Asia Credit Research

# Singapore Commercial REITs: 2016 Outlook - Mind the Supply

**Monday, 07 March 2016**

## Key Takeaways

- **Office supply glut:** Almost 5 years' worth of office supply (~5mn sqft) is entering the Singapore commercial real estate market. These are assets coming on stream in mainly in the CBD area, or CBD fringe.

- **Demand looks weak:** CBRE has reported that the Singapore commercial real estate market has already seen two consecutive quarters of negative net absorption. There is some evidence of tenants leaving the CBD to save costs. We also expect tenants to have the upper hand in negotiating leases.

- **Vacancies & lease rates softening:** Based on URA data, Cat 1 office property vacancies have worsened to 9.3% during 4Q2015, while the Central Region Office Rental index has seen 3 consecutive quarters of declines after its recent peak in 1Q2015.

- **Expectations:** We expect the cannibalization of existing buildings for tenants to fill the new supply of office space. This could result in a flight to quality, with tenants leaving older buildings. Competition could pressure lease rates at the areas with new supply, such as Tanjong Pagar, Bugis and Marina Bay. Recycling of capital for REITs could be more difficult due to slowing secondary transactions. We also expect deceleration in revaluation gains that REITs have enjoyed in recent years.

- **2015 Performance:** Adjusting for acquisitions and divestments, commercial REITs that we reviewed have largely maintained their revenue despite the challenging environment. Rental reversion remained positive, though it is likely to worsen in 2016. The REITs mentioned remained largely exposed to Singapore.

- **Occupancies strong, lease expiry manageable:** We observed that occupancies have remained strong, reflecting the robust portfolio of assets that these REITs hold. We believe that lease rate pressure is the more likely challenge. Lease expiry profile looks to be manageable for 2016 and 2017, with the more vulnerable REIT being SUN. MCT looks to be able to handle a large tenant expiry in 2017.

- **Controlled credit profile, no near-term financing pressure:** The REITs look to have largely kept their aggregate leverage at the mid 30% region (after factoring CCT's potential acquisition of the balance CapitaGreen). In addition, 2016 debt maturities have largely been met with recent borrowings or asset divestments.

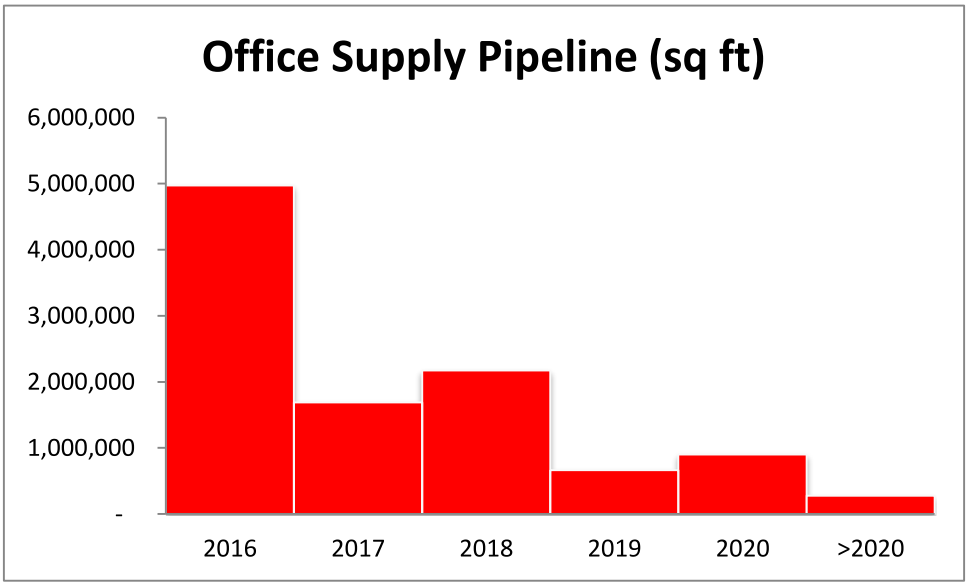
- **Recommendation:** We have **reaffirmed our Neutral Issuer Profile for CCT, MCT and SUN** and are **Underweight the MCTSP'21s and Overweight the SUNSP'20s on valuation**.


