

Monthly Credit View

Friday, 02 November 2018

Monthly Themes

- 10-yr US Treasuries continued its climb during October, finding a new floor above 3.0% as expectations of rising inflation and continued rate hikes became more entrenched. This, along with better-than-expected US private payrolls data for September and robust US service sector activity that hit a 21-year high, drove 10-yr US Treasuries to a 7 year high of 3.23% earlier in the month before retreating somewhat and staying within the range of 3.10-3.20% on weakness in US equity markets. This fed into the prevailing risk sentiment which gave way towards the end of the month on weaker than expected US corporate earnings performance and a continued sell-off in US stocks which saw renewed safe haven demand. As such, 10-yr US Treasuries retreated back to 3.14%, ~6bps lower than levels at the start of the month.
- Elsewhere, rising news flow on stress within the Chinese high yield sector also fed an overall bearish sentiment in credit markets which continued to build throughout October. China Singyes Solar Technologies Holdings Ltd. defaulted on its USD160mn bond maturity due 17th October as part of a wider malaise with China onshore corporate bond defaults reaching a historical high of CNY66.1bn according to Bloomberg. Weaker sentiment was also fuelled by lingering concerns on the impact of on-going trade tensions between the US and China and despite active government measures to address China's slowing economy and support financial markets, investors appeared to interpret such actions as a sign of China's weakness rather than gain comfort of Chinese government support. Along with China's Golden Week holiday at the start of October, Asia dollar (ex-Japan) issuance in October was ~19% below issuance in October 2017. Issuance was highlighted by the People's Republic of China's sovereign USD3bn issue across 3 tranches. Indicating the impact of trade tensions, rising rates and negative news flow, demand for China's issue was weaker than its USD2bn issue in 2017 with noticeably lower demand from offshore US accounts and Fund Managers (replaced by Asian investors and Banks). In addition, the issuance has under-performed in secondary markets (in particular the 30-yr tranche), thereby failing to fulfil part of its purpose of lowering offshore borrowing costs for Chinese corporates.
- All told, October saw high yield and duration bonds continue to face pressure from rising stock market volatility, global borrowing costs rising to its highest level since 2012¹, and tighter liquidity with noticeable month-on-month spread widening of the Bloomberg Barclays Asia USD High Yield Bond Index Average Option Adjusted Spread (+73bps) against the Bloomberg Barclays Asia USD Investment Grade Bond Index Average OAS (+8bps). This pushed issuance to the stronger end of the credit curve with most deals done in October rated investment grade. Credits at the lower end of investment grade were also impacted with PT Pertamina (Persero) initially cancelling a debt offering to refinance and term out existing bonds due to market conditions before re-launching a 30-year bond issue on 31st October. Some high yield issues did come to market although with new issue premiums still a factor, the

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¹ According to the Bloomberg Barclays EM Asia USD Credit Index

supply of new issuances was likely driven more by necessity such as refinancing rather than conducive primary market conditions. China Evergrande Group priced a 3-tranche deal through its subsidiary Scenery Journey Ltd with the coupon on the 4-year USD645mn EVERRE 13% '22s more than double that of China Evergrande Group's last 4-year bond in 2017 (EVERRE 6.25% '21s). Overall tighter financing conditions and the prospects of slowing regional economic growth could keep the prospects of high yield defaults elevated going into 2019. It may also challenge the call of approximately USD7bn of Chinese corporate perpetuals that have first call dates in 4Q2018.

- Challenging issuance conditions also impacted the SGD space with SGD2.5bn printed across 7 deals. This compares with SGD3.8bn printed across 21 deals in October 2017 and SGD3.7bn printed across 9 deals in September 2018. In the Asia dollar space, supply was heavily skewed towards investment grade or high quality names including Land Transport Authority of Singapore's SGD1.0bn 35-year bond at 3.43% and Singapore Airlines Ltd's SGD600mn 5-year bond at 3.16%. In SGD secondary markets, re-pricing of curves continued as investors remained selective for good quality names and demanded adequate compensation in the rising rate environment. Similar to September, pricing pressure continued to be centred on perpetuals and industrials issuers (mostly higher yielding sectors) rather than for issues from Financials, Singapore property developers, and REITs. Movements in bond prices peaked together with the rates move in the middle of the month before stabilizing somewhat towards the end of October. While price movements in the past few months have been technical driven, we remain wary of the potential for further re-pricing of secondary curves on changes to issuers' fundamentals. In general, we are seeing declining interest coverage ratios as rates rise and a higher vulnerability to refinancing risk heading into 2019. We anticipate a higher focus on issuers' ability to meet upcoming commitments from either internal or external liquidity sources which frames our on-going preference for names with stronger credit fundamentals
- In the Singapore office property space, strong momentum persisted with 3Q2018 being the fifth straight quarter of rent growth. Rental index for Grade A office was up 3.5% q/q to SGD10.45 psf with better occupancy observed. New near term supply seems to be tighter with approximately 628,000sq m of new office spaces expected in 2019. While performance of office REITs were mixed, credit metrics remains manageable across the sector. On the Singapore industrial property front, the near term outlook is brightening. While rental is still down, we observed a small q/q uptick in price index after a prolonged period of either decline or at best flattening. Encouragingly, the demand-supply gap has also narrowed. Industrial REITs were seen pursuing continued portfolio rejuvenation and geographical expansion.

