



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



INTERIM REPORT 2022

About 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.

The investment focus of SF REIT shall be 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.

About REIT Manager

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

About SFH

SFH, a company established in PRC and whose shares are listed on the Shenzhen Stock Exchange, is the sponsor and a controlling unitholder of SF REIT. SFH is a leading integrated logistics services provider in PRC with comprehensive business segments covering freight, cold chain, international and intra-city services, cross-border logistics and supply chain management.

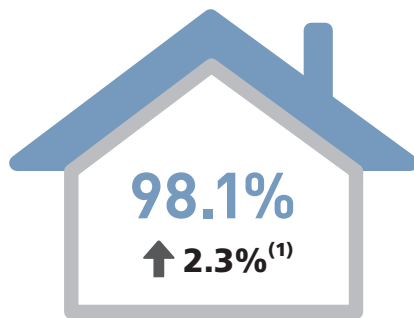
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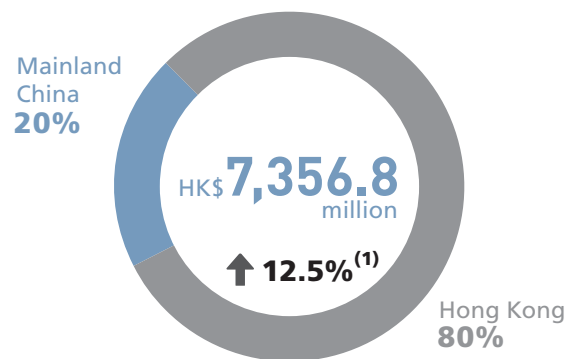
Performance Highlights

As at 30 June 2022

Occupancy



Property Valuation



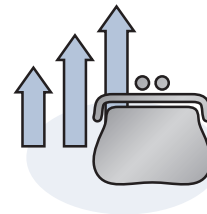
Note (1): Compared to 31 December 2021

Gearing Ratio



34.5%

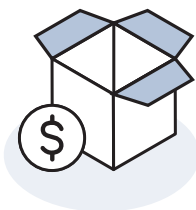
Net Assets Per Unit



HK\$ 5.29

For the six months ended 30 June 2022

Revenue



HK\$ 197.5 million

Net Property Income



HK\$ 161.6 million

Distribution Per Unit



HK 13.67 cents

Management Discussion and Analysis |

Overview

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

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

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

Acquisition

As highlighted in SF REIT's 2021 annual report, the key growth driver of SF REIT shall mainly derive through yield accretive acquisition of modern logistics properties from SFH. In June 2022, SF REIT acquired a modern logistics property in Changsha, Mainland China at an agreed property value of RMB540 million to expand its asset portfolio and extend its geographical footprint to Central Mainland China. This was the first logistics property it has acquired following its listing in May 2021. The acquisition has diversified the locations and composition of SF REIT's portfolio assets and revenue streams. In terms of operation, the acquisition is expected to bring better economies of scale resulting from enhanced operating synergies, both in terms of satisfying tenants' requirements as well as sharing of asset management resources.

Operations Review

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

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

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

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

Hong Kong

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

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

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

Mainland China

Changsha, Hunan

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

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

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

Foshan, Guangdong

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

| Management Discussion and Analysis

Wuhu, Anhui

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

Financial Review

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

Financial Performance

Operating Results

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

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

Property operating expenses include property management fees of approximately HK\$0.8 million charged by operations managers, which are subsidiaries of SFH for the Mainland China properties, fees and expenses of HK\$18.6 million mainly for other property management services provided by independent vendors relating to property manager remuneration and staff costs, shuttle bus services, cleaning services and security services. The remaining property operating expenses mainly consist of repairs and maintenance, rates and government rent and utilities fees.

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

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

Distribution

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

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

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

Financial Position

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

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

Management Discussion and Analysis

Portfolio Valuation

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

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

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

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

Capital Management

The banking facilities of SF REIT currently include:

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

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

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

| Management Discussion and Analysis

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

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

Outlook and Strategy

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

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

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

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 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 and Board Committees of the REIT Manager

Board

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 ensures that sound internal control policies and risk management system are maintained.

Size and Composition

According to its articles of association, the REIT Manager shall have no less than one or more than 20 Directors. As of the date of this report, the Board is comprised of 10 Directors, including one Executive Director (who is the Chief Executive Officer), four Non-executive Directors (one of whom is the Board Chairman) and five Independent Non-executive Directors. 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.

Mr. YANG Tao and Mr. LEONG Chong resigned as Non-executive Directors with effect from 11 April 2022 and 30 June 2022 respectively while Mr. HO Chit and Ms. OOI Bee Ti were appointed as Non-executive Directors with effect from 11 April 2022 and 30 June 2022 respectively to fill their vacancies. Save as disclosed, there was no change in Board members during the Reporting Period and up to the date of this report.

Independent Non-executive Directors

Five out of ten (50%) of the Board members are Independent Non-executive Directors and each of them shall be subject to retirement by rotation and re-election by Unitholders at annual general meeting of SF REIT at least once every three years. This strong independent representation ensures that opinions of the Independent Non-executive Directors carry weight inside the Board room. The Independent Non-executive Directors bring constructive challenge and exercise independent judgement on management proposals and act objectively for the benefit of the SF REIT and the Unitholders as a whole.

Board Chairman and Chief Executive Officer

The role of the Board Chairman (which is held by Mr. WANG Wei) is separate from that of the Chief Executive Officer (which is held by Mr. Hubert CHAK) to reinforce accountability and responsibility. According to the Compliance Manual, the Board Chairman must be a Non-executive Director. He is responsible for the overall leadership of the Board. The Chief Executive Officer, being an Executive Director, 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.

Changes in Directors' Information

Subsequent to the date of approval of SF REIT's 2021 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, an Independent Non-executive Director, ceased to be an independent non-executive director of (i) Koufu Group Limited, a company listed on Singapore Exchange Limited, on 31 March 2022; (ii) Zheneng Jinjiang Environment Holding Company Limited, a company listed on Singapore Exchange Limited, on 25 April 2022; and (iii) Green Link Digital Bank Pte. Ltd., a private company incorporated in Singapore, on 1 June 2022.
- (ii) Mr. YANG Tao resigned as a Non-executive Director with effect from 11 April 2022.
- (iii) Mr. HO Chit was appointed as a Non-executive Director with effect from 11 April 2022 and the chairman and a member of the Investment Committee with effect from 30 June 2022.
- (iv) Mr. LEONG Chong resigned as a Non-executive Director with effect from 30 June 2022.
- (v) Ms. OOI Bee Ti was appointed as a Non-executive Director with effect from 30 June 2022.
- (vi) Ms. NG Wai Ting, a Non-executive Director, ceased to act as the chairman and a member of the Investment Committee with effect from 30 June 2022.

Board Committees

The Board has established four Board Committees, namely, the Investment Committee, the Audit Committee, the Nomination and Remuneration Committee and the Disclosures 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, capital management strategies (such as hedging activities), financing and refinancing arrangements, and investment and financial risks as well as reviewing and recommending changes to financial authorities and policies or procedures in relation to treasury management.

