

Monthly Credit View

Monday, 9 July 2018

Monthly Themes

- 10-yr US Treasuries faced conflicting signals in June as supportive domestic indicators (non-farm payrolls, housing data) were mixed with rising global trade war tensions. This led to rates volatility throughout the month with month-end 10-yr USTs remaining broadly unchanged from the start of the month, despite the Fed raising the Fed funds target rate by 0.25% to 1.75%-2% while signaling two more hikes this year on the back of higher inflation. Rates volatility and geopolitical concerns contributed to a cautious market tone as investors' lack of conviction and prevailing risk-off mentality provided the impetus for prior month trends to become more entrenched. Valuations continued to correct from a combination of prolonged tight technicals (since mid-2016 to January 2018), prevailing fundamental concerns and rising defaults. Most of this news has emanated from China, and given the strong contribution of Chinese issuers to overall issuance volumes, we saw Asia dollar issuance volumes for 2Q2018 fall 14% q/q and 1H2018 issuance volumes fall 18% y/y.
- The interplay of the above factors put high yield at the epicentre of the change in sentiment as witnessed by continuing outflows from emerging market and high yield bond funds and noticeable month on month spread widening of the Bloomberg Barclays Asia USD High Yield Bond Index Average Option Adjusted Spread (+84bps) against the Bloomberg Barclays Asia USD Investment Grade Bond Index Average OAS (+9bps). With primary issues needing to offer a higher premium for market access, and secondary prices under pressure, issuance volumes for the month fell ~64% y/y. As an example, Zhenro Properties Group Ltd's USD250mn 2yr bond was priced at 10.5% and is now trading ~4pts below par at over 12%. Issuance continues to be dominated by financials and property names from China. Floating rate note issuance volumes have also risen to record high volumes for the quarter given hawkish Fed overtones.
- SGD market sentiment in June was no different as investors are now acutely aware of rich valuations and the prospect of a steepening yield curve. Issuance continues to be constrained by tighter funding conditions as investors and issuers alike digest the consequences of prior period binges on what seems to be (in hindsight) expensive credit. As market liquidity recedes, the focus has shifted from absolute levels of leverage to an issuer's ability to meet upcoming debt maturities, as reinforced by recent distressed events in the SGD space such as Hyflux Ltd and CW Group Ltd (both unrated by OCBC Credit Research). With the heavy market tone, investors and issuers continue to look for the bottom of the pool without dipping their toes in for fear of getting bitten further.
- These trends frame our [Singapore Mid-Year 2018 Credit Outlook](#). Overall, we continue to advocate that investors remain selective and focus on names higher up the credit curve that have moderately leveraged balance sheets, sufficient scale and adequate liquidity. Access to liquidity should come from a variety of sources including existing cash, sale of assets or external capital. That said, access to external capital is likely to remain challenging especially for high yield names. Issuers will need to demonstrate multiple avenues to external capital or sufficient financial flexibility to ensure they maintain sufficient financial resources in times of need.

Treasury Advisory

**Corporate FX &
Structured Products**

Tel: 6349-1888 / 1881

Interest Rate

Derivatives

Tel: 6349-1899

Investments &

Structured Products

Tel: 6349-1886

GT Institutional

Sales

Tel: 6349-1810

Andrew Wong

+65 6530 4736

WongVKAM@ocbc.com

Ezien Hoo, CFA

+65 6722 2215

EzienHoo@ocbc.com

Wong Hong Wei

+65 6722 2533

wonghongwei@ocbc.com

- With the long end of the yield curve remaining flat, we think there's better value in the short to medium term ends of the yield curve. That said, investors should focus on reliable or identifiable sources of repayment when the bonds mature. Lack of investor demand may preclude high yield issuers from tapping the market in 2H2018 given their business profiles are usually less predictable than investment grade issuers. With the recent distressed events in the Asia bond space, issuers would need to price at a higher yield in order to sufficiently satisfy investors' appetite for risk.
- Finally, we expect overall muted activity in the SGD space in 2H2018. While there still remains approx. SGD14.6bn in bonds maturing in 2H2018, almost half are from Financial Institutions and we expect their likelihood of refinancing to follow similar trends to 1H2018 where they refinanced in currencies other than SGD given their global access to capital markets and considering funding costs and foreign exchange considerations. We do see some support for future supply from (1) refinancing and (2) issuances that may have been postponed from 1H2018 given market conditions however we expect this supply to only come from higher grade issuers such as larger developers and Temasek-linked companies as they may not need a significant new issue premium given strong market recognition.

Issuer Profile Changes / Updates

- 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: Nil
- Conversely, we have resumed coverage on the following companies following the completion of OCBC's engagement: Nil
- In addition, we have ceased coverage for the time being on the following names due to a variety of reasons including maturity of SGD bonds: Henderson Land Development Co. Ltd.
- We upgraded CMT to Positive (2) from Neutral (3) Issuer Profile Rating due to improving aggregate leverage and repositioning of portfolio.
- We lowered CEL's Issuer Profile Rating to Neutral (5) as we expect adjusted net gearing would progressively increase as the commitments are carried out. We do not factor in state support for CEL's standalone issuer profile.
- We downgraded G8 to Negative (6) Issuer Profile Rating from Neutral (5). Credit metrics could deteriorate with continued pressures on occupancy while we expect reduced financial flexibility from equity markets.
- We are lifting our Issuer Profile Rating on SPOST to Positive (2) from Neutral (3) on the back of improvements from its Logistics and eCommerce segments. EBITDA (excluding rental and property-related income)/Interest coverage was healthy at 9.1x (4QFY2018: 5.1x) following (1) lower selling expenses (absence of provision for doubtful debt) and (2) lower interest expense from lower average debt balance.