**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

**OCBC Credit Research**
**Nick Wong Liang Mian, CFA**
+65 6530-7348
NickWong@ocbc.com

## A) A glut looming




Source: URA 4th Quarter 2015 real estate statistics

In 2016, it is expected that ~5mn sqft of new office supply is entering the Singapore market. With CapitaLand Commercial Trust ("CCT") estimating historical average annual net demand (between 2005 – 2014) to be 1.0mn sqft per annum, the current pipeline for 2016 would translate into **5 years' worth of demand**. Comparatively, 2015's supply was ~1.4mn sqft. We believe that it would be challenging for the market to absorb this much supply, and expect competing assets in those locations to be pressured.

| 2016 Office Supply | | | |
|---|---|---|---|
| **Building** | **NLA (sqft)** | **Location** | **Expected TOP*** |
| Mapletree Business City II | 1,250,000 | Alexandra | April 2016 |
| Guoco Tower | 890,000 | Tanjong Pagar | June 2016 |
| GSH Plaza | 260,000 | Raffles Place | June 2016 |
| 5 Shenton Way | 280,000 | Tanjong Pagar | September 2016 |
| Duo Tower | 570,000 | Bugis | September 2016 |
| Marina One | 1,880,000 | Marina Bay | December 2016 |
| **Total** | **5,130,000** | | |

* Duo Tower and Marina One could come to market late 2016 or early 2017

Source: Corporate Locations – The Office September 2015, OCBC

The weak residential market also means that there will be less conversions / redevelopment of commercial real estate for residential / mixed usage (recent examples include the Concourse Skyline and Keypoint / City Gate). In the past, older non-Grade A commercial assets have exited supply this way. With no indication that the government will be easing residential property cooling measures anytime soon, it is unlikely that we will see any meaningful amount of commercial assets being converted / redeveloped this year.

Finally, there is some evidence that weakness in certain industries is leading to tenants reducing the amount of space they need, in an effort to control cost. For example, some Western financial institutions (eg. Barclays, Credit Suisse) have been reportedly consolidating their operations in Singapore into fewer localities, as well as utilizing less space in general (these excess space becomes shadow inventory). Some tenants in the troubled oil & gas, offshore marine industry, have been reportedly leaving the Singapore market entirely. These activities would lead to more supply of commercial space being released into the market.

## B) Demand looks tepid

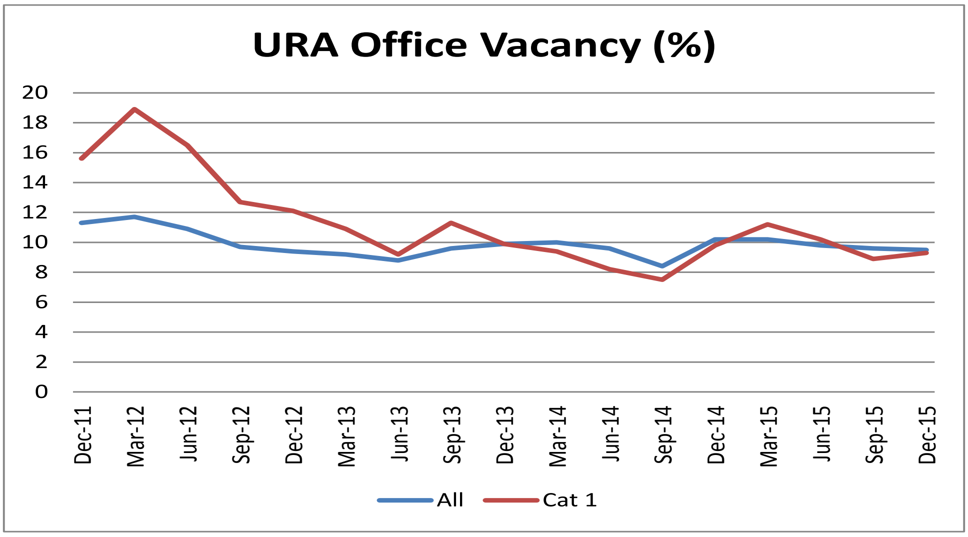
There is evidence that the regional economic slowdown has been impacting demand for Singapore office space. CBRE has reported[1] that in 4Q2015, there was negative net absorption of 331,446 sqft. In the previous quarter, there was already negative net absorption of 421,860 sqft, making it **the first time that Singapore saw two consecutive quarters of negative net absorption since 1Q2009**. The cumulative decline in demand over 2H2015 could have filled the uncommitted space at Guoco Tower.

