GLOBAL MARKETS RESEARCH

Monthly Credit View

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Monthly Themes & House View

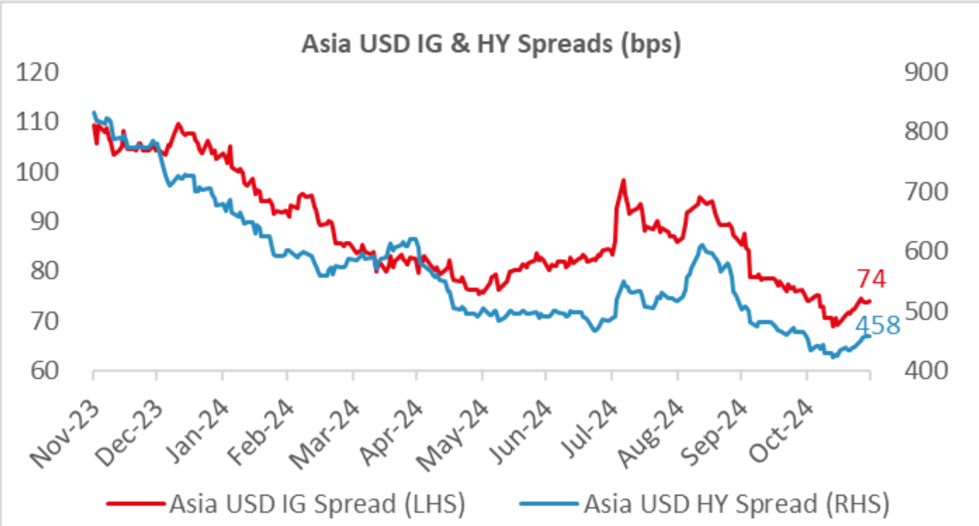
Andrew Wong
Credit Research Analyst
WongVKAM@ocbc.com

Ezien Hoo
Credit Research Analyst
EzienHoo@ocbc.com

Wong Hong Wei
Credit Research Analyst
WongHongWei@ocbc.com

Chin Meng Tee
Credit Research Analyst
MengTeeChin@ocbc.com

- **Turnaround from spread tightening:** A tightening streak was evidenced since the second half of September, reaching multi-year low levels in mid-November. However, Asiadollar credit spreads started to widen somewhat in the second half of November as investors perhaps grew cautious of the very tight spread levels, potential inflationary environments ahead with President Trump's upcoming administration, and rising geopolitical risks. That said, spread widening was contained with investors still attracted by the still high all-in-yields. As of 30 November 2024, Bloomberg Asia IG Spreads remained flat m/m at 74bps while HY spreads widened by 5bps m/m to 458bps.



Source: Bloomberg

- **November saw a slight slowdown in Asiadollar bond issuance** (excluding Japan) of USD14.8bn as of 30 November 2024 against USD15.0bn in October per Bloomberg data. Issuance could be seen ramping up as the weeks passed, with the first week of November coming in at a low issuance level amidst the FOMC meeting and U.S. elections, followed by better issuances afterwards. Issuances in the month were buoyed by large issuances from sovereigns, banks and corporates.
  - Large issuances from sovereigns consisted of (i) Perusahaan Penerbit SBSN Indonesia III (Republic of Indonesia) issuing a USD2.75bn debt in three tranches, and (ii) People's Republic of China Ministry of Finance issuing a USD2bn debt in two tranches.
  - Alibaba Group Holding Ltd was also a major issuer in November, bringing USD2.65bn worth of debt in three tranches. Another issuer worth mentioning is SP Group Treasury Pte Ltd (guarantor: Singapore Power Ltd) which issued USD700mn worth of debt in the Asiadollar market.

- **Following suit:** After Alibaba Group Holding Ltd's successful bond issuance, Tencent Holdings Ltd, the Chinese technology giant, is currently in talks with banks regarding possible bond sales in USD and offshore RMB. If these notes are successfully priced, they would mark Tencent Holdings Ltd's first offshore bond issuance since 2021.

- **China's strategic maneuvers:** China recently issued USD bond issuances to support its economy, while also attempting to curb risks from debt-laden sectors.
    - Per Bloomberg, China raised USD2bn through 3Y and 5Y securities, priced at 1bps and 3bps above treasury, respectively. These securities are seen as measures to bolster its struggling economy and received a over USD40bn orderbook (20x orderbook to issue size) for its first USD bond issuance since 2021. The bonds traded extremely strong with ~20bps negative spreads over US Treasuries yields.
    - China has effectively barred domestic investors from buying offshore RMB bonds issued by local government financing vehicles ("LGFV") through its Hong Kong trading link, in a bid to manage risks from the debt-laden sector. The People's Bank of China has directed brokerages and banks to suspend purchases of LGFVs' dim sum bonds via the Bond Connect program. The sources did not provide further details or a timeline for when buying might resume per Bloomberg.
    - China's State Council has approved a bond quota totalling RMB500bn by China Reform Holdings Corp (RMB300bn) and China Chengtong Holdings Group (RMB200bn) to boost economic growth.

- **Adani Group's bond scrapped after issuance:** On 21 November, Adani Group's green energy division priced a USD600mn bond. However, the deal has been scrapped after US prosecutors charged Gautam Adani, the group founder with participation of an alleged bribe plot. The group chose not to move forward with the offering due to recent press releases from the Department of Justice and the Securities and Exchange Commission concerning the promoter of the parent company. Adani Group denies the U.S. allegations and is seeking legal recourse.

- **Chinese developers still struggling:** Developers in China are still facing issues such as court hearings, debt restructuring plans, and potential modifications to their loan terms.
    - **Sunac China Holdings Ltd ("Sunac")** is consulting with major holders of its RMB notes regarding an onshore debt restructuring plan, according to sources familiar with the situation. A group of Sunac executives met with creditors, including several hedge funds, to gather their feedback per Bloomberg.
    - **China Evergrande Group ("Evergrande")** stated in a message to HKEX that the court has suggested that the new winding-up hearing date is unlikely to occur before 20 February. Trading in the shares will continue to be suspended until further notice. A Chinese court has placed spending restrictions on Evergrande and its founder, Hui Ka Yan, due to the company's failure to meet its payment obligations. Evergrande

accumulated over USD300bn in liabilities during China's debt-driven property boom, making it the world's most indebted developer by 2022.