Trade Ideas

- The GBPCE Tier 2 papers look attractive in the SGD Tier 2 space in our view given its business profile and sound capital position. Within the BPCEGP curve, we prefer BPCEGP 4.50 '26c21 relative to BPCEGP 4.45 '25c20 given the spread pick up more than compensates for the longer tenor.
- Despite a strengthening credit profile, we think HPLSP '19s look tight trading at 2.22% YTM and prefer a switch to HFCSP '19s (3.52% YTM). Meanwhile, HPLSP '21s (3.48% YTM) and HPLSP 4.65% PERP (4.59% YTC) look interesting.

Trade Ideas (cont.)

- Despite the climbing net gearing, we are Overweight on FPLSP '26s as it is rare for a senior paper of a large Singapore property company to trade above 4%. However, we Underweight FPLSP '21s (3.26% YTM) and recommend a switch to HPLSP '21s (3.48% YTM) for 22bps pickup.
- With SPOST's upgraded issuer profile, the widened yield provides an attractive entry point. The SPOST 4.25%-PERP with a first call date in March 2022 is now trading at YTC of 3.42%. We are now overweight this perpetual.
- We are overweight the EREIT 3.5% '18s which has a YTW of 2.37% and the EREIT 3.95% '20s which has a YTW of 3.42%. While the REIT is in the midst of a proposed merger, we see little risk that this would unduly stretch the credit profile of EREIT. We prefer the EREIT 4.6%-PERP (first call date in November 2022) over the GUOLSP 4.6%-PERP (first call date in January 2023) and a switch would allow a pickup of 80bps assuming that both call at first call.
- Barclays' results indicate some fundamental challenges in our view aside from headline numbers that were impacted by one-offs. That said, management believe the business is now positioned for improved performance going forward. We are underweight the BACR 3.75 '30c25 due to its long call date.
- With property cooling measures on the minds of investors, the CHIPEN curve may be shunned despite trading around 5% yield due to its elevated net gearing levels. We prefer HTONSP '20s and HTONSP '21s trading at higher yields (~5.5%) and 5.8% respectively.
- We think GUOLSP '19s (2.55% YTM) and '20s (3.14% YTM) looks rich, preferring a switch to HFCSP '19s (3.52% YTM) for yield pickup. We also Underweight GUOLSP 4.6% PERP as we see call risk given its poor structure (5Y call but 7Y reset) and prefer a switch to HPLSP 4.65% PERP.
- We are underweight the SCISP 3.7325% '20s and SCISP 3.593% '26s. We are neutral the SCISP 2.94 '21s, SCISP 3.64% '24s and SCISP 4.25% '25s. Among the perpetuals, we are neutral the SCISP 5.0%-PERP (issuer announced will redeem at first call), underweight the SCISP 3.7%-PERP and SCISP 4.75%-PERP.
- The spread between the CELSP 3.9%-PERP and FPLSP 5.0%-PERP has widened 30 bps since our earlier call and we are underweight the CELSP 3.9%-PERP. We think CELSP 3.9%-PERP may continue to widen on the back of increasing leverage levels and as the first call date on its USD-perpetual nears.

Upcoming Bond Maturities – July 2018

Issuer Name	Ticker	Amount (SGD mn)	Maturity/Call Date*
Housing & Development Board	HDBSP	300	15/07/2018
Centurion Corp Ltd	CENSP	65	16/07/2018
Joynote Ltd	CKHH	320	20/07/2018
Nam Cheong Ltd	NCLSP	75	23/07/2018
Korea Development Bank/The	KDB	200	23/07/2018
Export-Import Bank of Korea	EIBKOR	310	24/07/2018
Cagamas Global PLC	CAGA	100	30/07/2018
Tat Hong Holdings Ltd	TATSP	100	31/07/2018
Banyan Tree Holdings Ltd	BTHSP	70	31/07/2018
Neptune Orient Lines Ltd/Singapore	NOLSP	300	24/07/2018
ARMF Whitesands Pte Ltd	ARMFSG	111	29/07/2018

(OCBC, Company, Bloomberg)

Current / Recent Reports From OCBC Credit Research

[Research Archive: <http://www.ocbc.com/group/research/index.html>]

