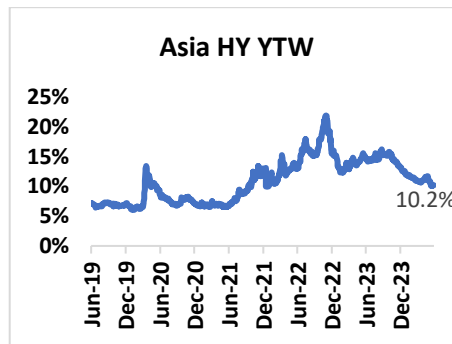
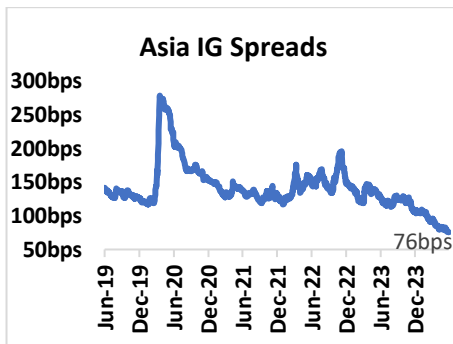


## Monthly Credit View

4 June 2024

### Monthly Themes & House View

- Asia IG spreads hit record low, Asia HY YTW tightened to multi months low.** Bloomberg Asia IG spreads continued to tighten in May, reaching fresh all-time lows of 75bps on 29 May 2024 before retracing slightly to end the month at 76bps. Similar trends were observed for Asia HY where Yield to Worst fell to 10.1% on 20 May 2024, which is the lowest level since 2022.



- Strong Asiadollar issuance in the month of May:** USD13.1bn were issued in Asia ex-Japan, increasing sharply from issuance in April 2024 (USD8.9bn). The Philippines government was the largest issuer, followed by corporates in Greater China:
  - The Philippines government**, which priced USD2bn in two tranches (10Y, 25Y). According to its Finance Secretary Ralph Recto, the funding was secured “at very cheap rates” while its Treasurer Sharon Almanza commented that there was negative new issue concession of 5bps for the 10Y tranche and 7bps for the 25Y tranche.
  - Industrial and Commercial Bank of China Ltd**, which priced USD1bn 3Y green FRN at SOFR+48bps.
  - Shandong Hi-Speed Group Co Ltd**, which priced a USD900mn PERP-NC3 at 6.5%. Bids for the perpetual exceeded USD4.1bn.
  - China Cinda HK Holdings Co Ltd** priced a USD800mn 5Y at T+130bps.
  - Krakatau Posco PT**, which is a manufacturer of steel products and a 50:50 joint venture between South Korea’s POSCO Holdings Inc and Indonesian government owned PT Krakatau Steel Persero Tbk, priced USD700mn in total across two tranches (3Y, 5Y). Demand was very strong relative to the amount issued with over USD4.9bn orderbook received.
- Positive news for China property developers with steps to stabilize the sector:** Announcements include RMB300bn relending facility for the purchase of completed and unsold units to covert these into social housing and easing of purchase restrictions and downpayment ratios. Several cities are beginning to show improvements in homebuyer sentiments, which include Shanghai where more than 90% of units were sold at a new project while discount offers were rescinded by developers in Shenzhen. This is a marked turn from April 2024’s data which show China land sales falling 21% y/y to RMB238.9bn, the lowest level in eight years.

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- **China property bond market staging decent recovery:** Certain property developer bonds have improved significantly. For example, VNKRL 3.5% '29s have rallied from ~40 pts to over 60 pts. For China Vanke, it is making progress in raising capital, having sold an unfinished property in Shenzhen for RMB2.24bn, albeit at prices lower than initial purchase price of RMB3.1bn in 2017. China Vanke is also restructuring part of its privately issued debt to postpone payments as well as advancing in discussions with major banks for RMB50bn loan.
- **Somewhat slower m/m issuance in SGD:** SGD1.58bn in new issues were printed in May, down somewhat from April's SGD1.75bn.