- **Sino-Ocean Group Holding Ltd ("Sino-Ocean")** had a major group of creditors reportedly conduct conference calls with other creditors ahead of a vote on the developer's restructuring plan scheduled for 22 November.
- **Country Garden Holdings Co Ltd ("COGARD")** presented initial terms of its offshore debt restructuring plan to certain creditors at the end of last month, per Reuters. The proposal includes an updated cash flow projection, indicating that the company anticipates lower cash flow in the upcoming years compared to the estimates it provided to some offshore creditors earlier this year.
- **China Vanke Co. ("VANKE")** is looking for approval from lenders to modify the terms of two offshore loans due to deteriorating financial conditions amid the ongoing property crisis. The company has requested waivers for specific covenants on two loans that are set to mature at the end of 2026 per Bloomberg. VANKE has two five-year loans amounting to HKD10.5bn (USD1.35bn) and HKD5.2bn, both maturing in December 2026.

- **Debt restructuring proposal from Indonesia's textile firm: Pan Brothers TBK PT**, intends to issue USD200.2mn in mandatory convertible bonds as part of its debt restructuring strategy, according to a filing with the Singapore Exchange. Creditors were set to vote on the company's debt restructuring proposal on 29 November.

Key Asiadollar issuance in November 2024

Issue	Size (USDmn)	Tenor	Pricing	Description
WSTP 5.618% '35s	1,500	11NC10	T+120bps	Fixed
CBAAU 4.577% '26s	1,300	2Y	T+28bps	Fixed
CHINA 4.125% '27s	1,250	3Y	T+1bps	Fixed
BABA 5.25% '35s	1,150	10.5Y	T+90bps	Fixed
INDOIS 5% '30s	1,100	5.5Y	5%	Fixed
BABA 4.875% '30S	1,000	5.5Y	T+65bps	Fixed
CCB 5.705% 'PERP	1,000	PerpNC5	5.705%	AT1
NAB 4.5% '27s	1,000	Short 3Y	T+38bps	Fixed
INDOIS 5.25% '34s	900	10Y	5.25%	Fixed
WSTP 4.6% '26s	750	Short 2Y	T+28bps	Fixed
WSTP Float '26s	750	Short 2Y	SOFR+46bps	FRN
NAB Float '27s	750	Short 3Y	SOFR+60bps	FRN
INDOIS 5.65% '54s	750	30Y	5.65%	Fixed
CHINA 4.25% '29s	750	5Y	T+3bps	Fixed
SPSP 4.625% '29s	700	5Y	T+45bps	Fixed
CBAAU Float '26s	700	2Y	SOFR+46bps	FRN
BABA 5.625% '54s	500	30Y	T+105bps	Fixed
SBIIN 5.125% '29s	500	5Y	T+82bps	Fixed
SMCGL 8.125% 'PERP	500	7NC3	11.25%	Fixed

Source: Bloomberg, Company, OCBC as of 28 November 2024

SGD Credit

- **Primary issuance levels remained decent at SGD2.9bn in November**, though falling from an exceptionally strong issuance level of SGD4.2bn in October. The issuances in November were primarily contributed by Housing Development Board ("HDB") and financial institutions capital instruments from Australia and New Zealand Banking Group Limited ("ANZ") and Barclays PLC ("BACR").

Key SGD issues in November 2024

Issue	Size (SGDmn)	Tenor	Pricing	Description
HDBSP 3.092% '31s	900	7Y	3.092%	Fixed
ANZ 3.75% '34s	600	10NC5	3.75%	Tier 2
BACR 5.4%-PERP	600	PERPNC March 2030	5.4%	AT1
KHFC 3.033% '26s	300	2Y	3.033%	Social, Fixed
GUOLSP 3.307% '27s	200	3Y	3.307%	Fixed
OUECT 3.9% '31s	120	7Y	3.78%	Green, Retap, Fixed

Source: Bloomberg, Company, OCBC

- **Modest m/m returns, offset by weaker performances from Financial Institutions Capital Instruments:** The SGD Credit Universe returned +0.17% m/m in November 2024 (October 2024: +0.07% m/m) as SORA OIS 1Y-10Y yields tightened in the range of 1 to 14 bps m/m, though offset by modest spread widening across the SGD Credit Universe. Financial Institutions Capital Instruments fell (AT1s: -0.20%, Tier 2s: -0.10%) in November partly due to the issuance of BACR 5.4%-PERP, which offer somewhat higher yield in comparison to the others.

SGD Tracker

	Key Statistics					
	(1 Jan 2021 = 100)	Eff Mty	Market Cap (SGD'mn)	m/m	y/y	Since Jan 2021
By Tenor & Structure						
AT1S	109.7	3.6Y	11,402	-0.20%	7.67%	9.72%
NON-FIN PERP	116.1	11.4Y	13,415	0.28%	10.31%	16.11%
TIER 2S & Other Sub	112.4	4.1Y	16,202	-0.10%	7.83%	12.44%
LONGER TENORS (>9YRS)	96.3	23.3Y	13,630	0.06%	15.25%	-3.66%
MID TENORS (>3Y-9YRS)	106.5	5.1Y	37,293	0.30%	6.26%	6.51%
SHORT TENORS (1-3YRS)	110.2	2.0Y	26,568	0.29%	5.38%	10.17%
MONEY MARKET (<12M)	113.2	0.6Y	11,410	0.26%	4.69%	13.21%
By Issuer Profile Rating						
POS (2)	109.4	8.3Y	6,799	-0.02%	6.58%	9.36%
N(3)	111.5	3.8Y	23,064	0.05%	6.76%	11.49%
N(4)	111.9	7.4Y	23,123	0.14%	7.48%	11.92%
N(5)	110.9	2.4Y	4,252	0.61%	9.72%	10.92%
OCBC MODEL PORTFOLIO	**117.7**	**3.2Y**	**6**	**0.12%**	**9.91%**	**17.71%**
Total SGD Credit Market	**106.9**	**6.4Y**	**129,918**	**0.17%**	**7.53%**	**6.88%**