- Singapore Mid-Year 2018 Credit Outlook 2018 (6 July 2018)
- Singapore Property: Sector Update (6 July 2018)
- Frasers Property Limited: Credit Update (31 May 2018)
- Hyflux Ltd: Special Interest Commentary (24 May 2018)
- First REIT / Lippo Malls: Credit Update (7 May 2018)
- Singapore Property: Sector Update (3 May 2018)
- Perennial Real Estate Holdings Ltd Credit Update (16 Apr 2018)
- SGD Corporate Perpetual Bonds (9 Mar 2018)
- Heeton Holdings Ltd: Credit Update (28 Feb 2018)
- Pacific Radiance Ltd: Credit Update (28 Feb 2018)
- GuocoLand Ltd: Credit Update (22 Feb 2018)
- Oxley Holdings Ltd: Credit Update (14 Feb 2018)
- Ezion Holdings Ltd: Credit Update (08 Feb 2018)
- Pacific Radiance Ltd: Credit Update (07 Feb 2018)
- Lai Fung Holdings Ltd: Recent Issue View (01 Feb 2018)
- BreadTalk Group Ltd: Credit Update (31 January 2018)
- ESR-REIT / Viva Industrial Trust: Credit Update (30 January 2018)
- First REIT: Credit Update (24 January 2018)
- Wharf Real Estate Investment Co Ltd - New Issue View (11 January 2018)
- Singapore Credit Outlook 2018 (9 January 2018)

Latest Earnings Update:

<https://www.ocbc.com/group/research/credit%20research/corporate.html>

Issuer	Issuer Profile	Issue				Recommendation	
			Maturity	Ask Price	Ask YTW	Current	Previous

China/HK property

Hongkong Land Holdings	Pos (2)	HKLSP 3.43 '20	14/05/2020	101.76	2.45	N	N
Wharf Holdings Ltd/The	N (3)	WHARF 4.5 '21	20/07/2021	104.75	2.85	N	N
Wheelock & Co Ltd	Pos (2)	WHEELK 4.5 '21	02/09/2021	104.80	2.89	OW	OW
Wing Tai Properties Ltd	N (4)	WINGTA 4.25 '22	29/11/2022	102.00	3.75	OW	OW
Perennial Real Estate Holdings Ltd	N (5)	PREHSP 4.90 '19	18/03/2019	100.95	3.50	UW	N
Perennial Real Estate Holdings Ltd	N (5)	PREHSP 4.55 '20	29/04/2020	99.68	4.74	N	N
Perennial Real Estate Holdings Ltd	N (5)	PREHSP 3.85 '20	03/07/2020	98.82	4.48	N	N
Perennial Real Estate Holdings Ltd	N (5)	PREHSP 3.9 '21	12/01/2021	98.82	4.40	UW	N

Singapore property developers

CapitaLand Ltd / Ascott Capital Pte Ltd	N (3)	CAPLSP 3.78 '19	16/08/2019	101.75	2.17	UW	N
CapitaLand Ltd	N (3)	CAPLSP 4.35 '19	31/10/2019	102.35	2.50	N	N
CapitaLand Ltd	N (3)	CAPLSP 4.3 '20	31/08/2020	103.60	2.56	UW	N
CapitaLand Ltd	N (3)	CAPLSP 3.8 '24	28/08/2024	102.94	3.27	N	N
CapitaLand Ltd	N (3)	CAPLSP 3.08 '27	19/10/2027	96.40	3.54	N	N
City Developments Ltd	Pos (2)	CITSP 3.38 '19	20/03/2019	101.10	1.77	UW	N
City Developments Ltd	Pos (2)	CITSP 3.00 '20	02/04/2020	100.70	2.58	OW	N