### Key SGD issues

Issue	Size	Tenor	Pricing	Description
HDBSP 3.46% '31s	SGD900mn	7Y	3.46%	-
AREIT 3.73% '34s	SGD300mn	10Y	3.73%	Green
GUOLSP 4.05% '27s	SGD180mn	3Y	4.05%	-
TMGSP 5.25% '27s	SGD155mn	3Y	5.25%	-

Source: Bloomberg, Company, OCBC

- **SGD credit market gained 0.60% in May 2024**, with outperformance from subordinated papers especially non-financial corporate perpetuals (+1.1% m/m). Other outperformers included longer dated papers (+0.9% m/m) and Issuers that we rate at Neutral (5) Issuer Profile.

### SGD Tracker

	Key Statistics			Total Returns		
	(1 Jan 2021 = 100)	Eff Mtly	Market Cap	m/m	y/y	Since Jan 2021
<b>By Tenor &amp; Structure</b>						
AT1S	106.0	2.7Y	\$8,319m	0.7%	10.9%	6.0%
NON-FIN PERP	111.2	11.2Y	\$12,990m	1.1%	9.2%	11.2%
TIER 2S & Other Sub	110.4	4.0Y	\$12,729m	0.7%	9.3%	10.4%
LONGER TENORS (>9YRS)	89.6	25.3Y	\$11,324m	0.9%	10.2%	-10.4%
MID TENORS (>3Y-9YRS)	102.3	5.1Y	\$34,207m	0.4%	5.0%	2.3%
SHORT TENORS (1-3YRS)	107.0	2.0Y	\$23,995m	0.4%	4.7%	7.0%
MONEY MARKET (<12M)	110.6	0.5Y	\$11,771m	0.4%	4.6%	10.6%
<b>By Issuer Profile Rating</b>						
POS (2)	105.7	8.3Y	\$6,786m	0.6%	5.9%	5.7%
N(3)	107.7	3.3Y	\$20,520m	0.7%	7.2%	7.7%
N(4)	108.0	6.7Y	\$24,224m	0.5%	7.2%	8.0%
N(5)	106.6	2.1Y	\$4,662m	1.4%	9.0%	6.6%

Source: OCBC Credit Research, Bloomberg

- **Not Underweight any segment, however spreads are becoming tighter.** The SGD Credit Universe has returned 2.5% YTD2024 (Jan – May). We continue to think that it is difficult to Underweight any segment as rates are still high, and reinvestment risk may be the bigger risk. However, we note that spreads in general have become significantly tighter since the start of the year. We may review our recommendations and positioning in our upcoming 2H2024 Credit Outlook.

### Key Developments in the SGD Credit Market

- **May was a busy results month, with most companies reporting stable results.** We provide selected commentary on company results below:

#### Companies with positive earnings include:

- **DBS Group Holdings Ltd (“DBS”) reported record 1Q2024 results** with profit before tax up 15% y/y to SGD3.39bn, due to higher net interest income (+8% y/y to SGD3.65bn) with loan grown (+2% y/y) and higher net interest margins (+2bps y/y). Going forward, CEO Piyush Gupta highlighted that earnings will be better than previously expected.
- **United Overseas Bank Ltd (“UOB”) reported stronger 1Q2024 results** with net profit up 6% q/q, reflecting solid positive JAWS performance with 3% q/q rise in total income while operating expenses remained stable. Management expects total income growth for the year.
- **Fraser and Neave Ltd (“FNN”) reported much stronger 1HFY2024 results,** with reported PBIT up 53.6% y/y due to effective cost reduction measure and a favourable commodity cost environment while revenue rose 2.5% y/y.

