

SGD Credit Outlook 1H2026

01 December 2025

Steady and Calm but Few Catalysts Exist

Outperformance Achieved – What Lies Ahead? Exiting 2025, the waves have calmed with the US shifting from the hardline stance taken in April 2025 to being more open to negotiation (at least for now). Meanwhile, geopolitical conflicts and uncertainties that buffeted most of the year has ebbed in recent months. We enter 2026 with the markets shifting its focus on potential US rate cuts amid lingering inflation and questions over Fed independence. Against a backdrop of a still growing economy, and expectations of stable credit fundamentals among SGD credit issuers, SGD credit spreads are likely to remain relatively tight by historical standards, though the probability of modest widening from current levels appears higher.

Income to drive returns. We expect total positive returns for 2026, although coming mainly from coupons and distributions, rather than capital gains. Overall, we retain a Neutral stance on the SGD credit market for 1H2026. In a market environment with few drivers for capital appreciation and defaults likely to remain subdued, we see merit in investors focusing on earning returns through credit exposure. In such an environment, we prefer SGD crossover credits and high yield over high grade, are selectively overweight non-financial corporate perpetuals with higher yields as well as bank capital instruments and are constructive on Tier 2 insurance papers.

REITs outlook. The S-REIT primary credit market was active YTD2025 with SGD4.8bn of new issuances, 48% of which are perpetuals. Overtime, we observe perpetuals being used by S-REITs as an important tool to manage their capital structure. We expect bulk of perpetuals with resets in 2026 to be called at first call. Perpetuals priced in 2025 faces lower likelihood of a call at first call although prices are trading firm in the secondary market. S-REITs cost of funding is broadly expected to fall, however, the full benefit from lower benchmark rates does not materialise immediately. Whilst equity investors have cheered the lower cost of debt story, in our view, interest rates work both ways. All things equal, we prefer S-REITs with a high proportion of fixed/hedged debt, as it provides greater certainty in interest expense and debt servicing, which supports a stronger credit profile.

SG Property. Price growth of 2.7% in 9M2025 (+3.6% annualised) marks a continued slowdown in gains relative to 2024 (+3.9%) and 2023 (+6.8%). Long-term property demand remains intact, with households remaining financially resilient and high-value HDBs reaching record highs. However, despite high transaction volumes, not all launched units have been absorbed given the deluge in supply. Meanwhile, the ramp up in HDB BTO supply may compete and curtail the HDB resale market, which in turn may impact upgrader demand. As such, we expect prices in 2026 to increase by 1% to 3%.

Financial Institutions. 2025 reinforced two key themes for Financial Institutions: diversified models delivered resilient, often record results, while those with concentrated exposures or legacy issues used the year to reset—raising impairment overlays, tightening governance, and simplifying operations for a stronger 2026. Management guidance points to lower NIMs, steady-to-improving fees, and robust capital ratios, alongside strategic shifts from acquisitions and integrations to digital migration and productivity programs. With fundamentals stable, focus is shifting to growth for 2026 and beyond: most institutions are in builder mode, while a few remain fixers amid litigation and regulatory scrutiny. These dynamics carry five practical credit implications for 2026 performance.

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2025 SGD Credit Market Review

SGD credit market weathers global macroeconomic uncertainty with style. The SGD credit market has shown strong performance and resilience thus far in 2025, standing out globally as a safe haven amidst global volatility. Total returns Year-To-Date 2025, as of 30 November 2025 ("YTD2025"), stood at +6.7%, with the market sustaining an upward trend from the 1H2025 returns of +3.5%. YTD2025 total returns have outperformed full year returns in 2024 (+6.5%), though marginally lower than 2023's (+7.2%). In contrast, the total return of Asia USD Investment Grade and High Yield market have returned 8.12% and 8.53% respectively for YTD2025. (see *Tracking Returns in SGD Credit* and *SGD Credit – A Strong Alternative to Asiadollar* for further information). While primary market issuance activity in 1H2025 was negatively impacted by uncertainties surrounding Liberation Day on 2 April 2025, issuance volume rebounded in the second half of the year while the market welcomed a number of new issuers and returnees.

A year of new entrants to the SGD credit market: In YTD2025, the SGD credit market welcomed a range of notable issuers and these were mainly priced in the five-month period ending November 2025. YTD2025 new entrants include:

- (i) **Equinix Asia Financing Corp Pte Ltd the financing entity of Equinix, Inc ("Equinix"):** Equinix is a US-headquartered global digital infrastructure company that provides data centre and colocation services and has an established presence in Singapore, operating multiple data centres across the country. Equinix priced a SGD500mn 5Y senior unsecured green bond at 3.50% in March and subsequently in August priced a second issue comprising of a SGD650mn 7Y senior unsecured green bond at 2.90%. Both the bonds are guaranteed by Equinix. At a total issuance of SGD1.15bn, Equinix was the largest SGD corporate credit issuer in YTD2025, outside of Financial Services.
- (ii) **Prudential PLC ("Prudential"):** Listed in the UK, Prudential is one of the largest life insurers and asset managers (via Eastspring Investments) in Asia. It priced a SGD600mn 10Y Tier 2 subordinated capital instrument at 3.8% in May.
- (iii) **Netlink NBN Trust ("Netlink"):** Netlink is a Singapore fibre network infrastructure owner. Netlink Treasury Pte Ltd (guarantor: Netlink NBN Trust) priced a SGD300mn 10Y senior unsecured bond at 2.65% in August 2025, while Netlink Trust, the primary subsidiary and operating arm priced a SGD300mn 20NC3 subordinated bond at 10.50% in September.
- (iv) **Wee Hur Holdings Ltd ("Wee Hur"):** A Singapore investment holding company engaged in general building and construction business in Singapore and Australia as well as property development, Wee Hur priced a SGD175mn 5Y senior unsecured bond at 4.80% in October, upsized by another SGD30mn in November bringing the total to SGD205mn.
- (v) **Muangthai Capital PCL ("Muangthai"):** A Thailand-based non-bank financial institution that focuses on both secured and unsecured loans, Muangthai priced a SGD64mn 3Y senior unsecured social bond at 2.15% and a SGD65mn 5Y senior unsecured social bond at 2.28%, both on the same date in October. Both bonds are guaranteed by the Credit Guarantee & Investment Facility ("CGIF"), a trust fund of the Asian Development Bank. This is the sole SGD-denominated CGIF transaction YTD2025 after a relatively active 2024.
- (vi) **Moneymax Treasury Pte Ltd ("Moneymax"):** A Singapore pawnbroker and retailer for luxury goods and jewellery, Moneymax priced a SGD70mn 3Y senior unsecured bond at 5.00% in October and priced a SGD30mn repap of the bond in November, bringing the total amount outstanding to SGD100mn.
- (vii) **IREIT Global ("IREIT"):** IREIT is a Singapore-listed REIT that owns offices in Germany and Spain and retail properties in France. DBS Trustee Limited (in its capacity as trustee of IREIT) priced a SGD85mn 3Y senior unsecured bond at 6% in May.
- (viii) **MAR Finance LLC ("MAR"):** A special purpose vehicle by Al Rayan Bank, MAR priced a SGD37.5mn 2Y senior unsecured sukuk at 2.00% in September. Al Rayan Bank is a Qatar-based bank.
- (ix) **Riyad Sukuk Ltd ("Riyad"):** A special purpose vehicle by Riyad Bank, Riyad priced a SGD150mn 2Y senior unsecured sukuk at 2.00% and a SGD32.5mn senior unsecured sukuk at 2.00% in November.
- (x) **Wells Fargo Bank NA ("Wells"):** Wells, one the big four bank in the United States, priced a SGD50mn 3Y senior unsecured bond at 1.95% in November.

We also saw some issuers return to the SGD credit market in YTD2025, notable issuers include the following:

- (i) **Optus Finance Pty Ltd ("Optus")**: The issuer is a financing vehicle of Singtel Optus Pty Ltd, a key telecommunications company in Australia and a wholly owned subsidiary of Singapore Telecommunications Limited. Optus priced three tranches of senior unsecured bonds totalling SGD610mn (a SGD250mn 7Y bond in March, a SGD160mn 10Y bond in July and a SGD200mn 10Y bond in November). Previously, Optus priced a SGD150mn 7Y senior unsecured bond back in September 2015.
- (ii) **Industrial & Commercial Bank of China Ltd/Singapore ("ICBCAS")**: ICBCAS, one of China's big four banks, priced a SGD350mn 2Y senior unsecured green bond at 1.95% in August. Previously, ICBCAS had only priced certificate of deposits in SGD.
- (iii) **GITI Tire Pte Ltd ("GITI")**: An unlisted Singapore-based global tire company, GITI priced a SGD150mn 5Y senior unsecured sustainability bond at 5.75% in October. Previously, GITI priced a SGD100mn 3Y senior unsecured bond back in November 2014.
- (iv) **CDL Hospitality Trust ("CDLHT")**: CDLHT is a stapled security which comprises of CDL Hospitality Real Estate Investment Trust ("CDREIT") and CDL Hospitality Business Trust ("CDBT"). CDLHT portfolio comprises of 22 properties, including a total of 4,924 hotel rooms, 404 purpose-built student accommodation beds, 352 built-to-rent apartment units and a retail mall. CDLHT returned to the market with CDL REIT pricing a SGD150mn PerpNC5 subordinated perpetual at 3.70% in November. In May 2013, CDLHT MTN Pte Ltd, a special purpose vehicle, priced a SGD120mn senior unsecured bond at 2.50% guaranteed by CDL REIT.
- (v) **Q&M Dental Group Singapore Ltd ("Q&M")**: A publicly listed dental healthcare group operating in the private healthcare sector, Q&M priced a SGD130mn 3Y senior unsecured bond at 3.95%. While the use of proceeds was kept general, we note that in October, Q&M announced its expansion plans beyond Singapore and Malaysia into Thailand with a proposed acquisition of a Thai dental chain. Previously Q&M priced a SGD60mn 3Y senior unsecured bond in March 2015.
- (vi) **First Abu Dhabi Bank PJSC ("FAB")**: FAB is the largest bank in the United Arab Emirates, formed after the merger of First Gulf Bank ("FGB") and National Bank of Abu Dhabi ("NBAD") in April 2017. FAB priced a SGD150mn senior unsecured bond at 2.00% in November, marking the first post-merger bond issuance in the SGD credit market. Previously, FGB priced a SGD11mn senior unsecured bond at 2.10% in 2015, while NBAD's only issuance in SGD was certificate of deposits in 2016.

SATS Ltd, a provider of ground and hub handling services, and **First Sponsor Group Ltd**, an investment holding company involved in property development, holdings, and financing, both exited the SGD credit market and re-entered after a few months with new bonds, likely to capitalise on lower benchmark rates. Meanwhile, **Frasers Centrepoint Trust ("FCT")** that was previously under our official coverage also returned to the market. FCT is a Singapore-based REIT which is one of the largest suburban retail mall owners. FCT returned to the market in February with a SGD80mn 7Y senior unsecured green bond at 3.30% and a SGD200mn PerpNC5 subordinated perpetual at 3.98% in June. We re-initiated coverage of FCT on 10 July 2025.

Oxley Holdings Ltd ("Oxley"), that was under our official coverage exited the SGD credit market: Oxley is a home-grown property developer with a diversified portfolio including property development, property investment and project management. Before exiting the SGD credit market, Oxley's most recently matured bond was issued by Oxley MTN Pte Ltd (guarantor: Oxley Holdings), a SGD88mn senior unsecured bond priced in March 2024 at 7.25% and matured in July 2025.

We initiated coverage on the following issuers in YTD2025:

- (i) **AIA Group Limited ("AIA")**: The third largest listed insurer in Asia by market capitalisation (market cap of HKD846.7bn (~SGD141.0bn) as at 28 November 2025), AIA had been the main Asian subsidiary of American International Group Inc. ("AIG") until 2010, when AIG sold AIA as part of its efforts to repay US taxpayers following the Global Financial Crisis. AIA offer products and services across all classes of consumers, from the mass market to high-net-worth individuals and corporate clients, across several geographical markets. Our fundamental view on AIA is underpinned by strong capital strength, robust balance sheet, low business risk, and strong operational and credit metrics. AIA currently has two existing bonds and two perpetuals in the SGD credit market, all of which are subordinated and qualified as Tier 2 Capital:

(1) AIA 3.58% '35s (2) AIA 3% '51s (3) AIA 5.1%-PERP and (4) AIA 2.9%-PERP. Refer to ***AIA Group Limited initiation report published on 10 September 2025*** for more information.

