

Lianhe Global has affirmed ‘BBB-’ global scale Long-term Issuer and Issuance Credit Ratings to Logan Group Company Limited; Issuer Rating Outlook is Stable

HONG KONG, 14 April 2021 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has affirmed ‘BBB-’ global scale Long-term Issuer Credit Rating to Logan Group Company Limited (3380.HK) (“Logan” or “the company”). The Outlook is Stable.

Lianhe Global has also affirmed ‘BBB-’ Issuance Credit Rating to the senior unsecured USD notes issued by Logan. A full list of affirmed issuance ratings is included in this press release.

Key Rating Rationales

The Issuer Rating reflects Logan’s established market position, especially in its core market of the Greater Bay Area (“GBA”), track record of prudent operating performance and above-average profitability. However, Logan’s rating is constrained by its geographical focus in Guangdong province.

The Stable Outlook reflects our expectation that Logan will continue expanding its franchise with multi-pronged growth strategy, sustainable contracted sales growth outlook, diversifying revenue source, and replicating the success in the GBA to a nationwide footprint. It also reflects our expectation that Logan will expand its operating scale, replenish its land bank and manage its debt growth in a disciplined manner.

Rating Sensitivities

We would consider downgrading Logan’s rating if it were to (1) aggressively replenish its land bank which would result in an increase in its financial leverage as measured by debt/capitalization to over 70% or a decrease in its EBITDA interest coverage to below 4.0x consistently, and/or (2) its operating performance were to deteriorate such that its contracted sales and/or revenue experience a material decline or liquidity profile is worsened.

We would consider upgrading Logan’s rating if it were to (1) considerably increase its operating scale, and (2) improve its financial leverage as measured by an EBITDA interest coverage ratio at above 6.0x, and a debt/capitalization to below 50%, consistently.

Any rating action on Logan’s rating would result in a similar rating action on the USD notes.

Full List of Issuance Ratings

- USD300 million 7.50% senior unsecured notes due 2022 affirmed at ‘BBB-’
- USD400 million 6.50% senior unsecured notes due 2023 affirmed at ‘BBB-’

- USD300 million 5.75% senior unsecured notes due 2025 affirmed at 'BBB-'
- USD100 million 4.25% senior unsecured notes due 2024 affirmed at 'BBB-'
- USD300 million 5.25% senior unsecured notes due 2025 affirmed at 'BBB-'
- USD300 million 4.50% senior unsecured notes due 2028 affirmed at 'BBB-'
- USD300 million 4.25% senior unsecured notes due 2025 affirmed at 'BBB-'

About Lianhe Global

Lianhe Global is an international credit rating company that provides credit ratings to corporations, banks, non-bank financial institutions, local government financing vehicles, and other asset classes around the globe. Lianhe Global also provides credit risk research and other services related to credit ratings.

Rating Methodology

The principal methodology used in this Logan's rating is Lianhe Global's General Corporate Rating Criteria published on 16 July 2018, which can be found at the website www.lhratingsglobal.com.

Note: The above Issuer/Issuance Credit Ratings are solicited at the request of the rated entity or a related third party.

Contact Information

Primary Analyst
Alex Kung
Senior Director
(852) 3462 9577
alex.kung@lhratingsglobal.com

Committee Chairperson
Ben Yau
Director
(852) 3462 9586
ben.yau@lhratingsglobal.com

Business Development Contact
Joyce Chi
Managing Director
(852) 3462 9569
joyce.chi@lhratingsglobal.com

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