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

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

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

**(Stock Code: 2191)**

**ANNOUNCEMENT OF INTERIM RESULTS**  
**FOR THE PERIOD FROM 29 APRIL 2021 (DATE OF ESTABLISHMENT)**  
**TO 30 JUNE 2021**

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

The board of directors (the “**Board**”) of the REIT Manager is pleased to announce the unaudited interim results of SF REIT and its subsidiaries (the “**Group**”) for the period from the Date of Establishment to 30 June 2021 (the “**Reporting Period**”). The Board is also pleased to report to the unitholders of SF REIT (the “**Unitholders**”) the total distributable income of HK\$26.7 million for the period from the Listing Date to 30 June 2021 (the “**Relevant Period**”).

## MANAGEMENT DISCUSSION AND ANALYSIS

### Market and Operation Review

#### *Market Overview*

In the first half of 2021, GDP of Mainland China recorded a year-on-year increase of 12.7%. A moderate pickup in the second quarter growth reflected a combination of external and domestic factors with the latter attributable mainly to consumption and service activities upticks. As a major manufacturing base in the global industrial chain, total imports and exports value of Mainland China in the first seven months of 2021 grew 24.4% and 24.5% respectively, mainly reflecting an economic recovery from the lock down at the beginning of the coronavirus disease 2019 (“**COVID-19**”) last year. According to the latest forecast by International Monetary Fund in July 2021, GDP of Mainland China would be having a growth of 8.1% in 2021.

Logistics industry in Mainland China continued to develop with total social logistics amount in the first half of 2021 grew by 15.7%. In the first seven months of 2021, the prosperity index of logistics industry in Mainland China (which provides an early indication of logistics activities in Mainland China’s logistics sector) was generally in a positive range. Overall, the demand for industrial logistics in Mainland China is increasing steadily, the demand for import logistics is growing with good momentum, and the demand for the new drivers related to people’s livelihood consumption continues to develop rapidly.

The growth of the e-commerce market in Hong Kong and Mainland China is a major driver for the logistics properties market as e-commerce activities require comprehensive logistics and warehousing support for merchandise storage and distribution. Underpinned by increasing internet usage and household spending power, the e-commerce market has expanded rapidly over the last decade. The outbreak of the COVID-19 pandemic has also accelerated structural changes in consumers’ spending habits and retailers’ supply chain management, causing retailers and suppliers to modernise and improve their logistics facilities and capabilities in response to these changes.

#### *Overview of our Properties*

The Group has three properties located in Tsing Yi, Hong Kong, as well as Foshan and Wuhu, Mainland China (referred to as the “**Hong Kong Property**”, the “**Foshan Property**” and the “**Wuhu Property**” respectively, and collectively as the “**Properties**” and each as the “**Property**”). The Properties were initially developed to support the logistics operation of S.F. Holding Co., Ltd. (順豐控股股份有限公司) (“**SFH**”) (which is listed on the Shenzhen Stock Exchange and a controlling unitholder of SF REIT). As at 30 June 2021, 80.0% of the gross lettable area (“**GLA**”) of the Properties had been leased to subsidiaries of SFH (which, together with SFH, are referred to collectively as the “**SFH Group**”). Certain facilities were specifically built to suit their operational needs and large capital expenditures were spent to install heavy machinery and equipment to meet their specifications.

All subsisting leases to the SFH Group are for a term of five years commencing from 1 May 2021 and rent payable under these leases is fixed with a yearly increment of 3% to 5% depending on the location of the relevant Property. While the SFH Group contributed a relatively high percentage of the total rental income generated by the Properties, the REIT Manager considers this arrangement to be beneficial to SF REIT as it provides a high degree of income stability.

As at 30 June 2021, the average occupancy rate of the Properties was 95.7% with the Hong Kong Property, the Foshan Property and the Wuhu Property recording, respectively, 92.6%, 100.0% and 97.9%. The Properties housed a total of 32 tenants, with the SFH Group contributed approximately 76.6% of the total gross rental income for the Reporting Period. Approximately 86.1% of the tenants (in terms of GLA) were from the logistics sector and the remaining tenants included those from the pharmaceutical, food supply and other sectors. The Properties had a weighted average lease expiry of 4.4 years by GLA as at 30 June 2021.

