



## **CCXAP assigns BBB<sub>g</sub>- to Beijing Capital Land Ltd., with stable outlook**

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Hong Kong, 22 September 2020 -- China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has assigned a long-term credit rating of BBB<sub>g</sub>- to Beijing Capital Land Ltd. (“BCL” or the “Company”). The rating outlook is stable.

### **Rating Rationale**

The BBB<sub>g</sub>- long-term credit rating of Beijing Capital Land Ltd. (“BCL” or the “Company”) is underpinned by the Company’s (1) solid track record of receiving ongoing support from its controlling shareholder, Beijing Capital Group Co., Ltd. (“BCG”), which provides it with good access to projects and funding; (2) quality land bank in top-tier cities of China; and (3) established outlet projects providing ancillary rental income.

However, the rating is also constrained by the Company’s (1) high geographic concentration, particularly in Beijing, that results in high policy risks; (2) relatively weak operating profitability; and (3) high debt leverage.

### **Rating Outlook**

The stable outlook on BCL’s rating reflects our expectation that the Company will continue to receive strong shareholder support from BCG in times of need, given its strategic and economic importance to its parent. We also expect that the Company will maintain its debt control and deleveraging progress over the next 12 to 18 months.

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

The rating could be upgraded if the Company (1) obtains stronger financial and operating support from BCG as a result of its strategic position; (2) improves its contracted sales growth and profitability with net profit margin above 15%; and (3) ameliorates its credit metrics such as adjusted EBIT/interest ratio to above 1.5x and cash/short-term ratio to above 1.5x, on a sustained basis.

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

The rating could be downgraded if (1) the Company has weakening shareholder support from BCG or lost its strategic position; (2) the Company’s contracted sales and profitability falls materially; or (3) the Company’s credit metrics deteriorate such as adjusted EBIT/interest ratio fall below 1.0x and cash/short-term ratio fall below 1.0x.

## Rating Methodology

The methodology used in this rating is the Rating Methodology for [Real Estate Development Industry \(December 2019\)](#).

## Regulatory Disclosures

CCXAP's Rating Symbols and Definitions are available on its website at:

[http://www.ccxap.com/en/rating\\_services/category/6/](http://www.ccxap.com/en/rating_services/category/6/)

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