



## SF REAL ESTATE INVESTMENT TRUST 順豐房地產投資信託基金

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

Stock Code : 2191

**2024**  
ANNUAL REPORT



## SF REIT

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

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

## REIT Manager

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

## SFH

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



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# Performance Highlights

As at 31 December 2024

## Occupancy rate

98.0%



— stable  
2023: 98.0%

## Portfolio value



▼ 8.9%  
2023: HK\$7,388.2 million

## Gearing ratio

35.9%



▲ 2.6 percentage points  
2023: 33.3%

## Net assets per unit attributable to Unitholders

HK\$4.51



▼ 14.3%  
2023: HK\$5.26

## Payout ratio

95%



▼ 5 percentage points  
2023: 100%

For the year ended 31 December 2024

Revenue <sup>1</sup>  
HK\$451.4 million



▲ 2.4%  
2023: HK\$440.9 million

Net property income <sup>1</sup>  
HK\$361.2 million



▲ 1.5%  
2023: HK\$355.8 million

Distributable income  
HK\$234.4 million



▲ 1.9%  
2023: HK\$230.0 million

Distribution per unit  
HK27.40 cents

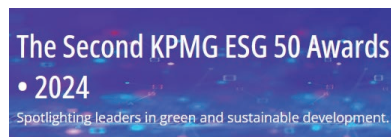


▼ 4.4%  
2023: HK28.66 cents

<sup>1</sup> Adjusted to reflect the step-up rent mechanism in leases and excluding depreciations, where appropriate

# Achievements and Awards

In our commitment to excellence, SF REIT continuously works to raise operational standards and strengthen stakeholder engagement. Throughout 2024, the Manager's steadfast focus on corporate governance, corporate communications, sustainable operation and partner engagement earned widespread recognition and numerous prestigious awards.





## Achievements and Awards



### CORPORATE GOVERNANCE

#### Hong Kong Corporate Governance & ESG Excellence Awards 2024

- **Honorable Mention for Corporate Governance Excellence in Category 5**

*The Chamber of Hong Kong Listed Companies (CHKLC) and the Centre for Corporate Governance and Financial Policy, Hong Kong Baptist University (CCGFP)*

### CORPORATE COMMUNICATIONS

#### HKIRA 10th Investor Relations Awards

- **Best IR by Chairman/CEO**
- **Best IR by CFO**
- **Best IR Team**
- **Best ESG – Governance**
- **Best Annual Report**

*Hong Kong Investor Relations Association*

#### HKIRA IR Pledge

*Hong Kong Investor Relations Association*

#### 8th China IR Awards

- **Best ESG Award**
- **Best Leader Award**
- **Best Director Award**

*RoadshowChina*

### SUSTAINABLE OPERATION

#### BOCHK Corporate Low-Carbon Environmental Leadership Awards

- **EcoPartner Logo**

*Federation of Hong Kong Industries ("FHKI"), supported by Bank of China (Hong Kong) ("BOCHK")*

#### TVB ESG Awards 2024

- **ESG Special Recognition Award**

*Television Broadcasts Limited (TVB)*

#### Standard Chartered Corporate Achievement Awards 2024

- **Sustainable Corporate (Social Responsibility) - Outstanding Award**

*Standard Chartered with Hong Kong Economic Journal as the co-organiser*

#### Hong Kong Green and Sustainable Finance Awards 2024

- **Organisation Award - for Green and Sustainable Loan Issuer (Real Estate Investment Trust -Logistics Property) – Visionary Sustainability-linked Loan Performance Metrics**
- **Leadership Award - Executive Director and Chief Executive Officer**
- **Strategist Award - Chief Financial Officer**

*Hong Kong Quality Assurance Agency*



## Achievements and Awards

### 2024 Global Real Estate Sustainability Benchmark

- **5 Star Rating**

### The Hong Kong ESG Reporting Awards

- **Most Improved GRESB Score (Standing Investment)**

### ESG Excellence Award

*Top 100 Hong Kong Listed Companies Research Centre and FUTU I&E*

### The Second KPMG ESG 50 Awards 2024

- **Green Finance Pioneers**

*KPMG China*

### Certification for the Quality Water Supply Scheme for Buildings – Fresh Water (Management System) & Flushing Water (Management System)

*Water Supplies Department*

## PARTNER ENGAGEMENT

### Caring Company Logo

*Hong Kong Council of Social Service*

### Good Employer Charter 2024

*The Labour Department*

### 23rd Hong Kong Occupational Safety & Health Award

- **Certificate of Attainment – OSH Report Award**
- **Outstanding Award – Safety Performance Award (SMEs)**

*Occupational Safety & Health Council*





# Chairman's Statement

Dear Unitholders,

On behalf of the Board of the REIT Manager, as the manager of SF REIT, I am pleased to present the annual report of SF REIT for the year ended 31 December 2024.

As inflation in major Western economies begins to subside, central banks have started reducing interest rates in the later part of 2024. However, the global economy continues to face uncertainties, including the pace of these rates cut, complex geopolitical tensions, and domestically, the economic recovery has slowed down in Hong Kong and Mainland China. Despite these challenges, we have leveraged our robust risk management framework and strategic partnership with the SFH group to deliver solid performance.

Our total revenue increased by 2.4% year-on-year,<sup>2</sup> reaching HK\$451.4 million, while net property income rose by 1.5% year-on-year to HK\$361.2 million.<sup>2</sup> In light of the difficult market conditions, the payout ratio for the second half of the year is reduced to strengthen financial health and to better meet future challenges. Our final distribution is HK12.69 cents per unit, representing a total distribution per unit for the full year of HK27.40 cents and an overall payout ratio of approximately 95%.

In response to the volatile market, we have adopted a proactive approach to capital management. We continue to utilise hedging tools to mitigate our exposure to interest rate and exchange rate fluctuations. Additionally, we have strategically decided to early refinance our HKD loan to achieve a reduction in financing costs, and we have also successfully negotiated lower interest rates on all our RMB loans, further enhancing our financial soundness.

While continuously improving our operations, we remain committed to sustainability, particularly in green building and green finance initiatives. In our second year of participation in the Global Real Estate Sustainability Benchmark (GRESB), we achieved the highest 5-Star rating, placing us among the top 20% of entities.

On new investments, we continue to collaborate closely with the SFH group to identify suitable acquisition targets, particularly in the Greater Bay Area. We will maintain a prudent investment preference in the future.

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<sup>2</sup> Adjusted to reflect the step-up rent mechanism in leases and excluding depreciations, where appropriate.





## Chairman's Statement

Looking ahead, we remain cautious. We believe that the ongoing e-commerce trend, reliant on logistics services, will drive demand for logistics real estate. However, to maintain a healthy financial position and preserve capital for potential challenges, we need to act swiftly by reducing our payout ratios. We will continue to adopt a prudent approach to future payout ratios, ensuring we can navigate economic headwinds and seize opportunities that generate sustainable returns.

Last but not least, I would like to express my heartfelt gratitude to the Board and all staff members for their contributions to our achievements, as well as to our business partners and investors for their unwavering support.

**HO Chit**

Chairman

13 March 2025

# Management Discussion and Analysis

## FINANCIAL REVIEW

### Operating Results

During the Year, SF REIT recorded revenue of HK\$451.4 million (2023: HK\$440.9 million),<sup>3</sup> representing an increase of 2.4% year-on-year. After deducting property operating expenses of HK\$90.3 million (2023: HK\$85.1 million), the net property income amounted to HK\$361.2 million (2023: HK\$355.8 million),<sup>3</sup> representing an increase of 1.5% year-on-year.

	Revenue <sup>3</sup>			Net property income <sup>3</sup>		
	For the year ended 31 December					
	2024	2023	Changes	2024	2023	Changes
Hong Kong	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
Tsing Yi Property	329,668	320,171	+3.0	269,233	262,926	+2.4
Mainland China	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Changsha Property	44,731	44,702	+0.1	33,426	34,300	-2.5
Foshan Property	47,897	46,090	+3.9	37,783	36,904	+2.4
Wuhu Property	19,659	18,501	+6.3	13,570	12,848	+5.6
Total	112,287	109,293	+2.7	84,779	84,052	+0.9

Property operating expenses included building management fees charged by independent third parties of approximately HK\$26.5 million (2023: HK\$26.5 million) and by the operations manager which is a subsidiary of SFH of approximately HK\$3.0 million (2023: HK\$2.6 million) as well as fees for provision of services to generate supplemental services income of HK\$11.9 million (2023: HK\$12.0 million). The remaining property operating expenses mainly consisted of repairs and maintenance, other taxes, rates and government rent, and utilities fees.

Finance costs for the Year were HK\$117.1 million (2023: HK\$114.0 million), including interest expenses on bank borrowings of HK\$115.4 million (2023: HK\$113.2 million) with the remainder consisting of amortisation of cost of debts. The net interest expenses on bank borrowings after considering IRS were HK\$112.1 million (2023: HK\$113.2 million).

<sup>3</sup> Adjusted to reflect the step-up rent mechanism in leases and excluding depreciations, where appropriate.



## Management Discussion and Analysis

SF REIT reported a loss after taxation of HK\$294.5 million during the Year (2023: profit after taxation of HK\$219.5 million), mainly due to the fair value loss on investment properties of HK\$614.4 million (2023: fair value gain of HK\$55.0 million).

### Distribution

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

The total distributable income for the Year increased by 1.9% to HK\$234.4 million (2023: HK\$230.0 million), representing the loss (2023: profit) before transactions with Unitholders as adjusted to eliminate the effects of the adjustments as set out in the Trust Deed, which mainly include fair value loss on investment properties, fair value gains on financial instruments – non cash settlement portion, deferred tax credits, and the REIT Manager's fee payable in units in lieu of cash.

The Board has resolved to declare a final distribution per unit of HK12.69 cents for the period from 1 July 2024 to 31 December 2024 (2023 final distribution per unit: HK14.02 cents). This represents a payout ratio of 90% for the second half of the Year. The total distribution per unit for 2024 will be HK27.40 cents (2023: HK28.66 cents), resulting in an overall payout ratio of approximately 95% for the full year. The adjustment to the payout ratio primarily aims at preserving capital to enhance financial stability and better position SF REIT to face future challenges.

The total distribution per unit represents a distribution yield of 8.8% based on the closing unit price of HK\$3.13 on the last trading day of the Year. The final distribution will be paid on Friday, 25 April 2025 to the Unitholders whose names appear on the register of Unitholders of SF REIT on Tuesday, 1 April 2025.

# Management Discussion and Analysis

## Financial Position

As at 31 December 2024, total assets amounted to HK\$6,982.1 million (2023: HK\$7,692.3 million) comprising mainly investment properties of HK\$6,731.4 million (2023: HK\$7,388.2 million). Total liabilities were HK\$3,301.7 million (2023: HK\$3,458.7 million) including bank borrowings of HK\$2,504.5 million (2023: HK\$2,563.4 million), of which HK\$2,156.5 million was in HK\$ loans (2023: HK\$2,157.2 million) and HK\$348.0 million was in RMB loans (2023: HK\$406.3 million). Net asset value per unit was HK\$4.51 (2023: HK\$5.26).

After accounting for the IRS, the weighted average effective interest rates for the Reporting Period for total borrowings, HK\$ borrowings and RMB borrowings were contained at 4.22%, 4.50% and 3.92% per annum (2023: 4.31%, 4.23% and 4.65% per annum), respectively. SF REIT's gearing ratio (defined as the percentage of total borrowings over total assets) was 35.9% (2023: 33.3%), while the total liabilities as a percentage of total assets was 47.3% (2023: 45.0%).

## OPERATIONS REVIEW

SF REIT possesses a portfolio of four modern logistics properties strategically located in prime logistics hubs, including Tsing Yi, Hong Kong as well as Changsha in Hunan Province, Foshan in Guangdong Province and Wuhu in Anhui Province, Mainland China. Initially developed by SFH, all four properties are tailor-made to support the logistics operations of its members.

Property	GLA as at 31 December 2024 (sq.m.)	Occupancy as at 31 December 2024	Occupancy as at 31 December 2023	% of GLA occupied by internal tenants as at 31 December 2024 <sup>4</sup>
Tsing Yi Property	160,324	97.3%	97.3%	69.3%
Changsha Property	119,684	98.9%	98.9%	75.6%
Foshan Property	84,951	100.0%	100.0%	99.9%
Wuhu Property	62,698	95.4%	95.4%	90.6%
<b>Total</b>	<b>427,657</b>	<b>98.0%</b>	<b>98.0%</b>	<b>80.3%</b>

<sup>4</sup> Internal tenants refer to tenants from the SFH Group.



## Management Discussion and Analysis

During the Year, the REIT Manager achieved solid leasing results by implementing a proactive approach focused on building long-term relationships with tenants. By maintaining open lines of communication, the REIT Manager gained insights into the requirements of tenants' businesses and provided flexible leasing options. Therefore, the occupancy levels of all the properties remained stable, and the overall occupancy remained high at 98.0% as at 31 December 2024 (2023: 98.0%).

The SFH Group occupied 80.3% of the GLA as at 31 December 2024 (2023: 80.1%) and contributed approximately 75.1% of the total revenue for the Year (2023: 73.8%). The annual rental increases in the subsisting leases with the SFH Group tenants, which are set to expire in 2026, brought a high degree of income stability for SF REIT during the Year.

The REIT Manager successfully renewed and re-let all leases due to expire in 2024 with a total GLA of approximately 36,714 sq.m.. By continuously working to strengthen relationships with current tenants, the REIT Manager seeks to maintain a strong occupancy rate across the portfolio.



**TSING YI**  
PROPERTY



## Management Discussion and Analysis

### Hong Kong

Our Tsing Yi Property is a purpose-built multi-storey logistics building designed to meet elevated specifications tailored to the needs of logistics services. These specifications include direct ramp access, large floorplates, high headroom, heavy floor loading, ample parking facilities with loading and unloading areas, and temperature-controlled areas. These attributes render our Tsing Yi Property exceptionally attractive for logistics operations.

Our tenant base of the Tsing Yi Property remained stable with an occupancy rate of 97.3% as at 31 December 2024 (2023: 97.3%), and comprised a wide range of companies engaged in the distribution of goods, food supply, and consumer products across various countries. As at 31 December 2024, all warehouse spaces were leased out, and the vacant units primarily consisted of ancillary offices. The SFH Group tenants, including various business units such as express delivery, contract logistics, cold storage and freight forwarding, occupied a total of 69.3% of the Tsing Yi Property's GLA (2023: 69.3%).

Looking ahead, approximately 10,959 sq.m. of GLA in the Tsing Yi Property, approximately 6.8% of its total GLA, is due to expire in the second half of 2025.



TSING YI PROPERTY

Throughout the Year, SF REIT has made multiple enhancements to the Tsing Yi Property. To ensure a safe and comfortable environment for our tenants, we have initiated improvement works on the driveway and the mechanical ventilation and air conditioning system, replaced outdated electronic equipment such as closed-circuit television, and renovated the ceiling at the building's main entrance.

In relation to ESG, our Tsing Yi Property has been awarded the "Leadership in Energy and Environmental Design" (LEED) Gold rating by the U.S. Green Building Council, which is a testament to our efforts in sustainable building practices in various aspects, including water efficiency, energy and atmosphere, materials and resources, and indoor environmental quality. Additionally, the property achieved an Excellent grade in the Management aspect of BEAM Plus, reflecting the Hong Kong Green Building Council's acknowledgement of our responsible management practices and initiatives in promoting sustainable asset management.



# CHANGSHA

PROPERTY



## Management Discussion and Analysis

### Mainland China

#### Changsha, Hunan

The occupancy of our Changsha Property was 98.9% as at 31 December 2024 (2023: 98.9%), in which the SFH Group occupied 75.6% of the GLA, including business units of express parcel delivery and supply chain management. Looking ahead, approximately 2,580 sq.m. of GLA in the Changsha Property, comprising approximately 2.2% of its total GLA, is due to expire in 2025.

To maintain a pleasant and tenant-friendly environment, SF REIT has launched several improvement works during the Year on the roads, exterior walls and smoke ventilation windows at the Changsha Property. Furthermore, we started to provide shuttle bus services for tenants to and from the Changsha Property, offering them a comfortable and convenient commuting experience and thus enhancing overall operational efficiency and customer satisfaction.



CHANGSHA PROPERTY



**FOSHAN**  
PROPERTY



## Management Discussion and Analysis

### Foshan, Guangdong

The Foshan Property is a “built-to-suit” distribution centre and occupied almost entirely by the SFH Group, which operates there as a regional hub to support its express delivery services in Guangdong Province. It maintained an occupancy rate of 100% as at 31 December 2024 (2023: 100%), in which 99.9% of the GLA was leased to an express delivery unit of the SFH Group.



FOSHAN PROPERTY

SF REIT has implemented a range of initiatives to optimise the quality of the Foshan Property. During the Year, we completed upgrades on its cooling system to enhance energy efficiency while creating a better working environment for our tenants. In response to the prevailing trend of EV, we have installed EV chargers at Foshan Property for tenants’ use, demonstrating our commitment to a cleaner operation.



**WUHU**  
PROPERTY



## Management Discussion and Analysis

### Wuhu, Anhui

The Wuhu Property recorded an occupancy rate of 95.4% as at 31 December 2024 (2023: 95.4%), with 90.6% of the GLA leased to the SFH Group tenants including express delivery, freight forwarding and contract logistics. The warehouses remained fully occupied, while certain ancillary offices were vacant. Approximately 1,950 sq.m. of GLA in the Wuhu Property, about 3.1% of its total GLA, is due to expire in 2025.



WUHU PROPERTY

During the Year, SF REIT completed all-round revamps for Wuhu Property, including building maintenance to tackle water leakage, road surface levelling to ensure safety and comfort, as well as enhancement of dining services to provide tenants with better experience.

Additionally, our Wuhu Property was awarded the building certification of “China Green Warehouses” by China Association of Warehousing and Distribution. Together with the Changsha Property and Foshan Property, all our assets in Mainland China currently carry this green building certification, reflecting our commitment to environmental responsibility.



## Management Discussion and Analysis

### Sustainability

SF REIT has been intensifying efforts in energy efficiency and resource conservation. We have equipped all our properties with solar photovoltaic systems installed on the rooftops for electricity generation. In the Tsing Yi Property, the outdoor lighting is equipped with light sensors that automatically switch the lights on and off to reduce unnecessary electricity usage, which significantly lowers our overall carbon emissions. On top of that, we have participated in the Pilot Scheme on Food Waste Collection by the Environmental Protection Department to transform source-separated food waste collected into energy and compost. Through these initiatives, we contribute to environmental sustainability.

Our dedication to sustainable practices has brought us recognition from professional institutions. Besides the aforementioned “China Green Warehouses” certification, most remarkably, we earned the highest 5-star rating at the Global Real Estate Sustainability Benchmark (GRESB) for the first time, which placed us among the best performing 20% of participating entities.

### PORTFOLIO VALUATION

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

## Management Discussion and Analysis

As at 31 December 2024, the appraised value of SF REIT's portfolio was HK\$6,731.4 million (2023: HK\$7,388.2 million), representing a decrease of 8.9%. The following table summarises the valuation of SF REIT's properties as at 31 December 2024 and 31 December 2023.

	Appraised Value				YoY Changes		Capitalisation Rate	
	As at 31 December 2024 HK\$ million	As at 31 December 2023 HK\$ million			in HK\$ %	in local currency %	As at 31 December 2024 %	As at 31 December 2023 %
<b>Hong Kong</b>								
Tsing Yi Property	5,620.0	5,987.0			-6.1	-6.1	4.25	4.25
<b>Mainland China</b>	HK\$ million	RMB million	HK\$ million	RMB million	%	%	%	%
Changsha Property	481.8	452.8	605.1	550.4	-20.4	-17.7	5.55	5.25
Foshan Property	443.1	416.5	547.6	498.1	-19.1	-16.4	5.45	5.25
Wuhu Property	186.5	175.3	248.5	226.0	-24.9	-22.4	5.70	5.50
<b>Sub-Total</b>	1,111.4	1,044.6	1,401.2	1,274.5	-20.7	-18.0		
<b>Total</b>	6,731.4		7,388.2		-8.9			

The Tsing Yi Property and properties in Mainland China were valued at HK\$5,620.0 million and HK\$1,111.4 million as at 31 December 2024, respectively (2023: HK\$5,987.0 million and HK\$1,401.2 million, respectively).

Both the Tsing Yi Property and the properties in Mainland China experienced a decrease in valuation. This was primarily attributed to the drop of market rental, reflecting a more cautious outlook on the economy and demand-supply dynamics of the respective regions where we operate.



## Management Discussion and Analysis

### CAPITAL MANAGEMENT

In 2024, amidst a volatile environment characterised by elevated USD interest rates and RMB depreciation pressures, SF REIT proactively implemented a robust capital management strategy to strengthen liquidity, optimise funding costs and extend debt maturities for a resilient balance sheet. Key initiatives included early refinancing, negotiating lower loan margins, extending IRS tenors, securing new credit facility and advancing green finance. As at 31 December 2024, the banking facilities of SF REIT are as follows:

- (i) two Hong Kong dollar facilities ("**HK\$ Loans**"), which include:
  - (a) a three-year sustainability-linked term loan facility (the "**HK\$ Term Loan**") for a principal amount up to HK\$2,159 million maturing in September 2027 with a two-year extension option at an interest rate of HIBOR plus 0.70% per annum, lowered by 40 basis points with an early refinancing ("**Refinancing**") conducted during the Year;
  - (b) a one-year revolving loan facility (the "**HK\$ Revolving Loan**") for a principal amount up to HK\$250 million, or its equivalent in RMB, at an interest rate of HIBOR plus 0.60% per annum, lowered by 25 basis points with the Refinancing.

The HK\$ Loans are secured by the Tsing Yi Property and its rental collection account. As at 31 December 2024, the HK\$ Term Loan was fully drawn while the HK\$ Revolving Loan was not utilised during the Year;

- (ii) two five-year term loan facilities (collectively, "**Foshan and Wuhu RMB Loans**") for principal amounts up to RMB120 million and RMB100 million for Foshan Property and Wuhu Property, respectively, maturing in April 2026.

In the second half of 2024, the REIT Manager negotiated to change the interest settlement method from using a fixed rate to the loan prime rate for one year, as announced by the National Interbank Funding Center on the business day immediately preceding the drawdown date and updated annually, with an interest margin. Through this arrangement, the REIT Manager successfully reduced the interest rate from 3.95% per annum to a discount of 0.20% to the loan prime rate per annum, reducing the total interest rate by 1.05% to 2.90% per annum.

The Foshan and Wuhu RMB Loans are secured by the Foshan Property and the rental collection accounts of both the Foshan Property and Wuhu Property. As at 31 December 2024, the total outstanding amount of the Foshan and Wuhu RMB Loans amounted to approximately RMB86 million;





## Management Discussion and Analysis

- (iii) an eight-year term loan facility (“**Changsha RMB Loan**”) for a principal amount up to RMB275 million at 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, with an interest margin. During the Year, the REIT Manager successfully negotiated to reduce the interest margin from a premium at 0.20% per annum to a discount of 0.45% per annum. This, along with a 0.25% decrease in the loan prime rate, resulted in a total interest rate reduction of 0.90% to 3.50% per annum.

The Changsha RMB Loan is secured by the Changsha Property, the rental collection account of the Changsha Property and the entire shareholding of an indirect wholly-owned subsidiary of SF REIT holding the Changsha Property. As at 31 December 2024, the total outstanding amount of the Changsha RMB Loan amounted to approximately RMB241 million; and

- (iv) a one-year unsecured revolving sustainability-linked facility for a principal amount up to HK\$200 million or its equivalent in RMB at an interest rate of HIBOR plus 0.50% per annum for HK\$ loan or 3.50% fixed for RMB loan per annum. As at 31 December 2024, this loan was not utilised during the Year.

Signed in August 2024, the Refinancing serves as a strategic move to reduce finance costs, and postpone the maturity of the HK\$ Term Loan by approximately one and a half years from the first half of 2026 to the second half of 2027. The Refinancing is backed by five prestigious banks, underscoring the strong support from our banking partners and setting the stage for future developments.

Besides, the refinanced HK\$ Term Loan is also sustainability-linked, allowing us to benefit from further interest rate discounts based on the achievement of emission reduction KPIs, which has earned us three accolades at the Hong Kong Green and Sustainable Finance Awards 2024, organised by the Hong Kong Quality Assurance Agency. As at the end of the Year, 86% of the outstanding loan amount was hinged upon our sustainable business practices, showcasing our unwavering ESG commitments.



## Management Discussion and Analysis

As another strategy to alleviate finance costs, in early 2022, SF REIT entered into IRS with maturity in February 2026 to hedge HK\$900 million of the HK\$ Term Loan to mitigate the impact of interest rate volatility. Along with the refinancing exercise of the HK\$ Term Loan, the REIT Manager also restructured this HK\$900 million IRS with maturity in September 2027 to align with the maturity period of the refinanced HK\$ Term Loan. The weighted average interest rate of the restructured IRS is 2.19% per annum, before accounting the interest margin of the HK\$ Term Loan of 0.70%.

For the remaining HK\$1,259 million portion of the HK\$ Term Loan, since July 2023, the REIT Manager has been managing the finance costs through short-term IRS of around six months on a rolling basis, and has thereby achieved interest savings since this strategy was adopted. During the Year, SF REIT entered into two short-term IRS to hedge this portion of the HK\$ Term Loan for the first half and the second half of 2024, respectively. This was carried out to protect against the market volatility as the pace of interest rate cuts remains uncertain.

As at 31 December 2024, HK\$900 million or about 41.7% of the HK\$ Term Loan was at interest rates that had been locked in with IRS until September 2027 when the HK\$ Term Loan matures. The REIT Manager will closely monitor the interest rate movements and may adjust ratio of fixed and floating rate debt using financial instruments to hedge against the interest rate exposure, if and when appropriate.

For the Year, approximately 26.9% and 25.3% (2023: 27.5% and 26.2%) of the revenue and net property income, respectively, of SF REIT were denominated in RMB, which had to be converted into Hong Kong dollars for the calculation of distributions to Unitholders. During the Year, SF REIT entered into foreign currency forward contracts to hedge RMB risk associated with the distributable income for the second half of 2024. The REIT Manager will continue to monitor the foreign exchange market and will take appropriate protective actions to mitigate foreign exchange risks, when necessary.

As at 31 December 2024, SF REIT had total cash and bank balances of HK\$93.5 million (2023: HK\$190.2 million), term deposits with original maturity over 3 months of HK\$40.0 million (2023: nil), and available banking facilities of HK\$450 million (2023: HK\$250 million). Taking into consideration the recurrent income generated from its operations, the current cash position and sources of funding available, the REIT Manager is of the view that SF REIT has sufficient financial capability to satisfy its working capital and capital expenditure requirements.

### OUTLOOK AND STRATEGY

The year 2024 was marked by uncertainties in the economic landscape, and such uncertainties are expected to remain a significant focus in 2025. The movements of interest rates present a crucial unknown, particularly as United States Federal Reserve officials have hinted at a slower pace of rate cuts. Additionally, geopolitical conflicts may further escalate across various regions, adding to the complexity of the economic landscape. Given these dual challenges, we maintain a cautious outlook for the year ahead.

In light of these challenges, the Chinese government has indicated plans to introduce additional stimulus policies. The earlier published “No. 1 Central Document” clearly proposed accelerating the construction of a modern rural logistics system. At China’s “Two Sessions” in March 2025, the Ministry of Transport also introduced policies to reduce costs, improve quality and enhance efficiency for the logistics industry. The Chinese government has demonstrated a strong commitment to support the market, which the market eagerly anticipates.

Industry-wise, we expect to see sustained demand for logistics warehouses, mainly driven by the rise in online sales and cross-border e-commerce businesses. China’s logistics sector demonstrated robust growth, with online retail sales grew by 6.5%<sup>5</sup> and volume of parcel deliveries surged by 21.5% year-on-year in 2024.<sup>6</sup>

As a rapidly expanding global business, cross-border e-commerce requires ample logistics space; however, it will take time to absorb the excess supply introduced in recent years. Notably, the influx of new properties started to decline in the third and fourth quarters,<sup>7</sup> which could gradually alleviate the demand-supply gap.

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<sup>5</sup> National Bureau of Statistics of China, *National Economy Witnessed Steady Progress amidst Stability with Major Development Targets Achieved Successfully in 2024*

<sup>6</sup> State Post Bureau of the People’s Republic of China, 國家郵政局公布2024年郵政行業運行情況 (State Post Bureau releases 2024 postal services figures)

<sup>7</sup> CBRE, 中國倉儲物流市場 2024年第四季度 (China Logistics Warehouse Market Q4 2024)



## Management Discussion and Analysis

In Hong Kong, the overall vacancy of logistics warehouses increased while rents continued to decline during 2024. This was primarily due to the additional space available in the market, coupled with occupiers becoming more cost-conscious amid uncertain economic conditions.

Looking ahead, we expect that the uncertain macroeconomic environment will adversely impact the sector, creating further challenges for property performance in Hong Kong. This situation requires vigilant monitoring and strategic adjustments to our leasing strategies such as offering flexible leasing options and attracting diverse range of tenants.

