

Market Commentary

- The SGD swap curve mostly fell yesterday, with shorter tenors trading 1bps lower, belly tenors trading 1-2bps lower and longer tenors trading 2-3bps lower.
- There were very minimal glows in SGD corporates yesterday.
- As the US market was closed on Monday to observe Martin Luther King Jr. Day, 10Y UST remained unchanged at 1.08%.

Credit Research

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Credit Summary:

- [OUE Ltd \("OUE"\)](#) | **Issuer profile: Neutral (5)** and [OUE Commercial Trust \("OUE-CT"\)](#) | **Issuer profile: Unrated:** OUE-CT announced that it has entered into a sale and contribution agreement to divest a 50%-interest in OUE Bayfront, OUE Tower and OUE Link. Independent valuation for the property as at 31 December 2020 is SGD1.18bn where the agreed value for the transaction is SGD1.27bn. The full net proceeds will be used to repay OUE-CT loans where OUE-CT's aggregate leverage is expected to decline to 33.6% from 40.3% as at 30 September 2020.
- [Lippo Malls Indonesia Retail Trust \("LMRT"\)](#) | **Issuer Profile: Negative (6):** LMRT has completed the ~SGD280mn rights issue, of which the proceeds will be used to fund the purchase of Lippo Mall Puri.
- [Singapore Press Holdings Ltd \("SPH"\)](#) | **Issuer Profile: Not rated:** SPH provided a business update for 1QFY2021 for the quarter ended 30 Nov 2020. Highlights include a fall in print ad revenue, Woodleigh Residences achieving 88% of its target revenue for the Academic Year 20/21 as at 8 January and SPH REIT's revenue grew 10.8% y/y to SGD66.6mn, among others.

Asian Credit Daily

Credit Headlines

OUE Ltd (“OUE”) | Issuer profile: Neutral (5) and OUE Commercial Trust (“OUE-CT”) | Issuer profile: Unrated

- OUE-CT (48%-owned by OUE and consolidated at OUE as a subsidiary) announced that it has entered into a sale and contribution agreement to divest a 50%-interest in OUE Bayfront, OUE Tower and OUE Link (“OUE Bayfront”). OUE Bayfront is a commercial building comprising mostly of office space with some retail area located between Raffles Place and Marina Bay Financial Centre.
- OUE Bayfront will be sold and contributed to a limited liability partnership (namely BPH Propco LLP (“BPH LLP”). BPH LLP will be 50:50 owned by OUE-CT and a fund managed by Allianz Real Estate Asia Pacific Pte Ltd (“Allianz”).
- Independent valuation for the property as at 31 December 2020 is SGD1.18bn where the agreed value for the transaction is SGD1.27bn.
- Transaction completion is subject to various conditions including BPH LLP obtaining a bank loan to part finance the acquisition of the property. BPH LLP will pay OUE-CT ~SGD950.6mn on completion, although OUE-CT will make a contribution-in kind to BPH LLP for the balance interest in the property.
- Net proceeds to OUE-CT for the divestment is expected to be only ~SGD262.6mn. OUE-CT will guarantee that the net property income will be at least SGD50mn and SGD52.5mn in the first and second year following completion of the divestment where the net property income guarantee is subject to an aggregate cap of SGD6.0mn.
- The full net proceeds will be used to repay OUE-CT loans where OUE-CT’s aggregate leverage is expected to decline to 33.6% from 40.3% as at 30 September 2020. For now, we maintain our issuer profile of OUE at Neutral (5) though are likely to downgrade this on expectation of tighter liquidity in 2021. (Company, OCBC)

Lippo Malls Indonesia Retail Trust (“LMRT”) | Issuer Profile: Negative (6)

- LMRT has completed the [~SGD280mn rights issue](#), of which the proceeds will be used to fund the purchase of Lippo Mall Puri.
- This is credit positive, especially for LMRT perpholders, as [LMRT has committed to restoring distributions to perpetual holders](#) after the rights issue.
- We estimate that minorities subscribed to only 25.4% of the rights issuance (including excess rights taken up by minorities), which is less than their entitlements of 67.68%. As Lippo Karawaci (“LK”) has committed to underwrite the rights issue, LK’s stake in LMRT will increase to 58.34% post the rights issue (from 32.32%). LK is the sponsor of LMRT. (Company, OCBC)

Asian Credit Daily**Credit Headlines****Singapore Press Holdings Ltd (“SPH”) | Issuer Profile: Not rated**