Issuer Profile Changes / Updates

- We **lowered the issuer profile of Keppel Corp Ltd to Neutral (4)** from Neutral (3) on the back of expectations that its credit metrics will no longer be consistent with Neutral (3) under our Issuer Profile Score ("IPS") scale. That said, KEP continues to be a defensible credit with strong access to funding markets and its curve should continue to trade at tighter spreads versus other Neutral (4) issuers under our coverage.
- 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: **OUE Limited**.
- Conversely, we have resumed coverage on the following companies following the completion of OCBC's engagement: **First Real Estate Investment Trust and**

Ascott Residence Trust.

- Please note that **Chip Eng Seng Corp Ltd (“CES”)** has triggered a change of control (“CoC”) event for holders of SGD120mn CHIPEN 4.75 '21s and SGD125mn CHIPEN 4.9 '22s. The date fixed for redemption (or the Redemption Date) is on 11 December 2018. Following the put exercise, we are likely to cease coverage on CES. A [credit update](#) was published on 15 October 2018.

Trade Ideas

- **IG Pick: CITSP 3.48% 03/04/2023 (Offer YTC 3.22%):** City Developments Ltd (“CDL”) is an international property and hotel conglomerate, controlled by the Kwek family. Net gearing is healthy at 0.22x with strong cashflow with reported EBITDA of SGD290mn in 1H2018. We think such strong credit metrics should help CDL weather the impacts from the Jul 2018 property cooling measures. Net gearing may creep higher as CDL will need to settle land purchases and the acquisition of Aldgate House in London for GBP183mn (~SGD328mn). That said, the pace of landbanking may slow, instead redirecting focus to building recurring with a 10-year target to achieve SGD900mn recurring EBITDA. We find CITSP '23s interesting, providing over 3% yield for a strong credit profile.
- **IG Pick: AREIT 4.75% PERP (Offer YTC 3.51%):** Ascendas REIT (“AREIT”) is the largest business space and industrial REIT in Singapore, with total assets of SGD10.8bn as at 30 Sep 2018. In Oct 2018, AREIT completed the purchase of an additional 26 properties in the UK, bringing its total asset size to SGD11.3bn and property count to 171 (99 located in Singapore, 35 in Australia and 37 in the UK). AREIT is sponsored by the Ascendas-Singbridge group, which has a deemed interest of ~18.9% in AREIT. Unadjusted aggregate leverage was 33.2% though we estimate this has increased to 36% following the UK purchase. Meanwhile, access to capital markets remains strong, with AREIT completing an overnight equity private placement which raised SGD451mn. We think AREIT 4.75% PERP looks compelling at 3.5%, with a high likelihood to call in our view while providing ~90bps pickup over its seniors.
- **IG Pick: SBREIT 3.6% '21 (Offer YTC: 3.84%):** Soilbuild Business Space REIT (“SBREIT”) is an Industrial REIT in Singapore, with total assets of SGD1.23bn as at 5 October 2018. SBREIT currently owns a portfolio of 11 properties in Singapore and 2 properties in Australia. The REIT is sponsored by Soilbuild Group Holdings Ltd (“Soilbuild”) and Soilbuild is wholly owned by Mr. Lim Chap Huat. The Lim family is the REIT's largest unitholder, with a 28.9% stake. Aggregate leverage was 39.2% and ~42% post adjustment for its perpetual securities issued in September 2018 where 50% of the perpetual securities are taken as debt. With just SGD40mn and SGD18.5mn in loans maturing in 2019 and 2020 respectively and SGD868.6mn unencumbered investment properties (post-acquisition) that can be used as collateral if needed, we think refinancing risk is manageable. We find SBREIT '21s attractive given that it is providing over 3.5% yield.
- **IG Pick: FPLSP 4.15% 23/02/2027 (Offer YTM: 4.44%):** With a selloff of 2 pts since September, we think FPLSP looks very attractive trading at 4.44% YTM.
- **IG Pick:** We are overweight the Frasers Hospitality Trust's FHREIT 4.45%-PERP which is paying a YTC of 4.48% with a first call date in May 2021. This perpetual offers a 57bps pick-up against its peer Ascott Residence Trust's ARTSP 4.68%-PERP, which more than compensates for its 10 months longer call date.
- **IG Pick: SIASP 3.22% '20s (Offer YTM: 2.85%):** With the m/m widening by 30 bps, we see value in Singapore Airlines Ltd's SIASP 3.22% '20s. We are though underweight the new SIASP 3.16% '23s which is trading at similar levels as the SIASP 3.145% '21s, even though it matures 2.5 years later.