#### Companies with stable earnings include:

- **Singapore Telecommunications Ltd (“SingTel”) FY2024 results** saw reported EBITDA fall 2% y/y to SGD3.6bn (stable in constant currency), with core segments (Singapore, Australia) posting flattish growth though regional associates did better (PBIT: +2.9% y/y to SGD2.33bn). SingTel has identified SGD6bn in monetizable assets for capital recycling, which will be used to fund growth initiatives.
- **StarHub Ltd (“StarHub”) 1Q2024 reported EBITDA** was stable, growing 0.7% y/y to SGD458.9mn with growth in Enterprise revenue offsetting declines in other segments such as mobile, Broadband and Entertainment. 1Q2024’s performance is in-line with full year guidance, which remained unchanged.
- **Keppel Infrastructure Trust (“KIT”) 1Q2024 group adjusted EBITDA** rose 3.8% y/y to SGD130.7mn, excluding one-offs and performance fees.
- **Starhill Global REIT 3QFY2024 business update** revealed tenant sales improving 6.5% y/y at Wisma Atria.
- **Lendlease Global Commercial REIT 3QFY2024 business update** revealed higher tenant sales (+2.6% y/y) and occupancy increasing 0.9 ppts q/q to 88.8%.

#### Companies with weaker earnings include:

- **Mapletree Investments Pte Ltd (“MAPL”), which announced net loss in FY2024** due to revaluation losses taken on the office portfolio in the US, Europe and Australia due to elevated interest rates. Otherwise, underlying business remains profitable with reported recurring profit after tax after minority interest of SGD715.6mn.
- **Singapore Airlines Ltd (“SIA”) 2HFY2024 operating profit fell 19.5% y/y to SGD1.2bn,** partly due to high base in 2HFY2023 while intensifying competition resulted in lower passenger yields. Similarly, cargo revenue fell 29.7% y/y. That said, credit metrics remain healthy with EBITDA/Interest at 12.7x.
- **Frasers Property Ltd (“FPL”) 1HFY2024 reported PBIT fell 15.7% y/y** to SGD577.6mn mainly due to lower contributions from Singapore, Thailand and Hospitality. Going forward, FPL is looking to increase exposure to residential development that offers better risk-adjusted returns and is also looking to become more capital efficient, with divestment of certain properties.
- **Singapore Post Ltd (“SingPost”) FY2024 operating profit fell 8.8% y/y** to SGD84.9mn, mainly due to lower profit from freight forwarding as rates and volumes normalized post pandemic. Excluding this, logistics operating profit would have grown 9.0% y/y, property operating profit grew 5.2% while post and parcel contributed positive operating profit.

**Several sizeable corporate actions, acquisitions and divestments:** In the month of May, several companies undertook very sizeable transactions, with divestments to repay debt or improve/simplify risk profile while acquisitions undertaken to capture opportunities. We provide selected commentary below:

#### Possible privatisation/merger

- **ESR Group Ltd ("ESR"), ESR-LOGOS REIT ("EREIT"), Suntec Real Estate Investment Trust ("SUN"):** ESR announced that on 25 April 2024, a non-binding and conditional privatisation proposal was received. ESR Group is the sponsor of EREIT and SUN. This is credit neutral to EREIT and SUN for now.
- **Keppel Ltd ("KEP") & StarHub Ltd ("STH"):** The Edge reported that STH and M1 (majority owned by KEP) are exploring a potential merger of their businesses. Neither STH nor M1 has made official announcements on this news recently, although in 2020 STH's then CEO denied a potential merger.

#### Divestments

- **Mapletree Pan Asia Commercial Trust ("MPACT") is divesting Mapletree Anson for SGD775mn**, with proceeds used to repay debt and reduce MPACT's aggregate leverage to 37.6% (31 March 2024: 40.5%). Mapletree Anson makes up ~8.1% of MPACT's net asset value.
- **Frasers Property Ltd ("FPL") is selling Fraser Residence River Promenade to Tuan Sing Holdings for SGD140.9mn**, which will continue to be managed by FPL. Frasers Hospitality Real Estate Investment Trust has decided not to exercise the right of refusal, citing that the property does not meet its investment strategy.
- **Lendlease Group ("LLC") is selling US East Coast construction operations**, with 45 projects at varying stages of completion, which should lower LLC's risk profile by divesting its construction business. LLC had ~AUD2.6bn construction backlog in Americas as at 31 December 2023. LLC is also selling 50% stake of a life sciences real estate platform to a private equity firm, Warburg Pincus, for SGD129mn (AUD147mn). The sale is part of LLC's plan to achieve 7% ROE.

