of SF REIT were issued to the REIT Manager at a price of HK\$2.364 per unit as entire payment of the REIT Manager's fee of HK\$14,746,687.78, being the aggregate of the base fee for the period from 1 July 2023 to 31 December 2023 and the variable fee for the financial year ended 31 December 2023.

As at 30 June 2024, the total number of units of SF REIT in issue was 810,999,999 units.

Sale and Purchase of Real Estate

SF REIT did not enter into any sale and purchase of real estate during the Reporting Period.

Details of the properties held by SF REIT as at 30 June 2024 are set out in Note 13(ii) to the condensed consolidated interim financial information.

Other Investments

SF REIT did not engage or participate in any Property Development and Related Activities (as defined in the REIT Code) nor did it invest in any Relevant Investments (as defined in the REIT Code) during the Reporting Period.

Employees

SF REIT is an externally managed REIT and therefore does not employ any staff directly. Directors and employees of the REIT Manager are remunerated by the REIT Manager from its own resources.

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.



Other Information

Review of Interim Financial Information

The condensed consolidated interim financial information of the Group for the Reporting Period had been reviewed by the Audit Committee and PricewaterhouseCoopers, the external auditor of SF REIT. The review report of the external auditor is set out in the “Independent Auditor’s Review Report” section of this report on pages 29 to 30.

Interim Distribution and Closure of Register of Unitholders

The interim distribution of HK14.71 cents per unit for the Reporting Period will be paid on Monday, 30 September 2024 to those Unitholders whose names appear on the register of Unitholders of SF REIT on Friday, 30 August 2024. For the purpose of ascertaining Unitholders’ entitlement to this distribution, the register of Unitholders of SF REIT will be closed on Friday, 30 August 2024. 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, 29 August 2024.

Approval of 2024 Interim Report

This 2024 interim report has been approved for issue by the Board on 15 August 2024.

Connected Party Transactions

Pursuant to Chapter 8 of the REIT Code, connected persons of SF REIT include the REIT Manager, the Trustee, the Directors, substantial holders and their respective associates. Set out below in this section are the connected party transactions entered into by SF REIT and/or its subsidiaries with connected persons during the Reporting Period.

Leasing Transactions with Connected Persons

On 29 April 2021 (Date of Establishment), the REIT Manager (in its capacity as manager of SF REIT) entered into a leasing framework agreement (the “**SF Leasing Framework Agreement**”) with 深圳順豐泰森控股(集團)有限公司 (Shenzhen S.F. Taisen Holding (Group) Co., Ltd.), a substantial holder and hence a connected person of SF REIT, for an initial term commencing from 17 May 2021 (Listing Date) and ending on 31 December 2026. Details of the leases entered into during the Reporting Period and rental income and other income (from provision of value-added services such as shuttle bus, cleaning and security guard services (the “**Add-on Services**”)) incurred are as follows:

Name of tenant	Relationship	Nature of transaction	Rental income and other income (excluding rental deposit) incurred for the Reporting Period <i>HK\$'000</i>	Deposit provided in the form of cash and/or bank guarantee <i>HK\$'000</i>
S.F. Express (China) Limited	associate of the REIT Manager ⁽¹⁾ associate of substantial holder ⁽²⁾ associate of a Director in the last 12 months ⁽³⁾	Lease of premises of Tsing Yi Property and provision of Add-on Services	60,314.8	32,485.3
S.F. Express (Hong Kong) Limited	associate of the REIT Manager ⁽¹⁾ associate of substantial holder ⁽²⁾ associate of a Director in the last 12 months ⁽³⁾	Lease of premises of Tsing Yi Property and provision of Add-on Services	50,926.1	28,602.8
佛山順豐速運有限公司 (Foshan S.F. Express Co., Ltd.)	associate of the REIT Manager ⁽¹⁾ associate of substantial holder ⁽²⁾ associate of a Director in the last 12 months ⁽³⁾	Lease of premises of Foshan Property	25,366.5	8,672.9
安徽順豐速運有限公司 (Anhui S.F. Express Co., Ltd.)	associate of the REIT Manager ⁽¹⁾ associate of substantial holder ⁽²⁾ associate of a Director in the last 12 months ⁽³⁾	Lease of premises of Wuhu Property	5,344.8	985.9

Connected Party Transactions

Name of tenant	Relationship	Nature of transaction	Rental income and other income (excluding rental deposit) incurred for the Reporting Period <i>HK\$'000</i>	Deposit provided in the form of cash and/or bank guarantee <i>HK\$'000</i>
安徽順和快運有限公司 (Anhui Shunhe Freight Co., Ltd.)	associate of the REIT Manager ⁽¹⁾ associate of substantial holder ⁽²⁾ associate of a Director in the last 12 months ⁽³⁾	Lease of premises of Wuhu Property	4,453.3	813.6
湖南順豐快運有限公司 (Hunan S.F. Freight Co., Ltd.)	associate of the REIT Manager ⁽¹⁾ associate of substantial holder ⁽²⁾ associate of a Director in the last 12 months ⁽³⁾	Lease of premises of Changsha Property	5,429.3	2,074.5
湖南順豐速運有限公司 (Hunan S.F. Express Co., Ltd.)	associate of the REIT Manager ⁽¹⁾ associate of substantial holder ⁽²⁾ associate of a Director in the last 12 months ⁽³⁾	Lease of premises of Changsha Property	11,248.2	4,086.0
浙江雙捷供應鏈科技有限公司 (Zhejiang Shuangjie Supply Chain Technology Co., Ltd.)	associate of the REIT Manager ⁽¹⁾ associate of substantial holder ⁽²⁾ associate of a Director in the last 12 months ⁽³⁾	Lease of premises of Changsha Property	1,122.3	385.7
Total			164,205.3	

Notes:

- (1) a fellow subsidiary of the REIT Manager
- (2) a subsidiary of SFH, a substantial holder of SF REIT
- (3) an associate of Mr. WANG Wei, a Director in the last 12 months



Connected Party Transactions

The REIT Manager had applied for, and the SFC had granted, a waiver exempting SF REIT from strict compliance with, in respect of the SF Leasing Framework Agreement, the announcement, circular and independent Unitholders' approval requirements under Chapter 14A of the Listing Rules (modified as appropriate pursuant to paragraph 2.26 of the REIT Code). Throughout the Reporting Period, the REIT Manager had complied with the conditions of the SFC waiver. The total rental income and other income incurred under the SF Leasing Framework Agreement for the Reporting Period were HK\$164.2 million, which did not exceed the annual cap of rental income and other income of HK\$412.5 million for the financial year ending 31 December 2024.

Operations Management Transactions with Connected Persons

Upon expiry of the operations management agreements (as novated) on 31 December 2023, each of Foshan Runzhong, Wuhu Fengtai and Changsha Jietai, subsidiaries of SF REIT, entered into a new operations management agreement with the Operations Manager (collectively, the “**Operations Management Agreements**”) on 13 December 2023 in relation to the provision of operations and property management services for the Foshan Property, Wuhu Property and Changsha Property (collectively, the “**PRC Properties**”) for a new term of three years, commencing from 1 January 2024 and ending on 31 December 2026 (both days inclusive).