Above all, our strategic partnership with the anchor tenant, the SFH Group, along with our healthy relationships with other tenants, are the cornerstones of our strategy. Financially, we will continue to exercise prudence in determining future payout ratios for a healthy financial position and capital preservation to enhance our resilience against potential challenges. The REIT Manager will also closely monitor market conditions and, if opportunities arise, seek to grow our portfolio through acquisitions to achieve sustainable returns for Unitholders.



# Directors and Management

## Directors

### HO Chit

Chairman and Non-executive Director

Mr. HO Chit, aged 50, was appointed as a Non-executive Director on 11 April 2022. He is also the Board Chairman, the chairman of the Investment Committee and a member of the Nomination and Remuneration Committee.

Mr. HO has extensive experience in auditing, financial control and corporate finance and business management. He is an executive director, the deputy general manager and the chief financial officer of SFH. He is also an executive director (re-designated from a non-executive director) and the chief strategy officer of Kerry Logistics Network Limited, a company listed on the Hong Kong Stock Exchange and a subsidiary of SFH. Prior to joining SFH in September 2021, Mr. HO served as the chief executive officer of Fox Financial Technology Group Limited from April 2014 to September 2021 and held a number of senior financial positions in several NASDAQ listed companies from 2005 to 2014. Mr. HO was an independent director of China Great Wall Securities Co., Ltd. (a company listed on the Shenzhen Stock Exchange) from August 2015 to May 2022.

Mr. HO is a director of SF Holding (HK) Limited (formerly known as SF Holding Limited), SF Fengtai Industrial Park Holdings Limited and Sunny Sail Holding Limited, and an employee of 深圳順豐泰森控股(集團)有限公司 (Shenzhen S.F. Taisen Holding (Group) Co., Ltd.), all of which are subsidiaries of SFH and companies having an interest in the units of SF REIT within the meaning of Part XV of the SFO.

Mr. HO holds a Bachelor's degree in Business Administration in Accounting and Finance from The University of Hong Kong and an Executive Master of Business Administration degree from Tsinghua University in the PRC. Mr. HO is a member of the Hong Kong Institute of Certified Public Accountants and the American Institute of Certified Public Accountants.



## Directors and Management

### Hubert CHAK

Executive Director and Chief Executive Officer

Mr. Hubert CHAK, aged 63, was appointed as a Director on 23 October 2020 and re-designated as an Executive Director on 3 February 2021. He is also the Chief Executive Officer and one of the responsible officers of the REIT Manager as well as a director of all the subsidiaries of SF REIT.

Mr. CHAK has extensive experience in real estate and financial industries. He joined Link Asset Management Limited, the manager of Link Real Estate Investment Trust, in June 2010 and was its director of finance when he left in December 2018. He was also one of its responsible officers from September 2010 to August 2018. Prior to that, he was an executive director of CSI Properties Limited from April 2007 to May 2010. He also held various senior management positions at Pacific Century group between October 1999 and February 2007 and was an executive director of Pacific Century Premium Developments Limited from May 2004 to February 2007. He is currently an independent non-executive director of Tradelink Electronic Commerce Limited. All the companies/real estate investment trust mentioned above are listed on the Hong Kong Stock Exchange.

Mr. CHAK holds a Bachelor of Science degree in Mechanical Engineering and a Master of Business Administration degree from University of Wales (currently known as Cardiff University) in the United Kingdom.

### OOI Bee Ti

Non-executive Director

Ms. OOI Bee Ti, aged 52, was appointed as a Non-executive Director on 30 June 2022.

Ms. OOI has extensive experience in corporate finance, treasury management and financial services. She is the head of corporate treasury of SFH. She is the chairman of 順豐恒通支付有限公司 (S.F. Hengtong Pay Co., Ltd.), the chairman of 順豐控股集團財務有限公司 (SF Holdings Group Finance Co., Ltd.), the executive director of 順豐保險代理(深圳)有限公司 (S.F. Insurance Agency (Shenzhen) Co., Ltd.) (these three companies are holders of license issued by the National Administration of Financial Regulation) and the executive director of 順豐數科(深圳)技術服務有限公司 (S.F. Digits (Shenzhen) Technology Service Co., Ltd.), all are subsidiaries of SFH. She is also a non-executive director of Kerry Logistics Network Limited, a company listed on the Hong Kong Stock Exchange and a subsidiary of SFH, and a non-executive director of KEX Express (Thailand) Public Company Limited (formerly known as Kerry Express (Thailand) Public Company Limited), a company listed on the Thailand Stock Exchange and a subsidiary of SFH. Prior to joining SFH in September 2010, Ms. OOI worked for Huawei Technologies Co., Ltd. as the director of regional treasury management at the head office and the head of treasury at Asia Pacific regional office from 2006 to 2010 and also worked for several large European and American multinational companies in the areas of corporate finance and treasury management from 1996 to 2006.

Ms. OOI holds a Bachelor of Arts degree in Accounting and Finance from Thames Valley University (now known as University of West London) in the United Kingdom.



## Directors and Management

### GAN Ling

Non-executive Director

Ms. GAN Ling, aged 50, was appointed as a Non-executive Director on 31 December 2022.

Ms. GAN has extensive experience in investment, corporate finance and corporate governance. She is the deputy general manager, board secretary and joint company secretary of SFH. She is also a member of the Appeal Review Committee of the Shenzhen Stock Exchange. Prior to joining SFH in December 2015, Ms. GAN served as deputy general manager of Maoye International Holdings Limited, a company listed on the Hong Kong Stock Exchange, from 2010 to 2015, and was a director of several A-share listed companies in Mainland China from 2011 to 2015. Ms. GAN was an analyst at Coatue Management, L.L.C., one of the Tiger Cubs, in New York from 2006 to 2010.

Ms. GAN is an employee of 深圳順豐泰森控股(集團)有限公司 (Shenzhen S.F. Taisen Holding (Group) Co., Ltd.) (a subsidiary of SFH), which is a company having an interest in the units of SF REIT within the meaning of Part XV of the SFO.

Ms. GAN holds a Bachelor of Arts degree with a major in English from Shantou University in the PRC, a Master of Business Administration degree from The University of Texas at Austin in the United States of America and an Executive Master of Business Administration (EMBA) degree from PBCSF Tsinghua University.

### HO Lap Kee, MH, JP

Independent Non-executive Director

Mr. HO Lap Kee, aged 64, was appointed as an Independent Non-executive Director on 29 April 2021. He is also the chairman of the Nomination and Remuneration Committee and a member of the Audit Committee.

Mr. HO has extensive experience in the shipping and maritime industry and in aspect of trade and transport of goods. He has been an executive director at the secretariat of The Hong Kong Shippers' Council since September 1999. Prior to that, he worked at Swire Shipping (Agencies) Limited and Taikoo Maritime Services Limited until September 1999 with his last position as deputy managing director. He retired as an independent non-executive director of Tradelink Electronic Commerce Limited, a company listed on the Hong Kong Stock Exchange, in May 2023.



## Directors and Management

Mr. HO is a director of the Urban Renewal Fund and a member of the Logistics Industry Training Advisory Committee, two committees of the Hong Kong Maritime and Port Board, the Occupational Safety and Health Council and the Vocational Training Council Merchandise Trading and E-commerce Training Board. He is also a member of the Transport and Logistics Committee (formerly known as the Shipping & Transport Committee) of The Hong Kong General Chamber of Commerce, the Logistics Services Advisory Committee of the Hong Kong Trade Development Council and Hong Kong • Taiwan Business Co-operation Committee. He is the current chairman of the Hong Kong Logistics Management Staff Association. Mr. HO has been re-appointed as a non-official member of the Land and Development Advisory Committee and its Land Sub-Committee from 1 July 2024 to 30 June 2027 upon expiry of his term on 30 June 2024. He was a member of the Hong Kong Logistics Development Council, the Port Operations Committee and the Dangerous Goods Standing Committee. He served as the vice-chairman and chairman of the Hong Kong Liner Shipping Association from January 1992 to December 1992 and January 1993 to December 1995 respectively. He was appointed as an advisor of the Shenzhen Ports Association for two terms in June 2005 and April 2014. Mr. HO was elected as a member of the Election Committee for the Chief Executive in 2011, 2016 and 2021.

Mr. HO holds a Bachelor of Social Science degree from The University of Hong Kong. He is a chartered fellow of The Chartered Institute of Logistics and Transport in Hong Kong.

### **CHAN Ming Tak, Ricky**

Independent Non-executive Director

Mr. CHAN Ming Tak, Ricky, aged 65, was appointed as an Independent Non-executive Director on 29 April 2021. He is also the chairman of the Audit Committee and a member of the Investment Committee.

Mr. CHAN has extensive experience in the legal professional with real estate, corporate finance, listing matters and cross-border transactions. He was the director of legal and the company secretary of Link Asset Management Limited, the manager of Link Real Estate Investment Trust, an investment trust listed on the Hong Kong Stock Exchange, from August 2010 to December 2019. Prior to that, he worked at Pacific Century Premium Developments Limited, a company listed on the Hong Kong Stock Exchange, from April 2009 to August 2010 with his last position as general counsel. He was the head legal counsel and company secretary of K. Wah International Holdings Limited, a company listed on the Hong Kong Stock Exchange, from November 2005 to April 2009. Mr. CHAN was a practising solicitor in Hong Kong.

Mr. CHAN holds a Bachelor of Laws degree from The University of Hong Kong and a Master of Laws degree from University College London. He was also awarded a Diploma in Chinese Laws by 中國政法大學 (China University of Political Science and Law). Apart from being a qualified solicitor in Hong Kong, Mr. CHAN is also a qualified lawyer of Singapore and was admitted as an attorney-at-law in the State of New York in 1989. He was a member of the In-House Lawyers Committee of The Law Society of Hong Kong from March 2011 to September 2020.





## Directors and Management

### **KWOK Tun Ho, Chester**

Independent Non-executive Director

Mr. KWOK Tun Ho, Chester, aged 61, was appointed as an Independent Non-executive Director on 29 April 2021. He is also a member of the Audit Committee and a member of the Nomination and Remuneration Committee.

Mr. KWOK has extensive experience in the financial services and banking industry and served in a senior capacity in a number of international financial institutions. He is currently an independent non-executive director of Henderson Sunlight Asset Management Limited, the manager of Sunlight Real Estate Investment Trust, an investment trust listed on the Hong Kong Stock Exchange. He is also an independent non-executive director of Yixin Group Limited and Greenland Hong Kong Holdings Limited, both companies listed on the Hong Kong Stock Exchange.

Mr. KWOK holds a Bachelor of Arts degree from the University of Cambridge. He is a fellow of the Hong Kong Securities and Investment Institute and a fellow of The Hong Kong Institute of Directors.

### **Michael Tjahja SUSANTO**

Independent Non-executive Director

Mr. Michael Tjahja SUSANTO, aged 52, was appointed as an Independent Non-executive Director on 30 June 2021. He is also a member of the Investment Committee.

Mr. SUSANTO has extensive experience in real estate investments and finance, having previously held positions as Managing Director, Head of China and Head of Portfolio Management of Phoenix Property Investors and as Managing Director of PAG Consulting Limited and Head of PAG Real Estate, China, where he expanded the firm's investment footprint in China and built a team of investment and asset management professionals in Hong Kong, Shanghai and Beijing. Mr. SUSANTO also worked at Nomura International (Hong Kong) Limited.

Mr. SUSANTO holds a Bachelor of Arts degree in Economics from Harvard University, a Master of Business Administration degree from The Wharton School of the University of Pennsylvania and a Master of Arts degree from The Joseph H. Lauder Institute of Management and International Studies of the University of Pennsylvania.



## Directors and Management

### Management

#### **Hubert CHAK**

Executive Director and Chief Executive Officer

Mr. Hubert CHAK is an Executive Director, the Chief Executive Officer and one of the responsible officers of the REIT Manager. His biographical information is set out in the “Directors” section above.

#### **YEUNG Tak Him**

Chief Operating Officer

Mr. YEUNG Tak Him is the Chief Operating Officer and one of the responsible officers of the REIT Manager. He has extensive experience in property investment, valuation and portfolio management. Mr. YEUNG holds a Bachelor of Science degree in Surveying from The University of Hong Kong and a Bachelor of Science degree in Accounting and Finance from The University of London. He is a professional member of the Royal Institution of Chartered Surveyors and is qualified as a Chartered Financial Analyst.

#### **HO Sze Ting**

Chief Financial Officer

Ms. HO Sze Ting is the Chief Financial Officer and one of the responsible officers of the REIT Manager. She has extensive experience in statutory financial reporting and financial management for business entities in Hong Kong and the PRC. Ms. HO holds a Bachelor of Business Administration degree in Accounting and Finance and a Master of Laws degree in Corporate and Financial Law from The University of Hong Kong. She is a fellow of the Hong Kong Institute of Certified Public Accountants.

#### **CHING Wai Fong**

Company Secretary and Head of Compliance

Ms. CHING Wai Fong is the Company Secretary and Head of Compliance of the REIT Manager. She has extensive work experience in company secretarial, corporate governance and compliance matters. She is an associate of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

## Introduction

In this section, we outline the SF REIT approach to sustainability governance and its core strategy, built around four key pillars: Green Operation, Partner Engagement, Employee Empowerment, and Business Integrity that guide the development of our sustainability initiatives. SF REIT embeds sustainable practices throughout our value chain to ensure long-term business success, aiming to achieve operational and service excellence while reducing environmental impact through robust corporate governance and effective portfolio management. We also share the efforts undertaken and the progress made toward achieving the objectives set out in the 2025 Environmental, Social, and Governance (“ESG”) goals. These targets were established in alignment with the United Nations’ Sustainable Development Goals (“UNSDGs”), serving as a roadmap for our commitments and progress.

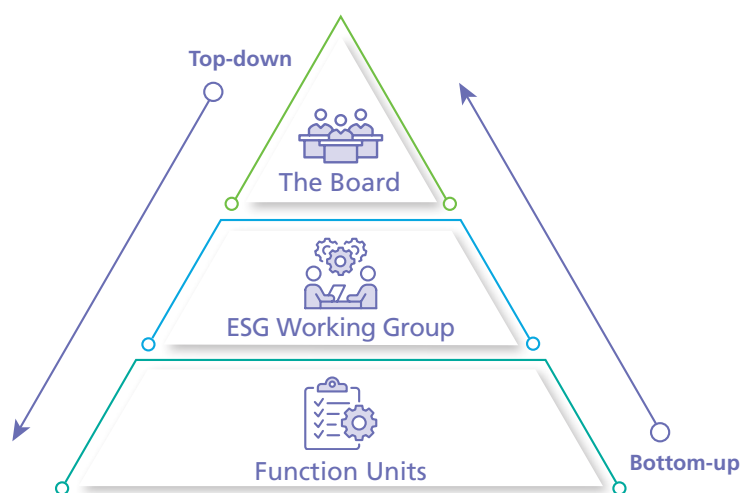
The preparation of the ESG report follows several locally and internationally recognised standards, including the Stock Exchange of Hong Kong Limited (“HKEX”) ESG Reporting Guide under Appendix C2 of the Main Board Listing Rules and with reference to Global Reporting Initiative (“GRI”) Standard 2021 and the recommendations of the Task Force on Climate-related Financial Disclosures (“TCFD”).

## Sustainability Governance

### ESG Governance Structure

At SF REIT, we recognise the critical role of integrating ESG principles and values into our business decision-making processes. This approach not only helps us create enduring value for our stakeholders and society at large but also enhances our reputation, manages risks, and improves operational efficiency.

To ensure effective ESG management, we have implemented a three-tier, top-down ESG governance structure. The diagram below illustrates the specific roles and responsibilities of the Board, the ESG Working Group, and various functional units within our ESG governance framework:





## ESG Review

### Key Role and Responsibilities

The Board oversees ESG strategies, management approaches and performance, providing strategic guidance on ESG-related risk identification and material ESG issues, including climate-related issues. The Board reviews progress and achievements against ESG objectives and approves the annual ESG report and other related publications for stakeholders.

In addition, the ESG Working Group advises the Board on developing ESG strategies, sets targets and initiatives, formulates action plans and reports progress to the Board on a regular basis. The ESG Working Group also identifies key stakeholder groups, enhances engagement, monitors market trends, laws, regulations, and industry norms, conducts materiality assessments, and reviews significant ESG-related risks and opportunities, and associated impacts. The ESG Working Group also responsible for preparing and submitting ESG Report for Board's approval.

Function Units implement action plans in daily operations, coordinate stakeholder engagement activities, collect feedback, report progress against targets regularly, and gather performance data and information for the annual ESG report and performance tracking.
















For further details regarding SF REIT's environmental, social, and governance performance this year, please refer to our 2024 Environmental, Social, and Governance Report, which is available on the SF REIT website and the Hong Kong Stock Exchange.

### Progress of 2025 Sustainability Targets

To underscore our dedication to sustainable growth and responsibility, we have set key sustainability targets across four key pillars. These targets are aligned with the UNSDGs. We will continuously monitor our progress against each target on an annual basis and, if necessary. Should adjustments be necessary, we will revise our targets to maintain alignment with our ESG strategy and our broader strategic business plans. This approach ensures that our sustainability efforts remain dynamic and responsive to both internal and external developments.



## Green Operation

Aspect	Targets by 2025	Progress in 2024	Performance	Contribution to the UNSDGs
 <b>Climate Change and Energy Efficiency</b>	Identify and assess climate-related risks and potential impacts on the business	<ul style="list-style-type: none"> <li>Conducted assessment</li> </ul>		 
	Reduce GHG emissions intensity and energy consumption intensity by 3% in 2025 against the baseline year	<ul style="list-style-type: none"> <li>Increased 6.4% GHG emissions intensity and 4.4% energy consumption intensity against the baseline year due to the increase in business activities of tenants</li> <li>Installed two new electric vehicles ("EV") charging stations, each equipped with two charging ports</li> <li>Provided Green Building User Guide to tenant</li> </ul>		
	Install LED lights across the whole portfolio	<ul style="list-style-type: none"> <li>Achieved with 100% portfolio coverage</li> </ul>		
 <b>Green Building</b>	Conduct ESG due diligence for new acquisitions	<ul style="list-style-type: none"> <li>Incorporated ESG consideration into acquisition feasibility studies</li> </ul>		
	Procure and use environmentally friendly materials/ equipment for 80% of the portfolio	<ul style="list-style-type: none"> <li>Achieved with 100% portfolio coverage</li> </ul>		
 <b>Environmental Certifications &amp; ESG Ratings</b>	Obtain ISO 14001 certification and expand the portfolio coverage	<ul style="list-style-type: none"> <li>Obtained with 100% portfolio coverage</li> </ul>		
	Participate in ESG ratings and improve performance continuously	<ul style="list-style-type: none"> <li>Participated in GRESB</li> <li>Improved from a 3-star to a 5-star rating</li> </ul>		

Note:









In Progress



Target achieved



























## ESG Review

Aspect	Targets by 2025	Progress in 2024	Performance	Contribution to the UNSDGs
 <b>Water Management</b>	Reduce water consumption intensity by 3% in 2025 against the baseline year	<ul style="list-style-type: none"> <li>Reduced 13.0% water consumption intensity against the baseline year</li> </ul>		
 <b>Waste Management</b>	Place waste separation bins across the whole portfolio	<ul style="list-style-type: none"> <li>Achieved with 100% portfolio coverage</li> </ul>		



## Partner Engagement





















Aspect	Targets by 2025	Progress in 2024	Performance	Contribution to the UNSDGs
 <b>Tenant Satisfaction</b>	Conduct tenant satisfaction surveys for the whole portfolio	<ul style="list-style-type: none"> <li>Conducted surveys with a response rate of 94.3%</li> <li>Overall satisfaction score: 9.1 out of 10</li> </ul>		
	Organise ESG activities with tenant participation rate of 60% or above	<ul style="list-style-type: none"> <li>Organised ESG activities with 60% of tenant participation rate</li> </ul>		
	Provide green procurement guidelines to all tenants	<ul style="list-style-type: none"> <li>Provided guidelines to all tenants</li> </ul>		

Aspect	Targets by 2025	Progress in 2024	Performance	Contribution to the UNSDGs
 <b>Supply Chain Management</b>	Establish supply chain management policy	<ul style="list-style-type: none"> <li>Formulated policy</li> </ul>		
	Establish Supplier Code of Conduct	<ul style="list-style-type: none"> <li>Distributed to all suppliers</li> </ul>		
	Perform annual supplier self-assessments for key suppliers	<ul style="list-style-type: none"> <li>Performed self-assessment</li> </ul>		
 <b>Community Investment</b>	Promote Corporate Social Responsibility ("CSR") through volunteering activities with satisfactory employee participation rate	<ul style="list-style-type: none"> <li>Organised 4 volunteering activities and made donations to 9 NGOs &amp; social enterprise</li> <li>100% employee participation rate</li> </ul>		 
	Achieve a total of 50 engagement hours per year	<ul style="list-style-type: none"> <li>Achieved 199 engagement hours</li> </ul>		 
	Determine annual CSR budget and increase the budget every year	<ul style="list-style-type: none"> <li>Determined 2025 CSR budget with an increment in the budget every year</li> </ul>		 
				 
				

## ESG Review


















### Employee Empowerment

Aspect	Targets by 2025	Progress in 2024	Performance	Contribution to the UNSDGs
 <b>Employee Well-being</b>	Achieve an overall satisfaction score of 70 or above in the employee satisfaction survey	<ul style="list-style-type: none"> <li>Conducted surveys with an overall satisfaction score of 94.5 out of 100</li> </ul>		 
	Carry out at least 4 employee well-being programmes every year	<ul style="list-style-type: none"> <li>Implemented 10 employee well-being programmes</li> </ul>		
 <b>Diversity, Equity &amp; Inclusion</b>	Establish diversity, equity and inclusion policy	<ul style="list-style-type: none"> <li>Formulated and reviewed policy</li> </ul>		  
 <b>Health &amp; Safety</b>	Zero workforce fatalities and injuries every year	<ul style="list-style-type: none"> <li>Achieved for the third consecutive year</li> </ul>		
	Provide Occupational Safety and Health ("OSH") training to employees	<ul style="list-style-type: none"> <li>Provided training to all employees for the third consecutive year</li> </ul>		
	Conduct office workstation checks every year	<ul style="list-style-type: none"> <li>Conducted 100% office workstation checks</li> </ul>		
 <b>Employee Training</b>	Achieve 100% employee training rate	<ul style="list-style-type: none"> <li>Achieved for the third consecutive year</li> </ul>		
	Increase 40% of average training hours per employee against the baseline year	<ul style="list-style-type: none"> <li>Increased 46% of average training hours per employee against the baseline year</li> </ul>		



## Business Integrity

Aspect	Targets by 2025	Progress in 2024	Performance	Contribution to the UNSDGs
 <b>Corporate Governance &amp; Risk Management</b>	Conduct external risk assessment every two years	<ul style="list-style-type: none"> <li>Conducted risk assessment</li> </ul>		
	Provide training on business ethics to all Directors and employees every year	<ul style="list-style-type: none"> <li>Provided training with 100% participation rate</li> </ul>		
	Provide training on business ethics to the Board of Directors every year	<ul style="list-style-type: none"> <li>Provided training</li> </ul>		
	Provide training on business ethics to all employees every year	<ul style="list-style-type: none"> <li>Provided training</li> </ul>		
 <b>Cybersecurity &amp; Data Privacy</b>	Conduct regular cybersecurity assessment and provide training to employees every year	<ul style="list-style-type: none"> <li>Conducted both internal and external assessments</li> <li>Provided training</li> </ul>		 
 <b>Sustainable Finance</b>	Establish sustainable finance policy and framework	<ul style="list-style-type: none"> <li>Formulated responsible investment policy and sustainable finance framework</li> </ul>		 
	Increase the percentage of debt financing by sustainability-linked loans	<ul style="list-style-type: none"> <li>Increased the percentage of debt financing by sustainability-linked loans</li> </ul>		



# Corporate Governance Report

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

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

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

## Authorisation Structure

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

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

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

### Board of the REIT Manager

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

### Size and Composition

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

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

### Independent Non-executive Directors

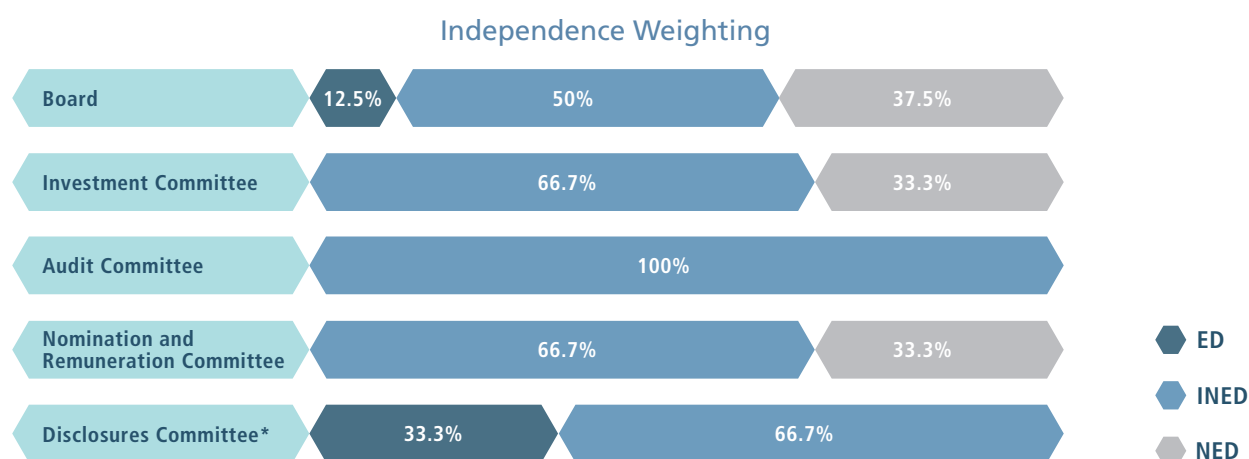
Four out of eight (50%) of the Board members are INEDs. This strong independent representation ensures that opinions of the INEDs carry weight inside the Board room. The INEDs bring constructive challenge and exercise independent judgement on management proposals and act objectively for the benefit of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

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

In accordance with the REIT Manager's articles of association, Mr. Michael Tjahja SUSANTO, an INED, will retire from office of the REIT Manager by rotation and being eligible, will offer himself for re-election by Unitholders at the forthcoming 2025 annual general meeting of SF REIT.

## Corporate Governance Report

The Nomination and Remuneration Committee is responsible for assessing the independence of INEDs. In this regard, each INED has already provided to the REIT Manager his annual confirmation of independence by reference to the independence guidelines set out in the Compliance Manual (which are modelled on the independence guidelines set under Rule 3.13 of the Listing Rules). Based on such annual confirmations, the Nomination and Remuneration Committee assessed and was satisfied that all the INEDs remained independent.



\* The Disclosures Committee has ceased with effect from 28 June 2024.

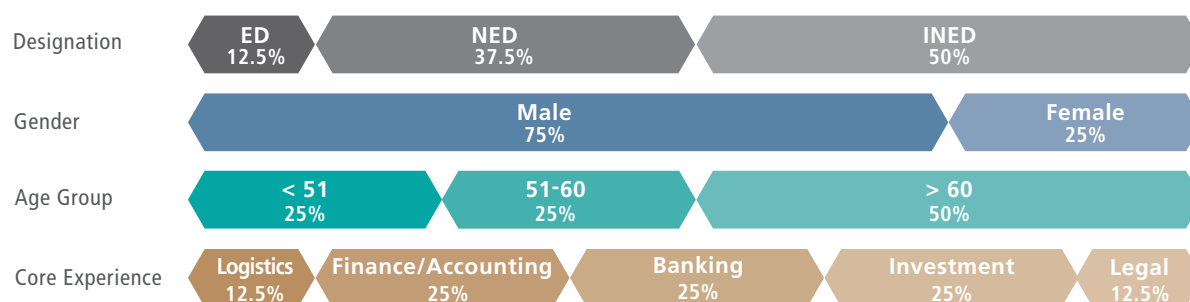
## Board Diversity

The REIT Manager recognises and embraces the benefits of having a balanced and diverse Board which can bring along broad range of views and contribute to critical decision-making. The Nomination and Remuneration Committee has adopted the board diversity policy which aims to set out the approach to achieve diversity on the Board. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service, to be developed by the Nomination and Remuneration Committee taking into account the business of the REIT Manager and SF REIT and the requirements of the Board. The ultimate decision will be based on an objective and holistic assessment of merit and contribution that the selected candidates will bring to the Board, having regard to the benefits of diversity in its broadest sense on the Board. The Board, through the Nomination and Remuneration Committee, monitors the implementation of this policy and reviews its effectiveness annually.

## Corporate Governance Report

In terms of gender diversity, the Board currently comprises 75% male members and 25% female members and will maintain a minimum representation of 10% of either gender. In terms of experience, the Board nets talented business executives and professionals from logistics, finance and accounting, banking, investment and legal sectors. With the skills, experience and diversity possessed by the Board members are appropriate for execution of the Board's duties and desirable for the businesses of SF REIT.