As at the date of this report, the Investment Committee comprises the following four members:

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

* Executive Director

** 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 this report, the Audit Committee comprises the following four members:

TAN Huay Lim*** (*chairman*)
HO Lap Kee, MH, JP***
CHAN Ming Tak, Ricky***
KWOK Tun Ho, Chester***

*** Independent Non-executive Director

At least one of the Audit Committee members shall possess appropriate professional qualifications, accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules (as if such rule were applicable to SF REIT) and such member is Mr. TAN Huay Lim.

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 Independent Non-executive Directors; reviewing, implementing and monitoring the board diversity policy; reviewing, implementing and monitoring the nomination procedures of Directors; 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 this report, the Nomination and Remuneration Committee comprises the following four members:

HO Lap Kee, MH, JP*** (*chairman*)
 NG Wai Ting**
 TAN Huay Lim***
 KWOK Tun Ho, Chester***

** Non-executive Director

*** Independent Non-executive Director

Disclosures Committee

The Disclosures Committee is mainly responsible for reviewing matters relating to the disclosure of information to Unitholders and announcements to be published to ensure that the disclosure of information is accurate, complete and not misleading.

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

CHAN Ming Tak, Ricky***(*chairman*)
 TAN Huay Lim***
 HO Lap Kee, MH, JP***

*** Independent Non-executive Director

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 PRC Operations Managers are indirect subsidiaries of SFH and they also provide services to properties and entities within the SFH Group. The PRC Operations Managers may face conflict of interests in other activities of the SFH Group at an operational level. Four Non-executive Directors, namely, Mr. WANG Wei, Ms. NG Wai Ting, Mr. HO Chit and Ms. OOI Bee Ti, hold directorships, shareholding interests, senior management positions and/or advisory or consultancy role 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 Independent Non-Executive Directors in the Board who are not related to SFH 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 PRC Operations Managers appointed for managing, respectively, the Foshan Property, the Wuhu Property and the 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 PRC Operations Managers. 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 PRC Operations Managers with those of SF REIT and the Unitholders. The REIT Manager has also required the PRC Operations Managers 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;
- conflict of interests involving a Director or a substantial holder of SF REIT or other connected person will be managed by convening a physical Board meeting where all Independent Non-executive Directors 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 employees to report any concerns, including financial misconduct, bribery, forgery or fraud, and misappropriation or misuse of assets, in confidence and without fear of recrimination. Employees are able to report any concerns to the Chief Executive Officer or directly to the chairman of the Audit Committee through his personal email.

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 gifts and entertainment policy embedded in the Compliance Manual, which is the anti-corruption policy enforced by the REIT Manager, strictly prohibits all Directors and employees of the REIT Manager from soliciting, accepting or offering any bribe in the course of business of the Group. The REIT Manager has required all Directors and its employees to comply with this anti-corruption policy.

Compliance

Corporate Governance Code

SF REIT and the REIT Manager had applied the principles and complied with, to the extent appropriate, the code provisions in the Corporate Governance Code contained in Appendix 14 to the Listing Rules throughout the Reporting Period.

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 10 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.

| Corporate Governance

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 enhance a culture of disclosure to Unitholders the ongoing developments of SF REIT. 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 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.

Environmental, Social and Governance ("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, integrity in business, health and well-being, excellence in services and green operation as stated in SF REIT's 2021 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 22 to 23.

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 chief executive of the REIT Manager and certain persons interested in units of SF REIT (including short positions).

Interests of Directors in Units

According to the disclosure of interests to the Hong Kong Stock Exchange and the REIT Manager pursuant to the provisions of Part XV of the SFO and the register required to be kept by the REIT Manager pursuant to the Trust Deed, the Directors or the chief executive of the REIT Manager had the following interests in the units of SF REIT as at 30 June 2022:

Name of Director	Number of units				Total interests held	Approximate percentage of total units in issue (%) ⁽³⁾
	Personal interests	Family interests	Corporate interests	Other interests		
WANG Wei ⁽¹⁾	–	–	280,000,000 ⁽²⁾	–	280,000,000	35.00

Notes:

1. Mr. WANG Wei, Chairman and Non-executive Director, was deemed to be interested in 280,000,000 units through a chain of companies including 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.), SF Holding Limited, Sunny Sail Holding Limited and SF Fengtai. Please see the “Interests of Unitholders in Units Required to be Disclosed under the SFO” section below for further details.
2. The interests mentioned in Note 1 above were long position interests. There were no short position interests in units of SF REIT held by any Director or the chief executive of the REIT Manager as at 30 June 2022.
3. The approximate percentage was calculated based on a total of 800,000,000 units in issue as at 30 June 2022.

Save as disclosed above, as at 30 June 2022, none of the Directors or the chief executive of the REIT Manager or any of their respective associates had any interests 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 Hong Kong Stock Exchange and the REIT Manager pursuant to the provisions of Part XV of the SFO.

Disclosure of Interests

Interests of Unitholders in Units Required to be Disclosed under the SFO

As at 30 June 2022, other than the Directors or the chief executive of the REIT Manager, each of the following persons 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	280,000,000	Long position	35.00
SFH ⁽¹⁾	Interest of controlled corporations	280,000,000	Long position	35.00
深圳明德控股發展有限公司 (Shenzhen Mingde Holding Development Co., Ltd.) ⁽¹⁾	Interest of controlled corporations	280,000,000	Long position	35.00
CI Investments Inc.	Investment manager	40,169,029	Long position	5.02
China Orient Asset Management (International) Holding Limited ⁽²⁾	Interest of controlled corporations	88,076,000	Long position	11.01

Notes:

- 280,000,000 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 Limited. SF Holding Limited 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 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, Chairman and Non-executive Director, held approximately 55% interests in SFH as at 30 June 2022. 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.), SF Holding Limited and Sunny Sail Holding Limited were all deemed to be interested in the same batch of 280,000,000 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 280,000,000 units.
- These interests represented:
 - 86,076,000 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, as at 30 June 2022, China Orient Asset Management, China Orient International and China Orient Multi-Strategy Fund were all deemed to be interested in the same batch of 86,076,000 units held directly by China Orient Multi-Strategy Master Fund; and
 - 2,000,000 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, as at 30 June 2022, China Orient Asset Management and China Orient International were both deemed to be interested in the same batch of 2,000,000 units held directly by China Orient Enhanced Income Fund.
- The approximate percentage was calculated based on a total of 800,000,000 units in issue as at 30 June 2022.

Save as disclosed above, as at 30 June 2022, the REIT Manager had not been notified by any person, other than the Directors or the chief executive of the REIT Manager, who had interests or short positions in units or underlying units of SF REIT which were recorded or required to be recorded in the register required to be kept by the REIT Manager pursuant to the Trust Deed.

Interests of the REIT Manager in Units

As at 30 June 2022, the REIT Manager did not hold any interest in units of SF REIT.

