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

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

**(Stock Code: 2191)**

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

**ANNOUNCEMENT OF FINAL RESULTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**

The board of directors (the “**Board**”) of SF REIT Asset Management Limited (the “**REIT Manager**”) is pleased to announce the audited consolidated final results of SF Real Estate Investment Trust (“**SF REIT**”) and its subsidiaries (the “**Group**”) for the year ended 31 December 2024 (the “**Year**”). The final results and the consolidated financial statements of the Group for the Year have been approved for issue by the Board on 13 March 2025.

## PERFORMANCE HIGHLIGHTS

	<b>For the year ended 31 December 2024 HK\$ million</b>	For the year ended 31 December 2023 HK\$ million	Changes
<b>Revenue<sup>1</sup></b>	<b>451.4</b>	440.9	+2.4%
<b>Net property income<sup>1</sup></b>	<b>361.2</b>	355.8	+1.5%
<b>Distributable income</b>	<b>234.4</b>	230.0	+1.9%
<b>Distribution per unit (HK cents)</b>	<b>27.40</b>	28.66	-4.4%
<b>Payout ratio</b>	<b>95%</b>	100%	-5
	<b>As at 31 December 2024</b>	As at 31 December 2023	Changes
<b>Occupancy rate</b>	<b>98.0%</b>	98.0%	–
<b>Portfolio value (HK\$ million)</b>	<b>6,731.4</b>	7,388.2	-8.9%
<b>Net asset value per unit (HK\$)</b>	<b>4.51</b>	5.26	-14.3%
<b>Gearing ratio</b>	<b>35.9%</b>	33.3%	+2.6

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

## FINANCIAL REVIEW

### Operating Results

During the Year, SF REIT recorded revenue of HK\$451.4 million (2023: HK\$440.9 million),<sup>2</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>2</sup> representing an increase of 1.5% year-on-year.

Hong Kong	Revenue <sup>2</sup>			Net property income <sup>2</sup>		
	2024	2023	Changes	2024	2023	Changes
	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
<b>Total</b>	<b>112,287</b>	<b>109,293</b>	<b>+2.7</b>	<b>84,779</b>	<b>84,052</b>	<b>+0.9</b>

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 S.F. Holding Co., Ltd. (順豐控股股份有限公司) (“SFH”, together with its subsidiaries, collectively “SFH Group”) 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 interest rate swap contracts (“IRS”) were HK\$112.1 million (2023: HK\$113.2 million).

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

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 Code on Real Estate Investment Trusts (the “**REIT Code**”) and the trust deed dated 29 April 2021 constituting SF REIT and the first amending and restating deed dated 22 August 2024 (the “**Trust Deed**”), SF REIT is required to distribute to its unitholders (the “**Unitholders**”) not less than 90% of the total distributable income (which is the audited profit for the period before transactions with Unitholders subject to certain adjustments as defined in the Trust Deed).

The total distributable income for the Year 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.

## 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 (“**Tsing Yi Property**”) as well as Changsha in Hunan Province (“**Changsha Property**”), Foshan in Guangdong Province (“**Foshan Property**”) and Wuhu in Anhui Province (“**Wuhu Property**”), Mainland China. Initially developed by SFH, all four properties are tailor-made to support the logistics operations of its members.

Property	GLA	Occupancy	Occupancy	% of GLA
	as at 31 December 2024 (sq.m.)	as at 31 December 2024	as at 31 December 2023	occupied by internal tenants as at 31 December 2024 <sup>3</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>3</sup> Internal tenants refer to tenants from the SFH Group.

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 gross lettable area (“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.

## **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.

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 Environmental, Social and Governance (“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.

## **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.

### ***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.

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 electric vehicles (“EV”), we have installed EV chargers at Foshan Property for tenants’ use, demonstrating our commitment to a cleaner operation.

### ***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.

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.

### **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.

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

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.

## 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;

(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.

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>4</sup> and volume of parcel deliveries surged by 21.5% year-on-year in 2024.<sup>5</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>6</sup> which could gradually alleviate the demand-supply gap.

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<sup>4</sup> National Bureau of Statistics of China, *National Economy Witnessed Steady Progress amidst Stability with Major Development Targets Achieved Successfully in 2024*

<sup>5</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>6</sup> CBRE, 中國倉儲物流市場 2024年第四季度 (*China Logistics Warehouse Market Q4 2024*)

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.