### Diversity at a Glance



### Board Evaluation

To ensure effectiveness of functioning, the Board conducts annual performance evaluation. The evaluation of the Board's performance for the Year was conducted internally by way of an online tailored questionnaire to Directors to collect views and comments. The whole exercise was conducted on an anonymous basis to facilitate candid expression of opinions. Evaluation results and findings were reviewed and considered by the Nomination and Remuneration Committee and the Board.

### Nomination and Appointment of Directors

The Board has the ultimate responsibility for selection, appointment and re-appointment of Directors. The Nomination and Remuneration Committee is delegated with the duties to review Board composition and recommend the appointment or re-appointment of Directors. The Nomination and Remuneration Committee has adopted the nomination policy to set out the lead role of the Nomination and Remuneration Committee in Director's nomination process. In identifying candidates for nomination of new directorship, the Nomination and Remuneration Committee will consider factors such as skills, qualification, industry experience, reputation for integrity and potential contribution to diversity.

The NEDs do not have a specific term of appointment while the INEDs have a current term of appointment of three years and are subject to retirement by rotation and re-election by Unitholders at annual general meeting of SF REIT at least once every three years.



## Corporate Governance Report

### Directors' Commitments

All Directors are committed to devoting sufficient time and attention to SF REIT's affairs. They have disclosed to the REIT Manager on an annual basis their major appointments and outside directorships, particularly those held in other public listed companies, with an indication of time involvement.

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills, and are required to provide to the REIT Manager their training records on an annual basis. According to the records provided by the Directors, a summary of Directors' participation in training during the Year is as follows:

	Training*
<b>Executive Director</b>	
Hubert CHAK (CEO)	✓
<b>Non-executive Directors</b>	
HO Chit (Board Chairman)	✓
OOI Bee Ti	✓
GAN Ling	✓
<b>Independent Non-executive Directors</b>	
HO Lap Kee	✓
CHAN Ming Tak, Ricky	✓
KWOK Tun Ho, Chester	✓
Michael Tjahja SUSANTO	✓

\* This includes attending seminars/conferences/workshops/forums/talks, and self-reading materials relevant to SF REIT's business, directors' duties or regulatory updates arranged by SF REIT or external organisations. During the Year, certain Directors also visited SF REIT's properties in Mainland China to help them to keep abreast of the business operations of SF REIT.

### Board Process

#### Board Chairman and Chief Executive Officer

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

### Delegation to Management

Headed by the CEO, the management team is entrusted with the duty to run SF REIT's business and daily operations effectively. Regular management meetings are held to review and discuss operations and financial performance as well as significant issues affecting SF REIT.

The REIT Manager has implemented a management team restructure by streamlining its business and operations structure to have the Chief Operating Officer looking after investment/portfolio management/ESG coordination whilst the Chief Financial Officer looking after the finance/treasury/investor relations/risk management/human resources/company secretary and compliance. The consolidation between the different divisions could help to streamline the work and reporting processes, and therefore enhance overall business efficiency. Biographical details of the management staff are set out in the section headed "Directors and Management" of this report.

While delegation to management can promote efficiency in operations and thereby ensuring a high level of success and achievement of objectives, the Board is aware of the need to maintain an optimal balance of responsibility between the Board and the management. Matters of significance are reserved for consideration by the Board.

Below are certain reserved matters for the Board:

- approval of annual results announcement and interim results announcement;
- approval of annual report and audited financial statements as well as interim report and unaudited interim financial information of SF REIT and the REIT Manager;
- approval of interim, final and other distributions;
- approval of acquisition or disposal of properties by SF REIT;
- approval of issue and placement of new units or buy-back of units;
- approval of appointment or removal of the CEO, ED and the company secretary of the REIT Manager;
- approval of appointment or removal of other Directors by the Board on the recommendation of the Nomination and Remuneration Committee;
- approval of the remuneration of Directors; and
- approval of any matter which would have a material effect on SF REIT's financial position, liabilities, future strategy or reputation.

The Board or each Director may have separate and independent access to the Board Chairman, the CEO and management staff at all levels. Monthly financial update is submitted by the management to the Directors.



## Corporate Governance Report

### Meetings of the Board and the Board Committees

Regular Board meetings are held at least four times a year at approximately quarterly intervals. The Board held five meetings during the Year. A meeting calendar of regular Board and Board Committees meetings is set before the beginning of each year to facilitate maximum attendance of meetings by Directors. Notice of at least 14 days is given for a regular Board meeting and reasonable notice is given for all other meetings. Agenda is prepared in consultation, respectively, with the Board Chairman/CEO and chairmen of various Board Committees. Directors are given the opportunity to include in the meeting agenda any matters they wish to discuss.











Agenda accompanied by papers with comprehensive information are sent to Directors at least three days before the intended meeting date so as to give them sufficient time to prepare for the meeting. Video or telephone participation is arranged for those Directors who cannot attend the meeting physically. Minutes of meeting is properly kept by the company secretary of the REIT Manager. Comments from Directors will be collected before final version of minutes is signed.



# Corporate Governance Report

## Directors' Attendance at Meetings

Attendance record of each Director at Board meetings, Board Committees meetings and annual general meeting during the Year is set out below:

	Board	Investment Committee	Audit Committee	Nomination and Remuneration Committee	Disclosures Committee <sup>(1)</sup>	2024 Annual General Meeting
(Number of meetings attended/eligible to attend)						
<b>Executive Director</b>						
 Hubert CHAK <sup>(2)(6)</sup>	5/5	1/1	-	-	-	1/1
<b>Non-executive Directors</b>						
 HO Chit	4/5(C)	2/3(C)	-	2/2	-	1/1
 OOI Bee Ti	5/5	-	-	-	-	1/1
 GAN Ling	4/5	-	-	-	-	1/1
 LI Juhua <sup>(3)</sup>	1/1	-	-	-	-	-
<b>Independent Non-executive Directors</b>						
 TAN Huay Lim <sup>(4)</sup>	1/1	-	1/1(C)	2/2	1/1	-
 HO Lap Kee <sup>(6)</sup>	5/5	-	3/3	2/2(C)	1/1	1/1
 CHAN Ming Tak, Ricky <sup>(5)(6)</sup>	5/5	3/3	3/3(C)	-	1/1(C)	1/1
 KWOK Tun Ho, Chester	5/5	-	3/3	2/2	-	1/1
 Michael Tjahja SUSANTO	5/5	3/3	-	-	-	1/1

C: Board Chairman/chairman of the Board Committee

Notes:

- (1) Disclosures Committee has ceased with effect from 28 June 2024.
- (2) Mr. Hubert CHAK, an ED and CEO, was appointed as a member of the Disclosures Committee with effect from 29 April 2024 and stepped down from being a member of the Investment Committee with effect from 28 June 2024.
- (3) Ms. LI Juhua resigned as a NED with effect from 29 April 2024.
- (4) Mr. TAN Huay Lim ceased to act as an INED, the chairman of the Audit Committee, a member of the Nomination and Remuneration Committee and a member of the Disclosures Committee with effect from 29 April 2024.
- (5) Mr. CHAN Ming Tak, Ricky was appointed as the chairman of the Audit Committee with effect from 28 June 2024.
- (6) Following the cessation of Disclosures Committee with effect from 28 June 2024, Mr. CHAN Ming Tak, Ricky was no longer the chairman of the Disclosures Committee, and Mr. HO Lap Kee and Mr. Hubert CHAK were no longer members of the Disclosures Committee.

During the Year, the Board Chairman met privately with the INEDs to discuss issues of their concern.



# Corporate Governance Report

## Company Secretary

The company secretary of the REIT Manager is responsible for, among others, ensuring that Board policies and procedures are followed. All Directors have access to the company secretary's advice and services. During the Year, the company secretary of the REIT Manager has complied with all the required qualifications, experience and training requirements of the Listing Rules.

## Board Committees of the REIT Manager

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

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

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

## Investment Committee

The Investment Committee comprises the following three members:



### Key Role

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

The Investment Committee held three meetings during the Year.

#### Tasks performed during the Year

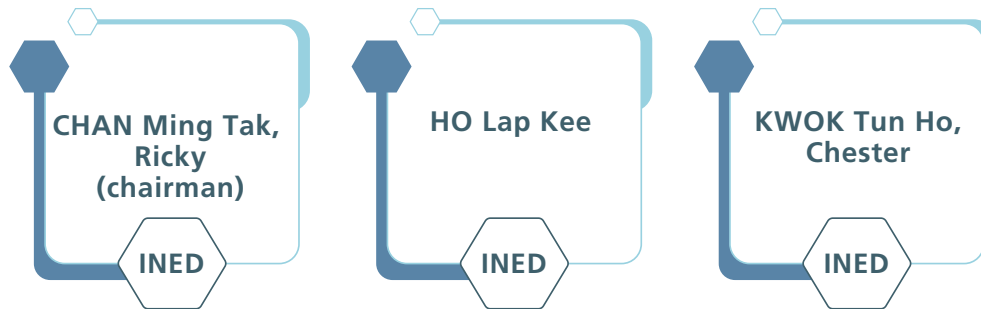
- Reviewed budgets of SF REIT and the REIT Manager
- Reviewed portfolio performance of SF REIT against budget and targets
- Reviewed semi-annually the property valuation of SF REIT's properties prepared by the property valuer
- Reviewed the debt portfolio and refinancing of loans
- Considered and endorsed foreign exchange and interest rate hedging proposals submitted by management
- Reviewed the investment plan
- Reviewed the investor relations affairs
- Considered and recommended to the Board on the amendments to the terms of reference of the Investment Committee
- Reviewed and endorsed the proposal for payment of manager's fee by SF REIT to the REIT Manager entirely in the form of new units of SF REIT in lieu of cash for the Board's approval
- Considered the proposed sale of properties by SFH and reported to the Board conclusions of its review and recommendation on the proposal
- Reviewed and endorsed the HKD loan refinancing facility for the Board's approval
- Considered and recommended to the Board on establishment of a protocol for initiating unit buy-back
- Reviewed and recommended to the Board on the establishment of the unit buy-back policy
- Reviewed and recommended to the Board on the amendments to the corporate communication policy



## Corporate Governance Report

### Audit Committee

The Audit Committee comprises the following three members:



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

### Key Role

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.

The Audit Committee held three meetings during the Year.

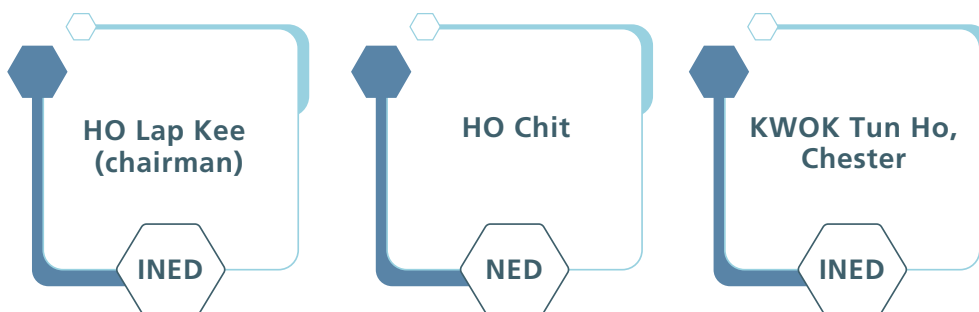
### Tasks performed during the Year

- Reviewed the annual report comprising the corporate governance report, and the final results announcement of SF REIT for the year ended 31 December 2023 and submitted the same to the Board for approval
- Reviewed the interim report and the interim results announcement of SF REIT for the six months ended 30 June 2024 and submitted the same to the Board for approval
- Reviewed the audited financial statements of the REIT Manager for the year ended 31 December 2023 and submitted the same to the Board for approval
- Reviewed connected party transactions to ensure compliance with the requirements of the REIT Code and the Listing Rules
- Reviewed the internal and external audit plans
- Reviewed the internal and external audit reports
- Considered and recommended to the Board on the re-appointment of external auditor
- Assessed risk environment of SF REIT and reviewed risk assessment report
- Assessed the effectiveness and adequacy of the internal control and risk management systems
- Reviewed the adequacy of resources, staff qualifications and experience and training programmes and budget of accounting and financial reporting functions, as well as those relating to ESG performance and reporting
- Considered and recommended to the Board on the amendments to the terms of reference of the Audit Committee and the whistleblowing policy
- Reviewed regulatory compliance reports submitted by the Head of Compliance

# Corporate Governance Report

## Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises the following three members:



### Key Role

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

The Nomination and Remuneration Committee held two meetings during the Year.

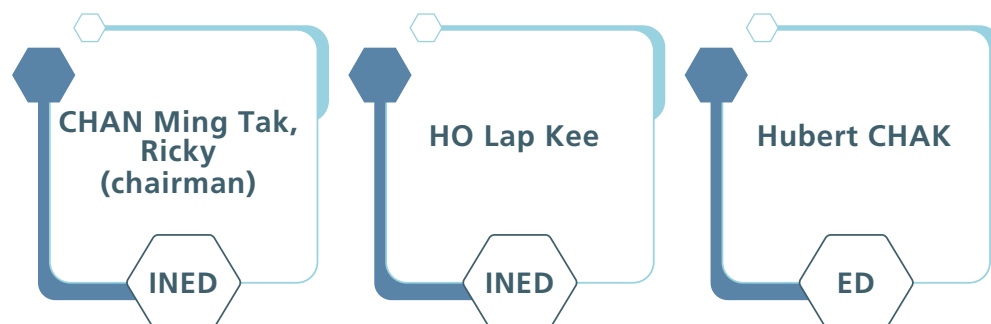
### Tasks performed during the Year

- Reviewed the structure, size and composition of the Board and Board Committees, and the diversity and evaluated performance of the Board
- Assessed the independence of each of the INEDs
- Reviewed Directors' time commitment in performing their duties and responsibilities
- Considered and recommended to the Board the appointment of a new chairman of the Audit Committee, a replacement member of the Disclosures Committee and re-appointment of the retiring INED
- Reviewed and endorsed the letter of appointment as INED for the Board's approval
- Reviewed and recommended to the Board the INEDs' fees for the Year
- Reviewed the overall compensation policy and pay level of the staff of the REIT Manager
- Reviewed and recommended to the Board for approval of 2024 key performance indicators and remuneration package of the ED
- Reviewed the nomination policy and the board diversity policy
- Reviewed and recommended to the Board on the amendments to the terms of reference of the Nomination and Remuneration Committee



## Disclosures Committee

The Disclosures Committee has ceased with effect from 28 June 2024. Up to the date immediately before the cessation, the Disclosures Committee comprised the following three members:



### Key Role

The Disclosures Committee was 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. Following the cessation, the functions previously delegated to the Disclosures Committee would be performed by the Board, unless otherwise relocated to the other Board committees, such as reviewing the disclosure to be published by SF REIT in relation to a matter that is within the purview of that Board committee.

The Disclosures Committee held one meeting during the Year.

### Tasks performed during the Year

- Reviewed disclosures in announcements, press releases, annual report, ESG report, and other public regulatory filings and corporate communications of SF REIT prior to such disclosures being published
- Reviewed the unitholders' communication policy



# Corporate Governance Report

## Accountability and Audit

### Directors' Responsibility for the Financial Statements

The Directors acknowledged their responsibilities for the preparation of the consolidated financial statements for the Year which give a true and fair view of the financial position of the Group and of the financial performance and cash flow for the Year.

The external auditor's reporting responsibilities are set out in the Independent Auditor's Report on pages 74 to 79 of this report.

### External Auditor

PricewaterhouseCoopers was appointed by the Board as the external auditor of SF REIT and the REIT Manager. The fees, scope of services and terms of engagement of the external auditor have been reviewed by the Audit Committee who has also assessed the performance and services of the external auditor in terms of quality and effectiveness in arriving at its recommendation on the re-appointment of PricewaterhouseCoopers as the external auditor.

The Audit Committee reviewed and assessed the independence of the external auditor and had received from the external auditor its written confirmation of independence. Based on its review, the Audit Committee was satisfied with the effectiveness of the audit process, as well as the technical competence, professional ethics, independence and objectivity of the external auditor.

External auditor has been engaged to provide non-audit services but only to the extent that its independence has not been impaired. In this regard, the Audit Committee has adopted a policy on engagement of external auditor for non-audit services whereby pre-approval by the Audit Committee is required for non-audit engagement exceeding predetermined thresholds. Non-audit services rendered are subject to annual review by the Audit Committee.

The audit and non-audit services fees payable to the external auditor for the Year are set out below:

Services rendered	Fees payable <i>HK\$'000</i>
Audit services and audit related assurance services	1,666
Non-audit services:	
– Others	232
<b>Total</b>	<b>1,898</b>

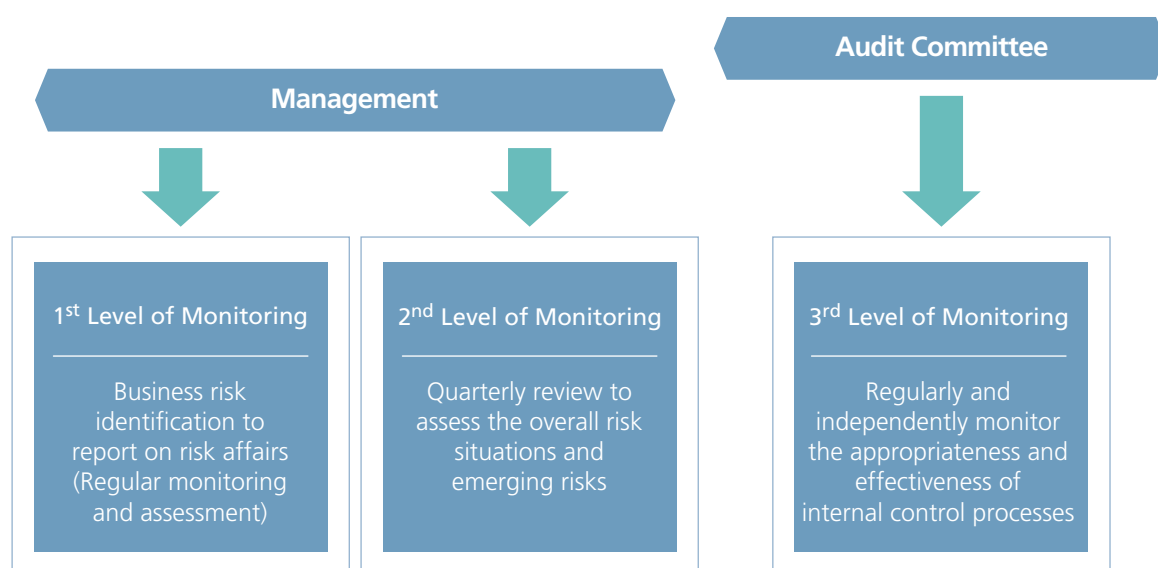
The REIT Manager has also adopted a stringent policy with respect to employment of employees or former employees of the external auditor to take up senior management or audit or financial positions to avoid potential conflict of interest with the external auditor.

## Risk Management and Internal Control

### Risk Management

SF REIT recognises the importance of maintaining sound internal control and risk management systems to safeguard Unitholders' interests and investments, SF REIT's assets, as well as managing business risks. Our risk governance structure under its risk management system is shown below. A 3-level risk monitoring system is adopted as defined and supported by the REIT Manager's risk management policy.

### Risk Governance Structure



### 1<sup>st</sup> Level of Monitoring

At the front are the function heads who are responsible to identify, monitor and report risks (including ESG and climate-related risks) in day-to-day operations. Through such process, the REIT Manager strive to manage risks to an acceptable residual level for the achievement of business goals.

### 2<sup>nd</sup> Level of Monitoring

In the second level is the risk taskforce led by the Chief Executive Officer with the assistance of the manager-in-charge of Risk Management. The risk taskforce conducts risk assessment quarterly.

### 3<sup>rd</sup> Level of Monitoring

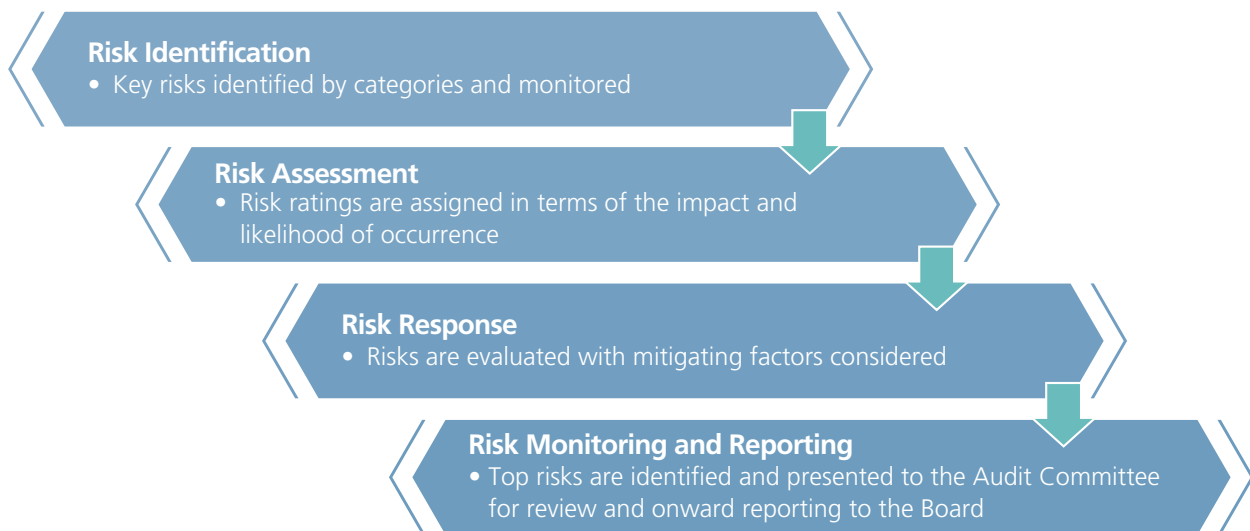
The risk taskforce reports the results of risk assessment half-yearly to the Audit Committee of the REIT Manager, which in turn reports to the Board on its review, advises on the effectiveness of the risk assessment system, and if applicable, recommends on any risk mitigating measures.

# Corporate Governance Report

## Risk Management Methodology

SF REIT adopts the COSO ERM Framework in establishing its ERM system which illustrates the key components of any ERM system. The process would involve collating and appraising bottom-up input from risk owners, with refinements and adjustments through top-down input at CEO and function heads levels in an interactive manner.

SF REIT's methodology for its risk assessment comprises four core stages as below:



## Internal Control

The Board is entrusted with the ultimate responsibility for risk management and ensuring the establishment and maintenance of adequate and effective risk management and internal control systems for SF REIT on an ongoing basis, with the assistance of the Audit Committee in overseeing their effectiveness and adequacy. The Audit Committee supports the Board in overseeing the effectiveness and adequacy of SF REIT's risk management and internal control systems. SF REIT has engaged an independent internal auditor to conduct independent reviews, ensuring the adequacy, effectiveness, and efficiency of operational processes and internal controls. In accordance with the three-year internal audit plan approved by the Audit Committee, the independent internal auditor conducts half-yearly reviews on key business areas.

Internal audit reviews were conducted for the Year. The independent internal auditor prepared a summary report that included major findings, recommendations, the implementation status, and the accomplishment of the audit plan, which was reported to the Audit Committee. It was determined that effective and adequate controls were in place, and no major irregularities were noted.

In addition, a self-assessment requiring each department to review and evaluate all material controls including operational and compliance controls over the operations of the business, and formulating action plans to improve or rectify the issues identified was conducted for the Year. No major irregularities were noted during the self-assessment.

The risk management and internal control systems of SF REIT are designed to manage rather than eliminate the risk of failure in achieving business objectives, and thus can only provide reasonable but not absolute assurance against material misstatements or losses. A series of key policies and procedures are established to ensure that relevant management directives are carried out, and actions, including verifications and approvals, reviews and safeguarding of assets, are taken to address risks. The REIT Manager has adopted an inside information disclosure policy which sets out procedures and internal controls for the REIT Manager on handling and dissemination of inside information. When information is determined by management to be inside information, CEO will evaluate the situation and may escalate to the Board to determine the appropriate actions to be taken including public disclosure.

### Review of Risk Management and Internal Control

During the Year, the risk taskforce performed comprehensive risk assessment exercises and identified key risks (including but not limited to economic, political, financial, operational, legal and compliance, ESG and climate-related risks) relevant to SF REIT's business and operations, assessed their likelihood and impact to SF REIT as well as the mitigating controls. In relation to the identified key ESG and climate-related risks, SF REIT has disclosed a climate-related disclosure report on its website and implemented several ESG and climate-related policies. The key risks were recorded in a register to facilitate ongoing monitoring. The REIT Manager will continue to monitor any changes to SF REIT's risk profile and stay alert to any emerging risk.

Based on the review of the risk taskforce, risk updates were submitted twice to the Audit Committee for review and the Audit Committee in turn reported to the Board.

The risk updates, together with the results of the self-assessment and the independent assessments by the internal auditors as mentioned earlier, form part of the bases on which the Audit Committee formulates its opinion on the effectiveness of the risk management and internal control systems of SF REIT.

Based on the recommendation of the Audit Committee, the Board reviewed and was satisfied that the risk management and internal control systems had been effective and adequate during the Year.

The Audit Committee also reviewed and was satisfied with the adequacy of resources, staff qualifications and experience, training programmes and budget of the accounting, financial reporting functions, as well as those relating to ESG performance and reporting during the Year.



## Corporate Governance Report

### Conflict of Interests and Interest in Competing Business

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 "**Competing Businesses**"). During the Year, three current NEDs, namely Mr. HO Chit, Ms. OOI Bee Ti and Ms. GAN Ling, and a former NED, namely, Ms. LI Juhua, hold directorships, shareholding interests or senior management positions in SFH and/or its subsidiaries (including those engaged in the Competing Businesses) and may therefore have conflict of interests in their involvement in the businesses of both the Group and the SFH Group. Accordingly, three current NEDs, namely Mr. HO Chit, Ms. OOI Bee Ti and Ms. GAN Ling, and a former NED, namely, Ms. LI Juhua, are considered to have interests in the Competing Businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group. Given that the Competing Businesses are managed by separate companies with management and administration functions distinct from SF REIT, it is considered that the Group is capable of carrying on its businesses independently of, and at arm's length from, the Competing Businesses.

Apart from the Competing Businesses, the REIT Manager which manages SF REIT is an indirect subsidiary of SFH. Therefore, there may be circumstances where conflict of interests amongst the REIT Manager, SF REIT and SFH may arise. The Operations Manager is an indirect subsidiary of SFH and it also provides services to properties and entities within the SFH Group. The Operations Manager may face conflict of interests in other activities of the SFH Group at an operational level.

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

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

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

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



- the REIT Manager has established control procedures to monitor connected party transactions between SF REIT and its connected persons;
- conflict of interests involving a Director or a substantial holder of SF REIT or other connected persons will be addressed in a Board meeting instead of through circulation, where all INEDs having no material interest in the matter should be present at such a 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.

### Employees and Workforce Diversity

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.

The REIT Manager is committed to ensuring that gender diversity is achieved in the workforce. As of 31 December 2024, the REIT Manager's overall workforce comprises around 65% males and 35% females and will continue to maintain a diverse workforce.

### Whistleblowing and Anti-corruption

The REIT Manager has adopted a whistleblowing policy to enable employees and related third parties who deal with the REIT Manager and/or SF REIT to raise their concerns of any irregularities, suspected misconduct, malpractice or impropriety within the REIT Manager and/or SF REIT in confidence and without fear of reprisal or victimisation. Any whistleblowers can report their concerns to the CEO or directly to the chairman of the Audit Committee through 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 REIT Manager has adopted the anti-corruption policy, as complemented with the gifts and entertainment policy (collectively the "**anti-corruption policies**") to strictly prohibit all Directors and employees of the REIT Manager from soliciting, accepting or offering any bribe in the course of business of the REIT Manager and the Group. The REIT Manager has required all its Directors and employees to comply with the anti-corruption policies.



# Corporate Governance Report

## Compliance

### Corporate Governance Code

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

### Code Governing Dealings in Units by Directors

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

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

### Other Compliance

Throughout the Year, 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 to enhance a culture of disclosure to Unitholders the ongoing developments of SF REIT. During the Year, the Board, through the Investment Committee, has conducted a review of the implementation and effectiveness of the policy and was satisfied that the policy was effective. 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.

### General Meetings of Unitholders

The REIT Manager regards general meeting of Unitholders as an important channel for the Board to communicate with Unitholders directly. The REIT Manager will at least once in every calendar year convene a general meeting of Unitholders as the annual general meeting. Directors and representative(s) of the external auditor will attend the annual general meeting to answer questions from Unitholders.

### Unitholders' Rights

Pursuant to the Trust Deed, notice of 14 calendar days or 10 clear business days (whichever is the longer) at the least shall be given to Unitholders for every general meeting except that notice of not less than 20 clear business days shall be given to Unitholders for an annual general meeting. The notice shall specify the place, day and hour of meeting and the terms of any resolution to be proposed thereat.