As at 30 June 2021, the Hong Kong Property housed a total of 8 tenants with approximately 65.9% of its GLA leased to the SFH Group. The rest of the tenants were from logistics sector (including freight forwarding) as well as pharmaceutical and food supply sectors. As at 30 June 2021, the Foshan Property was substantially leased to the SFH Group which was being operated mainly as a modern logistics property for regional distribution purposes while the Wuhu Property housed a total of 22 tenants, with approximately 89.1% of its GLA leased to the SFH Group.

## **Financial Review**

This is the first set of interim financial results prepared by SF REIT since the Date of Establishment. Therefore, no year-on-year financial comparison is available in these results.

## ***Financial Highlights***

### *Operating Results*

For the Reporting Period, SF REIT recorded a revenue of HK\$50.7 million with the Properties in Hong Kong and Mainland China contributed HK\$39.9 million and HK\$10.8 million respectively. Net property income came in at HK\$42.2 million with the Properties in Hong Kong and Mainland China contributed HK\$33.2 million and HK\$9.0 million respectively.

### *Distribution Policy*

In accordance with the Trust Deed, SF REIT is required to distribute to the Unitholders an amount of no less than 90% of SF REIT's Annual Distributable Income ("**Annual Distribution Income**") (as defined in the offering circular of SF REIT dated 5 May 2021 (the "**Offering Circular**")) for each financial year. Save for the first distribution after listing, the REIT Manager expects two distributions will be made by SF REIT each financial year, including an interim distribution with respect to the six-month period ending 30 June and a final distribution with respect to the six-month period ending 31 December.

The REIT Manager also has the discretion to make distribution over and above 90% of the Annual Distribution Income if it considers SF REIT has surplus funds for its business requirements. As disclosed in the Offering Circular, the REIT Manager intends to distribute after listing 100% of the Annual Distributable Income for the period from the Listing Date to 31 December 2021 as its first distribution. The first distribution will therefore comprise the total distributable income for the Relevant Period of HK\$26.7 million and the total distributable income for the six-month period ending 31 December 2021. The first distribution will be paid no later than the end of May 2022 to Unitholders registered as at the record date for the first distribution.

### *Financial Position*

As at 30 June 2021, gross assets and net assets attributable to Unitholders were HK\$6,689.8 million and HK\$3,922.3 million respectively and net asset value per unit was HK\$4.9.

As at 30 June 2021, the total appraised value (as valued by an independent property valuer) of the Properties was HK\$6,446.0 million, representing an increase of 5.7% from 31 March 2021 (the last valuation date as disclosed in the Offering Circular).

As at 30 June 2021, the gearing ratio (which represents total borrowings as a percentage of gross assets) of SF REIT was 29.6% while the gross liabilities (excluding net assets attributable to Unitholders) as a percentage of gross assets was 41.4%.

### *Capital Management*

In April 2021, a subsidiary of SF REIT entered into a facility agreement for (a) a committed term loan facility of up to HK\$2,159.0 million (the “**Term Loan**”) and (b) an uncommitted revolving loan facility of up to HK\$250.0 million (the “**Revolving Loan**”). The term of the Term Loan is five years from the first drawdown date with an interest rate of HIBOR plus 1.10% per annum and the term of the Revolving Loan is up to one year from the drawdown date with an interest rate of HIBOR plus 0.85% per annum. The Term Loan and the Revolving Loan, together, were secured by the Hong Kong Property and its rental collection account.

As at 30 June 2021, HK\$1,750.0 million of the Term Loan was drawn while the Revolving Loan remained undrawn.

In April 2021, two subsidiaries of SF REIT entered into facility agreements for term loan facilities up to RMB120.0 million and RMB100.0 million respectively (the “**Onshore Loans**”). The term of the Onshore Loans is five years from the first drawdown date with amortisation and at an interest rate of 5.5% per annum. The Onshore Loans were secured by the Foshan Property and the rental collection accounts of the Foshan Property and the Wuhu Property.