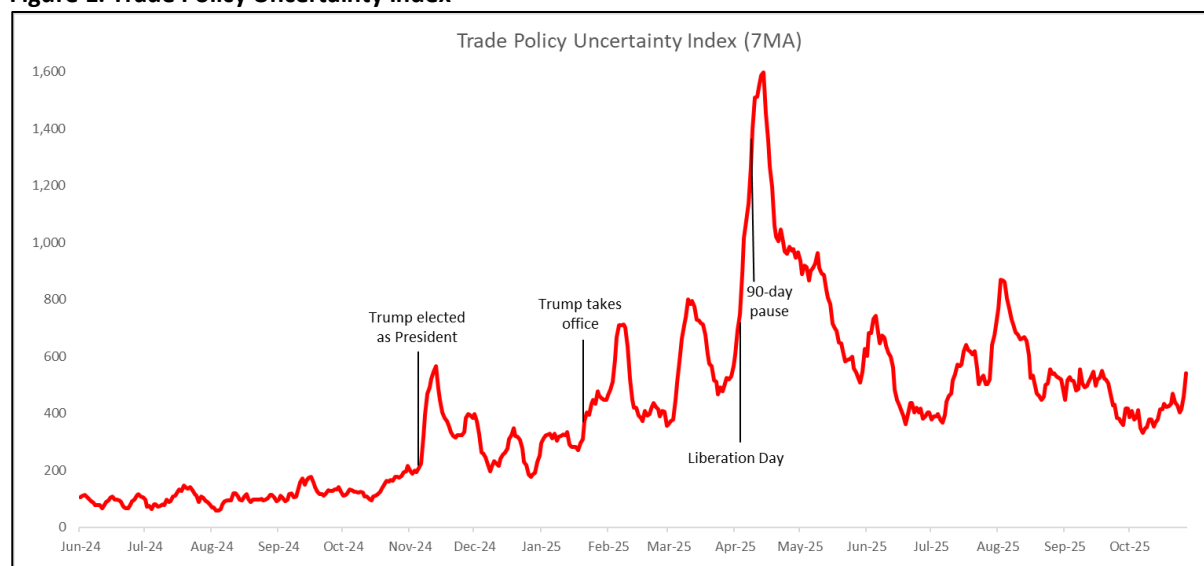
- (ii) **CapitaLand India Trust ("CLINT")**: Formerly known as Ascendas India Trust, CLINT is the first Indian property trust listed on the Singapore Exchange Securities Trading Limited (market cap of ~SGD1.6bn as at 28 November 2025). CLINT focuses on owning income-producing real estate and acquiring, owning, and developing land or uncompleted developments that are primarily used as business space in India. Our fundamental view on CLINT is underpinned by stable operating performance and credit metrics that are comparable to other higher yielding REITs, although CLINT in our view is subject to higher property and tenant concentration risks, along with geographical and foreign exchange risks versus peers. CLINT's current portfolio is highly concentrated in IT parks and is foraying into data centre development, and with the data centre market growing in India, we believe that CLINT will be a repeat issuer in the SGD market. CLINT currently has two existing bonds and one perpetual in the SGD credit space: (1) AITSP 3.7% '27s (2) AITSP 3.2% '30s and (3) AITSP 4.4%-PERP Refer to ***CapitaLand India Trust initiation report published on 22 September 2025*** for more information.

Global risks shaped our view of SGD credit in YTD2025: As a refresher, we turned Overweight on the SGD credit market on 09 April 2025 from Neutral, standing on the safe haven status of the SGD credit market based on our past experience with crisis events alongside expectations of a limited direct impact from Trump's tariffs to the SGD credit universe. However, given concerns over (1) possible elevated SGD supply, (2) the de-escalation of President Trump's tariff push and relative moderation in uncertainties compared to April and early May, and (3) the SGD credit market already having run-up somewhat, we revised our call on the SGD credit market to Neutral from Overweight at the start of June 2025. The five-month period ending November 2025 has also added more risk events into the year with geopolitical tensions stemming from Middle East conflicts and notable alleged frauds and defaults within the US private credit sector. While macroeconomic concerns loomed large, financial markets defied expectations as credit spreads tightened significantly following a pronounced spike in the immediate aftermath of Liberation Day that lasted about a month, while equity markets as well as gold (despite being a safe haven) surged to record highs. Below we break down how the geopolitical uncertainty, market volatility and alleged fraud in private credit played out in the SGD credit market.

(1) Liberation Day and the introduction of tariffs created significant uncertainty in global markets (at least at the beginning):

The situation began with a baseline of reciprocal tariffs set at 10% across the board, with additional tariffs imposed on specific countries, most notably the rates on China increased up to 145%. The Trade Policy Uncertainty Index ("TPU"), developed by economists at the Federal Reserve Board, spiked sharply toward the end of April 2025, reaching a score of 1166. Although uncertainty initially surged, it began to subside as negotiations progressed, resulting in agreements with more favourable rates than originally announced, though TPU saw upward movement after the 90-day trade tariff pause ended. Singapore's direct exposure to tariffs is limited, with only a 10% reciprocal tariff applied, which remains in place as of writing. While these tariffs have been threatened, sectoral tariffs on the semiconductor and pharmaceutical industries, both important to the Singapore economy, have been deferred pending further clarification. The impact of tariffs on Singapore credit issuers were generally neutral in YTD2025. Financial Services (e.g. Banks, Insurers and Others) and other non-real estate issuers were buffered by diversified geographical and business exposures and this continues to be the case as of writing. With assets anchored in Singapore, Real Estate and S-REITs generally continued to stay resilient. Despite being in the most directly exposed property sub-segment, Industrial S-REITs with assets anchored in Singapore may even benefit over the longer term from shifts in trade flows.

Figure 1: Trade Policy Uncertainty Index



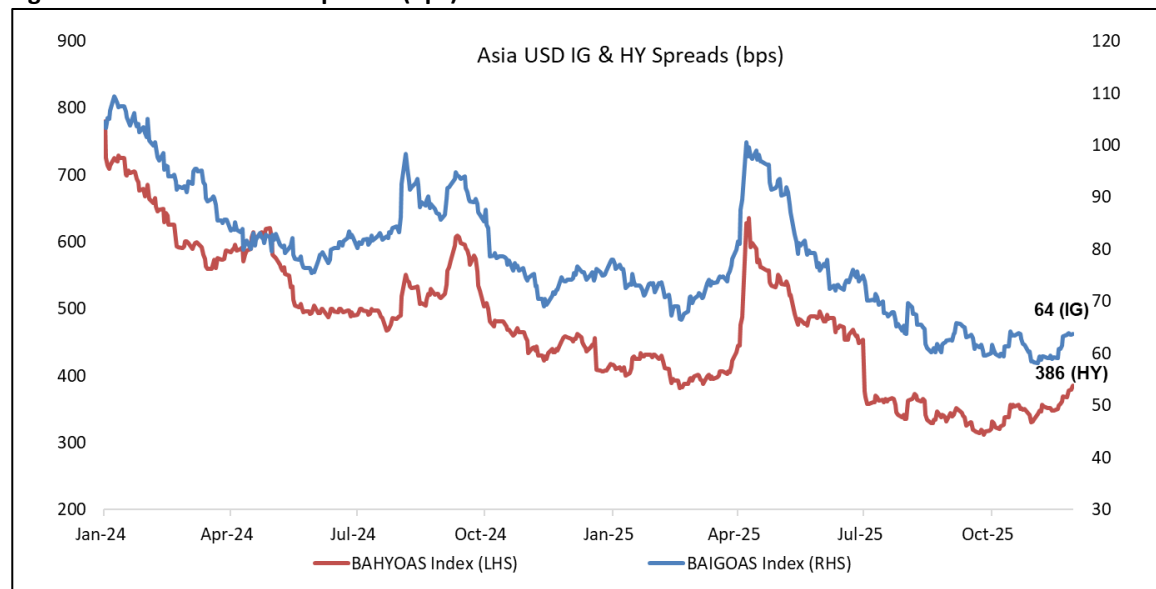
Source: Caldara, Dario, Matteo Iacoviello, Patrick Molligo, Andrea Prestipino, and Andrea Raffo, "The Economic Effects of Trade Policy Uncertainty," revised November 2019, *Journal of Monetary Economics*, OCBC Credit Research as of 28th October.

(2) Geopolitical headwinds intensified significantly as conflict escalated in the Middle East throughout 2025: In June, a 12-day war erupted between Israel and Iran, marking one of the most severe confrontations in the region in recent years. This intense period of hostilities heightened concerns over regional stability and drew international attention to the geopolitical environment. Further exacerbating tensions, on 9 September 2025, Israel conducted a targeted strike against a Hamas delegation in Doha, Qatar. This action not only deepened existing animosities but also sparked widespread fear of a broader regional conflict. The combination of these events contributed to a climate of heightened geopolitical volatility, with significant implications for diplomatic relations, security policies, and economic conditions across the Middle East and beyond. That said, these events did not appear to negatively impact credit spreads.

(3) In 2025, the US experienced a series of notable credit default events outside of public markets: The most prominent of these were the collapse of auto-subprime lender Tricolor in mid-September and the exposure of allegedly fraudulent activities at auto parts manufacturer First Brands Group at the end of September. While we view these incidents to be largely idiosyncratic, given the intricate interconnections among banks, insurers, and less regulated private markets, we remain cautious for the possibility of contagion risk. The financial system's complexity means that distress in one area can quickly propagate through various channels especially if a crisis of confidence emerges, potentially impacting liquidity and credit conditions more broadly. While US high yield credit spreads widened, the impact on the US investment grade and Asiadollar market (both investment grade and high yield) was limited. In the SGD credit market outside of Financial Services, we also did not observe a discernible impact as well. The generally soft secondary prices for banks in October 2025 may imply some jitters spilling over into the SGD credit market. That said, some of the largest moves in banks in October 2025 were mainly attributed to idiosyncratic events with the respective issuers in the context of a prior period of strong technical performance.

However, financial markets were risk-on: Despite the aforementioned events and ongoing uncertainties, the market maintained a risk-on sentiment through 2025. This was supported by slowing, albeit resilient economic growth and expectations of continued rate cuts, with the first cut in September 2025. Asiadollar Investment Grade ("IG") and High Yield ("HY") credit spreads experienced their largest weekly spike in April 2025 since the 4Q2022 spike amidst liberation day and high benchmark rates with inflation stubborn. The announcement of trade tariffs heightened perceived default risk, as investors feared the potential impact on corporate financial stability. Spreads however began to tighten as uncertainty eased with the finalization of trade agreements and improving economic sentiment. IG and HY credit spreads tightened to multi-year lows, with Asia USD IG spreads reaching 58bps and HY spreads tightening to 311bps at the lowest in YTD2025 before widening to 64bps and 386bps respectively (as at 30 November 2025).

Figure 2: Asia USD IG & HY Spreads (bps)

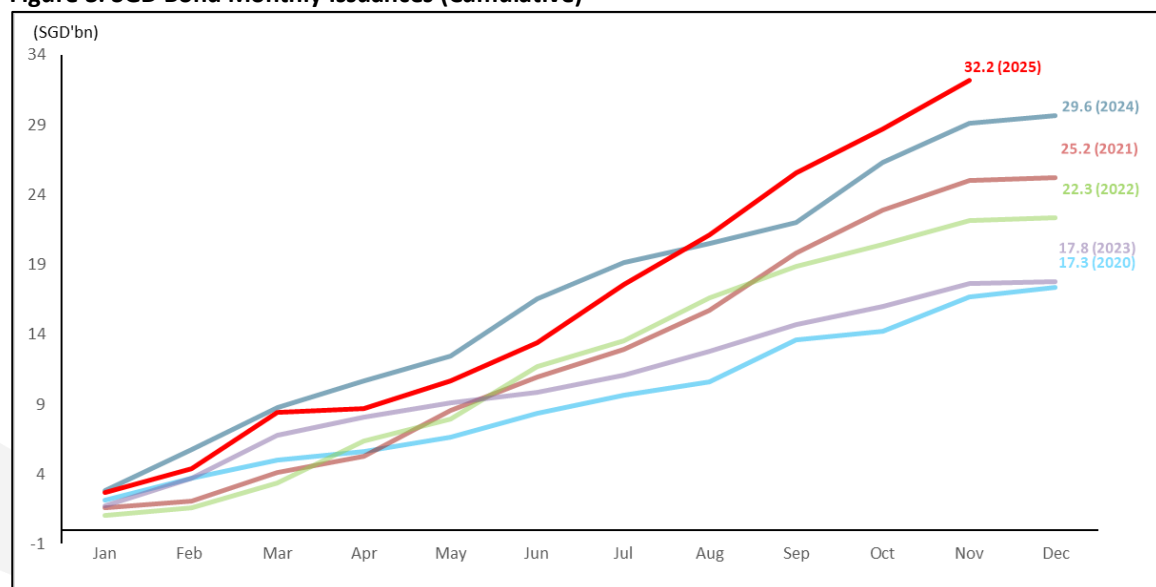


Source: Bloomberg, OCBC Credit Research as of 30 November 2025

Favourable rates: The Singapore market experienced a notable decline in the 3-month compounded SORA rate, falling from ~3.0% at the beginning of the year to ~1.25% as at 30 November 2025. This decrease occurred despite the US Federal Reserve (“Fed”) implementing a modest 50bps rate cut during the same period. The significant drop in SORA-OIS was likely driven by a flushed domestic liquidity from increased capital inflows into the SGD market, as investors sought safe-haven investments amid ongoing global uncertainties. We observed other key SORA-OIS tenors that form benchmark rates for the SGD credit market declining as well through YTD2025.

