Risk Management of Affordable Rental Housing REITs: A Case Study of CICC Xiamen Anju

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Abstract. With national policy advocacy and market evolution, the rental housing market has become a focal point. Cities are planning investment and construction for affordable rental housing to address housing issues by attracting talent and promoting economic development. However, the operation of such housing faces challenges like large investments and long payback periods, making local government funding inefficient. Real Estate Investment Trusts (REITs) are emerging as an innovative financing tool with potential for funding these projects and activating quality assets. This article examines the "CICC Xiamen Anju Affordable Rental Housing REITs" case, detailing the project's issuance, participants, and transaction structure, including underlying assets and original equity holders. Using literature research, case analysis, and Monte Carlo simulation, the study focuses on three risk points: rent growth rate, occupancy rate, and discount rate. Regression analysis of Xiamen's housing prices, rents, and urban residents' disposable income shows that rent changes are related to housing prices and income. Oracle Crystal Ball software is used to fit the occupancy rate and rent growth rate distributions, and Monte Carlo simulation evaluates the underlying assets. Sensitivity analysis indicates that the discount rate is the most sensitive factor, followed by rent growth rate and occupancy rate.The article recommends risk control measures for affordable rental housing REITs: Local governments should set reasonable rent standards based on market conditions to balance social welfare and investment returns. Improving the tax system for infrastructure REITs and enhancing incentive mechanisms are also necessary. Strengthening information disclosure by issuers and underwriters ensures that investors receive accurate, comprehensive information on the financial and operational status, market prospects, and potential risks of REITs projects.

Keywords: Affordable Rental Housing, REITs, Risk Management, Occupancy Rate, Discount Rate

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1 INTRODUCTION

By offering rents lower than the market rate, affordable rental housing helps families improve their living conditions and promotes social equity and harmony. To better advance the development of affordable rental housing, the Chinese government encourages various enterprises, social organizations, and individuals to participate, innovate financing models, reduce construction costs, and improve housing quality.Real Estate Investment Trusts (REITs) play a crucial role as an important financing tool in providing affordable rental housing. REITs pool investors' funds to invest in real estate projects, including purchasing, developing, and managing properties, thereby providing returns to investors. In the field of affordable rental housing, REITs can leverage their scale and professional management advantages to effectively reduce operating costs and increase property usage efficiency, thus offering low-rent housing without sacrificing investment returns.To ensure the sustainable development of REITs in the affordable rental housing sector, it is essential to study their returns and risks. Through in-depth analysis, investors and managers can better understand market demand, assess the potential returns and risks of investment projects, and develop effective risk management strategies. Meanwhile, such research helps policymakers design reasonable policy frameworks to encourage private capital to enter the affordable rental housing market, achieving the social goal of housing.This paper uses the example of CICC Xiamen Affordable Rental Housing REITs. Compared to previous research, the main contribution of this paper lies in filling the gap in risk management for affordable rental housing REITs. Additionally, it analyzes risk factors through case studies and Monte Carlo simulations, quantifying the risk factors.

2 REVIEW OF RELEVANT RESEARCH LITERATURE

Yang Shaoyan (2019) questioned the returns of REITs, suggesting that some current REITs products have unclear profit models that fail to cover expenses[1].Chen Kanghui (2019), using the Monte Carlo simulation method, primarily analyzed the cash flow coverage ratio of New Apartments' underlying assets. She found that the cash flow of the New Apartments special plan during its term is insufficient to strongly cover interest expenses, posing a risk of cash flow shortage[2].Huang (2021) found that the decline in the diversification capacity of REITs products has led to a decreased ability to resist risk[3]. Chui (2003) formed different investment portfolio models by collecting various property-related information and found that diversifying property assets across different regions can enhance REITs returns and reduce portfolio risk[4]. Fu Shi (2017) pointed out that in the current REITs projects, some REITs have uneven quality of underlying assets and lack professional management, posing inherent risks. Additionally, regulatory oversight is insufficient, with inadequate tax incentives and legal regulations, leading to systemic risks[5]. Shi Da Tang (2014) also noted that compared to REITs in developed countries, China's REITs face both internal and external regulatory policy risks[6]. Jian Guo Yang and Yuan Han Peng (2019)