Upcoming Bond Maturities – November 2018

Issuer Name	Ticker	Amount (SGD mn)	Maturity/Call Date*
ESR-MTN Pte Ltd	EREIT	155	05/11/2018
Suntec REIT MTN Pte Ltd	SUNSP	105	12/11/2018
Asian Development Bank	ASIA	600	14/11/2018
Pacific International Lines Pte Ltd	PILLSP	97	16/11/2018
Housing & Development Board	HDBSP	600	21/11/2018
LMIRT Capital Pte Ltd	LMRTSP	100	23/11/2018
Banyan Tree Holdings Ltd	BTHSP	50	26/11/2018
Aspial Corp Ltd	ASPSP	74	27/11/2018
Ascott REIT MTN Pte Ltd	ARTSP	100	30/11/2018
Neptune Orient Lines Ltd/Singapore	NOLSP	300	19/11/2018

(OCBC, Company, Bloomberg)

Current / Recent Reports From OCBC Credit Research

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

- Keppel Corp Ltd: Credit Update (29 October 2018)
- Hyflux Ltd: Special Interest Commentary (22 October 2018)
- Chip Eng Seng Corp. Ltd: Credit Update (15 October 2018)
- Aspial Corp Ltd - New Issue View (2 October 2018)
- HSBC Holdings PLC - New Issue View (17 September 2018)
- Aspial Corp Ltd: Credit Update (13 September 2018)
- CapitaLand Retail China Trust: New Credit Review (13 September 2018)
- Pacific Radiance Ltd: Credit Update (10 August 2018)
- Mapletree Investments Pte Ltd: Special Interest Commentary (6 August 2018)
- CWT International Limited: Credit Update (16 July 2018)
- Singapore Mid-Year 2018 Credit Outlook 2018 (6 July 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
<u>China/HK property</u>							
Hongkong Land Holdings Ltd	Pos (2)	HKLSP 3.43 '20	14/05/2020	101.43	2.46	N	N
Wharf Holdings Ltd/The	N (3)	WHARF 4.5 '21	20/07/2021	104.15	2.89	N	N
Wheelock & Co Ltd	Pos (2)	WHEELK 4.5 '21	02/09/2021	104.15	2.95	N	N
Wing Tai Properties Ltd	N (4)	WINGTA 4.25 '22	29/11/2022	101.79	3.77	OW	OW
Perennial Real Estate Holdings Ltd	N (5)	PREHSP 4.55 '20	29/04/2020	99.68	4.78	OW	N
Perennial Real Estate Holdings Ltd	N (5)	PREHSP 3.85 '20	03/07/2020	97.41	5.51	OW	OW
Perennial Real Estate Holdings Ltd	N (5)	PREHSP 5.95 '21	28/08/2020	100.70	5.53	OW	OW
Perennial Real Estate Holdings Ltd	N (5)	PREHSP 3.9 '21	12/01/2021	95.50	6.13	OW	OW