SGD Credit Market Issuance Trend

Figure 3: SGD Bond Monthly Issuances (Cumulative)

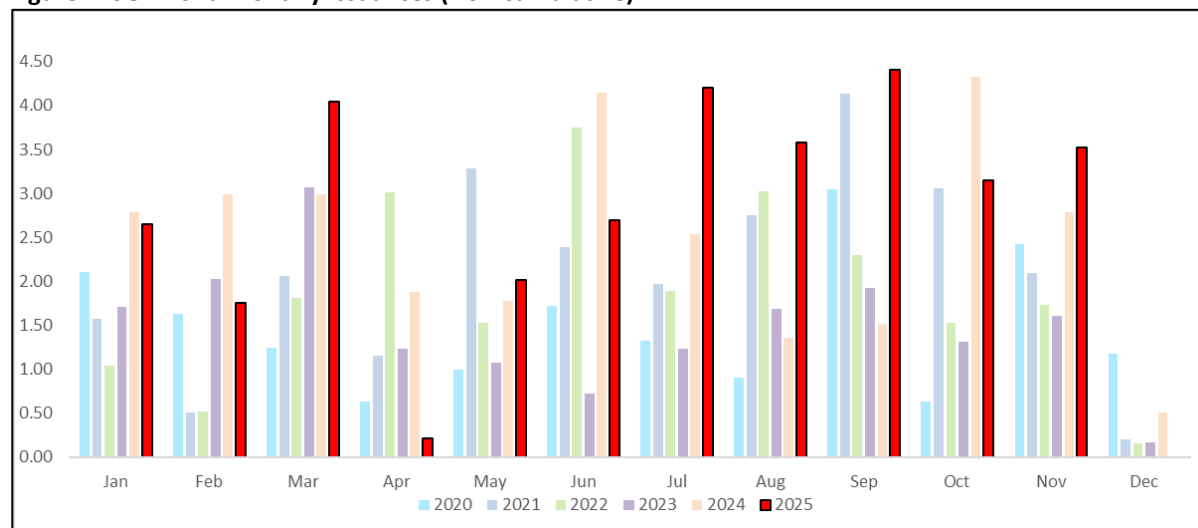


Source: Bloomberg, OCBC Credit Research as of 30 November 2025

Strong issuance for the year: In 1H2025, issuance activity in the SGD credit market remained relatively subdued, except for a notable surge in March. However, issuance volumes rebounded strongly for the five-month period ending November 2025, reaching ~SGD32.2bn in YTD2025, exceeding both 2024 issuance of ~SGD29.6bn and the highest issuance of SGD31bn recorded in 2012. The robust YTD2025 performance was supported by favourable rates and contained credit spreads that created an attractive borrowing environment in the SGD credit market. Easing trade tensions and geopolitical uncertainties towards year

end also helped. Looking ahead, a stable rates and credit spread environment accompanied by renewed corporate activity could support SGD credit issuance. That said, after the bumper issuance in YTD2025 which is driven in part by refinancing and capital replacement as well as issuances from the Housing & Development Board (“HDB”), we expect primary market issuances to decline somewhat in 2026.

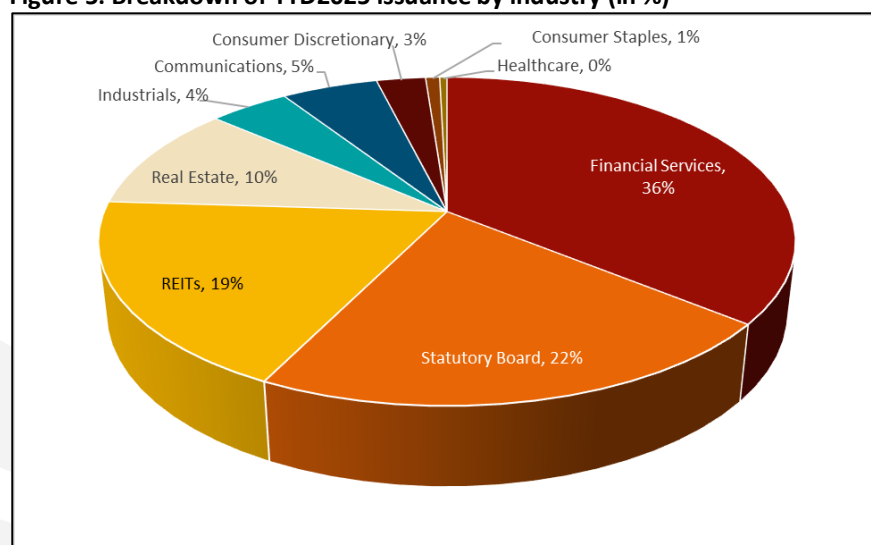
Figure 4: SGD Bond Monthly Issuances (Non-cumulative)



Source: Bloomberg, OCBC Credit Research as of 30 November 2025

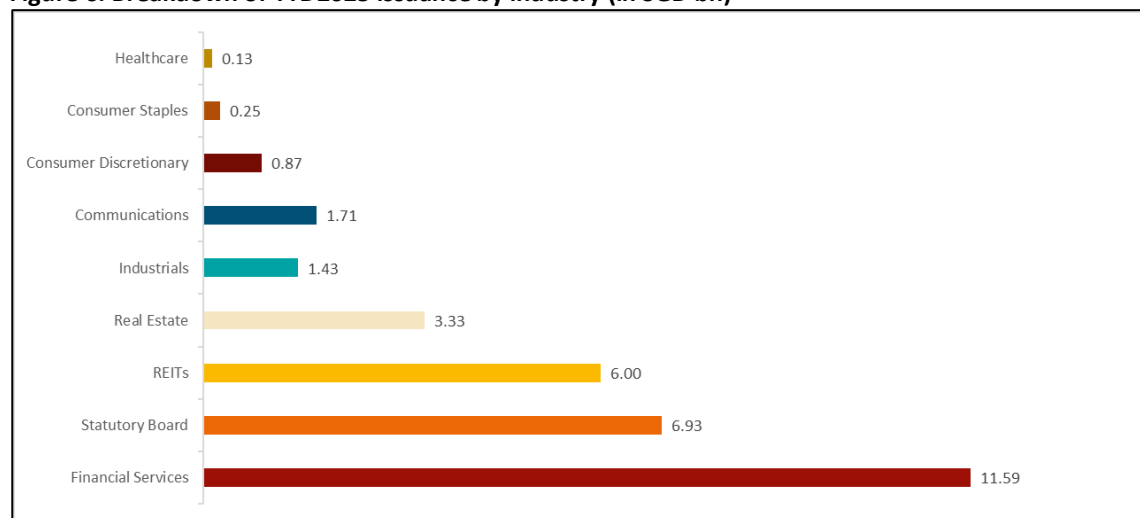
Surge in issuance amount in 3Q2025: Between July and September, new issuances surged, totalling SGD12.2bn, marking one of the highest quarterly issuance amounts in the past five years. Both July and September recorded some of the strongest individual monthly issuance levels since 2019. This strong performance likely reflects a spillover from the postponement of issuance in April 2025, which recorded only SGD213mn, one of the lowest monthly issuances since 2019. The largest issuer (>SGD500mn) for the three-month period includes: (i) HDB with SGD3.78bn across four issues (ii) CapitaLand Ascendas REIT with SGD1bn across two issues (iii) Equinix Asia Financing Corp Pte Ltd with SGD650mn (iv) PSA Treasury Pte Ltd with SGD600mn and (v) Netlink with SGD600mn issued across Netlink Treasury Pte Ltd and NetLink Trust.

Figure 5: Breakdown of YTD2025 issuance by industry (in %)



Source: Bloomberg, OCBC Credit Research as of 30 November 2025

Figure 6: Breakdown of YTD2025 issuance by industry (in SGD bn)



Source: Bloomberg, OCBC Credit Research as of 30 November 2025

Financial Services (includes Banks, Insurers and Others) continues to lead as the largest issuer in the SGD credit market, representing 36% of total issuance in YTD2025, though the share of issuances have declined from 48% in 2024 and 49% in 1H2025. Surprisingly the largest issuer in the Financial Services sector was Cagamas Global PLC (“Cagamas”), the national mortgage corporation of Malaysia, though each issue had an average size of only SGD154mn. Cagamas tapped the market on nine separate occasions across the year bringing the total amount issued to SGD1.39bn, a significant increase from 2024’s SGD775mn. Cagamas’ YTD2025 issuances though are mainly privately placed in our view. Typically, banks form the largest issuers within Financial Services. Other notable issuances include HSBC Holdings PLC (SGD800mn Additional Tier 1 (“AT1”) priced in March and SGD500mn senior unsecured bond priced in May), AIA Group Ltd (SGD800mn Tier 2 priced in June), Prudential Funding Asia PLC (SGD600mn Tier 2 priced in May), Maybank Singapore Ltd (SGD500mn Tier 2 priced in March), Barclays PLC (SGD500mn AT1 priced in October) and SNB Funding Ltd, a funding vehicle of The Saudi National Bank (SGD425mn Tier 2 priced in November). We continue to see Financial Services as an enduring issuer sector within the SGD credit market with the ability to issue larger instruments given their substantial balance sheets relative to other SGD issuers, ongoing funding needs, and global presence.

Statutory Boards remained as the second largest issuing sector, though the share of issuances has also declined slightly to 22% of total issuances in YTD2025, as compared to 23% in 2024. The two main issuers are HDB and the Public Utilities Board (“PUB”). PUB issued a SGD500mn 30Y senior unsecured green bond in October while HDB remained as the top issuer in the SGD credit market, raising SGD6.43bn in seven different offerings. Notably, HDB issued most of its debt (five out of seven) in the second half of the year, where interest rates were more favourable, resulting in a lower cost of funding for HDB on an all-in basis. The seven tranches are as follows (1) SGD950mn 5Y green bond priced in January, (2) SGD700mn 7Y non-green bond in February, (3) SGD875mn 5Y green bond in July (4) SGD700mn 7Y non-green bond in July, (5) SGD1.0bn 10Y non-green bond in September, (6) SGD1.2bn 5Y green bond in September (largest issue YTD2025 in the market) and (7) SGD1.0bn 7Y non-green bond in November. All the bonds were senior unsecured. This marks a total of SGD3.03bn of green bonds issued by HDB for YTD2025, where the proceeds were used to finance or refinance eligible green projects for green buildings under HDB’s Green Finance Framework, development programs and working capital requirements.

REITs made its way to the third largest sector by issuance amount, contributing to 19% of issuances in YTD2025, as compared to only 9% in 2024. The largest issuer in the REITs market is Equinix Asia Financing Corp, with total issuance of SGD1.15bn. It priced an inaugural SGD500mn issue in March and tapped the market again in August with SGD650mn. Meanwhile, CapitaLand-related REITs and business trusts made up ~38% of REIT’s issuances (~45% in 2024), including CapitaLand Ascendas REIT (SGD1.0bn), CMT MTN Pte Ltd (CapitaLand Integrated Commercial Trust) (SGD450mn), CapitaLand India Trust (SGD300mn), CapitaLand Ascott Trust (SGD260mn) and CapitaLand China Trust (SGD150mn).

Real estate issuance contribution fell by three percentage points to 10% of total share in YTD2025 compared to 2024. Issuance size in the real estate sector was relatively consistent, with the majority of players favouring issuance sizes between SGD200mn to SGD400mn. The largest issuer by amount is City Development Ltd which priced SGD600mn across three tranches, followed by

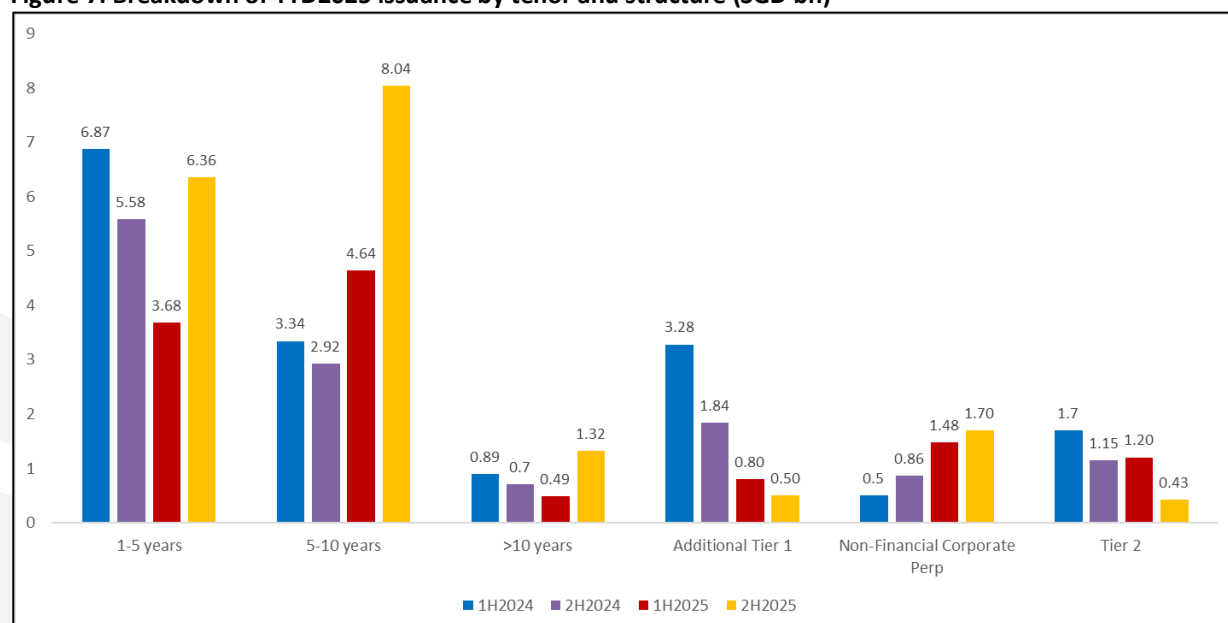
GLL IHT Pte Ltd (GuocoLand Limited) with SGD500mn in two tranches, while Mapletree Treasury Services Ltd and Lendlease Asia Treasury Pte Ltd priced SGD400mn each. Other notable issuers include UOL Treasury Services Pte Ltd (SGD300mn) and Perennial Treasury Pte Ltd (SGD300mn across two tranches) while Wee Hur Holdings Ltd debuted in the SGD credit market, pricing SGD175mn at its October debut, upsized by another SGD30mn in November bringing the total to SGD205mn.