suggested that for better development of REITs, government agencies should collaboratively create policies to guide social capital into REITs construction and establish multiple funding security measures. Additionally, there is a need for better project supervision and the establishment of an information disclosure system to promote REITs development[7].Yin Yong (2020) focused on the long-term rental apartment sector and established a predictive model for the financing risks of long-term rental apartment REITs. He proposed several suggestions for the underlying assets of REITs, such as enhancing the quality of management personnel, increasing risk awareness, selecting appropriate financing methods, improving market intelligence, and leveraging the role of industry associations[8].

3 INTRODUCTION TO THE XIAMEN AFFORDABLE RENTAL HOUSING REITS CASE BY CICC

3.1 Basic Information on the CICC Xiamen Anju Affordable Rental Housing REITs

Basic Information on the CICC Xiamen Anju Affordable Rental Housing REITs. The CICC Xiamen Anju REIT project received approval from the China Securities Regulatory Commission and was officially offered on August 16, 2022. It successfully listed and issued on August 31, 2022, marking a significant step forward in Xiamen's deepening investment and financing system reforms.The CICC Xiamen Anju REIT project was officially issued and listed on the Shanghai Stock Exchange on August 31, 2022. This project is the first publicly offered infrastructure REITs project in Fujian Province. The offering price of the CICC Xiamen Anju REIT was RMB 2.6 per share, successfully raising a total of RMB 1.3 billion and effectively revitalizing RMB 858 million in existing assets, achieving the purpose of establishing an infrastructure REITs product. From the response in the secondary market, the CICC Xiamen Anju REIT saw a 30% increase on its first day of issuance, indicating high market enthusiasm.

Project Participants. The original owner of this project is Xiamen Anju Group Co., Ltd., a municipal wholly state-owned limited liability company approved by the Xiamen Municipal People's Government in June 2013. As a public welfare enterprise specializing in affordable housing and public rental housing related businesses in Xiamen, the group's business covers real estate development and operation; Construction, development, investment, financing and operation of affordable housing projects, as well as sales, leasing, property management and services; Investment, development, construction, operation and sales of commercial supporting projects for affordable housing projects; Other businesses approved or authorized by the investor.

The custodian of the plan is Industrial Bank Co., Ltd., which was established in August 1988. It is one of the first joint-stock commercial banks approved by the State Council and the People's Bank of China. Its head office is located in Fuzhou City,

Fujian Province. It was officially listed on the Shanghai Stock Exchange on February 5, 2007.

The fund manager is CICC Fund Management Co., Ltd., which is 100% controlled by China International Capital Corporation Limited. CICC Fund Management and its wholly-owned shareholder CICC have real estate research experience and sufficient professional researchers; CICC Fund Management and CICC have investment management experience in similar products or businesses. As of the end of April 2022, there are no major pending administrative penalties, lawsuits and other risks in related projects and businesses.

Transaction Structure. CICC Xiamen Anju REIT adopts the transaction structure of "public offering funds infrastructure asset-backed securities". The specific structure can be divided into three layers:

The first layer is CICC Xiamen Guaranteed Rental Housing REIT, which is established and managed by CICC Fund Management. At the same time, the fund manager CICC Fund entrusted Jinyuan Uni-President Securities Co., Ltd. as its financial advisor.

The second layer is the CICC Xiamen Anju Indemnificatory Rental Housing Infrastructure Asset-Backed Special Plan (hereinafter referred to as the "Asset-Backed Special Plan"), and the manager of the plan is CICC. The funds raised by CICC Xiamen Guaranteed Rental Housing REIT will be used to purchase all shares of the asset-backed securities of the special plan.

The third floor is the project company, namely Yuanbo Company and Hengqi Company. The fund manager entrusts Xiafang Leasing as the external management agency to be responsible for the daily operation and management of the project. CICC Xiamen Anju REIT will hold 100% equity of the two project companies Yuanbo and Hengqi through the asset-backed special plan, and obtain full ownership of the two affordable rental housing projects Yuanbo and Hengqi Apartment through penetration.

