

An introduction to: SGD Corporate Perpetual Bonds

Friday, September 08, 2017

Summary

- **Introduction to perpetual bonds:** Perpetual bonds, as its name suggests, are fixed income securities without a maturity date. In a firm's capital structure, they are more senior than common equity, though they are often junior to straight bonds with fixed maturity.
- **Comeback in issuance:** YTD2017 SGD corporate perpetual issuance totalled SGD3.0bn, surging by 1.8x y/y. Biggest issuers are real estate related companies, including developers, investment & management companies and REITs. Excluding called issues, SGD corporate perpetual bonds outstanding currently stands at SGD7.7bn across 27 issues.
- **Covenants are important:** In this write-up, we focus on covenants that pertain more to corporate perpetual bonds. The average SGD perpetual bond is (1) subordinated (which may provide less recoveries than senior in a gone-concern scenario) (2) have a reset (which mitigates the rising interest rate environment) (3) have a step-up (provide incentive to call) (4) allow distributions to be deferred (common clause for perpetual bonds) and (5) have dividend pushers and/or dividend stoppers (which incentivises the issuer to pay coupons). However, we find that, for certain perpetual bonds, the reset date and step-up dates which provide economic incentives to call may not coincide with the first call date. While we view the cumulative and compounding covenant to be essential, we are not overly concerned over REITs perpetual bonds (which do not carry this covenant). REITs are marketed as yielding instruments for equity holders; hence they are likely to pay regular dividends to equity holders. In doing so, REITs will be incentivised (via the dividend stopper covenant) to pay distributions to perpetual holders. While investors may price bonds with stronger shareholders higher, the change of control step-up covenant appears to be absent or inadequate for Temasek-linked companies.

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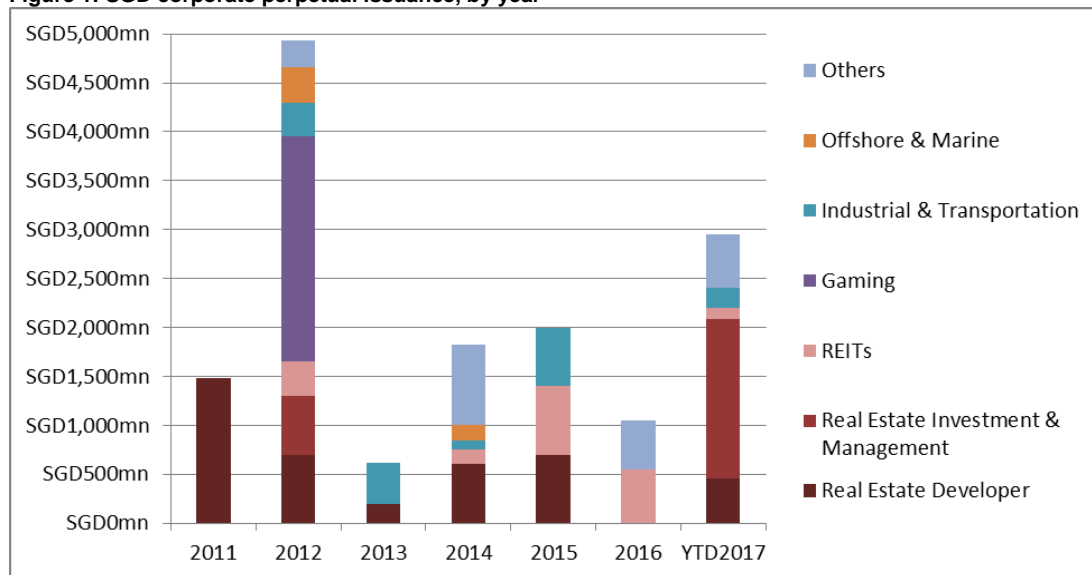
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I) Introduction

Since the issuance of the SGD730mn Cheung Kong perpetual bond in Sep 2011, another 44 corporate perpetual bonds totalling SGD14.1bn have followed. SGD3.4bn of corporate perpetual bonds has since been redeemed (including Cheung Kong's). Another SGD2.8bn from four perpetual bonds (including two from Genting Singapore worth SGD2.3bn) have been called. These perpetuals will mature in September and October 2017. With the continued compression in yields and increasing interest by carry-seeking investors, corporate perpetual bonds issuance has increased in YTD2017 to SGD3.0bn, which constitute 19.3% of the total SGD issuances (excluding issuances by sovereigns and CDs).