Meanwhile **other sectors** including Industrials, Communications, Consumer Discretionary, Consumer Staples and Healthcare have collectively grown in issuance size as well, increasing from SGD2.36bn in 2024 to ~SGD4.39bn in YTD2025, contributing to 14% of total issuance volume during the period. Comparatively, issuers from other sectors only made up an aggregated total of 8% share in 2024. Notable issuers include Shangri-La Hotel Ltd (SGD615mn in two tranches), Optus Finance Pty Ltd (SGD610mn in three tranches), PSA Treasury Pte Ltd (SGD600mn), StarHub Ltd (SGD500mn in two tranches), and others such as Netlink Treasury Pte Ltd, NetLink Trust, Sembcorp Financial Services Pte Ltd, and SATS Ltd (each SGD300mn), as well as Singapore Management University (SGD250mn in two tranches).

Middle East and other regions find Singapore attractive: Another notable trend observed this year is the prevalence of issuers with primary exposure to regions outside of Asia. In particular, we saw significant activity from the Middle East, with issuance amounting to ~SGD2.9bn in YTD2025 (2024: SGD539mn), from prominent issuers including SNB Funding Ltd (SGD819mn), Emirates NBD Bank PJSC (SGD469.25mn), Al Rajhi Sukuk Ltd (SGD426.75mn), QNB Finance Ltd (~SGD340.25mn), Riyad Sukuk Ltd (SGD182.5mn) and First Abu Dhabi Bank PJSC (SGD150mn). Beyond the Middle East, issuers such as Banco Santander SA, the largest Spanish bank which debuted in the SGD credit market last year, priced a SGD250mn senior non-preferred bond in November, while Equinix, whose main income contribution is from the Americas and EMEA, priced SGD1.15bn. This growing issuance from non-Singapore issuers underscores the continued strength and appeal of the Singapore credit market as an alternative funding market for issuers.

Going green, or not...: Green, Social, Sustainability, and Sustainability-Linked (“GSSSL”) issuances have increased to SGD8.2bn (excluding Singapore Government Green Bonds), representing 25.4% of total issuance (excluding Singapore Government Green Bonds) in YTD2025. 2024 recorded a lower issuance versus YTD2025, both in absolute terms and as a proportion of total issuance, with SGD7.1bn accounting for 23.9% (excluding Singapore Government Green Bonds). By industry, similarly REITs and statutory boards continue to lead this category, collectively contributing 82.3% of total GSSSL issuances in YTD2025. Key issuers of GSSSL by issuance volume in YTD2025 are HDB, Equinix, CapitaLand Ascendas REIT, PSA Treasury Pte Ltd, PUB and Mapletree Pan Asia Commercial Trust. Similar to 2024, HDB remains as the top issuer in this category, pricing SGD3.03bn across three issues, making up 37% of YTD2025 GSSSL issuance in the SGD credit market. Including Singapore Government Green Bonds, total GSSSL issuance YTD2025 stands at SGD10bn, somewhat higher as compared to SGD9.6bn in 2024.

Figure 7: Breakdown of YTD2025 issuance by tenor and structure (SGD'bn)



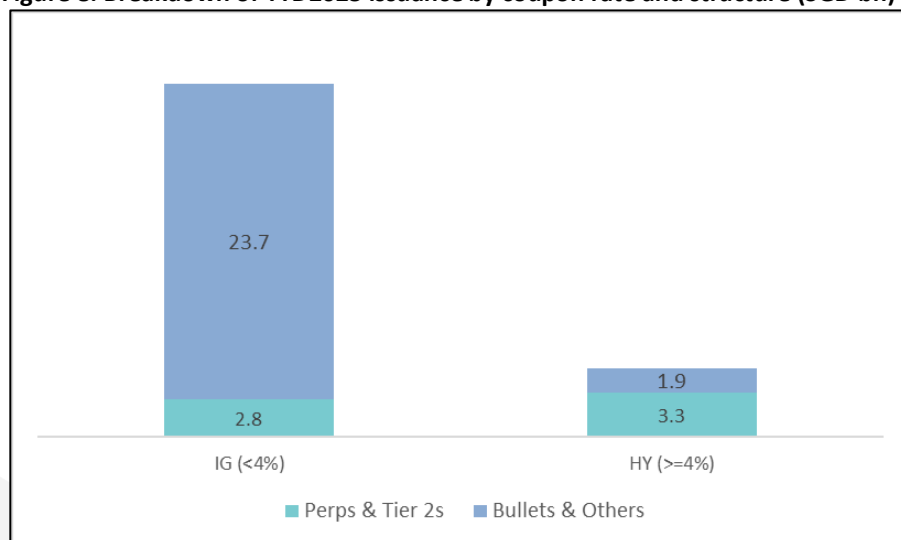
Source: Bloomberg, OCBC Credit Research as of 30 November 2025

Duration extension dominated issuances: There was a marked increase in the issuance of mid-to-longer-dated bonds in YTD2025, particularly those with maturities in the 5-10 years range as well as bonds extending beyond 10 years. Bonds in the 5-10 years and above 10 years segment collectively made up 45% of YTD2025 issuances (versus 28% in 2024). This trend reflected a strategic shift among issuers toward securing financing with extended tenors. Notably, while the perpetual market saw only minimal new issuances of banks' AT1 capital instruments, perpetuals issued by non-financial corporates experienced a significant rise. Issuers appeared to favour mid-to-longer tenor bullet bonds to lock in the prevailing relatively low-interest rate environment and tight credit spreads, thereby securing more favourable borrowing costs for an extended period. This also allowed them to reduce refinancing risk and enhance financial stability.

Active issuance in the non-financial corporate perpetual segment: At the same time, the surge in perpetual issuances by non-financial corporates was driven by efforts to replace existing perpetuals at lower costs while some issuers took the opportunity to raise additional capital. Although current benchmark rates are higher compared to when some of these perpetuals were originally priced in a lower-rate environment, replacing the perpetuals still offers overall cost savings once reset spreads are taken into account. Given the typically higher distributions on older perpetuals, replacing enables issuers to optimize their capital structure and reduce perpetual distributions. This replacement activity also reflects broader market conditions, where investors demonstrated strong appetite for yield-enhancing instruments, while issuers seek solutions to manage their leverage levels. Together, these factors have supported the growth of perpetual issuance outside the banking sector. We observed some corporates issuing perpetuals with a non-call 3-year ("NC3") structure while Keppel REIT priced a perpetual with a non-call 4-year ("NC4") structure, though the majority of issuances remained on a NC5 basis, a structure that was also common in 2024.

Primary market issuance concentrated on high grade: We continue to classify HY issues in the SGD credit market as having a coupon rate (or distribution rate for perpetuals) of 4% or more and IG issues as those below 4%. IG issuances continue to dominate SGD credit market primary market issuance, especially in the bullet & others category which saw SGD23.7bn in issuances while IG Perps & Tier 2s stood at SGD2.8bn in YTD2025. Issuances in the HY space were relatively muted at only 16% of total issuances in YTD2025; SGD3.3bn and SGD1.9bn were in the form of Perps & Tiers 2 and Bullets & Others, respectively. On an absolute basis, HY issuance in the form of bullets & others (or what we call true high yield) at SGD1.9bn in YTD2025 is lower than the SGD3.7bn for 2024.

Figure 8: Breakdown of YTD2025 issuance by coupon rate and structure (SGD'bn)



Source: Bloomberg, OCBC Credit Research as of 30 November 2025

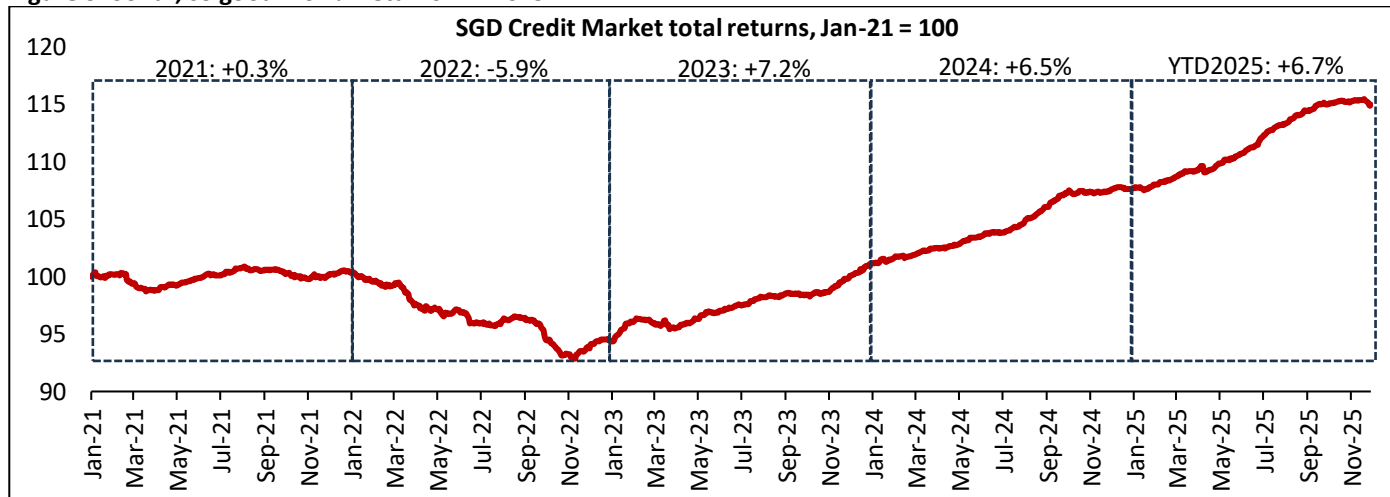
Note: Zero-coupon bonds are excluded

Resiliency of SGD credit evident once more: Overall, the SGD performance and issuance thus far in 2025 was strong despite the rollercoaster of events throughout the year. This resilience was underpinned by several key factors such as the sustained risk-on sentiment among investors, contained credit spreads, increased demand for SGD credit as a safe haven and a favourable interest rate environment which saw benchmark rates declining through most of the year. Additionally, the growing participation of global issuers further contributed to the market's depth and dynamism, reinforcing Singapore's position as a vibrant hub for credit issuance.

Tracking Returns in SGD Credit

Stellar run in YTD2025: The SGD credit market returned +6.7% in YTD2025 (annualised: +7.4%), despite the small blip surrounding Liberation Day. This continues the outperformance of the SGD Credit Market since 2023 (+21.8% since Jan-2023).

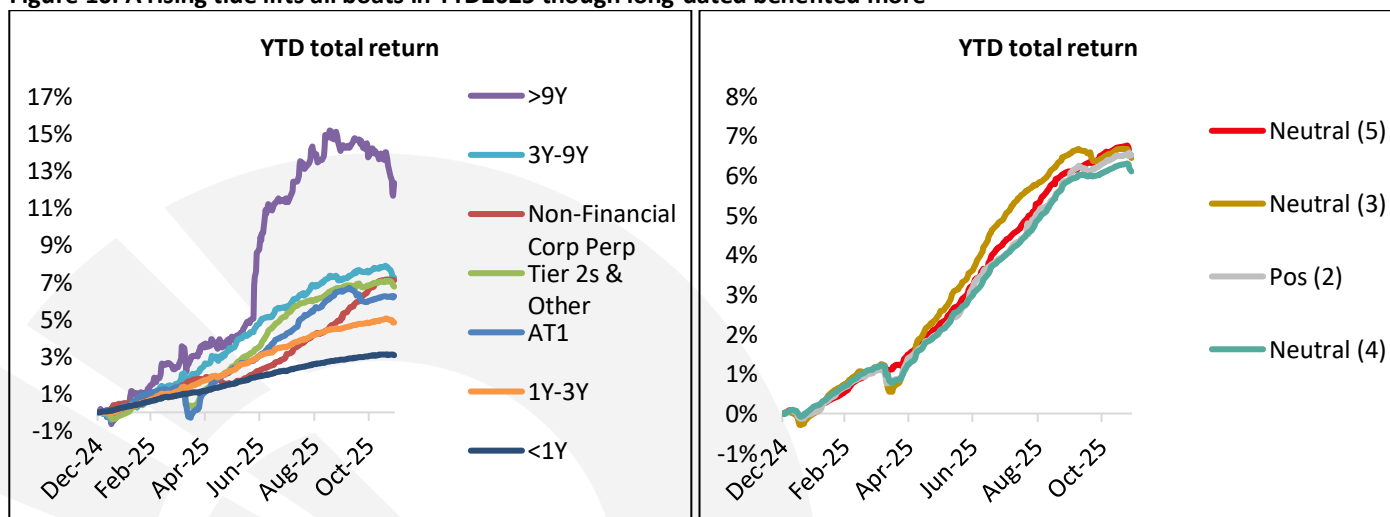
Figure 9: So far, so good. +6.7% returns YTD2025



Source: Bloomberg, OCBC Credit Research as of 28 November 2025

Duration pays off: The top performer by segments in YTD2025 are bullets that are 9Y or above (+12.3%) and bullets that are 3Y-9Y (+7.3%). In other words, investors have been compensated for buying into long-term papers. Conversely, the papers that delivered the lowest return, albeit still positive, are bullets below 1Y in tenor (+3.1%) and bullets that are 1Y-3Y (+4.8%). Meanwhile, structurally subordinated papers were in the middle of the pack, such as non-financial corporate perpetuals (+7.2%) and AT1s (+6.2%). Within YTD2025, there appears to be little differentiation in returns between Issuer Profile, as papers issued by entities with Positive (2), Neutral (3), Neutral (4) and Neutral (5) Issuer Profile Ratings reflect similar performance (+6.1% to +6.5%).

