

### Market Commentary

- The SGD swap curve traded higher yesterday, with shorter tenors trading 1-3bps higher, belly tenors trading 4bps higher, and longer tenors 4-6bps higher.
- There were moderate flows in SGD Corporates yesterday, with flows in UBS 4.85%-PERPs, KREITS 3.15%-PERPs, and MAPLSP 3.7%-PERPs.
- UST 10Y Yields continued to trade higher yesterday, rising 5bps to 1.37% as investors reposition their portfolio following Friday's disappointing jobs report and supply of US corporate bonds resumed. Despite the lower-than-expected nonfarm payroll numbers, investors are piling on bets that government bond yields will rise in expectation that the Fed will taper by the end of the year.

### Credit Research

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### Credit Summary:

- [AIMS APAC REIT \("AAREIT"\)](#) | **Issuer Profile: Neutral (4):** AAREIT REIT Manager's long serving Chief Executive Officer ("CEO") Mr Koh Wee Lih has tendered his resignation to pursue other professional interests. Mr Koh will be stepping down as Executive Director and CEO on 28 November 2021. Mr Russell Ng will be appointed as CEO-designate of the AAREIT REIT Manager with immediate effect. For now, we maintain AAREIT's issuer profile at Neutral (4).
- [Credit Suisse Group AG \("CS"\)](#) | **Issuer Profile: Neutral (4):** CS disclosed that its total cash position including previous distributions in the Greensill Capital supply chain funds is now around USD7bn of the USD10bn in investor exposure to the funds when they were suspended. Further cash is being sought from either insurance or liquidation proceeds.
- [Hongkong Land Holdings Limited \("HKL"\)](#) | **Issuer Profile: Positive (2):** HKL announced that it intends to invest up to USD500mn in a share buyback programme extending until 31 December 2022. We maintain HKL's issuer profile at Positive (2).
- [HSBC Holdings PLC \("HSBC"\)](#) | **Issuer Profile: Neutral (3):** HSBC is holding noteholder meetings on 24th September regarding a consent solicitation to amend certain terms and conditions for the HSBC 5.0% 'PERPc23s and HSBC 4.7% 'PERPc22s.
- [Oxley Holdings Ltd \("OHL"\)](#) | **Issuer Profile: Negative (6):** OHL has announced a tender offer to repurchase its outstanding SGD150m OHLSP 5.7% '22s due January 2022. It will also reopen its existing SGD70m OHLSP 6.9% '24s and use some of the net proceeds to purchase notes in the tender offer. We continue to hold OHL at a Negative (6) Issuer Profile. The offer commences today and expires on 22 September 2021 at 12pm.

## Asian Credit Daily

### Credit Headlines

#### **AIMS APAC REIT (“AAREIT”) | Issuer Profile: Neutral (4):**

- AAREIT REIT Manager’s long serving Chief Executive Officer (“CEO”) Mr Koh Wee Lih has tendered his resignation to pursue other professional interests. Mr Koh will be stepping down as Executive Director and CEO on 28 November 2021. Having joined AAREIT’s REIT Manager in December 2008 and appointed as CEO in early 2014, in our view, Mr Koh was instrumental in turning around AAREIT.
- Mr Russell Ng will be appointed as CEO-designate of the AAREIT REIT Manager with immediate effect. Prior to his appointment, Mr Ng was Head of Investor Relations, Investments & Partnership of AAREIT’s REIT Manager. Mr Ng joined the AAREIT REIT Manager in September 2020. Prior to joining AAREIT, Mr Ng held senior real estate fund management and investment roles with Lendlease Corp Ltd, AEP Investment Management and Soilbuild Business Space REIT.
- In our view, AAREIT has historically managed its capital structure conservatively and we will need to continue monitoring if the change in senior management will lead to a more aggressive use of the REIT’s balance sheet. For now, we maintain AAREIT’s issuer profile at Neutral (4). (Company, OCBC)

#### **Credit Suisse Group AG (“CS”) | Issuer Profile: Neutral (4):**

- CS disclosed that its total cash position including previous distributions in the [Greensill Capital](#) supply chain funds is now around USD7bn of the USD10bn in investor exposure to the funds when they were suspended.
- Further cash is being sought from either insurance or liquidation proceeds. CS is seeking to put a major creditor to the funds (GFG Alliance Group) into insolvency, but this process has been delayed in London courts by 6 months to March 2022 to give GFG Alliance Group time to secure financing. (Company, Bloomberg, OCBC)

#### **Hongkong Land Holdings Limited (“HKL”) | Issuer Profile: Positive (2) :**

- HKL announced that it intends to invest up to USD500mn in a share buyback programme extending until 31 December 2022. Since the announcement, HKL’s share price has rose ~16% as of writing, particularly as the company had been trading at significantly below book value.
- The company’s ordinary shares will be repurchased by the company, in accordance with powers under the Bermuda Companies Act and the constitution of the company.
- Per the company, this move is in line with its capital allocation practice. As at 30 June 2021, HKL’s cash and cash equivalents was USD2.3bn, higher than its historical levels. In our view, a USD500mn share buyback programme is unlikely to put the company’s balance sheet under pressure and we maintain HKL’s issuer profile at Positive (2). (Company, OCBC)