Singapore property developers

CapitaLand Ltd / Ascott Capital Pte Ltd	N (3)	CAPLSP 3.78 '19	16/08/2019	101.35	2.01	UW	UW
CapitaLand Ltd	N (3)	CAPLSP 4.35 '19	31/10/2019	102.10	2.18	UW	UW
CapitaLand Ltd	N (3)	CAPLSP 4.3 '20	31/08/2020	103.00	2.60	UW	UW
CapitaLand Ltd	N (3)	CAPLSP 3.8 '24	28/08/2024	102.35	3.35	N	N
CapitaLand Ltd	N (3)	CAPLSP 3.08 '27	19/10/2027	95.10	3.73	N	N
City Developments Ltd	Pos (2)	CITSP 3.00 '20	02/04/2020	100.55	2.60	N	N
City Developments Ltd	Pos (2)	CITSP 3.00 '20	27/10/2020	100.40	2.79	N	N
City Developments Ltd	Pos (2)	CITSP 2.93 '21	24/03/2021	100.19	2.85	N	N
City Developments Ltd	Pos (2)	CITSP 3.75 '22	06/07/2022	102.51	3.02	N	N
City Developments Ltd	Pos (2)	CITSP 3.48 '23	03/04/2023	101.11	3.21	OW	OW
City Developments Ltd	Pos (2)	CITSP 3.78 '24	21/10/2024	102.40	3.33	OW	OW
City Developments Ltd	Pos (2)	CITSP 3.48 '26	15/06/2026	99.61	3.54	OW	OW
Chip Eng Seng Corporation Ltd	Neg (6)	CHIPEN 4.75 '21	14/06/2021	97.50	5.80	UW	N
Chip Eng Seng Corporation Ltd	Neg (6)	CHIPEN 4.9 '22	19/05/2022	95.50	6.34	UW	OW
Frasers Property Ltd	N (4)	FPLSP 3.95 '21	07/10/2021	101.16	3.53	N	N
Frasers Property Ltd	N (4)	FPLSP 4.25 '26	21/04/2026	99.60	4.31	OW	OW
Frasers Property Ltd	N (4)	FPLSP 4.15 '27	23/02/2027	98.00	4.44	OW	OW
GuocoLand Ltd	N (5)	GUOLSP 3.95 '19	01/04/2019	100.70	2.15	N	N
GuocoLand Ltd	N (5)	GUOLSP 4.1 '20	13/05/2020	101.20	3.28	N	N
GuocoLand Ltd	N (5)	GUOLSP 3.62 '21	30/03/2021	100.05	3.60	N	N
GuocoLand Ltd	N (5)	GUOLSP 4 '22	31/01/2022	100.45	3.85	N	N
GuocoLand Ltd	N (5)	GUOLSP 3.85 '23	15/02/2023	99.21	4.05	N	N
Heeton Holdings Ltd	N (5)	HTONSP 6.1 '20	08/05/2020	100.10	6.03	OW	OW
Heeton Holdings Ltd	N (5)	HTONSP 6.08 '21	19/07/2021	99.79	6.16	OW	OW
Hong Fok Corp Ltd	N (5)	HFCSP 4.75 '19	22/03/2019	100.50	3.35	OW	OW
Hotel Properties Ltd	N (4)	HPLSP 3.95 '19	13/09/2019	101.30	2.40	UW	UW
Hotel Properties Ltd	N (4)	HPLSP 3.88 '20	08/04/2020	101.70	2.65	UW	UW
Hotel Properties Ltd	N (4)	HPLSP 3.85 '21	27/05/2021	101.40	3.27	N	N
Oxley Holdings Ltd	Neg (6)	OHLSP 5 '19	05/11/2019	97.96	7.30	OW	OW
Oxley Holdings Ltd	Neg (6)	OHLSP 5.15 '20	18/05/2020	97.24	7.08	N	N
Oxley Holdings Ltd	Neg (6)	OHLSP 5.7 '22	31/01/2022	90.00	9.35	N	N
Wing Tai Holdings Ltd	N (4)	WINGTA 4.0 '21	07/10/2021	102.06	3.25	N	UW
Wing Tai Holdings Ltd	N (4)	WINGTA 4.5 '22	26/09/2022	103.19	3.61	OW	N
Wing Tai Holdings Ltd	N (4)	WINGTA 4.25 '23	15/03/2023	101.60	3.85	OW	OW
Wing Tai Holdings Ltd	N (4)	WINGTA 4.7 '24	28/02/2024	103.10	4.04	OW	OW
Aspial Corp. Ltd	Neg (6)	ASPSP 5.05 '19	12/06/2019	99.03	6.85	OW	OW
Aspial Corp. Ltd	Neg (6)	ASPSP 5.30 '20	01/04/2020	97.95	6.86	N	N
Aspial Corp. Ltd	Neg (6)	ASPSP 5.25 '20	28/08/2020	96.36	7.43	N	N
Aspial Corp. Ltd	Neg (6)	ASPSP 5.9 '21	19/04/2021	95.62	7.90	N	N