City Developments Ltd	Pos (2)	CITSP 2.93 '21	24/03/2021	100.50	2.74	N	N
City Developments Ltd	Pos (2)	CITSP 3.75 '22	06/07/2022	103.45	2.83	N	OW
City Developments Ltd	Pos (2)	CITSP 3.48 '23	03/04/2023	101.80	3.07	OW	OW
City Developments Ltd	Pos (2)	CITSP 3.78 '24	21/10/2024	102.95	3.26	OW	OW
City Developments Ltd	Pos (2)	CITSP 3.48 '26	15/06/2026	98.90	3.64	OW	OW
Chip Eng Seng Corporation Ltd	Neg (6)	CHIPEN 4.75 '21	14/06/2021	99.30	5.01	UW	UW
Chip Eng Seng Corporation Ltd	Neg (6)	CHIPEN 4.9 '22	19/05/2022	98.75	5.26	UW	UW
Frasers Property Ltd	N (4)	FPLSP 3.95 '21	07/10/2021	102.10	3.26	UW	N
Frasers Property Ltd	N (4)	FPLSP 4.25 '26	21/04/2026	100.25	4.21	OW	OW
Frasers Property Ltd	N (4)	FPLSP 4.15 '27	23/02/2027	99.30	4.25	N	OW
GuocoLand Ltd	N (5)	GUOLSP 3.95 '19	01/04/2019	101.00	2.55	UW	UW
GuocoLand Ltd	N (5)	GUOLSP 4.1 '20	13/05/2020	101.70	3.14	UW	UW
GuocoLand Ltd	N (5)	GUOLSP 3.62 '21	30/03/2021	100.50	3.42	N	N
GuocoLand Ltd	N (5)	GUOLSP 4 '22	31/01/2022	101.50	3.55	N	N
GuocoLand Ltd	N (5)	GUOLSP 3.85 '23	15/02/2023	99.82	3.89	N	N
Heeton Holdings Ltd	N (5)	HTONSP 6.1 '20	08/05/2020	101.00	5.51	OW	OW
Heeton Holdings Ltd	N (5)	HTONSP 6.08 '21	19/07/2021	100.70	5.82	OW	OW
Hong Fok Corp Ltd	N (5)	HFCSP 4.75 '19	22/03/2019	100.85	3.52	OW	OW
Hotel Properties Ltd	N (4)	HPLSP 3.95 '19	13/09/2019	102.00	2.22	UW	UW
Hotel Properties Ltd	N (4)	HPLSP 3.88 '20	08/04/2020	101.90	2.75	N	N
Hotel Properties Ltd	N (4)	HPLSP 3.85 '21	27/05/2021	101.00	3.48	OW	OW
OUE Ltd	N (4)	OUESP 4.25 '19c18	30/10/2019	100.85	3.14	OW	OW
OUE Ltd	N (4)	OUESP 3.8 '20	15/04/2020	100.05	3.77	OW	OW
OUE Ltd	N (4)	OUESP 3.75 '22	17/04/2022	98.65	4.14	OW	OW
OUE Ltd	N (4)	OUESP 3.55 '23	10/05/2023	97.00	4.24	N	UW
Oxley Holdings Ltd	Neg (6)	OHLSP 5 '19	05/11/2019	96.07	8.37	N	N
Oxley Holdings Ltd	Neg (6)	OHLSP 5.15 '20	18/05/2020	96.52	7.18	UW	UW
Oxley Holdings Ltd	Neg (6)	OHLSP 5.7 '22	31/01/2022	96.50	6.82	N	N
Wing Tai Holdings Ltd	N (4)	WINGTA 4.0 '21	07/10/2021	102.86	3.06	UW	UW
Wing Tai Holdings Ltd	N (4)	WINGTA 4.5 '22	26/09/2022	104.31	3.39	N	N
Wing Tai Holdings Ltd	N (4)	WINGTA 4.25 '23	15/03/2023	102.39	3.69	OW	OW
Wing Tai Holdings Ltd	N (4)	WINGTA 4.7 '24	28/02/2024	104.10	3.88	OW	OW
Aspial Corp. Ltd	Neg (6)	ASPSP 5.05 '19	12/06/2019	98.49	6.88	N	N
Aspial Corp. Ltd	Neg (6)	ASPSP 5.30 '20	01/04/2020	92.72	9.99	N	N
Aspial Corp. Ltd	Neg (6)	ASPSP 5.25 '20	28/08/2020	94.07	8.34	N	N
Aspial Corp. Ltd	Neg (6)	ASPSP 5.9 '21	19/04/2021	96.15	7.46	UW	UW