As at 30 June 2021, SF REIT had total borrowings of HK\$1,980.5 million of which 88.2% were on floating interest rate which will be affected by policies of central banks. Since early 2020, central banks around the world have introduced further quantitative easing and reduced interest rate to support their economy, pushing interest rate down to record low levels. The REIT Manager will closely monitor the interest rate movements and may consider using financial derivatives when appropriate to manage interest rate exposure so as to mitigate the impact on distribution to Unitholders.

Currently, approximately 21.4% of the revenue of SF REIT are denominated in Renminbi. Fluctuations in the exchange rate of Renminbi against Hong Kong dollars may therefore have impact on the level of distributions to Unitholders. The REIT Manager will closely monitor the foreign exchange market and will take appropriate protective actions when necessary.

### *Liquidity Management*

As at 30 June 2021, SF REIT had total cash and bank balances of HK\$173.3 million and uncommitted revolving credit facilities of HK\$250.0 million under the Revolving Loan. Taking into consideration the recurrent income generated from the Group's operations, the current cash position and sources of funding available, the REIT Manager is of the view that the Group has sufficient financial resources to meet its business and other requirements.

### *Use of Proceeds from Listing*

Prior to the Listing Date, on 13 May 2021, 280,000,000 new units of SF REIT were issued to SF Fengtai Industrial Park Holdings Limited (a wholly-owned subsidiary of SFH) as part of the consideration to acquire the holding companies which own the Properties. In addition, on the Listing Date, 520,000,000 new units were issued to public Unitholders pursuant to global offering of SF REIT's units, raising approximately HK\$2,589.6 million (the "Proceeds") at HK\$4.98 per unit (before deduction of transaction costs). The REIT Manager has utilised the Proceeds together with bank loan drawdown for acquisition of the holding companies which own the Properties, transaction costs of the listing and general corporate purposes in accordance with the purposes set out in the section headed "Use of Proceeds" in the Offering Circular. Approximately HK\$56.6 million of the Proceeds remained unutilised as at 30 June 2021.

## **OUTLOOK**

Despite the improvement in sentiment after the rollout and efficacy of COVID-19 vaccines, the global economy is still being clouded by the unstable pandemic situation. Nevertheless, the outbreak of the COVID-19 pandemic has accelerated structural changes in consumers' spending habits and retailers' supply chain management, causing retailers and suppliers to modernise and improve their logistics facilities and capabilities in response to these changes.

It is expected that favourable government policies in Hong Kong and Mainland China will continue to encourage the growth of the modern logistics property market. In Hong Kong, the Government's initiatives to support the construction of transportation infrastructure such as the third runway of Hong Kong International Airport and the new cross border infrastructures are expected to keep enhancing the connectivity between Hong Kong and Mainland China and promote the growth of the trading and logistics sectors as well as the modern logistics property market in Hong Kong.

Regarding Mainland China, the central government has introduced a series of favourable policies and reforms to support the development of the logistics sector, which consequentially benefits the modern logistics property market.

With resilient demand from consumer sectors and robust e-commerce growth which support logistics properties as well as SF REIT's healthy balance sheet and quality portfolio, we strive to deliver stable returns to the Unitholders in the first financial year of SF REIT amid uncertain global economic environment.

Going forward, the REIT Manager will work closely with SFH to pursue acquisition opportunities of modern logistics properties with income and capital growth potential, whether such opportunities are derived from SFH or third parties, to provide sustainable returns to the Unitholders and to enhance asset value.

## CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### CONDENSED CONSOLIDATED INCOME STATEMENT

For the period from 29 April 2021 (Date of Establishment) to 30 June 2021

	<i>Note</i>	<b>For the period from 29 April 2021 (Date of Establishment) to 30 June 2021 HK\$'000 (Unaudited)</b>
<b>Revenue</b>	<i>4</i>	<b>50,700</b>
Property operating expenses	<i>6</i>	<u>(8,489)</u>
<b>Net property income</b>		<b>42,211</b>
General and administrative expenses		(13,006)
Fair value changes on investment properties		–
Other losses – net		<u>(3,833)</u>
<b>Operating profit</b>	<i>7</i>	<b>25,372</b>
Finance income		40
Finance costs		<u>(4,338)</u>
<b>Profit before tax and transactions with Unitholders</b>		<b>21,074</b>
Income tax expenses	<i>8</i>	<u>(5,269)</u>
<b>Profit for the period, before transactions with Unitholders</b>		<b>15,805</b>
Distribution paid to Unitholders		<u>–</u>
<b>Profit for the period, after transactions with Unitholders</b>		<b><u>15,805</u></b>
Basic earnings per unit	<i>9</i>	<u>HK1.98 cents</u>
Diluted earnings per unit	<i>9</i>	<u>HK1.98 cents</u>