Indicative prices from Bloomberg as of 2 November 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	101.24	2.49	UW	UW
Ascendas REIT	N (3)	AREIT 2.5 '19	16/05/2019	100.20	2.12	UW	UW
Ascendas REIT	N (3)	AREIT 2.95 '20	03/08/2020	100.55	2.62	N	UW
Ascendas REIT	N (3)	AREIT 2.655 '21	07/04/2021	99.50	2.87	N	N
Ascendas REIT	N (3)	AREIT 4 '22	03/02/2022	103.20	2.96	N	N
Ascendas REIT	N (3)	AREIT 3.2 '22	03/06/2022	100.45	3.07	N	N
Ascendas REIT	N (3)	AREIT 2.47 '23	10/08/2023	96.60	3.25	N	N
Ascendas REIT	N (3)	AREIT 3.14 '25	02/03/2025	98.70	3.37	N	N
Ascott Residence Trust	N (4)	ARTSP 4.205 '22	23/11/2022	103.65	3.23	OW	-
Ascott Residence Trust	N (4)	ARTSP 3.523 '23	9/11/2023	100.10	3.50	OW	-
Ascott Residence Trust	N (4)	ARTSP 4 '24	22/03/2024	102.12	3.56	N	-
CapitaLand Commercial Trust	N (3)	CCTSP 2.96 '21	13/08/2021	100.27	2.86	N	N
CapitaLand Commercial Trust	N (3)	CCTSP 2.77 '22	04/07/2022	98.95	3.08	N	N
CapitaLand Commercial Trust	N (3)	CCTSP 3.17 '24	05/03/2024	99.45	3.28	N	N
CapitaLand Commercial Trust	N (3)	CCTSP 3.327 '25	21/03/2025	99.99	3.33	N	OW
CapitaLand Mall Trust	Pos (2)	CAPITA 3.15 '20	18/12/2020	101.20	2.56	UW	N
CapitaLand Mall Trust	Pos (2)	CAPITA 2.8 '23	13/03/2023	98.80	3.10	N	N
CapitaLand Mall Trust	Pos (2)	CAPITA 3.2115 '23	09/11/2023	100.50	3.10	N	N
CapitaLand Mall Trust	Pos (2)	CAPITA 3.48 '24	06/08/2024	101.33	3.22	N	N
CapitaLand Mall Trust	Pos (2)	CAPITA 3.2 '25	21/08/2025	99.23	3.33	N	N
CapitaLand Mall Trust	Pos (2)	CAPITA 3.5 '26	25/02/2026	100.52	3.42	UW	UW
CapitaLand Mall Trust	Pos (2)	CAPITA 2.88 '27	10/11/2027	95.02	3.53	UW	UW
CapitaLand Mall Trust	Pos (2)	CAPITA 3.35 '31	07/07/2031	95.09	3.84	UW	N
ESR REIT	N (4)	EREIT 3.95 '20	21/05/2020	100.20	3.61	OW	OW
Frasers Centrepoint Trust	N (3)	FCTSP 2.9 '19	10/04/2019	100.30	2.17	N	UW
Frasers Centrepoint Trust	N (3)	FCTSP 3 '20	21/01/2020	100.40	2.68	N	UW
Frasers Centrepoint Trust	N (3)	FCTSP 2.77 '24	08/11/2024	96.20	3.48	N	N
Frasers Commercial Trust	N (4)	FCOTSP 2.625 '20	28/02/2020	100.00	2.62	UW	UW
Frasers Commercial Trust	N (4)	FCOTSP 2.835 '21	11/08/2021	99.50	3.02	UW	UW
Frasers Hospitality Trust	N (3)	FHREIT 2.63 '22	06/07/2022	97.98	3.22	N	N
Frasers Hospitality Trust	N (3)	FHREIT 3.08 '24	08/11/2024	97.90	3.47	N	OW
Keppel REIT	N (4)	KREITS 3.275 '24	08/04/2024	99.90	3.29	UW	UW
Lippo Malls Indonesia Retail Trust	Neg (6)	LMRTSP 4.1 '20	22/06/2020	89.50	11.36	OW	OW
Mapletree Commercial Trust	N (3)	MCTSP 2.65 '19	07/11/2019	100.25	2.41	OW	N
Mapletree Commercial Trust	N (3)	MCTSP 3.6 '20	24/08/2020	101.40	2.79	OW	N
Mapletree Commercial Trust	N (3)	MCTSP 3.2 '21	12/04/2021	100.80	2.86	N	N
Mapletree Commercial Trust	N (3)	MCTSP 3.25 '23	03/02/2023	100.25	3.19	N	OW
Mapletree Commercial Trust	N (3)	MCTSP 3.28 '24	23/09/2024	99.55	3.36	N	N
Mapletree Commercial Trust	N (3)	MCTSP 3.11 '26	24/08/2026	96.20	3.67	N	N
Mapletree Commercial Trust	N (3)	MCTSP 3.045 '27	27/08/2027	95.20	3.69	UW	UW
Mapletree Greater China Commercial Trust	N (4)	MAGIC 3.2 '21	08/09/2021	100.80	2.90	UW	UW
Mapletree Greater China Commercial Trust	N (4)	MAGIC 3.43 '22	09/03/2022	101.20	3.05	UW	UW
Mapletree Industrial Trust	N (3)	MINTSP 3.75 '19	08/03/2019	100.63	1.83	UW	UW
Mapletree Industrial Trust	N (3)	MINTSP 3.65 '22	07/09/2022	102.70	2.92	UW	UW
Mapletree Industrial Trust	N (3)	MINTSP 3.02 '23	11/05/2023	98.20	3.27	N	UW
Mapletree Industrial Trust	N (3)	MINTSP 3.16 '24	28/03/2024	98.95	3.53	N	UW
Sabana Shari'ah Compliant REIT	N (5)	SSREIT 4.25 '19	03/04/2019	99.61	5.23	OW	OW
Soilbuild Business Space REIT	N (4)	SBREIT 3.6 '21	08/04/2021	99.45	3.84	OW	OW
Starhill Global REIT	N (4)	SGREIT 3.5 '21	26/02/2021	101.80	2.69	UW	UW
Starhill Global REIT	N (4)	SGREIT 3.4 '23	26/05/2023	100.80	3.21	UW	N
Starhill Global REIT	N (4)	SGREIT 3.14 '26	03/10/2026	97.09	3.57	N	N
Suntec REIT	N (4)	SUNSP 3.35 '20	10/02/2020	100.80	2.71	N	N
Suntec REIT	N (4)	SUNSP 3.00 '21	16/07/2021	99.10	3.35	N	N
Suntec REIT	N (4)	SUNSP 3.025 '22	16/03/2022	99.80	3.09	UW	UW
Suntec REIT	N (4)	SUNSP 2.85 '23	02/08/2023	97.10	3.52	UW	N
Suntec REIT	N (4)	SUNSP 3.40 '23	10/05/2023	100.18	3.36	N	UW