Figure 10: A rising tide lifts all boats in YTD2025 though long-dated benefited more

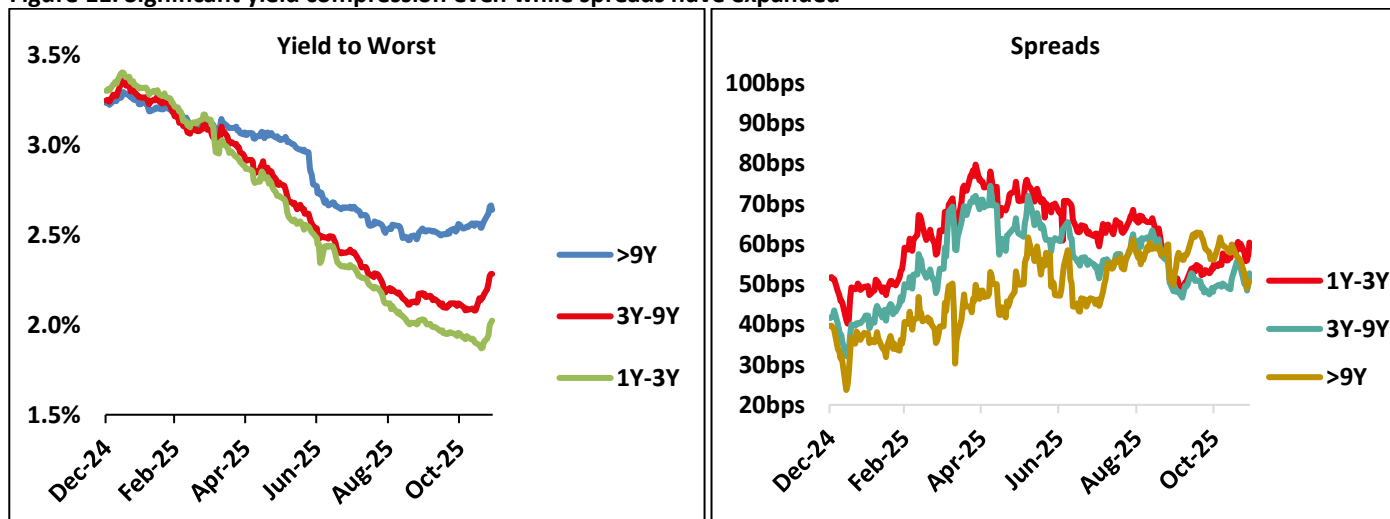


Source: Bloomberg, OCBC Credit Research 28 November 2025

Returns in 2025 were driven by fall in interest rates: While spread compression had been a key theme between 2023 and 2024 that drove total returns, spreads have generally expanded in 2025. This implies that the fall in interest rates have been the key driver of performance, with yield to worst falling in YTD2025 (128bps for 1Y-3Y papers, 96bps for 3Y-9Y papers and 59bps for very long tenor papers, 80bps for AT1s, 108bps for Tier 2s). Meanwhile, spreads have expanded nearly equally across all tenors by 9-

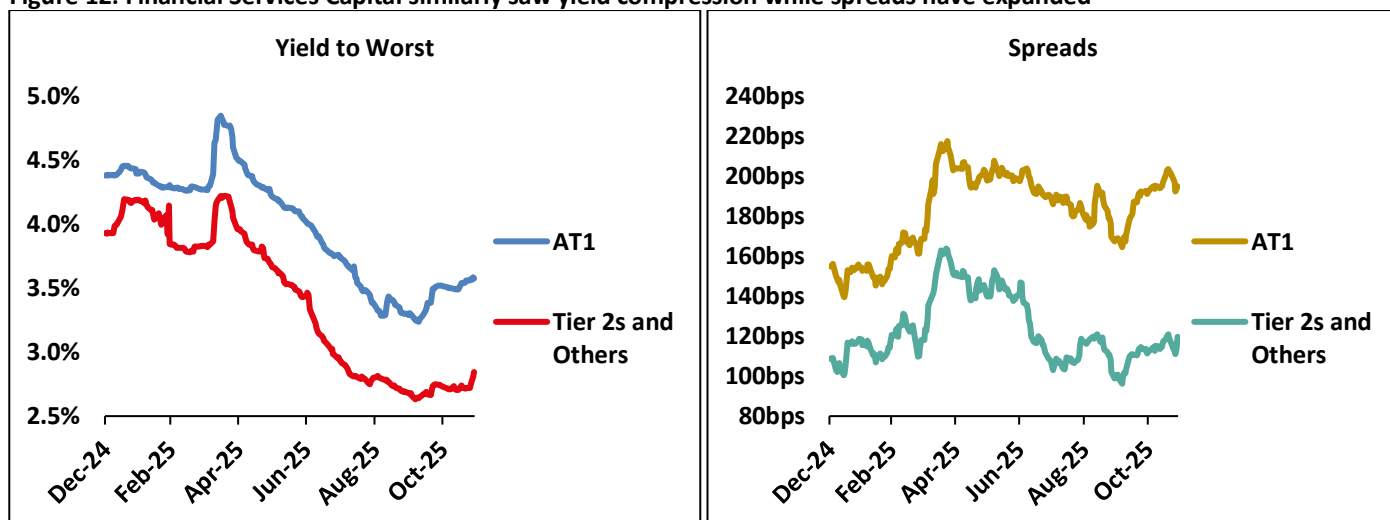
11bps in 2025. Spreads have expanded more for AT1s, with a higher spread increase in YTD2025 for AT1s (+40bps) versus Tier 2s (+11bps).

Figure 11: Significant yield compression even while spreads have expanded



Source: Bloomberg, OCBC Credit Research as of 28 November 2025

Figure 12: Financial Services Capital similarly saw yield compression while spreads have expanded



Source: Bloomberg, OCBC Credit Research as of 28 November 2025

Figure 13: Tracking Returns in SGD Credit: Summary of statistics

	>9Y	3Y-9Y	1Y-3Y
Yield	2.64%	2.28%	2.02%
Spreads	51bps	53bps	60bps
Effective Maturity	22.5Y	5.1Y	1.8Y

	AT1	Tier 2s & Others
Yield	3.58%	2.85%
Spreads	195bps	120bps
Effective Maturity	3.1Y	4.1Y

Source: Bloomberg, OCBC Credit Research as of 28 November 2025

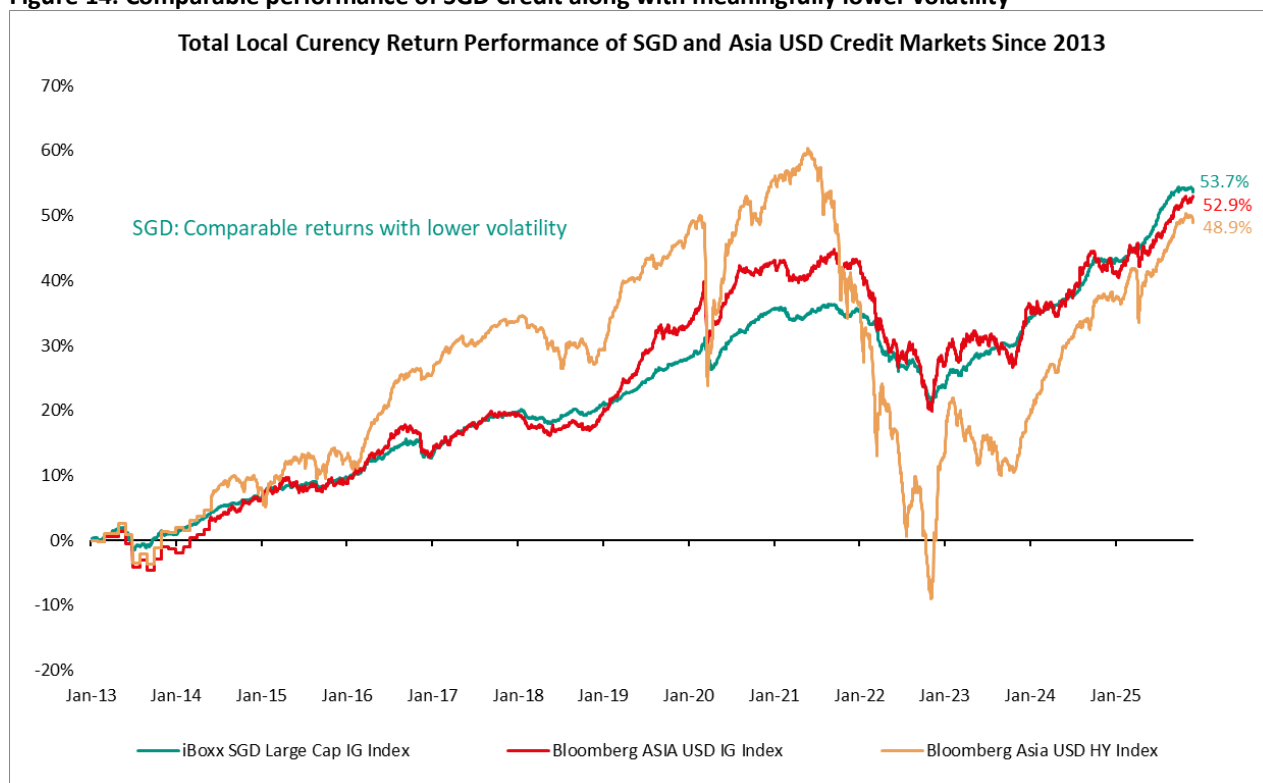
SGD Credit: A Strong Alternative to Asiadollar

SGD Credit remains a strong alternative to Asiadollar based on the historic performance since 2013. SGD Credit market continues to offer (1) comparable returns to the Asia USD Credit market, (2) more resilient credit fundamentals of issuers, (3) lower volatility and is more defensive in nature, and (4) modest default rates, particularly after 2019.

While there are substantially lesser headlines of de-dollarisation in 4Q2025 and the U.S. Dollar Index ("USD") rebounded ~3% from the low in 2025, USD still fell ~8% YTD as of 30 November 2025. However, USD is still expected to depreciate by another ~4% by end-2026 per Bloomberg consensus. Meanwhile, USD is also expected to depreciate by ~3% against SGD by end-2026 per Bloomberg consensus. Hence, we believe **local currency credit (including SGD Credit) may benefit from the strength of local currencies against USD.**

We believe **SGD Credit will remain relevant and a competitive alternative to Asiadollar Credit in 1H2026.** amidst (1) US trade policy uncertainty and tariff impacts, (2) potentially weaker USD due to US fiscal and debt sustainability concerns and (3) rising geopolitical uncertainties. We believe the generally more resilient credit fundamentals of SGD credit issuers and Singapore could provide better cushions against potentially higher volatility ahead.

Figure 14: Comparable performance of SGD Credit along with meaningfully lower volatility

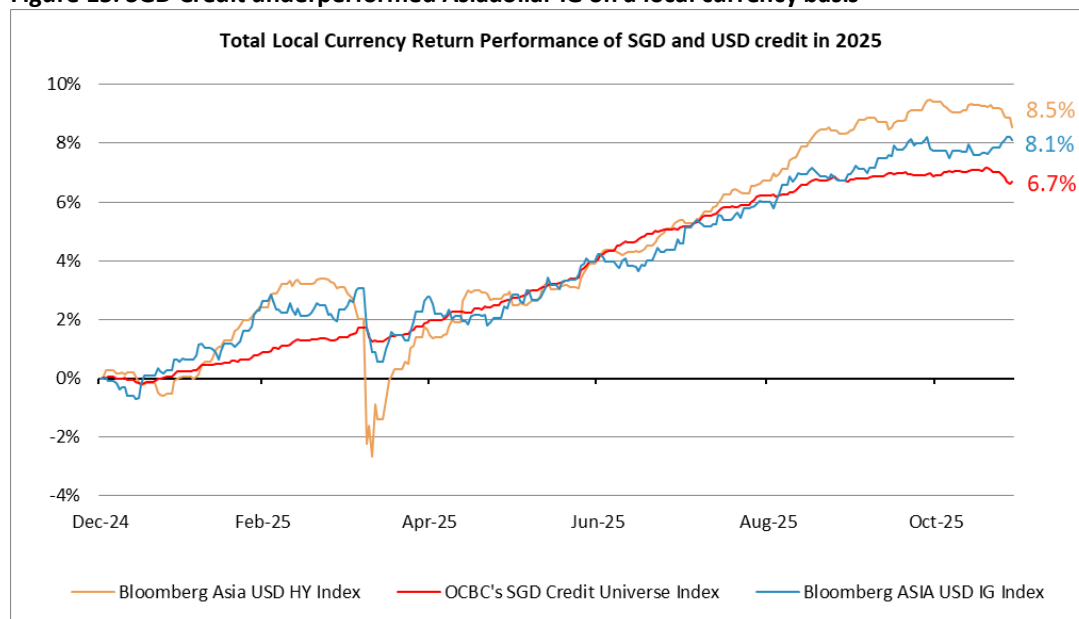


Performance as of 30 November 2025

Performance is calculated on the basis of total return and local currency.