Figure 1: SGD corporate perpetual issuance, by year



Source: Bloomberg, OCBC

Following its introduction in 2011, corporate perpetual bonds quickly became popular in 2012, as companies (including Genting Singapore) took advantage of the low interest environment (when 10Y swap rates traded below 2%) to issue. 2012 was also the record year of issuance for corporate perpetual bonds (SGD4.9bn), largely due to the mega Genting Singapore SGD2.3bn. This took a quick turn in 2013 during the QE taper tantrum when appetites for corporate perpetual bonds were noticeably weaker. However, with the Fed's zero-interest rate policy remaining in place in 2014, investors then favoured high-yield and long-duration credits. High-yield issuers (e.g. Vibrant Group Ltd, Ezion Holdings Ltd, Trafigura Group Pte Ltd, Tata International Singapore Pte Ltd, Hyflux Ltd) dominated 2014 issuances as they opportunistically tapped the corporate perpetual market. Although the Fed has since hiked interest rates (four times by June 2017), as the SGD market develops and matures while credit spreads tighten, we have seen the resurgence in issuances, with YTD2017 issuances at SGD3.0bn. Since 2015, the issuer profiles have evolved as the majority of the issuers are now predominantly higher grade (e.g. Mapletree Investments Pte Ltd, StarHub Ltd, Sembcorp Industries Ltd, IG-rated REITs), though several well-recognised higher-yield issuers were able to continue to tap the market (e.g. Olam International Ltd, ARA Asset Management Ltd, Hyflux Ltd). In our view, this is a reflection of the market going down the capital structure in search for yield.

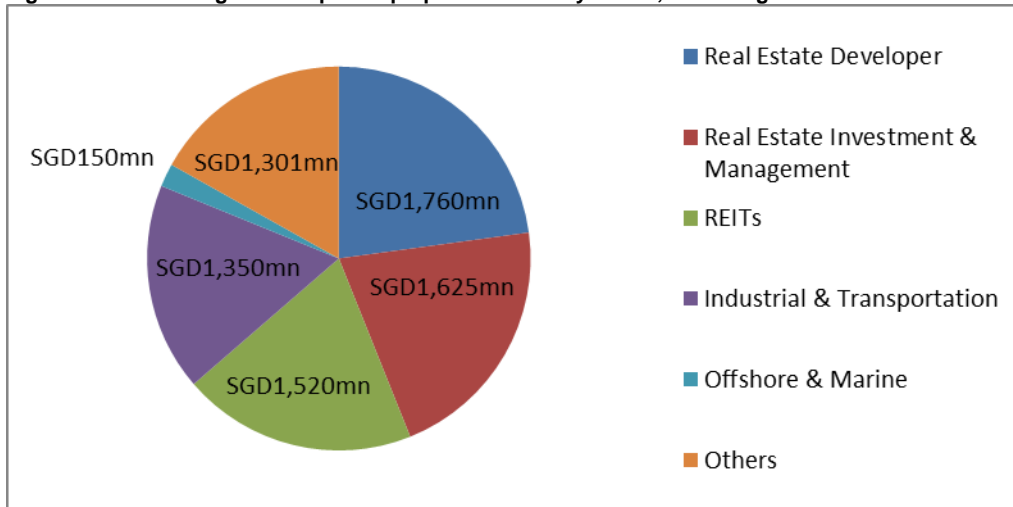
By industry segment, property developers, real estate investment & management companies and REITs have been the largest source of issuers. Prolific issuers include Mapletree Investments Pte Ltd (with SGD1.3bn issuance in YTD2017) and Frasers Centrepoint Ltd (with SGD1.3bn issued in 2014 and 2015). Issuances by REITs have also increased. Temasek-linked REITs started the ball rolling (Ascott REIT, Ascendas REIT, Keppel REIT), followed by REITs from other sponsors (e.g. Fraser Hospitality REIT, First REIT, Lippo Malls Indonesia Retail Trust). This can be attributed to MAS' policy clarification to treat certain perpetual securities¹ as equity for REITs (as opposed to being treated as debt, which would have increased aggregate leverage²). We note this differs from rating agencies, which typically account perpetual bonds as half debt, half equity.

Excluding the called issues, there are SGD7.7bn SGD corporate perpetual bonds outstanding across 27 issues. 63.7% by amount outstanding are represented by real estate and real estate related companies.

¹ MAS treat perpetual bonds as equity as long as they are deeply subordinated, distributions are entirely at the discretion of the REIT and are non-cumulative and there are no terms that would incentivise the REIT to redeem early (e.g. step-up in coupon payment)

² MAS limits the aggregate leverage of REITs to 45%. Hence, when perpetual bonds are accounted for as equity, it allows REITs to have larger debt headroom to issue debt.

