Thursday, October 24, 2019

Ticker:
SPHRSP

Seow Zhi Qi
+65 6530 7348
ZhiQiSeow@ocbc.com

SPH REIT ("SPHR")

OCBC Credit Research currently does not cover SPHR. We present this paper as a special interest commentary.

Key considerations

- **Anchored by Paragon in Singapore:** In financial year ended August 2019 ("FY2019"), Paragon alone accounts for 76% of SPHR's portfolio valuation and 75% of the REIT's total revenue. Apart from the strengthening visitor traffic and tenants' sales numbers recorded since FY2017, revenue grew 0.6% y/y to SGD170.4mn (FY2018: -2.1% y/y, FY2017: 1.6% y/y) with net property income ("NPI") up by 0.7% y/y to SGD136.0mn (FY2018: -2.4% y/y, FY2017: 4.5% y/y). Within Paragon is Paragon Medical which houses medical specialists and caters to medical clients and medical tourists. Based on our estimation, Paragon Medical takes up slightly over 30% of the total net lettable area ("NLA") at Paragon. We view this as a unique class of customers, separate from the regular shoppers and think that this offering of Paragon will continue to draw footfall into the mall independent of the outlook of the wider retail sector.

- **Diversified tenants mix**: SPHR has close to 600 tenants across its properties. Medical/Office accounts for the largest proportion of 23.2% of its portfolio by NLA while by gross rental income, Luxury Goods contributes the most (25.9% of portfolio). We think SPHR is sufficiently diversified across the various segments – F&B, Fashion, Luxury, Departmental Stores/Supermarket, Medical/Office and Non-Retail Services. Medical tenants in particular tend to be sticky because they benefit from clustering and equipment used is often bulky and may require opening of the mall's façade to fit. These factors no doubt deter the medical tenants from moving.

- **Acquisition driven growth:** Gross revenue grew by 7.9% y/y to SGD228.6mn, with NPI higher by 8.3% y/y to SGD179.8mn in FY2019. Excluding the acquisition of The Rail Mall and Figtree Grove, both revenue and NPI growth moderated to +0.6% y/y and +1.2% y/y respectively. That said, Paragon and Clementi Mall have always provided SPHR with (largely) stable income and we expect the trend to continue. We note that Figtree Grove (acquired in FY2019) is SPHR's maiden overseas acquisition. Along with the issuance of a SGD300mn perpetual bond in Aug 2019, management shared that they are "currently conducting due diligence on a potential acquisition". As such, we think SPHR is likely to continue to pursue inorganic growth.

- **Acquisition pipeline:** SPHR has a Rights-Of-First-Refusal ("ROFR") granted by Sponsor, SPH which extends to The Seletar Mall and The Woodleigh Mall held by SPH. SPH owns 70% of Seletar Mall and 50% of Woodleigh Mall by way of a joint venture. Given The Seletar Mall (a family-oriented mall located in Seng Kang) officially opened in 2015, we think the mall has stabilized and could possibly be ready to be pumped into SPHR. The property was valued at SGD496mn as at 31 Aug 2019 (SPH's stake: SGD347.2mn). The Woodleigh Mall, on the other hand, is expected to only TOP in 2Q2022. Comparatively, we think The Woodleigh Mall is less likely to be a near-term acquisition target.

- **Increasingly levered, though still manageable:** The acquisition driven growth came at the cost of higher leverage. Aggregate leverage based on our calculation was 30.3% as at 31 Aug 2019 (2018: 26.5%, 2017: 25.9%), and higher at 34.5% after adjusting for 50% of its perpetual bond as debt. Although the leverage level has been rising, it remains below that of its peer group. All of SPHR's borrowings (SGD 1.1bn) are secured, with SGD995mn secured against Paragon being the most significant. That said, we are not overly concerned as SPHR's secured debt can most likely be rolled over in our view and Clementi Mall is fully unencumbered. EBITDA/Interest based on our calculation is decent at 5.2x and lower at 4.4x after adjusting for 50% of its distribution to perpetual bondholders as interest. Overall, we think SPHR's credit metrics is decent.

