

**Asian Credit Daily**

18 October 2024

**Market Commentary:**

- The SGD SORA OIS curve traded higher yesterday, with shorter tenors trading 1-2bps higher, and belly tenors and 10Y trading 3bps higher.
- Flows in SGD corporates were heavy, with flows in SANTAN 3.6% '30s, HSBC 5.25%-PERP, BNP 3.95% '35s, MAPLSP 3.95%-PERP, STSP 3.3%-PERP
- Sino-Ocean Group Holding Ltd. ("Sino-Ocean") will be in a London court today with creditors where a judge will determine if the company can initiate a restructuring process under UK law. Sino-Ocean is currently pursuing a dual track restructuring process - one under UK law for all forms of debt and a separate process in Hong Kong for loans.
- Bloomberg Asia USD Investment Grade spreads tightened 1bps to 77bps while Bloomberg Asia USD High Yield spreads tightened by 5bps to 469bps.
- Korea Housing Finance Corp. is planning to issue a USD FRN dual-listed senior unsecured formosa bond with an expected tenor of 5Y.

**Credit Summary:**

- **Frasers Logistics & Commercial Trust ("FLCT"):** FLCT is acquiring a prime logistics property near the Tuas Mega Port for SGD140.3mn.
- **ESR-LOGOS REIT ("EREIT")** has entered into a SGD225mn unsecured sustainability-linked term loan facility agreement with banks.

**Frasers Logistics & Commercial Trust (“FLCT”)**

- **SGD140.3mn acquisition of a Singapore logistics property:** FLCT is acquiring a prime logistics property near the Tuas Mega Port for SGD140.3mn.
- **Acquiring as property is well-positioned and contributes to DPU:** This is FLCT’s first logistics and industrial acquisition in Singapore. While the occupancy rate is 85.8% with weighted average lease expiry of 1.8Y as at 30 September 2024, FLCT finds that the logistics market in Singapore has robust underlying fundamentals with average occupancy rate of 94.6%. The property is near Tuas Mega Port, which is a SGD20bn development that has commenced operations and set to consolidated Singapore’s port operations by 2040s. The port is expected to increase Singapore’s container handling capacity from 37.3mn twenty-foot equivalent units (“TEUs”) to 65mn TEU. The acquisition is also DPU-accretive.
- **Building is new and green-certified:** The property is completed in 2018 and is a modern six-storey ramp-up logistics facility with 56,203 sqm NLA. The property is certified Green Mark Platinum by the Building and Construction Authority.
- **Aggregate leverage to inch up to 34.1%:** The purchase price represents a 2.5% discount to the independent valuation of SGD143.8mn conducted by Knight Frank Pte Ltd. The acquisition will be paid in cash or funded through external debt financing, which lifts pro forma gearing as at 31 March 2024 from 32.7% to 34.1%. (Company, OCBC)

**ESR-LOGOS REIT (“EREIT”)**

- ESR-LOGOS Funds Management (S) Limited, as manager of EREIT, announced that Perpetual (Asia) Limited, in its capacity as trustee of EREIT, has entered into a SGD225mn unsecured sustainability-linked term loan facility agreement with banks.
- The proceeds of the SGD facility will be applied towards general corporate funding purposes, including but not limited to refinancing of existing indebtedness, funding asset acquisitions, enhancements and improvement of assets, general working capital purposes and payment of fees in relation to the SGD facility and other transaction related costs. (Company)

**New Issues:**

Date	Issuer	Description	Currency	Size (mn)	Tenor	Final Pricing	Initial Pricing
17 Oct	Korea Water Resources Corp	FRN; Green Bond	USD	110	2Y	SOFR +70bps	-
17 Oct	Shinhan Card Co Ltd	FRN	USD	200	3Y	SOFR +95bps	-
17 Oct	Ningbo Haishu Development Construction Investment Group Co Ltd	Fixed	USD	150	3Y	4.65%	5.30%
17 Oct	Wuhan Metro Group Co Ltd	Fixed; Sustainability	USD	400	3Y	T+68bps	T+118bps

**Key Market Movements**

	18-Oct	1W chg (bps)	1M chg (bps)		18-Oct	1W chg	1M chg
iTraxx Asiax IG	72	0	-24	Brent Crude Spot (\$/bbl)	74.7	-5.5%	1.4%
	0	0	0	Gold Spot (\$/oz)	2,710	2.0%	5.9%
iTraxx Japan	51	1	0	CRB Commodity Index	282	-1.5%	0.7%
iTraxx Australia	65	0	3	S&P Commodity Index - GSCI	537	-4.0%	1.6%
CDX NA IG	51	0	2	VIX	19.1	-8.7%	4.8%
CDX NA HY	108	0	0	US10Y Yield	4.10%	0bp	39bp
iTraxx Eur Main	56	-1	2				
iTraxx Eur XO	300	-8	14	AUD/USD	0.671	-0.7%	-0.9%
iTraxx Eur Snr Fin	62	-2	2	EUR/USD	1.084	-0.9%	-2.5%
iTraxx Eur Sub Fin	111	-4	3	USD/SGD	1.313	-0.6%	-1.3%
				AUD/SGD	0.880	0.1%	-0.5%
USD Swap Spread 10Y	-47	1	-1	ASX200	8,283	0.8%	1.7%
USD Swap Spread 30Y	-81	1	-1	DJIA	43,239	1.8%	4.2%
				SPX	5,841	1.1%	4.0%
China 5Y CDS	63	2	6	MSCI Asiax	738	-2.5%	5.9%
Malaysia 5Y CDS	40	1	3	HSI	20,598	-3.1%	16.6%
Indonesia 5Y CDS	68	-1	1	STI	3,642	1.9%	1.4%
Thailand 5Y CDS	36	1	1	KLCI	1,647	0.8%	-0.8%
Australia 5Y CDS	13	0	1	JCI	7,736	2.9%	-1.2%
				EU Stoxx 50	4,947	-0.5%	2.3%

Source: Bloomberg

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