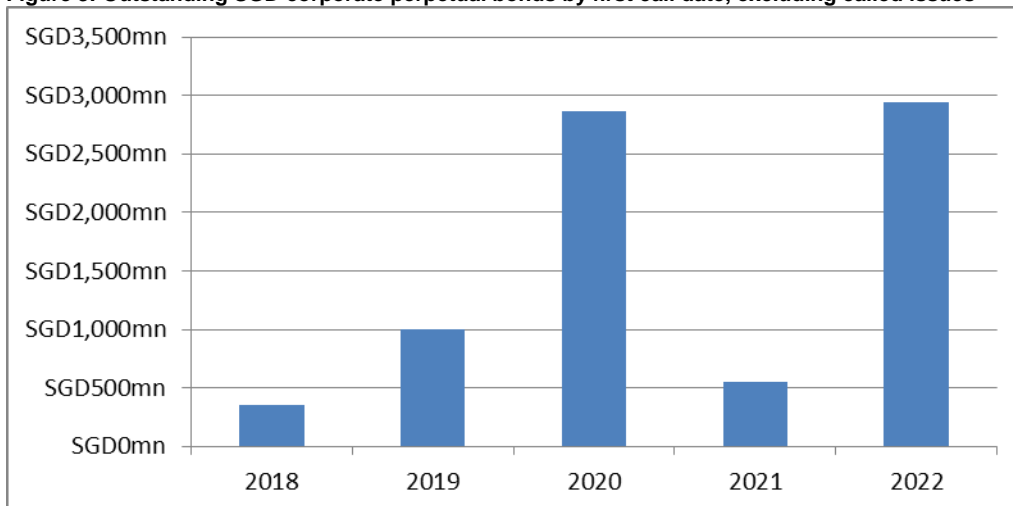
Figure 2: Outstanding SGD corporate perpetual bonds by sector, excluding called issues



Source: Bloomberg, OCBC

Following the sizeable amount of bonds that have been called in 2017, 2018's redemption is expected to be more muted, with only two callable corporate perpetual bonds - SGD200mn SCISP 5% PERP and SGD150mn EZISP 7% PERP³. The dip in callable bonds in 2018 is not too surprising, given that corporate perpetual bonds have been typically structured with 5-year non-calls while 2013 was a low issuance year. For the outstanding corporate perpetual bonds, the only exceptions to the 5-year non-calls are EZISP 7% PERP (NC4), HYFSP 6% PERP (NC4), SCISP 3.7% PERP (NC3) and WINGTA 4.35% PERP (NC3). The potential redemptions in 2019 appear manageable still, with SGD600mn FCLSP 4.88% PERP accounting for the bulk of the callable bonds. 2020 callable bonds include SGD700mn FCLSP 5% PERP, SGD600mn SCISP 4.75% PERP, SGD200mn SCISP 3.7% PERP and SGD500mn HYFSP 6% PERP.

Figure 3: Outstanding SGD corporate perpetual bonds by first call date, excluding called issues



Source: Bloomberg, OCBC

³ Note that Ezion Holdings Ltd (refer to [OCBC Asian Credit Daily – 29 Aug 2017](#)) has been meeting various stakeholders with the objective to seek refinancing so that repayment obligations are more manageable and obtain additional funding.

II) Covenants

Disclaimer: Please note that this section reflects our interpretation of the bond covenants. It should not be construed as providing legal opinions. Where legal or other professional advice is required in relation to any particular matter, please seek advice from your own legal or other professional advisors.

As important as the credit fundamentals, covenants provide important protection for bondholders. These include financial covenants, negative pledge, limitation on indebtedness, non-disposal clauses, delisting put, just to name a few, which are important considerations for all bonds (including perpetual bonds). However, in the following we will discuss covenants that, in our view, pertain more to corporate perpetual bonds. They include seniority, step-ups, resets, distribution deferral, dividend pusher and stopper and change of control.

Seniority

Out of the 27 SGD corporate perpetual bonds, only four of them (SPOST 4.25% PERP, TATSON 6.65% PERP, WINGTA 4.08% PERP and WINGTA 4.35% PERP) are ranked senior unsecured. The majority of SGD corporate perpetual (23 bonds) are subordinated instruments. No perpetual bonds are secured. This is not unusual, as 66% of perpetual bonds in the entire universe of perpetual bonds, according to Bloomberg, are subordinated. The higher ratio of subordinated bonds denominated in SGD (23 out of 27) is partly contributed by REITs (with nine outstanding perpetual bonds), which have to be subordinated in order to fulfil one of the conditions to be treated as equity by MAS. Though interestingly, there has not been an issuer in the SGD market with both a junior perpetual bond as well as a senior perpetual bond. The SGD market has yet to experience an issuer defaulting whilst still having perpetuals outstanding. This may be a reason as to why investors have yet to demand more senior corporate perpetual bonds. Swiber Holdings Ltd and Ezra Holdings Ltd, which defaulted on their senior bonds in 2016 and 2017, had called their perpetual bonds (EZRASP 8.75% PERP, SWIBSP 9.75% PERP) in 2015, though we acknowledge Ezion Holdings Ltd has been meeting stakeholders (including EZISP 7% PERP holders) while the stock has been suspended from trading on the Singapore Exchange. However, in the event that a company is facing a liquidity crunch or a going concern issue, seniority may determine the rate of recoveries. Looking at examples in the current market, we observe that the USD-denominated NOBLSP 6% PERP, which is subordinated, is trading at levels lower than its seniors, indicating that investors expect a lower recovery in the event of restructuring. Meanwhile, ODBR 7.5% PERP (also USD-denominated), which is a senior perpetual, is trading at similar price levels to the straight bonds.