Indicative prices from Bloomberg as of 9 July 2018

Issuer	Issuer Profile	Issue				Recommendation	
			Maturity	Ask Price	Ask YTW	Current	Previous
REITS							
Ascendas Hospitality Trust	N (4)	ASCHTS 3.3 '20	07/04/2020	100.90	2.76	UW	UW
Ascendas REIT	N (3)	AREIT 2.5 '19	16/05/2019	100.15	2.33	N	N
Ascendas REIT	N (3)	AREIT 2.95 '20	03/08/2020	100.55	2.67	OW	N
Ascendas REIT	N (3)	AREIT 2.655 '21	07/04/2021	99.60	2.81	OW	N
Ascendas REIT	N (3)	AREIT 4 '22	03/02/2022	103.65	2.91	N	N
Ascendas REIT	N (3)	AREIT 3.2 '22	03/06/2022	100.70	3.01	OW	N
Ascendas REIT	N (3)	AREIT 2.47 '23	10/08/2023	96.95	3.12	N	N
Ascott Residence Trust	N (4)	ARTSP 4.3 '18	30/11/2018	101.10	1.43	UW	UW
Ascott Residence Trust	N (4)	ARTSP 4.205 '22	23/11/2022	103.75	3.28	OW	OW
Ascott Residence Trust	N (4)	ARTSP 4 '24	22/03/2024	102.45	3.52	N	UW
CapitaLand Commercial Trust	N (3)	CCTSP 2.96 '21	13/08/2021	100.44	2.81	N	N
CapitaLand Commercial Trust	N (3)	CCTSP 2.77 '22	04/07/2022	99.00	3.04	N	N
CapitaLand Commercial Trust	N (3)	CCTSP 3.17 '24	05/03/2024	99.80	3.21	N	OW
CapitaLand Commercial Trust	N (3)	CCTSP 3.327 '25	21/03/2025	100.70	3.21	N	OW
CapitaLand Mall Trust	Pos (2)	CAPITA 3.15 '20	18/12/2020	101.50	2.51	N	N
CapitaLand Mall Trust	Pos (2)	CAPITA 2.8 '23	13/03/2023	99.00	3.03	N	N
CapitaLand Mall Trust	Pos (2)	CAPITA 3.48 '24	06/08/2024	102.21	3.08	N	N
CapitaLand Mall Trust	Pos (2)	CAPITA 3.5 '26	25/02/2026	100.65	3.40	N	N
CapitaLand Mall Trust	Pos (2)	CAPITA 2.88 '27	10/11/2027	95.69	3.42	UW	UW
CapitaLand Mall Trust	Pos (2)	CAPITA 3.35 '31	07/07/2031	95.18	3.82	N	N
ESR REIT	N (4)	EREIT 3.5 '18	05/11/2018	100.35	2.37	N	OW
ESR REIT	N (4)	EREIT 3.95 '20	21/05/2020	100.95	3.42	OW	N
Frasers Centrepoint Trust	N (3)	FCTSP 2.9 '19	10/04/2019	100.65	2.02	UW	N
Frasers Centrepoint Trust	N (3)	FCTSP 3 '20	21/01/2020	100.70	2.53	UW	N
Frasers Centrepoint Trust	N (3)	FCTSP 2.77 '24	08/11/2024	97.15	3.27	UW	UW
Frasers Commercial Trust	N (4)	FCOTSP 2.625 '20	28/02/2020	99.98	2.64	UW	UW
Frasers Commercial Trust	N (4)	FCOTSP 2.835 '21	11/08/2021	99.65	2.96	UW	UW
Frasers Hospitality Trust	N (3)	FHREIT 2.63 '22	06/07/2022	98.05	3.15	N	N
Frasers Hospitality Trust	N (3)	FHREIT 3.08 '24	08/11/2024	98.30	3.38	N	UW
Keppel REIT	N (4)	KREITS 3.275 '24	08/04/2024	99.61	3.35	UW	UW
Lippo Malls Indonesia Retail Trust	Neg (6)	LMRTSP 4.1 '20	22/06/2020	97.25	5.61	OW	OW
Mapletree Commercial Trust	N (3)	MCTSP 2.65 '19	07/11/2019	100.25	2.46	N	OW
Mapletree Commercial Trust	N (3)	MCTSP 3.6 '20	24/08/2020	102.05	2.60	N	N
Mapletree Commercial Trust	N (3)	MCTSP 3.2 '21	12/04/2021	101.00	2.82	N	N
Mapletree Commercial Trust	N (3)	MCTSP 3.25 '23	03/02/2023	100.60	3.11	OW	OW
Mapletree Commercial Trust	N (3)	MCTSP 3.28 '24	23/09/2024	99.85	3.31	OW	OW
Mapletree Commercial Trust	N (3)	MCTSP 3.11 '26	24/08/2026	97.50	3.47	UW	UW
Mapletree Commercial Trust	N (3)	MCTSP 3.045 '27	27/08/2027	96.20	3.54	UW	N
Mapletree Greater China Commercial Trust	N (4)	MAGIC 3.2 '21	08/09/2021	100.93	2.89	UW	UW
Mapletree Greater China Commercial Trust	N (4)	MAGIC 3.43 '22	09/03/2022	101.50	2.99	UW	UW
Mapletree Industrial Trust	N (3)	MINTSP 3.75 '19	08/03/2019	101.30	1.75	UW	UW
Mapletree Industrial Trust	N (3)	MINTSP 3.65 '22	07/09/2022	102.52	3.00	N	N
Mapletree Industrial Trust	N (3)	MINTSP 3.02 '23	11/05/2023	98.65	3.32	N	N
Mapletree Industrial Trust	N (3)	MINTSP 3.16 '24	28/03/2024	99.05	3.34	N	N
Soilbuild Business Space REIT	N (4)	SBREIT 3.6 '21	08/04/2021	99.10	3.95	OW	OW
Starhill Global REIT	N (4)	SGREIT 3.5 '21	26/02/2021	101.60	2.86	UW	UW
Starhill Global REIT	N (4)	SGREIT 3.4 '23	26/05/2023	100.80	3.22	N	N
Starhill Global REIT	N (4)	SGREIT 3.14 '26	03/10/2026	97.56	3.48	N	N
Suntec REIT	N (4)	SUNSP 2.83 '18	12/11/2018	100.50	1.33	UW	UW
Suntec REIT	N (4)	SUNSP 3.35 '20	10/02/2020	101.10	2.64	UW	UW
Suntec REIT	N (4)	SUNSP 3.025 '22	16/03/2022	99.58	3.15	N	N
Suntec REIT	N (4)	SUNSP 2.85 '23	02/08/2023	97.05	3.49	OW	OW
VIVA Industrial Trust	N (5)	VITSP 4.15 '18	19/09/2018	100.20	3.05	OW	OW

Indicative prices from Bloomberg as of 9 July 2018

Issuer	Issuer Profile	Issue				Recommendation	
			Maturity	Ask Price	Ask YTW	Current	Previous