Source: Bloomberg, OCBC Credit Research

Figure 15: SGD Credit underperformed Asiadollar IG on a local currency basis



Performance as of 30 November 2025

Performance is calculated on the basis of total return and local currency.

Source: Bloomberg, OCBC Credit Research

As of 30 November 2025, SGD Credit (using OCBC's SGD Credit Universe Index as a reference) delivered a decent performance of 6.7% YTD, though underperforming the Asiadollar Investment Grade ("IG") index by 1.4ppts. However, should we include impact of USD against SGD, SGD Credit would outperform by 3.6ppts (iBoxx SGD Large Cap IG index would outperform Asiadollar IG 4.2ppts per table below).

Figure 16: Performance of the SGD Credit Universe is comparable to Asiadollar IG even without USD forex impacts

	(a) OCBC's SGD Credit Universe Tracker	(b) iBoxx SGD Large Cap IG Index	(c) Bloomberg ASIA USD IG Index	(d) SGD IG vs Asia USD IG on local currency basis (b) - (c)	(e) USDSGD	(f) Bloomberg ASIA USD IG Index including USD performance (c)+(e)	(g) SGD IG vs Asia USD IG including USD performance (b) - (f)
2013	--	0.9 %	-1.9 %	2.8ppts	3.4 %	1.5 %	-0.6ppts
2014	--	5.5 %	8.5 %	-3.0ppts	4.9 %	13.5 %	-7.9ppts
2015	--	2.8 %	2.3 %	0.5ppts	7.0 %	9.3 %	-6.5ppts
2016	--	3.3 %	4.5 %	-1.2ppts	2.0 %	6.5 %	-3.2ppts
2017	--	6.0 %	5.1 %	0.9ppts	-7.7 %	-2.6 %	8.6ppts
2018	--	1.2 %	0.1 %	1.1ppts	2.0 %	2.1 %	-1.0ppts
2019	--	5.6 %	11.1 %	-5.5ppts	-1.2 %	9.9 %	-4.3ppts
2020	--	6.0 %	7.5 %	-1.5ppts	-1.8 %	5.8 %	0.2ppts
2021	0.3 %	-0.3 %	-0.0 %	-0.2ppts	2.0 %	2.0 %	-2.3ppts
2022	-5.9 %	-8.7 %	-11.2 %	2.5ppts	-0.7 %	-11.9 %	3.2ppts
2023	7.2 %	8.6 %	7.4 %	1.2ppts	-1.4 %	6.0 %	2.7ppts
2024	6.5 %	6.8 %	3.7 %	3.1ppts	3.4 %	7.1 %	-0.3ppts
2025*	6.7 %	7.2 %	8.1 %	-0.9ppts	-5.1 %	3.1 %	4.2ppts
Total Return Since 2013	-	53.7 %	52.9 %	0.8ppts	6.1 %	59.0 %	-5.3ppts
Total Return Since 2021	15.0 %	13.3 %	6.9 %	6.4ppts	-1.9 %	5.0 %	8.3ppts

*Performance as of 30 November 2025

Performance for category a, b and c is calculated on the basis of total return and local currency.

Source: Bloomberg, OCBC Credit Research

We believe the performance difference between SGD Credit and Asiadollar IG in YTD 2025 was primarily driven by:

- **Rates:** SGD Credit benefited from steeper decline of SGD SORA OIS yields (71 – 114bps) in comparison to US Treasury yields (56bps – 79bps)
- **Credit Spreads:** SGD credit spreads widened (8 – 40bps) across segments while Asiadollar IG tightened by 14bps.

Figure 17: SGD SORA OIS Yields fell steeper (71 – 114bps) in comparison to US Treasury Yields (56-79bps)

		30-Nov-25	end-2024	end-2023	YTD 2025 over 2024 Difference
	Tenure	%	%	%	bps
SGD SORA OIS Yield	2Y	1.45	2.60	2.81	-114
SGD SORA OIS Yield	5Y	1.75	2.67	2.56	-92
SGD SORA OIS Yield	10Y	2.05	2.76	2.58	-71
US Treasury Yield	2Y	3.49	4.24	4.25	-75
US Treasury Yield	5Y	3.60	4.38	3.85	-79
US Treasury Yield	10Y	4.01	4.57	3.88	-56

Source: Bloomberg, OCBC Credit Research

Figure 18: SGD Credit spreads widened while Asiadollar tightened

	Spread (bps)	Spread (bps)	Spread (bps)	Difference (bps)
	30-Nov-25	end-2024	end-2023	YTD 2025 over 2024
SGD Credit				
AT1s	195	155	216	40
Tier 2s and Other Non-perp Sub	120	109	171	11
Longer Tenors (>9Y)	51	40	78	11
Mid Tenors (>3Y to 9Y)	53	42	83	11
Short Tenors (>1Y to 3Y)	60	52	104	8
Non-Financial Corp Perp	n.m.	n.m.	n.m.	-
Money Market (Up to 12 months)	n.m.	n.m.	n.m.	-
Asiadollar Credit				
Bloomberg Asia USD IG Bond Index	64	78	105	-14
Bloomberg Asia USD HY Bond Index	386	417	781	-31

Source: Bloomberg, OCBC Credit Research

1H2026 Outlook – Steady and calm but few catalysts exist

Exiting 2025, the waves have calmed, and waters subsided as trade policies seem to have settled down (at least for now), with the US shifting from the hardline stance taken in April 2025 to being more open to negotiation. Meanwhile, geopolitical conflicts and uncertainties that buffeted most of the year has ebbed in recent months. Entering 2026, the tide has shifted to whether there will be further rate cuts in the US especially as inflation, while having moderated, remains a threat against the backdrop of a relatively resilient US economy. Adding to potential risks, questions over Fed independence could linger with a new chair due to be nominated, though markets largely view this as a peripheral risk, not the base case.

Against a backdrop of a still growing economy, our bottoms-up understanding of credit fundamentals among SGD credit issuers, and that the SGD credit market tends to be price sticky, we expect SGD credit spreads to remain relatively tight by historical standards. That said, we see a limited room for further tightening and see a higher probability of modest widening from current levels compared to our last update in June 2025. Demand for credits in YTD2025 (as of 30 November 2025) was driven by expectations of Fed rate cuts while issuers capitalised on Singapore's low-interest rate environment to come to market, with issuers stepping up to meet the heightened demand. However, we expect issuance levels to decline somewhat for 2026 after the already high issuance volume in the past two years (see **2025 Credit Market Review** for more details), and the reduced catalysts for opportunistic supply (e.g. to lengthen debt maturity) given that benchmark rates in Singapore are likely to stay broadly stable and for the 1Y tenor to rise from here. We enter 2026 with the expectations of total positive returns for the year, although coming mainly from coupons and distributions (in the case of corporate perpetuals and AT1s), rather than capital gains. While we do not expect broad-based capital gains from a further rally in rates, we still see opportunities to generate alpha through issue-by-issue selectivity. Overall, we retain a Neutral stance on the SGD credit market for 1H2026.

1. **We are neutral the SGD bullet bonds overall.** Within this, we have a slight preference for higher yielding bullets belly tenors (>3Y to 9Y) and longer tenors (up to 20Y), which generally consist of corporate bonds with higher coupon rates. Mid and long dated rates in Singapore may remain rangebound in 2026 versus current levels, while higher yields can help offset potential capital loss in a downside scenario which assumes a modest increase in rates. Meanwhile, shorter tenors, particularly investment grade, look less compelling at current tight levels, especially amidst an environment where short end rates have rallied through YTD2025 and the 1Y tenor may rise proportionately more from here compared to mid-and long dated rates. Short dated bullets should still deliver positive total returns when coupons are factored in.
2. **Prefer SGD crossover credits and high yield over high grade.** We continue to see default risks remaining low in the SGD credit market, supported by expectations of positive economic growth. Additionally, we view the private credit stresses as idiosyncratic with minimal spillover to the banking sector, as issuers in the SGD credit market have a very small exposure to US private credit. In a market environment with few drivers for capital appreciation and defaults likely to remain subdued, we see merit in investors focusing on earning returns through credit exposure.
3. **We are selectively overweight non-financial corporate perpetuals with higher yields.** Compared to short-dated bullet bonds which are trading very tight (sub-2% for high grade bullets), we see value in picking up non-financial corporate perpetuals with a short duration to first call date, especially when the probability of the call occurring is high. We expect the majority of the perpetuals with first call dates in 2026 to be called, as existing perpetuals can most likely be replaced at lower costs to issuers compared to distribution rates after reset, should the issuer opt not to call. For perpetuals with a longer duration to first call and a low likelihood of being called, we had previously been underweight when better alternatives were available. That said, in the current low rates environment with spreads that are still compressed, non-financial perpetuals with high yields and wide reset spreads have increasingly been redeemed. With fewer attractive alternatives, we have turned overweight on certain perpetuals given their higher yields, even though the probability of redemption is low. Investors should, however, be comfortable with the risk that these securities may not be called at the first call date and could remain outstanding till perpetuity.
4. **We also remain selectively overweight bank capital instruments, particularly those with higher yield and wide reset spreads and continue to like Tier 2 insurance papers.** We prefer bank AT1s over bank Tier 2s given the recent spread widening with spreads expanding more for AT1s in YTD2025 versus bank Tier 2s. We also consider expectations of a soft-landing scenario in 2026, resilient fundamentals of banks, as well as the ongoing search for yield in the SGD Credit Market

in our view. In particular, the recent spread widening has created some buffer against potential financial market volatility for bank AT1s with higher yields and wide reset spreads. Insurers' Tier 2s continue to provide decent yields while issuers in SGD have strong credit profiles. See ***Tracking Returns in SGD Credit*** for more information.

We look forward to exploring these opportunities with you and continue to be grateful for our readers' support and feedback.

S-REITs: Sector Update

Buoyant REIT equity market: In YTD2025 (as of 30 November 2025), the iEdge S-REIT Index, regarded as the benchmark for Singapore REIT ("S-REIT") equities saw a positive total return of +15.9%, driven by gains generated in the five-month period ending November 2025 amidst a decline in benchmark rates in Singapore and rising expectations of the beginning of the rate cut cycle in the US. This is a significant turnaround from 2024 where the index saw a negative total return of -6.1%. We observe a significant negative correlation between SORA OIS 10Y yield and the iEdge S-REIT Index, with the index dragged lower as benchmark rates go higher and improving as benchmark rates fall. As of writing on 28 November 2025, SORA OIS 10Y yield was 2.05%, 72bps lower compared to the beginning of the year and lower by 55bps versus the same time last year and unlikely to fall further, barring significant risk off events and with the Singapore economy still on solid footing.

YTD2025 was an active period for equity raisings with SGD4.1bn of equity raisings priced. With the exception of Lippo Malls Indonesia Retail Trust ("LMRT")'s transaction, all the other equity raising has completed as of writing. In 2024, a total of SGD2.7bn of REIT equity was raised, bulk in 2H2024. With market conditions favourable for REIT listings, two new S-REITs completed their initial public offerings raising SGD1.8bn in YTD2025. In contrast, 2023 and 2024 saw no REIT initial public offerings. Notably, CapitaLand Integrated Commercial Trust ("CICT")'s private placement was upsized to SGD600mn from SGD500mn which was likely on the back of the strong orderbook. All in, the deal was 4.9x covered, including upside option. Bulk of the proceeds from the equity private placement was targeted for the acquisition of the remaining stake that CICT does not already own in CapitaGreen.