Aside from the overall slump in demand, we have also observed a couple of other trends occurring:

I) **Shifting away from CBD**: There have been reports of large companies leaving the CBD area, either to save costs, or to obtain more space for the same budget. For example, Google is reported to be vacating their 120,000 sqft space in Asia Square Tower 1 for 300,000 sqft worth of space at Mapletree BC II. Credit Suisse was reported to be consolidating to just two locations: One Raffles Link and ONE@Changi City (with the latter accommodating the majority of their staff). Finally, the Daimler group moved from Centennial Tower (Marina Square) to Westgate Tower (Jurong). We believe that this trend is likely to persist, though it could be stemmed with the new supply in the CBD offering attractive deals to secure tenants, which leads us to our next point;

II) **Tenants to squeeze**: All participants, be it tenants, landlords or developers, can see the glut in office supply looming. As such, it is very much the lessees' market. Lessors' have been aggressively courting new and existing tenants. Rent free periods of 4 – 5 months are becoming more common, if only to keep the signing rate at historically high rates. We believe this shift in power balance to persist through 2016, and potentially 1H2017, given that the DUO and Marina One are coming on stream late 2016.

## C) Market impact

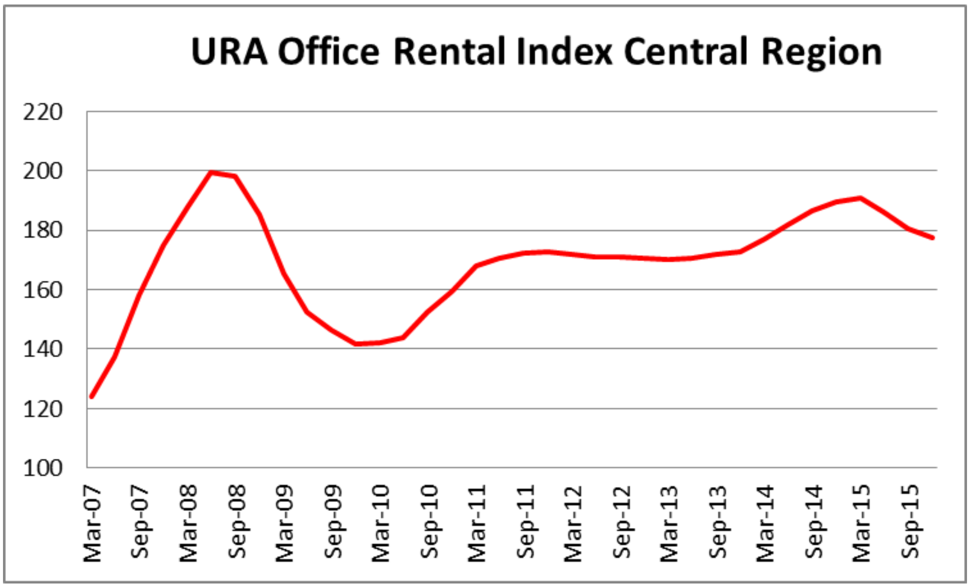



Source: URA 4th Quarter 2015 real estate statistics

We have started to see the trends we observed being reflected in URA's data. For example, though total Singapore office vacancy rates (as reported by the URA), has improved slightly from 9.6% (3Q2015) to 9.5% (4Q2015), this was driven by a ~226,000 sqft net decrease in stock of office space. During the quarter, total net occupied office space actually fell 108,000 sqft. If we look at Category 1 (buildings in core business areas in Downtown & Orchard, which are relatively modern or recently refurbished), vacancies actually increased from 8.9% (3Q2015) to 9.3% (4Q2015). It is likely that