Details of the management fee incurred under the Operations Management Agreements during the Reporting Period are as follows:

Name of Operations Manager	Relationship	Nature of transaction	Expenses (management fee) incurred for the Reporting Period <i>HK\$'000</i>
深圳市豐泰產業園管理服務有限公司 (Shenzhen Fengtai Industrial Park Management Service Co., Ltd.)	associate of the REIT Manager ⁽¹⁾ associate of substantial holder ⁽²⁾ associate of a Director in the last 12 months ⁽³⁾	Provision of operations and property management services for the PRC Properties	1,325.6

Notes:

- (1) a fellow subsidiary of the REIT Manager
- (2) a subsidiary of SFH, a substantial holder of SF REIT
- (3) an associate of Mr. WANG Wei, a Director in the last 12 months

The total management fee incurred under the Operations Management Agreements in respect of the PRC Properties for the Reporting Period was HK\$1.3 million, which did not exceed the annual cap of management fee of HK\$5.1 million for the financial year ending 31 December 2024.



Connected Party Transactions

Other Disclosures under the REIT Code

Pursuant to the REIT Code, services provided to SF REIT by the REIT Manager and the Trustee as contemplated under the constitutive documents shall not be treated as connected party transactions but particulars (such as terms and remuneration) of the relevant services (except where any service transaction has a value of not more than HK\$1 million) shall be disclosed in the next published interim or annual report.

Pursuant to the Trust Deed, Trustee's fee is payable on a semi-annual basis. For the Reporting Period, Trustee's fee of approximately HK\$0.8 million was incurred for services provided by the Trustee.

Pursuant to the Trust Deed, REIT Manager's fee includes base fee payable on a semi-annual basis, variable fee payable on an annual basis and, wherever applicable, acquisition fee and divestment fee. For the Reporting Period, REIT Manager's fee of approximately HK\$13.3 million was incurred.

Further details of Trustee's fee and REIT Manager's fee incurred for the Reporting Period are respectively set out in Note 23(b)(vi) and Notes 11 and 23(b)(v) to the condensed consolidated interim financial information.



Independent Auditor's Review Report



羅兵咸永道

**Report on Review of Condensed Consolidated Interim Financial Information
To the Board of Directors of SF REIT Asset Management Limited**
(as "Manager" of SF Real Estate Investment Trust)

Introduction

We have reviewed the condensed consolidated interim financial information ("**Interim Financial Information**") set out on pages 31 to 67, which comprises the condensed consolidated balance sheet of SF Real Estate Investment Trust ("**SF REIT**") and its subsidiaries (together, the "**Group**") as at 30 June 2024 and the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in net assets attributable to Unitholders, the consolidated distribution statement, and the condensed consolidated statement of cash flows for the six-month period then ended, and selected explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on Interim Financial Information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting". The directors of the Manager are responsible for the preparation and presentation of this Interim Financial Information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this Interim Financial Information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with 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. A review of Interim Financial Information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com



Independent Auditor's Review Report

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Interim Financial Information of the Group is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 15 August 2024

Condensed Consolidated Income Statement

For the six months ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Revenue	4	221,837	223,620
Property operating expenses	6	(42,267)	(42,930)
Net property income		179,570	180,690
General and administrative expenses	7	(17,198)	(17,612)
Fair value changes on investment properties	13	(102,677)	71,102
Other gains/(losses) – net	8	3,122	(443)
Operating profit		62,817	233,737
Finance income		4,255	4,881
Finance costs	9	(56,604)	(53,462)
Profit before taxation and transactions with Unitholders		10,468	185,156
Income tax expense	10	1,714	(36,947)
Profit for the period, before transactions with Unitholders		12,182	148,209
Distribution paid to Unitholders			
– 2022 final distribution, paid on 28 April 2023		–	(112,544)
– 2023 final distribution, paid on 23 April 2024		(112,828)	–
		(100,646)	35,665
Basic earnings per unit	12	HK1.51 cents	HK18.53 cents
Diluted earnings per unit	12	HK1.50 cents	HK18.42 cents

The notes on pages 38 to 67 are an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2024

	Before transactions with Unitholders <i>HK\$'000</i> (Unaudited)	Transactions with Unitholders (Note) <i>HK\$'000</i> (Unaudited)	After transactions with Unitholders <i>HK\$'000</i> (Unaudited)
Six months ended 30 June 2024			
Profit for the period	12,182	7,070	19,252
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	1,185	–	1,185
Exchange loss on translation of financial statements	(20,437)	–	(20,437)
Total comprehensive income for the period	(7,070)	7,070	–
Six months ended 30 June 2023			
Profit for the period	148,209	(120,730)	27,479
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	2,427	–	2,427
Exchange loss on translation of financial statements	(29,906)	–	(29,906)
Total comprehensive income for the period	120,730	(120,730)	–

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 29 April 2021 (Date of Establishment). Accordingly, the units contain contractual obligations of the trust to pay cash distributions to Unitholders 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 International Accounting Standard ("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.

The notes on pages 38 to 67 are an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Balance Sheet

As at 30 June 2024

	Notes	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
ASSETS			
Non-current assets			
Investment properties	13	7,252,407	7,388,198
Property, plant and equipment		12,775	13,761
Land use rights		558	578
Intangible assets		95	133
Derivative financial instruments	14	34,346	32,950
		7,300,181	7,435,620
Current assets			
Trade receivables	15	2,127	1,794
Amounts due from related companies	23(c)(i)	7,403	8,186
Prepayments and other receivables		17,739	20,796
Derivative financial instruments	14	955	–
Restricted cash		38,904	35,645
Cash and cash equivalents		164,990	190,247
		232,118	256,668
Total assets		7,532,299	7,692,288
LIABILITIES			
Current liabilities			
Borrowings	16	46,414	47,464
Trade payables	18	351	857
Amounts due to connected persons and related companies	19, 23(c)(ii)	80,327	83,437
Other payables	20	65,006	73,201
Current tax liabilities		2,711	3,261
		194,809	208,220



Condensed Consolidated Balance Sheet

As at 30 June 2024

	Notes	30 June 2024 <i>HK\$'000</i> (Unaudited)	31 December 2023 <i>HK\$'000</i> (Audited)
Non-current liabilities, excluding net assets attributable to Unitholders			
Borrowings	16	2,485,230	2,515,970
Deferred tax liabilities	17	687,339	696,727
Deferred government grants		36,455	37,753
		3,209,024	3,250,450
Net current assets		37,309	48,448
Total assets less current liabilities		7,337,490	7,484,068
Total liabilities, excluding net assets attributable to Unitholders		3,403,833	3,458,670
Net assets attributable to Unitholders		4,128,466	4,233,618
Units in issue (Thousand)		811,000	804,762
Net assets per unit attributable to Unitholders		HK\$5.09	HK\$5.26

The notes on pages 38 to 67 are an integral part of this condensed consolidated interim financial information.

On behalf of the board of directors of SF REIT Asset Management Limited, as manager of SF Real Estate Investment Trust

HO Chit
Director

Hubert CHAK
Director

Condensed Consolidated Statement of Changes in Net Assets Attributable to Unitholders

For the six months ended 30 June 2024

	Note	Net assets attributable to Unitholders <i>HK\$'000</i> (Unaudited)
As at 1 January 2024		4,233,618
Units issued to REIT Manager	11	14,746
Profit for the period, before transactions with Unitholders		12,182
Distribution paid to the Unitholders		(112,828)
Exchange loss on translation of financial statements		(20,437)
Cash flow hedging reserve		1,185
As at 30 June 2024		4,128,466
As at 1 January 2023		4,259,993
Profit for the period, before transactions with Unitholders		148,209
Distribution paid to the Unitholders		(112,544)
Exchange loss on translation of financial statements		(29,906)
Cash flow hedging reserve		2,427
As at 30 June 2023		4,268,179

The notes on pages 38 to 67 are an integral part of this condensed consolidated interim financial information.