Figure 19: YTD2025 S-REIT Equity Raising

Issuer	Pricing Date	Equity Raising Method	New Equity Raised (SGDmn)	Discount to VWAP ¹
Frasers Centrepoint Trust ("FCT")	March 2025	Private Placement	220.0	5.6%
FCT	March 2025	Preferential Offering	201.3	7.4%
CapitaLand Ascendas REIT ("AREIT")	May 2025	Private Placement	500.0	5.2%
Elite UK REIT	June 2025	Private Placement	7.0	13.0%
NTT DC REIT	June 2025	Initial Public Offering	989.4	NA
LMRT ²	July 2025	Rights Issue	63.0	50.0%
CICT	August 2025	Private Placement	600.0	5.5%
Centurion Accommodation REIT	September 2025	Initial Public Offering	771.1	NA
Keppel DC REIT	September 2025	Preferential Offering	404.5	5.2%
Prime US REIT	September 2025	Private Placement	32.3	10.0%
Keppel REIT ("KREIT")	October 2025	Private Placement	113.0	4.6%
Lendlease Global Commercial REIT ("LREIT")	November 2025	Private Placement	280.0	5.7%

Source: Company, Bloomberg, Reuters, OCBC Credit Research

Note: (1) For private placements, volume weighted average price ("VWAP") of all trades in the units on the Singapore Stock Exchange for the preceding market day, up to the time the placement agreement was signed

(2) Proposed rights issue announced with an indicative price of SGD0.007 per unit, discount of ~50% to the closing price of the last trading day of the units prior to announcement date; transaction has not completed as of writing

Acquisitions driven by three S-REITs: According to data compiled by REITAS using information from the SGX, property acquisitions totalled SGD7.1bn in 2024 and we note that many of these acquisitions happened in 2H2024 (2023: SGD3.7bn). S-REITs took more of a wait and see approach with minimal transactions announced following Liberation Day. We estimate that YTD2025 S-REITs announced SGD5.9bn of acquisitions, SGD2.5bn was announced in 1H2025 while the five-month period ending November 2025 saw SGD3.4bn of acquisitions announced. By absolute amount, the S-REIT who was the most active in the acquisition market was AREIT with SGD1.6bn of announced acquisitions on three separate dates. These properties are mainly located in Singapore although AREIT will also be embarking on its first logistics developments in the UK following its acquisition of two plots of land in East Midlands. These announced acquisitions represent 9% of AREIT's total asset as at 31 December 2024. FCT, the second most acquisitive S-REIT in YTD2025 bought the South Wing of Northpoint City from its sponsor in a significant transaction that made up 18% of total asset as at 30 September 2024 (September financial year end). Meanwhile, CICT bought the remaining 55% of CapitaSpring for a purchase consideration of SGD1.04bn, however, this transaction was only 4% of its total asset as at 31 December 2024.

S-REIT primary credit market was active: YTD2025 saw SGD4.8bn of new issuances from S-REITs across 26 issues from 18 issuers. This is significantly higher than 2024 where S-REITs priced SGD2.7bn of credit issuances. The largest issue in YTD2025 was a SGD700mn 7Y senior unsecured green bond from AREIT while AREIT was also the largest S-REIT issuer during the year with another SGD300mn green perpetual priced. Whilst 10Y tenor bullets were absent from the S-REIT primary market in YTD2025, the median tenor of bullet bonds priced were 7Y in contrast to 6Y in 2024. Among the bullets priced in YTD2025, only one was in a short dated tenor, implying that S-REITs were taking the chance to come back to the market and lock-in longer term cost of funding with benchmark rates low and credit spreads contained. The SGD credit market saw a debut issuance from IREIT Global, a higher yielding REIT focused on European offices and retail properties, jointly sponsored by Tikehau Capital and City Development Limited. Meanwhile, the market saw two returnees, with FCT pricing a 7Y senior unsecured green bond while CDL Hospitality REIT ("CDREIT") priced a debut perpetual.

Continue mainstreaming of GSSSL credit issuances by the S-REIT segment: The share of green, social, sustainability and sustainability-linked ("GSSSL") S-REIT issuances increased during the five-month period ending November 2025 to 65% of the total credit issuances from S-REITs. This helped partly offset the low showing in 1H2025, where only SGD415mn (19% of issuances) was in GSSSL, which we think was driven by the presence of smaller S-REITs in the market then. All in, there were SGD2.06bn of S-REIT GSSSL priced in YTD2025 (43% of total S-REIT issuances) versus 63% of total S-REIT issuances in 2024.

Very active perpetual issuances YTD2025, mostly as replacement perpetuals: Out of the SGD4.8bn S-REIT issuances priced in YTD2025, 48% consist of perpetuals. In contrast in 2024, only ~SGD505mn of perpetuals were priced (representing 18.5% of total S-REIT issuances). A high number of existing S-REIT perpetuals faced first call dates in 2025, this combined with a backdrop of lower overall benchmark rates (compared to a year ago) and the ability to raise perpetuals at tighter reset spreads, helped spur issuance volume of perpetuals in YTD2025. Seven perpetuals were priced in 1H2025, increasing to 13 by end of November 2025. While official use of proceeds was kept general, proceeds from nine out of 13 of the perpetuals priced in YTD2025 were mainly used to redeem existing perpetuals, even if the proceeds may have been used for reducing debt in the interim pending deployment. Several S-REITs which raised replacement perpetuals also took the opportunity to raise some additional new capital, to be used for other purposes such as refinancing existing debt and for general working capital and capital expenditures. The other four were new perpetuals where use of proceeds was kept general although in our view would aid in their future expansion plans.

Perpetuals as an important part of S-REIT toolkit: Overtime, we observe perpetuals being used by S-REITs as an important tool to manage their capital structure. S-REITs are subject to an aggregate leverage cap of 50% although capital markets tend to still prefer S-REITs to maintain their aggregate leverage caps below 45%. Building on these considerations, perpetuals have become a compelling source of capital that provides flexibility. Perpetuals that incorporate capital permanence features are eligible for equity treatment and does not count towards the aggregate leverage cap. Despite having a distribution rate that is higher than the cost of debt, perpetuals are non-dilutive to common equity holders. We observe that when a S-REIT starts using perpetuals in its capital structure, they do not typically reduce usage of perpetuals, although the proportion of perpetuals as a percentage of total asset may fluctuate around the time of expansion. Notably, among perpetual issuers in YTD 2025, LREIT was the only one to price a replacement perpetual that was smaller than the perpetual that was replaced, with the remaining amount replaced through debt. There were three debut issuers of perpetuals in YTD2025 (CapitaLand India Trust, FCT and CDREIT), raising a total of SGD450mn. All three had an active growth pipeline with significant near-term funding requirements.

Replacement Perpetuals Priced at Tighter Reset Spreads: Only one out of the nine replacement perpetuals were priced with a reset spread that was higher than the reset spread of the perpetual it replaced. The EREIT 5.75%-PERP, despite having a higher reset spread, allowed for upfront cost savings because its overall distribution rate was lower than the EREIT 6.632%-PERP which it replaced. The distribution rate on the EREIT 6.632%-PERP was high because it was reset (rather than called) at a time when primary market conditions were volatile while benchmark rates were elevated. Additionally, the replaced perpetual did not have a fallback language and the treatment for perpetuals with lack of fallback language is still untested in the SGD credit market. That said, two S-REITs, namely KREIT and CapitaLand China Trust ("CRCT"), replaced their existing perpetuals with an NC3 perpetual rather than a more typical like-for-like replacement. Both KREIT's and CRCT's replaced perpetuals was structured as NC5. We think this allowed KREIT and CRCT to retain optionality to redeem the perpetual 2Y earlier in the event that rates decline further but also save on costs as the reset rates on an NC3 would have been lower compared to an NC5 by 15-25bps based on our

estimates when these were priced. Subsequently in November 2025, KREIT priced an additional perpetual with an NC4 structure, which we think was in part driven by cost savings.

Figure 20: YTD2025 S-REIT Perpetual Raising

Issue	Pricing Date	Reset Spread	Use of Proceeds per OCBC Credit Research View
LREIT 4.75%-PERP	February 2025	SDSOA3 + 2.185%	Partial redemption of existing perpetual at first call
AAREIT 4.7%-PERP	March 2025	SDSOA5 + 2.437%	Redemption of existing perpetual at first call
EREIT 5.75%-PERP	March 2025	SDSOA5 + 3.512%	Redemption of an existing perpetual at sixth call (a stub remained outstanding from a previous exchange offer as some investors opted not to participate) and other uses
ARTSP 4.2%-PERP	May 2025	SDSOA5 + 2.133%	Mainly for redemption of existing perpetual at the 11 th call which coincides with next reset date; existing perpetual lacks fallback language
SUNSP 4.48%-PERP	June 2025	SDSOA5 + 2.656%	Redemption of existing perpetual at first call and other uses
FCTSP 3.98%-PERP	June 2025	SDSOA5 + 2.221%	Partial funding of expansion (Northpoint City South Wing in Singapore)
AITSP 4.4%-PERP	June 2025	SDSOA5 + 2.655%	Repayment of debt in the interim, eventual funding of expansion
KREITS 3.78%-PERP	July 2025	SDSOA3 + 2.225%	Redemption of existing perpetual at first call
AREIT 3.18%-PERP	August 2025	SDSOA5 + 1.582%	Redemption of existing perpetual at first call
CRCTSP 3.95%-PERP	September 2025	SDSOA3 + 2.72%	Redemption of existing perpetual at first call and other uses
SGREIT 3.25%-PERP	October 2025	SDSOA5 + 1.702%	Redemption of existing perpetual at first call
CDREIT 3.7%-PERP	November 2025	SDSOA5 + 2.148%	Repayment of debt in the interim, eventual funding of expansion
KREIT 3.28%-PERP	November 2025	SDSOA4 + 1.831%	Partial funding of expansion (Top Ryde City Shopping Centre in Sydney)

Source: Company, Bloomberg, OCBC Credit Research

View on perpetualls call risk in 2026: We had been fairly confident that perpetualls with resets in 2025 are likely to be called and this has played out through the year. We note that spot benchmark rates have fallen since the beginning of the year while 1Y forward 5Y tenure forward rate expectations have also fallen. All things equal, a perpetual with a wider reset spread will have a higher probability to be redeemed, as this economically incentivises issuers to call. S-REIT perpetualls do not come with step-ups as a criterion to qualify for equity treatment. We think that bulk of S-REITs with first reset in 2026 will be called at first call although we assign a lower probability of 70% on the MINTSP 3.15%-PERP and the MLTSP 3.725%-PERP mainly due to their tighter reset spreads.

Figure 21: S-REIT Perpetualls with First Call Date in December 2025 and 2026

Issue	First Call Date	Reset Spread ¹	Estimated Distribution Rate ²	Probability of Call at First Call
SGREIT 3.85%-PERP	Dec 2025	SDSW5 + 3.292%	5.4%	High, replacement perpetual has been priced
MINTSP 3.15%-PERP	May 2026	SDSW5 + 2.082%	4.2%	70%
LREIT 4.2%-PERP	Jun 2026	SDSW5 + 3.24%	5.4%	High
MAGIC 3.5%-PERP	Jun 2026	SDSW5 + 2.527%	4.7%	High
SUNSP 4.25%-PERP	Jun 2026	SDSW5 + 3.29%	5.5%	High
AAREIT 5.375%-PERP	Sep 2026	SDSOA5 + 4.654%	6.5%	High
MLTSP 3.725%-PERP	Nov 2026	SDSOA5 + 2.485%	4.4%	70%
CERTSP 5.0%-PERP [^]	Nov 2026	SDSOA5 + 3.615%	5.6%	High

Source: Company, Bloomberg, OCBC Credit Research

Note: (1) All the S-REIT perpetualls above where reset is linked to SOR has fallback language

(2) Estimated distribution rate if not called at first call; based on forward rate expectations as at 28 November 2025

[^] OCBC Credit Research does not currently maintain official coverage of the issuer of this perpetual

Despite lower likelihood of call, 2025 vintage perpetualls trade firm in the secondary market: While new perpetualls priced in 2025 allowed S-REITs to replace their existing perpetualls with ease, the 2025 vintage perpetualls were priced at tighter reset spreads (median of 2.2%) versus a median of 2.9% on perpetualls that were replaced. The replaced perpetualls were typically priced in 2020 with a first call in 5Y. Bulk of these replaced perpetualls were linked to SOR with fallback language. This meant that

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if the issuers opted not to call and the distribution rate were being reset, an adjustment spread of +31.12bps would likely have applied. Should forward rates hold (currently forward rates imply that rates will be higher in 2030 versus current) and credit spreads remain unchanged rather than tighten further, we expect the probability of a call at first call to be constrained, as issuers lack a strong economic incentive to redeem the perpetual. Nonetheless, prices of 2025 vintage perpetuals have remained resilient, likely reflecting market conviction that these instruments offer attractive yields in a low-rate environment, while distribution rates may reset to a median of ~4.5%, even if they are not called. S-REITs with their generally stable property portfolios also generate a steady stream of cash flow which allows the S-REITs to continue with their perpetual distributions with a high degree of certainty, barring credit stress.

Perpetuals which missed the first call and are still outstanding: LMRT have the right to call its two outstanding SGD perpetuals amounting to SGD260mn every six months, although both have yet to be called as of writing. LMRT halted distributions on the perpetuals since March 2023 and June 2023 respectively due to credit stress. We think it is unlikely that the perpetuals would be called and there is a low probability of LMRT resuming perpetual distributions in the near term. In contrast, our base case assumes that First Real Estate Investment Trust ("FIRT") will call its sole perpetual at the next reset date in July 2026. FIRT missed the first call date on the then FIRTSP 5.68%-PERP in July 2021, with the perpetual distribution rate resetting lower to 4.9817%. Following a tender offer in September 2022, ~SGD33.3mn remains outstanding and FIRT has maintained distributions on this perpetual throughout. With SGD25.5mn of net proceeds expected to come in from the recent disposal of a non-core asset in Indonesia (Imperial Aryaduta Hotel & Country Club), we expect the perpetual to be called.