Offshore & Marine and Logistics

CMA CGM (Parent of Neptune Orient Lines)	N (4)	NOLSP 4.65 '20c15	09/09/2020	96.68	6.31	N	N
CMA CGM (Parent of Neptune Orient Lines)	N (4)	NOLSP 4.4 '21c16	22/06/2021	94.37	6.53	OW	OW
Keppel Corp Ltd	N (3)	KEPSP 3.1 '20	12/10/2020	100.60	2.82	UW	UW
Keppel Corp Ltd	N (3)	KEPSP 3.145 '22	14/02/2022	99.90	3.17	UW	UW
Keppel Corp Ltd	N (3)	KEPSP 3.725 '23	30/11/2023	101.00	3.52	N	N
Keppel Corp Ltd	N (3)	KEPSP 3.8 '27c22	23/04/2027	102.25	3.16	N	N
Keppel Corp Ltd	N (3)	KEPSP 4 '42	07/09/2042	99.42	4.04	UW	UW
Sembcorp Industries Ltd	N (4)	SCISP 3.7325 '20	09/04/2020	101.70	2.73	UW	UW
Sembcorp Industries Ltd	N (4)	SCISP 2.94 '21	26/11/2021	99.80	3.00	N	N
Sembcorp Industries Ltd	N (4)	SCISP 3.64 '24	27/05/2024	99.45	3.74	N	UW
Sembcorp Industries Ltd	N (4)	SCISP 4.25 '25	30/08/2025	102.00	3.93	N	UW
Sembcorp Industries Ltd	N (4)	SCISP 3.593 '26	26/11/2026	99.24	3.70	UW	UW
Singapore Post Ltd	Pos (2)	SPOST 3.5 '20	30/03/2020	101.79	2.43	N	UW

Others

Banyan Tree Holdings Ltd	N (5)	BTHSP 5.35 '18	26/11/2018	100.49	3.99	N	UW
Banyan Tree Holdings Ltd	N (5)	BTHSP 4.875 '19	03/06/2019	100.25	4.63	UW	UW
BreadTalk Group Ltd	N (5)	BREAD 4.6 '19	01/04/2019	101.55	2.43	N	N
BreadTalk Group Ltd	N (5)	BREAD 4 '23	17/01/2023	99.98	4.00	N	N
Century Sunshine Group	N (5)	CENSUN 7 '20	03/07/2020	98.07	8.07	OW	OW
China Eastern Airlines	N (4)	CHIEAS 2.8 '20	16/11/2020	99.46	3.04	N	OW
CWT International Limited	Neg (6)	CWTSP 3.9 '19	18/04/2019	95.18	10.87	UW	UW
CWT International Limited	Neg (6)	CWTSP 4.8 '20	18/03/2020	84.09	15.92	UW	UW
Fraser and Neave Ltd	N (4)	FNNSP 3.09 '22	23/03/2022	100.40	2.97	UW	UW
Fraser and Neave Ltd	N (4)	FNNSP 2.8 '22	22/08/2022	98.65	3.15	UW	UW
Fraser and Neave Ltd	N (4)	FNNSP 3.8 '27	21/04/2027	99.00	3.94	N	N
G8 Education Ltd	Neg (6)	GEMAU 5.5 '19	18/05/2019	95.50	11.45	UW	UW
Golden Agri-Resources Ltd	N (5)	GGRSP 4.75 '21	25/01/2021	98.50	5.39	N	N
Keppel T&T	N (4)	KPTTSP 2.85 '24	05/09/2024	97.00	3.63	OW	N
Olam International Ltd	N (5)	OLAMSP 5.80 '19	17/07/2019	102.95	2.85	UW	UW
Olam International Ltd	N (5)	OLAMSP 4.25 '19	22/07/2019	101.05	3.23	UW	UW
Olam International Ltd	N (5)	OLAMSP 6.00 '22	25/10/2022	104.95	4.71	N	N
Singapore Airlines	N (3)	SIASP 3.22 '20	09/07/2020	101.22	2.59	UW	N
Singapore Airlines	N (3)	SIASP 3.145 '21	08/04/2021	101.16	2.70	UW	UW
Singapore Airlines	N (3)	SIASP 3.75 '24	08/04/2024	103.25	3.13	UW	UW
Singapore Airlines	N (3)	SIASP 3.035 '25	11/04/2025	98.90	3.15	UW	UW
Singapore Airlines	N (3)	SIASP 3.13 '26	17/11/2026	99.12	3.25	UW	UW
Singapore Airlines	N (3)	SIASP 3.13 '27	23/08/2027	98.20	3.36	UW	N
Singapore Telecommunications Ltd	Pos (2)	STSP 3.4875 '20	08/04/2020	102.18	2.20	UW	UW
Singapore Telecommunications Ltd	Pos (2)	STSP 2.58 '20	24/09/2020	100.45	2.37	UW	UW
Singapore Telecommunications Ltd	Pos (2)	STSP 2.72 '21	03/09/2021	100.63	2.51	UW	UW
StarHub Ltd	N (3)	STHSP 3.08 '22	12/09/2022	100.46	2.96	UW	UW
StarHub Ltd	N (3)	STHSP 3.55 '26	08/06/2026	100.45	3.48	UW	UW

Financial Institutions - Senior Issues

Australia & New Zealand Banking Group Ltd	Pos (2)	ANZ 4 '25	12/02/2025	103.31	3.47	N	N
Bank of China Ltd/Singapore*	N (4)	BCHINA 2.75 '19	30/06/2019	100.50	2.33	N	N
BNP Paribas SA	N (3)	BNP 2.765 '20	03/08/2020	100.52	2.59	N	N
DBS Group Holdings Ltd	Pos (2)	DBSSP 2.78 '21	11/01/2021	100.43	2.64	N	N
Westpac Banking Corp	Pos (2)	WSTP 4.11 '25	15/04/2025	105.85	3.17	N	N