Interests of Other Connected Persons in Units

After making reasonable enquiries and according to the information available to the REIT Manager, as at 30 June 2022, the interests in units of SF REIT held by connected persons (other than substantial holders of SF REIT, Directors or the chief executive of the REIT Manager, 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	0.30
Deutsche Bank AG New York ⁽¹⁾	3,000,000	0.38

Notes:

1. RREEF America LLC and Deutsche Bank AG New York are both associates of the Trustee.
2. The approximate percentage was calculated based on a total of 800,000,000 units in issue as at 30 June 2022.

| Other Information

Issue of New Units

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

Sale and Purchase of Real Estate

On 2 June 2022, SF REIT (through its indirect wholly-owned subsidiary, Golden Bauhinia Logistics Holdings Limited) entered into the sale and purchase deed with SF Fengtai and SF Holding Limited (as guarantor), pursuant to which Golden Bauhinia Logistics Holdings Limited agreed to purchase the Changsha Property (through the acquisition of the entire issued share in Changsha Industrial Park Limited) from SF Fengtai, at a total consideration of approximately RMB502,296,000 (equivalent to approximately HK\$591,888,000) (the “**Acquisition**”). Completion of the Acquisition took place on 24 June 2022 following the satisfaction of all conditions under the sale and purchase deed. Details of the Acquisition were set out in the circular of SF REIT dated 7 June 2022 and the announcements of SF REIT dated 2 June 2022, 8 June 2022, 22 June 2022, 24 June 2022 and 18 August 2022, respectively. Further details are set out in Note 19 to the condensed consolidated interim financial information.

A summary of all the properties held by SF REIT as at 30 June 2022 is set out in the “Portfolio of Properties” section of this report on page 73.

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.

Review of Interim Financial Information

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

Connected Party Transactions

Pursuant to 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.

SF Leasing Framework Agreement

As part of the Group's ordinary and usual course of business, the subsidiaries of SF REIT (as landlords) will from time to time enter into or renew with connected persons of SF REIT (by virtue of their relationship with the REIT Manager or substantial holders of SF REIT) (as tenants) leases, tenancies or licences in respect of the properties of SF REIT (the "**SF Connected Leases**"). On 29 April 2021 (Date of Establishment), the REIT Manager (in its capacity as the manager of SF REIT) had 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, to set out the terms and conditions governing the SF Connected Leases. The terms and conditions of each individual SF Connected Lease entered into from time to time shall be in consistent with that of the SF Leasing Framework Agreement. The SF Leasing Framework Agreement is for an initial term commencing from 17 May 2021 (Listing Date) and ending on 31 December 2026 and is automatically renewable for a successive period of five years thereafter (or for any other period which may be shorter or longer than five years as the parties may agree otherwise) subject to compliance with the relevant requirements of the REIT Code and the Listing Rules.

Under the SF Leasing Framework Agreement, the rent of each SF Connected Lease is determined by reference to the then current open market rent at the commencement date of the term of the relevant SF Connected Lease which would be paid by a willing tenant to a willing landlord for a similar premises in a similar development. In addition, in respect of the SF Connected Leases for the Tsing Yi Property only, the landlord may at the request of a tenant arrange for value-added services (the "**Add-on Services**") such as shuttle bus, cleaning and security guard services, to be provided to such tenant. While these Add-on Services are ancillary and incidental to the underlying SF Connected Leases, the REIT Manager or the landlord does not directly provide such services, but will engage third party service providers or contractors to provide such services. For each of the Add-on Services, the relevant tenant will reimburse the Group the cost for such service and in addition pay an administrative fee of 5% of such cost (and in the case of shuttle bus and security guard services, 2.5% of such cost).

Details of the SF Connected Leases entered into during the Reporting Period and rental income and other income (from provision of 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 HK\$'000	Deposit provided in the form of cash or bank guarantee HK\$'000
S.F. Express (China) Limited	associate of the REIT Manager ⁽¹⁾ associate of substantial holder ⁽²⁾ associate of Director ⁽³⁾	Lease of premises of Tsing Yi Property and provision of Add-on Services	53,834.9	29,038.2
S.F. Express (Hong Kong) Limited	associate of the REIT Manager ⁽¹⁾ associate of substantial holder ⁽²⁾ associate of Director ⁽³⁾	Lease of premises of Tsing Yi Property and provision of Add-on Services	48,391.1	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 Director ⁽³⁾	Lease of premises of Foshan Property	28,549.4	8,456.8 ⁽⁴⁾
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 Director ⁽³⁾	Lease of premises of Wuhu Property	6,089.3	917.8 ⁽⁴⁾
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 Director ⁽³⁾	Lease of premises of Wuhu Property	4,713.7	770.1 ⁽⁴⁾
HAVI Logistics Services (Hong Kong) Limited	associate of the REIT Manager ⁽¹⁾ associate of substantial holder ⁽²⁾ associate of Director ⁽³⁾	Provision of Add-on Services	96.1	–
FS Electronic Technology Co., Limited	associate of the REIT Manager ⁽¹⁾ associate of substantial holder ⁽²⁾ associate of Director ⁽³⁾	Provision of Add-on Services	190.3	–

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 or bank guarantee <i>HK\$'000</i>
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 Director ⁽³⁾	Lease of premises of Changsha Property	511.2	4,516.4 ⁽⁴⁾
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 Director ⁽³⁾	Lease of premises of Changsha Property	207.5	1,881.0 ⁽⁴⁾
深圳市順豐同城物流有限公司 (Shenzhen SF Intra-city Logistics Co., Ltd.)	associate of the REIT Manager ⁽¹⁾ associate of substantial holder ⁽²⁾ associate of Director ⁽³⁾	Lease of premises of Changsha Property	2.2	19.7 ⁽⁴⁾
長沙市宏捷產業園運營管理有限公司 (Changsha Hongjie Industrial Park Operation Management Co., Ltd.)	associate of the REIT Manager ⁽¹⁾ associate of substantial holder ⁽²⁾ associate of Director ⁽³⁾	Lease of premises of Changsha Property	46.9	–
Total			142,632.6	

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, Chairman and Non-executive Director
- (4) deposit provided in the form of bank guarantee

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 were HK\$142.6 million for the Reporting Period, which did not exceed the annual cap of rental income and other income of HK\$375.8 million for the financial year ending 31 December 2022.

PRC Operations Management Agreements

Foshan Runzhong, a subsidiary of SF REIT, had entered into an operations management agreement (the “**Foshan Operations Management Agreement**”) with the Foshan Operations Manager in relation to the provision of operations and property management services for the Foshan Property at a monthly management fee equal to 2% of the sum of the monthly rental income and property management fee income (both inclusive of VAT) of Foshan Runzhong. Wuhu Fengtai, a subsidiary of SF REIT, had entered into an operations management agreement (the “**Wuhu Operations Management Agreement**”) with the Wuhu Operations Manager in relation to the provision of operations and property management services for the Wuhu Property at a monthly management fee equal to 2% of the sum of the monthly rental income and property management fee income (both inclusive of VAT) of Wuhu Fengtai. During the Reporting Period, Changsha Jietai, a subsidiary of SF REIT, had entered into an operations management agreement (the “**Changsha Operations Management Agreement**”) with the Changsha Operations Manager in relation to the provision of operations and property management services for the Changsha Property at a monthly management fee equal to 2% of the sum of the monthly rental income and property management fee income (both inclusive of VAT) of Changsha Jietai.