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the period from 29 April 2021 (Date of Establishment) to 30 June 2021*

	Before transactions with Unitholders <i>HK\$'000</i> (Unaudited)	Transactions with Unitholders <i>(Note)</i> <i>HK\$'000</i> (Unaudited)	After transactions with Unitholders <i>HK\$'000</i> (Unaudited)
<b>Profit for the period from 29 April 2021 (Date of Establishment) to 30 June 2021</b>	<b>15,805</b>	<b>(9,554)</b>	<b>6,251</b>
Other comprehensive income			
<i>Item that may be reclassified subsequently to condensed consolidated income statement:</i>			
Exchange losses on translation of financial statements	(6,251)	–	(6,251)
<b>Total comprehensive income for the period from 29 April 2021 (Date of Establishment) to 30 June 2021</b>	<b><u>9,554</u></b>	<b><u>(9,554)</u></b>	<b><u>–</u></b>

*Note:*

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



# CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2021

	<i>Note</i>	<b>As at 30 June 2021</b> <i>HK\$'000</i> (Unaudited)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investment properties		6,446,006
Property, plant and equipment		14,592
Land use rights		668
Intangible assets		359
Prepayments for constructions		582
		<u>6,462,207</u>
		-----
<b>Current assets</b>		
Trade receivables	<i>10</i>	2,102
Amounts due from related companies		8,823
Prepayments and other receivables		25,669
Restricted cash		17,664
Cash and cash equivalents		173,321
		<u>227,579</u>
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<b>Total assets</b>		<b><u><u>6,689,786</u></u></b>

	<i>Note</i>	<b>As at 30 June 2021 HK\$'000 (Unaudited)</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Borrowings		30,973
Trade payables	<i>11</i>	14,150
Amounts due to related companies		106,659
Other payables		110,641
Current tax liabilities		2,700
		<u>265,123</u>
<b>Non-current liabilities, excluding net assets attributable to Unitholders</b>		
Borrowings		1,949,487
Deferred tax liabilities		522,866
Deferred government grants		30,060
		<u>2,502,413</u>
<b>Net current liabilities</b>		<u>(37,544)</u>
<b>Total assets less current liabilities</b>		<u><u>6,424,663</u></u>
<b>Total liabilities, excluding net assets attributable to Unitholders</b>		<u><u>2,767,536</u></u>
<b>Net assets attributable to Unitholders</b>		<u><u>3,922,250</u></u>
<b>Units in issue (Thousand)</b>		<u><u>800,000</u></u>
<b>Net assets per unit attributable to Unitholders</b>		<u><u>HK\$4.90</u></u>

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

*For the period from 29 April 2021 (Date of Establishment) to 30 June 2021*

	<i>Note</i>	<b>For the period from 29 April 2021 (Date of Establishment) to 30 June 2021</b> <i>HK\$'000</i> (Unaudited)
<b>As at 29 April 2021 (Date of Establishment)</b>		–
Units issued for acquisition of subsidiaries ( <i>Note (i)</i> )	12	1,394,400
Units issued for initial offering ( <i>Note (ii)</i> )		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		<u>(6,251)</u>
<b>As at 30 June 2021</b>		<b><u><u>3,922,250</u></u></b>

*Notes:*

- (i) The amount represents 280,000,000 units issued at the offer price of HK\$4.98 per unit to settle part of the acquisition of Golden Bauhinia Logistics Holdings Limited. Details are set out in Note 12.
- (ii) The amount represents 520,000,000 units issued for initial offering on 17 May 2021 at the offer price of HK\$4.98 per unit.