I) Company Background

SPH REIT ("SPHR") is a Singapore-based Real Estate Investment Trust established to invest in retail purposes real estate. SPHR has been listed on the Singapore Stock Exchange ("SGX") since 24 July 2013 and has a market capitalization of SGD2.9bn as at 24 October 2019. Sponsor and major shareholder, Singapore Press Holdings Ltd ("SPH"), is a media organization (sole provider of print newspapers in Singapore) with real estate as a key business segment.

At present, SPHR has a portfolio of three properties in Singapore – Paragon, The Clementi Mall and The Rail Mall, and an 85% stake in Figtree Grove Shopping Centre in Wollongong, New South Wales, Australia. Total property valuation was SGD3.6bn as at 31 August 2019 (Singapore: 94%, Australia: 6%). SHPR had two properties in its portfolio at initial public offering, and subsequently acquired The Rail Mall on 28 June 2018 and its stake in Figtree Grove on 21 December 2018. SPH Retail Property Management Services Pte. Ltd. (an indirect wholly-owned subsidiary of SPH) is the property manager of the Singapore properties. The Australia property manager is an unrelated third-party, Retpro Management Pty Ltd.

II) Management & Ownership

Dr Leong Horn Kee is the Chairman of SPHR. Dr Leong is also the Chairman of CapitalCorp Partners Private Limited, a corporate finance advisory firm. He is currently Singapore's non-resident High Commissioner to Cyprus. Dr Leong was an executive director of Far East Organization, Chief Executive Officer ("CEO") of Orchard Parade Holdings Ltd and CEO of Yeo Hiap Seng Ltd from 1994 to 2008. He was a deputy director at the Ministry of Finance and Ministry of Trade & Industry from 1977 to 1983 and a Member of Parliament for 22 years from 1984 to 2006.

Ms Susan Leng Mee Yin, CEO of SPH REIT Management Pte Ltd since 2013, has 16 years of experience in shopping centre management and property development and eight years of accounting and finance experience prior to the appointment. Ms Leng was also the General Manager of Orchard 290 Ltd, a wholly-owned subsidiary of SPH, from 1997 to 2004. She was a pioneer member of the management team which redeveloped Paragon and The Promenade into one fully integrated premier upscale retail mall with a prestigious medical and office tower.

Mr Benjamin Kuah was appointed Chief Financial Officer and Head of Investor Relations of SPH REIT Management Pte. Ltd. in January 2019. Mr Kuah was the Group Financial Controller of Nanshan Group Singapore from 2016 to 2018 where he was responsible for the group's real estate business and property development projects in Singapore. He replaced Ms Soon Suet Har who returned to SPH.

Figure 1: Major Unitholders as at 10 October 2018

Unitholder	Shares	Deemed interest
Singapore Press Holdings Ltd ("SPH")	1,750,697,000	67.57%
National Trade Union Congress	138,426,000	5.19%

Source: Annual report 2018

SPH, Sponsor of SPHR, is the largest unitholder with ~70% stake in SPHR. National Trade Union Congress has ~5% stake and the remaining unitholders holding the remaining ~27% stake comprises institutional and retail investors.