3.2 Infrastructure Project Overview and Operational Data

Introduction to the Underlying Assets. The target infrastructure assets are Yuanbo Apartment and Hengqi Apartment located in Jimei District, Xiamen City, Fujian Province. It is mainly aimed at new citizen groups such as newly employed college students, young people, and urban basic public service personnel who have no housing in the city to solve the problem of phased housing difficulties.

Garden Expo Apartment was completed in March 2020. It consists of 7 steel-concrete structure buildings, with a total of 2,614 suites and a total construction area of 112,875.18 square meters. As of March 31, 2022, the occupancy rate of Garden Expo Apartments is 99.42%, and the weighted average monthly rent unit price of the leased part is 32.35 yuan/square meter/month (tax included).

Hengqi Apartment was completed in March 2020. It consists of 5 steel-concrete structures, with a total of 2,051 units and a total construction area of 85,678.79 square meters.

Project Revenue and Profitability. According to the initial evaluation report issued by Guorong Xinghua, as of March 31, 2022, the total valuation of the two target infrastructure assets is 1.214 billion yuan, and the average valuation unit price is 36,114.21 yuan per square meter. According to the Initial Appraisal Report and the relevant provisions of the Assets Appraisal Law of the People's Republic of China, as the Target Infrastructure Assets are income-bearing properties,

4 RISK ANALYSIS OF CICC XIAMEN ANJU INDEMNIFICATORY RENTAL HOUSING REITS

4.1 Risk Identification

The Risk that Rents are Priced Under Policy Guidance and Below Market Levels. Indemnificatory rental housing is responsible for solving the housing difficulties of citizen groups. The rent is guided by the government. The rent standard is implemented at a rate lower than the assessed rent of market rental housing of the same quality in the same location. There are relevant policy requirements for the main rental groups and housing construction area.

Target infrastructure assets should be constructed and supplied in strict accordance with the policies and regulations of the state and Xiamen City on affordable rental housing. The initial pricing of the project rental price should be lower than 95% of the rent of market-oriented rental housing of the same quality in the same location, and the subsequent price adjustment increase It should not be higher than the increase in market rental housing rents in the same location over the same period, and the annual increase should not be higher than 5%. According to the "Notice of Xiamen Municipal Housing Security and Housing Administration on Printing and Distributing Xiamen Indemnificatory Rental Housing Project Identification and Management Operation Rules" (Xiafang Leasing [2022] No. 19), the rent of infrastructure projects shall not be higher than that of the same location and the same quality. The standard of 95% of the rent of market-oriented rental housing shall be implemented. Subsequent price adjustments should entrust a professional real estate appraisal agency to evaluate the project rent. The real estate appraisal agency shall be randomly selected by the project subject from the directory of evaluation agencies announced by the Municipal Real Estate Intermediary Industry Association.

Risk of Declining Occupancy Rate. First of all, the time required for the clearance and rent exchange of some houses may affect the overall occupancy rate. During the clearance process, the houses cannot be rented out temporarily, and it takes time to find new tenants for rent replacement. In addition, some houses may not be rented out

immediately due to maintenance and rectification, which is also a factor that temporarily affects the occupancy rate. Second, with the improvement of the screening criteria for corporate tenants or individual tenants, it may lead to a decrease in potential rental objects. Although the high-standard screening process can improve the overall quality of tenants, it may also limit the application of some prospective tenants, thereby affecting the occupancy rate. In addition, the lease contracts signed by the target infrastructure projects with tenants generally have a term of one year, and as of March 31, 2022, more than 95% of the leases are expected to expire in 2022 and 2023. Although the lease price below the market level usually means that once the lease expires, a large number of lessees are willing to lease, ensuring a certain degree of stability in the occupancy rate. However, if the market rent falls sharply in a short period of time during the operation period of the Fund, and the project rent is not adjusted in time, it may lead to vacancies after the lease expires, thereby increasing the project vacancy rate and adversely affecting the fund's income.