Indicative prices from Bloomberg as of 2 November 2018

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

Offshore & Marine and Logistics

CMA CGM (Parent of Neptune Orient Lines)	N (4)	NOLSP 4.65 '20c15	09/09/2020	91.74	9.65	OW	OW
CMA CGM (Parent of Neptune Orient Lines)	N (4)	NOLSP 4.4 '21c16	22/06/2021	89.11	9.16	OW	OW
Keppel Corp Ltd	N (4)	KEPSP 3.1 '20	12/10/2020	100.75	2.70	N	OW
Keppel Corp Ltd	N (4)	KEPSP 3.145 '22	14/02/2022	99.95	3.16	UW	UW
Keppel Corp Ltd	N (4)	KEPSP 3.725 '23	30/11/2023	101.40	3.42	N	N
Keppel Corp Ltd	N (4)	KEPSP 3.8 '27c22	23/04/2027	101.30	3.40	UW	N
Keppel Corp Ltd	N (4)	KEPSP 4 '42	07/09/2042	99.60	4.03	UW	UW
Sembcorp Industries Ltd	N (4)	SCISP 3.7325 '20	09/04/2020	101.30	2.79	UW	UW
Sembcorp Industries Ltd	N (4)	SCISP 2.94 '21	26/11/2021	99.50	3.11	UW	N
Sembcorp Industries Ltd	N (4)	SCISP 3.64 '24	27/05/2024	99.50	3.74	N	N
Sembcorp Industries Ltd	N (4)	SCISP 4.25 '25	30/08/2025	101.25	4.04	OW	OW
Sembcorp Industries Ltd	N (4)	SCISP 3.593 '26	26/11/2026	96.10	4.17	N	UW
Singapore Post Ltd	Pos (2)	SPOST 3.5 '20	30/03/2020	101.20	2.62	UW	UW