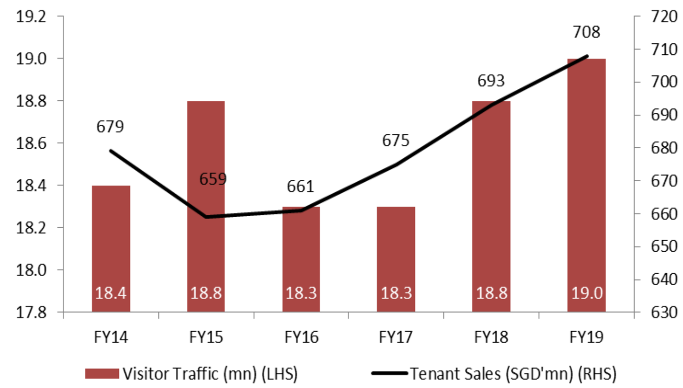
III) Portfolio Overview & Analysis

Paragon

A premier upscale retail mail and medical suite/office property located in the heart of Orchard Road, Singapore with net lettable area of 716,556 sq ft. Paragon is home to a mix of international luxury brands, accessible luxury brands, trendy high street fashion, and home-grown labels. Uniquely, Paragon houses Paragon Medical that hosts ~70 medical and dental specialist clinics and offices. These specialist clinics provide medical services ranging from cardiology, orthopaedics, urology, dermatology, obstetrics, gynaecology, oncology, paediatrics, dentistry, anti-ageing and traditional Chinese medicine. It focuses on targeting foreign tourists, and the higher end of the local market. Paragon Medical is strategically located in Orchard Road and within the Mount Elizabeth medical cluster anchored by renowned healthcare establishments in Asia, Mount Elizabeth Hospital and Mount Elizabeth Medical Centre.

Paragon is owned by Orchard 290 Ltd, a wholly-owned subsidiary of SPH and leased to SPHR on a 99-year leasehold basis at the REIT's listing date. Paragon itself is a freehold property. As at 31 Aug 2019, Paragon has an occupancy rate of 99.8%. Over FY2019, 26.6% of the property's NLA was renewed or leased at +9.7% above preceding rental rates. Paragon will see 18% of its NLA expire in FY2020. We think this will be manageable given the uptrend seen in visitor traffic (+1.1% y/y) and underlying tenant sales (+2.2% y/y) numbers. As seen in Figure 2, performance of Paragon in terms of visitor traffic and underlying tenant sales fell to a low in FY2016 before recovering, and recorded a high since FY2014 in FY2019. In addition, Paragon saw gross revenue inch higher by 0.6% y/y to SGD170.4mn and NPI up by 0.7% y/y to SGD136.0mn over FY2019.

Figure 2: Performance of Paragon



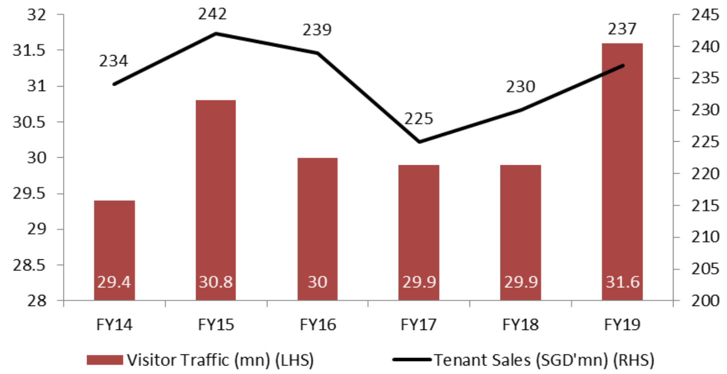
Source: Company

The Clementi Mall

The mall located on the west of Singapore, is a five-storey retail podium with 195,192 sq ft of retail NLA and 290,342 sq ft of GFA. It is a family-oriented mall that is directly linked to the Clementi MRT station and a bus interchange, and is surrounded by blocks of residential units. Its location draws visitors to the retail mall regularly and brings about very strong footfall.

Clementi Mall is owned by CM Domain Pte Ltd which is a joint venture by SPH's wholly-owned subsidiary – Times Properties Pte Ltd (60%), NTUC Fairprice Co-operative Ltd (20%) and NTUC Income Insurance Co-operative Ltd (20%). The mall is leased to SPHR on a 99-year leasehold interest commencing on 31 August 2010. Clementi Mall is fully occupied, with rental reversion at +5% in FY2019 where 10.7% of the property's NLA was renewed or leased. Interestingly, the mall will see 55% of its NLA expire in FY2020. We think this could be the result of the signing a 3-3-3 lease term (3 year lease term renewable twice, every 3 years) with tenants from the time the mall started operations in late 2010/early 2011 (i.e.: 9 years which will be up by FY2020). Given Clementi Mall's good location and strong footfall, we do not think it would be an issue for the mall to retain its tenants and potentially smooth out its future lease renewals. Visitor traffic rose by 5.7% y/y with tenants' sales up by 3.0% y/y in FY2019. Furthermore, revenue generated by the mall was up by 0.8% y/y to SGD41.8mn while its NPI climbed 3.5% y/y to SGD31.3mn.