- SPH provided a business update for 1QFY2021 for the quarter ended 30 Nov 2020.
- The media segment continued to be in decline. While the media segment saw an increase in digital circulation of 26.5% y/y, digital revenue for 1QFY2021 remains largely unchanged y/y due to a decline in ad revenue (-8.0% y/y to SGD14.9mn) and other revenue (-28.8% y/y to SGD4.7mn) which approximately equals the increase in circulation revenue (+45.6% y/y to SGD9.9mn). Meanwhile, print ad revenue declined 36% y/y, exacerbated by COVID-19, due to declines in display and classified ads.
- Meanwhile, Woodleigh Residences sold 404 units (~60% of total units) at an average price of SGD1916psf, as of 8 Jan 2021.
- The purpose-built student accommodation (“PBSA”) segment achieved 88% of its target revenue for Academic Year 20/21 as of 8 Jan 2021, though universities have shifted to online teaching till mid-Feb due to lockdown in the UK.
- The newly acquired Japan aged care assets portfolio occupancy remained at high 90%. SPH will look to further develop Aged Care as part of its portfolio.
- SPH REIT (63.08% owned by SPH) revenue grew 10.8% y/y to SGD66.6mn, though its DPU fell 13% y/y for 1QFY2020 due to the impact of COVID-19.
- SPH has refinanced a SGD300mn term loan on Seletar Mall. Cash balance of SGD898mn as of 1QFY2020 exceeds FY2021 debt maturity of SGD515mn. (Company, OCBC)

Key Market Movements

	19-Jan	1W chg (bps)	1M chg (bps)		19-Jan	1W chg	1M chg
iTraxx Asiax IG	64	2	5	Brent Crude Spot (\$/bbl)	54.75	-1.63%	4.76%
iTraxx SovX APAC	28	1	2	Gold Spot (\$/oz)	1,837.10	-0.95%	-2.12%
iTraxx Japan	52	0	1	CRB	175.25	1.10%	5.28%
iTraxx Australia	62	2	4	GSCI	431.74	0.98%	5.81%
CDX NA IG	52	1	-3	VIX	24.34	12.89%	12.84%
CDX NA HY	109	0	0	CT10 (%)	1.101%	-2.86	15.43
iTraxx Eur Main	51	1	-1				
iTraxx Eur XO	258	-6	-5	AUD/USD	0.770	-0.99%	1.42%
iTraxx Eur Snr Fin	63	2	0	EUR/USD	1.209	-1.00%	-1.30%
iTraxx Eur Sub Fin	121	4	0	USD/SGD	1.330	-0.48%	0.21%
iTraxx Sovx WE	9	0	0	AUD/SGD	1.023	0.52%	-1.23%
USD Swap Spread 10Y	0	-1	0	ASX 200	6,730	0.76%	0.82%
USD Swap Spread 30Y	-26	-1	1	DJIA	30,814	-0.91%	2.10%
US Libor-OIS Spread	15	-1	0	SPX	3,768	-1.48%	1.59%
Euro Libor-OIS Spread	-7	0	-1	MSCI Asiax	891	0.32%	8.22%
				HSI	28,863	3.42%	8.92%
China 5Y CDS	32	1	4	STI	2,990	0.22%	4.96%
Malaysia 5Y CDS	43	3	6	KLCI	1,610	-0.48%	-2.60%
Indonesia 5Y CDS	76	3	7	JCI	6,390	0.11%	4.68%
Thailand 5Y CDS	40	4	4	EU Stoxx 50	3,603	-0.50%	1.61%
Australia 5Y CDS	15	1	1				

Source: Bloomberg

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New Issues

- Sinic Holdings Group Co Ltd priced a USD250mn 364-day bond at 9.125%, tightening from IPT of 9.5% area.
- Ronshine China Holdings Ltd priced a USD300mn 4NC2 bond at 7.1%, tightening from IPT of 7.45% area.
- FEC Finance Ltd (Guarantor: Far East Consortium International Limited) priced a USD235mn 3-year bond at 5.1%, tightening from IPT of 5.375% area.
- Xinyuan Real Estate Co Ltd priced a USD170mn 3NP2 bond at 14%.
- Aspiat Treasury Pte. Ltd. priced a SGD75mn 3-year bond at 6.15%.
- SJM Holdings Limited has arranged investor calls commencing 18 January for its proposed USD bond offering.
- Mongolian Mortgage Corporation HFC LLC has arranged investor calls commencing 18 January for its proposed USD bond offering.

Date	Issuer	Size	Tenor	Pricing
18-Jan-21	Sinic Holdings Group Co Ltd	USD250mn	364-day	9.125%
18-Jan-21	Ronshine China Holdings Ltd	USD300mn	4NC2	7.1%
18-Jan-21	FEC Finance Ltd (Guarantor: Far East Consortium International Limited)	USD235mn	3-year	5.1%
18-Jan-21	Xinyuan Real Estate Co Ltd	USD170mn	3NP2	14%
18-Jan-21	Aspiat Treasury Pte. Ltd.	SGD75mn	3-year	6.15%
15-Jan-21	Jiayuan International Group Ltd	USD300mn	2.5-year	13.5%
15-Jan-21	Hanhui International Ltd (Guarantor: Shandong Guohui Investment Co Ltd)	USD240mn	5-year	3.15%
15-Jan-21	Rudong County Jinxin Traffic Engineering Construction Investment Co. Ltd.	USD150mn	3-year	2.8%
15-Jan-21	China Aoyuan Group Ltd	USD188mn	1-year	4.2%
15-Jan-21	Longchuang Group Ltd. (Guarantor: Hong Kong Liuteng International Ltd.)	USD97mn	364-day	2.75%

Source: OCBC, Bloomberg

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