4.2 Risk Assessment

Rental Growth Rate Assessment. By integrating the numerical relationship between housing rent, housing price and disposable income of urban residents in Xiamen from 2017 to 2023 into the analysis, the Monte Carlo simulation method can be used to predict the future rent level. This simulation method allows us to generate a wide range of possible outcomes of rent prices based on probability distributions of multiple input variables, thereby forming a comprehensive rent distribution function. Further, by converting and analysing this distribution function, we can obtain a probabilistic prediction of rent growth rate. In this way, we can not only estimate the possible range of future rents, but also calculate the probability distribution of future underlying asset cash flows based on these forecasts, providing quantitative risk and return analysis for investment decisions.

In this paper, a regression analysis model is established on the basis of the above analysis

$$\ln R = \rho + \alpha \ln P + \beta \ln I + \varepsilon \tag{1}$$

Where R represents the city of Xiamen and the rent level, P represents the average housing price in Xiamen, and I represents the disposable income of urban residents in Xiamen. Then the above data are retrospectively analyzed with Excel, and the corresponding regression results are obtained,as shown in Figure 1,Figure 2 and Table 1.

Fig. 1. Regression analysis results of house prices

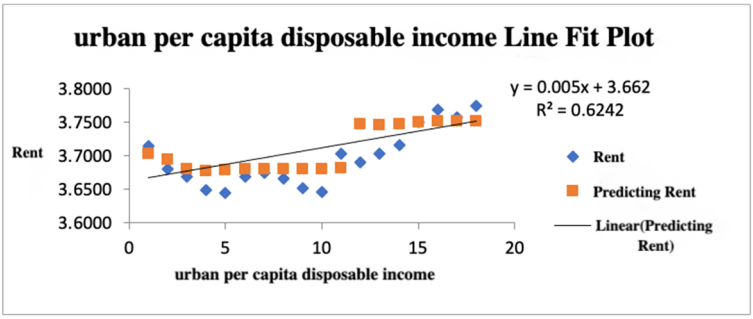

Fig. 2. Analysis results of per capita disposable income of urban residents

Table 1. Regression results of the rent influencing factor model

	Correlation coefficient	Standard error	T-test value	P
ln P	-0.125944153	0.105775783	-1.19067095	0.23730382
ln I	0.757258354	0.052037377	14.55220074	3.45802 E-24
Intercept	-3.156124931	0.791758125	-3.98622361	0.000147406

As can be seen from Table 2, the P value of the variable is relatively small, indicating that the result is more significant, and the regression moR^2del's value is 0.8497, and the model's explanatory ability is very strong. Therefore, combined with the above analysis process, it can be calculated that the quantitative relationship between Xiamen's rent, Xiamen's average housing price, and urban residents' disposable income is as follows:

$$\ln R = -0.126 \ln P + 0.757 \ln I - 3.156$$

Then, continue to use Oracle Crystal Ball to fit the historical data of housing prices and urban residents' disposable income in Xiamen, and obtain the probability distribution function diagrams of the logaritln Phm () of housing prices and the logarithm () of ln Iurban residents' disposable income, as shown in Figure 3:

