

Apr 3, 2019

**Credit Headlines:** Soilbuild Business Space REIT, CapitalLand Retail China Trust

## **Market Commentary**

- The SGD swap curve traded little changed yesterday, with only the 12-year swap rate trading 2bps lower.
- The Bloomberg Barclays Asia USD IG Bond Index average OAS widened 1bps to 136bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 5bps to 468bps.
- Flows in SGD corporates were heavy, with flows seen in ARASP 5.2%-PERPs, CELSP 3.9%-PERPs, ESRCAY 6.75%'22s and SIASP 3.03%'24s.
- 10Y UST yields fell 2bps to close the session at 2.47%, after safe haven demand resurfaced amid fresh Brexit worries as EU officials commented on the growing prospect of Britain leaving the EU without a deal in 10 days. The drop in yields was also contributed by bargain-hunting investors who sought the opportunity to pick up treasury notes at low prices as well as a US government report revealing a decline in domestic durable goods orders in February.

## **Credit Headlines**

### **Soilbuild Business Space REIT (“SBREIT”) | Issuer Profile: Neutral (5)**

- The Singapore High Court had on 20 March 2019 granted a moratorium for a period of 2 months (from 20 March to 20 May 2019) on proceedings against NK Ingredients Pte Ltd (“NK”) over the rental of a property in Pioneer Sector 1.
- As at 26 March 2019, NK owes SBREIT SGD2.3mn. Security deposit held by SBREIT amounts to SGD2.6mn, hence the current excess of the security deposit is SGD0.24mn which is equivalent to ~0.5 month of rent.
- The conditions for the moratorium includes NK to (1) pay SGD0.1mn for the rent for April 2019 on 1<sup>st</sup> April 2019, balance of April’s rent on 20<sup>th</sup> April and the rent for May 2019 on 1<sup>st</sup> May 2019, (2) submit financial information to the Singapore High Court, and (3) disclose to its creditors within 4 weeks the background to its assumptions with respect to sales and wages made in their affidavit filed in support of the moratorium application. (Company, OCBC)

### **CapitalLand Retail China Trust (“CRCT”) | Issuer Profile: Neutral (4)**

- CRCT is selling its 51% stake in a company which owns CapitaMall Wuhu. The mall has been closed since 3Q2018, following the exit of its anchor tenant. Transaction is expected to complete in 2H2019 and estimated net divestment proceeds is RMB90.6mn (~SGD17.9mn). Aggregate leverage will most likely be around 35.5%, should funds be used to repay debt and around 36.2% if otherwise. Aggregate leverage is 35.4% as at 31 Dec 2018 (Company, OCBC)

**Table 1: Key Financial Indicators**

	3-Apr	1W chg (bps)	1M chg (bps)
iTraxx Asiax IG	68	-4	1
iTraxx SovX APAC	45	-2	-6
iTraxx Japan	59	-2	2
iTraxx Australia	72	-4	6
CDX NA IG	62	-6	2
CDX NA HY	107	1	1
iTraxx Eur Main	63	-5	1
iTraxx Eur XO	259	-19	-18
iTraxx Eur Snr Fin	79	-5	3
iTraxx Sovx WE	19	0	-2
AUD/USD	0.710	0.23%	0.11%
EUR/USD	1.122	-0.20%	-1.05%
USD/SGD	1.354	0.11%	0.07%
China 5Y CDS	42	-5	-5
Malaysia 5Y CDS	58	-4	-2
Indonesia 5Y CDS	100	-6	2
Thailand 5Y CDS	41	-3	-2

	3-Apr	1W chg	1M chg
Brent Crude Spot (\$/bbl)	69.72	2.79%	7.15%
Gold Spot (\$/oz)	1,292.79	-1.28%	0.47%
CRB	186.37	0.62%	2.69%
GSCI	442.69	1.83%	5.06%
VIX	13.36	-8.99%	-1.55%
CT10 (bp)	2.501%	13.44	-25.22
USD Swap Spread 10Y (bp)	-1	2	-2
USD Swap Spread 30Y (bp)	-24	3	-4
US Libor-OIS Spread (bp)	20	-1	1
Euro Libor-OIS Spread (bp)	5	0	0
DJIA	26,179	2.03%	0.59%
SPX	2,867	1.73%	2.27%
MSCI Asiax	673	2.62%	2.57%
HSI	29,817	3.79%	3.49%
STI	3,307	3.38%	2.68%
KLCI	1,642	-0.07%	-3.48%
JCI	6,476	0.09%	-0.37%

## New issues

- Resorts World Las Vegas LLC (RWLV) (co-issuer: RWLV Capital Inc.; guarantors: each of RWLV's existing subsidiaries other than RWLV Capital that is a guarantor under the USD1.6bn Senior Secured Credit Facilities, and certain future subsidiaries of RWLV that guarantee certain indebtedness of RWLV or a guarantor of the notes) has priced a USD1.0bn 10-year bond at CT10+222.5bps, tightening from IPT of +255bps area.
- Jisco SR Pearl Ltd has priced a USD300mn 3-year bond (guarantor: Jiuquan Iron & Steel (Group) Co Ltd) at 7.3%, tightening from IPT of high 7.0% area.
- BOC Aviation Ltd has priced a USD750mn 5.5-year bond at CT5+135bps, tightening from IPT of +160bps area.
- AIA Group Ltd has priced a USD1.0bn 10-year bond at CT10+118bps, tightening from IPT of +135bps area.
- Excellence Commercial Management Ltd has priced a USD100mn 3-year bond at 7.2%.
- Hanwha Chemical Corp has priced a USD200mn 3-year FRN at 3-month US LIBOR +115bps.
- Marubeni Corp has scheduled investor meetings from 5 April for its potential USD bond issuance.

<u>Date</u>	<u>Issuer</u>	<u>Size</u>	<u>Tenor</u>	<u>Pricing</u>
2-Apr-19	Resorts World Las Vegas LLC	USD1.0bn	10-year	CT10+222.5bps
2-Apr-19	Jisco SR Pearl Ltd	USD300mn	3-year	7.3%
2-Apr-19	BOC Aviation Ltd	USD750mn	5.5-year	CT5+135bps
2-Apr-19	AIA Group Ltd	USD1.0bn	10-year	CT10+118bps
2-Apr-19	Excellence Commercial Management Ltd	USD100mn	3-year	7.2%
2-Apr-19	Hanwha Chemical Corp	USD200mn	3-year	3M US LIBOR+115bps
1-Apr-19	Kaisa Group Holdings Ltd	USD350mn	3NC2	11.375%
1-Apr-19	China SCE Group Holdings Ltd	USD350mn	5NC3	7.375%
1-Apr-19	Jingrui Holdings Ltd	USD200mn	2.5-year	11.2%
28-Mar-19	Vertex Capital Investment Ltd	USD500mn	5-year	4.75%
28-Mar-19	Country Garden Holdings Co Ltd	USD550mn USD950mn	5NC3 7NC4	6.50% 7.25%
28-Mar-19	Bank of Baroda	USD500mn USD300mn	3-year 5-year	CT3+145bps CT5+170bps

Source: OCBC, Bloomberg

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