[1] CBRE Marketview, Singapore, Q4 2015

vacancy rates would trend higher, particularly for areas with incoming new supply competition like Tanjong Pagar.




Source: URA 4th Quarter 2015 real estate statistics

The oversupply and lacklustre demand situation is already pressuring lease rates. After the recent peak in 1Q2015, the URA office rental index for the central region has fallen q/q for the last three consecutive quarters, with the index seeing y/y decline of 6.5% as of end-4Q2015. We believe that lease rates will continue to face pressure through the rest of 2016. Cushman & Wakefield has indicated that they believe Grade A CBD rents will moderate a further 10% - 12% in 2016[2].

## D) Expectations

With the broad market situation already defined, we can expect the following to occur, as well as the impact on the commercial REITs under our coverage.

I) **Cannibalization to drive occupancy**: With demand looking to plateau, with brokers indicating that there seems to be less new lessees entering the Singapore office market, we can expect that the ramping up of occupancy at the new office space entering the market will mainly be at the expense of existing office space. As such, the looming 2016 lease expiries of the various REITs, along with their managers' ability to re-contract the space, would likely differentiate their performance.

II) **Flight to quality**: CapitaGreen and South Beach, two new offices completed in 2015, were able to ramp up, in part due to the "upgrading" by tenants of older buildings to better quality buildings at comparable lease rates. For example, South Beach captured some tenants from Haw Par Glass Tower, while Schroder's moved from OCBC Centre to CapitaGreen. We believe that in general, REITs with newer assets are likely able to attract tenants, though they may sacrifice higher lease rates in exchange for better occupancy.

III) **Weak commitment rates for new buildings to pressure neighbouring assets**: Despite Guoco Tower topping out recently, with the building expected to be ready mid-2016, the commitment rate was just 10%. Despite TOP looming, DUO and Marine One have yet to make announcements regarding any anchor office tenants that they managed to secure. These three assets total 3.3mn sqft worth of supply in 2016. As such, office space surrounding these new assets may face intense competition, with the Tanjong Pagar and Marina Bay area looking particularly vulnerable.

[2] Cushman & Wakefield – Office Snapshot Q4 2015 – Singapore

IV) **More challenging to recycle capital**: Commercial property transactions may have peaked. Blackrock was seeking a buyer for Asia Square Tower 1, at around SGD3200 psf. However, buyers (such as Capitaland-Norges Bank) have backed out, even at rumoured lower price of SGD2800 psf. Keppel's Alpha Fund has been rumoured to be seeking a buyer for its stake in Capital Square since April 2015. In general, it could be more difficult for REITs to recycle capital to fund any investments or AEI / development expenditures that they might have in mind. For example, CCT is likely to acquire the balance 60% of CapitaGreen that it does not already own. There was news that CCT was looking to divest 50% of its stake in One George Street, potentially to partially fund the acquisition of the balance CapitaGreen stake.

V) **Revaluations gains to decelerate**: With potentially higher cap rates (due to rising interest rates) and pressure on occupancy and lease rates, the revaluation gains that commercial REITs have been enjoying are likely to decelerate relative to previous years. As such, the pace of deleveraging via an appreciating asset base would slow as well.