## CONSOLIDATED DISTRIBUTION STATEMENT

For the period from 29 April 2021 (Date of Establishment) to 30 June 2021

	<i>Note</i>	<i>HK\$'000</i> (Unaudited)
<b>Profit for the period from 29 April 2021 (Date of Establishment) to 30 June 2021, before transactions with Unitholders</b>		<b>15,805</b>
Adjustments:		
– Negative goodwill	7	(395)
– Differences between finance cost and interest payable in accordance with contractual obligations		687
– Deferred tax charges		1,431
– Depreciation and amortisation		188
– Listing expenses	7	7,716
– Amortisation of cost of debt		82
– Historical tax losses utilised		3,238
– Amortisation of government grants		(89)
– Amounts not available for distribution ( <i>Note (i)</i> )		<u>(1,966)</u>
<b>Total distributable income</b>		<b><u>26,697</u></b>
<b>Intended distribution as a percentage of the total distributable income</b> <i>(Note (ii))</i>		<b>100%</b>
<b>Total distributions to Unitholders</b>		<b><u><u>26,697</u></u></b>
<b>Units in issue as at 30 June 2021 (Thousand)</b>		<b>800,000</b>
<b>Distribution per unit</b>		<b><u><u>HK3.34 cents</u></u></b>

### Notes:

- (i) Pursuant to the Trust Deed, SF REIT's first distribution will comprise: (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 ending 31 December 2021. The first distribution will be paid no later than the end of May 2022. Amounts not available for distribution relates to profit after tax for the period from 29 April 2021 (Date of Establishment) to 16 May 2021.
- (ii) Pursuant to the Trust Deed, the distributable income is profit for the period, before transactions with Unitholders as adjusted to eliminate the effects of Adjustments (as set out in the Trust Deed) which have been recorded in the consolidated income statement for the relevant year. The REIT Manager's policy is to distribute to Unitholders an amount of no less than 90% of SF REIT's annual distributable income for each financial year. The REIT Manager currently intends to distribute 100% of the Annual Distributable Income (as defined in the Offering Circular dated 5 May 2021) from the Listing Date to 31 December 2021.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. General information

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

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

This condensed consolidated financial statements has not been audited. This condensed consolidated financial statements is presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Group. This condensed consolidated financial statements has been approved for issue by the board of directors of the REIT Manager on 26 August 2021.

## 2. Basis of preparation

The condensed consolidated financial statements for the period from 29 April 2021 (the “**Date of Establishment**”) to 30 June 2021 (the “**condensed consolidated financial statements**”) of SF REIT have been prepared in accordance with International Accounting Standard (“**IAS**”) 34 “Interim Financial Reporting”. In addition, the condensed consolidated financial statements include the relevant provisions of the Trust Deed, the Code on Real Estate Investment Trusts issued by the Hong Kong Securities and Futures Commission (the “**REIT Code**”) and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

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

As at 30 June 2021, the Group’s current liabilities exceeded its current assets by approximately HK\$37,544,000. In the opinion of the REIT Manager, the Group will generate stable operational cash inflow and has unutilised credit facilities to meet its financial obligations. In July 2021, a further loan drawdown of HK\$150,000,000, which has a term of 57 months from the drawdown date, was made by the Group. Accordingly, the condensed consolidated financial statements are prepared on a going concern basis.

### 3. Accounting policies

The following new standards and amendments to standards have been issued but are not yet effective and have not been early adopted by the Group:

		<b>Effective for accounting periods beginning on or after</b>
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
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 to IFRSs	Annual Improvements to IFRSs 2018-2020 Cycle	1 January 2022
IFRS 17	Insurance Contracts	1 January 2023
Amendments 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 standards and amendments to standards are not expected to have a material impact on the Group in the current or future reporting periods and on the foreseeable future transactions.

### 4. Revenue

	<b>For the period from 29 April 2021 (Date of Establishment) to 30 June 2021 HK\$'000 (Unaudited)</b>
Rental income	42,323
Management service income	5,014
Others ( <i>Note</i> )	3,363
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	<b>50,700</b>
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*Note:*

Others represent revenue generated from supplementary service, government rent and sale 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 two property companies in the PRC, 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 PRC.