Figure 3: Performance of Clementi Mall



Source: Company

The Rail Mall

The property is a retail strip with ~360 metres of main road frontage to Upper Bukit Timah Road, Singapore, comprising 43 single-storey shop units and 95 private carpark lots. It is on a 99-year lease which will expire in 2046 (27 years away). Rail Mall is 84.3% occupied as at 31 Aug 2019, with 25% of property gross rental income maturing in FY2020. The property generated SGD4.9mn revenue and SGD3.9mn NPI in FY2019. SPHR acquired the mall on 28 June 2018 for SGD63.2mn from Pulau Properties which is in turned owned by the Lee Foundation (founded by Lee Kong Chian) and members of the Lee family. The transaction was funded by ~71% debt and ~29% cash. Assuming flat NPI across the lease tenure of the property, the Rail Mall may potentially generate ~SGD100mn NPI in total.

Figtree Grove Shopping Centre

Located in Wollongong, New South Wales, Australia, the mall sits on a freehold land area of 547,883 sq ft and has a gross lettable area of 236,634 sq ft. It is an established sub-regional shopping centre which focuses on non-discretionary spending with over 50% of its space leased to supermarkets and discount departmental store.

SPHR acquired an 85% stake in the shopping centre on 21 December 2018 for a total acquisition cost of AUD188.2mn (SGD188.2mn) (property price was AUD175.1mn (SGD175.1mn)) from an unrelated third-party, Swordfish Australian Mid TC Pty Ltd ("Swordfish"). The balance 50% stake is held by entities managed by the asset management division of Moelis Australia Ltd. NPI yield was ~5.7% after taking into account the transaction costs. SPHR receives rental guarantee from Swordfish capped at AUD800k up till 21 December 2019.

The property has an occupancy rate of 99.2% as at 31 Aug 2019, with rental reversion of 1.1% of property NLA at -2.7%. Figtree Grove will see just 11% by NLA expire in FY2020. In fact, bulk of the expiry leases by NLA (67% of total) is in FY2023 and beyond. Tenants' sales rose by 2.2% y/y, even though visitor traffic had fallen by 2.1% y/y in FY2019. The property generated SGD11.4mn revenue and SGD8.5mn NPI in FY2019. We note that rental escalation has been built-in though specifics were not disclosed.

Figure 4: Details on Assets

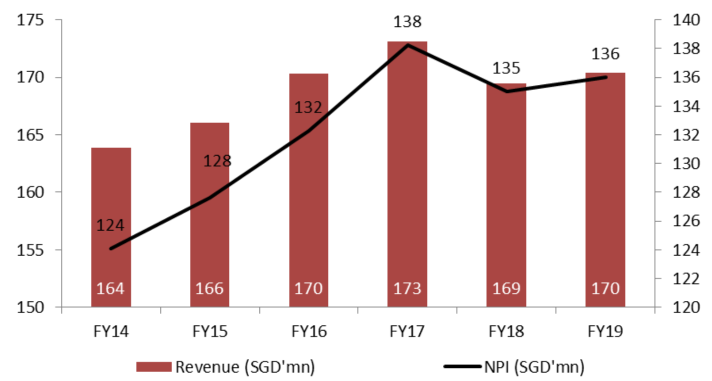
Property	NLA (sq ft)	Lease Tenure	Valuation (SGD'mn)	Cap Rate	No. of Tenants
Paragon	716,556	93 years	2,745	4.50% - Retail 3.75% - Medical/Office	321
Clementi Mall	195,192	90 years	597	4.50%	156
The Rail Mall	49,775	27 years	64	6.00%	26
Figtree Grove	236,634	Freehold	192	6.00%	93

