

IPO FACT SHEET
China Merchants Commercial Real Estate Investment Trust (1503)
ISSUE STATISTICS

Offer Size:	HK\$2,565m – HK\$3,000m
Placement Tranche:	750m
Price:	HK\$3.42 – HK\$4.00
Board lot:	1,000
Entry fee:	HK\$4,040.31
Historical PE	3.1x –3.6x
NAV per unit:	HK\$3.75
Market Cap (post-IPO):	HK\$3,857.1m – HK\$4,511.3m
Open:	28 Nov 2019
Close:	12.00 noon on 3 Dec 2019
Trading:	10 Dec 2019
Listing agent:	Citigroup Global Markets Asia Limited

Year ended 31 Dec	(RMB'000)	yoy % chg
Revenue		
2017	359,501	-2.0%
2018	389,472	8.3%
Profit and total comprehensive income for the year/period		
2017	725,329	108.2%
2018	1,099,216	51.5%

BACKGROUND

- China Merchants Commercial REIT is a REIT formed to primarily own and invest in high quality income-generating commercial properties in the PRC (including Hong Kong and Macao but excluding the CML Cities).
- It will initially focus on: (i) the Greater Bay Area (other than Foshan and Guangzhou, being two of the CML Cities), which is where the initial five Properties are situated; and (ii) Beijing and Shanghai.
- China Merchants Commercial REIT's portfolio initially comprises five Properties in Shekou, Shenzhen, all of which are well-served by public transportation network and equipped with car parking spaces. As at 30 September 2019, the Properties had an aggregate Gross Floor Area and Gross Rentable Area of approximately 262,378.9 sq.m. and 249,990.8 sq.m., respectively, and an average Occupancy Rate of 84.1% based on Gross Rentable Area.
- The top five tenants in terms of total monthly Base Rent for the month ended 30 September 2019 of the Properties have business operations in different industries, including real estate, scientific research and technical services, petroleum, medical devices manufacturing and logistics sectors. These tenants contributed to approximately 18.5% of the total monthly Base Rent of the Properties for the month ended 30 September 2019.

OBJECTIVES AND INVESTMENT STRATEGIES

- Asset management strategy: Proactively managing China Merchants Commercial REIT's property portfolio to maintain optimal occupancy levels and operational efficiency; seeking asset enhancement opportunities through property upgrades and/or renovation to promote rental income growth.
- Investments and acquisition strategy: Investing in and acquiring high quality properties in the PRC (including Hong Kong and Macao but excluding CML Cities) from CMG, CMSK or third parties that satisfy the REIT Manager's investment strategy.
- Capital and risk management strategy: Optimising returns on China Merchants Commercial REIT's portfolio and distributions to Unitholders, while maintaining an appropriate level of financial prudence.

COMPETITIVE STRENGTHS

- The Properties are strategically located in Shekou. They are well-positioned to capture the opportunities arising from their strategic location, the development of Shekou, the favourable government policies and the expected growth of the Greater Bay Area.
- The Properties have a diverse tenant base with tenants from different industries.

- Given their strategic locations and the diverse and quality tenant base, the Properties are well-positioned to benefit from higher rental reversion after the expiry of the existing tenancies.
- Future acquisition growth sponsored by CMSK.
- Highly experienced and committed management team with a proven track record.

KEY RISKS

- Future changes in government policies in the PRC and the Greater Bay Area could materially and adversely affect the business, results of operations and prospects.
- The Properties are all located in Shekou, which exposes China Merchants Commercial REIT to economic and property market conditions in Shekou and the PRC.
- There are discrepancies between the land and building use rights stated in the real estate ownership certificates and the actual use of some of the Properties.
- Results of operations may be adversely affected if the Operations Manager or the Property Manager fails to operate and manage the Properties in an effective and efficient manner or the REIT Manager decides to terminate the Operations Management Agreement or the Property Management Agreements before expiration or decides not to renew such agreements upon expiration.
- The DPU Commitment will expire on 31 December 2022, after which the amount of distributions will depend on the operating results of China Merchants Commercial REIT, which may not be sufficient to support similar level of distributions made during the DPU Commitment Period.
- The REIT Manager may not be able to achieve its key objectives for China Merchants Commercial REIT and its stated strategies for accomplishing such objectives may change.

DIVIDEND POLICY

- The REIT Manager currently intends to distribute 100% of the Annual Distributable Income for the DPU Commitment Period.

USE OF PROCEEDS AND OTHER SOURCES OF FUNDS

	HK mn	As a percentage of gross proceeds from the Invitation
Acquisition of Predecessor Group	6,479.5	97.3%
Transaction costs	123.6	1.9%
General corporate purposes	56.5	0.8%
Total:	6,659.6	100.0%

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