Source: OCBC Credit Research, Bloomberg

Industry Outlook

Singapore Property

- **Singapore property still looks resilient.** Private home sales surged in October with developers selling 738 private homes excluding executive condominiums ("ECs"), 84% higher m/m, signifying recovery in the market as sales rebounded from 16-year lows in August 2024 according to The Straits Times. Sales were supported by Norwood Grand and Meyer Blue. November continues to be strong with more properties sold in first half than all of October including the successful launch of Chuan Park and three other newly launched projects including Emerald of Katong, Nava Grove and Novo Place. We think that the high sales rate reflects the strong demand in the market. We note that the properties with high sales rates are mainly located in Outside Central Region and Rest of Central Region, which usually attract a relatively higher proportion of local demand.
- **The condo rental market recorded a modest 0.5% increase** in rental prices in October compared to September 2024. Y/y condo rental prices were down by 2.8%. This dynamic reflects a stabilisation trend in the condo rental market after a period of fluctuations. Rental volumes were 5.3% higher, suggesting that demand for condos remains relatively robust despite monthly fluctuations. **HDB rental market also displayed price growth in October**, with rental prices increasing by 0.5% compared to the previous month. Y/y HDB rental prices increased by 4.6%. The upward pressure on HDB rents is closely tied to a constrained supply of available flats.
- **Faber Walk GLS site attracted 3 bids:** A GuocoLand-led consortium (comprising GuocoLand Ltd, TID Residential, Intrepid Investments) placed the top bid of SGD349.9mn (SGD900.0 psf ppr) for Faber Walk site. This is 8.9% higher than the next highest bid from Oasis (2024) which is linked to boutique developer JPE (helmed by Patrick Lim). The site is expected to yield ~400 residential units with a maximum gross floor area of 36,114 sqm.
- **MAS FSR 2024 published:** Monetary Authority of Singapore ("MAS") published its Financial Stability Review ("FSR") 2024. MAS finds that Singapore households have strong balance sheets, good credit quality, healthy debt servicing ability, stable income growth, low liquidity risk and the growth in cash and deposits has outpaced that of total household liabilities. MAS sees a stable rental market, with a steady supply of units coming on stream and demand pressures easing in the coming quarters. MAS also sees private residential property market coming into better balance, with the ramp-up in private housing supply via the Government Land Sales ("GLS") Programme.

Singapore REITs

- **MAS has imposed a minimum interest coverage ratio ("ICR") of 1.5x and a single aggregate limit of 50% on all REITs with immediate effect**.
  - The previous requirement was that a minimum ICR (or Adjusted ICR for REITs with perpetuals outstanding) of 2.5x was imposed only on REITs which intended to increase their aggregate leverage from 45% to 50%.
- Key changes include:
  - REITs to maintain a minimum of 1.5x ICR. The ICR for the purposes of comparing against the threshold of 1.5x will be calculated by dividing the trailing 12 months' earnings before interest, tax, depreciation and amortisation (excluding effects of any fair value changes of derivatives and investment properties, and foreign exchange translation), by the trailing 12 months' interest expense, borrowing-related fees and distributions on hybrid securities (eg: perpetuals). There is no longer a

mention of Adjusted ICR.
  - Minimum ICR is not considered breached if it is due to circumstances beyond the control of the REIT Manager (volatility in interest rates, foreign exchange and tenant default does not quality as "circumstances beyond control"). However, if the REIT does not meet ICR of 1.5x, the REIT Manager should not incur additional borrowings or enter into further deferred payment arrangements, although it can refinance debt. This is similar to the aggregate leverage cap as it currently applies.
  - Aggregate leverage cap to be increased to 50%. We note that perpetuals are not included as debt for the purposes of the aggregate leverage cap if the perpetuals are structured to meet the MAS criteria for equity treatment. Currently all outstanding S-REIT perpetuals are treated as equity for the purposes of the aggregate leverage cap.
- We expect the market's comfort level for aggregate leverage to stabilise at 43-44% overtime and an ICR of ~1.8x to be the market's new "line in the sand". We think REIT managers that continue to practise financial discipline and uphold the market's expectation of REITs as lower risk vehicles that generate stable income to pay its capital source providers are likely to continue to be favoured.

Financial institutions with stable and/or positive results include:

- **DBS Group Holdings Ltd ("DBS")** announced another record result with 3Q2024 net profit of SGD3.03bn up 15% y/y (+8% q/q) and rising above SGD3bn for the first time. 9M2024 net profit is also at a record with the SGD8.79bn before Citi integration costs up 11% y/y. DBS's CET1 ratio of 17.2% is based on transitional arrangements (15.2% on a pro-forma fully phased-in basis) as at 30 September 2024, up from 14.8% q/q and 14.1% y/y. Management continues to be constructive on the 2025 outlook with pre-tax profit expected to be consistent with 2024 on stable net interest income as loan growth should offset slightly lower net interest margins while markets trading net interest income is expected to benefit from lower funding costs.
- **United Overseas Bank Ltd ("UOB")** announced its 3Q2024 and 9M2024 results with solid growth in net profit before tax and record performance in net fee income and trading and investment income. 3Q2024 and 9M2024 net profit before tax of SGD1.96bn and SGD5.68bn rose 8% and 3% y/y respectively. UOB's capital position improved following the implementation of post Basel III reforms with the 15.5% CET1 ratio up from 13.4% as at 30 June 2024. Management expect UOB's capital position to remain solid and allow more capital management initiatives, mentioning share buybacks among other options with excess capital of SGD2-2.5bn.
- **National Australia Bank Ltd ("NAB")** announced FY2024 results with cash earnings (better reflects underlying performance than statutory profit) down 8.1% y/y to AUD7.10bn. Statutory net profit of AUD6.96bn for FY2024 was down 6.1% y/y. Overall, the results are broadly in line with fundamentals and supported by its core small and medium enterprise business banking franchise with the Business and Private Banking division reporting stable y/y cash earnings, while Personal Banking ("PB"), Corporate and Institutional Banking ("CIB"), and New Zealand Banking ("NZ") divisions all reported falls in cash earnings. NAB's level 2 APRA compliant CET1 capital ratio of 12.35% as at 30 September 2024 was up 13 bps from 30 September 2023.
- **Commonwealth Bank of Australia ("CBA")'s** 1QFY2025 trading update for the quarter ended 30 September 2024 reported overall solid results highlighting CBA's strong market positions within Australia's economy that continues to see some pressure from higher interest rates and cost of living pressures. 1QFY2025

unaudited cash net profit after tax ("NPAT") of ~AUD2.5bn was up 5% compared to the 2HFY2024 quarterly average (and stable against 1QFY2024).