## Asian Credit Daily

### Credit Headlines

#### **HSBC Holdings PLC (“HSBC”) | Issuer Profile: Neutral (3):**

- HSBC is holding noteholder meetings on 24th September regarding a consent solicitation to amend certain terms and conditions for the HSBC 5.0% 'PERPc23s and HSBC 4.7% 'PERPc22s.
- Specifically, HSBC is seeking to replace the Singapore Dollar Swap Offer Rate (“SOR”) linked swap rate with the Singapore Overnight Rate Average (SORA) linked swap rate and implement an adjustment to reflect the difference between the SOR and SORA rates. Meanwhile, the reset spread remain the same. Other changes include the inclusion of fallbacks to SORA if a Benchmark Event occurs.
- Per HSBC, there is no consent fee proposed with the solicitation process. Further details on the adjustment and fallback language will be contained in the Consent Solicitation Memorandum to be released when the meetings are held. (Company, Bloomberg, OCBC)

#### **Oxley Holdings Ltd (“OHL”) | Issuer Profile: Negative (6):**

- OHL has announced a tender offer to repurchase its outstanding SGD150m OHLSP 5.7% '22s due January 2022. It will also reopen its existing SGD70m OHLSP 6.9% '24s and use some of the net proceeds to purchase notes in the tender offer.
- The amount repurchased will be limited to the amount raised by the new issue, which will be consolidated and form a single series with the 2024 notes. As such, OHL has stated that the repurchase of the OHLSP 5.7% '22s is dependent on the success of the re-tap of the OHLSP 6.9% '24s with holders of the OHLSP 5.7% '22s given priority to roll-over their exposure into the OHLSP 6.9% '24s.
- In doing so, OHL will reduce its short-term debt. As per its 2HFY2021 results for the half year ended 30 June 2021, cash of SGD215.8mn remains insufficient to cover the near-term financial liabilities of SGD784.1mn.
- We think OHL will continue to pare down debt levels given continued cashflows from property development, though the pace will be contingent on the speed of construction, which will be dependent on the continued resumption of construction work. Meanwhile, we note that OHL has not been active in land acquisitions. We continue to hold OHL at a Negative (6) Issuer Profile. The offer commences today and expires on 22 September 2021 at 12pm. (Company, OCBC)

## Key Market Movements

	8-Sep	1W chg (bps)	1M chg (bps)		8-Sep	1W chg	1M chg
iTraxx Asiax IG	65	0	-25	Brent Crude Spot (\$/bbl)	71.74	0.21%	1.47%
iTraxx SovX APAC	24	-1	-4	Gold Spot (\$/oz)	1,796.93	-0.94%	3.87%
iTraxx Japan	43	-1	-4	CRB	217.91	-0.73%	1.60%
iTraxx Australia	57	0	-5	GSCI	525.10	-0.87%	0.53%
CDX NA IG	47	1	-2	VIX	18.14	12.04%	12.32%
CDX NA HY	110	0	0	CT10 (%)	1.363%	6.94	6.61
iTraxx Eur Main	45	0	-1				
iTraxx Eur XO	229	3	-5	AUD/USD	0.739	0.34%	0.79%
iTraxx Eur Snr Fin	52	0	-1	EUR/USD	1.184	0.04%	0.91%
iTraxx Eur Sub Fin	0	0	0	USD/SGD	1.346	-0.09%	0.83%
iTraxx Sovx WE	5	0	0	AUD/SGD	0.995	-0.42%	0.03%
USD Swap Spread 10Y	2	0	0	ASX 200	7,499	-0.38%	-0.53%
USD Swap Spread 30Y	-27	0	1	DJIA	35,100	-0.85%	-0.31%
US Libor-OIS Spread	4	0	0	SPX	4,520	-0.19%	1.88%
Euro Libor-OIS Spread	-6	0	0	MSCI Asiax	852	1.30%	2.44%
				HSI	26,354	1.83%	0.67%
China 5Y CDS	33	1	-5	STI	3,109	1.75%	-2.16%
Malaysia 5Y CDS	42	-1	-9	KLCI	1,583	-1.12%	6.29%
Indonesia 5Y CDS	67	0	-12	JCI	6,112	-0.62%	-1.47%
Thailand 5Y CDS	33	0	-7	EU Stoxx 50	4,225	0.68%	1.21%
Australia 5Y CDS	14	0	0				

Source: Bloomberg

### New Issues

- DBS Group Holdings Ltd priced a USD800mn 5.5-year senior unsecured bond at T+37bps, tightening from an IPT of T+65bps area.
- China Everbright Bank Co Ltd/Luxembourg priced a USD500mn 3-year senior unsecured bond at T+40bps, tightening from an IPT of T+80bps area.
- GF Financial Holdings BVI Ltd has mandated banks for its proposed USD bond offering.

Date	Issuer	Size	Tenor	Pricing
07-Sep-21	DBS Group Holdings Ltd	USD800mn	5.5-year	T+37bps
07-Sep-21	China Everbright Bank Co Ltd/Luxembourg	USD500mn	3-year	T+40bps

*Source: OCBC, Bloomberg*

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