Figure 4: Noble Group Ltd bonds

Issue	Rank	Currency	Ask Price
NOBLSP 6 PERP	Subordinated	USD	15.13
NOBLSP 3.625 '18	Senior Unsecured	USD	49.74
NOBLSP 6.75 '20	Senior Unsecured	USD	42.31
NOBLSP 8.75 '22	Senior Unsecured	USD	42.19

Source: Bloomberg, 7 Sep 2017

Figure 5: Odebrecht Finance Ltd bonds

Issue	Rank	Currency	Ask Price
ODBR 7.5 PERP	Senior Unsecured	USD	43.03
ODBR 4.375 '25	Senior Unsecured	USD	41.52
ODBR 5.25 '29	Senior Unsecured	USD	40.05
ODBR 7.125 '42	Senior Unsecured	USD	42.88

Source: Bloomberg, 7 Sep 2017

Resets

Following the call of GENSSP 5.125% PERP, all the remaining outstanding corporate perpetual bonds have a reset feature except TATSON 6.65% PERP. We think that resets are friendlier to investors than fixed-for-life structures (e.g. the called CHEUNG 5.125% PERP) as they offer protection to bondholders in a rising rate environment (at the expense of capital gains). While call-dates tend to coincide with reset dates, there are a number of exceptions, such as SCISP 5%

PERP (NC5, reset @ Year 10), SCISP 4.75% PERP (NC5, reset @ Year 10), SCISP 3.7% PERP (NC3, reset @ Year 5), WINGTA 4.35% PERP (NC3, reset @ Year 10), MAPLSP 4.5% PERP (NC5, reset @ Year 10), MAPLSP 3.95% (NC5, reset @ Year 10), STHSP 3.95% PERP (NC5, reset @ Year 10) and ARASP 5.2% PERP (NC5, reset @ Year 7). However, as investors continue to hunt for yield, incentives may grow for issuers to issue fixed-for-life corporate perpetual bonds. For example, in the USD space, Sun Hung Kai Properties Ltd priced a fixed-for-life perpetual bond at 4.45% in May 2017.

In our view, resets may provide some economic incentives for issuers to call when interest rates increase (particularly when the reset spread is wider than the issuer's current credit spread). As such, if the issue's first-call date coincides with its reset date, the economic incentive to call on the first call date is higher.

Step-ups

With the exception of the nine REIT perpetual bonds (REIT perpetual bonds cannot have step-ups in order to be treated as equity by MAS), all corporate perpetual bonds sport a step-up feature. Step-ups offer economic incentives for issuers to call. However, most of the corporate perpetual bonds offer only 100-200bps step-ups, while only 3 issues (ARASP 5.2% PERP, EZISP 7% PERP, TATSON 6.65% PERP) offer a punitive 300bps step-up. In our view, the economic incentive for issuers to call the bonds upon triggering 300bps step-up is very high unless they are unable to do so.

Typically, step-up dates coincide with reset dates. We think having both dates coincide increases the economic incentive for issuers to call. However, there are exceptions when the dates do not coincide, such as WINGTA 4.08% PERP (reset on Year 5, step-up on Year 10), TRAFIG 7.5% PERP (reset on Year 5, step-up on Year 10), HPLSP 4.65% PERP (reset on Year 5, step-up on Year 10), FCLSP 4.88% PERP (reset on Year 5, step-up on Year 10) and FCLSP 5% PERP (reset on Year 5, step-up on Year 10).

Distribution Deferral

All the corporate perpetual bonds allow distributions to be deferred. In other words, the issuer can elect not to pay the distributions. As such, it is important for holders purchasing into an income-instrument that other covenants are present, such that the issuer cannot wilfully defer distributions unless they are unable to support payments. In this case, the relevant covenants that confer protections to the perpetual holders, in our view, are (1) cumulative and compounding and (2) dividend pusher and dividend stopper.

Cumulative and compounding

Except for the nine REIT perpetual bonds, all deferred coupons on corporate perpetual bonds are cumulative and compounding. While this opens the possibility for REITs to skip coupons without penalty, we opine that REITs are unlikely to miss the coupons on the perpetual bonds due to the dividend stopper covenant (further explanation in the sub-section on dividend pusher and dividend stopper below). On the other hand, we may be uncomfortable with a hypothetical non-REIT corporate perpetual bond that does not feature the cumulative and compounding covenant.