- **ABN Amro Bank N.V. ("ABN**") reported a 9% y/y fall in 3Q2024 net profit to EUR690mn on negative JAWS with operating expenses up 9% y/y to EUR1.33bn while operating income rose 2% y/y to EUR2.25bn. This drove a 6% y/y fall in ABN's operating result to EUR920mn and a rise in the cost to income ratio to 59.2% in 3Q2024 (55.5% in 3Q2023). That said, 3Q2024 net profit was still higher than the EUR642mn and EUR674mn achieved in 2Q2024 and 1Q2024 respectively with 3Q2024 net profit performance also benefiting from a 35% y/y rise in impairment releases to EUR29mn.
- **Julius Baer Group Ltd ("JBG")** announced its interim management statement for the ten months ended 31 October 2024 ("10M2024") with continuing constructive trends including record high client assets and an acceleration of net new money during the 4 months of July to October. Management indicated that clients have slowed down in their deleveraging compared to previous years. Management have indicated that 2024 net profit should significantly exceed that of 2023 (CHF454mn) with a possibility to resume shareholder distributions in 2025, subject to the outcome of Swiss regulator Financial Market Supervisory Authority ("FINMA")'s investigation into JBG's exposure to the Signa group and JBG's risk-control structures as well as final implementation of Basel III regulations
- **Commerzbank AG ("CMZB")** confirmed an improved 2024 outlook with the release of its 3Q2024 and 9M2024 results despite pre-tax profit of EUR885mn and EUR2.84bn being down by 20.2% and 1.0% y/y respectively. Main influences included higher growth in operating expenses against total revenue performance while risk results showed a material increase. Overall, the improved 2024 outlook by management reflects the improved consolidated result for 9M2024 with the EUR1.93bn achieved up 5.3% y/y due to solid business volumes.

Financial institutions with muted and/or weaker results include:

- **ANZ Group Holdings Ltd / Australia & New Zealand Banking Group Ltd ("ANZ")** announced their FY2024 results which are somewhat consistent with the recent results of peers Westpac Banking Corporation and National Australia Bank Ltd with weaker y/y performance. FY2024 cash profit of AUD6.73bn is down ~9% y/y although this is influenced by the acquisition of SunCorp Group Limited's Suncorp Bank (including one-off acquisition accounting adjustments and two months earnings contribution) that was completed on 31 July 2024. ANZ's APRA compliant level 2 CET1 ratio was 12.20% as at 30 September 2024, down 114bps compared 13.34% as of 30 September 2023. There are somewhat more influences on ANZ's fundamental profile compared to peers in our view. This may translate into more variable performance through 2025. We continue to review the results.
- **Credit Agricole Group ("CAG") / Credit Agricole SA ("CASA")** announced its 3Q2024 results with net income down 12.8% y/y to EUR2.08bn on continued negative JAWS as operating expenses rose 6.2% y/y to EUR5.59bn while revenues were marginally negative by 0.4% y/y to EUR9.21bn. CAG's fundamentals remain anchored on its strong capital position with a phased in CET1 capital ratio of 17.4% as at 30 September 2024 (17.3% on a fully loaded basis), up 10bps from 17.3% (17.2% on a fully loaded basis) as at 30 June 2024.

Companies with stable and/or positive results include:

- **CapitaLand Investment Ltd ("CLI")** provided a 9M2024 business update. Revenue grew 0.9% y/y to SGD2.104bn, slightly slower than the pace in 1H2024 (+1.5% y/y to SGD1.37bn). Credit metrics remain manageable.

- **Singapore Post Ltd ("SingPost")** reported 1HFY2025 results ended 30 September 2024. Revenue and operating profit increased 20% and 63% y/y to SGD992.4mn and SGD51.2mn respectively due to acquisition of Border Express (acquired in March 2024) and postal rate adjustments in Singapore. Meanwhile, underlying net profit surged by 87.6% y/y to SGD25.2mn. Credit metrics remain largely stable amidst better earnings.
- **Singapore Exchange Limited ("SGX")** released strong market statistics for October 2024 with derivatives daily average volume hitting 48% y/y, an all-time high.
- **Fraser and Neave Ltd** FY2024 reported PBIT rose 19.5% y/y to SGD297.0mn, due to increased profit from Beverages and Dairies segment with favourable commodity prices while Printing & Publishing segment turned around.
- **Frasers Property Ltd ("FPL")** reported decent FY2024 results. Revenue for the year ended 30 September 2024 rose 6.8% y/y to SGD4.21bn while reported PBIT rose 3.0% y/y to SGD1.35bn. Reported PBIT rose mainly from China and Industrial segments which offset declines from Singapore and Thailand.
- **City Developments Ltd ("CDL")** reported its 3Q2024 business update. Overall results are decent with (1) strong sales from Property Development in Singapore, (2) improved occupancy in Singapore office and (3) decent performance for Singapore retail portfolio, Japan Living Sector and Hotel Operations.
- **Singapore Telecommunications Ltd ("SingTel")'s** 1HFY2024 reported EBIT (excluding associates) rose 27.3% y/y to SGD738mn even while revenue inched down 0.5% y/y to SGD7.0bn. This offset the 3.9% y/y decline in regional associates post-tax earnings to SGD817mn. Underlying net profit rose 9.1% y/y to SGD1.19bn. SingTel has revised the outlook, with reported EBIT growth rate is now expected to grow at low double digits in FY2025 (up from high single digit to low double digits), given the strong performance of +27% y/y in 1HFY2025.
- **StarHub Ltd ("StarHub")** reported its 3Q2024 business update where revenue fell 5.8% y/y to SGD575.2mn while service revenue fell 4.1% y/y to SGD493.7mn, excluding D'Crypt which has been divested in February 2024. Meanwhile, reported service EBITDA rose 6.5% y/y to SGD108.9mn while net profit rose 11.1% y/y to SGD40.4mn excluding D'Crypt. The divergence between revenue and profitability is due to higher share of profits of JV/associate and lower overall operating expenses (-6.6% y/y to SGD522.6mn).
- **AIMS APAC REIT ("AAREIT")** reported the first half results for the financial year ending 31 March 2025 ("1HFY2025") which shows a stable set of operating and credit metrics with minimal short term refinancing risk. NPI rose 5.1% y/y to SGD67.6mn in 1HFY2025 due to higher rental and recoveries.
- **CapitaLand Integrated Commercial Trust ("CICT")** provided its 9M2024/3Q2024 business update. Net property income ("NPI") rose 5.4% y/y to SGD289.8mn in 3Q2024, with NPI growing at the same pace as 1H2024 (+5.4% y/y to SGD582.4mn) and credit metrics remaining stable.
- **Frasers Logistics & Commercial Trust ("FLCT")** announced FY2024 results for the year ended 30 September 2024. Adjusted net property income ("Adjusted NPI") rose 2.7% y/y to SGD320.0mn and adjusted NPI for 2HFY2024 rose 3.7% y/y to SGD161.3mn mainly due to acquisitions and new contributions. Credit metrics still decent.
- **Lendlease Global Commercial REIT ("LREIT")** 1QFY2025 results are largely stable though some weaknesses were seen on operating metrics and adjusted interest coverage ratio. Upcoming perpetual LREIT 5.25%-PERP is more likely to be rollover for 6-12 months or refinanced with a new perpetual while waiting for disposal of Jem office and Sky Complex.
- **CapitaLand Investment Ltd** revenue in 9M2024 grew just 0.9% y/y to SGD2.104bn, slower than the pace in 1H2024 (+1.5% y/y to SGD1.37bn). While fee income-related business revenue grew, real estate investment business revenue fell.