Consolidated Distribution Statement

For the six months ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Profit for the period, before transactions with Unitholders		12,182	148,209
Adjustments:			
– Fair value changes on investment properties	13	102,677	(71,102)
– Fair value gains on financial instruments	8	(932)	–
– REIT Manager's fee payment in the form of units	11	13,260	13,010
– Differences between finance cost and interest paid and payable in accordance with contractual obligations		399	108
– Deferred tax (credit)/charges	10	(8,388)	31,247
– Depreciation and amortisation		1,066	1,060
– Appropriation to PRC statutory reserve		(1,581)	(1,103)
– Amortisation of government grants		(439)	(456)
– Non-cash foreign exchange loss		605	836
– Differences between accrued rental income and contractual rental receipts		490	(4,722)
Total distributable income		119,339	117,087
Percentage of distribution over total distributable income for the period (Note (i))		100%	100%
Interim distribution for the period to be paid to Unitholders (Note (ii))		119,339	117,087
Units in issue (Thousand)		811,000	800,000
Distribution per unit for the period (Note (ii))		HK14.71 cents	HK14.64 cents

Notes:

- (i) Pursuant to the Trust Deed, the distributable income is 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 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 six months ended 30 June 2024.
- (ii) The interim distribution per unit of HK14.71 cents for the six months ended 30 June 2024 (2023 interim distribution per unit: HK14.64 cents) was calculated based on the interim distribution amount of HK\$119,339,000 (2023 interim distribution: HK\$117,087,000) over 810,999,999 units in issue as at 30 June 2024 (30 June 2023: 800,000,000 units in issue). The interim distribution will be paid on 30 September 2024 (2023 interim distribution: 25 September 2023).

The notes on pages 38 to 67 are an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Cash flows from operating activities		
Cash generated from operations	129,844	120,850
Interest received	4,255	4,929
Income tax paid	(7,151)	(7,740)
Net cash generated from operating activities	126,948	118,039
Cash flows from investing activities		
Transfer from restricted cash	46,799	47,051
Settlement of investment properties payable	(10,157)	(24,811)
Additions of property, plant and equipment	(680)	(2,723)
Additions of intangible assets	(9)	–
Net cash generated from investing activities	35,953	19,517
Cash flows from financing activities		
Distributions paid to Unitholders	(112,828)	(112,544)
Interest paid	(52,039)	(53,360)
Repayments of borrowings	(23,004)	(23,913)
Net cash used in financing activities	(187,871)	(189,817)
Net decrease in cash and cash equivalents	(24,970)	(52,261)
Cash and cash equivalents at beginning of the period	190,247	274,136
Effects of exchange rate changes on cash and cash equivalents	(287)	(828)
Cash and cash equivalents at end of the period	164,990	221,047

The notes on pages 38 to 67 are an integral part of this condensed consolidated interim financial information.



Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

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 (the “**Stock Exchange**”) on 17 May 2021. SF REIT is governed by a trust deed dated 29 April 2021 entered into between 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 whereas its subsidiaries (together with SF REIT referred to as 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 offices of the REIT Manager and the Trustee, are Room 2002, 20th Floor, 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 condensed consolidated interim financial information is presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Group.

2. Basis of preparation

The condensed consolidated interim financial information for the six months ended 30 June 2024 has been prepared in accordance with IAS 34, ‘Interim Financial Reporting’ issued by the International Accounting Standards Board. In addition, the condensed consolidated interim financial information includes 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 annual financial statements for the year ended 31 December 2023, which have been prepared in accordance with IFRS Accounting Standards (“**IFRS**”).

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



Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

3. Accounting policies

The accounting policies adopted are consistent with those of the annual consolidated financial statements for the year ended 31 December 2023, as described in those annual consolidated financial statements, except for the adoption of amended IFRSs effective as at 1 January 2024, details of which are set out below:

New standards and amendments to standards and Interpretations

The following new and amended standards and interpretation are mandatory for the first time for the financial period beginning on or after 1 January 2024:

Amendments to IAS 1	Classification of liabilities as current or non-current
Amendments to IAS 1	Non-current liabilities with covenants
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

As a result of the adoption of the amendments to IAS 1, the Group changed its accounting policy for the classification of borrowings as below:

“Borrowings are classified as current liabilities unless at the end of the reporting period, the Group has a right to defer settlement of the liability for at least 12 months after the reporting period.”

This new policy did not result in a change in the classification of the Group’s borrowings. The Group did not make retrospective adjustments as a result of adopting the amendments to IAS 1.

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

		Effective for accounting periods beginning on or after
Amendments to IAS 21	Lack of Exchangeability	1 January 2025
Amendment to IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments	1 January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined



Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

3. Accounting policies (continued)

New standards and amendments to standards and Interpretations (continued)

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

4. Revenue

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Rental income	188,941	189,627
Management service income	26,416	25,803
Others (Note)	6,480	8,190
	221,837	223,620

Note: Others mainly represent revenue generated from supplementary services, which is recognised at a point in time.

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 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 Mainland China.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

5. Segment information (continued)

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

	Hong Kong <i>HK\$'000</i> (Unaudited)	Mainland China <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Six months ended 30 June 2024			
Segments revenue	161,935	59,902	221,837
Net property income	133,473	46,097	179,570
Fair value changes on investment properties	13,000	(115,677)	(102,677)
General and administrative expenses			(17,198)
Other gains – net			3,122
Finance income			4,255
Finance costs			(56,604)
Income tax expense			1,714
Profit for the period, before transactions with Unitholders			12,182
Six months ended 30 June 2023			
Segments revenue	161,318	62,302	223,620
Net property income	132,825	47,865	180,690
Fair value changes on investment properties	46,000	25,102	71,102
General and administrative expenses			(17,612)
Other losses – net			(443)
Finance income			4,881
Finance costs			(53,462)
Income tax expense			(36,947)
Profit for the period, before transactions with Unitholders			148,209

Depreciation and amortisation of Hong Kong segment and Mainland China segment for the six months ended 30 June 2024 was approximately HK\$607,000 (30 June 2023: HK\$582,000) and approximately HK\$459,000 (30 June 2023: HK\$478,000) respectively.



Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

5. Segment information (continued)

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:

	30 June 2024 <i>HK\$'000</i> (Unaudited)	31 December 2023 <i>HK\$'000</i> (Audited)
Segment assets		
Hong Kong	6,015,905	6,002,138
Mainland China	1,331,855	1,484,561
All other segments	184,539	205,589
	7,532,299	7,692,288
Segment liabilities, excluding net assets attributable to Unitholders		
Hong Kong	737,071	725,136
Mainland China	469,359	540,807
All other segments	2,197,403	2,192,727
	3,403,833	3,458,670

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

6. Property operating expenses

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Property management fees	19,631	21,345
– Building management fees (Note (i))	14,621	14,594
– Supplemental services related expenses	5,010	6,751
Rates and government rent	4,684	4,462
Repairs and maintenance	5,343	4,168
Electricity and water fee	3,060	3,300
Other taxes (Note (ii))	7,921	8,114
Others	1,628	1,541
	42,267	42,930

Notes:

- (i) Building management fees included the operations management fee to the operations manager which is a subsidiary of S.F. Holding Co., Ltd. of approximately HK\$1,326,000 for the six months ended 30 June 2024 (30 June 2023: HK\$1,326,000).
- (ii) Other taxes mainly include property tax, land use tax, and stamp duty of Mainland China.



Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

7. General and administrative expenses

	Six months ended 30 June	
	2024 <i>HK\$'000</i> (Unaudited)	2023 <i>HK\$'000</i> (Unaudited)
Auditor's remuneration		
– Audit and audit-related assurance services	1,170	1,405
– Other services	108	111
REIT Manager's fee	13,260	13,010
Trustee's fee	753	776
Principal valuer's fee	90	109
Legal and professional fees	1,491	1,970
Bank charges	31	32
Others	295	199
	17,198	17,612

8. Other gains/(losses) – net

	Six months ended 30 June	
	2024 <i>HK\$'000</i> (Unaudited)	2023 <i>HK\$'000</i> (Unaudited)
Government grants	2,918	456
Fair value gains on financial instruments	932	–
Exchange losses, net	(739)	(936)
Others	11	37
	3,122	(443)

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

9. Finance costs

	Six months ended 30 June	
	2024 <i>HK\$'000</i> (Unaudited)	2023 <i>HK\$'000</i> (Unaudited)
Interest expenses on bank borrowings	56,205	53,075
Amortisation of cost of debts	399	387
	56,604	53,462

10. Income tax expense

Income tax expense is 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 2024, Hong Kong profits tax was subject to the rate of 16.5% (30 June 2023: 16.5%) on the estimated assessable profit. The Group's subsidiaries in Mainland China had provided for corporate income tax ("CIT") at a standard rate of 25% (30 June 2023: 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% (30 June 2023: 10%).

	Six months ended 30 June	
	2024 <i>HK\$'000</i> (Unaudited)	2023 <i>HK\$'000</i> (Unaudited)
Current income tax		
– Mainland China CIT	6,520	5,559
– Withholding taxes	154	141
Deferred income tax	(8,388)	31,247
	(1,714)	36,947



Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

11. REIT Manager's fee

Pursuant to the Trust Deed, the REIT Manager is entitled to receive management fee for its services as the manager of SF REIT, which is calculated based on 10% per annum of the base fee distributable income as remuneration (the "**Base Fee**"). The base fee distributable income is the amount of the total distributable income to Unitholders calculated before accounting for the Base Fee payable for the period.

The REIT Manager may elect at its sole discretion to receive the REIT Manager's fee in the form of cash or entirely or partly in the form of units of SF REIT. If no election is made, the most recent valid election made by the REIT Manager in a prior calendar year (if any) shall apply. Pursuant to the announcement of SF REIT dated 10 January 2023, the REIT Manager elected to receive the REIT Manager's fee for the year ended 31 December 2023 entirely in the form of new units issued by SF REIT. The REIT Manager did not make any election for the year ending 31 December 2024, the most recent valid election made by the REIT Manager for the year ended 31 December 2023 shall apply. On 9 April 2024, a total of 6,238,023 new units of SF REIT were issued to the REIT Manager at a price of HK\$2.364 per unit as entire payment of the REIT Manager's fee of approximately HK\$14,746,000, being the aggregate of the Base Fee for the period from 1 July 2023 to 31 December 2023 and the variable fee for the financial year ended 31 December 2023.

	Six months ended 30 June	
	2024 <i>HK\$'000</i> (Unaudited)	2023 <i>HK\$'000</i> (Unaudited)
REIT Manager's fee		
In the form of units	13,260	13,010

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

12. Earnings per unit

(i) Basic

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.

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Profit for the period, before transactions with Unitholders (HK\$'000)	12,182	148,209
Weighted average number of units for the period (Thousand)	807,607	800,000
Basic earnings per unit (HK cents)	1.51	18.53

(ii) Diluted

Diluted earnings per unit based upon profit for the period before transactions with Unitholders is calculated by adjusting the weighted average number of units in issue and assuming all dilutive potential units are issued. SF REIT has manager's fee to be paid entirely in the form of units during the period which are dilutive potential units.

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Profit for the period, before transactions with Unitholders (HK\$'000)	12,182	148,209
Weighted average number of units for the period (Thousand)	807,607	800,000
Adjustments for manager's fee to be paid entirely in the form of units (Thousand) (Note)	4,966	4,646
Weighted average number of units for diluted earnings per unit (Thousand)	812,573	804,646
Diluted earnings per unit (HK cents)	1.50	18.42

Note: For illustration purpose, the number of units adjusted for manager's fee to be paid entirely in the form of units of SF REIT was calculated based on the average closing price of the units of SF REIT on the Stock Exchange for the five consecutive trading days immediately preceding 30 June 2024 and 2023.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

13. Investment properties

	<i>HK\$'000</i>
	(Unaudited)
As at 1 January 2024	7,388,198
Cost adjustments (Note)	(2,029)
Fair value changes on investment properties	(102,677)
Currency translation differences	(31,085)
As at 30 June 2024	7,252,407
	<i>HK\$'000</i>
	(Audited)
As at 1 January 2023	7,377,618
Cost adjustments (Note)	(21,954)
Fair value changes on investment properties	55,013
Currency translation differences	(22,479)
As at 31 December 2023	7,388,198

Note:

The amount included the construction cost adjustments of Foshan property and Changsha property, arising from settlements for the period ended 30 June 2024 and for the year ended 31 December 2023.

(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 by Colliers International (Hong Kong) Limited (the "**Principal Valuer**"), an independent firm of professional qualified valuers, which was newly appointed as the Principal Valuer of SF REIT for property valuation as at 30 June 2024. The independent property valuation as at 31 December 2023 was performed by Jones Lang LaSalle Corporate Appraisal and Advisory Limited.

(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.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

13. Investment properties (continued)

(ii) Valuation Techniques (continued)

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 valuation technique is summarised as below with its significant unobservable inputs.

Investment properties held by the Group	Fair value hierarchy	Valuation	Valuation technique and significant unobservable inputs	Significant unobservable inputs	Relationship of significant unobservable inputs to fair value
Asia Logistics Hub – SF Centre (亞洲物流中心—順豐大廈) No. 36 Tsing Yi Hong Wan Road, (Tsing Yi Town Lot No. 180), Tsing Yi, New Territories, Hong Kong	Level 3	30 June 2024: HK\$6,000,000,000 (31 December 2023: HK\$5,987,000,000)	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 2024 (31 December 2023: 3.75%).	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 4.25% as at 30 June 2024 (31 December 2023: 4.25%).	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 HK\$13.09/sq. ft./month as at 30 June 2024 (31 December 2023: HK\$13.50/sq. ft./month).	The higher the monthly market rent, the higher the fair value.



Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

13. Investment properties (continued)

(ii) Valuation Techniques (continued)

Investment properties held by the Group	Fair value hierarchy	Valuation	Valuation technique and significant unobservable inputs	Significant unobservable inputs	Relationship of significant unobservable inputs to fair value
Changsha Fengtai Industrial Park (長沙豐泰產業園) No. 102, Hexin Road, Huangxin Town, Changsha City, Hunan Province, The PRC	Level 3	30 June 2024: HK\$540,690,000 (RMB503,300,000) 31 December 2023: HK\$605,115,000 (RMB550,400,000)	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 5.05% as at 30 June 2024 (31 December 2023: 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 5.55% as at 30 June 2024 (31 December 2023: 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 RMB28.34/ sq.m./month as at 30 June 2024 (31 December 2023: RMB29.05/ sq.m./month).	The higher the monthly market rent, the higher the fair value.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

13. Investment properties (continued)

(ii) Valuation Techniques (continued)

Investment properties held by the Group	Fair value hierarchy	Valuation	Valuation technique and significant unobservable inputs	Significant unobservable inputs	Relationship of significant unobservable inputs to fair value
Foshan Guicheng Fengtai Industrial Park (佛山桂城豐泰產業園) The northern side of Guanli Road and the western side of Guihe Road, Nanhai District, Foshan City, Guangdong Province, PRC	Level 3	30 June 2024: HK\$491,917,000 (RMB457,900,000)	Income capitalisation method with cross reference to the direct comparison approach		
		(31 December 2023: HK\$547,616,000 (RMB498,100,000))			
		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 4.95% as at 30 June 2024 (31 December 2023: 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 5.45% as at 30 June 2024 (31 December 2023: 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 RMB 43.45/sq.m/month as at 30 June 2024 (31 December 2023: RMB43.55/sq.m/month).	The higher the monthly market rent, the higher the fair value.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