Others

Banyan Tree Holdings Ltd	N (5)	BTHSP 4.875 '19	03/06/2019	100.25	4.47	UW	UW
BreadTalk Group Ltd	N (5)	BREAD 4 '23	17/01/2023	100.25	3.93	N	N
Century Sunshine Group	N (5)	CENSUN 7 '20	03/07/2020	98.20	8.18	OW	OW
China Eastern Airlines	N (4)	CHIEAS 2.8 '20	16/11/2020	99.30	3.16	N	UW
CWT International Limited	Neg (6)	CWTSP 3.9 '19	18/04/2019	92.00	23.89	N	UW
CWT International Limited	Neg (6)	CWTSP 4.8 '20	18/03/2020	78.50	25.76	N	N
Fraser and Neave Ltd	N (4)	FNNSP 3.09 '22	23/03/2022	99.01	3.40	N	N
Fraser and Neave Ltd	N (4)	FNNSP 2.8 '22	22/08/2022	97.72	3.45	N	N
Fraser and Neave Ltd	N (4)	FNNSP 3.8 '27	21/04/2027	98.45	4.02	OW	OW
G8 Education Ltd	Neg (6)	GEMAU 5.5 '19	18/05/2019	99.00	7.59	OW	OW
Golden Agri-Resources Ltd	N (5)	GGRSP 4.75 '21	25/01/2021	97.50	5.97	N	N
Keppel T&T	N (4)	KPTTSP 2.85 '24c22	05/09/2024	97.53	3.55	OW	N
Olam International Ltd	N (5)	OLAMSP 5.80 '19	17/07/2019	101.95	2.93	N	N
Olam International Ltd	N (5)	OLAMSP 4.25 '19	22/07/2019	100.85	3.03	N	N
Olam International Ltd	N (5)	OLAMSP 6.00 '22	25/10/2022	104.75	4.67	OW	OW
Singapore Airlines	N (3)	SIASP 3.22 '20	09/07/2020	100.60	2.85	N	UW
Singapore Airlines	N (3)	SIASP 3.145 '21	08/04/2021	100.10	3.10	N	N
Singapore Airlines	N (3)	SIASP 3.16 '23	25/10/2023	100.25	3.11	UW	-
Singapore Airlines	N (3)	SIASP 3.75 '24	08/04/2024	102.75	3.19	UW	UW
Singapore Airlines	N (3)	SIASP 3.035 '25	11/04/2025	98.80	3.24	UW	UW
Singapore Airlines	N (3)	SIASP 3.13 '26	17/11/2026	98.15	3.40	N	N
Singapore Airlines	N (3)	SIASP 3.13 '27	23/08/2027	97.56	3.45	N	UW
Singapore Telecommunications Ltd	Pos (2)	STSP 3.4875 '20	08/04/2020	101.58	2.35	UW	UW
Singapore Telecommunications Ltd	Pos (2)	STSP 2.58 '20	24/09/2020	100.19	2.47	N	N
Singapore Telecommunications Ltd	Pos (2)	STSP 2.72 '21	03/09/2021	100.43	2.56	UW	N
StarHub Ltd	N (3)	STHSP 3.08 '22	12/09/2022	99.79	3.14	N	N
StarHub Ltd	N (3)	STHSP 3.55 '26	08/06/2026	99.65	3.60	N	UW

Financial Institutions - Senior Issues

Australia & New Zealand Banking Group Ltd	Pos (2)	ANZ 4 '25	12/02/2025	102.23	3.61	N	N
Bank of China Ltd/Singapore*	N (4)	BCHINA 2.75 '19	30/06/2019	100.43	2.15	OW	OW
BNP Paribas SA	N (3)	BNP 2.765 '20	03/08/2020	100.33	2.68	N	N
DBS Group Holdings Ltd	Pos (2)	DBSSP 2.78 '21	11/01/2021	100.10	2.76	OW	N
Westpac Banking Corp	Pos (2)	WSTP 4.11 '25	15/04/2025	104.51	3.36	N	N

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

Indicative prices from Bloomberg as of 2 November 2018

Issuer	Issuer Profile	Issue				Recommendation	
			First Call	Ask Price	YTW	Current	Previous

Corporate perpetuals

Ascendas REIT	N (3)	AREIT 4.75 PERP	14/10/2020	102.30	3.51	N	N
Ascott Residence Trust	N (4)	ARTSP 5 PERP	27/10/2019	101.90	3.02	UW	-
Ascott Residence Trust	N (4)	ARTSP 4.68 PERP	30/06/2020	101.20	3.91	UW	-
First REIT	Neg (6)	FIRTSP 5.68 PERP	08/07/2021	85.28	12.30	UW	-
Frasers Hospitality Trust	N (3)	FHREIT 4.45 PERP	12/05/2021	99.90	4.48	OW	OW
Frasers Property Ltd	N (4)	FPLSP 4.88 PERP	24/09/2019	100.40	4.47	OW	N
Frasers Property Ltd	N (4)	FPLSP 5 PERP	09/03/2020	100.65	4.50	OW	OW
Frasers Property Ltd	N (4)	FPLSP 3.95 PERP	05/10/2022	93.00	5.99	OW	OW
Frasers Property Ltd	N (4)	FPLSP 4.38 PERP	17/01/2023	93.00	5.35	N	N
GuocoLand Ltd	N (5)	GUOLSP 4.6 PERP	23/01/2023	96.59	5.25	N	N
Hotel Properties Ltd	N (4)	HPLSP 4.65 PERP	05/05/2022	101.50	4.19	OW	OW
Keppel REIT	N (4)	KREITS 4.98 PERP	02/11/2020	101.75	4.06	N	N
Lippo Malls Indonesia Retail Trust	Neg (6)	LMRTSP 7 PERP	27/09/2021	83.49	14.18	N	OW
Lippo Malls Indonesia Retail Trust	Neg (6)	LMRTSP 6.6 PERP	19/12/2022	80.00	13.02	N	N
Mapletree Logistics Trust	N (4)	MLTSP 4.18 PERP	25/11/2021	99.90	4.21	N	N
Mapletree Logistics Trust	N (4)	MLTSP 3.65 PERP	28/03/2023	97.35	4.32	N	N
ESR REIT	N (4)	EREIT 4.6 PERP	03/11/2022	94.92	6.06	N	OW
CITIC Envirotech Ltd	N (5)	CELSP 3.9 PERP	19/10/2020	97.25	5.41	UW	UW
Olam International Ltd	N (5)	OLAMSP 5.5 PERP	11/07/2022	98.41	6.06	UW	N
Singapore Post Ltd	Pos (2)	SPOST 4.25 PERP	02/03/2022	101.50	3.77	OW	OW
Sembcorp Industries Ltd	N (4)	SCISP 4.75 PERP	20/05/2020	100.37	4.49	UW	N
Sembcorp Industries Ltd	N (4)	SCISP 3.7 PERP	22/06/2020	98.77	4.07	UW	UW
StarHub Ltd	N (3)	STHSP 3.95 PERP	16/06/2022	97.95	4.24	UW	UW
Wing Tai Holdings Ltd	N (4)	WINGTA 4.08 PERP	28/06/2022	95.81	5.36	OW	OW
Wing Tai Properties Ltd	N (4)	WINGTA 4.35 PERP	24/08/2020	95.59	4.97	N	N