The Foshan Operations Management Agreement and the Wuhu Operations Management Agreement are each for a term commencing from 17 May 2021 (Listing Date) and ending 31 December 2023. The Changsha Operations Management Agreement is for a term commencing from 1 March 2022 and ending 31 December 2023.

The Foshan Operations Manager, the Wuhu Operations Manager and the Changsha Operations Manager are subsidiaries of SFH (a substantial holder of SF REIT), associates of the REIT Manager and associates of Mr. WANG Wei (Chairman and Non-executive Director). Therefore, the Foshan Operations Manager, the Wuhu Operations Manager and the Changsha Operations Manager are connected persons of SF REIT.

The REIT Manager had applied for, and the SFC had granted, a waiver exempting SF REIT from strict compliance with, in respect of the PRC Operations Management Agreements, the announcement requirement 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 management fees incurred under the Foshan Operations Management Agreement and the Wuhu Operations Management Agreement for the Reporting Period were HK\$0.8 million, which did not exceed the annual cap of management fees of HK\$2.1 million for the financial year ending 31 December 2022. The management fee of HK\$23,400 was incurred under the Changsha Operations Management Agreement for the Reporting Period.

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\$0.9 million was incurred for services provided by the Trustee.

Pursuant to the Trust Deed, REIT Manager's fee include 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, the REIT Manager's fee of approximately HK\$16.1 million, including a base fee of approximately HK\$12.2 million, a variable fee of approximately HK\$0.7 million and an acquisition fee of approximately HK\$3.2 million, were incurred. For the Reporting Period, no divestment fee was incurred.

Further details of Trustee's fee and REIT Manager's fee incurred for the Reporting Period are respectively set out in Note 22(b)(vi) and Notes 9 and 22(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 72, 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 2022 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 notes, comprising significant accounting policies and other explanatory information. 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.

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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, 18 August 2022

Condensed Consolidated Income Statement

For the six months ended 30 June 2022

	Note	For the six months ended 30 June 2022 HK\$'000 (Unaudited)	For the period from 29 April 2021 (Date of Establishment) to 30 June 2021 HK\$'000 (Unaudited)
Revenue	4	197,479	50,700
Property operating expenses	6	(35,864)	(8,489)
Net property income		161,615	42,211
General and administrative expenses		(16,673)	(13,006)
Fair value changes on investment properties		210,377	–
Other gains/(losses) – net		192	(3,833)
Operating profit	7	355,511	25,372
Finance income		216	40
Finance costs		(24,353)	(4,338)
Profit before tax and transactions with Unitholders		331,374	21,074
Income tax expenses	8	(56,530)	(5,269)
Profit for the period, before transactions with Unitholders		274,844	15,805
Distribution paid to Unitholders – 2021 distribution, paid on 6 May 2022		(137,915)	–
Profit for the period, after transactions with Unitholders		136,929	15,805
Basic and diluted earnings per unit based upon profit for the period, before transactions with Unitholders	10	HK34.36 cents	HK1.98 cents

The notes on pages 39 to 72 are an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2022

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

Note:

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

The notes on pages 39 to 72 are an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Balance Sheet

As at 30 June 2022

	Note	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
ASSETS			
Non-current assets			
Investment properties	11	7,356,784	6,541,755
Property, plant and equipment		13,069	14,171
Land use rights		637	673
Intangible assets		268	312
Derivative financial instruments	13	32,566	–
		7,403,324	6,556,911
Current assets			
Trade receivables	12	1,749	344
Amounts due from related companies	22(c)(i)	10,293	6,460
Prepayments and other receivables		27,040	16,332
Restricted cash		26,663	32,060
Cash and cash equivalents		360,475	397,453
		426,220	452,649
Total assets		7,829,544	7,009,560
LIABILITIES			
Current liabilities			
Borrowings	14	50,512	35,338
Trade payables	16	3,212	1,547
Amounts due to related companies	17, 22(c)(ii)	93,521	87,696
Other payables	18	152,593	94,262
Current tax liabilities		1,880	1,510
		301,718	220,353

Condensed Consolidated Balance Sheet

As at 30 June 2022

	Note	As at 30 June 2022 <i>HK\$'000</i> (Unaudited)	As at 31 December 2021 <i>HK\$'000</i> (Audited)
Non-current liabilities, excluding net assets attributable to Unitholders			
Borrowings	14	2,648,048	2,106,153
Deferred tax liabilities	15	616,417	561,095
Deferred government grants		33,396	30,285
		3,297,861	2,697,533
Net current assets			
		124,502	232,296
Total assets less current liabilities			
		7,527,826	6,789,207
Total liabilities, excluding net assets attributable to Unitholders			
		3,599,579	2,917,886
Net assets attributable to Unitholders			
		4,229,965	4,091,674
Units in issue (<i>Thousand</i>)			
		800,000	800,000
Net assets per unit attributable to Unitholders			
		HK\$5.29	HK\$5.11

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

Hubert CHAK
Director

HO Chit
Director

The notes on pages 39 to 72 are an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Statement of Changes in Net Assets Attributable to Unitholders

For the six months ended 30 June 2022

	Note	For the six months ended 30 June 2022 <i>HK\$'000</i> (Unaudited)
As at 1 January 2022		4,091,674
Profit for the period, before transactions with Unitholders		274,844
Distribution paid to the Unitholders		(137,915)
Exchange losses on translation of financial statements		(25,830)
Cash flow hedging reserve	13	27,192
As at 30 June 2022		4,229,965
		For the period from 29 April 2021 (Date of Establishment) to 30 June 2021 <i>HK\$'000</i> (Unaudited)
As at 29 April 2021 (Date of Establishment)		–
Units issued for acquisition of subsidiaries		1,394,400
Units issued for initial offering		2,589,600
Units issuance cost		(71,304)
Profit for the period, before transactions with Unitholders		15,805
Exchange losses on translation of financial statements		(6,251)
As at 30 June 2021		3,922,250

The notes on pages 39 to 72 are an integral part of this condensed consolidated interim financial information.