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

	<b>For the period from 29 April 2021 (Date of Establishment) to 30 June 2021 HK\$'000 (Unaudited)</b>		
	<b>Hong Kong</b>	<b>PRC</b>	<b>Total</b>
<b>Segment revenue</b>	<b>39,863</b>	<b>10,837</b>	<b>50,700</b>
<b>Net property income</b>	<b>33,229</b>	<b>8,982</b>	<b>42,211</b>
General and administrative expenses			(13,006)
Fair value changes on investment properties			–
Other losses – net			(3,833)
Finance income			40
Finance costs			(4,338)
Income tax expenses			(5,269)
<b>Profit for the period, before transactions with Unitholders</b>			<b>15,805</b>

Depreciation and amortisation of Hong Kong segment and PRC segment for the period from 29 April 2021 (Date of Establishment) to 30 June 2021 was approximately HK\$70,000 and approximately HK\$118,000, respectively.

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

	<b>As at 30 June 2021</b>
	<i>HK\$'000</i>
	(Unaudited)
Segment assets	
Hong Kong	5,725,434
PRC	907,465
Others	56,887
	<hr/>
	<b>6,689,786</b>
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	<b>As at 30 June 2021</b>
	<i>HK\$'000</i>
	(Unaudited)
Segment liabilities, excluding net assets attributable to Unitholders	
Hong Kong	537,946
PRC	369,339
Others	1,860,251
	<hr/>
	<b>2,767,536</b>
	<hr/> <hr/>

## 6. Property operating expenses

	<b>For the period from 29 April 2021 (Date of Establishment) to 30 June 2021</b>
	<i>HK\$'000</i>
	(Unaudited)
Property management fee	4,633
Rates and government rent	1,127
Repairs and maintenance	551
Electricity and water fee	862
Other taxes	1,195
Others	121
	<hr/>
	<b>8,489</b>
	<hr/> <hr/>



## 7. Operating profits

Operating profits are arrived at after charging / (crediting) the following items:

	<b>For the period from 29 April 2021 (Date of Establishment) to 30 June 2021 HK\$'000 (Unaudited)</b>
Auditors' remuneration	
– Audit and audit-related assurance services	1,451
– Other services	121
REIT Manager's fee	3,240
Trustee's remuneration	156
Principal valuer's fee	71
Legal and professional fee	109
Bank charges	29
Listing expenses ( <i>Note</i> )	7,716
Negative goodwill	(395)
Exchange losses, net	4,228
Net provision for impairment losses of financial assets	158
	<u><u>158</u></u>

*Note:*

The Securities and Futures Commission has administered a Grant Scheme funded by the Government of the Hong Kong Special Administrative Region to provide subsidies for qualified REITs. The Grant Scheme covers eligible expenses incurred in relation to the listing of a REIT which is listed on or after 10 May 2021. The grant amount of SF REIT amounted to HK\$8,000,000 has been net-off with listing expenses.

## 8. Income tax expenses

During the period from 29 April 2021 (Date of Establishment) to 30 June 2021, Hong Kong profits tax was subject to the rate of 16.5% on the estimated assessable profit.

During the period from 29 April 2021 (Date of Establishment) to 30 June 2021, the Group's subsidiaries in the PRC were subject to corporate income tax ("CIT") at a standard rate of 25%. Withholding tax was provided for undistributed profits in the PRC at a rate of 10%.

	<b>For the period from 29 April 2021 (Date of Establishment) to 30 June 2021 HK\$'000 (Unaudited)</b>
Current income tax	
– PRC CIT	600
Deferred income tax	4,669
	<hr/>
	5,269
	<hr/> <hr/>

## 9. Earnings per unit

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

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

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

## 10. Trade receivables

	<b>As at 30 June 2021</b> <i>HK\$'000</i> (Unaudited)
Trade receivables	
– Third parties	2,268
– Related companies ( <i>Note</i> )	8,733
	<hr/>
	11,001
Less: Provision for impairment losses	(166)
	<hr/>
	10,835
	<hr/> <hr/>

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

Trade receivables represent rental receivables from third parties and related companies lessees. 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 2021, a significant portion of the trade receivables and future trade receivables were and will be pledged to secure the Group's bank borrowings.