Source: Company

IV) Credit Considerations & Analysis

Anchored by Paragon in Singapore: SPHR's assets are predominantly located in Singapore (94% Singapore exposure, 6% Australia exposure by valuation). In fact, Paragon alone accounts for 76% of SPHR's portfolio valuation and 75% of the REIT's total revenue in FY2019. Apart from the strengthening visitor traffic and tenants' sales numbers recorded since FY2017, revenue grew 0.6% y/y to SGD170.4mn (FY2018: -2.1% y/y, FY2017: 1.6% y/y) with NPI up by 0.7% y/y to SGD136.0mn (FY2018: -2.4% y/y, FY2017: 4.5% y/y). Within Paragon is Paragon Medical which houses medical specialists and caters to medical clients and medical tourists. Based on our estimation, Paragon Medical takes up slightly over 30% of the total NLA at Paragon. We view this as a unique class of customers, separate from the regular shoppers and think that this offering of Paragon will continue to draw footfall into the mall independent of the outlook of the wider retail sector. Paragon Medical also benefits from being in close proximity to five-star accommodations, making it very convenient for overseas medical clients.

Figure 5: Performance of Paragon



Source: Company

Diversified tenants mix: SPHR has close to 600 tenants across its properties. Medical/Office accounts for the largest proportion of 23.2% of its portfolio by NLA while by gross rental income, Luxury Goods contributes the most (25.9% of its portfolio). We think SPHR is sufficiently diversified across the various segments – F&B, Fashion, Luxury, Departmental Stores/Supermarket, Medical/Office and Non-Retail Services. We note that medical tenants tend to be sticky because they benefit from clustering and equipment used is often bulky and may require opening of the mall's façade to fit. These factors no doubt deter the medical tenants from moving. In fact, management shared that they think medical tenants are more likely to sell their clinics (along with the equipment) than relocate their equipment. This is positive for Paragon as it suggests medical tenants are likely to be locked-in for as long as their medical equipment remain useful. On clustering, tenants at Paragon Medical also benefit from having hospital (e.g. Gleneagles Hospital and Mouth Elizabeth Hospital) and medical centres (e.g. Camden Medical) in the vicinity. These established medical groups cumulatively form a hub and create positive synergy. Having said that, Paragon Medical differentiates itself from these medical-centric facilities through its complementary and diversified retail and dining options. As such, we think Paragon has a unique and valuable positioning, and this helps to attract and retain its medical tenants.

Acquisition driven growth: Gross revenue grew by 7.9% y/y to SGD228.6mn, with NPI higher by 8.3% y/y to SGD179.8mn in FY2019 on the back of acquisitions. Excluding the acquisition of The Rail Mall and Figtree Grove, both revenue and NPI growth moderated to +0.6% y/y and +1.2% y/y respectively. That said, Paragon and Clementi Mall have always provided SPHR with (largely) stable income and we expect the trend to continue. We note that Figtree Grove (acquired in FY2019) is SPHR's maiden overseas acquisition. Along with the issuance of a SGD300mn perpetual bond in Aug 2019, management shared that they are "currently conducting due diligence on a potential acquisition". As such, we think it is reasonable to think that SPHR will continue to pursue inorganic growth.

Acquisition pipeline: SPHR has a ROFR granted by Sponsor, SPH which extends to The Seletar Mall and The Woodleigh Mall held by SPH. SPH owns 70% of Seletar Mall and 50% of Woodleigh Mall by way of a joint venture. Given The Seletar Mall (a family-oriented mall located in Seng Kang) officially opened on 21 May 2015, some 4.5 years ago, we think the mall has stabilized and could possibly be ready to be pumped into SPHR. United Engineers Ltd owns the balance 30% of The Seletar Mall. The property was valued at SGD496mn as at 31 Aug 2019, with SPH's stake valued at SGD347.2mn. The Woodleigh Mall, on the other hand, is expected to only TOP in 2Q2022. Comparatively, we think The Woodleigh Mall is less likely to be a near-term acquisition target.

Valuation gains at Singapore properties, offset losses in Australia: In FY2019, Figtree Grove recognised a SGD14.4mn loss in fair value, possibly due to the depreciation of AUD against SGD by ~3.4% from 21 Dec 2018 to 31 Aug 2019. This was offset by fair vale gains in Singapore – Paragon gained ~SGD26mn, and Clementi Mall gained ~SGD11mn. Although asset valuation has been climbing consistently, we note that the cap rate of Paragon was lower than peers at 4.50% for retail as at 30 Aug 2019, while that for Wisma Atria (Retail) and Ngee Ann City (Retail) were 4.75% and 4.70% respectively as at 30 June 2019. Clementi Mall's cap rate was 4.50%, in line with Westgate's cap rate. We expect SPHR's Singapore properties to continue to benefit from asset revaluation, though think that the room for cap rate to compress is limited.