Consolidated Distribution Statement

For the six months ended 30 June 2022

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

Consolidated Distribution Statement |

For the six months ended 30 June 2022

Notes:

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

The notes on pages 39 to 72 are an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2022

	Note	For the six months ended 30 June 2022 HK\$'000 (Unaudited)	For the period from 29 April 2021 (Date of Establishment) to 30 June 2021 HK\$'000 (Unaudited)
Cash flows from operating activities			
Cash generated from operations		94,046	19,220
Interest received		216	33
Income tax paid		(4,546)	–
Net cash generated from operating activities		89,716	19,253
Cash flows from investing activities			
Transfer from restricted cash		41,810	–
Acquisition of subsidiaries, net of cash acquired	19	(247,604)	(1,399,040)
Professional fees paid in relation to an acquisition		(1,456)	–
Purchase of property, plant and equipment		(134)	(76)
Net cash used in investing activities		(207,384)	(1,399,116)
Cash flows from financing activities			
Proceeds from borrowings, net of transaction costs paid		261,889	1,750,000
Distributions paid		(137,915)	–
Interest paid		(23,810)	(3,651)
Repayments of borrowings		(17,309)	–
Listing expenses paid		–	(76,931)
Proceeds from units issued for initial offering		–	2,589,600
Settlement of assigned loans from a related company		–	(2,705,834)
Net cash generated from financing activities		82,855	1,553,184
Net (decrease)/increase in cash and cash equivalents		(34,813)	173,321
Cash and cash equivalents at beginning of the period		397,453	–
Effects of exchange rate changes on cash and cash equivalents		(2,165)	–
Cash and cash equivalents at end of the period		360,475	173,321

The notes on pages 39 to 72 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 2022

1. General information

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

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

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

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

2. Basis of preparation

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

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

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

| Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2022

3. Accounting policies

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

a) Derivative financial instruments and hedge accounting

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

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

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

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

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

For the six months ended 30 June 2022

3. Accounting policies (continued)

b) New standards and amendments to standards

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

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

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

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

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

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

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2022

4. Revenue

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

Note:

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

5. Segment information

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

For the six months ended 30 June 2022

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

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

| Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2022

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:

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

For the six months ended 30 June 2022

6. Property operating expenses

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

Notes:

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

| Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2022

7. Operating profit

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

	For the six months ended 30 June 2022 <i>HK\$'000</i> (Unaudited)	For the period from 29 April 2021 (Date of Establishment) to 30 June 2021 <i>HK\$'000</i> (Unaudited)
Auditor's remuneration		
– Audit and audit-related assurance services	1,532	1,451
– Other services	120	121
REIT Manager's fee	12,898	3,240
Trustee's fee	783	156
Principal valuer's fee	109	71
Legal and professional fees	882	109
Listing expenses	–	7,716
Bank charges	38	29
Negative goodwill	–	(395)
Settlement of the currency forward contract (Note 19(c))	(1,968)	–
Exchange losses, net	2,733	4,228
Amortisation of government grants	(340)	(89)
Net provision for impairment losses of financial assets	–	158

For the six months ended 30 June 2022

8. Income tax expenses

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

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

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

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

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2022

9. 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 the aggregate of:

- (i) 10% per annum of the base fee distributable income as remuneration (the "**Base Fee**"). 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.
- (ii) 25% per annum of the difference in distributions per Unit in a financial period compared to the preceding financial period, multiplied by the weighted average number of Units in issue for such financial period (the "**Variable Fee**"). The Variable Fee for the six months ended 30 June 2022 will be calculated by reference to the actual distributions per Unit for the period from the Listing Date to 30 June 2021, by dividing such figure by the number of days in the period (from the Listing Date to 30 June 2021, both days inclusive) and multiplying the result by 181 days), and actual distributions per Unit for the six months ended 30 June 2022.
- (iii) 0.5% to 1.0% of the acquisition price of any real estate acquired (the "**Acquisition Fee**").

	For the six months ended 30 June 2022 <i>HK\$'000</i> (Unaudited)	For the period from 29 April 2021 (Date of Establishment) to 30 June 2021 <i>HK\$'000</i> (Unaudited)
Base Fee (Note (i))	12,229	3,240
Variable Fee (Note (i))	669	–
Acquisition Fee (Note (ii))	3,165	–
	16,063	3,240

Notes:

- (i) 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. If no election is made, the most recent valid election made by the REIT Manager in a prior calendar year (if any) shall apply. During the period, no election was made by the REIT Manager, the Base Fee and Variable Fee will be paid 100% in the form of cash.
- (ii) The Acquisition Fee was incurred from the acquisition of subsidiaries which was capitalised in investment property. The details is set out in Note 11.

For the six months ended 30 June 2022

10. Earnings per unit

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

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

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

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2022

11. Investment properties

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

Note:

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

(i) Valuation Process

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

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

(ii) Valuation Techniques

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

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

For the six months ended 30 June 2022

11. Investment properties (continued)**(ii) Valuation Techniques (continued)**

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

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

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2022

11. Investment properties (continued)

(ii) Valuation Techniques (continued)

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

For the six months ended 30 June 2022

11. Investment properties (continued)**(ii) Valuation Techniques (continued)**

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

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For the six months ended 30 June 2022

11. Investment properties (continued)

(ii) Valuation Techniques (continued)

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

For the six months ended 30 June 2022

11. Investment properties (continued)

(iii) Restriction on the investment properties

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

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

(iv) Security for the Group’s Loan Facilities

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

12. Trade receivables

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

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 2022

12. 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 2022, a significant portion of the trade receivables and future trade receivables were and will be pledged to secure the Group's bank borrowings.

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

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

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

13. Derivative financial instruments

	As at 30 June 2022 <i>HK\$'000</i> (Unaudited)	As at 31 December 2021 <i>HK\$'000</i> (Audited)
Derivative assets		
Designated as cash flow hedge		
– Interest rate swap contracts	32,566	–

For the six months ended 30 June 2022

13. 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 contract are included in Level 2 of the fair value hierarchy. During the six months ended 30 June 2022, 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.

	As at 30 June 2022 <i>HK\$'000</i> (Unaudited)	As at 31 December 2021 <i>HK\$'000</i> (Audited)
Carrying amount	32,566	–
Notional amount	900,000	–
Maturity date	February 2026	–
Hedge ratio	1:1	–

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2022

13. 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 2022	–
Change in fair value of hedging instrument recognised in OCI for the period	27,999
Reclassified from OCI to profit or loss-included in finance costs	4,567
Deferred tax	(5,374)
As at 30 June 2022	27,192

14. Borrowings

	As at 30 June 2022 <i>HK\$'000</i> (Unaudited)	As at 31 December 2021 <i>HK\$'000</i> (Audited)
Non-current:		
Bank borrowings, secured	2,648,048	2,106,153
Current:		
Bank borrowings, secured	50,512	35,338
	2,698,560	2,141,491

The finance cost on borrowings for the period was approximately HK\$23,938,000 (the period from 29 April 2021 (Date of Establishment) to 30 June 2021: HK\$4,338,000).

For the six months ended 30 June 2022

14. Borrowings (continued)

As at 30 June 2022, the Group's investment properties of approximately HK\$7,093,744,000 (as at 31 December 2021: HK\$6,255,261,000) (Note 11), 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\$26,663,000 (as at 31 December 2021: HK\$32,060,000), 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 their fair values as the fluctuations of interest rate had no material impact on the fair value measurement of borrowings.