As at 30 June 2021, the ageing analysis of trade receivables, net of impairment, based on invoice date, were as follows:

	<b>As at 30 June 2021</b> <i>HK\$'000</i> (Unaudited)
Within 30 days	10,835
	<hr/> <hr/>

## 11. Trade payables

	<b>As at 30 June 2021</b> <i>HK\$'000</i> (Unaudited)
Trade payables	14,150
	<hr/> <hr/>

As at 30 June 2021, the ageing analysis of trade payables, based on invoice date, were as follows:

	<b>As at 30 June 2021</b> <i>HK\$'000</i> (Unaudited)
Within 30 days	14,150
	<hr/> <hr/>

## 12. Business combination

On 29 April 2021, SF Logistics Holdings Limited (“**SF Logistics**”) (as purchaser), a subsidiary of SF REIT, the REIT Manager (in its capacity as the manager of SF REIT), SF Fengtai Industrial Park Holdings Limited (“**SF Fengtai**”) (as seller), SF Holding Limited (“**SF Holding**”) (as guarantor) had entered into a sale and purchase deed in respect of the acquisition by SF Logistics from SF Fengtai of the sole issued share of Golden Bauhinia Logistics Holdings Limited (the “**Golden Bauhinia**”) and the assignment of certain loans owing by Golden Bauhinia and its subsidiaries (collectively, the “**Golden Bauhinia Group**”) from SF Holding to SF Logistics at the asset injection consideration equal to an initial consideration (in the form of cash and issued units) as adjusted by the final payment (“**Final Payment**”). The activity of Golden Bauhinia is investment holding and its subsidiaries are principally engaged in property investments in Hong Kong, and in Foshan and Wuhu of the PRC. The acquisition was completed on 13 May 2021 (the “**Date of Acquisition**”).

### (a) Consideration

The consideration for the acquisition of Golden Bauhinia Group and settlement of assigned loans from a related company are summarised as follows:

	<i>HK\$'000</i>
	(Unaudited)
Cash	4,216,287
Units issued ( <i>Note (i)</i> )	1,394,400
<b>Total consideration</b> ( <i>Note (ii)</i> )	<b>5,610,687</b>

#### Notes:

- (i) The amount represents 280,000,000 units of SF REIT at the offer price of HK\$4.98 per unit.
- (ii) Total consideration has taken into account the Final Payment of approximately HK\$23,260,000 which was calculated based on adjusted net asset value of the Golden Bauhinia Group as at the Date of Acquisition. As at 30 June 2021, the Final Payment had been recognised in amounts due to related companies in the condensed consolidated balance sheet. Subsequent to period end, on 26 August 2021, the Final Payment was agreed by the REIT Manager and SF Logistics with SF Fengtai and the amount will be paid in cash within 10 business days after 26 August 2021. Further details were disclosed in the announcement dated 26 August 2021 of SF REIT.

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

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

	<i>HK\$'000</i>
	(Unaudited)
Investment properties	6,446,700
Cash and cash equivalents	88,153
Trade and other receivables ( <i>Note (i)</i> )	36,191
Amounts due from related companies ( <i>Note (i)</i> )	18,345
Amounts due to related companies	(2,803,922)
Deferred tax liabilities, net	(515,596)
Borrowings	(233,385)
Other net liabilities ( <i>Note (ii)</i> )	(131,238)
<b>Net assets acquired</b>	<b>2,905,248</b>

#### Notes:

- (i) The fair value and the gross contracted amounts of the trade and other receivables and amounts due from related companies at the Date of Acquisition amounted to approximately HK\$54,500,000. The contractual cash flows of those trade and other receivables and amounts due from related companies at the Date of Acquisition were expected to be collected in full.
- (ii) Other net liabilities mainly represent property, plant and equipment, trade and other payables and deferred government grants.