Figure 6: Assets Valuation (SGD'mn)

Property	FY2019	FY2018	FY2017	FY2016	FY2015	FY2014
Paragon	2,745	2,719	2,695	2,656	2,641	2,588
Clementi Mall	597	586	583	574	572	571
The Rail Mall	64	63	-	-	-	-
Figtree Grove	192	-	-	-	-	-

Source: Company

Increasingly levered, though still manageable: The acquisition driven growth came at the cost of higher leverage. Aggregate leverage based on our calculation which is Total borrowings over Property valuation was 30.3% as at 31 Aug 2019 (2018: 26.5%, 2017: 25.9%), and higher at 34.5% after adjusting for 50% of its perpetual bond as debt. We note that its leverage level though has been rising, remains below that of its peer group. All of SPHR's borrowings i.e. SGD1.09bn are secured, specifically, SGD995mn is secured against Paragon, and AUD105mn is secured against Figtree Grove. That said, we are not overly concerned as SPHR's secured debt can most likely be rolled over in our view and Clementi Mall is fully unencumbered. In addition, EBITDA/Interest based on our calculation is decent at 5.2x and lower at 4.4x after adjusting for 50% of the distribution to perpetual bondholders as interest. The interest cost in FY2019 of SGD30.5mn is ~17% of its net operating cash flow (before interest) and higher at ~20% after adjusting for 50% of the distribution to perpetual bondholders as interest. Overall, we think SPHR's credit metrics remain decent.

III) Perpetual Structure

Step-up/reset and call date: The call date is at the end of year 5 (30 Aug 2024), which matches the first reset date. The perpetual bond is callable at any coupon payment date thereafter while it reset every 5 years thereafter. There is no step-up to the distribution rate if not called.

Deferred distribution: Issuer can elect not to pay distributions on the perpetuals. Deferred distribution payments are non-cumulative and will not accrue interest.

Seniority: SPHRSP 4.1% PERPs are subordinated perpetuals - senior to common equity though junior to straight debt. SPHR's multicurrency debt issuance programme allows the flexibility for SPHR to issue senior perpetual although to date no senior perpetuals have been issued.

Dividend stopper: If distribution payments are deferred, a dividend stopper would restrict SPHR from declaring or paying dividends to its unitholders (ie: common equity holders). SHPR would also be restricted from redeeming, reducing, cancelling, buying-back to redeem, reduce, cancel, buy-back common equity. Given that SPHR has to distribute 90% of its taxable income each year to enjoy tax exempt status by IRAS, the dividend stopper encourages timely and continued distributions to perpetual holders in our view.

IV) Technical Considerations

Positive	Negative
▪ Dividend stopper encourages timely and consistent distribution payments to perpetual holders especially as a REIT that regularly pay out dividends to its unitholders to be tax exempted ▪ Good name recognition via the association with SPH	▪ Lack of external credit rating ▪ No change of control clause ▪ No delisting put ▪ No step-up margin

Figure 7: Relative Value

Bond	Maturity / Call date	Gross gearing	Ask YTW	Spread
SPHRSP 4.1% PERP	30 Aug 2024	27.6%	3.82%	234bps
SPHSP 4.5% PERP	07 Jun 2024	28.9%	3.82%	235bps
MLTSP 4.18% PERP	28 Mar 2023	35.8%	3.47%	201bps
MLTSP 3.65% PERP	25 Nov 2021	35.8%	3.69%	223bps

Indicative prices as at 24 Oct 2019 Source: Bloomberg
Gross gearing based on latest available quarter

SPHRSP 4.1% PERP appears to be trading closest to its Sponsor and major shareholder's SPHSP 4.5% PERP. SHPR being a REIT, holds its assets under investment properties (unlike its Sponsor) and these properties generate recurring rental income. REITs are also subjected to the aggregate leverage cap in Singapore. SPHRSP 4.1% PERP is trading 11bps wider than MLTSP 3.65% PERP. MLT is an industrial REIT, with 137 properties amounting an asset base of SGD8.0bn as at 30 June 2019 (more than double that of SPHR). We have MLT on Neutral (4) Issuer Profile.