15. 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 2022 and 31 December 2021 presented in the consolidated balance sheet, after appropriate offsetting are as follows:

	As at 30 June 2022 <i>HK\$'000</i> (Unaudited)	As at 31 December 2021 <i>HK\$'000</i> (Audited)
Deferred tax assets	(74,437)	(84,360)
Deferred tax liabilities	690,854	645,455
Net deferred tax liabilities	616,417	561,095

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

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2022

15. Deferred tax liabilities (continued)

(a) Deferred tax assets

The movement on the deferred tax assets for the period are 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 2022	7,571	76,484	305	84,360
Charged to the condensed consolidated income statements	(85)	(9,501)	–	(9,586)
Currency translation differences	(323)	–	(14)	(337)
As at 30 June 2022	7,163	66,983	291	74,437

	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 29 April 2021 (Date of Establishment)	–	–	–	–
Acquisition of subsidiaries	7,589	92,074	–	99,663
(Charged)/credited to the consolidated income statements	(170)	(15,590)	302	(15,458)
Currency translation differences	152	–	3	155
As at 31 December 2021	7,571	76,484	305	84,360

Deferred tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through the future taxable profit is probable. As at 30 June 2022 and 31 December 2021, all tax losses had been recognised as deferred tax assets.

For the six months ended 30 June 2022

15. 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 designated as cash flow hedges <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
As at 1 January 2022	642,465	2,990	–	645,455
Credited to the condensed consolidated income statements	41,766	1,269	–	43,035
Credited to the OCI	–	–	5,374	5,374
Currency translation differences	(3,010)	–	–	(3,010)
As at 30 June 2022	681,221	4,259	5,374	690,854

	Difference between tax book and accounting book in respect of investment properties <i>HK\$'000</i> (Audited)	Withholding taxes <i>HK\$'000</i> (Audited)	Total <i>HK\$'000</i> (Audited)
As at 29 April 2021 (Date of Establishment)	–	–	–
Acquisition of subsidiaries	613,667	1,592	615,259
Credited to the consolidated income statements	25,571	1,398	26,969
Currency translation differences	3,227	–	3,227
As at 31 December 2021	642,465	2,990	645,455

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For the six months ended 30 June 2022

16. Trade payables

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

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

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

The carrying amounts of trade payables approximate their fair values.

17. Amounts due to related companies

	As at 30 June 2022 <i>HK\$'000</i> (Unaudited)	As at 31 December 2021 <i>HK\$'000</i> (Audited)
Payables for construction	5,347	1,394
Deposits received from tenants	57,779	57,641
Rental collected in advance	6,392	11,610
Provision for acquisition-related professional fees	3,265	–
Provision for final payment in relation to the acquisition of subsidiaries	301	–
Accruals for REIT Manager's fee and Trustee's fee	14,217	13,732
Others	6,220	3,319
	93,521	87,696

The entire balance of amounts due to related companies except for a balance of HK\$2,222,000 as at 30 June 2022 (31 December 2021: HK\$2,008,000) is trade in nature. The carrying amounts of amounts due to related companies approximate their fair values.

For the six months ended 30 June 2022

18. Other payables

	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
Payables for construction	69,568	17,803
Deposits received from tenants	35,368	33,217
Rental collected in advance	2,165	3,536
Accruals for property management fee	9,526	11,148
Provision for withholding tax in relation to the acquisition of subsidiaries	19,841	20,734
Provision for acquisition-related professional fees	5,809	–
Accruals for finance costs	1,210	1,017
Others	9,106	6,807
	152,593	94,262

The carrying amounts of other payables approximate their fair values.

19. Acquisition of subsidiaries

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

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For the six months ended 30 June 2022

19. Acquisition of subsidiaries (continued)

(a) Consideration

	HK\$'000 (Unaudited)
Total consideration	591,888

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

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

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

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

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

Note: Other liabilities mainly represent other payables and deferred government grants.

For the six months ended 30 June 2022

19. Acquisition of subsidiaries (continued)

(c) Net cash outflow on the Acquisition

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

Notes:

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

20. Capital commitments

As at 30 June 2022 and 31 December 2021, the Group had no outstanding capital commitments.

21. Contingent liabilities

As at 30 June 2022 and 31 December 2021, the Group had no contingent liabilities.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2022

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

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

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)
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)
廣東順心快運有限公司 (Guangdong Shunxin Freight Co., Ltd)	(i), (ii), (iii), (iv) and (v)
HAVI Logistics Services (Hong Kong) Limited	(i), (ii), (iii), (iv) and (v)
FS Electronic Technology Co., Limited	(i), (ii), (iii), (iv) and (v)
佛山市豐預泰產業園運營管理有限公司 (Foshan Fengyutai Industrial Park Operation Management Co., Ltd.)	(i), (ii), (iii), (iv) and (v)
合肥市捷泰企業管理有限公司 (Hefei Jietai Enterprise Management Co., Ltd.)	(i), (ii), (iii), (iv) and (v)
長沙市宏捷產業園運營管理有限公司 (Changsha Hongjie Industrial Park Operation Management Co., Ltd.)	(i), (ii), (iii), (iv) and (v)
SF Fengtai Industrial Park Holdings Limited	(i), (ii), (iii), (iv) and (v)
深圳市豐泰工程項目管理有限公司 (Shenzhen Fengtai Project Management 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)

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 the associates of the REIT Manager, which are the fellow subsidiaries of the REIT Manager.
- (iv) These companies are the associates of the substantial holder of SF REIT, which are the subsidiaries held by S.F. Holding Co., Ltd..
- (v) These companies are the associates of Mr. WANG Wei, the Chairman and Non-executive Director.
- (vi) "Associate" has the meaning ascribed to it under the REIT Code.

For the six months ended 30 June 2022

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

(b) Transactions with connected persons/related companies

Save as disclosed elsewhere in the condensed consolidated interim financial information, during the period for the six months ended 30 June 2022, 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

	For the six months ended 30 June 2022 <i>HK\$'000</i> (Unaudited)	For the period from 29 April 2021 (Date of Establishment) to 30 June 2021 <i>HK\$'000</i> (Unaudited)
S.F. Express (China) Limited	44,076	11,611
S.F. Express (Hong Kong) Limited	42,607	11,225
佛山順豐速運有限公司 (Foshan S.F. Express Co., Ltd.)	26,463	7,000
安徽順豐速運有限公司 (Anhui S.F. Express Co., Ltd.)	5,389	1,422
安徽順和快運有限公司 (Anhui Shunhe Freight Co., Ltd.)	4,346	1,146
湖南順豐速運有限公司 (Hunan S.F. Express Co., Ltd.)	163	–
湖南順豐快運有限公司 (Hunan S.F. Freight Co., Ltd.)	451	–
深圳市順豐同城物流有限公司 (Shenzhen SF Intra-city Logistics Co., Ltd.)	2	–
長沙市宏捷產業園運營管理有限公司 (Changsha Hongjie Industrial Park Operation Management Co., Ltd.)	33	–
	123,530	32,404

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For the six months ended 30 June 2022