#### Acquisitions

- **A 35-35-10-10 consortium comprising UOL Group Ltd, CapitaLand Development, Singapore Land Group Ltd and Kheng Leong Company placed the top bid of SGD805.39mn (SGD1,285 psf ppr) for a Holland Drive site** under the Government Land Sales. The bid price is lower than an adjacent site that was sold for SGD1,888 psf ppr in 2018. We think the lower bid amount is not surprising as developers have significant choices given that the supply of land has increased.
- **City Developments Ltd ("CDL") has acquired Hilton Paris Opéra hotel for EUR240mn (~SGD350.2mn).** In total, CDL will have 670 rooms in Paris (together with two other properties it owns), positioning CDL ahead of the Paris 2024 Olympics commencing in July 2024. Separately, **CDL is purchasing Delfi Orchard for SGD439mn (SGD3,346 psf pr)**, which it already owns ~84% of the units. This will allow CDL to potentially tap the government's Strategic Development Incentive Scheme that will allow a development's GFA to increase by up to 20% if the building owner ties up with neighbouring buildings. There is potential for rejuvenation in Orchard, with CDL owning Orchard Hotel and Claymore Connect, and also stakes in St Regis, The Singapore Edition hotel, Boulevard 88 condo and Palais Renaissance.
- **Singapore Telecommunications Ltd ("SingTel") emerged as frontrunner to buy up to 20% in STT Telemedia Global Data Centres**, as reported by Reuters. In relation to the report, SingTel stated that it regularly explores and review business opportunities and confirms that there is no definitive or binding agreement yet, though SingTel has neither affirmed nor denied the news.

**Issuer Profile Changes / Updates**

- We **maintain Lippo Malls Indonesia Retail Trust Issuer Profile at Negative (7)**. Though operating metrics are improving, it is still unknown if LMRT's operational performance will be sustainable. The progress appears lacklustre compared to other REITs despite COVID is already years behind us. We estimate the perpetual distribution will remain halted at least until 2026 or beyond, depending on the performance of its malls in the coming years.
- We **maintain our issuer profile on Mapletree Industrial Trust ("MINT") at Neutral (3)**, and expect this to be stable in the next 12 months. We expect MINT's interest cover to stay manageable while reported aggregate leverage may inch up to ~40%. MINT's credit profile is buffered by its manageable credit metrics, scale of its largely unencumbered portfolio and continued access to funding markets.
- We **maintain our issuer profile on AIMS APAC REIT ("AAREIT") at Neutral (4)**, and expect this to be stable in the next 12 months. In our view, AAREIT's resilient portfolio in Singapore and Australia continues to underpin its credit profile, mitigating its higher tenant concentration risk and high use of perpetuials.
- We **maintain our issuer profile on Keppel Real Estate Investment Trust ("KREIT") at Neutral (4)**, and expect this to be stable in the next 12 months. While we expect KREIT's interest cover to thin and reported aggregate leverage to breach 40%, KREIT's resilient Singapore portfolio continues to underpin its credit profile.
- 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: **CapitaLand Ascendas REIT and GuocoLand Limited**.
- Please note that due to the completion of OCBC's engagement in other business activities, we have **resumed coverage** on the following names: **Hotel Properties Ltd**.

**Trade Ideas**

**ACAFP 3.8% '31c26s (SGD Tier 2)**

- Credit fundamentals remain sound for Credit Agricole Group and Credit Agricole SA given its robust capital position and solid growth in its diversified business segments that comprises mostly domestic retail banking through its retail cooperative networks as well as international retail banking, asset gathering, specialized financial services and financing of large customers.
- Its phased in CET1 capital ratio of 17.5% (17.4% on a fully loaded basis) as at 31 March 2024 has a 780bps buffer to its 9.7% Supervisory Review and Evaluation Process threshold.
- 1Q2024 results show a 42.8% y/y rise in net income to EUR2.38bn on positive JAWS. On an underlying basis, net income was up 40.8% y/y to EUR2.38bn due to a 5.8% y/y rise in underlying revenues against a 5.4% y/y rise in underlying expenses. This translated to a 28.1% y/y rise in underlying gross operating income of EUR3.91bn which offset a 15.2% y/y rise in underlying cost of risk to EUR631mn.

