

**Asian Credit Daily**

7 October 2024

**Market Commentary:**

- The SGD SORA OIS curve traded higher last Friday, with shorter tenors trading 5-6bps higher, belly tenors trading 6-7bps higher, and 10Y trading 6bps higher.
- Flows in SGD corporates were heavy, with flows in STANLN 5.3%-PERP, EREIT 6%-PERP, HSBC 5.25%-PERP.
- According to a filing to the Hong Kong exchange, an expanded consortium that now includes Qatar Holding LLC has submitted an updated non-binding proposal to the ESR Group Ltd ("ESR") on October 4. The proposal concerns a potential acquisition of ESR.
- Bloomberg Asia USD Investment Grade spreads tightened by 5bps to 79bps while Bloomberg Asia USD High Yield spreads tightened by 18bps to 482bps.
- There was no notable issuance in the Asiadollar and Singdollar market last Friday.

**Credit Summary:**

- **Industry Outlook – Singapore Property:** Meyer Blue sold 114 units out of 226 units at an average price of SGD3,260 psf ppr over the weekend. This is a freehold property.
- **Hotel Properties Ltd ("HPL"):** HPL's managing director, Mr Ong Beng Seng, has been charged in court on 4 October 2024 in relation to two offences.
- **Singapore Post Ltd ("SingPost"):** The Australian Financial Review reported that Blackstone has submitted a non-binding indicative offer for SingPost's Australian assets, which are said to be making AUD100mn profit.

## Credit Headlines:

### Industry Outlook – Singapore Property

- **Strong sales at Meyer Blue:** Meyer Blue sold 114 units out of 226 units at an average price of SGD3,260 psf ppr over the weekend. This is a freehold property.
- **Sales composition skewed towards two and three bedder:** More than 77% of the units sold were two and three-bedroom units. Meanwhile, only two penthouses in the development were sold, though the penthouses were sold at above SGD3,400 psf ppr.
- **Buyers are mostly residents:** According to UOL's general manager, 99% of the buyers were Singaporeans and permanent residents. According to ERA's CEO Marcus Chu, majority of the buyers bought for their own occupation and for legacy reasons.
- **A sign that residential demand remains firm:** The strong sales rate at a high price is evidence that demand for residential property remains firm, especially for projects at choice locations, in our view. (Business Times, EdgeProp, OCBC)

### Hotel Properties Ltd (“HPL”)

- HPL's managing director, Mr Ong Beng Seng, has been charged in court on 4 October 2024 in relation to two offences:
  - (a) Section 165 of the Penal Code, abetting of a public servant in obtaining gifts
  - (b) Section 204A of the Penal Code, abetting the obstruction of justice
- Neither the Company nor any other companies in the Group have been charged.
- **Business as usual:** Mr Ong is currently on bail and is seeking legal advice. The Nominating Committee has announced that Mr Ong continues to be suitable to carry out his duties and responsibilities as Managing Director.
- The Nominating Committee will continue to monitor the developments to continue re-assessing his continued appointment.
- HPL has requested for the trading halt to be lifted after the release of the announcement on 4 October 2024. (Company, OCBC)

### Singapore Post Ltd (“SingPost”)

- The Australian Financial Review reported that **Blackstone has submitted a non-binding indicative offer for SingPost's Australian assets**, which are said to be making AUD100mn profit.
- The assets are referred to **Freight Management Holdings Pty. Ltd. (“FMH Group”)**, which is expected to **worth AUD1bn (SGD886mn)**.
- Per SingPost disclosure in annual report, “SingPost's Australian business units will encompass over 3,000 employees and Franchise Partners, operating across 80 facilities, and serving more than 4,900 customers nationwide. With this trajectory of growth, **FMH Group is now one of the top five logistics companies by revenue in Australia.**”
- As of 30 June 2024, including SGD250mn perpetual, adjusted gross debt and adjusted net debt were SGD1.13bn and SGD660mn respectively. SPOST's gearing had been rising in the past few years. The disposal is likely stem further increases.
- **We believe the divestment is a positive credit event** as SingPost previously indicated that the proceeds from offloading non-core asset (including also SingPost Centre, which is valued at SGD1.1bn) will be prioritised to optimise balance sheet and gearing. (The Australian Financial Review, Company, OCBC)

FMH Group comprises 4PL efm Logistics, logistics technology provider Flip, third-party logistics provider (3PL) Logistics Holdings Australia, national bulk and B2B parcel delivery specialist Border Express, and B2C parcel delivery specialist CouriersPlease



Source: Company, OCBC

## Mandates:

- Adani Hybrid Energy Jaisalmer One Limited (“AHEJ One”), Adani Hybrid Energy Jaisalmer Two Limited (“AHEJ Two”), Adani Hybrid Energy Jaisalmer Four Limited (“AHEJ Four”) and Adani Solar Energy Jaisalmer One Private Limited are planning to issue a USD senior secured note with 20Y door to door tenor and ~13.6Y weighted average life.

**Key Market Movements**

	7-Oct	1W chg (bps)	1M chg (bps)		7-Oct	1W chg	1M chg
iTraxx Asiax IG	72	2	-25	Brent Crude Spot (\$/bbl)	77.6	8.1%	9.2%
				Gold Spot (\$/oz)	2,649	0.5%	5.7%
iTraxx Japan	52	0	-1	CRB Commodity Index	292	2.0%	9.3%
iTraxx Australia	65	2	0	S&P Commodity Index - GSCI	557	4.6%	9.1%
CDX NA IG	53	0	1	VIX	19.2	13.3%	-14.2%
CDX NA HY	107	0	1	US10Y Yield	3.98%	19bp	27bp
iTraxx Eur Main	58	-1	3				
iTraxx Eur XO	311	0	11	AUD/USD	0.680	-1.6%	2.1%
iTraxx Eur Snr Fin	66	-1	3	EUR/USD	1.097	-1.5%	-0.6%
iTraxx Eur Sub Fin	118	-3	5	USD/SGD	1.304	-1.4%	0.1%
				AUD/SGD	0.887	0.2%	-1.9%
USD Swap Spread 10Y	-47	0	1	ASX200	8,191	-0.9%	2.2%
USD Swap Spread 30Y	-82	0	2	DJIA	42,353	0.1%	5.0%
				SPX	5,751	0.2%	6.3%
China 5Y CDS	61	2	1	MSCI Asiax	773	1.4%	12.3%
Malaysia 5Y CDS	38	0	0	HSI	22,737	10.2%	30.3%
Indonesia 5Y CDS	68	0	-2	STI	3,619	0.9%	4.8%
Thailand 5Y CDS	35	-1	-3	KLCI	1,630	-1.1%	-1.4%
Australia 5Y CDS	12	0	0	JCI	7,496	-2.6%	-2.9%
				EU Stoxx 50	4,955	-2.2%	4.6%

Source: Bloomberg

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