

Sept 21, 2018

Credit Headlines: Soilbuild Business Space REIT

Market Commentary

- The SGD swap curve steepened yesterday, with swap rates for the shorter tenors trading 1bps lower while the longer tenors traded 1-2bps higher (with the exception of the 20-year swap rates trading 1bps lower).
- Flows in SGD corporates were heavy yesterday, with better buying seen in HSBC 5.0%-PERPs, ICICI 5.375%'28s, DBSSP 3.98%-PERPs and HSBC 4.7%-PERPs.
- The Bloomberg Barclays Asia USD IG Bond Index average OAS was unchanged at 140bps yesterday while the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 2bps to 482bps.
- 10Y UST yields rose 3bps to 3.09% in the earlier part of the trading session as stock markets rallied yesterday. Yields subsequently fell 3bps to close at 3.06% as investors remained cautious about the US-China trade dispute.

Credit Headlines:

Soilbuild Business Space REIT ("SBREIT") | Issuer Profile: Neutral (4)

- SBREIT priced a SGD65mn perpetual at 6% to partly fund the proposed acquisition of an office building and a poultry processing facility in Australia. The first call date is in 3 years. Mr Lim Chap Huat, founder of Soilbuild Group Holdings Ltd, the Sponsor, significant unitholder of SBREIT and ultimate owner of SBREIT's REIT Manager, took up SGD30mn, nearly half of the total issuance. Financing options for the proposed acquisition were either SGD60mn perp with AUD debt or SGD100mn perp with AUD debt. Since only SGD65mn perp has been raised, aggregate leverage is estimated to be higher at ~38.5% (2Q 2017: 37.6%) (Company, OCBC)

Table 1: Key Financial Indicators

	21-Sep	1W chg (bps)	1M chg (bps)
iTraxx Asiax IG	83	6	3
iTraxx SovX APAC	11	-1	0
iTraxx Japan	60	8	3
iTraxx Australia	77	7	3
CDX NA IG	61	5	1
CDX NA HY	107	0	0
iTraxx Eur Main	68	8	0
iTraxx Eur XO	266	-17	-27
iTraxx Eur Snr Fin	79	10	-3
iTraxx Sovx WE	24	0	-3
AUD/USD	0.729	1.92%	-1.06%
EUR/USD	1.178	1.34%	1.81%
USD/SGD	1.365	0.71%	0.09%
China 5Y CDS	59	4	1
Malaysia 5Y CDS	99	3	12
Indonesia 5Y CDS	140	6	20
Thailand 5Y CDS	43	2	2

	21-Sep	1W chg	1M chg
Brent Crude Spot (\$/bbl)	78.70	0.67%	8.99%
Gold Spot (\$/oz)	1,207.69	1.07%	0.98%
CRB	192.71	0.68%	1.42%
GSCI	471.27	1.51%	3.85%
VIX	11.8	-4.61%	-8.24%
CT10 (bp)	3.065%	6.86	23.47
USD Swap Spread 10Y (bp)	7	0	0
USD Swap Spread 30Y (bp)	-6	0	1
TED Spread (bp)	20	0	-8
US Libor-OIS Spread (bp)	16	-3	-8
Euro Libor-OIS Spread (bp)	3	0	-1
DJIA	26,657	1.95%	3.23%
SPX	2,931	0.91%	2.37%
MSCI Asiax	651	0.35%	-1.06%
HSI	27,478	1.71%	-0.99%
STI	3,180	1.55%	-0.61%
KLCI	1,804	0.62%	0.31%
JCI	5,931	1.25%	-0.22%

New issues

- There were no new issuances over 20 Sept 2018.

<u>Date</u>	<u>Issuer</u>	<u>Size</u>	<u>Tenor</u>	<u>Pricing</u>
19-Sept-18	ICICI Bank UK PLC	SGD100mn	10-year	5.375%
19-Sept-18	BOC Aviation Ltd	USD500mn	5-year	3mL+112.5bps
19-Sept-18	Country Garden Holdings Company Ltd	USD425mn	3-year	7.125%
19-Sept-18	Country Garden Holdings Company Ltd	USD550mn	5-year	8.0%
19-Sept-18	Zhenro Properties Group Ltd	USD280mn	2.25-year	13.70%
19-Sept-18	Easy Tactic Limited	USD200mn	3-year	8.875%
19-Sept-18	Maoye Intl Holdings	USD150mn	2-year	13.25%
19-Sept-18	Agricultural Development Bank of China	USD700mn	3-year	3mL+62bps
19-Sept-18	Agricultural Development Bank of China	CNH1.2bn	2-year	4.16%
19-Sept-18	Asian Development Bank	USD750mn	10-year	MS+11bps
19-Sept-18	JT International Financial Services B.V.	USD525mn	5-year	CT5+65bps
19-Sept-18	JT International Financial Services B.V.	USD500mn	10-year	CT10+90bps
19-Sept-18	Japan Finance Organization for Municipalities	USD1bn	5-year	MS+41bps
19-Sept-18	State Bank of India, London Branch	USD650mn	5-year	T+165bps
19-Sept-18	CSSC Capital One Limited / CSSC Capital Two Limited	USD485mn	3-year	CT3+125bps
18-Sept-18	SCIG International Financial Ltd	USD300mn	3-year	4.88%
18-Sept-18	SIHC International Capital Ltd	USD400mn	3-year	CT3+135bps
18-Sept-18	SIHC International Capital Ltd	USD300mn	5-year	CT5+155bps

Source: OCBC, Bloomberg

Andrew Wong

Treasury Research & Strategy
Global Treasury, OCBC Bank
(65) 6530 4736
wongVKAM@ocbc.com

Ezien Hoo, CFA

Treasury Research & Strategy
Global Treasury, OCBC Bank
(65) 6722 2215
EzienHoo@ocbc.com

Wong Hong Wei, CFA

Treasury Research & Strategy
Global Treasury, OCBC Bank
(65) 6722 2533
WongHongWei@ocbc.com

Seow Zhi Qi

Treasury Research & Strategy
Global Treasury, OCBC Bank
(65) 6530 7348
zhigiseow@ocbc.com

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