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

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

(ii) Management service income

	For the six months ended 30 June 2022 <i>HK\$'000</i> (Unaudited)	For the period from 29 April 2021 (Date of Establishment) to 30 June 2021 <i>HK\$'000</i> (Unaudited)
S.F. Express (China) Limited	6,286	1,639
S.F. Express (Hong Kong) Limited	6,071	1,584
佛山順豐速運有限公司 (Foshan S.F. Express Co., Ltd.)	1,343	341
安徽順豐速運有限公司 (Anhui S.F. Express Co., Ltd.)	328	82
安徽順和快運有限公司 (Anhui Shunhe Freight Co., Ltd.)	456	115
湖南順豐速運有限公司 (Hunan S.F. Express Co., Ltd.)	60	–
湖南順豐快運有限公司 (Hunan S.F. Freight Co., Ltd.)	123	–
深圳市順豐同城物流有限公司 (Shenzhen SF Intra-city Logistics Co., Ltd.)	1	–
長沙市宏捷產業園運營管理有限公司 (Changsha Hongjie Industrial Park Operation Management Co., Ltd.)	14	–
	14,682	3,761

For the six months ended 30 June 2022

22. Connected party transactions and significant related party transactions and balance (continued)**(b) Transactions with connected persons/related companies (continued)****(iii) Other revenue**

	For the six months ended 30 June 2022 <i>HK\$'000</i> (Unaudited)	For the period from 29 April 2021 (Date of Establishment) to 30 June 2021 <i>HK\$'000</i> (Unaudited)
S.F. Express (China) Limited	6,851	1,424
S.F. Express (Hong Kong) Limited	2,998	749
佛山順豐速運有限公司 (Foshan S.F. Express Co., Ltd.)	246	155
安徽順豐速運有限公司 (Anhui S.F. Express Co., Ltd.)	117	167
安徽順和快運有限公司 (Anhui Shunhe Freight Co., Ltd.)	33	118
FS Electronic Technology Co., Limited	190	38
HAVI Logistics Services (Hong Kong) Limited	96	26
	10,531	2,677

(iv) Operations manager's fees

	For the six months ended 30 June 2022 <i>HK\$'000</i> (Unaudited)	For the period from 29 April 2021 (Date of Establishment) to 30 June 2021 <i>HK\$'000</i> (Unaudited)
佛山市豐預泰產業園運營管理有限公司 (Foshan Fengyutai Industrial Park Operation Management Co., Ltd.)	569	144
合肥市捷泰企業管理有限公司 (Hefei Jietai Enterprise Management Co., Ltd.)	227	58
長沙市宏捷產業園運營管理有限公司 (Changsha Hongjie Industrial Park Operation Management Co., Ltd.)	23	–
	819	202

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2022

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

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

(v) REIT Manager's fee

	For the six months ended 30 June 2022 <i>HK\$'000</i> (Unaudited)	For the period from 29 April 2021 (Date of Establishment) to 30 June 2021 <i>HK\$'000</i> (Unaudited)
SF REIT Asset Management Limited	16,063	3,240

(vi) Trustee's remuneration

	For the six months ended 30 June 2022 <i>HK\$'000</i> (Unaudited)	For the period from 29 April 2021 (Date of Establishment) to 30 June 2021 <i>HK\$'000</i> (Unaudited)
DB Trustees (Hong Kong) Limited (Note)	883	156

Note:

The trustee's remuneration for the six months ended 30 June 2022 includes additional fees of HK\$100,000 charged for duties undertaken by DB Trustees (Hong Kong) Limited in connection with the acquisition of subsidiaries which were outside the scope of the normal duties in the ordinary course of SF REIT's day-to-day business operations. The additional fees charged are capitalised in investment property. The details are set out in Note 11.

For the six months ended 30 June 2022

22. Connected party transactions and significant related party transactions and balance (continued)**(c) Balances with connected persons/related companies****(i) Amounts due from related companies**

	As at 30 June 2022 <i>HK\$'000</i> (Unaudited)	As at 31 December 2021 <i>HK\$'000</i> (Audited)
S.F. Express (China) Limited	3,938	3,360
S.F. Express (Hong Kong) Limited	635	1,018
佛山順豐速運有限公司 (Foshan S.F. Express Co., Ltd.)	2,907	1,261
FS Electronic Technology Co., Limited	159	195
安徽順豐速運有限公司 (Anhui S.F. Express Co., Ltd.)	8	382
安徽順和快運有限公司 (Anhui Shunhe Freight Co., Ltd.)	105	124
HAVI Logistics Services (Hong Kong) Limited	113	65
SF Fengtai Industrial Park Holdings Limited	88	–
湖南順豐速運有限公司 (Hunan S.F. Express Co., Ltd.)	1,511	–
湖南順豐快運有限公司 (Hunan S.F. Freight Co., Ltd.)	728	–
長沙市宏捷產業園運營管理有限公司 (Changsha Hongjie Industrial Park Operation Management Co., Ltd.)	46	–
SF REIT Asset Management Limited	55	55
	10,293	6,460

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2022

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

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

(ii) Amounts due to related companies

	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
S.F. Express (Hong Kong) Limited	31,668	32,985
S.F. Express (China) Limited	32,192	34,084
佛山順豐速運有限公司 (Foshan S.F. Express Co., Ltd.)	88	1,837
安徽順豐速運有限公司 (Anhui S.F. Express Co., Ltd.)	61	168
安徽順和快運有限公司 (Anhui Shunhe Freight Co., Ltd.)	110	177
合肥市捷泰企業管理有限公司 (Hefei Jietai Enterprise Management Co., Ltd.)	39	41
佛山市豐預泰產業園運營管理有限公司 (Foshan Fengyutai Industrial Park Operation Management Co., Ltd.)	–	102
深圳市豐泰工程項目管理有限公司 (Shenzhen Fengtai Project Management Co., Ltd.)	5,347	1,394
SF Fengtai Industrial Park Holdings Limited	2,222	2,008
湖南順豐速運有限公司 (Hunan S.F. Express Co., Ltd.)	1,303	–
長沙市宏捷產業園運營管理有限公司 (Changsha Hongjie Industrial Park Operation Management Co., Ltd.)	827	–
深圳市順豐同城物流有限公司 (Shenzhen SF Intra-city Logistics Co., Ltd.)	24	–
廣東順心快運有限公司 (Guangdong Shunxin Freight Co., Ltd.)	991	–
DB Trustees (Hong Kong) Limited	1,420	1,402
SF REIT Asset Management Limited	17,229	13,498
	93,521	87,696

23. Approval of the condensed consolidated interim financial information

The condensed consolidated interim financial information were approved by the board of directors of SF REIT Asset Management Limited on 18 August 2022.

