

## CMBI Credit Commentary

### GEMDAL new Issuance - We see FV at 5% - low 5%

Gemdale intends to issue 3yr USD senior unsecured bond with IPG of 5.60% area. The bond will be guaranteed by Gemdale's wholly owned offshore financing subsidiary Famous Commercial Limited (Ba3/BB-), with keepwell deed provided by Gemdale Corporation (Ba2/BB). Use of proceeds is to refinancing existing near-term maturities. **We see fair value of the new issue at 5% - low 5%, taking cues from the credit curves of CIFIHG and LOGPH.**

**1H21 operating result:** Gemdale achieved RMB188.5bn contracted sales in 7M21 (67% of full year target), up 54% yoy. The company acquired 46 land parcels in 1H'21 with total value of RMB90bn (RMB50bn attributable, 67% yoy). Geographic distribution of new land acquired in 1H'21 was 60% T1&2 cities and 40% T3&4 cities, compared with 71% T1&T2 and 26% T3&T4 land bank exposure in FY20, this reflects the difficulties acquiring land in high tier cities under the centralized land supply system.

**Green camp developer under "3 red-line" and good onshore market access:** We appreciate Gemdale's sound onshore financing conduits and low funding costs (4.7% in FY20). Bank loan, onshore bond, offshore bond and ABS account for 54%, 38%, 5% and 3% as of FY20. Gemdale's net gearing, adj. liab-to-asset and cash/ST debts ratios were 62.5%, 68.5% and 121%, respectively in FY20 and expected to remain in Green camp this year.

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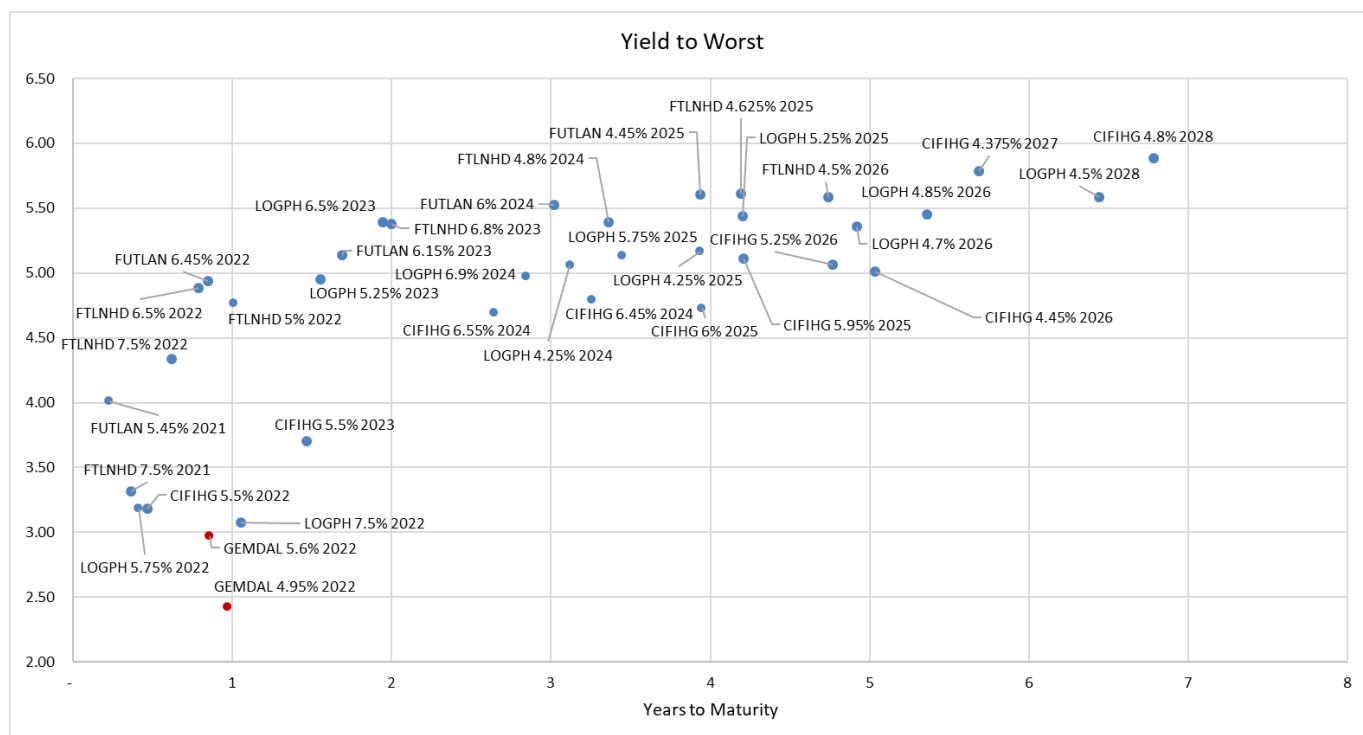
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