## E) 2015 Review

| Issuer | Revenue (SGD'mn) | | | | NPI (SGD'mn) | | |
|---|---|---|---|---|---|---|---|
| | 2014 | 2015 | y/y | | 2014 | 2015 | y/y |
| CCT | 262.6 | 273.2 | 4.0% | | 205.2 | 212.8 | 3.7% |
| KREIT | 184.1 | 170.3 | -7.5% | | 151.4 | 137.5 | -9.2% |
| SUN [Office] | 134.2 | 137.5 | 2.4% | | 106.7 | 113.2 | 6.1% |
| MCT [Office, 9MFY2016] | 66.6 | 64.9 | -2.6% | | 52.5 | 51.3 | -2.2% |

**CapitaLand Commercial Trust ("CCT")**: Both revenue and NPI have improved y/y. However, 4Q2015 results showed revenue and NPI declining 1.1% and 0.7% respectively q/q. CCT managed to increase average monthly portfolio rent from SGD8.61 psf (end-2014) to SGD8.90 psf (end-2015), supported by positive reversions of expiring rents. NPI grew slower than revenue, due to higher property tax and ad-hoc maintenance expenses. Distributable income for 2015 was up 2.1%, in part due to higher profits at Raffles City Singapore ("RCS", 60% owned).

**Keppel REIT ("KREIT")**: Revenue declined 7.5% y/y largely due to the divestment of Prudential Tower in September 2014. Excluding the revenue contribution from Prudential Tower in 2014, revenue would have seen an increase of 1.1% y/y. Management indicated that for office leases in Singapore, KREIT managed positive rent reversions averaging 13%. NPI fell 9.2% y/y, mainly due to increase in property tax. On a q/q basis, revenue was up 1.5% while NPI was up 4.1%. The difference in NPI was largely driven by higher property tax in 3Q2015. Distributable income increased 5.4% y/y for 2015, due to stronger results from associate and JVs (full-year contribution from MBFC Tower 3, increased contributions from Sydney and Perth).

**Suntec REIT ("SUN")**: SUN's office revenue was up 2.4% y/y for the year, largely driven by positive rental reversions. On a q/q basis, 4Q2015 office revenue was up 2.0%. There is some softening of lease rates seen though, with average rent of SGD8.86 psf (4Q2015) slightly weaker than the SGD8.92 psf seen in 4Q2014. 2015 office NPI jumped 6.1% y/y, largely due to stronger gross revenue coupled with lower property expenses. Distributable income for the entire REIT (including retail) jumped 9.4% y/y, driven by the opening and contribution from Suntec City Phase 2 and Phase 3 (retail AEI completed) as well as higher contributions from the convention centre.

**MapleTree Commercial Trust ("MCT")**: For 9MFY2016 (ending December 2015), office gross revenue fell 2.6% y/y. This was largely driven by weakness at PSAB and Mapletree Anson, which saw revenue fall 1.7% and 7.7% respectively. Both buildings were pressured by vacancies (PSAB occupancy fell to 94.3% as of end-3QFY2016, while Mapletree Anson saw occupancy start at a low of 87.5% at the beginning of FY2016. Both buildings saw committed occupancy recover above 97.5% though. Office NPI was pressured as well due to the lower gross revenue. On the bright side, MCT saw positive office rent reversions of 8.7% for 9MFY2016, thought this was lower than the 10.6% seen in 1HFY2016.

## F) Occupancy & Lease Expiry

| Issuer | Occupancy | | | | Expiry (Office NLA%) | | |
|---|---|---|---|---|---|---|---|
| | 2014 | 1H015 | 2015 | | 2016 | 2017 | 2018+ |
| CCT | 96.8% | 98.0% | 97.1% | | 10.0% | 12.0% | 78.0% |
| KREIT | 99.5% | 99.3% | 99.3% | | 13.6% | 11.0% | 75.4% |
| SUN [Office] | 100.0% | 99.0% | 99.3% | | 14.9% | 18.9% | 66.2% |
| MCT [Non-VivoCity] | 99.2% | 91.7% | 97.0% | | 2.7% | 34.7% | 62.5% |