## CONSOLIDATED FINANCIAL STATEMENTS

### CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
<b>Revenue</b>	3	<b>445,986</b>	444,918
Property operating expenses	5	<u>(92,335)</u>	<u>(87,264)</u>
<b>Net property income</b>		<b>353,651</b>	357,654
General and administrative expenses	6	(33,031)	(37,440)
Fair value changes on investment properties	12	(614,439)	55,013
Other gains – net	7	<u>38,345</u>	<u>2,778</u>
<b>Operating (loss)/profit</b>		<b>(255,474)</b>	378,005
Finance income		7,002	9,200
Finance costs	8	<u>(117,061)</u>	<u>(113,958)</u>
<b>(Loss)/profit before taxation and transactions with Unitholders</b>		<b>(365,533)</b>	273,247
Income tax credits/(expenses)	9	<u>70,999</u>	<u>(53,778)</u>
<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)		(119,298)	–
– 2023 final distribution (paid on 23 April 2024)		(112,828)	–
– 2023 interim distribution (paid on 25 September 2023)		–	(117,120)
– 2022 final distribution (paid on 28 April 2023)		–	<u>(112,560)</u>
		<u><b>(526,660)</b></u>	<u>(10,211)</u>
Basic (loss)/earnings per unit (HK cents)	11	<b>(36.32)</b>	27.38
Diluted (loss)/earnings per unit (HK cents)	11	<u><b>(36.32)</b></u>	<u>27.19</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Before transactions with Unitholders HK\$'000	Transactions with Unitholders (Note) HK\$'000	After transactions with Unitholders HK\$'000
<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)
	(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>
 For the year ended 31 December 2023			
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)
	(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.

## 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	12	6,731,444	7,388,198
Property, plant and equipment		13,316	13,761
Land use rights		546	578
Intangible assets		49	133
Derivative financial instruments		32,878	32,950
		<u>6,778,233</u>	<u>7,435,620</u>
<b>Current assets</b>			
Trade receivables	13	1,768	1,794
Amounts due from related companies	13	7,634	8,186
Prepayments and other receivables		13,431	20,796
Restricted cash		47,488	35,645
Term deposits with original maturity over 3 months		40,019	–
Cash and cash equivalents		93,501	190,247
		<u>203,841</u>	<u>256,668</u>
<b>Total assets</b>		<u><u>6,982,074</u></u>	<u><u>7,692,288</u></u>

	Notes	2024 HK\$'000	2023 HK\$'000
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Borrowings	14	45,615	47,464
Trade payables	15	745	857
Amounts due to connected persons and related companies		83,386	83,437
Other payables		68,272	73,201
Current tax liabilities		3,350	3,261
		<u>201,368</u>	<u>208,220</u>
<b>Non-current liabilities, excluding net assets attributable to Unitholders</b>			
Borrowings	14	2,458,891	2,515,970
Deferred tax liabilities		605,734	696,727
Deferred government grants		35,675	37,753
		<u>3,100,300</u>	<u>3,250,450</u>
<b>Total liabilities, excluding net assets attributable to Unitholders</b>		<u>3,301,668</u>	<u>3,458,670</u>
<b>Net assets attributable to Unitholders</b>		<u>3,680,406</u>	<u>4,233,618</u>
<b>Units in issue (Thousand)</b>		<u>815,893</u>	<u>804,762</u>
<b>Net assets per unit attributable to Unitholders</b>		<u>HK\$4.51</u>	<u>HK\$5.26</u>

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

For the year ended 31 December 2024

	Note	Net Assets Attributable to Unitholders HK\$'000
<b>As at 1 January 2024</b>		<b>4,233,618</b>
Units issued to REIT Manager	10	28,006
Loss for the year, before transactions with Unitholders		(294,534)
Distribution paid to the Unitholders		(232,126)
Exchange losses on translation of financial statements		(27,044)
Cash flow hedging reserve		<u>(27,514)</u>
<b>As at 31 December 2024</b>		<b><u><u>3,680,406</u></u></b>
As at 1 January 2023		4,259,993
Units issued to REIT Manager		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		<u>(15,250)</u>
As at 31 December 2023		<b><u><u>4,233,618</u></u></b>

## 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	12	<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	7	<b>(19,264)</b>	–
– REIT Manager's fee payment in the form of units	10	<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	9	<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>		<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

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).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. General information

SF Real Estate Investment Trust (“**SF REIT**”) is a Hong Kong collective investment scheme authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and its units were listed on the Main Board of The Stock Exchange of Hong Kong Limited (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 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.

## 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.



**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.

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.

### 3. Revenue

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

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:

	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
Within 1 year	<b>387,143</b>	359,570
Between 1 and 2 years	<b>193,563</b>	332,952
Between 2 and 3 years	<b>23,139</b>	140,969
Between 3 and 4 years	<b>1,710</b>	10,373
Between 4 and 5 years	<b>–</b>	1,710
	<b>605,555</b>	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.

#### 4. Segment information

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

The Group holds one property company in Hong Kong and three property companies in 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.