13. Investment properties (continued)

(ii) Valuation Techniques (continued)

Investment properties held by the Group	Fair value hierarchy	Valuation	Valuation technique and significant unobservable inputs	Significant unobservable inputs	Relationship of significant unobservable inputs to fair value	
Wuhu Fengtai Industrial Park (蕪湖豐泰產業園) No. 61 Longteng Road, Jiujiang District, Wuhu City, Anhui Province, The PRC	Level 3	30 June 2024: HK\$219,800,000 (RMB204,600,000) 31 December 2023: HK\$248,467,000 (RMB226,000,000)	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 5.20% as at 30 June 2024 (31 December 2023: 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 5.70% as at 30 June 2024 (31 December 2023: 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 RMB24.44/sq.m./month as at 30 June 2024 (31 December 2023: RMB24.92/sq.m./month).	The higher the monthly market rent, the higher the fair value.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

13. Investment properties (continued)

(iii) Restriction on the investment properties

SF REIT 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 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 2024, certain of the Group’s investment properties in Mainland China and Hong Kong, amounting to approximately HK\$1,032,607,000 (31 December 2023: HK\$1,152,731,000) and HK\$6,000,000,000 (31 December 2023: HK\$5,987,000,000) respectively, were pledged to secure the Group’s loan facilities of HK\$2,531,644,000 (31 December 2023: HK\$2,563,434,000).

14. Derivative financial instruments

	30 June 2024 <i>HK\$'000</i> (Unaudited)	31 December 2023 <i>HK\$'000</i> (Audited)
Derivative assets		
Designated as cash flow hedge		
– Interest rate swap contracts	34,369	32,950
Designated as financial instruments		
– Interest rate swap contracts	932	–
	35,301	32,950
Less: Derivatives with maturities less than one year which were presented under current assets		
Designated as cash flow hedge		
– Interest rate swap contracts	(23)	–
Designated as financial instruments		
– Interest rate swap contracts	(932)	–
	34,346	32,950



Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

14. Derivative financial instruments (continued)

Interest rate swap contracts

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 fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2 of the fair value hierarchy.

The fair values of interest rate swap contracts are calculated by reference to the present values of the estimated future cash flows, taking into account market observable yield curves. Interest rate swap contracts are included in Level 2 of the fair value hierarchy. During the six months ended 30 June 2024 and 2023, there were no transfers between the three levels of the fair value hierarchy.

The Group enters into the interest rate swaps that have similar critical terms as the hedged item, such as reference rate, payment dates, and maturities. The Group does not hedge 100% of its loans, therefore the hedged item is identified as a proportion of the outstanding loans up to the notional amount of the swaps. As all critical terms matched during the period, there is an economic relationship. Accordingly, the interest rate swaps are designated as cash flow hedges of the loans.

	30 June 2024 <i>HK\$'000</i> (Unaudited)	31 December 2023 <i>HK\$'000</i> (Audited)
Carrying amount	34,369	32,950
Notional amount	2,159,000	900,000
Maturity date	July 2024 to February 2026	February 2026
Hedge ratio	1:1	1:1

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

14. Derivative financial instruments (continued)

Hedging reserves

The movement of the Group's hedging reserves relating to interest rate swaps is as follows.

	Interest rate swaps <i>HK\$'000</i> (Unaudited)
As at 1 January 2024	27,514
Change in fair value of hedging instrument recognised in other comprehensive income ("OCI") for the period	14,984
Reclassified from OCI to profit or loss-included in finance costs	(13,565)
Deferred tax	(234)
As at 30 June 2024	28,699
	<i>HK\$'000</i> (Audited)
As at 1 January 2023	42,764
Change in fair value of hedging instrument recognised in OCI for the period	5,721
Reclassified from OCI to profit or loss-included in finance costs	(23,985)
Deferred tax	3,014
As at 31 December 2023	27,514

15. Trade receivables

	30 June 2024 <i>HK\$'000</i> (Unaudited)	31 December 2023 <i>HK\$'000</i> (Audited)
Trade receivables		
– Third parties	2,127	1,794
– Related companies (Note)	7,403	8,186
	9,530	9,980

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



Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

15. Trade receivables (continued)

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 2024 and 31 December 2023, a significant portion of the trade receivables and future trade receivables were and will be pledged to secure the Group's bank borrowings.

(i) The ageing analysis of trade receivables, based on invoice date, were as follows:

	30 June 2024 <i>HK\$'000</i> (Unaudited)	31 December 2023 <i>HK\$'000</i> (Audited)
Within 30 days	9,530	9,980

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

16. Borrowings

	30 June 2024 <i>HK\$'000</i> (Unaudited)	31 December 2023 <i>HK\$'000</i> (Audited)
Principal amounts of bank borrowings, secured	2,533,167	2,565,270
Capitalisation of transaction costs	(1,523)	(1,836)
	2,531,644	2,563,434
Less: Borrowings with maturities less than one year which were presented under current liabilities	(46,414)	(47,464)
	2,485,230	2,515,970

As at 30 June 2024, the weighted average effective interest rate on bank borrowings by outstanding principal amounts was 4.31% per annum (31 December 2023: 4.83% per annum).

Please refer to Note 9 for the finance cost on borrowings for the six months ended 30 June 2024 and 2023.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

16. Borrowings (continued)

As at 30 June 2024, the Group's investment properties of approximately HK\$7,032,607,000 (31 December 2023: HK\$7,139,731,000) (Note 13), a significant portion of trade receivables, the rental income generated from the leases of the investment properties during the terms of the borrowings, restricted bank balances of approximately HK\$38,904,000 (31 December 2023: HK\$35,645,000), equity interests in a certain subsidiary of the Group and certain assets of a subsidiary of the Group were pledged to secure the Group's bank borrowings.

The carrying amounts of borrowings approximate to their fair values as the fluctuations of interest rate has no material impact on the fair value measurement of borrowings.

17. Deferred tax liabilities

Deferred tax assets and liabilities are offset when taxes relate to the same taxation authority and where offsetting is legally enforceable. Deferred tax assets and liabilities as at 30 June 2024 and 31 December 2023 presented in the condensed consolidated balance sheet, after appropriate offsetting are as follows:

	30 June 2024 <i>HK\$'000</i> (Unaudited)	31 December 2023 <i>HK\$'000</i> (Audited)
Deferred tax assets	(43,264)	(50,339)
Deferred tax liabilities	730,603	747,066
Net deferred tax liabilities	687,339	696,727

A significant portion of the net deferred tax liabilities are expected to be recovered in more than twelve months after the reporting period.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

17. Deferred tax liabilities (continued)

(a) Deferred tax assets

The movement on the deferred tax assets for the period is as follows:

	Government grants <i>HK\$'000</i> (Unaudited)	Unused tax losses <i>HK\$'000</i> (Unaudited)	Others <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
As at 1 January 2024	8,226	42,019	94	50,339
Charged to the condensed consolidated income statements	(99)	(6,664)	(93)	(6,856)
Currency translation differences	(218)	–	(1)	(219)
As at 30 June 2024	7,909	35,355	–	43,264

	Government grants <i>HK\$'000</i> (Audited)	Unused tax losses <i>HK\$'000</i> (Audited)	Others <i>HK\$'000</i> (Audited)	Total <i>HK\$'000</i> (Audited)
As at 1 January 2023	8,605	51,460	–	60,065
(Charged)/credited to the condensed consolidated income statements	(224)	(9,441)	94	(9,571)
Currency translation differences	(155)	–	–	(155)
As at 31 December 2023	8,226	42,019	94	50,339