Companies with lacklustre and/or weaker results include:

- **Singapore Airlines Ltd** 1HFY2025 operating profit fell 48.8% y/y, declining from a high base (normalizing from post-pandemic highs) due to increased capacity and stronger competition in key markets leading to yield moderation. Credit metrics still healthy with EBITDA/Interest at 9.8x. Enlarged Air India transaction expected to complete.

Acquisitions and divestments:

- **Lendlease Group ("LLC")** announced the sale of 12 Australian master-planned Communities projects for a consideration of AUD1.06bn have been completed. We believe the divestment is a credit positive event as LLC is on track to achieve its net gearing ratio target. Besides, LLC's focus on Global Investment and Australia Development segments are likely to improve LLC's net gearing (lesser capital requirement), earnings stability and business risks.
- **Singapore Post Ltd ("SingPost") agreed to sell its full 97.1% stake of Australian assets** held under Freight Management Holdings Private Limited ("FMH") to an Australian private equity firm at an enterprise value of AUD1.02bn (SGD897.6mn). However, **this transaction is still subject approvals** from SingPost's shareholders and Foreign Investment Review Board of Australia. This transaction is expected to complete by end-March 2025. SingPost is expected to record a gain on disposal of SGD312.1mn. The gross proceeds from this proposed disposal will be AUD775.9mn, of which AUD362.1mn (SGD320.8mn) will be used to repay AUD denominated debt. Besides, SingPost will consider special dividend in due course. **We believe the divestment is a positive credit event** as debt will be reduced substantially and the Australian businesses are still facing considerable headwinds from softer business environments and stiff competitions.
- **Commerzbank AG ("CMZB") UniCredit SpA ("UniCredit"):** CMZB shares traded lower on news that UniCredit had made an unsolicited ~EUR10bn bid for Banco BPM SpA ("Banco BPM"). Banco BPM is Italy's third largest bank and has reportedly been a long-term target for UniCredit, Italy's second largest bank behind Intesa Sanpaolo SpA. While UniCredit Chief Executive Officer Andrea Orcel highlighted that the unsolicited bid for Banco BPM "has no implications for our ongoing investment in CMZB", he nevertheless cast some doubt on the likelihood of a near term UniCredit takeover of CMZB saying the probability of a deal is lower than expected but not zero while the timeline will likely be longer than first thought given upcoming elections in Germany.
  - Besides, Reuters has reported that CMZB is looking at acquiring a mid-sized domestic bank to reinforce its stand-alone position against the current takeover possibility by UniCredit. Per Reuters, targets are Hamburg Commercial Bank or Oldenburgische Landesbank.
- **CapitaLand Integrated Commercial Trust ("CICT")** has sold 21 Collyer Quay for SGD688mn to an unrelated third party. 21 Collyer Quay is being sold by CICT at 6% above end of 2023 book value and an encouraging exit yield of below 3.5%, based on annualised net property income.
- **Singapore Airlines Ltd ("SIA")** announced that the proposed merger of its 49% associated company, TATA SIA Airlines Limited ("Vistara") and Air India Limited ("AI") has completed (the "Enlarged Air India"). SIA holds ~25.1% of the Enlarged Air India following completion and the Enlarged Air India is now an associated company of SIA. The additional capital injection amount required at this point in time is ~INR31.9bn (~SGD498mn). Along with the cash consideration portion, we expect ~SGD816mn of cash outlay is required at completion.
- **CapitaLand Investment Ltd ("CLI")** is acquiring a 40% stake in SC Capital Partners Group ("SCCP") for SGD280mn. SCCP is a leading Asia Pacific real estate investment

manager. The remaining stake will be bought in phases over the next 5Y, subject to fulfilment of conditions. CLI will also invest a minimum of SGD524mn strategic capital in its fund strategies to support the growth of the platform.

- **CapitaLand Group Pte Ltd ("CAPL"):** Following our write-up in the Asian Credit Daily on 28 October 2024 indicating that UOL Group and CapitaLand Development (subsidiary of CAPL) are looking to jointly buy Thomson View condominium for SGD810mn, at least 80% of the owners have consented to lower the reserve price to SGD808mn as of 22 November 2024. In turn, the developers have exercised the call option for the en-bloc purchase on 25 November 2024.

Other news:

- **Sembcorp Industries Ltd ("SCI")** through its wholly-owned Sembcorp Green Infra Private Limited ("Sembcorp Green"), has received the Letter of Award for a 300MW Inter State Transmission System connected wind-solar hybrid power project from India's NTPC Ltd ("NTPC"). The build-own-operate project is part of a 1.2GW bid issued by NTPC. Subject to the execution of a power purchase agreement ("PPA") and upon completion of the project, power output from the project will be sold to NTPC under a 25Y long-term PPA.
- **CapitaLand Investment Ltd ("CLI")** secured SGD130mn for CapitaLand SEA Logistics Fund ("CSLF") from Mitsui O.S.K. Lines ("MOL") for CapitaLand SEA Logistics Fund ("CSLF") and SGD131mn through MOL's real estate Daibiru Corporation for CapitaLand India Growth Fund 2 ("CIGF2"). CLI did not disclose the stake held in the funds though CLI's stakes usually averages ~20% across its funds.
- **Hotel Properties Ltd** was awarded collective sale tender at Concorde Hotel and shopping mall. It is not expected to have a material impact given that HPL already owns 95.4% of strata area. Orchard rejuvenation plan could be in the works.
- **CapitaLand Investment Ltd ("CLI")** has appointed a chief executive officer and chief investment officer in newly created roles for its Australia market. CLI is aiming to drive growth in Australia including real estate private equity and credit funds. CLI also announced that it is committing up to AUD1bn (SGD878mn) to grow its funds under management ("FUM") in Australia.
- **CapitaLand Group Pte Ltd ("CAPL")'s** subsidiary awarded an industrial site at Kallang Way for SGD368.9mn. There were four bids received for the site. This is JTC's first Industrial Government Land Sales tender that requires the successful tenderers to reuse an old building. According to JTC, the introduction of adaptive reuse is an effective way to reduce carbon emissions in the built environment while preserving the industrial legacy of the site.
- **Singapore Telecommunications Ltd ("SingTel")** is reorganizing its senior management with the Group Business Development function expanded and renamed International Digital Services. This unit will focus on building new telco-related digital services in the region, strengthening partnerships and enhancing synergies across SingTel and regional associates. Group Management Committee will also be expanded from 11 to 13 members. Changes are part of Singtel28 growth plans to lift business performance.
- **Commerzbank AG ("CMZB")**'s Supervisory Board announced the appointment of Mr Carsten Schmitt as Chief Financial Officer, replacing Ms Bettina Orlopp who was appointed as Chief Executive Officer on 1 October 2024. Mr Schmitt is currently at Danske Bank as Executive Vice President of Group Strategy and Mergers & Acquisitions. Prior to this, he held various roles within CMZB for over two decades, most recently as head of Group Finance.