As required by the Trust Deed, a resolution put to the general meeting shall be decided on a poll (except where the chairman of meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be decided by a show of hands) and the result of the poll (or a show of hands in the aforesaid circumstances) shall be deemed to be the resolution of the general meeting.

Not less than two Unitholders registered as together holding not less than 10% of the units of SF REIT for the time being in issue may at any time give written requisition to the REIT Manager to convene a general meeting of Unitholders to consider a proposed resolution. Any such requisition can be sent to the REIT Manager's registered office at Room 2002, 20th Floor, Lee Garden Six, 111 Leighton Road, Causeway Bay, Hong Kong. The Trustee and the REIT Manager may also at any time convene a general meeting of Unitholders.

### Matters Required to be Decided by Special Resolution

Pursuant to the Trust Deed, certain matters require specific prior approval of Unitholders by way of a special resolution and such matters include:

- (i) changes in REIT Manager's investment policies or strategies for SF REIT;
- (ii) disposal of any real estate forming part of the assets of SF REIT within two years from the date of acquisition;
- (iii) any increase in the rate above the permitted limit or change in the structure of the REIT Manager's fees;



## Corporate Governance Report

- (iv) any increase in the rate above the permitted limit or change in the structure of the Trustee's fees;
- (v) any modification, alteration or addition to the Trust Deed, save for certain circumstances specified in the Trust Deed;
- (vi) termination or merger of SF REIT;
- (vii) removal of SF REIT's auditor and appointment of other auditor; and
- (viii) removal of the Trustee.

## ESG Initiatives

The REIT Manager recognises the importance of integrating ESG principles and values into business decision-making process to create long-lasting value to Unitholders and society at large. It will continue to follow the key pillars of its ESG strategies, namely, green operation, partner engagement, employee empowerment, business integrity and future prospect as stated in SF REIT's 2024 ESG report which was published at the same time as the publication of this 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 66 to 68.

## Changes after Financial Year End

This report has taken into account changes occurred since the end of the financial year on 31 December 2024 up to the date of approval of this report by the Board on 13 March 2025.

# Disclosure of Interests

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

## Interests of Directors

As at 31 December 2024, none of the Directors or the CEO had any interests or short positions in units (or, as the case may be, shares) or underlying units (or, as the case may be, underlying shares) or debentures (if any) of SF REIT and/or its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register required to be kept by the REIT Manager pursuant to the Trust Deed, or as otherwise notified to the REIT Manager and the Hong Kong Stock Exchange pursuant to the provisions of Part XV of the SFO.

## Interests of Substantial Unitholders

As at 31 December 2024, each of the following persons (other than the Directors or the CEO) had an interest of 5% or more in units of SF REIT as recorded in the register required to be kept by the REIT Manager pursuant to the Trust Deed:

Name of Unitholder	Capacity	Number of units held	Long position/ Short position/ Leading pool	Approximate percentage of total units in issue (%) <sup>(3)</sup>
SF Fengtai <sup>(1)</sup>	Beneficial owner	295,892,895	Long position	36.27
SFH <sup>(1)</sup>	Interest of controlled corporations	295,892,895	Long position	36.27
深圳明德控股發展有限公司 (Shenzhen Mingde Holding Development Co., Ltd.) <sup>(1)</sup>	Interest of controlled corporations	295,892,895	Long position	36.27
WANG Wei <sup>(1)</sup>	Interest of controlled corporations	295,892,895	Long position	36.27
China Orient Asset Management (International) Holding Limited	Interest of controlled corporations	163,185,000 <sup>(2)</sup>	Long position	20.00



## Disclosure of Interests

Notes:

As at 31 December 2024:

1. 295,892,895 units were held directly by SF Fengtai, a direct wholly-owned subsidiary of Sunny Sail Holding Limited. Sunny Sail Holding Limited was a direct wholly-owned subsidiary of SF Holding (HK) Limited (formerly known as SF Holding Limited) ("**SFHK**"). SFHK was a direct wholly-owned subsidiary of 深圳順豐泰森控股(集團)有限公司 (Shenzhen S.F. Taisen Holding (Group) Co., Ltd.) which itself was a direct wholly-owned subsidiary of SFH. SFH is a company listed on the Shenzhen Stock Exchange and the Hong Kong Stock Exchange and being majority-owned by 深圳明德控股發展有限公司 (Shenzhen Mingde Holding Development Co., Ltd.), a company owned as to 99.9% by Mr. WANG Wei. Accordingly, 深圳明德控股發展有限公司 (Shenzhen Mingde Holding Development Co., Ltd.), SFH, 深圳順豐泰森控股(集團)有限公司 (Shenzhen S.F. Taisen Holding (Group) Co., Ltd.), SFHK and Sunny Sail Holding Limited were all deemed to be interested in the same batch of 295,892,895 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 295,892,895 units.
2. These interests represented:
  - (i) 125,986,000 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 99.47% controlled by China Orient International Fund Management Limited ("**China Orient International**"). China Orient International was 100% controlled by China Orient Asset Management (International) Holding Limited ("**China Orient Asset Management**"). Accordingly, China Orient Asset Management, China Orient International and China Orient Multi-Strategy Fund were all deemed to be interested in the same batch of 125,986,000 units held directly by China Orient Multi-Strategy Master Fund; and
  - (ii) 37,199,000 units were held directly by China Orient Enhanced Income Fund which was 100% controlled by China Orient International. China Orient International was 100% controlled by China Orient Asset Management. Accordingly, China Orient Asset Management and China Orient International were both deemed to be interested in the same batch of 37,199,000 units held directly by China Orient Enhanced Income Fund.
3. The approximate percentage was calculated based on a total of 815,892,895 units in issue.

## Interests of the REIT Manager

As at 31 December 2024, the REIT Manager did not hold any interest in units of SF REIT.



### Interests of Other Connected Persons

After making reasonable enquiries and according to the information available to the REIT Manager, as at 31 December 2024, the interests in units of SF REIT held by connected persons (other than substantial holders of SF REIT, Directors or the CEO, the REIT Manager itself, and their respective associates) were as follows:

Name of Unitholder	Number of units held	Approximate percentage of total units in issue (%) <sup>(2)</sup>
RREEF America LLC <sup>(1)</sup>	2,377,000	0.29
DB AG (New York) <sup>(1)</sup>	491,000	0.06

Notes:

1. RREEF America LLC and DB AG (New York) are associates of the Trustee.
2. The approximate percentage was calculated based on a total of 815,892,895 units in issue as at 31 December 2024.

Save as disclosed above, as at 31 December 2024, none of the Directors or the CEO or any of their respective associates and no other persons had any interests or short positions in units (or, as the case may be, shares) or underlying units (or, as the case may be, underlying shares) or debentures (if any) of SF REIT and/or its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register required to be kept by the REIT Manager pursuant to the Trust Deed, or as otherwise notified to the REIT Manager and the Hong Kong Stock Exchange pursuant to the provisions of Part XV of the SFO.



# Other Information

## Issue of New Units

During the Year, a total of 11,130,919 new units were issued as follows:

- (i) on 9 April 2024, 6,238,023 new units of SF REIT were issued to the REIT Manager at a price of HK\$2.364 per unit as entire payment of the REIT Manager's fee of HK\$14,746,687.78, being the aggregate of the base fee for the period from 1 July 2023 to 31 December 2023 and the variable fee for the financial year ended 31 December 2023; and
- (ii) on 5 September 2024, 4,892,896 new units of SF REIT were issued to the REIT Manager at a price of HK\$2.71 per unit as entire payment of the REIT Manager's fee of HK\$13,259,750.85, being the base fee for the period from 1 January 2024 to 30 June 2024.

As at 31 December 2024, the total number of units of SF REIT in issue was 815,892,895 units.

## Sale and Purchase of Real Estate

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

Details of the properties held by SF REIT as at 31 December 2024 are set out in the "Valuation Report" section on pages 147 to 169 of this report.

## 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 Year.

## Major Real Estate Agents and Contractors

During the Year, the Group did not engage any real estate agent nor was any real estate agency fee incurred. According to the Operations Management Agreements, the Operations Manager provided, among others, operations and property management services for Foshan Property, Wuhu Property and Changsha Property. Details of the Operations Management Agreements and the property management fees incurred thereunder for the Year are set out in the "Connected Party Transactions" section of this report.

## Other Information

During the Year, the value of service contracts of the top five contractors engaged by the Group and the respective services rendered are as follows:

Name	Nature of services	Value of service paid HK\$	Percentage of relevant costs
上海永升物業管理有限公司	Property management	3,089,780	15.5%
深圳市豐泰產業園管理服務有限公司	Operations and property management	2,501,501	12.5%
Bo Kit Cleaning Services Ltd	Cleaning services	1,504,800	7.5%
中海物業管理有限公司	Property management	745,034	3.7%
Best & Prestige Engineering & Consultancy Company Limited	Repairs and maintenance	620,962	3.1%
<b>Total</b>		<b>8,462,077</b>	<b>42.3%</b>

## Major Customers and Suppliers

The aggregate revenue attributable to the Group's five largest customers and the largest customer were 75.1% and 27.8%, respectively, of the Group's total revenue for the Year.

The aggregate purchases attributable to the Group's five largest suppliers and the largest supplier were 64.0% and 25.3%, respectively, of the Group's total purchases for the Year.

The top three customers of the Group for the Year were S.F. Express (China) Limited, S.F. Express (Hong Kong) Limited and 佛山順豐速運有限公司 (Foshan S.F. Express Co., Ltd.). These three customers are all wholly-owned subsidiaries of SFH, the controlling unitholder of SF REIT. Details of the transactions with S.F. Express (China) Limited, S.F. Express (Hong Kong) Limited and 佛山順豐速運有限公司 (Foshan S.F. Express Co., Ltd.) are set out in the "Connected Party Transactions" section of this report. Save as disclosed above, none of the Directors, their close associates (as defined in the Listing Rules), or any Unitholder (which to the knowledge of the Directors owns more than 5% of the number of issued units of SF REIT) had, at any time during the Year, a beneficial interest in any of the Group's five largest customers or five largest suppliers.

## Directors' and Officers' Liability Insurance

The REIT Manager has arranged from its own resources directors' and officers' liability insurance to ensure that directors and officers of the REIT Manager in so serving the REIT Manager as well as SF REIT and its subsidiaries are fairly and sufficiently covered against legal actions and potential liability to third parties.



## Other Information

### Buy-back, Sale or Redemption of Listed Units of SF REIT

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

### Public Float

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

### Review of Annual Report

The annual report (including, without limitation, the consolidated financial statements) of SF REIT for the Year had been reviewed by the Audit Committee and PricewaterhouseCoopers, the external auditor of SF REIT. The report of the external auditor is set out in the "Independent Auditor's Report" section of this report on pages 74 to 79.

### Final Distribution and Closure of Register of Unitholders

The final distribution of HK12.69 cents per unit for the period from 1 July 2024 to 31 December 2024 will be paid on Friday, 25 April 2025 to those Unitholders whose names appear on the register of Unitholders of SF REIT on Tuesday, 1 April 2025. For the purpose of ascertaining Unitholders' entitlement to this distribution, the register of Unitholders of SF REIT will be closed from Monday, 31 March 2025 to Tuesday, 1 April 2025, both days inclusive, during which period no transfer of units will be registered. In order for Unitholders to qualify for this distribution, all transfer documents accompanied by the relevant unit certificates must be lodged with SF REIT's unit registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Friday, 28 March 2025.

# Connected Party Transactions

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

## Leasing Transactions with Connected Persons

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

Name of tenant	Relationship	Nature of transaction	Rental income and other income (excluding rental deposit) incurred for the Year <i>HK\$'000</i>	Deposit provided in the form of cash and/or bank guarantee <i>HK\$'000</i>
S.F. Express (China) Limited	associate of the REIT Manager <sup>(1)</sup> associate of substantial holder <sup>(2)(4)</sup> associate of a Director in the last 12 months <sup>(3)</sup>	Lease of premises of Tsing Yi Property and provision of Add-on Services	122,622.5	32,485.3
S.F. Express (Hong Kong) Limited	associate of the REIT Manager <sup>(1)</sup> associate of substantial holder <sup>(2)(4)</sup> associate of a Director in the last 12 months <sup>(3)</sup>	Lease of premises of Tsing Yi Property and provision of Add-on Services	102,763.1	28,602.8
佛山順豐速運有限公司 (Foshan S.F. Express Co., Ltd.)	associate of the REIT Manager <sup>(1)</sup> associate of substantial holder <sup>(2)(4)</sup> associate of a Director in the last 12 months <sup>(3)</sup>	Lease of premises of Foshan Property	51,481.2	8,932.9
安徽順豐速運有限公司 (Anhui S.F. Express Co., Ltd.)	associate of the REIT Manager <sup>(1)</sup> associate of substantial holder <sup>(2)(4)</sup> associate of a Director in the last 12 months <sup>(3)</sup>	Lease of premises of Wuhu Property	10,820.9	1,026.2



## Connected Party Transactions

Name of tenant	Relationship	Nature of transaction	Rental income and other income (excluding rental deposit) incurred for the Year <i>HK\$'000</i>	Deposit provided in the form of cash and/or bank guarantee <i>HK\$'000</i>
安徽順和快運有限公司 (Anhui Shunhe Freight Co., Ltd.)	associate of the REIT Manager <sup>(1)</sup> associate of substantial holder <sup>(2)(4)</sup> associate of a Director in the last 12 months <sup>(3)</sup>	Lease of premises of Wuhu Property	8,993.5	805.8
湖南順豐快運有限公司 (Hunan S.F. Freight Co., Ltd.)	associate of the REIT Manager <sup>(1)</sup> associate of substantial holder <sup>(2)(4)</sup> associate of a Director in the last 12 months <sup>(3)</sup>	Lease of premises of Changsha Property	11,016.9	1,881.5
湖南順豐速運有限公司 (Hunan S.F. Express Co., Ltd.)	associate of the REIT Manager <sup>(1)</sup> associate of substantial holder <sup>(2)(4)</sup> associate of a Director in the last 12 months <sup>(3)</sup>	Lease of premises of Changsha Property	23,337.5	4,044.5
浙江雙捷供應鏈科技有限公司 (Zhejiang Shuangjie Supply Chain Technology Co., Ltd.)	associate of the REIT Manager <sup>(1)</sup> associate of substantial holder <sup>(2)(4)</sup> associate of a Director in the last 12 months <sup>(3)</sup>	Lease of premises of Changsha Property	2,090.4	382.0
<b>Total</b>			<b>333,126.0</b>	

Notes:

- (1) a fellow subsidiary of the REIT Manager
- (2) a subsidiary of SFH, a substantial holder of SF REIT
- (3) an associate of Mr. WANG Wei, a Director in the last 12 months (up to 17 August 2024)
- (4) a 30%-controlled company held by Mr. WANG Wei, a substantial holder of SF REIT



## Connected Party Transactions

The REIT Manager had applied for, and the SFC had granted, a waiver exempting SF REIT from strict compliance with, in respect of the SF Leasing Framework Agreement, the announcement, circular and independent Unitholders' approval requirements under Chapter 14A of the Listing Rules (modified as appropriate pursuant to paragraph 2.26 of the REIT Code). Throughout the Year, the REIT Manager had complied with the conditions of the SFC waiver. The total rental income and other income incurred under the SF Leasing Framework Agreement for the Year were HK\$333.1 million, which did not exceed the annual cap of rental income and other income of HK\$412.5 million for the Year.

### Operations Management Transactions with Connected Persons

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

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

Name of Operations Manager	Relationship	Nature of transaction	Expenses (management fee) incurred for the Year <i>HK\$'000</i>
深圳市豐泰產業園管理服務有限公司 (Shenzhen Fengtai Industrial Park Management Service Co., Ltd.)	associate of the REIT Manager <sup>(1)</sup> associate of substantial holder <sup>(2)(4)</sup> associate of a Director in the last 12 months <sup>(3)</sup>	Provision of operations and property management services for the PRC Properties	2,970.6

Notes:

- (1) a fellow subsidiary of the REIT Manager
- (2) a subsidiary of SFH, a substantial holder of SF REIT
- (3) an associate of Mr. WANG Wei, a Director in the last 12 months (up to 17 August 2024)
- (4) a 30%-controlled company held by Mr. WANG Wei, a substantial holder of SF REIT

The total management fee incurred under the Operations Management Agreements in respect of the PRC Properties for the Year was HK\$3.0 million, which did not exceed the annual cap of management fee of HK\$5.1 million for the Year.



## Connected Party Transactions

### Annual Review of Continuing Connected Party Transactions

PricewaterhouseCoopers (the external auditor of SF REIT) was engaged to perform annual review procedures on the continuing connected party transactions conducted under the SF Leasing Framework Agreement and the Operations Management Agreements (as novated) for the Year in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. PricewaterhouseCoopers has issued an unqualified letter containing its conclusion in respect of such continuing connected party transactions in accordance with Rule 14A.56 of the Listing Rules (as if such rule were applicable to SF REIT).

The Independent Non-executive Directors confirmed that they have reviewed the above-mentioned continuing connected party transactions conducted under the SF Leasing Framework Agreement and the Operations Management Agreements for the Year and that they were satisfied that all such transactions have been entered into:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms or better; and
- (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Unitholders as a whole.

### 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 Year, Trustee's fee of approximately HK\$1.4 million was incurred for services provided by the Trustee.

Pursuant to the Trust Deed, REIT Manager's fee includes base fee payable on a semi-annual basis and, wherever applicable, variable fee, acquisition fee and divestment fee. For the Year, REIT Manager's fee of approximately HK\$26.0 million was incurred.

Further details of Trustee's fee and REIT Manager's fee incurred for the Year are respectively set out in Note 31(b)(vi) and Notes 13 and 31(b)(v) to the consolidated financial statements.



# Trustee's Report

## Trustee's Report to Unitholders

We hereby confirm that, in our opinion, the manager of SF Real Estate Investment Trust has, in all material respects, managed SF Real Estate Investment Trust in accordance with the provisions of the Trust Deed dated 29 April 2021 (as amended from time to time) for the period from 1 January 2024 to 31 December 2024.

### **DB Trustees (Hong Kong) Limited**

*(in its capacity as trustee of SF Real Estate Investment Trust)*

Hong Kong, 13 March 2025



# Independent Auditor's Report



羅兵咸永道

INDEPENDENT AUDITOR'S REPORT  
TO THE UNITHOLDERS OF SF REAL ESTATE INVESTMENT TRUST

## Report on the Audit of the Consolidated Financial Statements

### Opinion

#### What we have audited

The consolidated financial statements of SF Real Estate Investment Trust (the "**SF REIT**") and its subsidiaries (together the "**Group**"), which are set out on pages 80 to 146, comprise:

- the consolidated balance sheet as at 31 December 2024;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in net assets attributable to unitholders for the year then ended;
- the consolidated distribution statement for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

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## Independent Auditor's Report

### Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board ("**IASB**").

### Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit relates to the valuation of investment properties.



## Independent Auditor's Report

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>Valuation of Investment Properties</b></p> <p>Refer to note 2.4, note 5.1 and note 15 to the consolidated financial statements</p> <p>The Group's fair value of investment properties in the consolidated balance sheet as at 31 December 2024 was HK\$6,731 million, and the fair value loss of investment properties for the year then ended was HK\$614 million.</p> <p>The investment properties were appraised by a third party valuer (the "<b>Valuer</b>") with the income capitalisation approach as its primary approach with cross-reference to the direct comparison approach, where appropriate. The income capitalisation approach was 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.</p> <p>We focused on this area because the carrying amounts of the investment properties and the changes in fair value were material to the Group's consolidated financial statements, and the existence of significant estimation uncertainty on the key assumptions in the valuation of the investment properties.</p>	<p>We understood and evaluated the management's internal control and the assessment process of valuation of investment properties and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias or fraud.</p> <p>We assessed the Valuer's competence, capabilities and objectivity by understanding the experience and professional qualification of the Valuer. We read the terms of engagement of the Valuer with the Group to determine whether there were any matters that may have imposed scope limitation upon their work.</p> <p>We read the Valuer's report which stated that the valuation was carried out in accordance with the applicable valuation standards.</p> <p>We checked on a sample basis the data used by the Valuer with the supporting documents, including key terms of the lease agreements, operating expenditure details and the rental income schedules.</p> <p>We, with the involvement of our internal valuation experts, made inquiries with the Valuer and management about, and assessed the valuation methodology and the key assumptions used, which included term yield, reversionary yield and monthly market rent. We compared the assumptions used by the Valuer against published industry benchmarks and comparable market transactions.</p> <p>Based on our audit procedures performed, we found the methodology and the key assumptions used by the management in determining the valuation of the investment properties are supportable by the evidence obtained.</p>



## Independent Auditor's Report

### Other Information

SF REIT Asset Management Limited (the “**Manager**” of SF REIT) is responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Manager and the Audit Committee for the Consolidated Financial Statements

The Manager is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards issued by the IASB, and for such internal control as the Manager determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Manager is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

In addition, the Manager is required to ensure that the consolidated financial statements have been properly prepared in accordance with the relevant provisions of the Trust Deed dated 29 April 2021 (“**Trust Deed**”) and the relevant disclosure provisions of Appendix C of the Code on Real Estate Investment Trusts (the “**REIT Code**”) issued by the Hong Kong Securities and Futures Commission.

The Audit Committee is responsible for overseeing the Group's financial reporting process.





## Independent Auditor's Report

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. In addition, we are required to assess whether the consolidated financial statements of the Group have been properly prepared, in all material respects, in accordance with the relevant provisions of the Trust Deed and the relevant disclosure provisions of Appendix C of the REIT Code.

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



## Independent Auditor's Report

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on matters under the relevant provisions of the Trust Deed and the relevant disclosure provisions of Appendix C of the REIT Code

In our opinion, the consolidated financial statements have been properly prepared, in all material respects, in accordance with the relevant provisions of the Trust Deed and the relevant disclosure provisions of Appendix C of the REIT Code.

The engagement partner on the audit resulting in this independent auditor's report is Lam Sung Wan.

#### **PricewaterhouseCoopers**

Certified Public Accountants

Hong Kong, 13 March 2025



# Consolidated Income Statement

For the year ended 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
<b>Revenue</b>	6	<b>445,986</b>	444,918
Property operating expenses	8	<b>(92,335)</b>	(87,264)
<b>Net property income</b>		<b>353,651</b>	357,654
General and administrative expenses	9	<b>(33,031)</b>	(37,440)
Fair value changes on investment properties	15	<b>(614,439)</b>	55,013
Other gains – net	10	<b>38,345</b>	2,778
<b>Operating (loss)/profit</b>		<b>(255,474)</b>	378,005
Finance income		<b>7,002</b>	9,200
Finance costs	11	<b>(117,061)</b>	(113,958)
<b>(Loss)/profit before taxation and transactions with Unitholders</b>		<b>(365,533)</b>	273,247
Income tax credits/(expenses)	12	<b>70,999</b>	(53,778)
<b>(Loss)/profit for the year, before transactions with Unitholders</b>		<b>(294,534)</b>	219,469
Distribution paid to Unitholders			
– 2024 interim distribution (paid on 30 September 2024)		<b>(119,298)</b>	–
– 2023 final distribution (paid on 23 April 2024)		<b>(112,828)</b>	–
– 2023 interim distribution (paid on 25 September 2023)		–	(117,120)
– 2022 final distribution (paid on 28 April 2023)		–	(112,560)
		<b>(526,660)</b>	(10,211)
Basic (loss)/earnings per unit (HK cents)	14	<b>(36.32)</b>	27.38
Diluted (loss)/earnings per unit (HK cents)	14	<b>(36.32)</b>	27.19

The Notes on pages 88 to 146 are an integral part of these consolidated financial statements.

# Consolidated Statement of Comprehensive Income

For the year ended 31 December 2024

	Before transactions with Unitholders <i>HK\$'000</i>	Transactions with Unitholders (Note) <i>HK\$'000</i>	After transactions with Unitholders <i>HK\$'000</i>
<b>For the year ended 31 December 2024</b>			
Loss for the year	(294,534)	349,092	54,558
Other comprehensive income			
<i>Items that may be reclassified subsequently to consolidated income statement:</i>			
Changes in fair value of derivatives that are designated as cash flow hedges, net of tax	(27,514)	–	(27,514)
Exchange loss on translation of financial statements	(27,044)	–	(27,044)
<b>Total comprehensive income for the year ended 31 December 2024</b>	<b>(349,092)</b>	<b>349,092</b>	<b>–</b>
<b>For the year ended 31 December 2023</b>			
Profit for the year	219,469	(190,295)	29,174
Other comprehensive income			
<i>Items that may be reclassified subsequently to consolidated income statement:</i>			
Changes in fair value of derivatives that are designated as cash flow hedges, net of tax	(15,250)	–	(15,250)
Exchange loss on translation of financial statements	(13,924)	–	(13,924)
<b>Total comprehensive income for the year ended 31 December 2023</b>	<b>190,295</b>	<b>(190,295)</b>	<b>–</b>

Note:

In accordance with the Trust Deed, SF REIT is required to distribute to Unitholders not less than 90% of total distributable income for each financial year. SF REIT also has a limited life and shall continue until 80 years less one day from 29 April 2021 (Date of Establishment). Accordingly, the units contain contractual obligations of the trust to pay cash distributions to Unitholders and, upon termination of the trust, to share all net cash proceeds derived from the sales on realisation of the assets of the trust less any liabilities, in accordance with their proportionate interests in the trust at the date of the termination. The Unitholders' funds are therefore classified as a financial liability rather than equity in accordance with International Accounting Standard ("IAS") 32 "Financial Instruments: Presentation". Consistent with Unitholders' funds being classified as a financial liability, the distribution to Unitholders and change in net assets attributable to Unitholders, excluding issuance of new units, are part of finance costs. Accordingly, the total comprehensive income attributable to Unitholders, after the transactions with Unitholders, is zero.

The Notes on pages 88 to 146 are an integral part of these consolidated financial statements.



# Consolidated Balance Sheet

As at 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment properties	15	6,731,444	7,388,198
Property, plant and equipment	16	13,316	13,761
Land use rights		546	578
Intangible assets		49	133
Derivative financial instruments	18	32,878	32,950
		<b>6,778,233</b>	7,435,620
<b>Current assets</b>			
Trade receivables	19	1,768	1,794
Amounts due from related companies	19,31(c)(i)	7,634	8,186
Prepayments and other receivables	20	13,431	20,796
Restricted cash	21	47,488	35,645
Term deposits with original maturity over 3 months	21	40,019	–
Cash and cash equivalents	21	93,501	190,247
		<b>203,841</b>	256,668
<b>Total assets</b>		<b>6,982,074</b>	7,692,288
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Borrowings	22	45,615	47,464
Trade payables	24	745	857
Amounts due to connected persons and related companies	25,31(c)(ii)	83,386	83,437
Other payables	26	68,272	73,201
Current tax liabilities		3,350	3,261
		<b>201,368</b>	208,220

## Consolidated Balance Sheet

As at 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
<b>Non-current liabilities, excluding net assets attributable to Unitholders</b>			
Borrowings	22	2,458,891	2,515,970
Deferred tax liabilities	23	605,734	696,727
Deferred government grants		35,675	37,753
		<b>3,100,300</b>	3,250,450
<b>Total liabilities, excluding net assets attributable to Unitholders</b>		<b>3,301,668</b>	3,458,670
<b>Net assets attributable to Unitholders</b>		<b>3,680,406</b>	4,233,618
<b>Units in issue</b> (Thousand)	30	<b>815,893</b>	804,762
<b>Net assets per unit attributable to Unitholders</b>		<b>HK\$4.51</b>	HK\$5.26

The Notes on pages 88 to 146 are an integral part of these consolidated financial statements.

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

**HO Chit**  
Director

**Hubert CHAK**  
Director



# Consolidated Statement of Changes in Net Assets Attributable to Unitholders

For the year ended 31 December 2024

	Note	Net Assets Attributable to Unitholders <i>HK\$'000</i>
<b>As at 1 January 2024</b>		<b>4,233,618</b>
Units issued to REIT Manager	30	<b>28,006</b>
Loss for the year, before transactions with Unitholders		<b>(294,534)</b>
Distribution paid to the Unitholders		<b>(232,126)</b>
Exchange losses on translation of financial statements		<b>(27,044)</b>
Cash flow hedging reserve		<b>(27,514)</b>
<b>As at 31 December 2024</b>		<b>3,680,406</b>
<b>As at 1 January 2023</b>		4,259,993
Units issued to REIT Manager	30	13,010
Profit for the year, before transactions with Unitholders		219,469
Distribution paid to the Unitholders		(229,680)
Exchange losses on translation of financial statements		(13,924)
Cash flow hedging reserve		(15,250)
<b>As at 31 December 2023</b>		4,233,618

The Notes on pages 88 to 146 are an integral part of these consolidated financial statements.



