

Yanlord Land (HK) Senior Unsecured Debt Rating Lowered, All Issue Ratings Off UCO On Updated Issue Rating Criteria

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HONG KONG (S&P Global Ratings) Sept. 29, 2017--S&P Global Ratings said today that it has reviewed its senior unsecured issue-level ratings for Yanlord Land (HK) Co. Ltd. that were labeled as "under criteria observation" (UCO) after publishing its revised issue ratings criteria, "Reflecting Subordination Risk In Corporate Issue Ratings" on Sept. 21, 2017. With our criteria review completed, we are removing the UCO designation from these ratings and are lowering our issue rating on Yanlord Land (HK) Co. Ltd.'s US\$450 million senior unsecured notes to 'B+' from 'BB-'. The notes are guaranteed by Yanlord Land Group Ltd. (BB-/Positive/--).

This rating action stems solely from the application of our revised issue rating criteria and does not reflect any change in our assessment of the corporate credit ratings for issuers of the affected debt issues.

Our rating action takes into consideration the capital structure of Yanlord Land Group as of Dec. 31, 2016. The capital structure consists of Chinese renminbi (RMB) 11,079 million of secured debt and RMB13,002 million unsecured debt (of which RMB1,415 million is debt guarantee to third parties) that Yanlord Land Group issued and RMB11,505 million of unsecured debt (of which RMB919 million is debt guarantee by the subsidiaries of Yanlord Land Group to third parties) issued by its operating subsidiary.

We have therefore arrived at the following analytical conclusion: The US\$450 million of senior unsecured debt issued by Yanlord Land (HK) and guaranteed by Yanlord Land Group is rated 'B+', a notch below the corporate credit rating of Yanlord Land Group, reflecting significant subordination of this senior unsecured debt relative to other debt in Yanlord Land Group's consolidated capital structure.

RELATED CRITERIA

- Criteria - Corporates - General: Reflecting Subordination Risk In Corporate Issue Ratings, Sept. 21, 2017
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings , April 7, 2017
- General Criteria: Guarantee Criteria, Oct. 21, 2016
- Criteria - Corporates - General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- Criteria - Corporates - Industrials: Key Credit Factors For The Homebuilder And Real Estate Developer Industry, Feb. 3, 2014
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- Criteria - Corporates - General: Corporate Methodology: Ratios And Adjustments, Nov. 19, 2013
- Criteria - Corporates - General: Corporate Methodology, Nov. 19, 2013
- General Criteria: Group Rating Methodology, Nov. 19, 2013
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Methodology: Timeliness Of Payments: Grace Periods, Guarantees, And Use Of 'D' And 'SD' Ratings, Oct. 24, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers, Nov. 13, 2012
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.globalcreditportal.com and at www.spcapitaliq.com. All ratings affected by this rating action can be found on the S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

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