

Apr 15, 2019

Credit Headlines: Heeton Holdings Ltd, Frasers Centrepoint Trust

Market Commentary

- The SGD swap curve steepened last Friday, with the shorter tenors and belly trading 6-7bps higher while the longer tenors from 5-year onwards traded 5-6bps higher (with the exception of the 12-year swap rates at 4bps higher).
- The Bloomberg Barclays Asia USD IG Bond Index average OAS tightened 2bps to 133bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 4bps to 465bps.
- Flows in SGD corporates were heavy, comprising largely of FPLSP 4.98%-PERPs. Other flows seen were GUOLSP 4.6%-PERPs and ARASP 5.65%-PERPs.
- 10Y UST yields rose 7bps to 2.57%, a three-week high, on the back of lower safe haven demand after strong data on Chinese exports and a steepening yield curve eased worries regarding a global economic slowdown.

Credit Headlines

Heeton Holdings Ltd (“HTON”) | Issuer Profile: Neutral (5)

- HTON announced that its 60%-owned subsidiary Prospere Glory Pte Ltd (“Prospere”) has acquired a company which owns Crowne Plaza London Kensington Hotel (“Crowne Plaza London”) in the UK. The freehold property is located at 94 to 106 (even) Cromwell Road, Kensington and is operated by InterContinental Hotels Group Plc.
- The aggregate consideration for the acquisition is ~GBP84.3mn (~SGD149mn) and the company expects to fund this via internal funds and external borrowings. Net assets of the entity holding the hotel is GBP84.3mn (~SGD149mn). While the transaction is very significant against HTON’s market cap of only ~SGD151mn, In end-2018, HTON has an asset base and net asset base of SGD855.6mn and SGD420.9mn respectively. Out of these assets, investment properties made up SGD164.8mn while cash balance was SGD52.9mn. We maintain HTON’s issuer profile at Neutral (5) and will review its issuer profile along with the release of its first quarter financials. (Company, OCBC)

Frasers Centrepoint Trust (“FCT”) | Issuer Profile: Neutral (3)

- Mr Richard Ng, 51 will take over as the Chief Executive Officer of Frasers Centrepoint Asset Management Ltd (manager of FCT) from 1 July 2019. Mr Ng joined Frasers Property Singapore in April 2018 as the Executive Vice President, Head of Asset Management from PGIM (Singapore) Pte Ltd, where he was the Executive Director, Asset Management.
- We note that Frasers Property Ltd (“FPL”), sponsor of FCT, owns 47.82% of PGIM Real Estate AsiaRetail Fund Ltd (“PGIM Fund”) while FCT also holds a 18.8% stake. In aggregate, FPL has a deemed interest of 66.6% in PGIM Fund (including FCT’s stake). (Company, OCBC)

Table 1: Key Financial Indicators

	15-Apr	1W chg (bps)	1M chg (bps)
iTraxx Asiax IG	65	-2	-1
iTraxx SovX APAC	43	-1	-8
iTraxx Japan	56	-1	0
iTraxx Australia	69	-2	1
CDX NA IG	56	-4	-2
CDX NA HY	108	1	1
iTraxx Eur Main	57	-5	-3
iTraxx Eur XO	244	-16	-25
iTraxx Eur Snr Fin	68	-8	-4
iTraxx Sovx WE	17	-2	-3
AUD/USD	0.717	0.60%	1.20%
EUR/USD	1.131	0.40%	-0.16%
USD/SGD	1.353	0.13%	0.03%
China 5Y CDS	42	-1	-4
Malaysia 5Y CDS	53	-4	-8
Indonesia 5Y CDS	97	-2	-1
Thailand 5Y CDS	39	-2	-5

	15-Apr	1W chg	1M chg
Brent Crude Spot (\$/bbl)	71.33	0.32%	6.21%
Gold Spot (\$/oz)	1,288.65	-0.68%	-1.06%
CRB	188.36	0.36%	2.45%
GSCI	452.47	0.23%	4.62%
VIX	12.01	-6.32%	-6.75%
CT10 (bp)	2.554%	3.21	-3.28
USD Swap Spread 10Y (bp)	-2	0	-3
USD Swap Spread 30Y (bp)	-25	-1	-3
US Libor-OIS Spread (bp)	19	2	-3
Euro Libor-OIS Spread (bp)	5	0	0
DJIA	26,412	-0.05%	2.18%
SPX	2,907	0.51%	3.01%
MSCI Asiax	682	0.11%	3.65%
HSI	30,064	-0.04%	3.63%
STI	3,333	0.54%	4.16%
KLCI	1,633	-0.67%	-2.81%
JCI	6,435	0.15%	-0.40%

New issues

- Yuyao Economic Development Zone Construction Investment & Development Co Ltd has priced a USD100mn 3-year bond at 6.0%, tightening from IPT of 6.2% area.
- Guangzhou Fineland Real Estate Development Co Ltd has priced a USD300mn 2-year bond at 14.6% (13.5% at 98.15).

<u>Date</u>	<u>Issuer</u>	<u>Size</u>	<u>Tenor</u>	<u>Pricing</u>
12-Apr-19	Yuyao Economic Development Zone Construction Investment & Development Co Ltd	USD100mn	3-year	6.0%
12-Apr-19	Guangzhou Fineland Real Estate Development Co Ltd	USD300mn	2-year	14.6%
11-Apr-19	Nuoxi Capital Ltd	USD300mn	3.5-year	7.45%
11-Apr-19	Vedanta Resources Finance II PLC	USD400mn	4-year	8.0%
11-Apr-19	Huaibei City Construction Investment Holding Group Co Ltd	USD150	3-year	5.0%
10-Apr-19	Bank of China Ltd	USD500mn USD550mn USD300mn	3-year 5-year 10-year	3M US LIBOR+72bps T+88bps T+120bps
10-Apr-19	Fantasia Holdings Group Co Ltd	USD200mn	3NC2	98.472
10-Apr-19	Xihui Haiwai I Investment Holdings Co Ltd	USD300mn	3-year	99.723
10-Apr-19	JSW Steel Ltd	USD500mn	5-year	5.95%
10-Apr-19	Minera y Metalurgica del Boleo	USD400mn	5-year	T+102.5bps
10-Apr-19	IFC Development (Corporate Treasury) Ltd	USD500mn	10-year	T+125bps
9-Apr-19	21Vianet Group Inc	USD300mn	2.5-year	8.0%
9-Apr-19	DBS Group Holdings Ltd	USD750mn	3-year	T+58bps
9-Apr-19	Societe Generale SA	SGD750mn	NC5-perp	6.125%

Source: OCBC, Bloomberg

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