**CCT**: Overall occupancy improved q/q from 96.4% (end-3Q2015) to 97.1% (end-4Q2015). That said, the improvements were mainly from CapitaGreen improving from 85.5% to 91.3% during the period. Its other large assets (Capital Tower, Six Battery Road and One George Street) either remained soft, or saw occupancies dip. Lease expiry profile for 2016 and 2017 looks manageable, with CCT already managing to re-contract about 1/3 (by NLA) of office leases originally expiring in 2016. In aggregate, CCT's remaining leases expiring in 2016 have an average rent of SGD9.57 psf, lower than market. We believe that there will be some pressure on lease rates though, particularly for Capital Tower (16% of 2015 NPI) given competition from new buildings.

**KREIT**: Occupancy remains strong at over 99%. In general, KREIT has been successful in tenant retention (90% as of end-2015) while achieving strong positive rental reversions (+13%) due to some low off-market legacy leases expiring. Management believes that they will be able to achieve high retention for the leases expiring in 2016, and believe that the leases expiring in 2017 are likely to renew as majority of the leases are in their first renewal cycle (friction costs in moving and outfitting new premises). Almost 100% of income from Australia is hedged till 3Q2016.

**SUN**: In general, Suntec City's committed office occupancy has been strong, staying above 98% since September 2010. The portfolio's occupancy of 99.3% looks to remain strong, particularly with the divestment of the laggard, Park Mall. Renewal lease rates of SGD8.86 psf during the quarter look to be comparable with lease rates for the newer assets in Tanjong Pagar, which mean that there may be some competitive pressure from the newbuild supply there. The looming supply in Bugis would likely be competition as well. In particular, there could be some flight to quality, with tenants moving to newer buildings (Suntec is almost two decades old) at comparable lease rates. That said, we believe that the pressure would be reflected in lease rates rather than occupancy. With almost a third of SUN's office leases coming due over 2016 and 2017, the pressure from looming supply will likely affect SUN the most amongst the names in our coverage.

**MCT**: MCT's lease expiry in FY2018 (ending March 2018) looks precarious at 34.7% of office NLA. That said, the bulk of it relates to Bank of America Merrill Lynch HarbourFront ("MLHF", 20.3% of office NLA, 216,561 sqft). This is a single tenant building, with Bank of America Merrill Lynch's lease expiring in November 2017. We estimate the current rent of MLHF to be ~SGD6.70 psf. With the nearby Mapletree Business City II rumoured to have a comparable lease rate of SGD6.50 psf, we believe that MCT and Bank of America Merrill Lynch should be able to come to an agreement regarding the renewal lease rate (assuming that lease rate is the main factor being considered by the tenant). For PSAB and Mapletree Anson, FY2016 occupancies were pressured by relative large lease expiries during the fiscal year (~30% by revenue for the former, ~54% by revenue for the latter). Beyond FY2016, the lease expiry profile looks to be more manageable.

## G) Leverage & Liquidity

| Issuer | Aggregate Leverage | | | Interest Coverage | | | Debt Maturities (SGD'mn) | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2014 | 2015 | | 2014 | 2015 | | 2016 | 2017 | 2018+ |
| CCT | 29.3% | 29.5% | | 7.2x | 7.4x | | 626.0 | 175.0 | 1479.0 |
| KREIT | 43.3% | 39.3% | | 5.0x | 4.4x | | 25.0 | 537.0 | 2779.0 |
| SUN | 35.5% | 37.1% | | 4.3x | 4.1x | | 370.0 | 200.0 | 2495.0 |
| MCT** | 37.9% | 36.3% | | 5.5x | 5.1x | | 354.0 | 68.1 | 1128.4 |

*Interest coverage as reported. Debt maturities include pro-rata share of Associate / JV debt where disclosed.
**MCT debt maturities 2016 refers to FY2017 ending March 2017 and so on.

