

Asian Credit Daily

5 November 2025

Market Commentary:

- The SGD SORA OIS curve traded somewhat flat yesterday with shorter and belly tenors trading flat to 1bps lower while 10Y traded flat.
- Flows in SGD corporates were moderate, with flows in BACR 4.65%-PERP.
- As per Bloomberg, the European Systemic Risk Board urges increased disclosure of credit-default swap ("CDS") transactions for Europe's largest banks to better assess lender risk sentiment. It calls for expanding EU reporting rules to include single-name CDS on global systemically important banks, as current rules cover only centrally cleared or venue-traded contracts, leaving over 70% of the market less regulated.
- In other news, Boyu Capital Management Ltd is negotiating a RMB-denominated loan with Chinese banks to fund its majority stake acquisition in Starbucks China. If completed, it would be one of China's largest leveraged buyout financings this year.
- Bloomberg Asia USD Investment Grade spreads widened by 2bps to 60bps and Bloomberg Asia USD High Yield spreads widened by 4bps to 348bps respectively. (Bloomberg, OCBC)

Credit Summary:

- **AIMS APAC REIT ("AAREIT"):** AAREIT reported the first half results for the financial year ending 31 March 2026 ("1H FY2026") which shows a relatively stable set of operating results. Whilst reported aggregate leverage has risen to 35.0% as at 30 September 2025, this has increased from the temporary low last quarter. We expect reported aggregate leverage to creep up somewhat following an announced but uncompleted acquisition.
- **CapitaLand India Trust ("CLINT"):** CLINT reported its 3Q2025 business update which shows a relatively stable set of operating performance.
- **UBS Group AG ("UBS") / UBS AG ("UBSAG"):** Switzerland's Federal Assembly or Parliament released a press release by the Secretariat of the Committees for Economic Affairs and Taxes that supports the direction of recommendations for proposed changes to Switzerland's Capital Adequacy Ordinance but highlighted the need for them to be "proportionate and harmonised at international level".

Credit Headlines

AIMS APAC REIT ("AAREIT")

- AAREIT reported the first half results for the financial year ending 31 March 2026 ("1HFY2026") which shows a relatively stable set of operating results. Whilst reported aggregate leverage has risen to 35.0% as at 30 September 2025, this has increased from the temporary low last quarter. We expect reported aggregate leverage to creep up somewhat following an announced but uncompleted acquisition.
- **Marginally higher revenue y/y and modest growth in net property income ("NPI")**
 - AAREIT's 1HFY2026 overall revenue increased marginally by 0.2% y/y to SGD93.7mn, while NPI rose by 1.1% y/y to SGD68.4mn. The increase in gross revenue was driven by higher rental and recoveries from AAREIT's logistics & warehouse and industrial properties in Singapore, partly offset by the absence of revenue from 7 Clementi Loop (undergone asset enhancement initiatives ("AEI") in 1HFY2026), divestment of 3 Toh Tuck Link, lower revenue from the sale of electricity and renewable energy certificates as well as lower revenue from Australia (due to depreciation of the AUD against the SGD). Lower property expenses, driven by lower electricity expenses although other expense were higher, led to a higher NPI y/y.
 - Overall portfolio occupancy was 93.3% as at 30 September 2025 (30 June 2025: 93.7%). The Australian portfolio continues to see full occupancy while the Singapore portfolio occupancy dipped 0.5 percentage points q/q to 92.3% as at 30 September 2025. However, excluding the impact from transitory tenant movements and taking into committed leases, the portfolio occupancy would be 95.1% per AAREIT.
 - Overall rental reversion was +5.4% for 1QFY2026 and +14.3% for 2QFY2026 (1HFY2026: +7.7%). In 1HFY2026, rental reversions were the highest in Logistics & Warehouse at +10.3%.
- **Reported aggregate leverage has risen q/q but remains within comfortable range**
 - For the 12 months to 30 September 2025, AAREIT's Reported Interest Coverage Ratio (including perpetual distributions) was 2.5x, slightly higher than the 2.4x for the 12 months to 30 June 2025. Blended debt funding cost was 4.2% as at 30 September 2025, slightly lower than 4.3% in the prior quarter.
 - As at 30 September 2025, reported aggregate leverage (excluding perpetuals) was 35.0%, higher than the 28.9% as at 30 June 2025. The temporarily low reported aggregate leverage as at 30 June 2025 was mainly due to SGD125mn proceeds raised from the AAREIT 4.7%-PERP priced in March 2025 being used to pare down revolving debt, pending the expected redemption of the existing AAREIT 5.65%-PERP in August 2025 (since redeemed).
 - In August 2025, AAREIT announced the proposed acquisition of Framework Building, located at Aljunied Avenue 1 in Singapore for a total purchase consideration of ~SGD56.65mn. Completion is expected to be in 3QFY2026. The acquisition is intended to be fully debt funded which we estimate will increase AAREIT's reported aggregate leverage to ~36%.
- **Debt maturity relatively significant in FY2027 while we expect AAREIT to call the perpetual with first call date in September 2026**
 - As at 30 September 2025, AAREIT has no debt due for the remaining of FY2026. That said, AAREIT faces SGD207mn of debt due in FY2027 (representing a sizeable ~29% of total debt, excluding lease liabilities, consisting of AUD bank debt). AAREIT has historically maintained minimal cash on its balance sheet (not unusual for a REIT) and cash balance was only SGD14.7mn as at 30 September 2025. AAREIT though has SGD155mn of undrawn committed facilities which it can tap while over the years AAREIT has build access to debt capital markets.
 - Perpetuals outstanding as at 30 September 2025 stood at SGD375mn across two tranches. Our base case assumes that AAREIT will call its SGD250mn AAREIT 5.375%-PERP at first call in September 2026. Given the high reset spread of 465.4bps (priced during the pandemic when benchmark rates were very low), if not called, the perpetual distribution rate will increase to ~6.3% which economically incentivises a call. We expect AAREIT to refinance its upcoming AUD bank debt as well as tap debt capital markets for a replacement perpetual. (Company, OCBC)