# Consolidated Distribution Statement

For the year ended 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
<b>(Loss)/profit for the year, before transactions with Unitholders</b>		<b>(294,534)</b>	219,469
<b>Adjustments:</b>			
– Fair value changes on investment properties	15	<b>614,439</b>	(55,013)
– Fair value gains on derivative financial instruments – non cash settlement portion		<b>(13,614)</b>	–
– Realised gains on the disposal of derivative financial instruments	10	<b>(19,264)</b>	–
– REIT Manager's fee payment in the form of units	13	<b>26,041</b>	27,756
– Differences between finance cost and interest paid and payable in accordance with contractual obligations		<b>1,684</b>	862
– Deferred tax (credits)/expenses	12	<b>(84,567)</b>	42,354
– Depreciation and amortisation		<b>2,113</b>	2,179
– Appropriation to PRC statutory reserve		<b>(3,355)</b>	(3,129)
– Amortisation of government grants		<b>(878)</b>	(869)
– Non-cash foreign exchange loss		<b>864</b>	373
– Differences between accrued rental income and contractual rental receipts		<b>5,444</b>	(4,029)
<b>Total distributable income</b>		<b>234,373</b>	229,953
Interim distribution, paid to Unitholders		<b>119,339</b>	117,087
Final distribution, to be paid/paid to Unitholders		<b>103,531</b>	112,866
<b>Total distributions to Unitholders for the year</b>		<b>222,870</b>	229,953
<b>Percentage of distribution over total distributable income for the year (Note (i))</b>		<b>95%</b>	100%
<b>Units in issue as at year end (Thousand)</b>	30	<b>815,893</b>	804,762
<b>Distributions per unit to Unitholders:</b>			
– Interim distribution per unit, paid to Unitholders (Note (ii))		<b>HK14.71 cents</b>	HK14.64 cents
– Final distribution per unit, to be paid/paid to Unitholders (Note (iii))		<b>HK12.69 cents</b>	HK14.02 cents
<b>Distribution per unit for the year</b>		<b>HK27.40 cents</b>	HK28.66 cents



## Consolidated Distribution Statement

For the year ended 31 December 2024

Notes:

- (i) Pursuant to the Trust Deed, the distributable income is profit for the year, before transactions with Unitholders as adjusted to eliminate the effects of Adjustments (as set out in the Trust Deed) which have been recorded in the consolidated income statement for the relevant year. The REIT Manager's policy is to distribute to Unitholders an amount of no less than 90% of SF REIT's annual distributable income for each financial year save for the first distribution. The REIT Manager decided to distribute approximately 95% of the Annual Distributable Income (as defined in the Trust Deed) for the year ended 31 December 2024.
- (ii) The interim distribution per unit of HK14.71 cents for the period from 1 January 2024 to 30 June 2024 (2023 interim distribution per unit: HK14.64 cents) was calculated based on the interim distribution amount of HK\$119,339,000 (2023 interim distribution: HK\$117,087,000) over 810,999,999 units in issue as at 30 June 2024 (30 June 2023: 800,000,000 units in issue). The interim distribution was paid on 30 September 2024 (2023 interim distribution: 25 September 2023).
- (iii) The final distribution per unit of HK12.69 cents for the period from 1 July 2024 to 31 December 2024 (2023 final distribution per unit: HK14.02 cents), was calculated based on the final distribution amount of HK\$103,531,000 (2023 final distribution: HK\$112,866,000) over 815,892,895 units in issue as at 31 December 2024 (31 December 2023: 804,761,976 units in issue). The final distribution will be paid on 25 April 2025 (2023 final distribution: 23 April 2024).

The Notes on pages 88 to 146 are an integral part of these consolidated financial statements.

# Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	27(a)	255,602	249,885
Interest received		7,091	9,296
Income tax paid		(13,390)	(13,314)
<b>Net cash generated from operating activities</b>		<b>249,303</b>	<b>245,867</b>
<b>Cash flows from investing activities</b>			
Transfer from restricted cash		89,288	123,287
Placed to term deposits with original maturity over 3 months		(40,019)	–
Settlement of investment properties payable		(10,919)	(25,227)
Additions of property, plant and equipment		(1,567)	(4,595)
Additions of intangible assets		(9)	(5)
<b>Net cash generated from investing activities</b>		<b>36,774</b>	<b>93,460</b>
<b>Cash flows from financing activities</b>			
Settlement of derivative financial instruments		3,280	–
Repayment of bank borrowings		(46,073)	(80,065)
Interest paid		(107,462)	(113,098)
Distributions paid to Unitholders		(232,126)	(229,680)
<b>Net cash used in financing activities</b>		<b>(382,381)</b>	<b>(422,843)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(96,304)</b>	<b>(83,516)</b>
Cash and cash equivalents at beginning of the year		190,247	274,136
Effects of exchange rate changes on cash and cash equivalents		(442)	(373)
<b>Cash and cash equivalents at end of the year</b>		<b>93,501</b>	<b>190,247</b>

The Notes on pages 88 to 146 are an integral part of these consolidated financial statements.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 1. General information

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

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

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

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

## 2. Summary of material accounting policies

### 2.1. Basis of preparation

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards (“**IFRS**”). In addition, the consolidated financial statements include the relevant provisions of the Trust Deed, the Code on Real Estate Investment Trusts (the “**REIT Code**”) issued by the Securities and Futures Commission of Hong Kong (the “**SFC**”) and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

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

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 2. Summary of material accounting policies (continued)

### 2.2. New standards and amendments to standards effective for the year ended 31 December 2024:

		Effective for accounting periods beginning on or after
Amendments to IAS 1	Classification of liabilities as current or non-current	1 January 2024
Amendments to IAS 1	Non-current liabilities with covenants	1 January 2024
Amendments to IAS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to IAS 7 and IFRS 7	Supplier finance arrangements	1 January 2024

All effective standards, amendments to standards and interpretations, which are mandatory for the financial year beginning 1 January 2024 are applied to the Group in the consolidated financial statements.

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

“Borrowings are classified as current liabilities unless at the end of the reporting period, the Group has a right to defer settlement of the liability for at least 12 months after the reporting period. Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification.”

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

The other amendments listed above except the amendments to IAS 1 did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 2. Summary of material accounting policies (continued)

2.3. New standards and amendments to standards have been issued but are not yet effective and have not been early adopted by the Group:

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

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

### ***IFRS 18 Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after 1 January 2027)***

IFRS 18 will replace IAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.



## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

### 2. Summary of material accounting policies (continued)

#### 2.3. New standards and amendments to standards have been issued but are not yet effective and have not been early adopted by the Group (continued)

Management is currently assessing the detailed implications of applying the new standard on the Group's consolidated financial statements. From the high-level preliminary assessment performed, the following potential impacts have been identified:

- a. Although the adoption of IFRS 18 will have no impact on the Group's net profit, the Group expects that grouping items of income and expenses in the statement of profit or loss into the new categories will impact how operating profit is calculated and reported. From the high-level impact assessment that the Group has performed, the following items might potentially impact operating profit:
  - Foreign exchange differences currently aggregated in the line item 'Other gains – net' in operating profit might need to be disaggregated, with some foreign exchange gains or losses presented below operating profit.
  - IFRS 18 has specific requirements on the category in which derivative gains or losses are recognised – which is the same category as the income and expenses affected by the risk that the derivative is used to manage. Although the Group currently recognises some gains or losses in operating profit, there might be a change to where these gains or losses are recognised, and the Group is currently evaluating the need for change.
- b. The line items presented on the primary financial statements might change as a result of the application of the concept of 'useful structured summary' and the enhanced principles on aggregation and disaggregation.
- c. From a cash flow statement perspective, there will be changes to how interest received is presented. Interest received as investing cash flows, which is a change from current presentation as part of operating cash flows.

The Group will apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with IFRS 18.





# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 2. Summary of material accounting policies (continued)

### 2.4. Investment properties

Investment properties, principally comprising leasehold land and buildings, are held for long-term rental yields and/or for capital appreciation. Land held under operating leases is accounted for as investment property when the rest of the definition of an investment property is met. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. Subsequently, they are carried at fair value. Changes in fair values are recorded in consolidated income statement.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of them can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in consolidated income statement in the period in which the property is derecognised.

### 2.5. 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.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 2. Summary of material accounting policies (continued)

### 2.5. Derivative financial instruments and hedge accounting (continued)

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 equity at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

### 2.6. Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

#### (a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where SF REIT's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

#### (b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 2. Summary of material accounting policies (continued)

### 2.6. Current and deferred income tax (continued)

#### (b) Deferred income tax (continued)

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amounts and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Where investment properties are carried at their fair values in accordance with the accounting policy set out in Note 2.4, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are not discounted.

#### (c) Offsetting

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred income tax is recognised in consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In these cases, the tax is also recognised in other comprehensive income or directly in equity, respectively.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 2. Summary of material accounting policies (continued)

### 2.7. Unitholders' funds as a financial liability

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". It is shown on the consolidated balance sheet as the net assets attributable to Unitholders.

## 3. Summary of other accounting policies

### 3.1. Subsidiaries

#### 3.1.1. Consolidation

##### *(a) Basis of consolidation*

The consolidated financial statements include the financial statements of SF REIT and its subsidiaries. The results of subsidiaries are consolidated from the date of acquisition, being the date on which SF REIT obtains control, and continue to be consolidated until the date that such control ceases. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

##### *(b) Business combination*

The Group applies the acquisition method to account for business combinations. The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 3. Summary of other accounting policies (continued)

### 3.1. Subsidiaries (continued)

#### 3.1.1. Consolidation (continued)

##### *(b) Business combination (continued)*

- fair values of the assets transferred,
- liabilities incurred to the former owners of the acquired business,
- equity interests issued by the Group,
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred. The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity,

Over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in consolidated income statement as a negative goodwill.



## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

### 3. Summary of other accounting policies (continued)

#### 3.2. Segment reporting

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.

#### 3.3. Foreign currency translation

##### 3.3.1. Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The consolidated financial statements are presented in HK\$, which is the Company's functional and the Group's presentation currency.

##### 3.3.2. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are generally recognised in consolidated income statement.

Foreign exchange gains and losses are presented in the consolidated income statements on a net basis within "Other gains - net".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Currency translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, currency translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and currency translation differences on non-monetary assets such as equities held at fair value through other comprehensive income are recognised in other comprehensive income.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 3. Summary of other accounting policies (continued)

### 3.3.Foreign currency translation (continued)

#### 3.3.3. Group companies

The results and balance sheet of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all currency translation differences are recognised in other comprehensive income.

On consolidation, currency translation differences arising from the translation of any net investment in foreign operations are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated currency translation differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognised in other comprehensive income.



## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

### 3. Summary of other accounting policies (continued)

#### 3.4. Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and provision for impairment loss, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the assets' carrying amounts or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the item can be measured reliably. The carrying amounts of the replaced part is derecognised. All other repairs and maintenance are charged to consolidated income statement during the reporting period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their costs, net of their residual value, over their estimated useful lives, as follows:

Buildings	47 years
Office equipment, electronic equipment and others	3 to 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amounts if the asset's carrying amount is greater than its estimated recoverable amounts.

Gain or loss on disposal of property, plant and equipment are determined by comparing proceeds with carrying amounts and are recognised in consolidated income statement.

#### 3.5. Land use rights

Land use rights are up-front payments to acquire long-term interest in land. These payments are stated at cost and charged to the consolidated income statements on a straight-line basis over the remaining period of the lease.





# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 3. Summary of other accounting policies (continued)

### 3.6. Intangible assets

#### System software

Acquired system software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised using straight-line method over their estimated useful lives of 5 years.

### 3.7. Impairment of non-financial assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. An impairment loss is recognised for the amounts by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

### 3.8. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. A financial asset or a financial liability is recognised when the Group becomes a party to the contractual provisions of the instrument.

#### 3.8.1. Financial assets

##### (a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 3. Summary of other accounting policies (continued)

### 3.8. Financial instruments (continued)

#### 3.8.1. Financial assets (continued)

##### *(b) Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

##### *(c) Measurement*

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

The Group subsequently measures financial assets at amortised cost or fair value (either through OCI or through profit or loss).

##### *(d) Impairment*

The Group assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables from third parties and related companies, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 3. Summary of other accounting policies (continued)

### 3.8. Financial instruments (continued)

#### 3.8.2. Financial liabilities

Financial liabilities of the Group are financial liabilities at amortised cost, which mainly comprise trade and other payables, amounts due to connected persons and related companies and borrowings. Such financial liabilities are initially recognised at fair value, net of transaction costs incurred, and subsequently measured using the effective interest method. Financial liabilities that are due within one year (inclusive) are classified as current liabilities; those with maturities over one year but are due within one year (inclusive) from the balance sheet date are classified as current portion of non-current liabilities. Others are classified as non-current liabilities.

A financial liability is derecognised or partly derecognised when the underlying present obligation is discharged or partly discharged. The difference between the carrying amount of the derecognised part of the financial liability and the consideration paid is recognised in consolidated income statement for the current period.

### 3.9. Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days, which is the normal operating cycle of the Group, and therefore are all classified as current.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less allowance for impairment. The allowance of impairment is recognised in the consolidated income statement.

### 3.10. Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.



## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

### 3. Summary of other accounting policies (continued)

#### 3.11. Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

#### 3.12. Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amounts can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 3. Summary of other accounting policies (continued)

### 3.13. Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in interest expense over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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

Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification at the reporting date.

### 3.14. Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in consolidated income statement in the period in which they are incurred.



## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

### 3. Summary of other accounting policies (continued)

#### 3.15. Revenue recognition

##### (a) Rental income

Rental income from operating leases where the Group is a lessor is recognised in revenue on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as an expense over the lease term on the same basis as rental income.

##### (b) Management service income

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when control of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

The Group provides property management services to the tenants of the properties. Since customers simultaneously receive and consume the benefits when service is provided, revenue from providing services is recognised over time in the period in which the services are rendered. The Group acts as the principal and is primarily responsible for providing the property management services to the tenants. The Group recognises the fee received or receivable from tenants as its revenue.

##### (c) Interest income

Interest income is recognised on a time proportion basis using the effective interest method.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 4. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

### 4.1. Market risk

#### 4.1.1. Foreign exchange risk

Foreign exchange risk arises from recognised assets and liabilities in currencies other than the respective functional currencies of the Group's entities.

The property holding company of the Hong Kong property and the property holding companies of Mainland China properties operate in their respective jurisdictions with most of the transactions settled in HK\$ and Renminbi ("**RMB**") respectively. The REIT Manager considers that the business is not exposed to significant foreign exchange risk as there are no significant financial assets or liabilities of the Group that are denominated in the currencies other than the respective functional currencies of the Group's entities.

The REIT Manager monitors the foreign exchange exposure closely and will consider hedging significant foreign currency exposure should the need arise.

#### 4.1.2. Interest rate risk

The Group's interest rate risk mainly arises from long-term borrowings with variable rates. Details of the Group's borrowings have been disclosed in Note 22.

The REIT Manager adopts a proactive interest rate management policy to manage the risk associated with changes in interest rates on the Group's borrowings while seeking to ensure that the ongoing cost of debt remains competitive.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

### 4. Financial risk management (continued)

#### 4.1. Market risk (continued)

##### 4.1.2. Interest rate risk (continued)

The contractual maturities of the borrowings and the exposure of the Group's borrowings to interest rate changes at the end of the reporting period are as follows:

	31 December 2024 HK\$'000	Percentage of total loans	31 December 2023 HK\$'000	Percentage of total loans
Variable rate borrowings	2,504,506	100%	2,436,827	96%
Fixed rate borrowings – maturity dates(Note):				
Less than 1 year	–	0%	31,594	1%
Between 1 and 2 years	–	0%	31,594	1%
Between 2 and 5 years	–	0%	63,419	2%
	2,504,506	100%	2,563,434	100%

Note: As at 1 November 2024, the loan has been converted from the fixed interest rate to variable interest rate.

#### *Instruments used by the Group*

For the HK\$ denominated loans, the variable interest rates are 0.7% (2023: 1.1%) above the one-month Hong Kong Interbank Offer Rate, for the RMB denominated loans the variable interest rates are 0.45% below 5-year Loan Prime Rate and 0.2% below 1-year Loan Prime Rate (2023: 0.2% above 5-year Loan Prime Rate).

As at 31 December 2024, the Group has two (2023: three) interest rate swaps with total notional amount of HK\$900 million (2023: total notional amount of HK\$900 million) to hedge the interest rate risk arising from the variable rate bank borrowings denominated in HK\$. The fixed interest rate of the swaps range plus margin between 1.00% and 3.81% (2023: 2.79% and 2.82%).

Besides the above interest rate swaps, during the year ended 31 December 2024, the Group entered into two interest rate swap contracts with no overlapping effective periods and the relevant contracts have been fully executed within the year, the total notional amount of each swaps was HK\$1,259 million and the fixed interest rate of the swaps ranged between 5.38% and 5.58%. Due to change in fair value of the aforementioned hedging instruments, HK\$12,000 was recognised as loss for the year ended 31 December 2024.





# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 4. Financial risk management (continued)

### 4.1. Market risk (continued)

#### 4.1.2. Interest rate risk (continued)

*Instruments used by the Group (continued)*

The swap contracts require settlement of net interest receivable or payable every month. The settlement dates coincide with the dates on which interest is payable on the underlying debt.

*Sensitivity*

Profit or loss is sensitive to higher/lower interest expenses from borrowings as a result of changes in interest rates. Hedging reserve changes as a result of an increase/decrease in the fair value of the cash flow hedges of borrowings. The table below summarises the impact of increases/decreases of interest rate on the Group's post-tax profit and the hedging reserve for the year ended 31 December 2024 and 2023, holding all other variables constant.

	Impact on post-tax (loss)/profit		Impact on hedging reserve	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
Interest rate – increase/decrease by 100 basis points (2023 – 100 basis points)	2,124	7,354	–	14,184



## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

### 4. Financial risk management (continued)

#### 4.2. Credit risk

Credit risk arises from the potential failure of the Group's counterparties to settle its financial and contractual obligations to the Group, when they fall due. The Group is exposed to credit risk on its cash and cash equivalents, restricted cash, trade receivables, amounts due from related companies and other receivables.

To manage the credit risk associated with cash and cash equivalents and restricted cash, most of the deposits are placed with certain state-owned banks in Mainland China, which are financial institutions with high credit quality, and banks with high credit ratings in Hong Kong.

The REIT Manager monitors the balances of the trade receivables, amounts due from related companies and other receivables on an on-going basis. The REIT Manager assesses the credit worthiness and financial strength of tenants or counterparties as well as considering prior dealing history with them. The REIT Manager also has policies in place to ensure that rental security deposits or bank guarantees are required prior to commencement of leases.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables from third parties and related parties.

The Group had no historical credit loss experiences related to trade receivables from third parties, and thus the identified impairment loss on trade receivables from third parties of the Group are minimal.

Given the strong financial capability of related companies, management of the Group does not consider there is a risk of default and had no historical credit loss experiences. The identified impairment loss on trade receivables from related parties of the Group are minimal.

The Group's other financial assets carried at amortised cost include other receivables from third parties and related companies and are not originated credit-impaired.

The maximum exposure to credit risk is represented by the carrying value of each financial asset in the consolidated balance sheet.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 4. Financial risk management (continued)

### 4.3. Liquidity risk

The REIT Manager monitors and maintains a level of cash and cash equivalents deemed adequate to finance the Group's operations. In addition, the REIT Manager observes the REIT Code issued by the SFC concerning limits on total borrowings and monitors the level of borrowings of SF REIT to be within the permitted limit.

The table below analyses the Group's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

<b>As at 31 December 2024</b>	<b>Less than 1 year</b> <i>HK\$'000</i>	<b>Between 1 and 2 years</b> <i>HK\$'000</i>	<b>Between 2 and 5 years</b> <i>HK\$'000</i>	<b>Over 5 years</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
Trade payables	745	–	–	–	745
Other payables	62,305	–	–	–	62,305
Amounts due to connected persons and related companies	75,950	–	–	–	75,950
Borrowings	156,952	202,014	2,395,221	29,628	2,783,815

<b>As at 31 December 2023</b>	<b>Less than 1 year</b> <i>HK\$'000</i>	<b>Between 1 and 2 years</b> <i>HK\$'000</i>	<b>Between 2 and 5 years</b> <i>HK\$'000</i>	<b>Over 5 years</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
Trade payables	857	–	–	–	857
Other payables	67,685	–	–	–	67,685
Amounts due to connected persons and related companies	79,295	–	–	–	79,295
Borrowings	171,311	174,881	2,442,200	94,170	2,882,562

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

### 4. Financial risk management (continued)

#### 4.4. Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for Unitholders.

##### (i) Gearing ratio

The REIT Manager monitors capital on the basis of the gearing ratio. The gearing ratio is calculated as total borrowings as a percentage of total assets. As at 31 December 2024 and 2023, the gearing ratio of the Group was as follows:

	2024 HK\$'000	2023 HK\$'000
Total borrowings	2,504,506	2,563,434
Total assets	6,982,074	7,692,288
Gearing ratio	35.9%	33.3%

##### (ii) Loan covenants

Under the terms of the major bank loan, which has a carrying amount of HK\$2,159,000,000 (2023: HK\$2,159,000,000), the Group is required to comply with the following financial covenants.

- (a) the consolidated profits before interest, income taxes, depreciation and amortisation, and taking no account of any surplus or deficit deriving from the revaluation of properties shall not be less than 1.8 times (2023: 3 times) of the consolidated interest expense;
- (b) the gearing ratio of the Group shall not at any time exceed 50%; and
- (c) the consolidated tangible net worth, which is defined as the consolidated total assets but adjusted by deducting consolidated total liabilities and any amount attributable to goodwill or any other intangible assets, shall not at any time be less than HK\$2,500,000,000.

The Group has complied with these covenants throughout the year ended 31 December 2024 and 2023.

There are no indications that SF REIT would have difficulties complying with the covenants when they will be next tested as at the 30 June 2025 interim reporting date.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 4. Financial risk management (continued)

### 4.5. Fair values estimation

IFRS 13 requires disclosure of fair value measurement by three levels of fair value hierarchy.

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers between levels 1, 2 and 3 during the year ended 31 December 2024 and 2023.

The REIT Manager considers that the fair values of the financial assets and financial liabilities recorded in the consolidated financial statements approximate to their carrying amounts, due to their short-term maturities, or that fluctuations of interest rates had no material impact on the fair value measurement of borrowings during the year ended 31 December 2024 and 2023.

See Note 15 for investment properties and Note 18 for derivative financial instruments.

## 5. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The REIT Manager makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

### 5. Critical accounting estimates and judgements (continued)

#### 5.1. Critical accounting estimates

Estimates of fair value of investment properties

Investment properties are stated at fair value at the end of the reporting period based on the valuation performed by the independent valuer. Details of the assumptions have been disclosed in Note 15.

#### 5.2. Critical accounting judgements

Deferred taxation on investment properties

For the purposes of measuring deferred taxation arising from investment properties that are measured using fair value model, the REIT Manager reviewed the Group's investment properties and concluded that the investment properties are held under a business model whose objectives are to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in determining the Group's deferred taxation on investment properties, the Group has determined that the presumption of the investment properties measured using the fair value model are recovered entirely through sale is rebutted. As a result, the Group has recognised the deferred taxation based on the temporary differences between the tax bases and the fair values of the investment properties and the tax rates expected to apply.

### 6. Revenue

	2024 HK\$'000	2023 HK\$'000
Rental income (Note (i))	377,877	377,890
Management service income (Note (ii))	54,105	51,815
Others (Note (iii))	14,004	15,213
	445,986	444,918



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 6. Revenue (continued)

Notes:

- (i) As at 31 December 2024 and 2023, the Group had minimum lease payment receivables on lease of investment properties including warehouses, distribution centres, office buildings and car parking spaces as follows:

	2024 HK\$'000	2023 HK\$'000
Within 1 year	387,143	359,570
Between 1 and 2 years	193,563	332,952
Between 2 and 3 years	23,139	140,969
Between 3 and 4 years	1,710	10,373
Between 4 and 5 years	—	1,710
	605,555	845,574

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

## 7. Segment information

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker, which has been identified as the REIT Manager, in order to allocate resources to segments and to assess their performance.

The Group holds one property company in Hong Kong and three property companies in Mainland China, which are principally engaged in property investment. Revenue recognised for the current period is mainly from rental income and related management service income from tenants. The REIT Manager evaluates the Group's performance from a geographic perspective and identifies two reportable segments of its business, Hong Kong and Mainland China.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 7. 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.

For the year ended 31 December 2024	Hong Kong HK\$'000	Mainland China HK\$'000	Total HK\$'000
<b>Segment revenue</b>	<b>325,847</b>	<b>120,139</b>	<b>445,986</b>
<b>Net property income</b>	<b>264,276</b>	<b>89,375</b>	<b>353,651</b>
Fair value changes on investment properties	(367,000)	(247,439)	(614,439)
General and administrative expenses			(33,031)
Other gains – net			38,345
Finance income			7,002
Finance costs			(117,061)
Income tax credits			70,999
<b>Loss for the year, before transactions with Unitholders</b>			<b>(294,534)</b>

For the year ended 31 December 2023	Hong Kong HK\$'000	Mainland China HK\$'000	Total HK\$'000
<b>Segment revenue</b>	<b>322,375</b>	<b>122,543</b>	<b>444,918</b>
<b>Net property income</b>	<b>263,967</b>	<b>93,687</b>	<b>357,654</b>
Fair value changes on investment properties	43,000	12,013	55,013
General and administrative expenses			(37,440)
Other gains – net			2,778
Finance income			9,200
Finance costs			(113,958)
Income tax expenses			(53,778)
<b>Profit for the year, before transactions with Unitholders</b>			<b>219,469</b>





## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

### 7. Segment information (Continued)

Depreciation and amortisation of Hong Kong segment and Mainland China segment for the year ended 31 December 2024 was approximately HK\$1,179,000 (2023: HK\$1,203,000) and approximately HK\$934,000 (2023: HK\$976,000) 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:

	As at 31 December	
	2024 HK\$'000	2023 HK\$'000
Segment assets		
Hong Kong	5,633,761	6,002,138
Mainland China	1,197,108	1,484,561
All other segments	151,205	205,589
	6,982,074	7,692,288
Segment liabilities, excluding net assets attributable to Unitholders		
Hong Kong	693,124	725,136
Mainland China	412,210	540,807
All other segments	2,196,334	2,192,727
	3,301,668	3,458,670

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

### 8. Property operating expenses

	2024 HK\$'000	2023 HK\$'000
Property management fees	41,440	41,065
– Building management fees (Note (i))	29,518	29,113
– Supplemental services related expenses	11,922	11,952
Rates and government rent	9,376	9,144
Repairs and maintenance	16,299	11,062
Electricity and water fee	6,513	6,997
Other taxes (Note (ii))	15,640	15,926
Others	3,067	3,070
	92,335	87,264

Notes:

- (i) Building management fees included the operations management fee to the operations manager which is a subsidiary of S.F. Holding Co., Ltd. of approximately HK\$2,971,000 for the year ended 31 December 2024 (2023: HK\$ 2,623,000).
- (ii) Other taxes mainly include property tax, land use tax, and stamp duty of Mainland China.

### 9. General and administrative expenses

	2024 HK\$'000	2023 HK\$'000
Auditors' remuneration		
– Audit and audit-related assurance services	1,666	2,304
– Other services	232	220
REIT Manager's fee	26,041	27,756
Trustee's fee	1,396	1,538
Principal valuer's fee	242	293
Legal and professional fee	2,813	4,691
Bank charges	53	58
Others	588	580
	33,031	37,440



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 10. Other gains-net

	2024 HK\$'000	2023 HK\$'000
Exchange losses, net	(1,050)	(398)
Government grants	3,362	3,015
Realised gains on the disposal of derivative financial instruments (Note 18)	19,264	–
Fair value gains on derivative financial instruments	16,894	–
Settlement of the currency forward contract	(272)	39
Others	147	122
	<b>38,345</b>	<b>2,778</b>

## 11. Finance costs

	2024 HK\$'000	2023 HK\$'000
Interest expenses on bank borrowings (Note 22)	115,377	113,185
Amortisation of cost of debts	1,684	773
	<b>117,061</b>	<b>113,958</b>

## 12. Income tax credits/(expenses)

For the year ended 31 December 2024 and 2023, Hong Kong profits tax was subject to the rate of 16.5% on the estimated assessable profit. The Group's subsidiaries in Mainland China were subject to corporate income tax ("CIT") at a standard rate of 25% on the estimated assessable profit for the year. Withholding tax was provided for undistributed profits of subsidiaries in Mainland China at a rate of 10%.