**CCT**: Aggregate leverage was flattish at 29.5%. The slight increases in gross borrowings were offset by increases in portfolio valuation, which was up 1.6% y/y to SGD7478.1mn (2014: +5.7%). We continue to believe that CCT will eventually acquire the balance 60% of CapitaGreen (stake valued at ~SGD953mn based on end-2015 valuation), which would likely result in an increase in CCT’s aggregate leverage. Currently, assuming a target aggregate leverage of 40%, CCT would be able to acquire up to ~SGD1.3bn in assets using only debt funding. That said, there was news of CCT contemplating selling 50% of their stake in One George Street (stake worth SGD505mn based on end-2015 valuation), potentially to partially fund the acquisition of the balance of CapitaGreen. In the scenario that CCT does acquire the balance of CapitaGreen using only debt, we estimate aggregate leverage to increase to ~37.5%, which is still in line with CCT’s peers. CCT’s reported interest coverage remains healthy at 7.4x. About 84% of CCT’s borrowings are fixed rate. CCT has about SGD626mn worth of borrowings due in 2016. These all relate to CCT’s 60% stake in RCS, which we believe will be refinanced as RCS was able to generate 74% NPI margins as well as have an acceptable aggregate leverage of 32.7%. Aside from this, CCT has no major maturities till 2020.

**KREIT**: Aggregate leverage improved distinctly from 43.3% (end-2014) to 39.3% (end-2015). This was driven by SGD218mn in fair value property gains during the year and the issuance of SGD150mn in perpetual securities (used to pay down debt). Furthermore, in January 2016, KREIT announced and completed the divestment of 77 King Street in Sydney for AUD160mn (27% premium over last valuation). One of the uses of the proceeds mentioned was to pay down debt. As such, we can expect KREIT’s aggregate leverage to improve further. Adjusting for divestments, KREIT saw a 1.9% increase in its portfolio in 2015 (2014: +2.9%). Interest coverage weakened from 5.0x to 4.4x due to the increase in borrowings resulting from the MBFC Tower 3 acquisition completed in December 2014. About 70% of KREIT’s borrowings are fixed rate. The debt maturity in 2016 is minimal, though there is about SGD537mn due in 2017. Looking forward, some commercial assets which the sponsor, Keppel Corp, currently owns includes Keppel Bay Tower (now 100% owned post the asset swap) and Keppel Tower 1 & 2 (being considered for redevelopment into mixed use buildings).

**SUN**: Aggregate leverage worsened slightly from 35.5% to 37.1%, driven by the ~SGD220mn increase in net borrowings (which includes the SGD105mn bond issue done in November 2015 to finance the 38,000 sqft worth of strata space at Suntec Tower 2). The increase in valuation for the Singapore assets (adjusting for the acquisition and divestment) was 1.2% for 2015 (2014: +3.4%). It is worth noting that SUN divested the majority of Park Mall (retaining 30% of the JV), at a valuation of SGD411.8mn, into a JV with SingHaiyi Group. The JV will redevelop Park Mall, with SUN obtaining the right of first refusal to some of the assets within the JV. SUN will be providing its share of the JV acquisition & redevelopment cost (~SGD115.2mn). SUN has already received the cash proceeds for Park Mall (~SGD410mn), and management has stated that part of these will be used to pay down debt. As such, we believe that SUN may see its aggregate leverage improve from current levels, particularly with the Suntec Retail AEI completed. Interest coverage has fallen slightly from 4.3x to 4.1x (as average financing cost has increased from 2.44% as of end-2014 to 2.86% as of end-2015). SUN had SGD370mn in short-term debt due as of end-2015. Since then, SUN has already refinanced SGD120mn in term loans (with a new facility maturing in 2021). The balance SGD250mn of debt due can be met with the SGD445.3mn in cash balance. The 2018 maturing loan facility also has about ~SGD200mn untapped.