Issuer Profile Changes / Updates

- We **maintain GuocoLand Ltd's ("GUOL") Issuer Profile at Neutral (5)**. While it is somewhat geared and is active in land bids, GUOL generates recurring revenue from investment properties and has achieved good sales rate for Singapore residential projects that it undertakes.
- We **maintain CapitaLand Integrated Commercial Trust ("CICT") at Neutral (3),** which is underpinned by its stable portfolio statistics and moderate credit metrics.
- We **maintain Frasers Logistics & Commercial Trust ("FLCT") at Neutral (3)**, which is underpinned by manageable credit metrics and overall stability in results with Industrial and Logistic outperformance offsetting commercial asset weakness.
- We **maintain Sembcorp Industries Ltd's ("SCI") Issuer Profile rating at Neutral (4) and switching to a stable outlook for the next 12 months** on the back of higher clarity over SCI's funding plan as it transitions to become greener. While SCI's income attribution will be brown for longer, from a credit perspective, we view it positively that SCI plans to use the stable and predictable cash flow from its Gas and Related Services segment to fund the growth of its green transition over time. This approach is preferable to a one-time, major transformational corporate action or a plan that relies predominantly on debt financing.
- We **maintain our issuer profile on Hongkong Land Holdings Ltd ("HKL") and The Hongkong Land Company, Limited ("HKCL") at Positive (2), albeit with a cautious outlook.** Though strong headwinds persist in HKSAR Office and Development Properties in mainland China, we believe the outlook is still underpinned by (1) the strong Investment Properties pipeline (mostly funded) ahead, (2) the new strategy to exit Development Properties and focus on recurring incomes, (3) conservative financial policies and credit metrics (June 2024 net debt to equity: 17.5%) and (4) largely stable Investment Properties underlying operating profit.
- We **maintain ABN Amro Bank NV ("ABN") Issuer Profile rating at Neutral (3).** The Neutral (3) issuer profile remains appropriate in our view and is not affected by the ongoing sell down in the Dutch government's ownership stake nor the ongoing search for a new Chief Executive Officer with current Chief Executive Officer Robert Swaak stepping down in 1H2025.
- **We maintain the Neutral (4) issuer profile on Standard Chartered PLC ("StanChart")** given the results performance and segment contribution which is heavily skewed to Corporate & Investment Banking are consistent with our fundamental views. We also **maintain the Neutral (4) issuer profile on Standard Chartered Bank ("SCB")** that reflects the bank's dominant strategic and financial contribution to StanChart. StanChart classifies SCB as a material subsidiary for StanChart's resolution strategy while SCB is the provider of critical services to the wider group.
- We **maintain Shangri-La Asia Limited's ("SHANG") Issuer Profile rating at Neutral (4) and expect this to be stable in the next 12 months.** While SHANG's top line suggest continued recovery on SHANG's hotel-related business that hinges on travel and hospitality, profitability has been dragged by higher expenses. That said, SHANG's Investment Properties segment in mainland China appears to be resilient, against the backdrop of continued oversupply of offices in that market.
- Please note that due to OCBC's engagement in other business activities, we have **suspended our coverage** on the following names until these activities are completed: **Barclays PLC** and **Keppel Limited.**
- Please note that due to the completion of OCBC's engagement in other business activities, we have **resumed coverage** on the following names: **Guocoland Ltd, OUE Ltd, City Developments Limited and Hotel Properties Limited**
- We have **ceased coverage** on the following names after the maturity of their SGD credits:
    - **Frasers Hospitality Trust (Neutral 4):** SGD 120mn FHREIT 3.08 '24
    - **Frasers Centrepoint Trust (Neutral 3):** SGD70mn FCTSP 2.77 '24

Trade Ideas

OUECT 3.9 '31 (SGD)

- OUEREIT is a mid-sized diversified REIT in Singapore, with a market cap of SGD1.5bn as of 27 November 2024 while total assets under management were SGD6.3bn as of 31 December 2023. By 3Q2024 revenue, OUEREIT's assets are contributed by offices (48%), retail (17%) and hospitality (35%). By region, 3Q2024 revenue was contributed by six assets in Singapore (93%) and one in Shanghai (7%). Within hospitality and retail, it owns Crowne Plaza Changi Airport, Hilton Singapore Orchard, Mandarin Gallery. For offices, OUEREIT owns 50% stakes of OUE Bayfront, OUE Downtown and 68% stakes of One Raffles Place in Singapore and Lippo Plaza (7%) in Shanghai.
- Overall 3Q2024 results are largely stable with consistent performance from Singapore Hospitality, Retail and Office segments. Results are slightly affected by more cautious consumer sentiments on both Retail and Hospitality segments. The outlook is stable, underpinned by the premium asset portfolio in Singapore.
- Attractive ask yield of ~3.8% with a credit spread of ~120bps.

SOCGEN 8.25% 'PERPc27s (SGD)

- Societe Generale ("SocGen")'s 3Q2024 result outperformed its YTD performance with 3Q2024 net income up around 280% y/y against 9M2024 net income that was up 35.9% y/y although this was influenced by a EUR338mn exceptional goodwill impairment recognised in 3Q2023. Excluding this, 3Q2024 net income was still up ~77% y/y.
- Amidst SocGen's improved overall performance, SocGen Chief Executive Officer Slawomir Krupa announced several management changes focused on French retail banking that are designed to continue the improvement in French retail banking that has previously struggled. Mr Krupa is currently pursuing a strategic roadmap presented in September 2023, targeting a streamlined, more synergetic and efficient business model with lower costs, while strengthening the Group's capital base.