**SGREIT 3.85% 'PERP (SGD)**

- Starhill Global REIT (“SGREIT”) is investing primarily in retail assets, both in Singapore and overseas. SGREIT owns nine properties across Singapore (62% revenue), Australia (22%), Malaysia (15%), Japan and China, valued at about SGD2.8 billion as at 31 Mar 2024.
- SGREIT reported 3QFY2024 business updates for the period ended 31 March 2024. Overall results are stable though with concerns over the potential lease termination of Myer Centre Adelaide (but likely manageable).
- This perpetual has a yield-to-call of 5.57%. We believe there is high chance that this perpetual will be called on 15 December 2025, which is the first callable and reset date.
- The potential reset yield is likely to be ~6.7% based on today rate, which is substantially higher than SGREIT’s senior unsecured bond yields of 3.7%-3.9%.

## Model Portfolio

- Rose 0.83% m/m:** The model portfolio continued to make gains, with returns somewhat ahead of the SGD Credit Universe (+0.59% m/m) in the same period. Subordinated papers in the model portfolio outperformed.
- Keeping positions unchanged, pending opportunities:** We note that spreads in the SGD credit space have tightened significantly. We keep the portfolio unchanged, pending opportunities (e.g. new issuances).

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
<b>Property Developers</b>							
OUECT 3.95 05/05/27	5	3.97%	05/05/2027	\$242,063	\$249,286	\$15,564	\$22,787
GUOLSP 4.6 PERP	5	4.33%	23/01/2025	\$243,735	\$253,486	\$17,250	\$27,001
FPLSP 3 10/09/28	5	4.25%	09/10/2028	\$227,004	\$238,133	\$7,521	\$18,650
<b>REITs</b>							
SPHRSP 4.1 PERP	4	5.82%	30/08/2024	\$245,856	\$251,416	\$15,389	\$20,949
LREIT 5 1/4 PERP	4	4.89%	11/04/2025	\$251,820	\$252,470	\$0	\$650
EREIT 6.632 PERP	4	5.92%	03/11/2024	\$249,059	\$249,454	\$0	\$395
AAREIT 5.65 PERP	4	5.58%	14/08/2025	\$258,838	\$254,460	\$42,375	\$37,998
CERTSP 5 PERP	Unrated	8.67%	24/11/2026	\$248,181	\$176,310	\$31,250	-\$40,621
<b>Financial Institutions</b>							
CS 5 5/8 PERP	Unrated			\$264,341	\$0	\$28,125	-\$236,216
STANLN 5 3/8 PERP	4	4.23%	03/10/2024	\$262,020	\$252,672	\$53,750	\$44,402
UBS 4.85 PERP	3	4.22%	04/09/2024	\$258,118	\$252,994	\$24,250	\$19,126
UBS 5 3/4 PERP	3	5.12%	21/08/2029	\$254,709	\$260,135	\$0	\$5,426
BACR 8.3 PERP	4	5.76%	15/09/2027	\$262,992	\$272,877	\$31,125	\$41,010
BACR 7.3 PERP	4	6.06%	15/06/2028	\$224,569	\$265,059	\$13,688	\$54,177
BPCGSP 5 03/08/34	Unrated	4.50%	08/03/2034	\$251,854	\$257,590	\$0	\$5,736
SOCGEN 8 1/4 PERP	4	5.71%	15/07/2027	\$260,149	\$276,915	\$30,938	\$47,703
DB 5 09/05/26	4	4.20%	05/09/2025	\$251,649	\$255,336	\$25,000	\$28,687
CMZB 6 1/2 04/24/34	4	4.89%	24/04/2034	\$252,056	\$267,839	\$8,125	\$23,908
<b>Others</b>							
HKLS 3.45 12/03/39	2	4.22%	03/12/2039	\$229,663	\$227,232	\$4,301	\$1,870
OLAMSP 4 02/24/26	Unrated	4.83%	24/02/2026	\$253,341	\$248,563	\$34,959	\$30,181
OLGSPSP 5 3/8 PERP	5	6.60%	18/07/2026	\$244,179	\$248,383	\$13,438	\$17,641
SLHSP 3 1/2 01/29/30	4	4.05%	29/01/2030	\$243,420	\$245,629	\$4,339	\$6,548
ESRCAY 5.65 PERP	Unrated	6.40%	02/03/2026	\$255,577	\$250,016	\$49,438	\$43,877
SITB 05/28/24	Unrated	3.79%	02/06/2034	\$60,874	\$60,874	\$0	\$0