Portfolio of Properties |

Property	Location	Expiry of lease/land use right	Type	GLA (sq.m.)	Occupancy as at 30 June 2022	Appraised value as at 30 June 2022 (HK\$ million)
Asia Logistics Hub – SF Centre	No. 36 Tsing Yi Hong Wan Road (Tsing Yi Town Lot No. 180), Tsing Yi, New Territories, Hong Kong	2061	Logistics property	160,322	97.3%	5,859.0
Changsha Fengtai Industrial Park	No. 102, Hexin Road, Huangxing Town, Changsha City, Hunan Province, PRC	2066 and 2068	Logistics property	119,964	98.8%	653.0
Foshan Guicheng Fengtai Industrial Park	The northern side of Guanli Road and the western side of Guihe Road, Nanhai District, Foshan City, Guangdong Province, PRC	2049	Logistics property	84,951	100.0%	581.7
Wuhu Fengtai Industrial Park	No. 61 Longteng Road, Jiujiang District, Wuhu City, Anhui Province, PRC	2066	Logistics property	62,569	96.2%	263.1
Total				427,806	98.1%	7,356.8

Performance Table

	As at 30 June 2022 (Unaudited)	As at 30 June 2021 (Unaudited)
Net assets attributable to Unitholders	HK\$4,230.0 million	HK\$3,922.3 million
Net assets per unit attributable to Unitholders	HK\$5.29	HK\$4.90
	For the six months ended 30 June 2022	For the period from 17 May 2021 (Listing Date) to 30 June 2021
The highest traded unit price	HK\$3.69	HK\$4.74
The highest premium of the traded unit price to net assets per unit attributable to Unitholders ⁽ⁱ⁾	N/A	N/A
The lowest traded unit price	HK\$2.80	HK\$4.12
The highest discount of the traded unit price to net assets per unit attributable to Unitholders	47.07%	15.92%
Net yield per unit ⁽ⁱⁱ⁾	3.96%	0.76%
Annualised net yield per unit	7.99%	6.18%

Notes:

- (i) The highest traded unit price is lower than the net assets per unit attributable to Unitholders as at 30 June 2022 and 30 June 2021. 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 2022 of HK13.67 cents (for the period from 17 May 2021 (Listing Date) to 30 June 2021: HK3.34 cents) over the closing price as at 30 June 2022 of HK\$3.45 (30 June 2021: HK\$4.38) per unit.

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

Acquisition	has the meaning ascribed to this term under the “Other Information” section of this report
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	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
Chairman or Board Chairman	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 PRC and a wholly-owned subsidiary of SF REIT
Changsha Onshore Loan	has the meaning ascribed to this term under the “Management Discussion and Analysis” section of this report
Changsha Operations Management Agreement	has the meaning ascribed to this term under the “Connected Party Transactions” section of this report
Changsha Operations Manager	長沙市宏捷產業園運營管理有限公司 (Changsha Hongjie Industrial Park Operation Management Co., Ltd.), a company established in PRC and a wholly-owned subsidiary of SFH
Changsha Property	the property owned by SF REIT in Changsha, Mainland China, and its exact location is set out in the “Portfolio of Properties” section of this report

| Glossary

Chief Executive Officer	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
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
COVID-19	coronavirus disease 2019
Date of Establishment	29 April 2021, the date on which SF REIT was constituted by the Trust Deed
Director(s)	director(s) of the REIT Manager
Disclosures Committee	the disclosures committee established by the Board
ESG	has the meaning ascribed to this term under the “Corporate Governance” section of this report
Executive Director	executive director of the REIT Manager
Foshan and Wuhu Onshore Loans	has the meaning ascribed to this term under the “Management Discussion and Analysis” section of this report
Foshan Operations Management Agreement	has the meaning ascribed to this term under the “Connected Party Transactions” section of this report

Foshan Operations Manager	佛山市豐預泰產業園運營管理有限公司 (Foshan Fengyutai Industrial Park Operation Management Co., Ltd.), a company established in PRC and a wholly-owned subsidiary of SFH
Foshan Property	the property owned by SF REIT in Foshan, Mainland China, and its exact location is set out in the “Portfolio of Properties” section of this report
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 PRC and a wholly-owned subsidiary of SF REIT
GLA	gross lettable area
Group	SF REIT and its subsidiaries
HK\$	Hong Kong dollar, the lawful currency of Hong Kong
Hong Kong	Hong Kong Special Administrative Region of PRC
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
Independent Non-executive Director(s)	independent non-executive director(s) of the REIT Manager
Investment Committee	the investment committee established by the Board
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, Macao Special Administrative Region and Taiwan)
Nomination and Remuneration Committee	the nomination and remuneration committee established by the Board

| Glossary

Non-executive Director(s)	non-executive director(s) of the REIT Manager
Offshore Loans	has the meaning ascribed to this term under the “Management Discussion and Analysis” section of this report
PRC	The People’s Republic of China
PRC Operations Management Agreements	collectively, the Foshan Operations Management Agreement, the Wuhu Operations Management Agreement and the Changsha Operations Management Agreement
PRC Operations Managers	collectively, the Foshan Operations Manager, the Wuhu Operations Manager and the Changsha Operations Manager
REIT(s)	real estate investment trust(s)
REIT Code	Code on Real Estate Investment Trusts issued by the SFC
REIT Manager	SF REIT Asset Management Limited, as the manager of SF REIT
Reporting Period	the period from 1 January 2022 to 30 June 2022
Revolving Loan	has the meaning ascribed to this term under the “Management Discussion and Analysis” section of this report
RMB	Renminbi, the lawful currency of PRC
SF Connected Lease(s)	has the meaning ascribed to this term under the “Connected Party Transactions” section of this report
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% 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 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
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
Term Loan	has the meaning ascribed to this term under the “Management Discussion and Analysis” section of this report
Trust Deed	trust deed dated 29 April 2021 entered into between the Trustee and the REIT Manager constituting SF REIT
Trustee	DB Trustees (Hong Kong) Limited, as the 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 the “Portfolio of Properties” section of this report
unit(s)	unit(s) of SF REIT (unless the context requires otherwise)
Unitholder(s)	holder(s) of unit(s) of SF REIT
VAT	value added tax

| Glossary

Wuhu Fengtai	蕪湖市豐泰電商產業園管理有限公司 (Wuhu Fengtai E-commerce Industrial Park Management Co., Ltd.), a company established in PRC and a wholly-owned subsidiary of SF REIT
Wuhu Operations Management Agreement	has the meaning ascribed to this term under the “Connected Party Transactions” section of this report
Wuhu Operations Manager	合肥市捷泰企業管理有限公司 (Hefei Jietai Enterprise Management Co., Ltd.), a company established in PRC and a wholly-owned subsidiary of SFH
Wuhu Property	the property owned by SF REIT in Wuhu, Mainland China, and its exact location is set out in the “Portfolio of Properties” section of this report
%	per cent.

Corporate Information

Board of Directors of REIT Manager

Chairman and Non-executive Director

Mr. WANG Wei

Executive Director

Mr. Hubert CHAK (*Chief Executive Officer*)

Non-executive Directors

Ms. NG Wai Ting

Mr. HO Chit

Ms. OOI Bee Ti

Independent Non-executive Directors

Mr. TAN Huay Lim

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. HONG Kam Kit, Eddie

Mr. YEUNG Tak Him, Clarence

Company Secretary of REIT Manager

Ms. CHING Wai Fong

Trustee

DB Trustees (Hong Kong) Limited

Principal Valuer

Jones Lang LaSalle Corporate Appraisal and
Advisory Limited

Auditor

PricewaterhouseCoopers

Certified Public Accountants

Registered Public Interest Entity Auditor

Registered Office of REIT Manager

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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

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Listing of the Units

Hong Kong Stock Exchange (stock code: 2191)