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

<b>For the year ended 31 December 2024</b>	<b>Hong Kong</b>	<b>Mainland</b>	
	<b>HK\$'000</b>	<b>China</b>	<b>Total</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Segment revenue</b>	<u>325,847</u>	<u>120,139</u>	<u>445,986</u>
<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			<u>70,999</u>
<b>Loss for the year, before transactions with Unitholders</b>			<u><u>(294,534)</u></u>

For the year ended 31 December 2023	Hong Kong HK\$'000	Mainland China HK\$'000	Total HK\$'000
Segment revenue	<u>322,375</u>	<u>122,543</u>	<u>444,918</u>
Net property income	263,967	93,687	357,654
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			<u>(53,778)</u>
Profit for the year, before transactions with Unitholders			<u><u>219,469</u></u>

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:

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

## 5. 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
	<u>92,335</u>	<u>87,264</u>

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.

## 6. 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
	<u>33,031</u>	<u>37,440</u>

## 7. 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	19,264	–
Fair value gains on derivative financial instruments	16,894	–
Settlement of the currency forward contract	(272)	39
Others	147	122
	<u>38,345</u>	<u>2,778</u>

## 8. Finance costs

	2024 HK\$'000	2023 HK\$'000
Interest expenses on bank borrowings (Note 14)	115,377	113,185
Amortisation of cost of debts	1,684	773
	<u>117,061</u>	<u>113,958</u>



## 9. 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%.

	<b>2024</b>	2023
	<b>HK\$'000</b>	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	<u>84,567</u>	<u>(42,354)</u>
	<u><b>70,999</b></u>	<u>(53,778)</u>

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:

	<b>2024</b>	2023
	<b>HK\$'000</b>	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	<u>(70,999)</u>	<u>53,778</u>

## 10. REIT Manager’s fee

Pursuant to the Trust Deed, the REIT Manager is entitled to receive management fee for its services as the manager of SF REIT, which is the aggregate of:

- (i) 10% per annum of the base fee distributable income (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
- (ii) 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**”).

	<b>2024</b>	2023
	<b>HK\$’000</b>	HK\$’000
Base Fee	<b>26,041</b>	25,771
Variable Fee	–	1,985
	<u><b>26,041</b></u>	<u>27,756</u>

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.

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.

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

## 11. (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.

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

**(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.

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

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.

## 12. Investment properties

Details of the movements of investment properties are as follows:

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

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.

## **(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).

### 13. Trade receivables

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

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:

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

## 14. Borrowings

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

Bank borrowings are denominated in the following currencies:

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

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 8 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 12), 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), 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>	2023
	<b>HK\$'000</b>	HK\$'000
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><u>2,504,506</u></b>	<u>2,563,434</u>

#### **15. Trade payables**

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

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

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

## **APPRECIATION**

The Board would like to thank all staff of the REIT Manager as well as investors, business partners and other stakeholders of SF REIT for their support and confidence.

## **REVIEW OF FINAL RESULTS**

The final results and the consolidated financial statements of the Group for the Year have been reviewed by the audit committee of the Board in conjunction with SF REIT's external auditor, PricewaterhouseCoopers (“**PwC**”).

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

## **CORPORATE GOVERNANCE**

The REIT Manager is committed to upholding high corporate governance standards and has put in place a series of policies and procedures to promote SF REIT's operation in a transparent manner and with built-in checks and balances. Throughout the Year, SF REIT and the REIT Manager complied with the REIT Code, the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), applicable provisions of the Listing Rules, the Trust Deed and in all material respects the REIT Manager's compliance manual. SF REIT and the REIT Manager had also applied the principles and complied with, to the extent appropriate, the code provisions in the Corporate Governance Code contained in Appendix C1 of the Listing Rules throughout the Year.

## **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.

## **EMPLOYEES**

SF REIT is an externally managed real estate investment trust and therefore does not employ any staff directly.

## **BUY-BACK, SALE OR REDEMPTION OF LISTED UNITS OF SF REIT**

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

## **PUBLIC FLOAT**

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

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

The final distribution of 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.

## **PUBLICATION OF ANNUAL REPORT**

The annual report of SF REIT for the Year will be published on the websites of the Stock Exchange and SF REIT and be despatched to Unitholders on or before 30 April 2025.

## **ANNUAL GENERAL MEETING OF UNITHOLDERS**

The date and notice of the 2025 annual general meeting of Unitholders of SF REIT will be published and issued in accordance with the Trust Deed.

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

Hong Kong, 13 March 2025

*As at the date of this announcement, the Board comprises Mr. HO Chit as Chairman and Non-executive Director; Mr. Hubert CHAK as Executive Director and Chief Executive Officer; Ms. OOI Bee Ti and Ms. GAN Ling as Non-executive Directors; and Mr. HO Lap Kee, MH, JP, Mr. CHAN Ming Tak, Ricky, Mr. KWOK Tun Ho, Chester and Mr. Michael Tjahja SUSANTO as Independent Non-executive Directors.*