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

17. Deferred tax liabilities (continued)

(b) Deferred tax liabilities

The movement on the deferred tax liabilities for the period are as follows:

	Difference between tax book and accounting book in respect of investment properties <i>HK\$'000</i> (Unaudited)	Withholding taxes <i>HK\$'000</i> (Unaudited)	Fair value of derivatives <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
As at 1 January 2024	732,210	9,420	5,436	747,066
Charged to the condensed consolidated income statements	(17,335)	1,937	154	(15,244)
Charged to the OCI	–	–	234	234
Currency translation differences	(1,453)	–	–	(1,453)
As at 30 June 2024	713,422	11,357	5,824	730,603

	Difference between tax book and accounting book in respect of investment properties <i>HK\$'000</i> (Audited)	Withholding taxes <i>HK\$'000</i> (Audited)	Fair value of derivatives <i>HK\$'000</i> (Audited)	Total <i>HK\$'000</i> (Audited)
As at 1 January 2023	703,905	5,989	8,450	718,344
Charged to the condensed consolidated income statements	29,352	3,431	–	32,783
Charged to OCI	–	–	(3,014)	(3,014)
Currency translation differences	(1,047)	–	–	(1,047)
As at 31 December 2023	732,210	9,420	5,436	747,066



Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

18. Trade payables

	30 June 2024 <i>HK\$'000</i> (Unaudited)	31 December 2023 <i>HK\$'000</i> (Audited)
Trade payables	351	857

The carrying amounts of trade payables approximate to their fair values. The ageing analysis of trade payables, based on invoice date, were as follows:

	30 June 2024 <i>HK\$'000</i> (Unaudited)	31 December 2023 <i>HK\$'000</i> (Audited)
Within 30 days	351	857

19. Amounts due to connected persons and related companies

	30 June 2024 <i>HK\$'000</i> (Unaudited)	31 December 2023 <i>HK\$'000</i> (Audited)
Deposits received from tenants	61,183	61,190
Accruals for REIT Manager fee and Trustee's fee	13,989	15,503
Management service income received in advance	3,347	3,443
Rental collected in advance	300	699
Payables for construction	–	1,444
Others	1,508	1,158
	80,327	83,437

The carrying amounts of amounts due to connected persons and related companies approximate to their fair values.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

20. Other payables

	30 June 2024 <i>HK\$'000</i> (Unaudited)	31 December 2023 <i>HK\$'000</i> (Audited)
Payables for construction	4,073	15,483
Deposits received from tenants	31,245	30,560
Accruals for property management fee	12,909	14,905
Payables for legal and professional fee	3,654	4,415
Rental collected in advance	3,755	2,789
Other taxes payable	2,319	1,782
Management service income collected in advance	670	945
Interest payables	5,268	1,102
Others	1,113	1,220
	65,006	73,201

The carrying amounts of other payables approximate to their fair values.

21. Capital commitments

As at 30 June 2024 and 31 December 2023, the Group had no outstanding capital commitments.

22. Contingent liabilities

As at 30 June 2024 and 31 December 2023, the Group had no contingent liabilities.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

23. Connected party transactions and significant related party transactions and balances

(a) Nature of relationship with connected persons/related companies

The table set forth below summarises the names of the connected persons and related companies, as defined in the REIT Code/IAS 24 (Revised) "Related Party Disclosures", and nature of their relationship with the Group:

Connected persons/related companies	Relationship with the Group
SF REIT Asset Management Limited	(i), (ii), (iv) and (v)
DB Trustees (Hong Kong) Limited	(i)
S.F. Express (China) Limited	(i), (ii), (iii), (iv) and (v)
S.F. Express (Hong Kong) Limited	(i), (ii), (iii), (iv) and (v)
佛山順豐速運有限公司 (Foshan S.F. Express Co., Ltd.)	(i), (ii), (iii), (iv) and (v)
安徽順豐速運有限公司 (Anhui S.F. Express Co., Ltd.)	(i), (ii), (iii), (iv) and (v)
安徽順和快運有限公司 (Anhui Shunhe Freight Co., Ltd.)	(i), (ii), (iii), (iv) and (v)
HAVI Logistics Services (Hong Kong) Limited	(i), (ii), (iii), (iv) and (v)
湖南順豐速運有限公司 (Hunan S.F. Express Co., Ltd.)	(i), (ii), (iii), (iv) and (v)
湖南順豐快運有限公司 (Hunan S.F. Freight Co., Ltd.)	(i), (ii), (iii), (iv) and (v)
深圳市順豐同城物流有限公司 (Shenzhen SF Intra-city Logistics Co., Ltd.)	(i), (ii), (iii), (iv) and (v)
浙江雙捷供應鏈科技有限公司 (Zhejiang Shuangjie Supply Chain Technology Co., Ltd.)	(i), (ii), (iii), (iv) and (v)
深圳市豐泰產業園管理服務有限公司 (Shenzhen Fengtai Industrial Park Management Service Co., Ltd.)	(i), (ii), (iii), (iv) and (v)

Notes:

- (i) These companies are considered as connected persons as defined in the REIT Code.
- (ii) These companies are considered as related companies as defined in IAS 24 (Revised) "Related Party Disclosures".
- (iii) These companies are fellow subsidiaries of the REIT Manager, and hence the associates of the REIT Manager.
- (iv) These companies are subsidiaries of S.F. Holding Co., Ltd., a substantial holder of SF REIT, and hence the associates of the substantial holder of SF REIT.
- (v) These companies are the associates of Mr. WANG Wei, a director of the REIT Manager in the last 12 months.
- (vi) "Associate" has the meaning ascribed to this term under the REIT Code.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

23. Connected party transactions and significant related party transactions and balances (continued)

(b) Transactions with connected persons/related companies

Save as disclosed elsewhere in the condensed consolidated financial statements, the following transactions were carried out with connected persons/related companies in the ordinary course of business and on normal commercial terms. The terms were mutually agreed by both parties:

(i) Rental income

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
S.F. Express (China) Limited	50,741	45,389
S.F. Express (Hong Kong) Limited	43,964	43,903
佛山順豐速運有限公司 (Foshan S.F. Express Co., Ltd.)	23,788	24,728
湖南順豐速運有限公司 (Hunan S.F. Express Co., Ltd.)	9,300	5,627
安徽順豐速運有限公司 (Anhui S.F. Express Co., Ltd.)	4,903	5,062
安徽順和快運有限公司 (Anhui Shunhe Freight Co., Ltd.)	3,914	4,068
湖南順豐快運有限公司 (Hunan S.F. Freight Co., Ltd.)	3,843	7,859
浙江雙捷供應鏈科技有限公司 (Zhejiang Shuangjie Supply Chain Technology Co., Ltd.)	772	803
	141,225	137,439



Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

23. Connected party transactions and significant related party transactions and balances (continued)

(b) Transactions with connected persons/related companies (continued)

(ii) Management service income

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
S.F. Express (China) Limited	7,276	6,474
S.F. Express (Hong Kong) Limited	6,441	6,253
湖南順豐速運有限公司 (Hunan S.F. Express Co., Ltd.)	2,308	1,652
湖南順豐快運有限公司 (Hunan S.F. Freight Co., Ltd.)	1,661	2,315
佛山順豐速運有限公司 (Foshan S.F. Express Co., Ltd.)	1,306	1,304
安徽順和快運有限公司 (Anhui Shunhe Freight Co., Ltd.)	454	450
浙江雙捷供應鏈科技有限公司 (Zhejiang Shuangjie Supply Chain Technology Co., Ltd.)	343	343
安徽順豐速運有限公司 (Anhui S.F. Express Co., Ltd.)	336	334
	20,125	19,125