CapitaLand India Trust (“CLINT”)

- CLINT reported its 3Q2025 business update which shows a relatively stable set of operating performance.
- **Higher y/y total property income and net property income (“NPI”)**
 - CLINT reported 9M2025 total property income of SGD225.2mn (9.9% higher y/y) and NPI of SGD172.1mn (also 9.9% higher y/y). 3Q2025 total property income and NPI was SGD76.0mn (10.3% higher y/y) and SGD58.6mn (10.3% higher y/y) respectively.
 - Whilst 9M2025 total property income and NPI had both increased by ~10% y/y in SGD-terms, in INR terms the increase was even larger at ~16%. This was driven by higher income from existing properties, income contribution from acquisitions and completed developments (eg: Tower 1 of the Navi Mumbai Data Centre).
- **Portfolio committed occupancy holding up**
 - As at 30 September 2025, CLINT’s overall portfolio committed occupancy (excludes the Logistics Park, CyberVale, CyberPearl and the data centres) was 89% although as at 31 October 2025, this had increased to 91%. In end-September 2025, CLINT completed the sale of CyberVale and CyberPearl to a third party for ~SGD161.7mn (net proceeds of ~SGD158.8mn). We note that compared to 30 June 2025, aVance Hyderabad saw a 8 percentage point increase in committed occupancy to 92% as at 31 October 2025.
 - Rental reversion for 9M2025 was strong at 15% (1H2025: +9%).
- **Reported aggregate leverage fell q/q**
 - As at 30 September 2025, CLINT’s reported aggregate leverage was 40.9% (30 June 2025: 42.3%). We think that the q/q decline was driven by the proceeds from the divestment of CyberValue and CyberPearl which was used to repay debt. The divestment also marks CLINT’s first divestment since listing in 2007.
 - Reported interest coverage ratio (including perpetual distributions) for the 12 months to 30 September 2025 was 2.6x, slightly higher than the 2.5x in the 12 months to 30 June 2025.
- **Manageable short-term refinancing risk**
 - Debt maturity at CLINT is relatively well spread. As at 30 September 2025, including deferred consideration but excluding lease liabilities, CLINT faces SGD177.7mn of debt due in the remaining of 2025 (representing ~10% of total debt). CLINT faces SGD309.9mn of debt due in 2026 (representing ~18% of total debt). As at 30 September 2025, CLINT has a cash balance of SGD142mn while secured borrowings was 15.3% of total borrowings (implying SGD269mn of secured debt). Simplistically, if we assume total assets are unchanged q/q at SGD4.5bn as at 30 September 2025 (while CLINT had sold assets, it continues to be developing data centres), secured debt would only ~6% of total asset, leaving room for CLINT to raise secured debt, if need be. (Company, OCBC)