(c) **Negative goodwill arising from the acquisition**

	<i>HK\$'000</i> (Unaudited)
Consideration ( <i>Note 12(a)</i> )	5,610,687
Less: Settlement of assigned loans from a related company	(2,705,834)
Less: Net assets acquired ( <i>Note 12(b)</i> )	<u>(2,905,248)</u>
<b>Excess of fair value of the identifiable net assets over the consideration</b>	<b><u><u>(395)</u></u></b>

The difference between the fair value of the identifiable net assets and the consideration of approximately HK\$395,000 was recognised as negative goodwill in the condensed consolidated income statement for the period from 29 April 2021 (Date of Establishment) to 30 June 2021.

(d) **Net cash outflow on the acquisition of the Golden Bauhinia Group**

	<b>As at 30 June 2021</b> <i>HK\$'000</i> (Unaudited)
Cash consideration paid	4,193,027
Less: Cash and cash equivalents acquired ( <i>Note 12(b)</i> )	<u>(88,153)</u>
Net cash outflow	4,104,874
Final Payment to be settled ( <i>Note 12(a)(ii)</i> )	<u>23,260</u>
	<b><u><u>4,128,134</u></u></b>
	<b>As at 30 June 2021</b> <i>HK\$'000</i> (Unaudited)
Represented:	
The acquisition of net assets of the Golden Bauhinia Group	
– Net cash paid	1,399,040
– Final Payment to be settled	<u>23,260</u>
	1,422,300
The settlement of assigned loans from a related company	<u>2,705,834</u>
	<b><u><u>4,128,134</u></u></b>

(e) **Revenue and profit contribution of the Golden Bauhinia Group**

The Golden Bauhinia Group contributed revenue of approximately HK\$50,700,000 and net profit of approximately HK\$36,100,000 to the Group for the period from the Date of Acquisition to 30 June 2021.

If the acquisition had occurred on 29 April 2021, consolidated pro-forma revenue and profit for the period from 29 April 2021 (Date of Establishment) to 30 June 2021 would have been approximately HK\$61,900,000 and approximately HK\$20,300,000, respectively.

## **CHANGE IN BOARD COMPOSITION DURING THE RELEVANT PERIOD**

As at the Date of Establishment, the Board comprised nine Directors, including one Executive Director, four Non-executive Directors and four Independent Non-executive Directors. On 30 June 2021, a new Independent Non-executive Director, Mr. Michael Tjahja SUSANTO, was appointed and since then, the number of Independent Non-executive Directors has accounted for 50% of the total number of Board members. Save as disclosed, there was no change to the Board members during the Relevant Period and up to the date of this announcement.

## **APPRECIATION**

The Board would like to thank all staff of the REIT Manager for their continuous hard work and commitment which was one of the factors contributing to the successful global offering of SF REIT.

## **REVIEW BY AUDIT COMMITTEE AND EXTERNAL AUDITOR**

The interim results and the condensed consolidated financial statements of the Group for the Reporting Period have been reviewed by the Audit Committee of the REIT Manager. The condensed consolidated financial statements have also been reviewed by PricewaterhouseCoopers, the external auditor of SF REIT, in accordance with the Hong Kong Standard on Review Engagements 2400 (Revised), “Engagements to Review Historical Financial Statements” issued by the Hong Kong Institute of Certified Public Accountants.

## **CORPORATE GOVERNANCE**

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 certain policies and procedures to promote SF REIT’s operation in a transparent manner and with built-in checks and balances. Certain corporate governance policy and procedures adopted by the REIT Manager for SF REIT since listing were described in the Offering Circular.

Throughout the Relevant Period, SF REIT and the REIT Manager complied with the Code on Real Estate Investment Trusts, the Securities and Futures Ordinance, applicable provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), the Trust Deed and in all material respects the REIT Manager’s compliance manual. SF REIT and the REIT Manager had also applied the principles and complied with, to the extent appropriate, the code provisions in the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 to the Listing Rules throughout the Relevant Period.

## **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 Relevant Period.

## **PUBLIC FLOAT**

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

## **INTERIM REPORT 2021**

The Interim Report 2021 of SF REIT will be despatched to Unitholders on Friday, 24 September 2021. The Interim Report 2021 of SF REIT will also be published on SF REIT's website and Hong Kong Exchanges and Clearing Limited's HKEXnews website in accordance with the Listing Rules.

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

Hong Kong, 26 August 2021

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