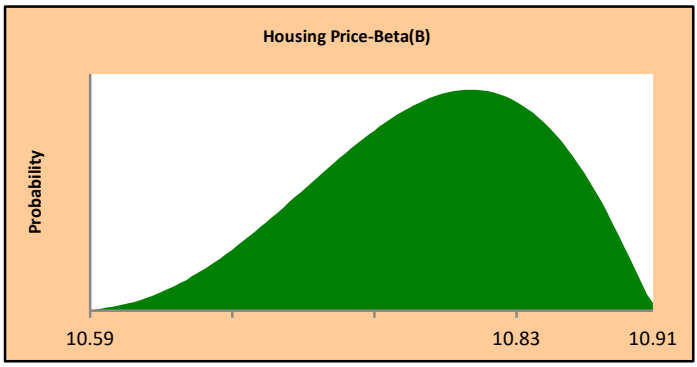

Fig. 3. Fitting results of house prices

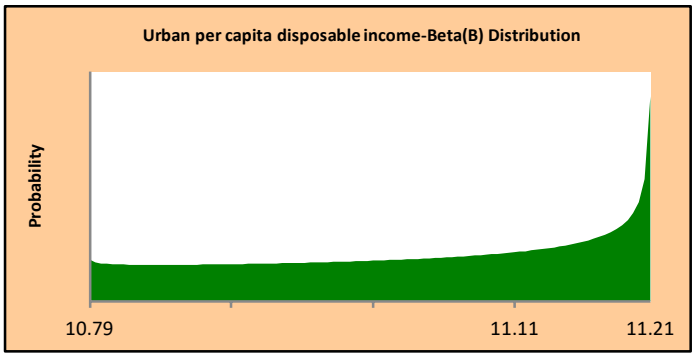

Fig. 4. Fitting results of per capita disposable income of urban residents

As can be seen from Figure 3 ln P, the fitted probability distribution function of the distribution is a Beta distribution function, and the minimum value of this distribution is 10.59, and the maxln Iimum value is 10.91; The fitted probability distribution function is the Beta distribution function, which has a minimum value of 10.79 and a maximum value of 11.21 from Figure 4.

Therefore, according to the previous analysis, this paper determines the quantitative relationship between rent level and housing prices and urban residents' disposable income in Xiamen. On this basis, we will continue to use the Monte Carlo simulation algorithm to model the future rent data. The number of simulations is 10,000 times, and the future rent distribution function can be obtained. At the same time, the distribution function of the rent growth rate can be obtained through conversion in the Oracle Crystal Ball data analysis software. function, and the probability distribution of the rent growth rate is shown in Figure 5:

Fig. 5. Probability Distribution Function of Rent Growth Rate

The abscissa of the above probability distribution map is the rent growth rate, and the ordinate is the probability that the rent growth rate occurs at a certain value. From the simulation results, we can see that the probability distribution of rent growth rate is triangular distribution, where the minimum value is-0.04, the maximum value is 0.07, and the most likely value is-0.01.

Change in Average Occupancy Rate. The occupancy rate refers to the area of apartments that can be successfully rented out. In actual operation, the occupancy rate may gradually decline as the number of years increases. The affordable rental housing industry is easily affected by industry policies and the economic and social environment. From the perspective of demand, if the domestic economic growth continues to slow down in the future, it may lead to a decline in the income level of residents and the outflow of urban population, which will lead to pressure on rent growth and occupancy rates. The planned occupancy rate will decline at a rate of 2% per year from 2027 and will eventually remain at 90%. Collect rental growth rate and occupancy rate data and produce the following table.

Table 2. Rental income stochastic variable information

Name	Project	Probability distribution	Minimum value	Mode	Maximum
CICC Xiamen Anju Indemnificatory Rental Housing REITs	Rental growth rate	Triangular distribution	-0.07	-0.01	0.04
	Occupancy rate	Triangular distribution	90%	99%	100%

Underlying Assets Evaluation Based on Monte Carlo Simulation

In order to analyze the income risk of CICC Xiamen Anju REITs, it is necessary to predict the cash flow income and expenditure of the underlying assets Yuanbo Apartment and Hengqi Apartment. Among them, the variables related to cash flow income are the monthly rent level (r), the actual number of leased months (m), the leased area (s), and the occupancy rate (o) to determine the rental income of the underlying assets (Xiamen Anju reits has no other income, the underlying assets are all

apartments), while the rent growth rate (g) and occupancy rate (o) are factors that affect future rental income, which in turn affects the income of the underlying assets.

Therefore, we can get a calculation formula for the income of the underlying assets:

$$R = r \times m \times s \times o \times (1 + g) \tag{2}$$

The cash outflow part is mainly divided into two parts, one of which is operating costs, including vacant house management fees, property management fees, amortization of furniture and home appliances, employee salaries, land income, other expenses and non-operating expenses, including Stamp duty, property tax and urban land use tax. The other part is the cash outflow at the fund level, including fund management fees, fund custody fees, income tax, intermediary fees, and ABS interest income value-added tax and surcharges,as shown in Table 3. In addition, in the youth of corporate income tax, by constructing a "stock-debt" structure, the target company has no taxable income, and the net income of the underlying assets is equal to the interest on shareholder loans.

