

**Lianhe Global downgrades Logan Group Company Limited's global scale Long-term Issuer Credit Rating and Long-term Issuance Credit Rating from 'BBB-' to 'BB'; On Rating Watch Negative**

HONG KONG, 4 March 2022 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has downgraded the global scale Long-term Issuer Credit Rating of Logan Group Company Limited. (03380.HK) (“Logan” or “the company”) from ‘BBB-’ to ‘BB’.

Lianhe Global has also downgraded the global scale Long-term Issuance Credit Rating of the senior unsecured USD notes and senior unsecured HKD equity-linked securities issued by Logan from ‘BBB-’ to ‘BB’. A full list of issuance rating is included in this press release.

All ratings have been put on Rating Watch Negative (RWN).

**Key Rating Rationales**

The Issuer Rating downgrade to ‘BB’ reflects Logan’s increasing refinancing pressure on both its offshore USD notes and onshore RMB bonds that are coming due in 2022, which puts constraint on its liquidity. Logan’s current liquidity position does not commensurate with a ‘BBB’ rating category as there is uncertainty on the company’s current financing situation which could impact its capacity to meet its financial obligations in the near and medium terms.

The RWN reflects our expectation of Logan’s deteriorating access to financing channels, leading to reducing financing flexibility, and its exposure to short-term repayment burden, which put pressure on its liquidity. Logan’s bond price has experienced a significant decline since late February 2022, which further weakened its refinancing capability. Under the current environment, any accelerated repayments on Logan’s non-traditional bank financings will heighten the company’s financing risk. We would remove the RWN when the company has demonstrated its capability to manage its maturing financial obligations in the near to medium terms.

**Rating Sensitivities**

We would consider downgrading Logan’s rating if it were (1) not able to repay or refinance its upcoming maturing indebtedness, (2) to aggressively expand and replenish its land bank which results in an increase in its financial leverage as measured by debt/capitalization to over 75% or a decrease in its EBITDA interest coverage to below 3.0x consistently, and/or (3) its operating performance were to deteriorate such that its contracted sales and/or revenue experience a material decline or liquidity profile is worsened.

An upgrade is unlikely given the RWN on Logan. We will resolve this RWN as soon as practicable.

Any rating action on Logan's rating would result in a similar rating action on its USD notes and HKD equity-linked securities.

### **Full List of Issuance Rating**

- USD300 million 7.50% senior unsecured notes due 2022 downgraded from 'BBB-' to 'BB'.
- USD400 million 6.50% senior unsecured notes due 2023 downgraded from 'BBB-' to 'BB'.
- USD300 million 5.75% senior unsecured notes due 2025 downgraded from 'BBB-' to 'BB'.
- USD100 million 4.25% senior unsecured notes due 2024 downgraded from 'BBB-' to 'BB'.
- USD300 million 5.25% senior unsecured notes due 2025 downgraded from 'BBB-' to 'BB'.
- USD300 million 4.50% senior unsecured notes due 2028 downgraded from 'BBB-' to 'BB'.
- USD300 million 4.25% senior unsecured notes due 2025 downgraded from 'BBB-' to 'BB'.
- HKD1,950 million 6.95% senior unsecured equity-linked securities due 2026 downgraded from 'BBB-' to 'BB'.

### **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](http://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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