

Lianhe Global has assigned ‘BBB-’ to Logan Group Company Limited’s proposed HKD Equity-Linked Securities

HONG KONG, 27 January 2022 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has assigned ‘BBB-’ global scale Long-term Issuance Credit Rating to the proposed senior unsecured HKD Equity-Linked Securities (“the HKD ELS”) to be issued by Logan Group Company Limited (3380.HK) (“Logan”; ‘BBB-’/Stable).

Logan intends to use the net proceeds from this offering for refinancing its existing indebtedness.

Key Rating Rationales

The HKD ELS are rated at the same level as Logan’s global scale Long-term Issuer Credit Rating of ‘BBB-’ as they constitute Logan’s senior and unsecured obligations. Logan’s obligations for the HKD ELS shall rank at least pari passu with all its other present and future unsecured and unsubordinated obligations.

The Issuer Rating reflects Logan’s established market position, track record of prudent operating performance, and above-average profitability in the past years. The rating also considers our assessment of Logan’s position in the credit polarization in the Chinese property development industry.

Rating Sensitivities

Any rating action on Logan’s rating would result in a similar rating action on the HKD ELS.

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) maintain its financial leverage as measured by a debt/capitalization at below 50%, and an EBITDA interest coverage ratio at above 6.0x, consistently.

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 Chinese Property Developer Rating Criteria published on 31 December 2021, 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.

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