Dividend pusher and dividend stopper

Except for the nine REIT perpetual bonds, all corporate perpetual bonds have a dividend pusher. Typically, the look back period is between 6-12 months, except for SPOST 4.25% PERP (3-months) and OLAMSP 5.5% PERP (3-months). We think that a short look back period (e.g. 3-months) may be ineffective to protect bondholders, given that coupons are paid on semi-annual basis. Nevertheless, this is mitigated by SPOST and OLAMSP perpetual bonds having the dividend stopper covenant.

All corporate perpetual bonds, except TRAFIG 7.5% PERP, have a dividend stopper covenant. For TRAFIG 7.5% PERP, this is mitigated by having a dividend pusher with 12-month look back. Under a dividend pusher, TRAFIG perpetual holders will be paid a distribution if equity holders who are junior to the perpetual holders get paid dividends. We think that the dividend stopper covenant is crucial for REIT perpetual bonds. This is because REITs are highly likely to pay

dividends to equity holders⁴, and in so doing will be required to pay coupons to perpetual bondholders. REITs are likely to generate sufficient cashflow to pay dividends to shareholders as there is a regulatory limit on indebtedness (asset leverage limit: 45%). However, we may be concerned if a REIT relies too much on perpetual bonds, as a proportion of the capital structure, as a means to circumvent the regulatory limit.

Change of control [change of shareholding]

Corporate perpetual bonds with the change of control step-up covenant appear to be the minority (nine out of 27), appearing only in ARASP 5.2% PERP, FCLSP 5% PERP, FCLSP 4.88% PERP, HPLSP 4.65% PERP, MAPLSP 4.5% PERP, MAPLSP 3.95% PERP, TATSON 6.65% PERP, WINGTA 4.08% PERP and WINGTA 4.35% PERP. We think that the change of control step-up is useful to protect perpetual holders as it gives compensation to perpetual holders in the event of a shareholding change. This is more important if the companies have highly-regarded controlling shareholders with stronger credit profiles (e.g. Temasek) that benefit the credit profile of the company and the pricing of the bonds. Therefore, such issues ought to have larger step-ups, though the step-up for both MAPLSP PERPs is only 100bps, in comparison to ARASP PERP (300bps) and both FCLSP PERPs (300bps). We note that amongst the Temasek-linked companies, the change of control or change of shareholding step-up is noticeably absent for OLAMSP 5.5% PERP, SCISP 5% PERP, SCISP 4.75% PERP and SCISP 3.7% PERP. Perpetual bondholders of Temasek-linked companies should consider the risk of Temasek divesting its stake – never say never as we saw the bonds of Neptune Orient Lines (“NOL”) falling to as low as 60 cts on the dollar following the divestment by Temasek in 2016. While the shipping market has recovered substantially, these bonds remain underwater while they had traded above par in 2015. As such, it appears that the 150bps change of control step-up for NOLSP 5.9% ‘19s was insufficient as compensation. However, we acknowledge that the comparison is not entirely fair, as the widening in credit spreads also partly reflects the delisting of NOL while the new controlling shareholder (CMA CGM) is unlisted and rated at a lower level versus Temasek. A delisted company may have fewer disclosures and has one less avenue (through the equity market) to raise capital.