**MCT**: Aggregate leverage has improved from 37.9% (end-9MFY2015) to 36.3% (end-9M2016). This was largely driven by revaluation gains at the end of FY2015 (+4.1%, FY2014: +5.3%). There are no major capital needs currently, though we note that the sponsor, Mapletree Investment Pte Ltd, still has some domestic commercial assets (etc: HarbourFront Tower One & Tower Two) which could be injected into MCT in the future. Interest coverage has worsened from 5.5x (end-2014) to 5.1x (end-2015), largely due to average cost of debt increasing from 2.18% to 2.47%. This was due to MCT pushing its average debt maturity longer, from 3.0 years (end-2014) to 3.6 years (end-2015). About 73.8% of MCT's borrowings are fixed rate. MCT has about SGD354mn in debt due in FY2017 (ending March 2017), though on 11/01/16 MCT has announced raising SGD190mn across two 5-year term loans. The proceeds will be used to meet 2016 and 2017 debt maturities. With SGD170.0mn in debt due in 2016, MCT will have adequate liquidity post the loan issue to meet its short-term debt.

## H) Summary and Recommendation

We believe that the fundamentals for the commercial property sector will be challenging for the next 12 – 24 months, given the glut in new office space representing almost 5 years' worth of supply coming on stream in 2016 and 2017. With demand looking soft due to regional economic slowdown, we have started to see vacancy rates pick up and lease rates starting to fall. With regards to the commercial REITs mentioned in the report though, they have largely performed through the year 2015, though some have shown signs of revenue and NPI pressure in 4Q2015. Occupancy rates for the REITs have remained intact y/y, though SUN looks more vulnerable due to larger lease expiry in 2016 and 2017. CCT is also likely to face some pressure on its Tanjong Pagar exposure. That said, given the quality of the properties that these REITs have, we believe that the pressure would be on lease rates rather than on occupancy, particularly with the managers of these REITs aggressively re-tenanting their looming vacancies. Reviewing the REITs credit profile showed that their aggregate leverage have improved or maintained relative to 2014. The exception was SUN, in which we believe that its credit profile would improve in the near future given the Park Mall divestment. There are also no near-term refinancing concerns for these four REITs. We have largely observed a deceleration in revaluation gains, and expect these gains to have a smaller impact on the REITs' credit profile going forward. Interest coverage remains fair in general, though we have seen some deterioration due to higher average interest costs.

For the commercial REITs currently under our coverage (**CCT, MCT, SUN**), **we affirm our Neutral Issuer Profile**, as their aggregate leverage will be comparable (our base case is that CCT will acquire the balance of CapitaGreen using debt). In terms of bond recommendation, we continue to believe that the MCTSP'21s seem to be trading rich relative to the rest of the MCT curve, while the SUNSP'20s look to be trading cheap relative to the MCTSP'20s at a ~30bps spread pickup (based on offer prices). We hence keep our Underweight on the MCTSP'20s and move the SUNSP'20s to Overweight based on valuation.

| Issuer | Issuer Profile | Issue | Ask Price | Ask YTW | Ratings | Recommendation |
|---|---|---|---|---|---|---|
| **CCT** | Neutral | CCTSP 2.96 '21 | 99.50 | 3.06 | A-/A3/NR | N |
| **MCT** | Neutral | MCTSP 2.65 '19 | 99.80 | 2.71 | NR/Baa1/NR | N |
| **MCT** | Neutral | MCTSP 3.6 '20 | 103.15 | 2.84 | NR/Baa1/NR | N |
| **MCT** | Neutral | MCTSP 3.2 '21 | 101.50 | 2.88 | NR/Baa1/NR | UW |
| **MCT** | Neutral | MCTSP 3.25 '23 | 99.75 | 3.29 | NR/Baa1/NR | N |
| **SUN** | Neutral | SUNSP 2.83 '18 | 100.50 | 2.63 | NR/Baa2/NR | N |
| **SUN** | Neutral | SUNSP 3.35 '20 | 101.00 | 3.08 | NR/Baa2/NR | OW |

* Indicative pricing from Bloomberg (07/03/16)

Co.Reg.no.:193200032W