Total Gain/Loss since portfolio inception

\$567,829

Statistics	Simple Avg, Issuer Profile	Simple Avg, Yield*	Simple Avg, Tenor	Total, Invested Amount	Cash Balance	Unrealised Profit	Portfolio Value
	4.0	5.19%	3.6Y* (7.5Y**)	\$5,796,067	\$699	- \$228,937	\$5,567,829

\*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 – June 2024

Issuer Name	Ticker	Amount (SGDmn)	Maturity / Call* Date
Shangri-La Hotel Ltd	SLHSP	135	10/06/2024
SMRT Capital Pte Ltd	MRTSP	100	11/06/2024
Cagamas Global PLC	CAGA	150	12/06/2024
China Construction Bank Corp Singapore Branch	CCB	350	13/06/2024
UBS AG/London	UBS	78.12	15/06/2024
Ford Motor Credit Co LLC	F	300	20/06/2024
Housing & Development Board	HDBSP	585	27/06/2024
Rikvin Capital Pte Ltd	RIKCAP	200	30/06/2024

Source: OCBC Credit Research, Bloomberg

## Current / Recent Reports from OCBC Credit Research

- 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)
- CapitalLand 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)
- Lippo Malls Indonesia Retail Trust: Credit Update (14 December 2023)
- Standard Chartered PLC: Credit Update (7 December 2023)
- HSBC Holdings PLC: Credit Update (7 December 2023)
- Barclays PLC: Credit Update (6 December 2023)
- UBS Group AG: Credit Update (6 December 2023)

- Mapletree Investments Pte Ltd: Credit Update (27 November 2023)
- Frasers Property Ltd: Credit Update (27 November 2023)
- Singapore Airlines Ltd: Credit Update (17 November 2023)
- Sustainable Finance Update 3Q2023 (15 November 2023)
- Wing Tai Properties Limited: Credit Update (26 October 2023)
- Keppel Real Estate Investment Trust: Credit Update (25 October 2023)
- Shangri-La Asia Limited: Credit Update (17 October 2023)
- Lendlease Group: Credit Update (11 October 2023)
- Oxley Holdings Limited: Credit Update (10 October 2023)
- City Developments Limited: Credit Update (5 October 2023)
- Keppel Corporation Limited: Credit Update (4 October 2023)
- OUE Limited: Credit Update (26 September 2023)
- Financial Institutions 1H2023 Update (22 September 2023)
- GuocoLand Ltd: Credit Update (19 September 2023)
- 1H2023 Sustainable Finance Update (11 September 2023)
- Olam Group Limited: Credit Update (8 September 2023)
- Frasers Hospitality Trust: Credit Update (7 September 2023)
- StarHub Ltd: Credit Update (5 September 2023)
- Frasers Logistics & Commercial Trust: Credit Update (5 September 2023)
- Capitaland China Trust: Credit Update (5 September 2023)
- Sembcorp Industries Limited: Credit Update (18 August 2023)
- Singapore Credit Outlook 2H2023 - Financial Institutions – Lessons in Regulator Intent and Structure (30 June 2023)
- Singapore Credit Outlook 2H2023 (30 June 2023)



**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.

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