



CCXAP assigns first-time BBB_{g-} to Logan Property Holdings Company Limited, with stable outlook

Hong Kong, 19 May 2020 -- China Chengxin (Asia Pacific) Credit Ratings Company Limited ("CCXAP") has assigned a first-time long-term credit rating of BBB_{g-} to Logan Property Holdings Company Limited ("Logan Property" or the "Company"). The rating outlook is stable.

Rating Rationale

The BBB_{g-} rating of Logan Property reflects the Company's (1) strong contracted sales growth underpinned by its leading market position in the Greater Bay Area; (2) high-quality land bank with good exposure to the Greater Bay Area, where there is stronger economic fundamentals and more robust housing demand; and (3) sound profitability driven by its low land cost and effective cost control.

However, the rating is also constrained by (1) the outbreak of COVID-19 which may put pressure on the Company's sales execution in 2020; and (2) the Company's modest debt leverage.

Rating Outlook

The stable outlook on Logan Property's rating reflects our expectation that the Company could maintain a strong market position in the Greater Bay Area and continue to prudently diversify its land bank profile. We also expect that its credit metrics will remain at a manageable level.

What could upgrade the rating?

The rating could be upgraded if the Company (1) establishes a track record of a stable growth in contracted sales; (2) grows its land bank scale and improves its geographic diversification without significant increase in debt; and (3) improves its net gearing ratio to below 50% and elevates EBIT interest coverage to above 5.0x on a sustained basis.

What could downgrade the rating?

The rating could be downgraded if the Company's (1) contracted sales slumps; (2) net gearing ratio increases to above 100% or EBIT interest coverage falls below 3.0x on a sustained basis; or (3) liquidity buffer deteriorates and financing capacity debilitates.

Rating Methodology

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

Contacts of Credit Ratings

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