V) Conclusion

SPHR holds a portfolio of SGD3.6bn retail estate in Singapore and Australia, and is anchored by Paragon which is two-third retail and one-third medical/office. It is also sponsored by SPH, a media organization (sole provider of print newspapers in Singapore) with real estate as a key business segment. Growth in the recent years was driven largely by acquisition. While this was at the expense of a higher leverage, we think the credit metrics of SPHR remain manageable albeit weaker. Having said that, it is worth noting that SPHR was lowly geared to begin with.

SPHRSP 4.1% PERP has done well in the secondary markets and offers a yield to call of 3.8%.

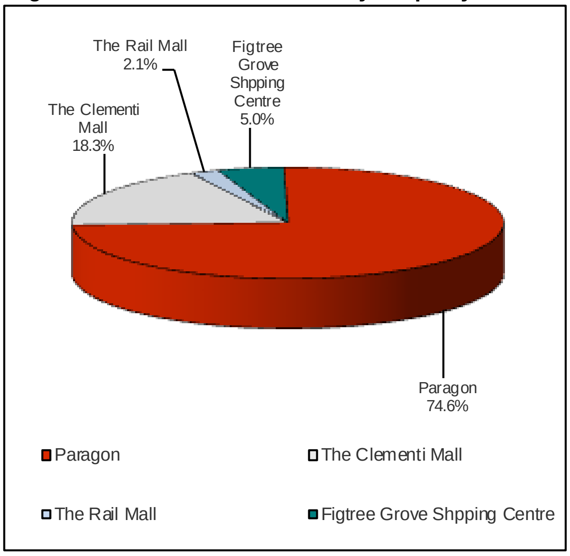
SPH REIT

Table 1: Summary Financials

Year Ended 31st Aug	FY2017	FY2018	FY2019
Income Statement (SGD'mn)			
Revenue	212.8	211.8	228.6
EBITDA	151.2	148.5	159.6
EBIT	149.8	147.7	159.5
Gross interest expense	23.9	24.5	30.5
Profit Before Tax	157.2	137.9	149.2
Net profit	157.2	137.9	148.8
Balance Sheet (SGD'mn)			
Cash and bank deposits	63.0	36.0	342.7
Total assets	3,346.7	3,408.0	3,948.4
Short term debt	319.4	209.8	279.6
Gross debt	847.4	893.1	1,091.1
Net debt	784.4	857.1	748.5
Shareholders' equity	2,421.1	2,438.9	2,771.4
Cash Flow (SGD'mn)			
CFO	165.2	164.8	180.5
Capex	0.0	0.0	0.1
Acquisitions	7.0	72.0	215.5
Disposals	0.0	0.0	0.0
Dividends	140.8	141.8	144.2
Interest paid	22.5	22.9	28.9
Free Cash Flow (FCF)	165.2	164.8	180.4
Key Ratios			
EBITDA margin (%)	71.07	70.12	69.82
Net margin (%)	73.87	65.09	65.09
Gross debt to EBITDA (x)	5.60	6.01	6.84
Net debt to EBITDA (x)	5.19	5.77	4.69
Gross Debt to Equity (x)	0.35	0.37	0.39
Net Debt to Equity (x)	0.32	0.35	0.27
Gross debt/total asset (x)	0.25	0.26	0.28
Net debt/total asset (x)	0.23	0.25	0.19
Cash/current borrowings (x)	0.20	0.17	1.23
EBITDA/Total Interest (x)	6.31	6.06	5.24