* Issuer/Branch profile ratings are equal to parent issuer profile ratings

Indicative prices from Bloomberg as of 9 July 2018

Issuer	Issuer Profile	Issue				Recommendation	
			First Call	Ask Price	YTW	Current	Previous
Corporate perpetuals							
Ascendas REIT	N (3)	AREIT 4.75 '49	14/10/2020	102.75	3.47	N	UW
Ascott Residence Trust	N (4)	ARTSP 5 '49	27/10/2019	102.00	3.43	N	N
Ascott Residence Trust	N (4)	ARTSP 4.68 '49	30/06/2020	101.20	4.04	OW	OW
First REIT	Neg (6)	FIRTSP 5.68 '49	08/07/2021	99.50	5.86	UW	UW
Fraser's Hospitality Trust	N (3)	FHREIT 4.45 '49	12/05/2021	100.00	4.44	OW	OW
Fraser's Property Ltd	N (4)	FPLSP 4.88 '49	24/09/2019	100.80	4.21	OW	OW
Fraser's Property Ltd	N (4)	FPLSP 5 '49	09/03/2020	100.60	4.60	OW	OW
Fraser's Property Ltd	N (4)	FPLSP 3.95 '49	05/10/2022	92.80	5.89	OW	OW
Fraser's Property Ltd	N (4)	FPLSP 4.38 '49	17/01/2023	94.00	5.19	N	N
GuocoLand Ltd	N (5)	GUOLSP 4.6 '49	23/01/2023	97.50	5.06	UW	UW
Hotel Properties Ltd	N (4)	HPLSP 4.65 '49	05/05/2022	100.20	4.59	OW	OW
Keppel REIT	N (4)	KREITS 4.98 '49	02/11/2020	101.70	4.19	OW	OW
Lippo Malls Indonesia Retail Trust	Neg (6)	LMRTSP 7 '49	27/09/2021	97.25	7.97	OW	OW
Lippo Malls Indonesia Retail Trust	Neg (6)	LMRTSP 6.6 '49	19/12/2022	95.37	7.85	N	N
Mapletree Logistics Trust	N (4)	MLTSP 4.18 '49	25/11/2021	100.53	4.00	UW	UW
Mapletree Logistics Trust	N (4)	MLTSP 3.65 '49	28/03/2023	97.55	4.22	UW	UW
ESR REIT	N (4)	EREIT 4.6 '49	03/11/2022	95.23	5.86	OW	OW
CITIC Envirotech Ltd	N (5)	CELSP 3.9 '49	19/10/2020	97.75	4.96	UW	N
Olam International Ltd	N (5)	OLAMSP 5.5 '49	11/07/2022	99.55	5.62	UW	N
Singapore Post Ltd	Pos (2)	SPOST 4.25 '49	02/03/2022	102.80	3.42	OW	N
Sembcorp Industries Ltd	N (4)	SCISP 5 '49	21/08/2018	100.22	3.11	N	N
Sembcorp Industries Ltd	N (4)	SCISP 4.75 '49	20/05/2020	100.30	4.57	UW	N
Sembcorp Industries Ltd	N (4)	SCISP 3.7 '49	22/06/2020	98.33	4.16	UW	UW
StarHub Ltd	N (3)	STHSP 3.95 '49	16/06/2022	98.60	4.14	UW	N
Wing Tai Holdings Ltd	N (4)	WINGTA 4.08 '49	28/06/2022	97.90	4.66	OW	OW
Wing Tai Properties Ltd	N (4)	WINGTA 4.35 '49	24/08/2020	96.00	4.90	N	N

Financial Institutions - Capital Instruments

ABN AMRO Bank NV	N (3)	ABNANV 4.75 '26	01/04/2021	103.88	3.46	N	N
Australia & New Zealand Banking Group Ltd	Pos (2)	ANZ 3.75 '27	23/03/2022	101.65	3.30	N	N
Barclays PLC	N (4)	BACR 3.75 '30	23/05/2025	91.00	5.42	UW	UW
BNP Paribas SA	N (3)	BNP 4.3 '25	03/12/2020	101.90	3.49	OW	OW
BPCE SA*	N (4)	BPCEGP 4.45 '25	17/12/2020	101.80	3.79	N	N
BPCE SA*	N (4)	BPCEGP 4.5 '26	03/06/2021	101.30	4.03	OW	OW
Commerzbank AG	N (4)	CMZB 4.875 '27	01/03/2022	101.60	4.40	OW	OW
DBS Bank Ltd*	Pos (2)	DBSSP 4.7 '49	22/11/2020	102.70	3.50	N	N
DBS Group Holdings Ltd	Pos (2)	DBSSP 3.8 '28	20/01/2023	103.00	3.15	N	N
DBS Group Holdings Ltd	Pos (2)	DBSSP 4.7 '49	03/06/2019	102.40	2.14	N	N
HSBC Holdings PLC	Pos (2)	HSBC 4.7 '49	08/06/2022	100.50	4.63	N	N
Julius Baer Group Ltd	N (3)	BAERVX 5.9 '49	18/11/2020	103.60	4.37	OW	OW
Julius Baer Group Ltd	N (3)	BAERVX 5.75 '49	20/04/2022	102.75	4.98	OW	OW
Landesbank Baden-Wuerttemberg	N (4)	LBBW 3.75 '27	18/05/2022	99.10	4.01	N	N
National Australia Bank Ltd	Pos (2)	NAB 4.15 '28	19/05/2023	101.70	3.79	N	N
Societe Generale SA	N (4)	SOCGEN 4.3 '26	19/05/2021	100.00	4.35	N	N
Standard Chartered PLC	N (4)	STANLN 4.4 '26	23/01/2021	101.60	3.78	N	N
United Overseas Bank Ltd	Pos (2)	UOBSP 3.5 '26	22/05/2020	101.45	2.74	N	N
United Overseas Bank Ltd	Pos (2)	UOBSP 4.75 '49	19/11/2019	103.00	2.56	N	N
United Overseas Bank Ltd	Pos (2)	UOBSP 4.0 '49	18/05/2021	102.20	3.27	OW	OW
United Overseas Bank Ltd	Pos (2)	UOBSP 3.5 '29	27/02/2024	102.10	3.13	N	N
Westpac Banking Corp	Pos (2)	WSTP 4.0 '27	12/08/2022	102.60	3.36	N	N