Financial Institutions - Capital Instruments

ABN AMRO Bank NV	N (3)	ABNANV 4.75 '26	01/04/2021	102.27	3.83	N	N
Australia & New Zealand Banking Group Ltd	Pos (2)	ANZ 3.75 '27	23/03/2022	99.10	4.06	N	N
Barclays PLC	N (4)	BACR 3.75 '30	23/05/2025	93.70	4.89	UW	UW
BNP Paribas SA	N (3)	BNP 4.3 '25	03/12/2020	100.60	4.02	OW	OW
BPCE SA*	N (4)	BPCEGP 4.45 '25	17/12/2020	101.40	3.85	OW	OW
BPCE SA*	N (4)	BPCEGP 4.5 '26	03/06/2021	101.20	4.02	OW	OW
Commerzbank AG	N (4)	CMZB 4.875 '27	01/03/2022	100.10	4.86	N	N
Commerzbank AG	N (4)	CMZB 4.2 '28	18/09/2023	98.10	4.66	N	N
DBS Bank Ltd*	Pos (2)	DBSSP 4.7 PERP	22/11/2020	102.20	3.57	OW	OW
DBS Group Holdings Ltd	Pos (2)	DBSSP 3.8 '28	20/01/2023	102.30	3.26	N	N
DBS Group Holdings Ltd	Pos (2)	DBSSP 3.98 PERP	12/09/2025	99.70	4.05	N	OW
DBS Group Holdings Ltd	Pos (2)	DBSSP 4.7 PERP	03/06/2019	100.95	3.34	OW	OW
HSBC Holdings PLC	Pos (2)	HSBC 4.7 PERP	08/06/2022	100.00	4.71	OW	OW
HSBC Holdings PLC	Pos (2)	HSBC 5.0 PERP	24/09/2023	100.40	4.92	OW	N
Julius Baer Group Ltd	N (3)	BAERVX 5.9 PERP	18/11/2020	102.50	4.63	OW	OW
Julius Baer Group Ltd	N (3)	BAERVX 5.75 PERP	20/04/2022	103.00	4.81	OW	OW
Landesbank Baden-Wuerttemberg	N (4)	LBBW 3.75 '27	18/05/2022	99.00	4.07	N	N
National Australia Bank Ltd	Pos (2)	NAB 4.15 '28	19/05/2023	101.30	3.85	N	N
Societe Generale SA	N (4)	SOCGEN 4.3 '26	19/05/2021	100.90	3.94	N	N
Standard Chartered PLC	N (4)	STANLN 4.4 '26	23/01/2021	101.60	3.68	N	N
United Overseas Bank Ltd	Pos (2)	UOBSP 3.5 '26	22/05/2020	101.00	2.95	OW	N
United Overseas Bank Ltd	Pos (2)	UOBSP 4.75 PERP	19/11/2019	102.30	2.65	N	OW
United Overseas Bank Ltd	Pos (2)	UOBSP 4.0 PERP	18/05/2021	101.00	3.66	OW	OW
United Overseas Bank Ltd	Pos (2)	UOBSP 3.5 '29	27/02/2024	101.10	3.31	UW	UW
Westpac Banking Corp	Pos (2)	WSTP 4.0 '27	12/08/2022	100.60	3.84	N	N

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Indicative prices from Bloomberg as of 2 November 2018

Explanation of Issuer Profile Rating ("IPR") / Issuer Profile Score ("IPS")

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 ("IPR") into a 7 point Issuer Profile Score ("IPS") 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.

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, Singapore Telecommunications Ltd

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