

Asian Credit Daily

4 July 2024

Market Commentary:

- The SGD SORA curve traded flattish yesterday, with short tenors trading between -1 and +1 bps while belly tenors and 10Y were trading flat.
- Flows in SGD corporates were heavy, with flows in TD 5.7%-PERP, UBS 5.6%-PERP, BNP 5.9%-PERP, HSBC 5.25%-PERP, MQGAU 4.5% '26s, HPLSP 5.1% '29s.
- A HKSAR court adjourned the first winding-up hearing of Times China Holdings Ltd. to 31 July in order to give the petitioner more time to consider the defaulted builder's debt proposal per Bloomberg news. The liquidation petition was filed by Hang Seng Bank Ltd. in connection with financial obligations of about USD173.2mn and HKD731.4mn (USD93.6mn), respectively.
- Bloomberg Asia USD Investment Grade remained unchanged at 81bps while Bloomberg Asia USD High Yield widened by 4bps to 500bps. (Bloomberg, OCBC)

Credit Summary:

- **ESR Group Ltd ("ESR"):** In relation to the possible take private of ESR, Bloomberg reported that the consortium led by Starwood Capital Group, Sixth Street Partners and SSW Partners have approached parties including Qatar Investment Authority ("QIA"), Saudi Arabia's Public Investment Fund ("PIF") and the Canada Pension Plan Investment Board ("CPPIB") about joining a take-private deal for ESR.
- **Lendlease Group ("LLC"):** Australian Competition and Consumer Commission's ("ACCC") raised its preliminary competition concerns with LLC's AUD1.3bn sale of 12 communities projects to Stockland Supalai Residential Communities Partnership Pty Ltd ("SSRCP").
- **Olam Group Ltd ("OG"):** OG's food, feed and fibre operating group, Olam Agri, has obtained a financing facility from banks in the United Arab Emirates aggregating AED2.7bn (~USD745mn).

Credit Headlines:**ESR Group Ltd ("ESR")**

- In relation to the possible take private of ESR, Bloomberg reported that the consortium led by Starwood Capital Group, Sixth Street Partners and SSW Partners have approached parties including Qatar Investment Authority ("QIA"), Saudi Arabia's Public Investment Fund ("PIF") and the Canada Pension Plan Investment Board ("CPPIB") about joining a take-private deal for ESR. The bidding group, ESR, QIA, PIF and CPPIB has not commented on the news.
- As far as we are aware, there is no delisting put on ESR's SGD-denominated bullet nor the SGD-denominated perpetual. Change of control puts also do not apply. Barring an issuer buyback (the company is not compelled to buyback), holders of these instruments will be holding debt capital market instruments issued by an unlisted entity, assuming the take-private is successful and the company gets delisted. (Company, OCBC)

Lendlease Group ("LLC")

- **Australian Competition and Consumer Commission's ("ACCC") raised its preliminary competition concerns with LLC's AUD1.3bn sale of 12 communities projects** to Stockland Supalai Residential Communities Partnership Pty Ltd ("SSRCP").
- The ACCC is concerned that the proposed acquisition may increase SSRCP's incentive to raise the price, delay the supply, or reduce the quality of housing lots in these regions, to the detriment of prospective homeowners.
- The ACCC intends to announce its final view by 12 September 2024 but the date is subject to change.
- Previously, LLC guided the announced disposals are expected to deliver cash receipt of AUD2.2bn by June 2025:
 - AUD1.3bn sales from sale of 12 communities projects
 - AUD147mn from sale of Asia Life Sciences
 - AUD480mn sales of US Military Housing business
 - AUD500mn of net proceeds from the settlement of Residences Two, One Sydney Harbour, Barangaroo.
- More sales could be coming as LLC also commenced to sell its UK construction business within 18 months. LLC may recycle a further AUD1.1bn of capital in FY2025 by selling The Exchange TRX in Malaysia, Keyton Australian Retirement Living investment and China Senior Living asset.
- **We are not overly concerned even if ACCC eventually reject this disposal** as LLC can develop these 12 communities projects, which is in line with LLC's strategy to focus on domestic market (exit all international Development and Construction segments).
- This disposal was announced on 18 December 2023, which was more than five months before the strategy update announced on 27 May 2024. (Company, ACCC, OCBC)

Olam Group Ltd ("OG")

- OG's food, feed and fibre operating group, Olam Agri, has obtained a financing facility from banks in the United Arab Emirates aggregating AED2.7bn (~USD745mn).
- The facility has Olam Agri subsidiaries Olam Global Agri Pte. Ltd. and Olam Global Agri Treasury Pte. Ltd. as borrowers with a tenor of three years. The facility is initially guaranteed by Olam Group which will transfer to Olam Agri upon demerger of Olam Agri. (Company)

New Issues:

Date	Issuer	Description	Currency	Size (mn)	Tenor	Final Pricing	Initial Pricing
03 Jul	SMRC Automotive Holdings Netherlands B.V. (Guarantor: Samvardhana Motherson International Ltd)	Fixed	USD	350	5Y	T+140bps	T+175bps area
03 Jul	Taizhou Urban Construction and Investment Development Group Co	Sustainability, Fixed	USD	500	3Y	5.45%	5.8% area
03 Jul	Deqing Construction Development Group Co Ltd	Fixed	USD	97	3Y	5.65%	6% area
03 Jul	CMT MTN Pte Ltd (Guarantor: HSBC Institutional Trust Services Singapore Ltd)	Green, Fixed	SGD	300	10Y	3.75%	3.85% area

Mandates:

- There are no Asiadollar mandates for today.

Key Market Movements

	4-Jul	1W chg (bps)	1M chg (bps)		4-Jul	1W chg	1M chg
iTraxx Asiax IG	96	-3	1	Brent Crude Spot (\$/bbl)	87.0	0.7%	12.2%
	0	0	0	Gold Spot (\$/oz)	2,360	1.4%	1.4%
iTraxx Japan	51	-3	1	CRB Commodity Index	294	0.9%	2.7%
iTraxx Australia	67	-4	3	S&P Commodity Index - GSCI	589	1.9%	5.5%
CDX NA IG	50	-3	-1	VIX	12.1	-3.7%	-8.1%
CDX NA HY	107	0	0	US10Y Yield	4.36%	7bp	3bp
iTraxx Eur Main	54	-8	2				
iTraxx Eur XO	295	-31	-2	AUD/USD	0.671	1.0%	0.9%
iTraxx Eur Snr Fin	62	-11	3	EUR/USD	1.079	0.8%	-0.8%
iTraxx Eur Sub Fin	110	-20	4	USD/SGD	1.353	0.4%	-0.4%
				AUD/SGD	0.908	-0.6%	-1.4%
USD Swap Spread 10Y	-42	-6	-12	ASX200	7,813	0.7%	1.0%
USD Swap Spread 30Y	-80	-5	-12	DJIA	39,308	0.5%	1.5%
				SPX	5,537	1.1%	4.6%
China 5Y CDS	62	-5	-1	MSCI Asiax	701	1.0%	4.0%
Malaysia 5Y CDS	44	-3	-2	HSI	17,979	-0.6%	-2.5%
Indonesia 5Y CDS	75	-4	4	STI	3,430	2.6%	2.7%
Thailand 5Y CDS	43	-2	0	KLCI	1,617	2.0%	0.1%
Australia 5Y CDS	13	0	0	JCI	7,197	4.2%	1.4%
				EU Stoxx 50	4,966	1.0%	0.3%

Source: Bloomberg

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