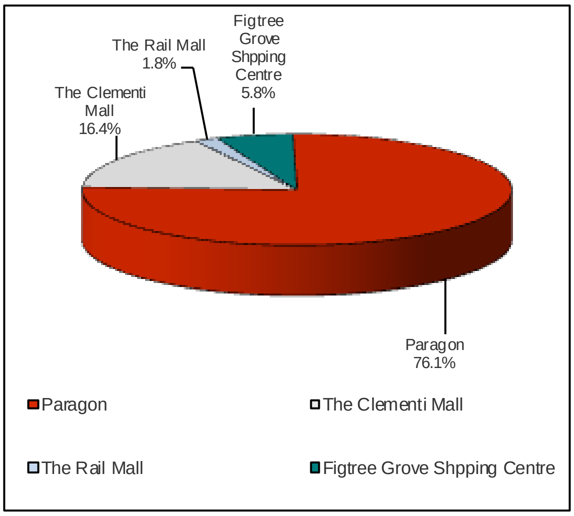
Source: Company, OCBC estimates

Figure 1: Revenue breakdown by Property - FY2019



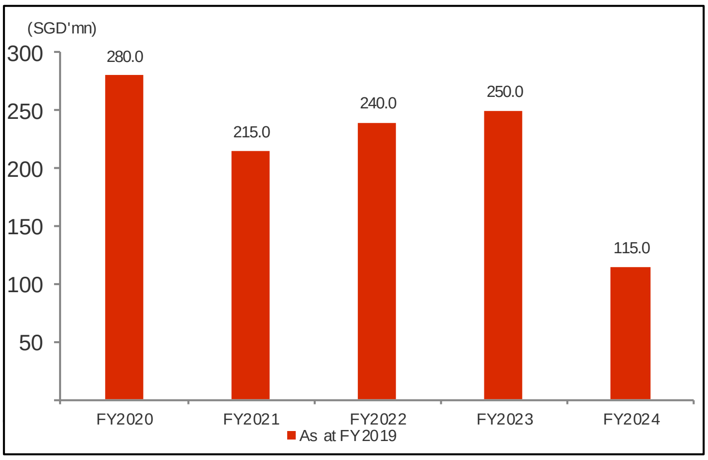
Source: Company

Figure 2: Property breakdown by Valuation - FY2019



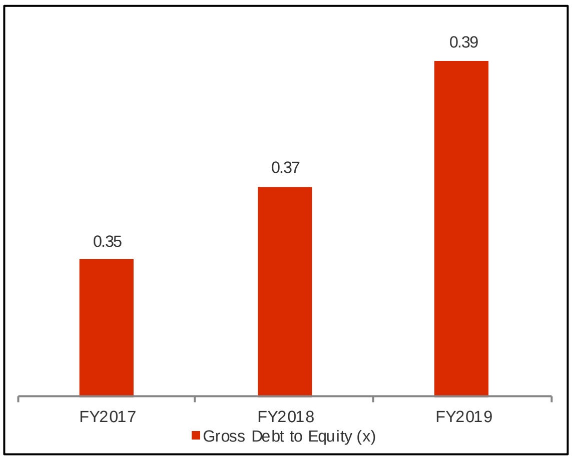
Source: Company

Figure 3: Debt Maturity Profile



Source: Company

Figure 4: Gross Debt to Equity (x)



Source: Company, OCBC estimates

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

Please note that Bond Recommendations are dependent on a bond's price, underlying risk free rates and an implied credit spread that reflects the strength of the issuer's credit profile. Bond Recommendations may not be relied upon if one or more of these factors change.

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.

Treasury Research & Strategy

Macro Research

Selena Ling
Head of Strategy & Research
LingSSSelena@ocbc.com

Tommy Xie Dongming
Head of Greater China Research
XieD@ocbc.com

Terence Wu
FX Strategist
TerenceWu@ocbc.com

Howie Lee
Thailand, Korea & Commodities
HowieLee@ocbc.com

Wellian Wiranto
Malaysia & Indonesia
WellianWiranto@ocbc.com

Carie Li
Hong Kong & Macau
carierli@ocbcwh.com

Dick Yu
Hong Kong & Macau
dicksnyu@ocbcwh.com

Credit Research

Andrew Wong
Credit Research Analyst
WongVKAM@ocbc.com

Ezien Hoo, CFA
Credit Research Analyst
EzienHoo@ocbc.com

Wong Hong Wei, CFA
Credit Research Analyst
WongHongWei@ocbc.com

Seow Zhi Qi
Credit Research Analyst
ZhiQiSeow@ocbc.com