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

23. Connected party transactions and significant related party transactions and balance (continued)

(b) Transactions with connected persons/related companies (continued)

(iii) Other revenue

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
S.F. Express (China) Limited	3,528	4,624
S.F. Express (Hong Kong) Limited	1,489	1,881
佛山順豐速運有限公司 (Foshan S.F. Express Co., Ltd.)	157	209
安徽順豐速運有限公司 (Anhui S.F. Express Co., Ltd.)	42	7
安徽順和快運有限公司 (Anhui Shunhe Freight Co., Ltd.)	11	1
湖南順豐快運有限公司 (Hunan S.F. Freight Co., Ltd.)	8	–
湖南順豐速運有限公司 (Hunan S.F. Express Co., Ltd.)	5	–
浙江雙捷供應鏈科技有限公司 (Zhejiang Shuangjie Supply Chain Technology Co., Ltd.)	1	–
HAVI Logistics Services (Hong Kong) Limited	–	112
	5,241	6,834

(iv) Operations manager's fees

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
深圳市豐泰產業園管理服務有限公司 (Shenzhen Fengtai Industrial Park Management Service Co., Ltd.)	1,326	1,326

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

23. Connected party transactions and significant related party transactions and balance (continued)

(b) Transactions with connected persons/related companies (continued)

(v) REIT Manager's fee

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
SF REIT Asset Management Limited	13,260	13,010

(vi) Trustee's fee

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
DB Trustees (Hong Kong) Limited	753	776

(c) Balances with connected persons/related companies

(i) Amounts due from related companies

	30 June	31 December
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Audited)
佛山順豐速運有限公司 (Foshan S.F. Express Co., Ltd.)	2,413	2,697
S.F. Express (Hong Kong) Limited	1,554	1,235
S.F. Express (China) Limited	1,365	1,994
湖南順豐快運有限公司 (Hunan S.F. Freight Co., Ltd.)	1,121	1,096
安徽順豐速運有限公司 (Anhui S.F. Express Co., Ltd.)	503	620
安徽順和快運有限公司 (Anhui Shunhe Freight Co., Ltd.)	413	511
浙江雙捷供應鏈科技有限公司 (Zhejiang Shuangjie Supply Chain Technology Co., Ltd.)	29	–
湖南順豐速運有限公司 (Hunan S.F. Express Co., Ltd.)	5	33
	7,403	8,186

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

23. Connected party transactions and significant related party transactions and balance (continued)

(c) Balances with connected persons/related companies (continued)

(ii) Amounts due to connected persons and related companies

	30 June 2024	31 December 2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
S.F. Express (China) Limited	33,722	33,686
S.F. Express (Hong Kong) Limited	31,077	29,666
SF REIT Asset Management Limited	13,260	15,860
湖南順豐速運有限公司(Hunan S.F. Express Co., Ltd.)	746	1,071
DB Trustees (Hong Kong) Limited	729	756
湖南順豐快運有限公司(Hunan S.F. Freight Co., Ltd.)	282	277
佛山順豐速運有限公司(Foshan S.F. Express Co., Ltd.)	216	221
安徽順豐速運有限公司(Anhui S.F. Express Co., Ltd.)	125	111
安徽順和快運有限公司(Anhui Shunhe Freight Co., Ltd.)	113	116
浙江雙捷供應鏈科技有限公司(Zhejiang Shuangjie Supply Chain Technology Co., Ltd.)	57	211
深圳市豐泰產業園管理服務有限公司(Shenzhen Fengtai Industrial Park Management Service Co., Ltd.)	–	1,444
深圳市順豐同城物流有限公司(Shenzhen SF Intra-city Logistics Co., Ltd.)	–	18
	80,327	83,437

24. Approval of the condensed consolidated interim financial information

The condensed consolidated interim financial information was approved by the board of directors of SF REIT Asset Management Limited on 15 August 2024.

Performance Table

	2024	30 June		
		2023	2022	2021
Net assets attributable to Unitholders	HK\$4,128.5 million	HK\$4,268.2 million	HK\$4,230.0 million	HK\$3,922.3 million
Net assets per unit attributable to Unitholders	HK\$5.09	HK\$5.34	HK\$5.29	HK\$4.90

	For the six months ended 30 June 2024	For the six months ended 30 June 2023	For the six months ended 30 June 2022	For the period from
				17 May 2021 (Date of Listing) to 30 June 2021
The highest traded unit price	HK\$2.75	HK\$3.21	HK\$3.69	HK\$4.74
The highest premium of the traded unit price to net assets per unit attributable to Unitholders (Note (i))	N/A	N/A	N/A	N/A
The lowest traded unit price	HK\$2.20	HK\$2.75	HK\$2.80	HK\$4.12
The highest discount of the traded unit price to net assets per unit attributable to Unitholders	56.8%	48.5%	47.1%	15.9%
Net yield per unit (Note (ii))	5.51%	5.27%	3.96%	0.76%
Annualised net yield per unit	11.08%	10.62%	7.99%	6.18%

Notes:

- (i) The highest traded unit price is lower than the net assets per unit attributable to Unitholders. Accordingly, the highest premium of the traded unit price to net assets per unit attributable to Unitholders has not been recorded.
- (ii) The net yield per unit is calculated based on the distribution per unit for the six months ended 30 June 2024 of HK14.71 cents (2023: HK14.64 cents) over the closing price as at 30 June 2024 of HK\$2.67 (2023: HK\$2.78) per unit.

Financial Summary

	For the six months ended 30 June 2024 <i>HK\$'000</i>	For the six months ended 30 June 2023 <i>HK\$'000</i>	For the six months ended 30 June 2022 <i>HK\$'000</i>	For the period from 29 April 2021 (Date of Establishment) to 30 June 2021 <i>HK\$'000</i>
Results				
Revenue	221,837	223,620	197,479	50,700
Net property income	179,570	180,690	161,615	42,211
Profit for the period, before transactions with Unitholders	12,182	148,209	274,844	15,805
Basic earnings per unit	HK1.51 cents	HK18.53 cents	HK34.36 cents	HK1.98 cents
Distribution per unit	HK14.71 cents	HK14.64 cents	HK13.67 cents	HK3.34 cents
	30 June 2024 <i>HK\$'000</i>	31 December 2023 <i>HK\$'000</i>	31 December 2022 <i>HK\$'000</i>	31 December 2021 <i>HK\$'000</i>
Total assets	7,532,299	7,692,288	7,817,488	7,009,560
Total liabilities, excluding net assets attributable to Unitholders	3,403,833	3,458,670	3,557,495	2,917,886
Net assets attributable to Unitholders	4,128,466	4,233,618	4,259,993	4,091,674
Net assets per unit attributable to Unitholders	HK\$5.09	HK\$5.26	HK\$5.32	HK\$5.11



Glossary

Unless the context otherwise requires, the following expressions shall have the following meanings:

Add-on Services	has the meaning ascribed to this term under the “Connected Party Transactions” section of this report
associate(s)	has the meaning ascribed to this term under the REIT Code
Audit Committee	the audit committee established by the Board
Board	the board of directors of the REIT Manager
Board Committees	committees established by the Board, namely, the Investment Committee, the Audit Committee, the Nomination and Remuneration Committee and the Disclosures Committee (such committee has ceased with effect from 28 June 2024)
Chairman or Board Chairman	the chairman of the Board
Changsha Jietai	長沙捷泰電商產業園管理有限公司 (Changsha Jietai E-Commerce Industrial Park Asset Management Co., Ltd.), a company established in the PRC and an indirect wholly-owned subsidiary of SF REIT
Changsha Property	the property owned by SF REIT in Changsha, Mainland China, and its exact location is set out in Note 13(ii) to the condensed consolidated interim financial information
Changsha RMB Loan	has the meaning ascribed to this term under the “Management Discussion and Analysis” section of this report
Chief Executive Officer or CEO	the chief executive officer of the REIT Manager
China Orient Asset Management	has the meaning ascribed to this term under the “Disclosure of Interests” section of this report
China Orient International	has the meaning ascribed to this term under the “Disclosure of Interests” section of this report
Compliance Manual	the compliance manual adopted by the REIT Manager for the management and operation of SF REIT



Glossary

connected person(s)	has the meaning ascribed to this term under the REIT Code
controlling unitholder	has the meaning ascribed to this term under the REIT Code
Date of Establishment	29 April 2021, the date on which SF REIT was constituted by the Trust Deed
Director(s)	the director(s) of the REIT Manager
Disclosures Committee	the disclosures committee established by the Board and ceased with effect from 28 June 2024
ESG	Environmental, Social and Governance
Executive Director or ED	the executive director of the REIT Manager
Foshan and Wuhu RMB Loans	has the meaning ascribed to this term under the “Management Discussion and Analysis” section of this report
Foshan Property	the property owned by SF REIT in Foshan, Mainland China, and its exact location is set out in Note 13(ii) to the condensed consolidated interim financial information
Foshan Runzhong	佛山市潤眾工業投資有限公司 (Foshan Runzhong Industrial Investment Co., Ltd.), a company established in the PRC and an indirect wholly-owned subsidiary of SF REIT
GLA	gross lettable area
Greater Bay Area	comprised the two special administrative regions of Hong Kong and Macao, and the nine municipalities of Guangzhou, Shenzhen, Zhuhai, Foshan, Huizhou, Dongguan, Zhongshan, Jiangmen and Zhaoqing in Guangdong Province
Group	SF REIT and its subsidiaries
HIBOR	The Hong Kong Interbank Offered Rate



Glossary

HK\$	Hong Kong dollar, the lawful currency of Hong Kong
HK\$ Loans	has the meaning ascribed to this term under the “Management Discussion and Analysis” section of this report
HK\$ Revolving Loan	has the meaning ascribed to this term under the “Management Discussion and Analysis” section of this report
HK\$ Term Loan	has the meaning ascribed to this term under the “Management Discussion and Analysis” section of this report
Hong Kong	the Hong Kong Special Administrative Region of the PRC
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
Independent Non-executive Director(s) or INED(s)	the independent non-executive director(s) of the REIT Manager
Investment Committee	the investment committee established by the Board
IRS	Interest rate swap contract(s)
Listing Date	17 May 2021, the date of listing of the units of SF REIT on the Main Board of the Hong Kong Stock Exchange
Listing Rules	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Mainland China	for the purpose of this report only, PRC (excluding Hong Kong, the Macao Special Administrative Region and Taiwan)
Nomination and Remuneration Committee	the nomination and remuneration committee established by the Board
Non-executive Director(s) or NED(s)	the non-executive director(s) of the REIT Manager



Glossary

Operations Management Agreements	has the meaning ascribed to this term under the “Connected Party Transactions” section of this report
Operations Manager	深圳市豐泰產業園管理服務有限公司 (Shenzhen Fengtai Industrial Park Management Service Co., Ltd.), a company established in the PRC and an indirect wholly-owned subsidiary of SFH
PRC	The People’s Republic of China
PRC Properties	collectively, Changsha Property, Foshan Property and Wuhu Property
Property Companies	collectively, Changsha Jietai, Foshan Runzhong and Wuhu Fengtai
REIT	real estate investment trust authorised by the SFC
REIT Code	Code on Real Estate Investment Trusts published by the SFC
REIT Manager	SF REIT Asset Management Limited, as manager of SF REIT
Reporting Period	the period from 1 January 2024 to 30 June 2024
RMB	Renminbi, the lawful currency of the PRC
SF Fengtai	SF Fengtai Industrial Park Holdings Limited (順豐豐泰產業園控股有限公司), a company incorporated in the British Virgin Islands and a substantial holder of SF REIT holding 35.88% of the issued units
SF Leasing Framework Agreement	has the meaning ascribed to this term under the “Connected Party Transactions” section of this report
SF REIT	SF Real Estate Investment Trust, a collective investment scheme authorised under section 104 of the SFO and constituted by the Trust Deed
SFC	Securities and Futures Commission of Hong Kong
SFH	S.F. Holding Co., Ltd. (順豐控股股份有限公司), a company established in the PRC and whose shares are listed on the Shenzhen Stock Exchange, and is a controlling unitholder of SF REIT
SFH Group	SFH and its subsidiaries



Glossary

SFHK	has the meaning ascribed to this term under the “Disclosure of Interests” section of this report
SFO	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
sq.m.	square metre
substantial holder(s)	has the meaning ascribed to this term under the REIT Code
Sustainability-linked Loan	has the meaning ascribed to this term under the “Management Discussion and Analysis” section of this report
Trust Deed	the trust deed dated 29 April 2021 entered into between the Trustee and the REIT Manager constituting SF REIT, as amended and supplemented by the first amending and restating deed
Trustee	DB Trustees (Hong Kong) Limited, as trustee of SF REIT
Tsing Yi Property	the property owned by SF REIT in Tsing Yi, Hong Kong, and its exact location is set out in Note 13(ii) to the condensed consolidated interim financial information
unit(s)	unit(s) of SF REIT (unless the context requires otherwise)
Unitholder(s)	holder(s) of unit(s) of SF REIT
Wuhu Fengtai	蕪湖市豐泰電商產業園管理有限公司 (Wuhu Fengtai E-Commerce Industrial Park Asset Management Co., Ltd.), a company established in the PRC and an indirect wholly-owned subsidiary of SF REIT
Wuhu Property	the property owned by SF REIT in Wuhu, Mainland China, and its exact location is set out in Note 13(ii) to the condensed consolidated interim financial information
%	per cent



Corporate Information

Board of Directors of REIT Manager

Chairman and Non-executive Director

Mr. HO Chit

Executive Director and Chief Executive Officer

Mr. Hubert CHAK

Non-executive Directors

Ms. OOI Bee Ti

Ms. GAN Ling

Independent Non-executive Directors

Mr. HO Lap Kee, MH, JP

Mr. CHAN Ming Tak, Ricky

Mr. KWOK Tun Ho, Chester

Mr. Michael Tjahja SUSANTO

Responsible Officers of REIT Manager

Mr. Hubert CHAK

Mr. YEUNG Tak Him

Ms. HO Sze Ting

Company Secretary of REIT Manager

Ms. CHING Wai Fong

Trustee

DB Trustees (Hong Kong) Limited

Principal Valuer

Colliers International (Hong Kong) Limited

Auditor

PricewaterhouseCoopers

Certified Public Accountants

Registered Public Interest Entity Auditor

Registered Office of REIT Manager

Room 2002, 20th Floor, Lee Garden Six
111 Leighton Road
Causeway Bay
Hong Kong

Unit Registrar and Transfer Office

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong
Telephone: (852) 2980 1333
Email: is-enquiries@hk.tricorglobal.com

Investor's Enquiry

Telephone: (852) 3690 8134
Facsimile: (852) 3690 8132
Email: irsfreit@sf-express.com

Website

www.sf-reit.com

Listing of the Units

Hong Kong Stock Exchange (stock code: 2191)