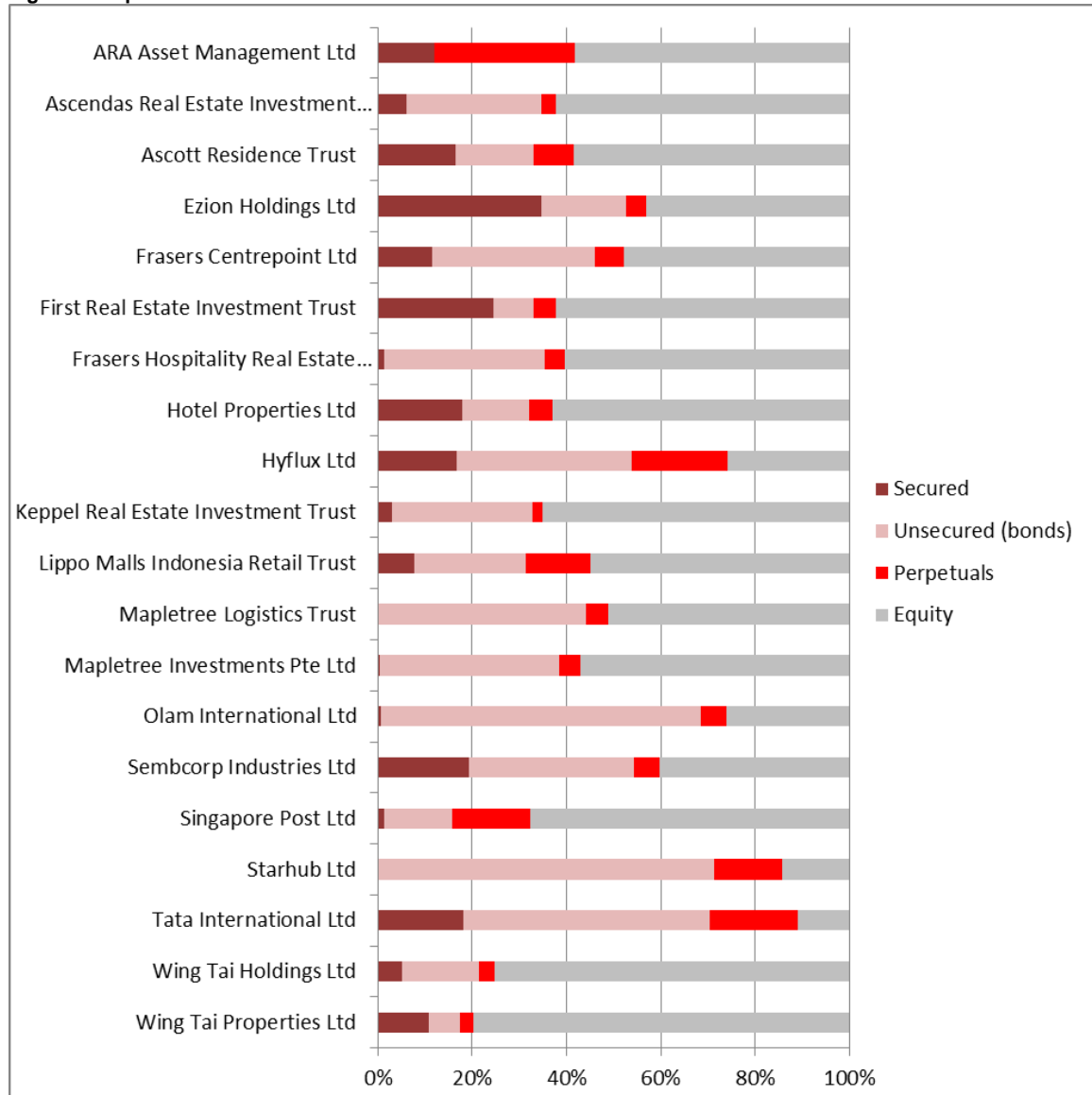
We also note that several REITs, especially the ones indirectly owned by Temasek, may have benefited from a strong shareholder but do not feature a change of control step-up. These include ARTSP 4.68% PERP, ARTSP 5% PERP, KREITS 4.98% PERP. However, we think that there is an incentive for the sponsors of REITs to continue holding them, in general, as it allows the sponsor (typically a developer) to recycle capital by injecting developed assets into the REITs.

Summary of capital structure and covenants

We have appended the summary of the capital structure of the issuers and covenants of their perpetual bonds in the following pages.

⁴ REITs enjoy tax exemption if at least 90% of the taxable income is distributed. In addition, shareholders of REITs typically invest in REITs for the dividends.

Figure 6: Capital structure⁵



Source: Company, OCBC

⁵ Capital structure compiled based on latest available financial information, with adjustments based on bonds and perpetual securities that have been redeemed or issued post the latest financial information as of 08 Sep 2017.

Company	ARA Asset Management Ltd	Ascendas REIT	Ascott Residence Trust	Ascott Residence Trust	Ezion Holdings Ltd	Frasers Centrepoint Ltd	Frasers Centrepoint Ltd
Bond	ARASP 5.2% PERP	AREIT 4.75% PERP	ARTSP 4.68% PERP	ARTSP 5% PERP	EZISP 7% PERP	FCLSP 5% PERP	FCLSP 4.88% PERP
Issue Size	SGD300m	SGD300m	SGD250m	SGD150m	SGD150m	SGD700m	SGD600m
Issuer Rating	NR/NR/NR	NR/A3/NR	NR/Baa3/NR	NR/Baa3/NR	NR/NR/NR	NR/NR/NR	NR/NR/NR
Issue Date	19-Jul-17	14-Oct-15	30-Jun-15	27-Oct-14	19-Nov-14	09-Mar-15	24-Sep-14
1st call	19-Jul-22	14-Oct-20	30-Jun-20	27-Oct-19	19-Nov-18	09-Mar-20	24-Sep-19
Coupon	5.20%	4.75%	4.68%	5%	7%	5%	4.88%
Seniority	Subordinated	Subordinated	Subordinated	Subordinated	Subordinated	Subordinated	Subordinated
Step-up	300bps at Year 7 (19-Jul-24)	None	None	None	300bps	100bps	100bps
Reset	Year 7 (19-Jul-2024) and every 7 years at 7Y SOR + initial spread (3.12%) + step-up	Year 5 (13-Oct-2020) and every 5 years at 5Y SOR + initial spread (2.43%)	Year 5 (30-Jun-2020) and every 5 years at 5Y SOR + initial spread (2.5%)	Year 5 (27-Oct-2019) and every 5 years at 5YSOR + initial spread (3.405%)	Year 4 (19-Nov-2018) and every 4 years at 4YSOR + initial spread (5.54%) + step-up	Year 5 (9-Mar-20) at 5Y SOR+ initial spread (3.015%) and thereafter every 5 years at 5Y SOR + initial spread (3.015%) + step-up margin	Year 5 (24-Sep-19) at 5Y SOR + initial spread (3.046%) and thereafter every 5 years at 5Y SOR + initial spread (3.046%) + step-up
Distribution Deferral	Yes	Yes	Yes	Yes	Yes	Yes	Yes
- Cumulative	Yes	No	No	No	Yes	Yes	Yes
- Compounding	Yes	No	No	No	Yes	Yes	Yes
Dividend Pusher	Yes, 12 month look back	No	No	No	Yes, 12 month look back	Yes, 6 month look back	Yes, 6 month look back
Dividend Stopper	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Change of Control	Yes, call at par or 300bps step-up	No	No	No	No	Yes, call at par after year 5 or call at make-whole amount prior to year 5 or 100bps step-up	Yes, call at par after year 5 or call at make-whole amount prior to year 5 or 100bps step-up