	2024 HK\$'000	2023 HK\$'000
Current income tax		
– Mainland China CIT	(12,371)	(11,274)
– Hong Kong profits tax	(1,043)	–
– Withholding taxes	(154)	(150)
Deferred income tax	84,567	(42,354)
	<b>70,999</b>	<b>(53,778)</b>

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

### 12. Income tax credits/(expenses) (continued)

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

	2024 HK\$'000	2023 HK\$'000
(Loss)/profit before taxation and transactions with Unitholders	(365,533)	273,247
Expected tax calculated at the Hong Kong profits tax rate of 16.5%	(60,313)	45,086
Effect of different tax rates	(14,119)	4,544
Income not subject to tax purposes	(1,261)	(1,571)
Expenses not deductible for tax purposes	2,051	1,906
Utilised tax loss previously not recognised	(1,404)	–
Tax losses not recognised	–	269
Under/(Over)-provision in prior years	105	(37)
Withholding taxes	3,942	3,581
Income tax (credits)/expenses	(70,999)	53,778

### 13. 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:

- 10% per annum of the base fee distributable income (the "**Base Fee**"). The base fee distributable income is the amount of the total distributable income to Unitholders calculated before accounting for the Base Fee and the Variable Fee payable for the year; and
- 25% per annum of the difference in distribution per unit in a financial year compared to the preceding financial year, multiplied by the weighted average number of units of SF REIT in issue for such financial year (the "**Variable Fee**").

	2024 HK\$'000	2023 HK\$'000
Base Fee	26,041	25,771
Variable Fee	–	1,985
	26,041	27,756



## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

### 13. REIT Manager's fee (continued)

(ii) (continued)

The REIT Manager may elect at its sole discretion to receive the REIT Manager's fee in the form of cash or entirely or partly in the form of units of SF REIT. If no election is made, the most recent valid election made by the REIT Manager in a prior calendar year (if any) shall apply. Pursuant to the announcement of SF REIT dated 10 January 2023, the REIT Manager elected to receive the REIT Manager's fee for the year ended 31 December 2023 entirely in the form of new units issued by SF REIT. The REIT Manager did not make any election for the year ending 31 December 2024, the most recent valid election made by the REIT Manager for the year ended 31 December 2023 shall apply. On 9 April 2024, a total of 6,238,023 new units of SF REIT were issued to the REIT Manager at a price of HK\$2.364 per unit as entire payment of the REIT Manager's fee of approximately HK\$14,746,000, being the aggregate of the Base Fee for the period from 1 July 2023 to 31 December 2023 and the variable fee for the financial year ended 31 December 2023. On 5 September 2024, a total of 4,892,896 new units of SF REIT were issued to the REIT Manager at a price of HK\$2.71 per unit as entire payment of the REIT Manager's fee of approximately HK\$13,260,000, being the Base Fee for the period from 1 January 2024 to 30 June 2024 (Note 30).

On 13 January 2025, the REIT Manager notified the Trustee in writing of its election to receive the Manager's Fee for the year ending 31 December 2025 from SF REIT entirely in the form of cash.

The actual units to be issued will be based on the average closing price of the units of SF REIT on the Stock Exchange for the five consecutive trading days immediately preceding the date on which the units of SF REIT are issued as entire payment for the REIT Manager's fee.

	2024 HK\$'000	2023 HK\$'000
<b>REIT Manager's fee</b>		
In the form of units	<b>26,041</b>	27,756

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

### 14. (Loss)/earnings per unit

#### (a) Basic

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

	2024	2023
(Loss)/profit for the year, before transactions with Unitholders (HK\$'000)	(294,534)	219,469
Weighted average number of units for the year (Thousand)	810,890	801,553
Basic (loss)/earnings per unit (HK cents)	(36.32)	27.38

#### (b) Diluted

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

	2024	2023
(Loss)/profit for the year, before transactions with Unitholders (HK\$'000)	(294,534)	219,469
Weighted average number of units for the year (Thousand)	810,890	801,553
Adjustments for manager's fee to be paid in the form of units (Thousand) (Note)	–	5,607
Weighted average number of units for diluted (loss)/earnings per unit (Thousand)	810,890	807,160
Diluted (loss)/earnings per unit (HK cents)	(36.32)	27.19

Note: For illustration purpose, the number of units adjusted for manager's fee to be paid entirely in the form of units of SF REIT was calculated based on the average closing price of the units of SF REIT on the Stock Exchange for the five consecutive trading days immediately preceding 31 December 2023.

The units issuable in respect of the REIT Manager's fee are considered to have an anti-dilutive effect on the basic loss per unit for the year ended 31 December 2024, thus it is not included in the calculation of diluted loss per unit.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 15. Investment properties

Details of the movements of investment properties are as follows:

	HK\$'000
<b>As at 1 January 2024</b>	<b>7,388,198</b>
Cost adjustments (Note)	(1,860)
Fair value changes on investment properties	(614,439)
Currency translation differences	(40,455)
<b>As at 31 December 2024</b>	<b>6,731,444</b>
	HK\$'000
<b>As at 1 January 2023</b>	7,377,618
Cost adjustments (Note)	(21,954)
Fair value changes on investment properties	55,013
Currency translation differences	(22,479)
<b>As at 31 December 2023</b>	7,388,198

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

### (i) Valuation Process

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

The investment properties were revalued on a market value basis by Colliers International (Hong Kong) Limited (the "**Principal Valuer**"), an independent firm of professional qualified valuers, which was newly appointed as the Principal Valuer of SF REIT for property valuation since 1 January 2024. The independent property valuation as at 31 December 2023 was performed by Jones Lang LaSalle Corporate Appraisal and Advisory Limited.

### (ii) Valuation Techniques

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

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.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 15. Investment properties (continued)

### (ii) Valuation Techniques (continued)

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

Investment properties held by the Group	Fair value hierarchy	Valuation	Valuation technique and significant unobservable inputs	Significant unobservable inputs	Relationship of significant unobservable inputs to fair value
Asia Logistics Hub – SF Centre (亞洲物流中心—順豐大廈) No. 36 Tsing Yi Hong Wan Road (Tsing Yi Town Lot No. 180), Tsing Yi, New Territories Hong Kong	Level 3	2024: HK\$5,620,000,000 (2023: HK\$5,987,000,000)	Income capitalisation method with cross reference to the direct comparison approach  The key inputs are:		
			(1) Term yield	Term yield, taking into account of yield generated by market average selling price and the market average rental from comparable properties and adjustment to reflect the conditions of the subject property, was 3.75% as at 31 December 2024 (2023: 3.75%).	The higher the term yield, the lower the fair value.
			(2) Reversionary yield	Reversionary yield, taking into account of yield generated by market average selling price and the market average rental from comparable properties and adjustment to reflect the risk associated with the future rental, was 4.25% as at 31 December 2024 (2023: 4.25%).	The higher the reversionary yield, the lower the fair value.
			(3) Monthly market rent	Market rent was determined by the estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion, the amount of which was HK\$12.23/sq. ft./month as at 31 December 2024 (2023: HK\$ 13.50/sq. ft./month).	The higher the monthly market rent, the higher the fair value.





# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 15. Investment properties (continued)

### (ii) Valuation Techniques (continued)

Investment properties held by the Group	Fair value hierarchy	Valuation	Valuation technique and significant unobservable inputs	Significant unobservable inputs	Relationship of significant unobservable inputs to fair value
Changsha Fengtai Industrial Park (長沙豐泰產業園) No. 102, Hexin Road, Huangxin Town, Changsha City, Hunan Province, The PRC	Level 3	2024: HK\$481,775,000 (RMB452,800,000) 2023: HK\$605,115,000 (RMB550,400,000)	Income capitalisation method with cross reference to the direct comparison approach  The key inputs are:		
			(1) Term yield	Term yield, taking into account of yield generated by market average selling price and the market average rental from comparable properties and adjustment to reflect the conditions of the subject property, was 5.05% as at 31 December 2024. (2023: 4.75%).	The higher the term yield, the lower the fair value.
			(2) Reversionary yield	Reversionary yield, taking into account of yield generated by market average selling price and the market average rental from comparable properties and adjustment to reflect the risk associated with the future rental, was 5.55% as at 31 December 2024. (2023: 5.25%).	The higher the reversionary yield, the lower the fair value.
			(3) Monthly market rent	Market rent was determined by the estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion, the amount of which was RMB26.36/sq.m./month as at 31 December 2024. (2023: RMB29.05/sq.m./month).	The higher the monthly market rent, the higher the fair value.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 15. Investment properties (continued)

### (ii) Valuation Techniques (continued)

Investment properties held by the Group	Fair value hierarchy	Valuation	Valuation technique and significant unobservable inputs	Significant unobservable inputs	Relationship of significant unobservable inputs to fair value
Foshan Guicheng Fengtai Industrial Park (佛山桂城豐泰產業園) The northern side of Guanli Road and the western side of Guihe Road, Nanhai District, Foshan City, Guangdong Province, The PRC	Level 3	2024: HK\$443,152,000 (RMB416,500,000) 2023: HK\$547,616,000 (RMB498,100,000)	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 4.95% as at 31 December 2024 (2023: 4.75%).	The higher the term yield, the lower the fair value.
			(2) Reversionary yield	Reversionary yield, taking into account of yield generated by market average selling price and the market average rental from comparable properties and adjustment to reflect the risk associated with the future rental, was 5.45% as at 31 December 2024 (2023: 5.25%).	The higher the reversionary yield, the lower the fair value.
			(3) Monthly market rent	Market rent was determined by the estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion, the amount of which was RMB39.66/sq.m./month as at 31 December 2024 (2023: RMB43.55/sq.m./month).	The higher the monthly market rent, the higher the fair value.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 15. Investment properties (continued)

### (ii) Valuation Techniques (continued)

Investment properties held by the Group	Fair value hierarchy	Valuation	Valuation technique and significant unobservable inputs	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Wuhu Fengtai Industrial Park (蕪湖豐泰產業園) No. 61 Longteng Road Jiujiang District, Wuhu City, Anhui Province, The PRC	Level 3	2024: HK\$186,517,000 (RMB175,300,000) 2023: HK\$248,467,000 (RMB226,000,000)	Income capitalisation method with cross reference to the direct comparison approach  The key inputs are:		
			(1) Term yield	Term yield, taking into account of yield generated by market average selling price and the market average rental from comparable properties and adjustment to reflect the conditions of the subject property, was 5.20% as at 31 December 2024 (2023: 5.00%).	The higher the term yield, the lower the fair value.
			(2) Reversionary yield	Reversionary yield, taking into account of yield generated by market average selling price and the market average rental from comparable properties and adjustment to reflect the risk associated with the future rental, was 5.70% as at 31 December 2024 (2023: 5.50%).	The higher the reversionary yield, the lower the fair value.
			(3) Monthly market rent	Market rent was determined by the estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion, the amount of which was RMB21.85/sq.m./month as at 31 December 2024 (2023: RMB24.92/sq.m./month).	The higher the monthly market rent, the higher the fair value.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 15. Investment properties (continued)

### (iii) Restriction on the investment properties

SF REIT acquired the Changsha property on 24 June 2022. SF REIT is prohibited from disposing of its properties for at least two years from the time such properties are acquired, unless the Unitholders approve the proposed disposal by way of special resolution passed in accordance with the Trust Deed.

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

### (iv) Security for the Group’s borrowings

As at 31 December 2024, certain of the Group’s investment properties in Mainland China and Hong Kong, amounting to approximately HK\$924,927,000 (2023: HK\$1,152,731,000) and HK\$5,620,000,000 (2023: HK\$5,987,000,000) respectively, were pledged to secure the Group’s borrowings of HK\$2,504,506,000 (2023: HK\$2,563,434,000).

## 16. Property, plant and equipment

	Buildings HK\$'000	Office equipment, electronic equipment and others HK\$'000	Total HK\$'000
<b>As at 1 January 2024</b>	<b>7,320</b>	<b>6,441</b>	<b>13,761</b>
Additions	–	1,865	1,865
Depreciation	(174)	(1,833)	(2,007)
Disposals	–	(15)	(15)
Currency translation differences	(225)	(63)	(288)
<b>As at 31 December 2024</b>	<b>6,921</b>	<b>6,395</b>	<b>13,316</b>
<b>As at 31 December 2024</b>			
Cost	8,009	20,415	28,424
Accumulated depreciation	(1,088)	(14,020)	(15,108)
<b>Net book value</b>	<b>6,921</b>	<b>6,395</b>	<b>13,316</b>



## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

### 16. Property, plant and equipment (continued)

	Buildings HK\$'000	Office equipment, electronic equipment and others HK\$'000	Total HK\$'000
<b>As at 1 January 2023</b>	7,611	6,530	14,141
Additions	–	1,850	1,850
Depreciation	(177)	(1,895)	(2,072)
Currency translation differences	(114)	(44)	(158)
<b>As at 31 December 2023</b>	7,320	6,441	13,761
<b>As at 31 December 2023</b>			
Cost	8,263	18,761	27,024
Accumulated depreciation	(943)	(12,320)	(13,263)
<b>Net book value</b>	7,320	6,441	13,761

### 17. Financial instruments by categories

	2024 HK\$'000	2023 HK\$'000
<b>Financial assets at amortised cost</b>		
Trade receivables (Note 19)	1,768	1,794
Deposits and other receivables	1,290	2,020
Amounts due from related companies (Note 31(c)(i))	7,634	8,186
Restricted cash (Note 21)	47,488	35,645
Cash and cash equivalents (Note 21)	93,501	190,247
Term deposits with original maturity over 3 months (Note 21)	40,019	-
<b>Financial assets at fair value</b>		
Derivative financial instruments (Note 18)	32,878	32,950
	<b>224,578</b>	270,842

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

### 17. Financial instruments by categories (continued)

	2024 HK\$'000	2023 HK\$'000
<b>Financial liabilities carried at amortised cost</b>		
Borrowings (Note 22)	2,504,506	2,563,434
Trade payables (Note 24)	745	857
Other payables	62,305	67,685
Amounts due to connected persons and related companies	75,950	79,295
	<b>2,643,506</b>	<b>2,711,271</b>

### 18. Derivative financial instruments

	2024 HK\$'000	2023 HK\$'000
Derivative assets		
Designated as cash flow hedge		
– Interest rate swap contracts	–	32,950
Not designated as hedging instruments		
– Interest rate swap contracts	32,878	–

#### 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 year ended 31 December 2024 and 2023, there were no transfers between the three levels of the fair value hierarchy.



## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

### 18. 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 HK\$'000
<b>As at 1 January 2024</b>	<b>27,514</b>
Change in fair value of hedging instrument recognised in OCI for the year	<b>3,164</b>
Reclassified from OCI to profit or loss (Note (i))	<b>(36,114)</b>
Deferred tax	<b>5,436</b>
<b>As at 31 December 2024</b>	<b>–</b>
<b>As at 1 January 2023</b>	42,764
Change in fair value of hedging instrument recognised in OCI for the year	5,721
Reclassified from OCI to profit or loss-included in finance costs	(23,985)
Deferred tax	3,014
<b>As at 31 December 2023</b>	27,514

- (i) In August 2024, followed by the refinancing of the bank loan in August (Note 22), the Group early terminated the interest rate swaps which were designated as cash flow hedge with the maturity date of February 2026 and entered into two new interest rate swaps but did not account for these as accounting hedges under IFRS 9 with the maturity date of September 2027. At the termination date, the deferred gain of hedging in equity amounting HK\$19,264,000 was reclassified to other gains-net as realised gains on the disposal of derivative financial instruments.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

### 19. Trade receivables

	2024 HK\$'000	2023 HK\$'000
Trade receivables		
– Third parties	1,768	1,794
– Related companies (Note)	7,634	8,186
	9,402	9,980

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

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

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

	2024 HK\$'000	2023 HK\$'000
Within 30 days	9,324	9,980
31-90 days	78	–
	9,402	9,980

### 20. Prepayments and other receivables

	2024 HK\$'000	2023 HK\$'000
Value added tax (“VAT”) recoverable (Note (i))	10,457	15,933
Deposits and prepayments (Note (ii))	2,767	3,887
Others	207	976
	13,431	20,796

Notes:

- (i) Amounts mainly represented the VAT input tax from Mainland China property Companies, which could be used for deduction of VAT output tax.
- (ii) Amounts mainly represented the deposit and prepayments for property operating expenses. The carrying amounts of deposits and other receivables approximated to their fair values due to the short-term nature.





## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

### 21. Bank balance and cash

	2024 HK\$'000	2023 HK\$'000
Cash and bank deposits	181,008	225,892
Less: Term deposits with original maturity over 3 months	(40,019)	–
Less: Restricted cash	(47,488)	(35,645)
Cash and cash equivalents	93,501	190,247

Cash and cash equivalents, term deposits with original maturity over 3 months and restricted cash are denominated in the following currencies:

	2024 HK\$'000	2023 HK\$'000
HK\$	115,248	171,476
RMB and others	65,760	54,416
	181,008	225,892

Restricted cash is pledged to banks to secure certain Group's bank borrowings (Note 22).

As at 31 December 2024 and 2023, the remittance of the bank deposits in Mainland China is subject to exchange control restrictions imposed by the Chinese government.

### 22. Borrowings

	2024 HK\$'000	2023 HK\$'000
Principal amounts of bank borrowings, secured	2,506,975	2,565,270
Capitalisation of transaction costs	(2,469)	(1,836)
	2,504,506	2,563,434
Less: Borrowings with maturities less than one year which were presented under current liabilities	(45,615)	(47,464)
	2,458,891	2,515,970

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

### 22. Borrowings (continued)

Bank borrowings are denominated in the following currencies:

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
HK\$	<b>2,156,531</b>	2,157,164
RMB	<b>347,975</b>	406,270
	<b>2,504,506</b>	2,563,434

In August 2024, the Group refinanced the borrowing contract of a total amount of HK\$2,159,000,000 with an update maturity date from May 2026 to September 2027 and the change of the lenders.

As at 31 December 2024, the weighted average effective interest rate on bank borrowings by outstanding principal amounts was 4.90% per annum (2023: 4.83% per annum).

Please refer to Note 11 for the finance cost on borrowings for the year ended 31 December 2024 and 2023.

As at 31 December 2024, the Group's investment properties of approximately HK\$6,544,927,000 (2023: HK\$7,139,731,000) (Note 15), the rental income generated from the leases of the investment properties during the terms of the borrowings, restricted bank balances of approximately HK\$47,488,000 (2023: HK\$35,645,000) (Note 21), 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 Group's borrowings were repayable as follows:

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 1 year	<b>45,615</b>	47,464
Between 1 and 2 years	<b>99,338</b>	47,464
Between 2 and 5 years	<b>2,330,293</b>	2,377,805
Over 5 years	<b>29,260</b>	90,701
	<b>2,504,506</b>	2,563,434

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 23. Deferred tax liabilities

Deferred income 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 at 31 December 2024 and 2023, presented in the consolidated balance sheet, after appropriate offsetting are as follows:

	2024 HK\$'000	2023 HK\$'000
Deferred tax assets	(37,787)	(50,339)
Deferred tax liabilities	643,521	747,066
Net deferred tax liabilities	605,734	696,727

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

### (a) Deferred tax assets

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

	Government grants HK\$'000	Unused tax losses HK\$'000	Others HK\$'000	Total HK\$'000
<b>As at 1 January 2024</b>	<b>8,226</b>	<b>42,019</b>	<b>94</b>	<b>50,339</b>
(Charged)/credited to the consolidated income statements	(220)	(11,995)	(35)	(12,250)
Currency translation differences	(299)	–	(3)	(302)
<b>As at 31 December 2024</b>	<b>7,707</b>	<b>30,024</b>	<b>56</b>	<b>37,787</b>

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

### 23. Deferred tax liabilities (continued)

#### (a) Deferred tax assets (continued)

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

Deferred income tax assets are recognised for tax losses carry-forward to the extent that realisation of the related tax benefit through utilisation against future taxable profits is probable.

#### (b) Deferred tax liabilities

The movement on the deferred tax liabilities for the year is as follows:

	Difference between tax book and accounting book in respect of investment properties HK\$'000	Withholding taxes HK\$'000	Fair value of derivatives HK\$'000	Total HK\$'000
<b>As at 1 January 2024</b>	732,210	9,420	5,436	747,066
(Credited)/Charged to the consolidated income statements	(103,393)	3,788	2,788	(96,817)
Credited to OCI	–	–	(5,436)	(5,436)
Currency translation differences	(1,292)	–	–	(1,292)
<b>As at 31 December 2024</b>	627,525	13,208	2,788	643,521



## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

### 23. Deferred tax liabilities (continued)

#### (b) Deferred tax liabilities (continued)

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

### 24. Trade payables

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade payables	<b>745</b>	857

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

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 30 days	<b>745</b>	857

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

### 25. Amounts due to connected persons and related companies

	2024 HK\$'000	2023 HK\$'000
Deposits received from tenants	61,178	61,190
Accruals for REIT Manager fee and Trustee's fee	13,395	15,503
Management service income received in advance	3,519	3,443
Rental collected in advance	3,918	699
Payables for construction	–	1,444
Others	1,376	1,158
	<b>83,386</b>	<b>83,437</b>

### 26. Other payables

	2024 HK\$'000	2023 HK\$'000
Payables for construction	5,107	15,483
Deposits received from tenants	31,165	30,560
Accruals for property management fee	15,854	14,905
Payables for legal and professional fee	3,374	4,415
Rental collected in advance	3,337	2,789
Other taxes payable	1,754	1,782
Management service income collected in advance	876	945
Interest payables	5,727	1,102
Others	1,078	1,220
	<b>68,272</b>	<b>73,201</b>



## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

### 27. Note to the Consolidated Statement of Cash Flows

#### (a) Net Cash Generated from operations

	2024 HK\$'000	2023 HK\$'000
(Loss)/profit before taxation and transactions with Unitholders	(365,533)	273,247
Adjustments for:		
– Finance income	(7,002)	(9,200)
– Finance costs	117,061	113,958
– Realised gains on the disposal of derivative financial instruments	(19,264)	–
– Depreciation and amortisation	2,113	2,179
– Fair value changes on investment properties	614,439	(55,013)
– Government grants	(3,362)	(3,015)
	338,452	322,156
Changes in working capital:		
– Trade and other receivables	(17,683)	(46,209)
– Amount due from and to connected persons and related parties	(77,514)	(56,803)
– Trade and other payables	12,347	30,741
<b>Net cash generated from operations</b>	<b>255,602</b>	<b>249,885</b>

#### (b) Major non-cash transactions

- (i) The disposal of derivative financial instruments was settled by the two new interest rate swaps (Note 18).
- (ii) During the year ended 31 December 2024, the rental income and management service income from Mainland China segment amounting to HK\$99,632,000 (2023: HK\$91,665,000) is a non-cash activity, such receipts were paid directly into the rental collection accounts with certain restrictions which are classified as restricted cash in the Consolidated Balance Sheet.
- (iii) For the year ended 31 December 2024, the REIT Manager's fee amounted to approximately HK\$28,006,000 (2023: HK\$13,010,000) was settled by issuance of 11,130,919 units (2023: 4,761,976 units) (Note 13).

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 27. Note to the Consolidated Statement of Cash Flows (continued)

### (c) Reconciliation of liabilities arising from financing activities

	Bank borrowings <i>HK\$'000</i>	Interest payables (included in other payables) <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>As at 1 January 2024</b>	<b>2,563,434</b>	<b>1,102</b>	<b>2,564,536</b>
<b>Cash flows</b>			
Repayments of bank borrowings	(46,073)	–	(46,073)
Interest paid	–	(107,462)	(107,462)
<b>Non-cash movement</b>			
Charged to consolidated income statement	1,684	112,097	113,781
Currency translation difference	(14,539)	(10)	(14,549)
<b>As at 31 December 2024</b>	<b>2,504,506</b>	<b>5,727</b>	<b>2,510,233</b>
<b>As at 1 January 2023</b>	2,650,114	1,023	2,651,137
<b>Cash flows</b>			
Repayments of bank borrowings	(80,065)	–	(80,065)
Interest paid	–	(113,098)	(113,098)
<b>Non-cash movement</b>			
Charged to consolidated income statement	773	113,185	113,958
Currency translation difference	(7,388)	(8)	(7,396)
<b>As at 31 December 2023</b>	2,563,434	1,102	2,564,536





# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 28. Capital commitments

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

## 29. Contingent liabilities

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

## 30. Units in issue

	Number of units	HK\$'000
As at 1 January 2023	800,000,000	3,984,000
Issue of new units during the year:		
Payment of REIT Manager's fee for the period from 1 January 2023 to 30 June 2023	4,761,976	13,010
As at 31 December 2023 and 1 January 2024	804,761,976	3,997,010
Issue of new units during the year:		
Payment of REIT Manager's fee for the period from 1 July 2023 to 31 December 2023 (Note)	6,238,023	14,746
Payment of REIT Manager's fee for the period from 1 January 2024 to 30 June 2024 (Note)	4,892,896	13,260
As at 31 December 2024	815,892,895	4,025,016

Note: REIT Manager's fee to the REIT Manager was in the form of units. On 9 April 2024, a total of 6,238,023 new units of SF REIT were issued to the REIT Manager at a price of HK\$2.364 per unit as entire payment of the REIT Manager's fee of approximately HK\$14,746,000 (Note 13) for the period from 1 July 2023 to 31 December 2023. On 5 September 2024, a total of 4,892,896 new units of SF REIT were issued to the REIT Manager at a price of HK\$2.71 per unit as entire payment of the REIT Manager's fee of approximately HK\$13,260,000 (Note 13) for the period from 1 January 2024 to 30 June 2024.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

### 31. Connected party transactions and significant related party transactions and balances

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

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

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

Notes:

- (i) These companies are considered as connected persons as defined in the REIT Code.
- (ii) These companies are considered as related companies as defined in IAS 24 (Revised) "Related Party Disclosures".
- (iii) These companies are fellow subsidiaries of the REIT Manager, and hence the associates of the REIT Manager.
- (iv) These companies are subsidiaries of S.F. Holding Co., Ltd., a substantial holder of SF REIT, and hence the associates of the substantial holder of SF REIT.
- (v) These companies are the associates of Mr. WANG Wei, a director of the REIT Manager in the last 12 months (up to 17 August 2024).
- (vi) These companies are 30%-controlled companies held by Mr. WANG Wei, a substantial holder of SF REIT.
- (vii) "Associate" has the meaning ascribed to this term under the REIT Code.



## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

### 31. Connected party transactions and significant related party transactions and balance (continued)

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

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

##### (i) Rental income

	2024 HK\$'000	2023 HK\$'000
S.F. Express (China) Limited	101,482	94,364
S.F. Express (Hong Kong) Limited	87,928	87,867
佛山順豐速運有限公司 (Foshan S.F. Express Co., Ltd.)	47,643	48,529
湖南順豐速運有限公司 (Hunan S.F. Express Co., Ltd.)	18,627	14,959
安徽順豐速運有限公司 (Anhui S.F. Express Co., Ltd.)	9,845	9,996
安徽順和快運有限公司 (Anhui Shunhe Freight Co., Ltd.)	7,839	7,984
湖南順豐快運有限公司 (Hunan S.F. Freight Co., Ltd.)	7,698	11,513
浙江雙捷供應鏈科技有限公司 (Zhejiang Shuangjie Supply Chain Technology Co., Ltd.)	1,547	1,575
	282,609	276,787

##### (ii) Management service income

	2024 HK\$'000	2023 HK\$'000
S.F. Express (China) Limited	14,696	13,478
S.F. Express (Hong Kong) Limited	13,009	12,630
湖南順豐速運有限公司 (Hunan S.F. Express Co., Ltd.)	4,840	4,097
湖南順豐快運有限公司 (Hunan S.F. Freight Co., Ltd.)	3,370	3,943
佛山順豐速運有限公司 (Foshan S.F. Express Co., Ltd.)	2,650	2,594
安徽順和快運有限公司 (Anhui Shunhe Freight Co., Ltd.)	917	890
安徽順豐速運有限公司 (Anhui S.F. Express Co., Ltd.)	682	663
浙江雙捷供應鏈科技有限公司 (Zhejiang Shuangjie Supply Chain Technology Co., Ltd.)	639	626
	40,803	38,921

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

### 31. Connected party transactions and significant related party transactions and balance (continued)

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

##### (iii) Other revenue

	2024 HK\$'000	2023 HK\$'000
S.F. Express (China) Limited	7,924	8,513
S.F. Express (Hong Kong) Limited	2,910	3,365
佛山順豐速運有限公司 (Foshan S.F. Express Co., Ltd.)	381	405
安徽順豐速運有限公司 (Anhui S.F. Express Co., Ltd.)	336	37
安徽順和快運有限公司 (Anhui Shunhe Freight Co., Ltd.)	89	11
湖南順豐快運有限公司 (Hunan S.F. Freight Co., Ltd.)	26	–
湖南順豐速運有限公司 (Hunan S.F. Express Co., Ltd.)	17	1
浙江雙捷供應鏈科技有限公司 (Zhejiang Shuangjie Supply Chain Technology Co., Ltd.)	2	–
HAVI Logistics Services (Hong Kong) Limited	–	129
	11,685	12,461

##### (iv) Operations manager's fees

	2024 HK\$'000	2023 HK\$'000
深圳市豐泰產業園管理服務有限公司 (Shenzhen Fengtai Industrial Park Management Service Co., Ltd.)	2,971	2,623

##### (v) REIT Manager's fee

	2024 HK\$'000	2023 HK\$'000
SF REIT Asset Management Limited	26,041	27,756



## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

### 31. Connected party transactions and significant related party transactions and balance (continued)

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

##### (vi) Trustee's fee

	2024 HK\$'000	2023 HK\$'000
DB Trustees (Hong Kong) Limited	1,396	1,538

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

##### (i) Amounts due from related companies

	2024 HK\$'000	2023 HK\$'000
S.F. Express (China) Limited	3,146	1,994
佛山順豐速運有限公司 (Foshan S.F. Express Co., Ltd.)	2,241	2,697
湖南順豐快運有限公司 (Hunan S.F. Freight Co., Ltd.)	1,086	1,096
S.F. Express (Hong Kong) Limited	670	1,235
安徽順豐速運有限公司 (Anhui S.F. Express Co., Ltd.)	260	620
安徽順和快運有限公司 (Anhui Shunhe Freight Co., Ltd.)	226	511
湖南順豐速運有限公司 (Hunan S.F. Express Co., Ltd.)	5	33
	7,634	8,186

The entire balance of the amounts due from related balance is trade in nature.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

### 31. Connected party transactions and significant related party transactions and balance (continued)

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

##### (ii) Amounts due to connected persons and related companies

	2024 HK\$'000	2023 HK\$'000
S.F. Express (China) Limited	35,742	33,686
S.F. Express (Hong Kong) Limited	31,175	29,666
SF REIT Asset Management Limited	13,430	15,860
湖南順豐速運有限公司 (Hunan S.F. Express Co., Ltd.)	942	1,071
深圳市豐泰產業園管理服務有限公司 (Shenzhen Fengtai Industrial Park Management Service Co., Ltd.)	621	1,444
DB Trustees (Hong Kong) Limited	614	756
湖南順豐快運有限公司 (Hunan S.F. Freight Co., Ltd.)	279	277
佛山順豐速運有限公司 (Foshan S.F. Express Co., Ltd.)	222	221
浙江雙捷供應鏈科技有限公司 (Zhejiang Shuangjie Supply Chain Technology Co., Ltd.)	125	211
安徽順豐速運有限公司 (Anhui S.F. Express Co., Ltd.)	119	111
安徽順和快運有限公司 (Anhui Shunhe Freight Co., Ltd.)	117	116
深圳市順豐同城物流有限公司 (Shenzhen SF Intra-city Logistics Co., Ltd.)	–	18
	83,386	83,437

The entire balance of amounts due to connected persons and related companies as at 31 December 2024 and 2023 is trade in nature, and consists of rental deposits received and other items detailed in Note 25.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 32. Principal subsidiaries

SF REIT held the following principal subsidiaries as at 31 December 2024:

Name	Place of establishment and kind of legal entity/ place of operations	Principal activities	Particulars of issued share capital/ registered capital	Interest held
<i>Directly held:</i>				
SF Logistics Holdings Limited	British Virgin Islands, limited liability company/ Hong Kong	Investment holding	HK\$1	100%
<i>Indirectly held:</i>				
Goodear Development Limited	British Virgin Islands, limited liability company/ Hong Kong	Property investment	US\$1	100%
佛山市潤眾工業投資有限公司 (Foshan Runzhong Industrial Investment Co., Ltd.)	PRC, limited liability company/PRC	Property investment	RMB129,292,900	100%
蕪湖市豐泰電商產業園管理有限公司 (Wuhu Fengtai E-Commerce Industrial Park Asset Management Co., Ltd.)	PRC, limited liability company/PRC	Property investment	RMB90,909,100	100%
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.)	PRC, limited liability company/PRC	Property investment	RMB191,919,200	100%

## 33. Approval of the consolidated financial statements

The consolidated financial statements were approved by the board of directors of SF REIT Asset Management Limited on 13 March 2025.



# Valuation Report

Suite 5701 Central Plaza  
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colliers.com



Colliers International (Hong Kong) Limited  
Company Licence No: C-006052

Our Ref.: 24-29813/DC/SL/JW/SW/AC

17 February 2025

The Board of Directors

**SF REIT Asset Management Limited**

**(in its capacity as manager of SF Real Estate Investment Trust, the “Manager”)**

Room 2002, 20/F, Lee Garden Six

111 Leighton Road, Causeway Bay, Hong Kong

**DB Trustees (Hong Kong) Limited**

**(in its capacity as trustee of SF Real Estate Investment Trust, the “Trustee”)**

Level 60, International Commerce Centre

1 Austin Road West, Kowloon, Hong Kong

Dear Sirs,

Re: **Valuation of four properties located in Hong Kong and the People’s Republic of China (the “Properties”)**

## Terms of Engagement

We refer to our terms of engagement dated 19 February 2024 requiring us to conduct a valuation of the Properties. We confirm that we have carried out site inspection, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the Market Value of the Properties, as at 31 December 2024 (the “**Valuation Date**”), for accounting, financing and REIT disclosure purposes.

## Valuation Standards

The valuation has been carried out in accordance with all requirements contained in paragraph 6.8 of the Code on Real Estate Investment Trusts (the “**REIT Code**”) published by Securities and Futures Commission, the Royal Institution of Chartered Surveyors’ *RICS Valuation – Global Standards*, and incorporating the International Valuation Standards Council’s *International Valuation Standards*.





## Valuation Report

Colliers International (Hong Kong) Limited is regulated by the Royal Institution of Chartered Surveyors (RICS) which monitors regulated firms under its conduct and disciplinary regulations. In accordance with RICS regulatory requirements, Colliers International (Hong Kong) Limited maintains a complaints handling procedure, details of which are available upon request.

### Valuation Basis

Our valuation is provided on the basis of **Fair Value**, which is defined as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.

In formulating our opinion, we have also considered the requirements of IFRS 13 – Fair Value Measurement, which came into effect on or after 1 January 2013.

### Valuer

The valuation has been prepared by Dorothy Chow, assisted by Stephen Lin and James Woo.

Dorothy is a Fellow Member of the Royal Institution of Chartered Surveyors (Membership No. 852464), a Fellow Member of the Hong Kong Institute of Surveyors (Membership No. 2869) and a Registered Professional Surveyor under the Surveyors Registration Ordinance (Cap. 417) in the Hong Kong Special Administrative Region. She is suitably qualified to carry out the valuation and has over 25 years' experience in the real estate field and valuation of properties of this magnitude and nature.

Stephen Lin is a Member of the Royal Institution of Chartered Surveyors, a Member of the Hong Kong Institute of Surveyors and a Registered Professional Surveyor (General Practice) under the Surveyors Registration Ordinance (Cap. 417) in the Hong Kong Special Administrative Region. He is suitably qualified to carry out the valuation and has over 17 years' experience in valuing properties of this magnitude and nature.

James Woo is a Fellow Member of the Royal Institution of Chartered Surveyors (RICS Registration No. 0837243) and an Executive Director of Valuation and Advisory Services, China at Colliers. He is suitably qualified to carry out the valuation and has over 25 years' experience in the valuation of properties and assets of this magnitude and nature in China.

Neither the valuer nor Colliers International (Hong Kong) Limited are aware of any pecuniary or other conflict of interest that would affect their ability to give an unbiased and objective opinion of the value of the Properties.

### Valuation Assumptions

Our valuation has been made on the assumption that the seller disposes of the Properties on the open market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the value of the Properties.

No allowance has been made for any charges, mortgages or amounts owing on the Properties or for any expenses or taxations which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value.

As the Properties are held under long term land use rights, we have assumed that the owner has free and uninterrupted rights to use the Properties for the whole of the unexpired term of the land use rights.

In addition, we have assumed that:

- We accept no responsibility for any matters legal in nature, nor do we render any opinion to the Properties' title, which is assumed to be good and marketable;
- We have relied on the site plans to determine the site area, and no detailed on-site measurements were taken at the time of inspection;
- We are not aware of any easements or rights-of-way affecting the Properties and have assumed that none exist;
- We have assumed that all required authorisations, certificates, licences, and permits have been obtained;
- We have assumed that information, estimates and opinions furnished to us and contained in this report have been obtained from reliable sources, and we believe them to be true and correct. We assume no responsibility for their accuracy;
- We have assumed current tenancies are of good covenant and will run their full terms at the current contracted rental levels.



# Valuation Report

## Valuation Approaches and Methods

To arrive at the Properties' Market Value, we have adopted the Income Approach – Income Capitalisation Method (Term and Reversionary Method).

The **Income Approach** provides an indication of value by converting future cash flows to a single current capital value. The **Income Capitalisation Method** estimates the value of properties or assets on a market basis by capitalising net rental income on a fully leased basis. This method is used when a property or asset is leased out for a specific term(s). This technique considers the current passing rental income from existing tenancies and the potential future reversionary income at market level by capitalising both at appropriate rates. In calculating the net rental income for this purpose, a deduction is made for outgoings such as property management fees, capital expenditure, vacancy loss, and other necessary expenses.

When appropriate, reference has also been made to the comparable sales transactions as available in the relevant market.

## Inspections, Investigations and Sources of Information

Internal and external inspections of the Properties, befitting this valuation, were undertaken by Stephen Lin (Senior Director), Bill Zhou (Director), Dongba Xu (Director), Susan Yang (Assistant Manager), Wilson Huang (Senior Analyst), Sean Wang (Senior Manager), and Alan Cheng (Senior Manager) of our Hong Kong and China offices, between December 2024 and January 2025. We have made enquiries and obtained such information as we consider necessary to undertake the valuation.

Information has been obtained from various sources including the Client, information already in the public domain and our own databases and has been verified as far as is reasonable. We have assumed all such information to be true and accurate for the purposes of this valuation.

With regards to the Properties, we have relied to a considerable extent on the information provided by the Client, in particular, but not limited to the identification of the Properties, the area schedule, occupancy and all other relevant matters. We have no reason to doubt the truth and accuracy of the information provided. We consider that we have been provided with sufficient information to reach an informed view and we have no reason to suspect any material information has been withheld.

No on-site measurements have been taken to verify the correctness of site areas. We have assumed that the site areas shown on the documents provided to us are correct. No structural or environmental surveys have been carried out. Services and facilities have not been tested.

### Currency

All monetary figures stated in this report are in **Hong Kong Dollars (HKD)** and **Renminbi (RMB)** in respect of the Properties in Hong Kong and the People's Republic of China (the "PRC") respectively.

### Caveats and Assumptions

This report is subject to and includes our standard caveats and assumptions set out in Appendix 1.

### Confidentiality and Non-Disclosure

This report is for your sole use and for the purposes indicated only and we accept no liability to any third party. The report must not be published or referred to in any way, either in whole or in part, without the prior written consent of Colliers International (Hong Kong) Limited.

Colliers International (Hong Kong) Limited similarly undertakes to keep all information relating to this valuation report confidential and will not publish or refer to it without the prior written consent of the Client.

### Valuation

Our summary of values and valuation particulars are herein attached.

Yours sincerely,

For and on behalf of

**Colliers International (Hong Kong) Limited**

**Dorothy Chow**

*MSc FRICS FHKIS MCIREA R.P.S. (GP)*

Head of Valuation & Advisory Services

**James Woo**

*B.Sc (Hons), FRICS, MA*

Executive Director, Co-Head of Valuation China



## Valuation Report

### SUMMARY OF VALUES

#### Part 1: Property Held by SF REIT Group in Hong Kong

No.	Property	Fair Value in existing state as at 31 December 2024	Interest attributable to SF REIT Group	The Fair Value attributable to SF REIT Group as at 31 December 2024
		HKD		HKD
1.	Asia Logistics Hub – SF Centre located at No. 36 Tsing Yi Hong Wan Road, Tsing Yi, New Territories, Hong Kong (亞洲物流中心-順豐大廈)	5,620,000,000	100%	5,620,000,000
<b>Total:</b>		<b>5,620,000,000</b>		<b>5,620,000,000</b>

## Part 2: Properties Held by SF REIT Group in the PRC

No.	Properties	Fair Value in existing state as at 31 December 2024	Interest attributable to SF REIT Group	The Fair Value attributable to SF REIT Group as at 31 December 2024
		<i>RMB</i>		<i>RMB</i>
2.	Changsha Fengtai Industrial Park, No. 102 Hexin Road, Huangxing Town, Changsha, Hunan Province, the PRC (長沙豐泰產業園)	452,800,000	100%	452,800,000
3.	Foshan Guicheng Fengtai Industrial Park located at the northern side of Guanli Road and the western side of Guihe Road, Nanhai District, Foshan, Guangdong Province, the PRC (佛山桂城豐泰產業園)	416,500,000	100%	416,500,000
4.	Wuhu Fengtai Industrial Park, No. 61 Longteng Road, Jiujiang District, Wuhu, Anhui Province, the PRC (蕪湖豐泰產業園)	175,300,000	100%	175,300,000
<b>Total (rounded):</b>		<b>1,045,000,000</b>		<b>1,045,000,000</b>



## Valuation Report

### VALUATION PARTICULAR

#### Part 1: Property Held by SF REIT Group in Hong Kong

No.	Property	Description and Tenure	Particulars of Occupancy	Fair Value in existing state as at 31 December 2024 <i>HKD</i>
1.	Asia Logistics Hub – SF Centre located at No. 36 Tsing Yi Hong Wan Road, Tsing Yi, New Territories, Hong Kong (亞洲物流中心-順豐大廈) (the Property)  Tsing Yi Town Lot No. 180	<p>The Property comprises a 15-storey (plus 1 basement level) ramp-access warehouse building with car parking and loading facilities which was completed in 2014 and erected on a parcel of warehousing land with a total site area of 258,334 sq. ft. (or approximately 24,000 sq. m.)</p> <p>The Property has a total Gross Lettable Area ("GLA") of 1,725,692.53 sq. ft. for warehousing use. The total Gross Floor Area ("GFA") is 1,046,049.54 sq. ft.</p> <p>The Property is held under New Grant No. 21139 for a term of 50 years commencing from 14 January 2011 subject to a payment of annual Government rent of 3% of the prevailing rateable value of the Property.</p>	<p>As at the valuation date, the Property is 97.3% let to various tenants with the latest expiry on 29 February 2028.</p> <p>The total monthly rental income is approximately HKD23,135,356 exclusive of management fee, Government rent, rates, utility charges and other outgoings.</p> <p>The remaining portions of the Property was vacant as at the valuation date.</p>	<p>5,620,000,000</p> <p>(Hong Kong Dollars Five Billion Six Hundred Twenty Million only)</p>

#### Notes:

- (1) The Property is located at No. 36 Tsing Yi Hong Wan Road, Tsing Yi, New Territories, Hong Kong. The Property is situated on the western side of Tsing Yi Hong Wan Road close to its junction with Tsing Ko Road to the south, next to the Container Terminal No. 9. The locality is characterised by medium-rise industrial/warehouse buildings of various ages and open storage areas.
- (2) Pursuant to the land search record as at 3 January 2025 ("**Land Search Record**"), the registered owner of the Property is Goodear Development Limited.

## Valuation Report

(3) Pursuant to the land search record, the Property is subject to the following major encumbrances:

- Consent letter dated 19 July 2012, registered vide Memorial No. 12081301280014 (Remarks: from District Lands Office/Tsuen Wan and Kwai Tsing Lands Department)
- Certificate of Compliance dated 9 June 2015, registered vide Memorial No. 15120200020016 (Remarks: from District Lands Office/Tsuen Wan and Kwai Tsing Lands Department)
- Lease Modification by way of No Objection Letter with Plan dated 2 November 2017, registered vide Memorial No. 17111700790014 (Remarks: from District Lands Officer, Tsuen Wan and Kwai Tsing)
- Mortgage in favour of DBS Bank Ltd. for consideration of all monies dated 12 May 2021, registered vide Memorial No. 21052500520029
- Assignment of Leases and Rentals in favour of DBS Bank Ltd. dated 12 May 2021, registered vide Memorial No. 21052500520033
- Confirmatory Mortgage in favour of DBS Bank Ltd. dated 24 February 2022, registered vide Memorial No. 22030701370025
- Confirmatory Assignment in favour of DBS Bank Ltd. dated 24 February 2022, registered vide Memorial No. 22030701370030
- Second Confirmatory Mortgage in favour of DBS Bank Ltd. for consideration of all monies dated 19 April 2022, registered vide Memorial No. 22042501420015
- Second Confirmatory Assignment in favour of DBS Bank Ltd. for consideration of all monies dated 19 April 2022, registered vide Memorial No. 22042501420028
- Mortgage in favour of DBS Bank Ltd. for consideration of all monies dated 13 September 2024, registered vide Memorial No. 24091300740020
- Assignment of Leases and Rentals in favour of DBS Bank Ltd. dated 13 September 2024, registered vide Memorial No. 24091300740033

(4) According to the Approved Tsing Yi Outline Zoning Plan No. S/TY/32 gazetted on 28 October 2022, the property is zoned as "Other Specified Uses (Container Related Uses)".

(5) According to the information provided by the REIT manager, the gross floor area and the gross lettable area of the Property are set out as below:

Usage	GFA (sq. ft.)	GLA (sq. ft.)
Warehouse/Car parking (Basement Floor to 8th Floor)	864,201.79	1,564,799.23
Ancillary Office (9th Floor to 14th Floor)	181,847.75	160,893.30
<b>Total</b>	<b>1,046,049.54</b>	<b>1,725,692.53</b>



## Valuation Report

- (6) Our valuation has been conducted on the following basis and analysis of tenancy profile provided by the REIT Manager:

### Occupancy Profile

Usage	GLA (sq. ft.)	% to total GLA
Leased	1,679,435.44	97.3%
Vacant	46,257.09	2.7%
<b>Total</b>	<b>1,725,692.53</b>	<b>100.0%</b>

### Lease Expiry Profile

Expiry year	GLA (sq. ft.)	% to total GLA	Monthly Rent <sup>^</sup> (HKD)	% to Total Monthly Rent
2025	117,964.00	6.8%	1,769,460	7.6%
2026	1,243,360.43	72.0%	16,451,113	71.1%
2027	260,740.80	15.1%	3,888,605	16.8%
2028	57,370.21	3.3%	1,026,178	4.4%
<b>Total</b>	<b>1,679,435.44</b>	<b>97.3%</b>	<b>23,135,356</b>	<b>100%</b>

### Lease Duration Profile

Lease Duration	GLA (sq. ft.)	% to total GLA	Monthly Rent <sup>^</sup> (HKD)	% to Total Monthly Rent
Up to 1 year	117,964.00	6.8%	1,769,460	7.6%
1 – 2 years	1,243,360.43	72.0%	16,451,113	71.1%
2 – 3 years	260,740.80	15.1%	3,888,605	16.8%
3 – 4 years	57,370.21	3.3%	1,026,178	4.4%
<b>Total</b>	<b>1,679,435.44</b>	<b>97.3%</b>	<b>23,135,356</b>	<b>100%</b>

<sup>^</sup> Monthly rent exclusive of management fee, Government rent, rates, utility charges and other outgoings.

- (7) In undertaking our valuation, we have adopted the Income Approach – Income Capitalisation Method (Term and Reversionary Method). The key parameters are summarised below:

Usage	Monthly Market Rent* (HKD/sq.ft.)	Term Yield	Reversionary Yield
Car parking	2.5	3.75%	4.25%
Warehouse	12.5 – 13.4	3.75%	4.25%
Ancillary Office	10.9	3.75%	4.25%

\* The monthly market rent is exclusive of management fee, Government rent, rates, utility charges and other outgoings, after considering 3-month rent free period for a 3-year tenancy.

- (8) The estimated current net yield of the Property is 4.8%, derived from the annualised net property income divided by the fair value of the property as at the valuation date.

### (9) Market Overview

Hong Kong is a metropolitan city and a special administrative region of the People's Republic of China. It is located in the southeastern Pearl River Delta of the South China Sea, covering around 2,755 sq. km. of land. Hong Kong is a core city in the Greater Bay Area. Due to its strategic location in Asia, Hong Kong is renowned as a major global financial hub and commercial port. The city boasts world-class infrastructure, reinforcing its prominence in the logistics sector. In the third quarter of 2024, Hong Kong's economy saw moderate growth. Preliminary estimates indicate that real GDP rose by 1.8% compared to the same quarter the previous year. Total exports of goods continued to expand notably, driven by consistent external demand. Overall investment spending also climbed further, leading the general economic growth. However, the pace of growth in export growth slowed from previous quarter, and private consumption expenditure experienced a slight decrease. This decline was due to changes in consumption patterns among both visitors and residents, as well as the strength of the Hong Kong dollar.

The Kwai Tsing district holds a strategic location in Hong Kong, with an array of logistics facilities such as Container Terminal 9, which connects to some of the world's busiest ports, and the Tsing Ma Bridge, providing linkage to the airport. Therefore, Kwai Tsing is a highly appealing destination for logistics companies due to its well-developed infrastructure and extensive transportation network.

In terms of supply of logistics spaces, only two prime logistics warehouse projects were launched in the past two years. In Q3 2022, Goodman Westlink provided 1.5 million sq. ft. of warehousing in Tuen Mun, and in Q3 2023, Cainiao Smart Gateway provided 4.1 million sq. ft. in Chek Lap Kok. In Kwai Tsing Port Container Area, KCTL 531 will be mainly for cold storage. KCL 2's plan to develop 4,960,000 sq. ft. of logistics warehousing was approved in August 2023. The project is not expected to be completed before 2030. Therefore, industrial and logistics spaces will remain limited until then.

On the demand side, amidst a sluggish leasing market and the evolving dynamics of the industrial sector, tenants are discerning as they carefully review their real estate decisions to secure the most favourable terms. Landlords are responding by offering attractive rates and leasing packages to maintain their competitiveness in the market.

Increase in tenants surrendering their leases as they reassess their industrial footprints following the previous wave of expansion or relocate their operation to Southern China for cost saving. Contracting demand and increasing availability led to rental continues to fall in Q3 2024, rent negotiation will continue to be flexible with the subdued take-up and weak local consumption.

Previously, industrial investments represented only a minor share of the overall real estate market activity. However, with the rapid growth of e-commerce and stable rental rates, investors have increasingly favoured this resilient asset class. In the quest for high-yield assets to counter the prevailing high interest rates, investors are patiently awaiting suitable opportunities due to the limited availability of stock. Although there persists a relatively big gap in price expectations between buyers and sellers, a significant transaction involving the acquisition of Li Fung Centre for HKD1.8 billion during Q3 2024 stands out, contributing to a total industrial property transaction value of HKD2.4 billion in the same quarter. The removal of property cooling measures in early 2024 and the further relaxation of the LTV ratio in October 2024 significantly improved market sentiment. Since financing costs are still high, and banks are cautious to ease credit requirements for commercial properties, limiting growth in the industrial investment market.



## Valuation Report

### VALUATION PARTICULAR

No.	Property	Description and Tenure	Particulars of Occupancy	Fair Value in existing state as at 31 December 2024 <i>RMB</i>
2.	Changsha Fengtai Industrial Park located at No. 102 Hexin Road, Huangxing Town, Changsha, Hunan Province, the PRC (長沙豐泰產業園) (the Property)	<p>The Property is erected on two parcels of warehousing land with a total site area of about 169,844.84 sq. m.</p> <p>The Property comprises two single-story warehouses, one three-story warehouse with two basement levels for car parking, one ramp-access two-story distribution center, one nine-story office building, and three ancillary buildings, completed between 2019 and 2021.</p> <p>The Property has a total gross floor area ("GFA") 113,466.74 sq. m. The total Gross Lettable Area ("GLA") is 119,683.67 sq. m.</p> <p>The land use rights of the Property have been granted for a term of 50 years expiring on 30 December 2066 and 28 February 2068 for warehousing uses.</p>	<p>As at the valuation date, the Property is 98.9% let to various tenants with the latest expiry on 31 January 2027.</p> <p>The total monthly rental income is approximately RMB3,701,600 inclusive of management fees but exclusive of value-added tax, energy charges and other miscellaneous.</p> <p>Remaining portions of the Property was vacant as at the valuation date.</p>	<p>452,800,000</p> <p>(Renminbi Four Hundred Fifty Two Million And Eight Hundred Thousand only)</p>

#### Notes:

- (1) The property is located on the north side of Hexin Road and adjacent to Sheng Xiang Road on the east side. The subject neighbourhood is predominately an industrial and logistics cluster in Changsha County. The Property is conveniently connected to surrounding main roads, including Airport Expressway, Changsha Ring Expressway and Hangzhou-Changsha Expressway.
- (2) Pursuant to the Real Estate Ownership Certificate Xiang (2017) Changsha Xian Bu Dong Chan Quan Di 0042751 Hao and Xiang (2018) Changsha Xian Bu Dong Chan Quan Di 0032109 Hao, the relevant land use rights of the subject lot with a site area of approximately 169,844.84 sq. m. have been granted to Changsha Jietai E-Commerce Industrial Park Asset Management Co., Ltd. (長沙捷泰電商產業園管理有限公司, "Changsha Company (PRC)"), for a term of 50 years expiring on 30 December 2066 and 28 February 2068 for warehousing uses.

## Valuation Report

- (3) Pursuant to the Real Estate Ownership Certificate Xiang (2020) Changsha Xian Bu Dong Chan Quan Di 0005814, 0005816, 0005821, 0005834, 0005836, 0008304 Hao and Xiang (2021) Changsha Xian Bu Dong Chan Quan Di 0047767, 0066059 Hao, building ownership of the Property with a total GFA of approximately 113,466.74 sq. m. is vested in Changsha Company (PRC).
- (4) We have not been provided with any Real Estate Ownership Certificate for the two basement floors (including 218 parking lots) of No.3 warehouse of the Property.
- (5) According to the information provided by the REIT manager, the gross floor area and the gross lettable area of the Property are set out as below:

### Area Schedule

Building Usage	GFA (sq. m.)	GLA* (sq. m.)
Warehouse	63,500.85	67,993.90
Distribution Centre	38,386.89	40,386.89
Office	11,340.76	11,302.88
Ancillary Building	238.24	Nil
Car Parking Space (218 lots)	Nil	Nil
<b>Total</b>	<b>113,466.74</b>	<b>119,683.67</b>

\* According to the approved building plan and the information provided by the REIT Manager, the Property's GLA includes: i) the areas of facilities and structures such as material handling system that are not fully recorded on the title certificates; and ii) portion of the vacant site area designated for open storage. Such facilities, structures and open storage area can be used and leased out. Consequently, the Property's GLA exceeds its GFA.

- (6) Our valuation has been conducted on the following basis and analysis of tenancy profile provided by the REIT Manager:

### Occupancy Profile

Usage	GLA (sq. m.)	% to total GLA
Leased	118,311.46	98.9%
Vacant	1,372.21	1.1%
<b>Total</b>	<b>119,683.67</b>	<b>100.0%</b>

### Lease Expiry Profile

Expiring Year	GLA (sq. m.)	% to total GLA	Monthly Rent* (RMB)	% to Total Monthly Rent
2024	449.93	0.4%	10,508	0.3%
2025	2,579.66	2.2%	62,561	1.7%
2026	103,854.10	86.8%	3,189,755	86.1%
2027	11,427.77	9.5%	438,785	11.9%
<b>Total</b>	<b>118,311.46</b>	<b>98.9%</b>	<b>3,701,609</b>	<b>100.0%</b>



## Valuation Report

### Lease Duration Profile

Lease Duration	GLA (sq. m.)	% to total GLA	Monthly Rent* (RMB)	% to Total Monthly Rent
Up to 1 year	2,523.43	2.1%	60,977	1.6%
1 – 2 years	11,820.96	9.9%	284,610	7.7%
2 – 3 years	13,082.02	10.9%	487,162	13.2%
3 – 4 years	/	/	/	/
4 – 5 years	90,885.05	76.0%	2,868,860	77.5%
<b>Total</b>	<b>118,311.46</b>	<b>98.9%</b>	<b>3,701,609</b>	<b>100.0%</b>

\* Monthly rent inclusive of management fees but exclusive of value-added tax, energy charges and other miscellaneous.

(7) In the course of our valuation, we have made the following assumptions:

- We have assumed that the Property is free from and clear of any and all charges, liens and encumbrances of an onerous nature likely to affect value.
- We have assumed proper title has been obtained, and the Property and the interest valued therein can be freely transferred, mortgaged and let in the market.
- As the Property is held under a long-term land use right tenure, we have assumed that the owner has free and uninterrupted rights to use the Property for the whole of the unexpired term of the tenure, in accordance with the terms of the tenure.

(8) In undertaking our valuation, we have adopted the Income Approach – Income Capitalisation Method (Term and Reversionary Method). The key parameters are summarised below:

Building Usage	Monthly Market Rent* (RMB/sq.ft.)	Term Yield	Reversionary Yield
Warehouse	26.6	5.05%	5.55%
Distribution Centre	25.3	5.05%	5.55%
Office & Ancillary	28.9	5.05%	5.55%

\* The Monthly rent is inclusive of management fees but exclusive of value-added tax, energy charges and other miscellaneous.

(9) The estimated current net yield of the Property is 7.4%, derived from the annualised net property income (from P&L provided by the client) divided by the fair value of the property as at the valuation date.

### (10) Market Overview

Changsha is the capital city of Hunan Province serving as the political, economic and cultural centre. It is an important node city of the Yangtze River Economic Belt. As of the end of Q3 2024, there were about 10.5 million permanent residents living in the city across a total land area of approximately 11,819 square kilometres (sq km). Its GDP value totalled at RMB1,098.7 billion with the YOY growth rate of 4.8%. Second industry and tertiary industry rose by 6.4% and 3.8% YOY respectively as of end of Q3 2024. The disposable income of urban residents also grew by 3.8% YOY.