Table 3. Assumptions of cash outflow during the period

Related taxes	Assumption (Unit: ten thousand yuan)
General management service fee	6.8%
Stamp Duty	0.1%
Property tax	4%
Urban land use tax	3.2 yuan/square meter/year
Fund management fee	0.19%
Fund custody fee	0.01%
VAT	1.68%
Intermediary fee	50
ABS interest income VAT and surcharges	3%

To sum up, the following model can be established for annual net income (V)

Annual net income = operating income-operating expenses-non-operating expenses-capital expenditures

Among them, the value-added tax and surcharges of ABS interest income need to be considered according to the situation. The issuance scale of CICC Xiamen Anju affordable rental housing REITs is 1.3 billion yuan, and shareholder loans are two-thirds of the issuance scale, which is 866.6667 million yuan. The interest rate is 8%, and the calculated shareholder loan interest is 69.3333 million yuan. When the net income is greater than the shareholder loan interest, the ABS interest income value-added tax and surcharges need to be paid.

(1) Rental growth rate

From the above analysis, it can be seen that the rent growth rate of ordinary housing in Xiamen conforms to a triangular distribution, with a maximum value of 7%, a minimum value of-4%, and a most likely value of-1%. Under comprehensive consideration, this paper refers to the rent growth rate forecast given by the evaluation agency in the prospectus of CICC Xiamen Anju REIT, and proposes Hypothesis 1: The rent growth rate of the underlying asset project of CICC Xiamen Anju is in line

with the maximum value of 2.5% and the minimum value of 0%, the most likely value is a triangular distribution of 2%,as shown in Figure 6.

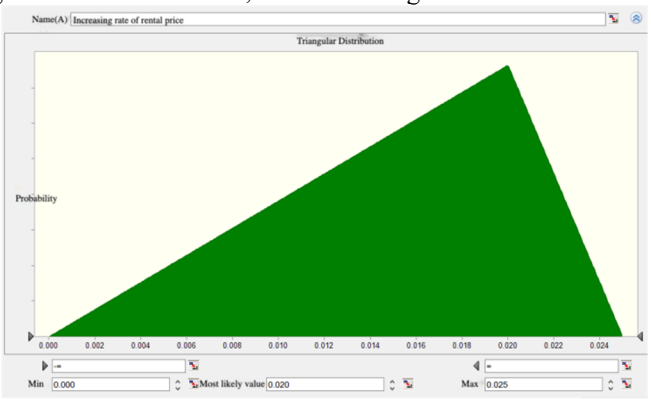

Fig. 6. Distribution of Rent Growth Rate

(2) Occupancy rate

In recent years, the proportion of idle housing in my country has fluctuated slightly around 20%. Due to the strong market demand, guaranteed rental housing has a lower vacancy rate, basically below 10%. Considering that the projects in the later stage of operation are more mature, various operating data indicators tend to be stable, and at the same time, out of a more reasonable, objective, and conservative perspective of project valuation, this article predicts that the vacancy rates of the two projects will basically remain at the level of stable operation in the future, and the vacancy rate is likely not higher than the highest point of historical data and not lower than the lowest point of historical data. To sum up: This paper puts forward Hypothesis 2 based on the forecast of the evaluation agency: the occupancy rate of CICC Xiamen Anju REIT Zhongyuanbo Apartment Project and Hengqi Apartment Project conforms to the triangular distribution with a maximum value of 1.00, a minimum value of 0.95, and a most likely value of 0.97,as shown in Figure 7.