Source: Company, OCBC

Company	First Real Estate Investment Trust	Frasers Hospitality Real Estate Investment Trust	Hotel Properties Ltd	Hyflux Ltd	Keppel REIT	Lippo Malls Indonesia Retail Trust	Lippo Malls Indonesia Retail Trust
Bond	FIRTSP 5.68% PERP	FHREIT 4.45% PERP	HPLSP 4.65% PERP	HYFSP 6% PERP	KREITS 4.98% PERP	LMRTSP 7% PERP	LMRTSP 6.6% PERP
Issue Size	SGD60m	SGD100m	SGD150m	SGD500m	SGD150m	SGD140m	SGD120m
Issuer Rating	NR/NR/NR	NR/Baa2/NR	NR/NR/NR	NR/NR/NR	NR/NR/NR	NR/Baa3/NR	NR/Baa3/NR
Issue Date	08-Jul-16	12-May-16	05-May-17	27-May-16	02-Nov-15	27-Sep-16	19-Jun-17
1st call	08-Jul-21	12-May-21	05-May-22	27-May-20	02-Nov-20	27-Sep-21	19-Dec-22
Coupon	5.68%	4.45%	4.65%	6%	4.98%	7%	6.60%
Seniority	Subordinated	Subordinated	Subordinated	Subordinated	Subordinated	Subordinated	Subordinated
Step-up	None	None	100bps	200bps	None	None	None
Reset	Year 5 (8-Jul-21) and every 5 years at 5Y SOR + initial spread (3.925%)	Year 5 at SOR + initial spread (2.45%)	Year 5 (5-Mar-2022) at 5Y SOR + initial spread (2.685%) and thereafter every 5 years at 5Y SOR + initial spread (2.685%) + step-up	Year 4 (27-May-20) and every 4 years at 4Y SOR + initial margin (4.2%) + step-up	Year 5 (20-Nov-20) and every 5 years at 5Y SOR + initial spread (2.705%)	Year 5 (27-Sep-21) and every 5 years at 5Y SOR + initial spread (5.245%)	Year 5.5 (19-Dec-2022) and every 5 years at 5Y SOR + initial spread (4.755%)
Distribution Deferral	Yes	Yes	Yes	Yes	Yes	Yes	Yes
- Cumulative	No	No	Yes	Yes	No	No	No
- Compounding	No	No	Yes	Yes	No	No	No
Dividend Pusher	No	No	Yes, 12 month look back	Yes, 6-month look back	No	No	No
Dividend Stopper	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Change of Control	No	No	Yes, call at par or 300bps step-up	No	No	No	No