UBS Group AG (“UBS”) / UBS AG (“UBSAG”)

- Switzerland’s Federal Assembly or Parliament released a press release by the Secretariat of the Committees for Economic Affairs and Taxes that supports the direction of recommendations for proposed changes to Switzerland’s Capital Adequacy Ordinance but highlighted the need for them to be “proportionate and harmonised at international level”. As reported on Bloomberg, Switzerland’s economy and taxation committee from the lower house sent a letter to the government highlighting that “The stricter regulations must ensure a competitive cost-benefit ratio of the Swiss capital regime.”
- UBS’s Chairman and Chief Executive Officer have repeatedly expressed opposition to proposed capital reforms that could result in incremental capital of ~USD24bn. The above indicates some support for UBS’s position amongst lawmakers. (Bloomberg, Federal Assembly, OCBC)

New Issues:

Date	Issuer	Description	Currency	Size (mn)	Tenor	Final Pricing
04 Nov	China Development Bank Financial Leasing Co Ltd	Sustainability-Linked, Fixed, Subordinated Tier 2 Note	USD	500	10NC5	T+93bps (reoffer price 99.885 to yield 4.626%)
04 Nov	QBE Insurance Group Ltd	Fixed, Subordinated Tier 2 Note	USD	300	12NC7	T+135bps (reoffer price par to yield 5.239%)
04 Nov	Laos Government International Bond	Fixed	USD	300	5Y	T+755.30bps (issue price 100 to yield 11.25%)

Mandates:

- There were no notable mandates yesterday.

Key Market Movements

	5-Nov	1W chg (bps)	1M chg (bps)		5-Nov	1W chg	1M chg
iTraxx Asiax IG	68	3	4	Brent Crude Spot (\$/bbl)	64.4	-0.9%	-0.3%
				Gold Spot (\$/oz)	3,967	0.9%	0.1%
iTraxx Japan	56	1	2	CRB Commodity Index	304	1.7%	1.6%
iTraxx Australia	69	3	4	S&P Commodity Index - GSCI	557	0.4%	2.0%
CDX NA IG	54	3	3	VIX	19.0	15.7%	14.1%
CDX NA HY	107	-1	-1	US10Y Yield	4.07%	-1bp	-5bp
iTraxx Eur Main	55	2	-0				
iTraxx Eur XO	266	7	5	AUD/USD	0.649	-1.3%	-2.0%
iTraxx Eur Snr Fin	59	2	-1	EUR/USD	1.149	-1.0%	-1.9%
iTraxx Eur Sub Fin	101	6	0	USD/SGD	1.307	-0.8%	-1.2%
				AUD/SGD	0.848	0.6%	0.8%
USD Swap Spread 10Y	-43	1	3	ASX200	8,802	-1.4%	-2.1%
USD Swap Spread 30Y	-72	0	3	DJIA	47,085	-1.3%	0.7%
				SPX	6,772	-1.7%	0.8%
China 5Y CDS	42	1	4	MSCI Asiax	914	-1.4%	1.5%
Malaysia 5Y CDS	41	2	1	HSI	25,867	-1.8%	-4.7%
Indonesia 5Y CDS	77	3	-0	STI	4,407	-0.7%	-0.1%
Thailand 5Y CDS	42	2	3	KLCI	1,620	0.5%	-0.9%
Australia 5Y CDS	11	0	-0	JCI	8,265	1.2%	1.8%
				EU Stoxx 50	5,660	-0.8%	0.2%

Source: Bloomberg

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