Model Portfolio (As at 03 December 2024)

- **Rose 0.18% since previous update:** The model portfolio rose since the previous update, though returns somewhat lagged the SGD Credit Universe in the same period (-0.32%). Outperformers were crossover credits such as GUOLSP 4.05% ‘27s, EREIT 2.6% ‘26s, OLAMSP 4% ‘26s. Meanwhile, underperformers included bank capital such as BACR 7.3% PERP, BACR 8.3% PERP, UBS 5.75% PERP and BPCEGP 5% ‘34c29s.

- **Keeping the model portfolio unchanged for now:** Average yield to worst for the portfolio remains around 4.4%, which demonstrates our portfolio slant towards subordinated and crossover papers. We keep the positions unchanged for now, ahead of the publication of our Credit Outlook 2025.

Issue Name	OCBC Issuer Profile Rating	Yield to Worst	Maturity / First Call Date / Reset Date	Cost of investment (incl. acc. interest)	Current Value (incl. acc. interest)	Total coupons received	Total Gain/Loss
Property Developers							
OUECT 3.95 05/05/27	5	3.45%	05/05/2027	$242,063	$252,869	$20,858	$31,664
GUOLSP 4.6 PERP	5	3.24%	23/01/2025	$243,735	$254,291	$23,000	$33,556
GUOLSP 4.05 06/04/27	5	3.40%	04/06/2027	$250,896	$253,266	$5,049	$7,419
FPLSP 3 10/09/28	5	3.89%	09/10/2028	$227,004	$242,689	$11,281	$26,966
HOBEE 4.35 07/11/29	5	4.19%	11/07/2029	$256,012	$255,490	$0	-$523
REITs							
EREIT 2.6 08/04/26	4	3.54%	04/08/2026	$244,265	$247,554	$0	$3,289
OUECT 3.9 09/26/31	5	3.78%	26/09/2031	$253,667	$253,125	$0	-$543
LREIT 5 1/4 PERP	4	3.89%	11/04/2025	$251,820	$252,728	$6,563	$7,470
EREIT 6.632 PERP	4	5.56%	03/05/2025	$249,059	$248,639	$8,290	$7,869
AAREIT 5.65 PERP	4	3.99%	14/08/2025	$258,838	$256,769	$49,438	$47,369
CERTSP 5 PERP	Unrated	7.14%	24/11/2026	$248,181	$200,410	$37,500	-$10,270
Financial Institutions							
CS 5 5/8 PERP	Unrated			$264,341	$0	$28,125	-$236,216
UBS 5 3/4 PERP	3	4.75%	21/08/2029	$254,709	$263,937	$7,188	$16,416
BACR 8.3 PERP	4	5.12%	15/09/2027	$262,992	$274,872	$41,500	$53,380
BACR 7.3 PERP	4	5.00%	15/06/2028	$224,569	$272,056	$22,813	$70,300
BPCEGP 5 03/08/34	Unrated	3.84%	08/03/2029	$251,854	$263,681	$6,250	$18,077
DB 5 09/05/26	4	3.45%	05/09/2025	$251,649	$255,819	$31,250	$35,420
CMZB 6 1/2 04/24/34	4	4.09%	24/04/2029	$252,056	$273,991	$16,250	$38,185
Others							
HKLSP 3.45 12/03/39	2	3.78%	03/12/2039	$229,663	$236,032	$12,902	$19,271
OLAMSP 4 02/24/26	Unrated	4.15%	24/02/2026	$253,341	$251,884	$39,918	$38,461
OLGPSP 5 3/8 PERP	5	5.57%	18/07/2026	$244,179	$254,102	$20,156	$30,078
SLHSP 3 1/2 01/29/30	4	3.67%	29/01/2030	$243,420	$250,294	$8,678	$15,552
ESRCAY 5.65 PERP	Unrated	6.77%	02/03/2026	$255,577	$249,759	$56,500	$50,682
SITB 12/24/24	Unrated	3.07%	24/12/2024	$229,609	$229,609	$0	$0
Total Gain/Loss since portfolio inception							$794,720

Statistics	Simple Avg, Issuer Profile	Simple Avg, Yield*	Simple Avg, Tenor	Total, Invested Amount	Cash Balance	Unrealised Profit	Portfolio Value
	4.2	**4.38%**	**3.2Y* (7.0Y**)**	**$5,943,500**	**$853**	**-$149,634**	**$5,794,720**

*Assume first call date as maturity, or reset date as maturity (if not called at first call)

**Assuming maturity of perpetuals = 10Y, and issuers do not exercise the call for non-perps with call dates. Excludes SITB

Upcoming Bond Maturities, Next Reset and Next Call Dates – December 2024

Issuer	Ticker	Coupon	Amt. Outstanding (SGDmn)	Maturity Date	Call Date	Reset Date
CES Treasury Pte Ltd	CHIPEN	6.5	120	06/12/2024	-	-
Cagamas Global PLC	CAGA	4.06	100	05/12/2024	-	-
Cagamas Global PLC	CAGA	4.06	100	09/12/2024	-	-