* Issuer/Branch profile ratings are equal to parent issuer profile ratings

Upgrades
Downgrades
New / Resume Coverage

Indicative prices from Bloomberg as of 9 July 2018

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 performance of the issuer’s specific bond is expected to outperform the issuer’s other bonds, or the bonds of other issuers either operating in the same sector or in a different sector but with similar tenor over the next six months.

Neutral (“N”) – The performance of the issuer’s specific bond is expected to perform in line with the issuer’s other bonds, or the bonds of other issuers either operating in the same sector or in a different sector but with similar tenor over the next six months.

Underweight (“UW”) – The performance of the issuer’s specific bond is expected to underperform the issuer’s other bonds, or the bonds of other issuers either operating in the same sector or in a different sector but with similar tenor over the next six months.

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.

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.

The Credit Research team would like to acknowledge and give due credit to the contribution of Soh Jia Xuan and Ferlicia Leow Soh Koon.

Analyst Declaration

The analyst(s) who wrote this report and/or her or his respective connected persons held securities in the following above-mentioned issuers or companies as at the time of the publication of this report: GuocoLand Ltd, Perennial Real Estate Holdings Ltd, Ascendas Hospitality Trust

Disclaimer for research report

This publication is solely for information purposes only and may not be published, circulated, reproduced or distributed in whole or in part to any other person without our prior written consent. This publication should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities/instruments mentioned herein. Any forecast on the economy, stock market, bond market and economic trends of the markets provided is not necessarily indicative of the future or likely performance of the securities/instruments. Whilst the information contained herein has been compiled from sources believed to be reliable and we have taken all reasonable care to ensure that the information contained in this publication is not untrue or misleading at the time of publication, we cannot guarantee and we make no representation as to its accuracy or completeness, and you should not act on it without first independently verifying its contents. The securities/instruments mentioned in this publication may not be suitable for investment by all investors. Any opinion or estimate contained in this report is subject to change without notice. We have not given any consideration to and we have not made any investigation of the investment objectives, financial situation or particular needs of the recipient or any class of persons, and accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the recipient or any class of persons acting on such information or opinion or estimate. This publication may cover a wide range of topics and is not intended to be a comprehensive study or to provide any recommendation or advice on personal investing or financial planning. Accordingly, they should not be relied on or treated as a substitute for specific advice concerning individual situations. Please seek advice from a financial adviser regarding the suitability of any investment product taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. OCBC and/or its related and affiliated corporations may at any time make markets in the securities/instruments mentioned in this publication and together with their respective directors and officers, may have or take positions in the securities/instruments mentioned in this publication and may be engaged in purchasing or selling the same for themselves or their clients, and may also perform or seek to perform broking and other investment or securities-related services for the corporations whose securities are mentioned in this publication as well as other parties generally.

This report is intended for your sole use and information. By accepting this report, you agree that you shall not share, communicate, distribute, deliver a copy of or otherwise disclose in any way all or any part of this report or any information contained herein (such report, part thereof and information, "**Relevant Materials**") to any person or entity (including, without limitation, any overseas office, affiliate, parent entity, subsidiary entity or related entity) (any such person or entity, a "**Relevant Entity**") in breach of any law, rule, regulation, guidance or similar. In particular, you agree not to share, communicate, distribute, deliver or otherwise disclose any Relevant Materials to any Relevant Entity that is subject to the Markets in Financial Instruments Directive (2014/65/EU) ("**MiFID**") and the EU's Markets in Financial Instruments Regulation (600/2014) ("**MiFIR**") (together referred to as "**MiFID II**"), or any part thereof, as implemented in any jurisdiction. No member of the OCBC Group shall be liable or responsible for the compliance by you or any Relevant Entity with any law, rule, regulation, guidance or similar (including, without limitation, MiFID II, as implemented in any jurisdiction).