Source: Company, OCBC

Company	Mapletree Investments Pte Ltd	Mapletree Investments Pte Ltd	Mapletree Logistics Trust	Olam International Ltd	Sembcorp Industries Ltd	Sembcorp Industries Ltd	Sembcorp Industries Ltd
Bond	MAPLSP 4.5% PERP	MAPLSP 3.95% PERP	MLTSP 4.18% PERP	OLAMSP 5.5% PERP	SCISP 5% PERP	SCISP 4.75% PERP	SCISP 3.7% PERP
Issue Size	SGD625m	SGD700m	SGD250m	SGD350m	SGD200m	SGD600m	SGD200m
Issuer Rating	NR/NR/NR	NR/NR/NR	NR/Baa1/NR	NR/NR/NR	NR/NR/NR	NR/NR/NR	NR/NR/NR
Issue Date	19-Jan-17	12-May-17	25-May-16	11-Jul-17	21-Aug-13	20-May-15	22-Jun-17
1st call	19-Jan-22	12-Nov-22	25-Nov-21	11-Jul-22	21-Aug-18	20-May-20	22-Jun-20
Coupon	4.50%	3.95%	4.18%	5.50%	5%	4.75%	3.70%
Seniority	Subordinated	Subordinated	Subordinated	Subordinated	Subordinated	Subordinated	Subordinated
Step-up	100bps	100bps	None	200bps	100bps	100bps	100bps
Reset	Year 10 (19-Jan-2027) and every 10 years at 10Y SGD SOR +initial spread (1.865%) + step-up	Year 10.5 (12-Nov-2027) at 10Y SGD SOR + initial spread (152bps) + step-up and thereafter every 10 years at 10Y SGD SOR +initial spread (152bps)+step-up	Year 5 (25-Nov-21) and every 5 years at 5Y SOR + initial spread (2.30%)	Year 5 (11-Jul-2022) and every 5 years at 5Y SOR + initial spread (3.685%) + step-up	Year 10 (21-Aug-23) and every 10 years at 10Y SOR + initial spread (2.187%)+ step-up	Year 10 (20-May-25) and every 10 years at 10Y SOR + initial spread (2.11%)+ step-up	Year 5 (22-Jun-2022) and every 5 years at 5Y SOR + initial spread (1.920%) + step-up
Distribution Deferral	Yes	Yes	Yes	Yes	Yes	Yes	Yes
- Cumulative	Yes	Yes	No	Yes	Yes	Yes	Yes
- Compounding	Yes	Yes	No	Yes	Yes	Yes	Yes
Dividend Pusher	Yes, 12 month look back	Yes, 12 month look back	No	Yes, 3 month look back	Yes, 6 month look back	Yes, 6 month look back	Yes, 6 month look back
Dividend Stopper	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Change of Control	Yes, call at par or 100bps step-up	Yes, call at par or 100bps step-up	No	No	No	No	No

Source: Company, OCBC

Company	Singapore Post Ltd	Starhub Ltd	Tata International Singapore	Trafigura Group Pte Ltd	Wing Tai Holdings Ltd	Wing Tai Properties Ltd
Bond	SPOST 4.25% PERP	STHSP 3.95% PERP	TATSON 6.65% PERP	TRAFIG 7.5% PERP	WINGTA 4.08% PERP	WINGTA 4.35% PERP
Issue Size	SGD350m	SGD200m	SGD150mn	SGD200m	SGD150m	SGD160m
Issuer Rating	BBB+/NR/NR	NR/NR/NR	NR/NR/NR	NR/NR/NR	NR/NR/NR	NR/NR/NR
Issue Date	02-Mar-12	16-Jun-17	06-Nov-14	19-Feb-14	28-Jun-17	24-Aug-17
1st call	02-Mar-22	16-Jun-22	06-Nov-19	19-Feb-19	28-Jun-22	24-Aug-20
Coupon	4.25%	3.95%	6.65%	7.5%	4.08%	4.35%
Seniority	Senior Unsecured	Subordinated	Senior Unsecured	Subordinated	Senior Unsecured	Senior Unsecured
Step-up	1.50%	100bps	300bps	100bps	100bps	100bps
Reset	Year 10 (2-Mar-22) and every 10 years after at 10Y SOR + initial spread (2.192%)+ step-up	Year 10 (16-Jun-2027) and every 10 years at 10Y SOR + initial spread (1.715%) + step-up	None	Year 5 (19-Feb-19) at 5Y SOR + initial spread (5.955%) and thereafter every 5 years at 5Y SOR + initial spread (5.955%) + step-up	Year 5 (28-Jun-2022) at 5Y SOR + initial spread (2.37%) and thereafter every 5 years at 5Y SOR + initial spread (2.370%) + Step-up	Year 10 (24-Aug-2027) and every 10 years at 10Y SOR + initial spread (208.7bps) + step-up
Distribution Deferral	Yes	Yes	Yes	Yes	Yes	Yes
- Cumulative	Yes	Yes	Yes	Yes	Yes	Yes
- Compounding	Yes	Yes	Yes	Yes	Yes	Yes
Dividend Pusher	Yes, 3 month look back	Yes, 6 month look back	Yes, 12 month look back	Yes, 12-month look back	Yes, 12 month look back	Yes, 12 month look back
Dividend Stopper	Yes	Yes	Yes	No	Yes	Yes
Change of Control	No	No	Yes, call at par or 500bps step-up	No	Yes, call at par or 100bps step-up	Yes, call at par or 100bps step-up

Source: Company, OCBC

The credit research team would like to acknowledge and give due credit to the contributions of Andrew Chok Rong Yao.

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