

**Asian Credit Daily**

8 April 2024

**Market Commentary:**

- The SGD SORA curve traded lower last Friday, with short tenors trading 2-3bps lower, belly tenors trading 2-3bps lower and 10Y trading 3bps lower.
- Flows in SGD corporates were heavy, with flows in STTGDC 5.7%-PERP, HSBC 4.75% '34s, UBS 5.75%-PERP, BPCEGP 5% '34s, BNP 5.9%-PERP, MAPLSP 3.7%-PERP, DB 4.4% '28s, SINTEC 4.2%-PERP.
- Country Garden Holdings Co. ("COGARD") said it has engaged Linklaters LLP as the principal legal adviser for its offshore debt restructuring. COGARD will mainly communicate with its offshore creditors through Linklaters. COGARD has also engaged Kroll LLC to perform an independent recovery analysis on the group to provide greater clarity for creditors.
- Bloomberg Asia USD Investment Grade spreads tightened by 1bps to 84bps while Asia USD High Yield spreads tightened by 8bps to 588bps, respectively. (Bloomberg, OCBC)
- There were no notable bond issuances in the Asiadollar and Singdollar market yesterday.

**Credit Summary:**

- **CapitalLand Group Pte Ltd ("CAPL"):** CAPL released its Annual Report 2023. We note that while financial statements were included, there were few explanations offered for y/y changes.

**Key Market Movements**

	8-Apr	1W chg (bps)	1M chg (bps)		8-Apr	1W chg	1M chg
iTraxx Asiax IG	105	3	5	Brent Crude Spot (\$/bbl)	89.8	2.8%	9.5%
				Gold Spot (\$/oz)	2,349	4.4%	7.8%
iTraxx Japan	47	2	-2	CRB Commodity Index	298	2.5%	7.6%
iTraxx Australia	65	1	3	S&P Commodity Index - GSCI	602	3.1%	7.6%
CDX NA IG	53	1	3	VIX	16.0	23.2%	8.8%
CDX NA HY	107	0	0	US10Y Yield	4.42%	11bp	34bp
iTraxx Eur Main	55	0	2				
iTraxx Eur XO	300	2	7	AUD/USD	0.659	1.5%	-0.5%
iTraxx Eur Snr Fin	63	0	3	EUR/USD	1.084	0.9%	-0.9%
iTraxx Eur Sub Fin	114	0	4	USD/SGD	1.348	0.3%	-1.3%
				AUD/SGD	0.888	-1.2%	-0.7%
USD Swap Spread 10Y	-38	-1	-1	ASX200	7,798	-1.3%	-0.6%
USD Swap Spread 30Y	-75	-2	-1	DJIA	38,904	-2.3%	0.5%
				SPX	5,204	-1.0%	1.6%
China 5Y CDS	74	2	8	MSCI Asiax	655	0.1%	0.4%
Malaysia 5Y CDS	45	2	6	HSI	16,852	2.8%	3.0%
Indonesia 5Y CDS	76	2	6	STI	3,221	-0.4%	2.3%
Thailand 5Y CDS	46	2	4	KLCI	1,556	0.7%	1.0%
Australia 5Y CDS	16	0	1	JCI	7,287	0.0%	-1.3%
				EU Stoxx 50	5,015	-1.3%	1.1%

Source: Bloomberg

**Credit Headlines:****CapitaLand Group Pte Ltd ("CAPL")**

- **2023 financials released:** CAPL released its Annual Report 2023. We note that while financial statements were included, there were few explanations offered for y/y changes.
- **Weaker top line, weaker bottom-line:** Revenue fell 6.9% y/y to SGD4.8bn, gross profit fell 11.4% y/y to SGD1.6bn, profit before tax fell 76.8% y/y to SGD479mn.
- **Broadly weaker credit metrics:** Our calculated gross debt to EBITDA increased y/y to 18.0x (2022: 14.8x), EBITDA/Interest fell to 1.4x (2022: 1.9x) while net gearing rose 5 ppts y/y to 64%. Unrestricted cash of SGD4.95bn is sufficient to cover current borrowings of SGD2.97bn.
- **Reduction in investment properties, partly due to reclassification to held for sale:** Investment properties on the balance sheet fell to SGD19.1bn (2022: SGD20.9bn). This is largely due to the reduction in Retail (-21.4% y/y to SGD1.8bn), Office (-29.7% y/y to SGD1.1bn) and Integrated Development (-12.1% y/y to SGD3.0bn) investment properties in China. Most of the reduction is due to reclassification to assets held for sale, including
  - Divestment of 95%-stake in Capital Square Beijing by CapitaLand Investment Ltd ("CLI") to an external investor through a RMB2.4bn (~SGD448mn) joint venture, which was completed in January 2024.
  - RMB1.088bn (~SGD204mn) divestment of Ascott Heng Shan Shanghai to an unrelated third party, with the divestment completed in January 2024.
  - VND1.6bn (~SGD87.2mn) divestment of Vista Cluster to an unrelated third party, with the divestment expected to be completed in 1H2024.
  - AUD109mn (~SGD96mn) divestment of Courtyard by Marriot Sydney-North Ryde and Novotel Sydney Paramatta by CapitaLand Ascott Trust ("ART") to an unrelated third party. Divestment of Marriott Sydney-North Ryde was completed in January 2024 while the divestment of Novotel Sydney Parramatta is expected to be completed in 3Q2024.
  - JPY10.7bn (~SGD100mn) divestment of three hotels in Osaka, Japan by ART to an unrelated third party, which is expected to be completed in March 2024.
- **Standalone credit metrics significantly weaker:** Excluding CLI, we estimate that profit before tax has dwindled to just SGD5mn in 2023 (2022: SGD678mn). We estimate that CAPL standalone net gearing has risen above 80% (2022 above 70%, 2021: above 50%). (Company, OCBC)

## Mandates:

- There are no Asiadollar mandates today.
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