Positioned as an important node city of the Yangtze River Economic Belt, Changsha logistics property market has experienced continuous development thanks to the improved infrastructure and the strong demand over the past few years. Logistics property developers from both domestic and abroad have established their presences in the city, including GLP, Blogis, Yupei, Mapletree, ESR, VX, Ping'an, Shenzhen International and JD etc.

As of the end of Q4 2024, Changsha had a total market stock of approximately 2.15 million sq m, with about a total new supply of about 80,000 sq. m. entering the market in the first half year of 2024. Due to economic downturn and corresponding limited logistics demand, Changsha has seen a higher vacancy rate of about 19%. In rental situation, the citywide average rent in Changsha continue to see a decline.

The Property is located in Changsha County submarket. The Property enjoys convenient access to the Hangzhou-Changsha Expressway, which leads to Zhejiang Province in the Yangtze River delta. And it is only 2.6 km from Changsha Airport. The Property is situated within Changsha Linkong Economic Development Zone. A number of well-known companies have made presence in this area, including Lens Technology, Dinuo Pharmaceutical, Jiudian Pharmaceutical. As of the end of Q4 2024, the total submarket stock is approximately of 670,000 sq. m., while the average rent in Changsha County continue to see a trend of drop down. The vacancy rate is around 9%. The submarket sees a better performance than citywide average.

The major tenant in Changsha County submarket is e-commerce, 3PL and some manufacturer. Due to economic downturn, tenants except key e-commerce ones of the submarket have weakened their rental affordability, which put pressure on the operation of logistics properties whose tenant structure are mainly composed of non-primary tenants. Therefore, industrial and logistics properties with prime tenants have become the preferred choice for investors as a defensive asset in their portfolio against market volatility. In the current climate of elevated interest rates, investors are actively pursuing assets with higher yields to counterbalance the financial pressure. However, they are finding themselves in a challenge due to a scarcity of available properties that meet their criteria. Despite the ongoing demand from institutional investors for the industrial sector, the first half year of 2024 has been notably subdued, with no transactions recorded as the divergence in pricing expectations between buyers and sellers persists.



## Valuation Report

### VALUATION PARTICULAR

No.	Property	Description and Tenure	Particulars of Occupancy	Fair Value in existing state as at 31 December 2024 <i>RMB</i>
3.	Foshan Guicheng Fengtai Industrial Park located at the northern side of Guanli Road and the western side of Guihe Road, Nanhai District, Foshan, Guangdong Province, the PRC (佛山桂城豐泰產業園) (the Property)	<p>The Property is erected on a parcel of industrial land with a total site area of about 59,600.36 sq. m.</p> <p>The Property comprises a three-storey ramp-access distribution center and an ancillary building completed in 2021.</p> <p>The Property has a total gross floor area ("GFA") of about 82,552.24 sq. m. and a total gross lettable area ("GLA") of about 84,950.76 sq. m.</p> <p>The land use rights of the Property have been granted for a term of 50 years expiring on 20 July 2049 for industrial uses.</p>	<p>As at the valuation date, the Property is 100% let to various tenants with the latest expiry on 30 April 2026.</p> <p>The total monthly rental income is approximately RMB4,064,757 inclusive of management fees but exclusive of value-added tax, energy charges and other miscellaneous.</p>	<p>416,500,000</p> <p>(Renminbi Four Hundred Sixteen Million And Five Hundred Thousand Only)</p>

#### Notes:

- (1) The Property is located north of Guanli Road and west of Guihe Road. The subject neighbourhood is predominately an industrial and logistics cluster in Nanhai District. The Property is conveniently connected to surrounding main roads, including Guangzhou-Foshan-Zhaoqing Expressway and Guangzhou-Foshan-Zhujiang Expressway.
- (2) Pursuant to two Real Estate Title Certificates – Yue (2021) Fo Nan Bu Dong Chan Quan Di Nos. 0028927 and 0028928, building ownership of the Property with a total GFA of approximately 82,552.24 sq.m. is vested in Foshan Runzhong Industrial Investment Co., Ltd. (佛山潤眾工業投資有限公司, "**Foshan Company (PRC)**"). The relevant land use rights of the subject lot with a site area of approximately 59,600.36 sq.m. have been granted to Foshan Company (PRC) for a term of 50 years expiring on 20 July 2049 for industrial uses.

## Valuation Report

- (3) According to the information provided by the REIT manager, the gross floor area and the gross lettable area of the Property are set out as below:

### Area Schedule

Usage	GFA (sq. m.)	GLA* (sq. m.)
Distribution Centre	82,009.08	84,950.76
Ancillary	543.16	
<b>Total</b>	<b>82,552.24</b>	<b>84,950.76</b>

\* According to the approved building plan and the information provided by the REIT Manager, the Property's GLA includes: i) the areas of facilities and structures such as material handling system that are not fully recorded on the title certificates; and ii) portion of the vacant site area designated for open storage. Such facilities, structures and open storage area can be used and leased out. Consequently, the Property's GLA exceeds its GFA.

- (4) Our valuation has been conducted on the following basis and analysis of tenancy profile provided by the REIT Manager:

### Occupancy Profile

Usage	GLA (sq. m.)	% to total GLA
Leased	84,950.76	100%
Vacant	Nil	Nil
<b>Total</b>	<b>84,950.76</b>	<b>100%</b>

### Lease Expiry Profile

Expiry year	GLA (sq. m.)	% to total GLA	Monthly Rent* (RMB)	% to Total Monthly Rent
2026	84,950.76	100%	4,064,757	100.0%
<b>Total</b>	<b>84,950.76</b>	<b>100%</b>	<b>4,064,757</b>	<b>100%</b>

### Lease Duration Profile

Lease Duration	GLA (sq. m.)	% to total GLA	Monthly Rent* (RMB)	% to Total Monthly Rent
5 years	84,950.76	100%	4,064,757	100.0%
<b>Total</b>	<b>84,950.76</b>	<b>100%</b>	<b>4,064,757</b>	<b>100%</b>

\* Monthly rent inclusive of management fees but exclusive of value-added tax, energy charges and other miscellaneous.





## Valuation Report

(5) In the course of our valuation, we have made the following assumptions:

- We have assumed that the Property is free from and clear of any and all charges, liens and encumbrances of an onerous nature likely to affect value.
- We have assumed proper title has been obtained, and the Property and the interest valued therein can be freely transferred, mortgaged and let in the market.
- As the Property is held under a long-term land use right tenure, we have assumed that the owner has free and uninterrupted rights to use the Property for the whole of the unexpired term of the tenure, in accordance with the terms of the tenure.

(6) In undertaking our valuation, we have adopted the Income Approach – Income Capitalisation Method (Term and Reversionary Method). The key parameters are summarised below:

Usage	Monthly Market Rent* (RMB/sq. m.)	Term Yield	Reversionary Yield
Distribution Centre	39.7	4.95%	5.45%
Ancillary	42.7	4.95%	5.45%

\* The Monthly rent is inclusive of management fees but exclusive of value-added tax, energy charges and other miscellaneous.

(7) The estimated current net yield of the Property is 9.0%, derived from the annualised net property income (from P&L provided by the client) divided by the fair value of the property as at the valuation date.

### (8) Market Overview

Foshan forms part of the Pearl River Delta and Greater Bay Area. It spans an area of around 3,798 sq. km. and its total population stood at around 9.61 million permanent residents by the end of 2023. Foshan is Guangdong's manufacturing hub and covers almost all sectors, including household appliances, metal products, ceramic building materials, textiles and furniture. Manufacturing comprised over 50% of the city's GDP in 2024. Since 2009, machinery and equipment manufacturing has become the city's most significant pillar industry. Recently, the city promoted manufacturing upgrades, with the total investment in technological transformation ranking highest in Guangdong Province for four consecutive years.

As a significant player in the GBA, Foshan's transport infrastructure continues to improve and expand. During the "14th Five-Year Plan", the Foshan Government is focused on enhancing the city's transport amid the development of the Greater Bay Area, for example, building a new airport in Gaoming District, expanding intercity railways and expressways (e.g. Guangzhou-Foshan Circular Intercity Railway and Qingyuan-Gaoming Expressway). These will further strengthen the connection with other key cities (e.g. Guangzhou, Zhongshan, Zhuhai, Hong Kong, and Macao), turning Foshan into a central transport hub for the GBA.

In 2024, there was 343,632 sq. m. of new supply entered the market, compared to the new warehousing space of 600,699 sq. m. in 2023 and 795,312 sq. m. in 2022. Most Grade A warehousing provisions are concentrated in the Nanhai district. Generally, Grade A warehousing is increasing, rising from 1,970,000 sq. m. in Q1 2020 to 3,780,000 sq. m. in Q4 2024.

Because of sluggish external demand on conventional manufacturing goods, demand in 2024 slowed down and pushed up the vacancy rate to 10% by the end of 2024. In 2023, the market is much healthier with a net absorption rising of 764,350 sq. m., supported by demand from the fresh product, e-commerce and biomedicine sectors.

Warehouse rents generally trended downwards since Q4 2023, mainly due to tenant's becoming cautious in expansion and relocation. The demand was depressed due to slow-than-expected economic recovery. Throughout 2024, city-level overall face rent keep dropping due to sluggish demand and abundant supply concentrated in GBA core cities such as Dongguan and Huizhou, as well as Foshan.

During this "**14th Five-Year Plan**", the Foshan Government is focused on transport development to facilitate the formation of the Guangzhou-Foshan Economic Circle and strengthen its connection with the rest of the GBA. Upon the completion of the new intercity expressways and railways, Foshan is expected to be only 45 minutes away from Guangzhou city's centre by road, and the travel time between Foshan and other key GBA cities will be shortened to 60 minutes.



## Valuation Report

### VALUATION PARTICULAR

No.	Property	Description and Tenure	Particulars of Occupancy	Fair Value in existing state as at 31 December 2024 RMB
4.	Wuhu Fengtai Industrial Park, No. 61 Longteng Road, Jiujiang District, Wuhu, Anhui Province, the PRC (蕪湖豐泰產業園) (the Property)	<p>The Property is erected on a parcel of warehousing land with a total site area of about 108,390.90 sq. m.</p> <p>The Property comprises two single-storey high standard warehouses, a double-storey distribution centre equipped with automatic sorting and supply chain support facilities, a six-storey research and development building and two ancillary buildings, completed in 2019.</p> <p>The Property has a total gross floor area (GFA) of about 62,304.16 sq. m. and a total gross lettable area (GLA) of about 62,698.10 sq. m.</p> <p>The land use rights of the Property have been granted for a term of 50 years expiring on 20 January 2066 for warehousing uses.</p>	<p>As at the valuation date, the Property is 95.4% let to various tenants with the latest expiry on 31 December 2026.</p> <p>The total monthly rental income is approximately RMB1,656,898 inclusive of management fees but exclusive of value-added tax, energy charges and other miscellaneous.</p> <p>The remaining portions of the Property was vacant as at the valuation date.</p>	<p>175,300,000</p> <p>(Renminbi One Hundred Seventy Five Million And Three Hundred Thousand Only)</p>

#### Notes:

- (1) The Property is situated on the western side of Longteng Road and northern side of Yongzhen Road. The subject neighbourhood is predominately an industrial and logistics cluster in Jiujiang District. The Property is conveniently connected to surrounding main roads, including Nanjing-Wuhu Expressway and Wuhu-Hefei Expressway.
- (2) Building ownership of the Property with a total GFA of approximately 62,304.16 sq.m. is vested in Wuhu Fengtai E-commerce Industrial Park Asset Management Co., Ltd. (蕪湖市豐泰電商產業園管理有限公司, "Wuhu Company (PRC)"). The relevant land use rights of the subject lot with a site area of approximately 108,390.90 sq.m. have been granted to Wuhu Company (PRC) for a term of 50 years expiring on 20 January 2066 for warehousing uses.

## Valuation Report

- (3) According to the information provided by the REIT manager, the gross floor area and the gross lettable area of the Property are set out as below:

### Area Schedule

Usage	GFA (sq. m.)	GLA* (sq. m.)
Warehouse	29,972.98	30,562.49
Distribution Centre	22,567.77	23,730.00
Ancillary Office and Others	9,763.41	8,405.61
<b>Total</b>	<b>62,304.16</b>	<b>62,698.10</b>

\* According to the approved building plan and the information provided by the REIT Manager, the Property's GLA includes: i) the areas of facilities and structures such as material handling system that are not fully recorded on the title certificates; and ii) portion of the vacant site area designated for open storage. Such facilities, structures and open storage area can be used and leased out. Consequently, the Property's GLA exceeds its GFA.

- (4) Our valuation has been conducted on the following basis and analysis of tenancy profile provided by the REIT Manager:

### Occupancy Profile

Usage	GLA (sq. m.)	% to total GLA
Leased	59,810.69	95.4%
Vacant	2,887.41	4.6%
<b>Total</b>	<b>62,698.10</b>	<b>100.0%</b>

### Lease Expiry Profile

Expiring Year	GLA (sq. m.)	% to total GLA	Monthly Rent* (RMB)	% to Total Monthly Rent
2024	825.05	1.3%	17,285	1.0%
2025	2,423.14	3.9%	49,401	3.0%
2026	56,562.50	90.2%	1,590,212	96.0%
<b>Total</b>	<b>59,810.69</b>	<b>95.4%</b>	<b>1,656,898</b>	<b>100.0%</b>



## Valuation Report

### Lease Duration Profile

Lease Duration	GLA (sq. m.)	% to total GLA	Monthly Rent* (RMB)	% to Total Monthly Rent
Up to 1 year	2,386.45	3.8%	47,462	2.9%
1 – 2 years	1,172.50	1.9%	28,404	1.7%
2 – 3 years	627.44	1.0%	13,372	0.8%
3 – 4 years	/	/	/	/
4 – 5 years	55,624.30	88.7%	1,567,659	94.6%
<b>Total</b>	<b>59,810.69</b>	<b>95.4%</b>	<b>1,656,898</b>	<b>100.0%</b>

\* Monthly rent inclusive of management fees but exclusive of value-added tax, energy charges and other miscellaneous.

(5) In the course of our valuation, we have made the following assumptions:

- We have assumed that the Property is free from and clear of any and all charges, liens and encumbrances of an onerous nature likely to affect value.
- We have assumed proper title has been obtained, and the Property and the interest valued therein can be freely transferred, mortgaged and let in the market.
- As the Property is held under a long-term land use right tenure, we have assumed that the owner has free and uninterrupted rights to use the Property for the whole of the unexpired term of the tenure, in accordance with the terms of the tenure.

(6) In undertaking our valuation, we have adopted the Income Approach – Income Capitalisation Method (Term and Reversionary Method). The key parameters are summarised below:

Usage	Monthly Market Rent* (RMB/sq. m.)	Term Yield	Reversionary Yield
Warehouse	19.1	5.20%	5.70%
Distribution Centre	27.1	5.20%	5.70%
Ancillary Office and Others	17.0	5.20%	5.70%

\* The Monthly rent is inclusive of management fees but exclusive of value-added tax, energy charges and other miscellaneous.

(7) The estimated current net yield of the Property is 7.7%, derived from the annualised net property income (from P&L provided by the client) divided by the fair value of the property as at the valuation date.

### (8) Market Overview

Wuhu, also known as Jiangcheng, is a prefecture-level city of Anhui Province. It is located in the southeast of Anhui Province. Wuhu is one of the 27 cities in the core area of the Yangtze River Delta, bordering Hefei, the capital of Anhui Province to its northeast, and Nanjing, the capital of Jiangsu Province to its northwest. Wuhu has a total area of 6,009.02 square kilometres. By the end of 2023, Wuhu has a permanent population of 3.76 million. Its GDP value totalled at RMB376.92 billion with the YOY growth rate of 5.7% as of end of Q3 2024. Primary sector, industrial sector and tertiary sector rose by 2.9%, 7.5% and 4.1% YOY respectively as of end of Q3 2024. The disposable income of urban residents also grew by 4.5% YOY.

Wuhu is a city in the central area of the Yangtze River Delta, an important integration hub in the Yangtze River Delta, a national comprehensive transportation hub and a port-type national logistics hub. Wuhu Port, with a capacity of 100 million tons, is one of the main inland river hub ports in China, connecting Wuhu to the coastal area of China. Wuhu has seven high-speed rail stations connecting Wuhu with major cities in East China. Taking the advantage of geographical location, Wuhu is rapidly developing automotive and parts, materials, electronic equipment and modern service industries, creating strong demand for logistics warehouses. Driven by the rapid development of the e-commerce industry and convenient transportation, the logistics industry in Wuhu is experiencing fast growth. Several well-known logistics warehouses have established or begin their construction in Wuhu, such as GLP, Yupei, Greenland, Ping'an and Suning etc.

As of the end of Q4 2024, Wuhu had a total market stock of approximately 1.43 million sq. m. with a vacancy rate at around 15%-20%. In rental situation, the citywide average rent in Wuhu continue to see a decline.

The Property is located in Wuhu Jiujiang submarket. Nanjing-Wuhu Expressway and Wuhu-Hefei Expressway are located near the property, which provide easy accessibility to Hefei and other parts of Anhui Province. Vertical distances from the Property to Ningwu Highway, Wuhu East Railway Station, Wuhu Railway Station, Wuhu International Cargo Port and Wuhu Xuanzhou Airport are approximately 2km, 6.0 km, 7.5 km, 10km and 37.0 km respectively. The Property is situated within Wuhu Jiujiang Economic Development Area. A number of well-known companies have made presence in this area, including Chery Group, Midea Group, Anhui China Tobacco Industry Corporation. As of the end of Q4 2024, the total submarket stock is approximately of 515,000 sq. m. while the average rent in Wuhu Jiujiang submarket continue to see a trend of drop down. The vacancy rate is around 15%. The submarket sees a better performance than citywide average.

The major tenants in Wuhu Jiujiang submarket are intelligent manufacturing, e-commerce and some manufacturer. Looking forward, logistics properties in Wuhu Jiujiang Submarket could benefit from the local industrial development, e-commerce development as well as port transportation hub in the surrounding area. In addition to the convenient traffic access, the influx of renowned and experienced logistics property developers is expected to elevate the standard of warehouse properties in the Wuhu Jiujiang. Overall, influenced by the relatively weak market activity, competition in the market will be further intensified. Landlords may continue to retain existing tenants and attract new tenants through the extension of rent free periods, price concessions and subsidies, etc. It is expected that the rent will be slightly adjusted in 2025.



# Performance Table

		31 December		
	2024	2023	2022	2021
Net assets attributable to Unitholders	<b>HK\$3,680.4 million</b>	HK\$4,233.6 million	HK\$4,260.0 million	HK\$4,091.7 million
Net assets per unit attributable to Unitholders	<b>HK\$4.51</b>	HK\$5.26	HK\$5.32	HK\$5.11

	For the year ended 31 December 2024	For the year ended 31 December 2023	For the year ended 31 December 2022	For the period from 17 May 2021 (Date of Listing) to 31 December 2021
The highest traded unit price	<b>HK\$3.20</b>	HK\$3.21	HK\$3.69	HK\$4.74
The highest premium of the traded unit price to net assets per unit attributable to Unitholders (Note (i))	<b>N/A</b>	N/A	N/A	N/A
The lowest traded unit price	<b>HK\$2.20</b>	HK\$2.48	HK\$2.51	HK\$3.24
The highest discount of the traded unit price to net assets per unit attributable to Unitholders	<b>51.2%</b>	52.9%	52.8%	36.7%
Net yield per unit (Note (ii))	<b>8.75%</b>	10.73%	9.53%	4.95%
Annualised net yield per unit	<b>8.75%</b>	10.73%	9.53%	7.90%

Notes:

- (i) The highest traded unit price is lower than the net assets per unit attributable to Unitholders. Accordingly, the highest premium of the traded unit price to net assets per unit attributable to Unitholders has not been recorded.
- (ii) The net yield per unit is calculated based on the distribution per unit for the year ended 31 December 2024 of HK27.40 cents (2023: HK28.66 cents) over the closing price as at 31 December 2024 of HK\$3.13 (2023: HK\$2.67) per unit.

# Financial Summary

	For the year ended 31 December 2024 <i>HK\$'000</i>	For the year ended 31 December 2023 <i>HK\$'000</i>	For the year ended 31 December 2022 <i>HK\$'000</i>	For the period from 29 April 2021 (Date of Establishment) to 31 December 2021 <i>HK\$'000</i>
<b>Results</b>				
Revenue	<b>445,986</b>	444,918	421,469	244,274
Net property income	<b>353,651</b>	357,654	343,561	194,888
(Loss)/profit for the year/period, before transactions with Unitholders	<b>(294,534)</b>	219,469	439,673	174,271
Basic (loss)/earnings per unit (HK cents)	<b>(36.32)</b>	27.38	54.96	21.78
Distribution per unit (HK cents)	<b>27.40</b>	28.66	27.74	17.24

	2024 <i>HK\$'000</i>	31 December 2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Total assets	<b>6,982,074</b>	7,692,288	7,817,488	7,009,560
Total liabilities, excluding net assets attributable to Unitholders	<b>3,301,668</b>	3,458,670	3,557,495	2,917,886
Net assets attributable to Unitholders	<b>3,680,406</b>	4,233,618	4,259,993	4,091,674
Net assets per unit attributable to Unitholders (HK\$)	<b>4.51</b>	5.26	5.32	5.11





# Glossary

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

<b>Add-on Services</b>	has the meaning ascribed to this term under the “Connected Party Transactions” section of this report
<b>associate(s)</b>	has the meaning ascribed to this term under the REIT Code
<b>Audit Committee</b>	the audit committee established by the Board
<b>Baseline year</b>	year 2022
<b>BEAM Plus</b>	Is a rating standard that would give the building a rating such as Platinum, Gold, Silver and Bronze
<b>Board</b>	board of directors of the REIT Manager
<b>Board Committees</b>	committees established by the Board, namely, the Investment Committee, the Audit Committee, the Nomination and Remuneration Committee and the Disclosures Committee (such committee has ceased with effect from 28 June 2024)
<b>Chairman or Board Chairman</b>	chairman of the Board
<b>Changsha Jietai</b>	長沙捷泰電商產業園管理有限公司 (Changsha Jietai E-Commerce Industrial Park Asset Management Co., Ltd.), a company established in the PRC and an indirect wholly-owned subsidiary of SF REIT
<b>Changsha Property</b>	the property owned by SF REIT in Changsha, Mainland China, and its exact location is set out in the “Valuation Report” section of this report
<b>Changsha RMB Loan</b>	has the meaning ascribed to this term under the “Management Discussion and Analysis” section of this report
<b>Chief Executive Officer or CEO</b>	chief executive officer of the REIT Manager
<b>China Orient Asset Management</b>	has the meaning ascribed to this term under the “Disclosure of Interests” section of this report
<b>China Orient International</b>	has the meaning ascribed to this term under the “Disclosure of Interests” section of this report
<b>Compliance Manual</b>	the compliance manual adopted by the REIT Manager for the management and operation of SF REIT

<b>connected person(s)</b>	has the meaning ascribed to this term under the REIT Code
<b>controlling unitholder</b>	has the meaning ascribed to this term under the REIT Code
<b>COSO</b>	Committee of Sponsoring Organizations of Treadway Commission
<b>Date of Establishment</b>	29 April 2021, the date on which SF REIT was constituted by the Trust Deed
<b>Director(s)</b>	director(s) of the REIT Manager
<b>Disclosures Committee</b>	the disclosures committee established by the Board and ceased with effect from 28 June 2024
<b>ERM</b>	Enterprise Risk Management
<b>ESG</b>	Environmental, Social and Governance
<b>EV</b>	Electric vehicles
<b>Executive Director or ED</b>	executive director of the REIT Manager
<b>Foshan and Wuhu RMB Loans</b>	has the meaning ascribed to this term under the “Management Discussion and Analysis” section of this report
<b>Foshan Property</b>	the property owned by SF REIT in Foshan, Mainland China, and its exact location is set out in the “Valuation Report” section of this report
<b>Foshan Runzhong</b>	佛山市潤眾工業投資有限公司 (Foshan Runzhong Industrial Investment Co., Ltd.), a company established in the PRC and an indirect wholly-owned subsidiary of SF REIT
<b>GLA</b>	gross lettable area
<b>GRI</b>	Global Reporting Initiatives
<b>Greater Bay Area</b>	Comprised the two special Administration Regions of Hong Kong and Macao, and the nine municipalities of Guangzhou, Shenzhen, Zhuhai, Foshan, Huizhou, Dongguan, Zhongshan, Jiangmen and Zhaoqing in Guangdong Province
<b>GHG</b>	greenhouse gas
<b>Group</b>	SF REIT and its subsidiaries



## Glossary

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

<b>Operations Management Agreements</b>	has the meaning ascribed to this term under the “Connected Party Transactions” section of this report
<b>Operations Manager</b>	深圳市豐泰產業園管理服務有限公司 (Shenzhen Fengtai Industrial Park Management Service Co., Ltd.), a company established in the PRC and an indirect wholly-owned subsidiary of SFH
<b>PRC</b>	The People’s Republic of China
<b>REIT Code</b>	Code on Real Estate Investment Trusts issued by the SFC
<b>REIT Manager</b>	SF REIT Asset Management Limited, as manager of SF REIT
<b>RMB</b>	Renminbi, the lawful currency of the PRC
<b>SF Fengtai</b>	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 36.27% of the issued units
<b>SF Leasing Framework Agreement</b>	has the meaning ascribed to this term under the “Connected Party Transactions” section of this report
<b>SF REIT</b>	SF Real Estate Investment Trust, a collective investment scheme authorised under section 104 of the SFO and constituted by the Trust Deed
<b>SFC</b>	Securities and Futures Commission of Hong Kong
<b>SFH</b>	S.F. Holding Co., Ltd. (順豐控股股份有限公司), a company established in the PRC and whose shares are listed on the Shenzhen Stock Exchange and the Hong Kong Stock Exchange, and is the controlling unitholder of SF REIT
<b>SFH Group</b>	SFH and its subsidiaries
<b>SFO</b>	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
<b>sq.m.</b>	square metre
<b>substantial holder(s)</b>	has the meaning ascribed to this term under the REIT Code
<b>TCFD</b>	Task Force on Climate-Related Financial Disclosures



## Glossary

<b>Trust Deed</b>	trust deed dated 29 April 2021 entered into between the Trustee and the REIT Manager constituting SF REIT, as amended from time to time
<b>Trustee</b>	DB Trustees (Hong Kong) Limited, as trustee of SF REIT
<b>Tsing Yi Property</b>	the property owned by SF REIT in Tsing Yi, Hong Kong, and its exact location is set out the “Valuation Report” section of this report
<b>unit(s)</b>	unit(s) of SF REIT (unless the context requires otherwise)
<b>Unitholder(s)</b>	holder(s) of unit(s) of SF REIT
<b>UNSDGs</b>	United Nations Sustainable Development Goals
<b>VAT</b>	value added tax
<b>Wuhu Fengtai</b>	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 the PRC and an indirect wholly-owned subsidiary of SF REIT
<b>Wuhu Property</b>	the property owned by SF REIT in Wuhu, Mainland China, and its exact location is set out in the “Valuation Report” section of this report
<b>Year</b>	financial year ended 31 December 2024
<b>%</b>	per cent



# Corporate Information

## Board of Directors of REIT Manager

### Chairman and Non-executive Director

Mr. HO Chit

### Executive Director and Chief Executive Officer

Mr. Hubert CHAK

### Non-executive Directors

Ms. OOI Bee Ti

Ms. GAN Ling

### Independent Non-executive Directors

Mr. HO Lap Kee, MH, JP

Mr. CHAN Ming Tak, Ricky

Mr. KWOK Tun Ho, Chester

Mr. Michael Tjahja SUSANTO

## Responsible Officers of REIT Manager

Mr. Hubert CHAK

Mr. YEUNG Tak Him

Ms. HO Sze Ting

## Company Secretary of REIT Manager

Ms. CHING Wai Fong

## Trustee

DB Trustees (Hong Kong) Limited

## Principal Valuer

Colliers International (Hong Kong) Limited

## Auditor

PricewaterhouseCoopers

*Certified Public Accountants*

*Registered Public Interest Entity Auditor*

## Registered Office of REIT Manager

Room 2002, 20th Floor, Lee Garden Six

111 Leighton Road

Causeway Bay

Hong Kong

## Unit Registrar and Transfer Office

Tricor Investor Services Limited

17/F, Far East Finance Centre

16 Harcourt Road

Hong Kong

Telephone: (852) 2980 1333

Email: [is-enquiries@vistra.com](mailto:is-enquiries@vistra.com)

## Investor's Enquiry

Telephone: (852) 3690 8134

Facsimile: (852) 3690 8132

Email: [irsfreit@sf-express.com](mailto:irsfreit@sf-express.com)

## Website

[www.sf-reit.com](http://www.sf-reit.com)

## Listing of the Units

Hong Kong Stock Exchange (stock code: 2191)