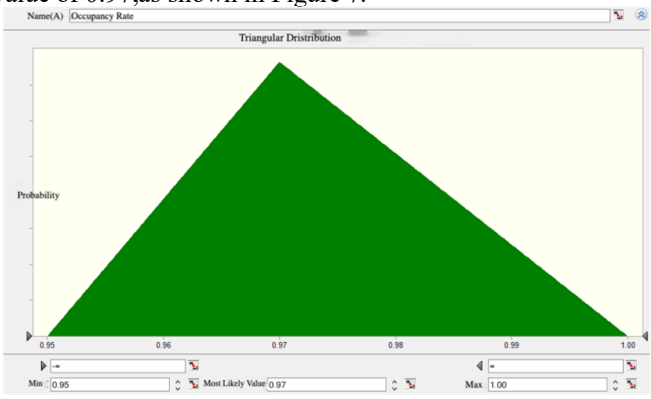

Fig. 7. Distribution of Occupancy Rate

(3) Discount rate

The discount rate of the underlying asset evaluation of property rights REITs is mainly in the range of 6%-8%, and the discount rate of the asset evaluation of the public offering REITs of guaranteed rental housing is similar to the discount rate of the asset evaluation of the first batch of public offering REITs of industrial parks. relatively low. Guaranteed rental housing has relatively low risk due to its special attributes. Taking into account the influence of factors such as future market changes, this paper assumes that the discount rate of the project conforms to a normal distribution with an average value of 6.05% and a standard deviation of 1%,as shown in Figure 8.

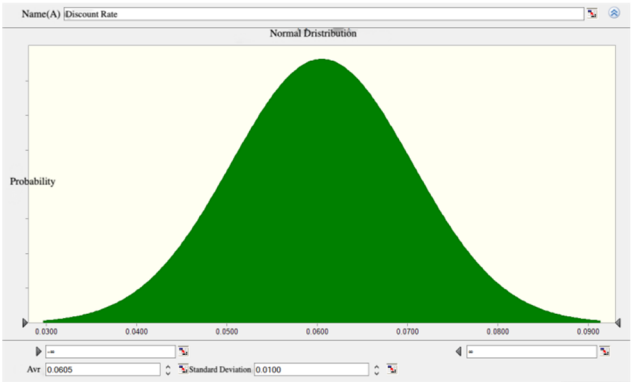

Fig. 8. Normal distribution of discount rate

(4) Monte Carlo simulation results

In this paper, we use Oracle Crystal Ball software to carry out Monte Carlo simulation. First, we input the characteristic value of the risk variable distribution, set the confidence level to 95%, and define the objects that need to be predicted in the established model. After 10,000 Monte Carlo simulations, we can get the net operating income of each year, and then introduce the discount rate to discount the net operating income of each year. The 95% probability of finally obtaining the valuation of CICC Xiamen Anju REIT project is within the range [801,232,632.02, 1,781,945,696.99]. From the statistical value information, it can be seen that the maximum value is 2,946,565,248.37 yuan, the minimum value is 585,180,855.44 yuan, and the average value is 1,173,957,476.65 yuan as the valuation result. The frequency map, cumulative frequency map and statistical value information of the value simulation results of CICC Xiamen Anju REIT are as Figure 9:

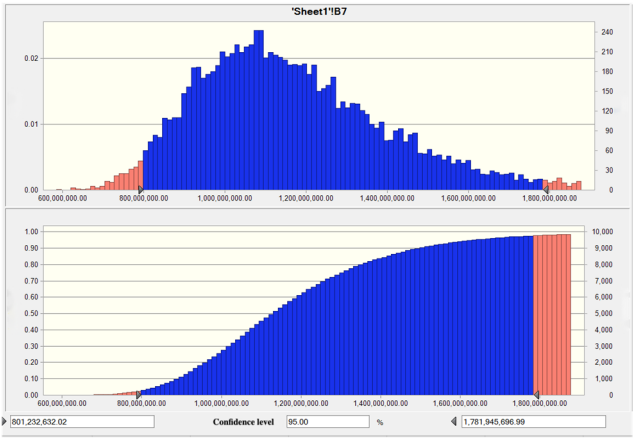

Fig. 9. Value Analog Frequency and Cumulative Frequency

Analysis of evaluation results in Table 4:

Table 4. Evaluation results

Appraised value of the evaluation agency (100 million yuan)	12.23
Evaluation value under Monte Carlo simulation optimization in this paper (100 million yuan)	11.74

4.3 Sensitivity Analysis

Sensitivity analysis is an important tool to evaluate the impact of various factors on project value, thus revealing the most sensitive risk factor in the value of CICC Xiamen Anju affordable rental housing REIT project-project discount rate. The choice of discount rate not only directly affects the valuation of the project, but also reflects the market's expectation of the future income of the project and the attitude of the overall market environment. Through sensitivity analysis, the key variables that have a greater impact on the valuation results can be found. As can be seen from the figure below, the discount rate is the most sensitive factor, followed by the rent growth rate, and then the occupancy rate. The specific impact is shown in the Figure 10:

