



## **CCXAP affirms Beijing Capital Land Ltd. long-term credit rating at AA<sub>g</sub>-, with stable outlook**

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Hong Kong, 25 May 2018 -- China Chengxin (Asia Pacific) Credit Ratings (“CCXAP”) has affirmed the long-term credit rating of Beijing Capital Land Ltd. (“BCL”) at AA<sub>g</sub>-. The rating outlook is stable.

### **Rating Rationale**

The AA<sub>g</sub>- rating of Beijing Capital Land Ltd. (“BCL” or the “Company”) is underpinned by the Company’s (1) increasing contracted sales from its core markets in China as well as Australia; (2) quality land bank mainly in Beijing-Tianjin-Hebei and Yangtze River Delta; (3) steady revenue growth driven by its primary land development business and improved overall gross margin; (4) diversified funding channels; and (5) strong support from its parent company. However, the rating is also constrained by (1) slowdown in China’s property market; (2) accelerating expansion in outlets business gives certain capital expenditure pressure to the Company; and (3) moderate credit metrics in terms of debt leverage.

### **Rating Outlook**

The stable outlook on BCL’s rating reflects its good operational performance in core markets. We believe that the Company will maintain its competitive strength as a state-owned enterprise.

### **What could upgrade the rating?**

The rating could be upgraded if the Company (1) demonstrates a track record of sustainable contracted sales and improving profitability; (2) growing outlets business with remarkable increase in recurring rental income; and (3) notably improves in its credit metrics including debt leverage and liquidity.

### **What could downgrade the rating?**

The rating could be downgraded if the Company’s (1) significant deterioration in profitability; (2) aggressive land acquisition activities leads to material increase in debt and leverage level; or (3) liquidity position becomes severely impaired.

### **Rating Methodology**

CCXAP’s public ratings are available at [www.ccxap.com](http://www.ccxap.com) (Rating Results>Ratings Surveillance) and may be distributed through media and other means. The methodology used in this rating is

Global Rating Methodology for Real Estate Development Industry dated May 2017, available at [www.ccxap.com](http://www.ccxap.com) (Rating Process -> Rating Methodology).

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