Source: OCBC Credit Research, Bloomberg

Current / Recent Reports from OCBC Credit Research

- Shangri-La Asia Limited: Credit Update (21 November 24)
- Standard Chartered Bank: Credit Update (20 November 24)
- ABN Amro Bank NV: Credit Update (18 November 24)
- Hongkong Land Holdings Ltd and The Hongkong Land Company, Limited: Credit Update (13 November 24)
- Sembcorp Industries Ltd: Credit Update (11 November 24)
- Frasers Logistics & Commercial Trust: Credit Update (08 November 24)
- CapitaLand Integrated Commercial Trust: Credit Update (07 November 24)
- CapitaLand China Trust: Credit Update (1 November 2024)
- GuocoLand Ltd: Credit Update (30 October 2024)
- HSBC Holdings PLC / HSBC Bank PLC: Credit Update (30 October 2024)
- Barclays PLC / Barclays Bank PLC: Credit Update (28 October 2024)
- Deutsche Bank AG: Credit Update (25 October 2024)
- Sustainable Finance Special Interest Commentary (23 October 2024)
- Lendlease Global Commercial REIT: Credit Update (18 October 2024)
- Keppel Infrastructure Trust: Credit Update (14 October 2024)
- Starhill Global REIT: Credit Update (11 October 2024)
- CapitaLand Investment Ltd: Credit Initiation (1 October 2024)
- CapitaLand Ascendas REIT: Credit Update (26 September 2024)
- Ho Bee Land Ltd: Credit Initiation (25 September 2024)
- SGD Credit Market Overview and Coverage (24 September 2024)
- CapitaLand Group Pte Ltd: Credit Update (12 September 2024)
- OUE Real Estate Investment Trust: Credit Update (30 August 2024)
- CK Asset Holdings Limited: Credit Update (28 August 2024)
- ESR-LOGOS REIT: Credit Update (27 August 2024)
- Mapletree Investments Pte Ltd: Credit Update (26 August 2024)
- REIT Special Interest Commentary (26 July 2024)
- SGD Credit vs Asiadollar Credit Special Interest Commentary (16 July 2024)
- Wing Tai Properties Ltd: Credit Update (12 July 2024)
- SGD Credit Outlook 2H2024 (28 June 2024)
- Sharpening the Sustainability Focus for Financial Institutions Special Interest Commentary (28 June 2024)
- Lippo Malls Indonesia Retail Trust: Credit Update (31 May 2024)
- Mapletree Industrial Trust: Credit Update (30 May 2024)
- Transition Bonds Special Interest Commentary (27 May 2024)
- AIMS APAC REIT: Credit Update (14 May 2024)
- Keppel Real Estate Investment Trust: Credit Update (3 May 2024)
- Wing Tai Holdings Ltd: Credit Update (25 April 2024)
- Lendlease Group: Credit Update (18 April 2024)
- ESR-LOGOS REIT: Credit Re-Initiation (4 April 2024)
- SGD Bond Trade Ideas Special Interest Commentary (28 March 2024)
- DBS Group Holdings Ltd and United Overseas Bank Ltd: Credit Update (22 March 2024)
- Singapore Exchange Ltd: Credit Initiation (21 March 2024)
- Singapore Airlines Ltd: Credit Update (19 March 2024)

- Perpetual Series 9 Special Interest Commentary (18 March 2024)
- Mapletree Pan Asia Commercial Trust: Credit Update (15 March 2024)
- Oxley Holdings Ltd's: Credit Update (13 March 2024)
- Suntec Real Estate Investment Trust: Credit Update (06 March 2024)
- Housing & Development Board: Special Interest Commentary (1 March 2024)
- Frasers Centrepoint Trust: Credit Update (23 February 2024)
- CapitaLand Ascott Trust: Credit Update (22 February 2024)
- Mapletree Logistics Trust: Credit Update (8 February 2024)
- First Real Estate Investment Trust: Credit Update (2 February 2024)
- Singapore Property Special Interest Commentary (29 January 2024)
- Sustainable Finance Special Interest Commentary (23 January 2024)
- REIT Special Interest Commentary (9 January 2024)
- Singapore Credit Outlook 1H2024 (5 January 2024)

Explanation of Issuer Profile Rating / Issuer Profile Score

Positive ("Pos") – The issuer's credit profile is either strong on an absolute basis or expected to improve to a strong position over the next six months.

Neutral ("N") – The issuer's credit profile is fair on an absolute basis or expected to improve / deteriorate to a fair level over the next six months.

Negative ("Neg") – The issuer's credit profile is either weaker or highly geared on an absolute basis or expected to deteriorate to a weak or highly geared position over the next six months.

To better differentiate relative credit quality of the issuers under our coverage, we have further sub-divided our Issuer Profile Ratings into a 7-point Issuer Profile Score scale.

IPR	Positive		Neutral			Negative	
IPS	1	2	3	4	5	6	7

Explanation of Bond Recommendation

Overweight ("OW") – The issue represents **better relative value** compared to other bonds from the same issuer, or bonds of other issuers with similar tenor and comparable risk profile.

Neutral ("N") – The issue represents **fair relative value** compared to other bonds from the same issuer, or bonds of other issuers with similar tenor and comparable risk profile.

Underweight ("UW") – The issue represents **weaker relative value** compared to other bonds from the same issuer, or bonds of other issuers with similar tenor and comparable risk profile.

Please note that Bond Recommendations are dependent on a bond's price, underlying risk-free rates and an implied credit spread that reflects the strength of the issuer's credit profile. Bond Recommendations may not be relied upon if one or more of these factors change.

Other

Suspension – We may suspend our issuer rating and bond level recommendation on specific issuers from time to time when OCBC is engaged in other business activities with the issuer. Examples of such activities include acting as a joint lead manager or book runner in a new issue or as an agent in a consent solicitation exercise. We will resume our coverage once these activities are completed. We may also suspend our issuer rating and bond level recommendation in the ordinary course of business if (1) we believe the current issuer profile is incorrect and we have incomplete information to complete a review; or (2) where evolving circumstances and increasingly divergent outcomes for different investors results in less conviction on providing a bond level recommendation.

Withdrawal ("WD") – We may withdraw our issuer rating and bond level recommendation on specific issuers from time to time when corporate actions are announced but the outcome of these actions are highly uncertain. We will resume our coverage once there is sufficient clarity in our view on the impact of the proposed action.

Macro Research

Selena Ling
Head of Research & Strategy
lingssselena@ocbc.com

Tommy Xie Dongming
Head of Asia Macro Research
xied@ocbc.com

Keung Ching (Cindy)
Hong Kong & Macau Economist
cindyckeung@ocbc.com

Herbert Wong
Hong Kong & Taiwan Economist
herberthtwong@ocbc.com

Lavanya Venkateswaran
Senior ASEAN Economist
lavanyavenkateswaran@ocbc.com

Ahmad A Enver
ASEAN Economist
ahmad.enver@ocbc.com

Jonathan Ng
ASEAN Economist
jonathanng4@ocbc.com

Ong Shu Yi
ESG Analyst
shuyiong1@ocbc.com

FX/Rates Strategy

Frances Cheung, CFA
Head of FX & Rates Strategy
francescheung@ocbc.com

Christopher Wong
FX Strategist
christopherwong@ocbc.com

Credit Research

Andrew Wong
Head of Credit Research
wongvkam@ocbc.com

Ezien Hoo, CFA
Credit Research Analyst
ezienhoo@ocbc.com

Wong Hong Wei, CFA
Credit Research Analyst
wonghongwei@ocbc.com

Chin Meng Tee, CFA
Credit Research Analyst
mengteechin@ocbc.com

Analyst Declaration

The analyst(s) who wrote this report and/or his or her respective connected persons hold financial interests in the following above-mentioned issuers or companies as at the time of the publication of this report: Singapore Airlines Ltd, GuocoLand Ltd, Oxley Holdings Ltd, Frasers Centrepoint Trust, Suntec Real Estate Investment Trust, Mapletree Pan Asia Commercial Trust, Lendlease Global Commercial REIT, CapitaLand Ascott Trust, Frasers Property Ltd.

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