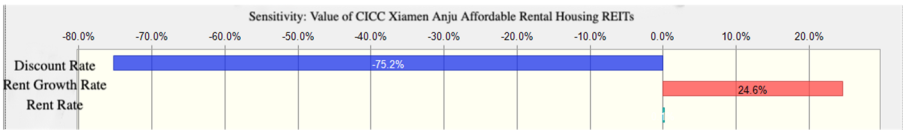

Fig. 10. Sensitivity analysis

From the sensitivity analysis chart, it can be seen that the biggest risk factor affecting the value of CICC Xiamen Anju affordable rental housing REIT project is the project discount rate. Second, the positive correlation between rental growth rate and

project value further emphasizes the importance of project operational stability. Rent growth is the core source of REIT project income. Therefore, good prediction and control of stable future rent growth can effectively improve the valuation of the project and stabilize its value, thereby reducing risks related to project operations. This requires project managers not only to pay close attention to market and policy changes, but also to adopt strategies to enhance the attractiveness and competitiveness of the project and ensure stable growth in occupancy rate and rental income.

5 CICC XIAMEN ANJU INDEMNIFICATORY RENTAL HOUSING REITS RISK MANAGEMENT

5.1 Reasonably Formulate the rent of Affordable Rental Housing

One of the effective strategies to solve this income problem is to set rent standards flexibly by local governments. At present, the rent of affordable rental housing is guided by local governments, but there are large differences in rent standards between different regions. This one-size-fits-all policy setting has not yet taken into account the differences in market conditions in various regions. In fact, for cities with large net population inflows and strong demand in the rental market, appropriate relaxation of rent restrictions can not only promote the development of the industry, but also increase the rate of return on rent, so that more affordable rental housing projects can meet REITs issuance requirements.

5.2 Improve the Tax System Design of Infrastructure REITs

In my country, there is a certain gap between the tax system design of affordable rental housing REITs and mature international markets. Internationally, in order to promote the healthy development of infrastructure REITs, many countries have adopted preferential tax policies to reduce the tax burden during the issuance and operation of REITs. For example, 1. Introduce a special tax system 2. Preferential dividend tax 3. Encourage cross-regional development 4. Simplify tax procedures

5.3 Strengthening Information Disclosure Mechanisms

In order to further promote the healthy development of the REITs market and enhance its transparency, it is recommended to take a series of measures to strengthen the information disclosure mechanism and popularize REITs-related knowledge to ensure that companies and investors have a deep understanding and correct understanding of REITs products. For the issuers and underwriters of REITs products, it is very important to strengthen the quality of REITs issuance documents, especially prospectuses. It is also necessary to strengthen the improvement of the regulatory framework of the REITs market to ensure the openness and transparency of market operations.

6 CONCLUSION

This paper selects "CICC Xiamen Anju Affordable Rental Housing REITs" as a research case, introducing the project's basic information, including issuance details, project participants, and transaction structure. It also covers the underlying assets and original equity holders. Utilizing literature review, case analysis, and Monte Carlo simulation methods, the study mainly analyzes three risk points in the CICC Xiamen Anju Affordable Rental Housing REITs: rent growth rate, occupancy rate, and discount rate. First, a regression analysis of Xiamen's housing prices, rents, and urban residents' disposable income indicates that rent changes are related to urban housing prices and urban residents' disposable income. Secondly, Oracle Crystal Ball data analysis software is used to fit the occupancy rate and rent growth rate, obtaining their distribution ranges. Finally, Monte Carlo simulation is used to value the underlying assets, and sensitivity analysis leads to the following conclusions: the discount rate is the most sensitive factor, followed by the rent growth rate, and then the occupancy rate.This paper takes the affordable rental housing in Xiamen as an example. Among the cities with affordable rental housing in China, the linear relationship between urban residents' per capita disposable income and urban housing prices is similar to that in Xiamen. Since housing prices in each city indirectly reflect urban residents' per capita disposable income, the research conclusions of this paper have general applicability to affordable rental housing in other cities.

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