Full impact of lower interest rates does not materialise immediately: With benchmark interest rates lower, S-REITs cost of funding is broadly expected to fall. That said, certain S-REITs who had entered into hedges when rates were previously very low (eg: 5Y hedges entered into 2021) will need to replace their hedges at a higher cost in 2026. S-REITs generally maintain a relatively high proportion of fixed-rate or hedged debt, with the median S-REIT we track reporting that 74% of its debt is either fixed-rate or hedged as at 30 September 2025. This implies that 26% of the debt, which is on floating rates, has been benefitting from lower rates. The full benefit from lower rates would likely only be felt when fixed debt matures. As at 30 September 2025, on a median basis, only 16% of debt matures in 2026 and 19% matures in 2027 based on our estimates (a year before, 15% of debt were estimated to mature in 2025). Whilst equity investors have cheered the lower cost of debt story, in our view, interest rates work both ways. All things equal, we prefer S-REITs with a high proportion of fixed/hedged debt, as it provides greater certainty in interest expense and debt servicing, which supports a stronger credit profile.

Overseas growth requires compelling fundamentals: Outside of S-REITs that hold 100% overseas assets, all but three of the S-REITs we track own overseas assets, with popular markets including Australia, the US, the UK, Europe, and other countries within the Asia-Pacific region. S-REITs have had to contend with an appreciating SGD against the currencies of the countries where their overseas assets are located. In theory, overseas investments are only worthwhile if the property market fundamentals or entry prices are compelling enough to offset the long-term appreciation trend of the SGD. Given the USD's earlier decline, tariff uncertainty and geopolitical uncertainties, the SGD has strengthened 0.95% against its major trade partners YTD October 2025.

Every rumour has a spark? The Wall Street Journal reported in early November 2025 that CapitaLand Investment Limited ("CLI") and Mapletree Investments Pte Ltd ("MAPL") are considering a potential business combination, with groundwork possibly starting as early as next year, citing unnamed sources. The article noted that discussions are at a very preliminary stage, and a deal may or may not materialise. In response, CLI reaffirmed its commitment to delivering long-term value for shareholders and stated that, in the ordinary course of business, it regularly evaluates investment opportunities aligned with its strategic objectives, while maintaining a policy of not commenting on rumours or speculation. Subsequently, on 7 November 2025, Bloomberg reported that CLI is exploring options such as carving out its China assets as part of a potential merger with MAPL, with discussions resurfacing during year-end strategic reviews. At this stage, there is no certainty that a merger will materialise or what its structure could be. However, a combination at the sponsor level would likely have significant implications for the S-REIT landscape, potentially paving the way for consolidation among individual S-REITs to create S-REITs of global scale. As an example, Prologis Inc., among the world's largest REITs by market cap (USD116.2bn as at 19 November 2025) has a total asset of USD98.3bn (~SGD128.6bn) as at 30 September 2025 in contrast to CICT (largest S-REIT) has a total asset of SGD25.6bn as at 30 June 2025. A hypothetical combination of CICT (sponsored by CLI) and Mapletree Pan Asia Commercial Trust (sponsored by MAPL, also focuses on commercial offices and retail) will create an S-REIT with a total asset of SGD41.4bn.

Figure 22: REIT Metrics (as of 30 September 2025 unless otherwise stated)

	Aggregate Leverage (%)	Interest Coverage Ratio ¹	Debt Duration (years)	Debt Cost (%)	Proportion of debt fixed/ hedged (%)	Debt Maturing in 2026 (%) ²	Debt Maturing in 2027 (%) ²
Commercial							
CapitaLand Integrated Commercial Trust	39.2	3.5	3.9	3.3	74.0	8.3	20.3
Keppel REIT	42.2	2.6	2.7	3.5	65.0	15.7	20.7
Mapletree Pan Asia Commercial Trust	37.6	3.0	3.5	3.2	77.5	6.3	19.4
Suntec REIT	41.0	2.0	3.0	3.6	66.0	2.5	22.1
Lippo Malls Indonesia Retail Trust	43.3	1.8	5.9	8.0	4.4*	8.3	4.5
Starhill Global REIT	36.7	2.9	3.9	3.5	77.0	3.3	8.9
CapitaLand China Trust	38.8	2.9	3.4	3.4	80.0	13.9	21.0
Lendlease Global Commercial REIT	42.7	1.6	2.6	3.1	68.0	16.6	25.0
Frasers Centrepoint Trust	39.6	3.5	3.2	3.8	83.4	13.0	4.8
Average	40.1	2.6	3.6	3.9	66.1	9.8	16.3
Industrial							
CapitaLand Ascendas REIT	39.8	3.6	3.3	3.6	77.6	11.9	12.4
Mapletree Industrial Trust	37.3	3.9	3.0	3.0	92.9	21.8	25.7
Mapletree Logistics Trust	41.1	2.9	3.6	2.6	84.0	11.5	14.0
AIMS APAC Industrial REIT	35.0	2.5	2.5	4.2	70.0	22.0	23.3
Frasers Logistics and Commercial Trust	35.7	4.3	2.8	3.1	70.4	16.0	12.9
ESR REIT	43.3	2.4	2.3	3.4	78.2	29.0	24.2
Stoneweg Europe Stapled Trust^	43.2	2.7	5.7	3.9	56.0*	-	-
Alpha Integrated REIT^	38.0	3.4	2.2	4.3	72.6	20.9	20.9
Average	39.2	3.2	3.2	3.5	75.2	19.0	19.1
Hospitality							
CapitaLand Ascott Trust	39.3	3.1	3.5	2.9	78.0	18.0	11.8
CDL Hospitality REIT^	42.4	2.1	2.1	3.4	47.9	16.2	13.4
Average	40.9	2.6	2.8	3.2	63.0	17.1	12.6
Others							
First REIT	41.4	3.8	1.7	4.6	49.5	56.3	21.6
OUE REIT	40.9	2.3	2.9	4.1	66.7	16.0	16.5
CapitaLand India Trust	40.9	2.6	2.5	5.8	77.2	17.6	18.3
Keppel DC REIT^	29.8	6.6	2.8	2.9	74.0	22.6	24.6
Average	38.3	3.8	2.5	4.4	66.9	28.1	20.3

Source: OCBC Credit Research, company financials and investor presentations

* OCBC Credit Research estimates

^ OCBC Credit Research does not currently maintain official coverage of these names

Note: (1) For the trailing 12 months to 30 September 2025 as reported; Lendlease Global Commercial REIT for the trailing 12 months to 30 June 2025 (2) As a percentage of total debt for remaining of 2026 and 2027 by calendar year end; calendarised figures for REITs whose financial year end differ from 31 December

Singapore Industrial REITS – Additional supply may cap growth in rents

In 3Q2025, JTC's all industrial price index increased by 0.6% q/q and 5.7% y/y, continuing its upward trend and surpassing pre-pandemic levels although the pace of increase has fallen. The rental index increased by 0.5% q/q and 2.3% y/y. The overall industrial vacancy rate declined to 10.9% in 3Q2025, declining by 0.3 percentage points from 2Q2025. Per JTC, demand had increased slightly in 3Q2025 amidst a decline in supply due to demolitions in older JTC estates as part of JTC's land rejuvenation plans.

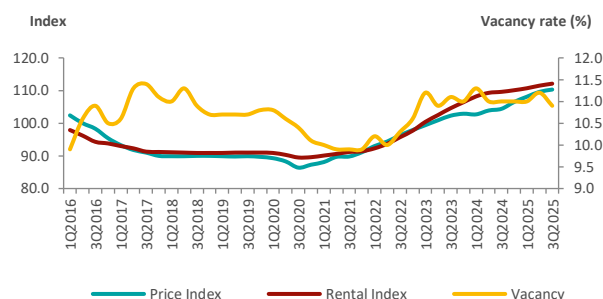
The Business Park segment has seen eight consecutive quarters of significant vacancy rates above 20% although encouragingly, vacancy rates have reduced in 3Q2025 to 23.0% (2Q2025: 23.3%). New supply of Business Parks is expected to taper off in the near term. While newer business parks (e.g.: 1 Science Park Drive and Punggol Digital District) are likely to gain tenant demand, business parks in the East and West of Singapore continue to face a challenging occupancy outlook and may be due for rejuvenation per Knight Frank. Interestingly, Changi Business Park which faced high vacancies saw a new tenant type being introduced with the opening of RD American School, an international school.

Notable transactions in 3Q2025 reported by Knight Frank, included the sale of a data centre at Serangoon North Avenue 4 and the acquisition of a portfolio of properties from AREIT by an EZA Hill-led consortium. Earlier in 1H2025, AREIT announced the acquisitions of two properties in Singapore from sponsor-related entities for ~SGD700mn while Brookfield Asset Management announced the acquisition of a portfolio from Mapletree Industrial Trust for ~SGD535mn. The investment sales market for industrial properties remained active after 3Q2025, although full year 2025 volume will likely trail 2024 which was driven by two mega-deals over SGD1bn.

0.6mn sqm of new industrial space supply was added into the market in 9M2025. As at end-September 2025, 0.2mn sqm of new industrial space is expected to be added in 4Q2025. Another 1.1mn sqm and 1.9mn sqm of new supply is projected for 2026 and 2027, respectively. Upcoming supply is significantly higher than the 0.5mn sqm added in 2024 (and 0.8mn sqm total expected to be added in 2025), which may cap further rental growth in the coming years.

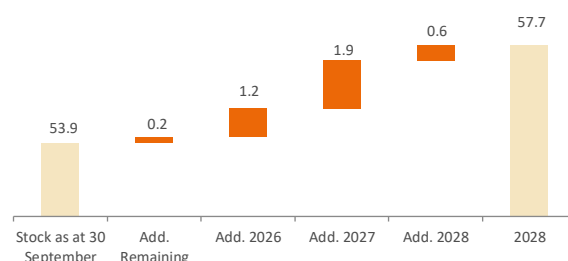
Direct impact from Trump tariffs among the Industrial REITs we track appears limited for now although trade flows may still change overtime while a softer economic backdrop may lead to negative second order impact to the industrial space sub-segment. That said, we expect the Singapore industrial market to be more insulated versus industrial properties that are located in geographies with a softer economic outlook and geographies which are facing tariffs that are significantly higher than Singapore's 10% base rate.

Figure 23: Industrial Price, Rental and Vacancy



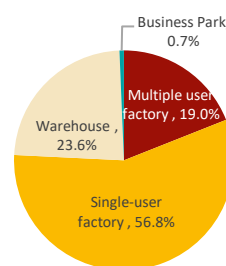
Source: JTC, OCBC Credit Research

Figure 24: Industrial stock and supply pipeline



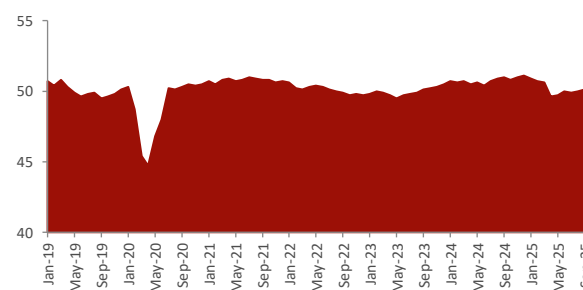
Source: JTC, OCBC Credit Research

Figure 25: Additional supply by sub-segment cumulative 4Q2025 to 2028



Source: JTC, OCBC Credit Research

Figure 26: Singapore PMI – Manufacturing Index



Source: Singapore Institute of Purchasing and Materials Management

Singapore Commercial Office REITS – Limited Supply to support prime office rents

Per Colliers, capital values for Core CBD Premium & Grade A market were flat q/q in 3Q2025. Net yields for the Singapore office market in recent years were ~3.4% to ~3.6% and this was 3.6% in 3Q2025. As of writing, SORA OIS 10Y yield was ~1.82% (88bps lower than a year ago), suggesting a positive spreads for leveraged buyers when credit spreads are considered. In our view, the lower cost of funding environment may continue to encourage investment sales in the Singapore office market.

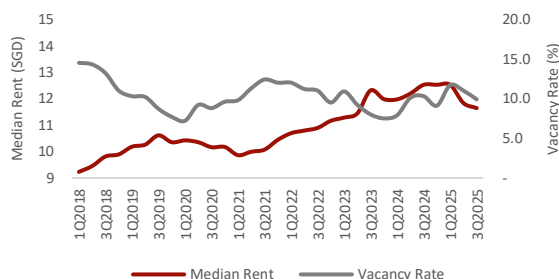
According to C&W data, 3Q2025 was an active quarter with CICT buying the remaining 55%-interest in CapitaSpring (bulk from related party) for SGD1.05bn while LREIT announced the sale of the office component of JEM in Jurong to a Sustainable Renewable Fund managed by Keppel Ltd for SGD462mn. Additionally, there were strata office sales at Manhattan House and VisionCrest Orchard. In contrast, the only notable transaction in 1H2025 was three floors at 20 Collyer Quay that was sold to GuocoLand Ltd for SGD91.8mn.

Per Colliers, office rents increased by 0.2% q/q in 3Q2025 for the Core CBD Premium & Grade A market and Colliers projects full year 2025 rents to be flat to a +2.0% growth. We expect prime office rents to increase going into 2026 driven by limited supply while we expect demand to remain in line with GDP growth.

Office rents per URA data was lower q/q in 3Q2025 at SGD11.64 psf pm (2Q2025: SGD11.83 psf pm) for office space in buildings located in core business areas in Downtown Core and Orchard Planning Area which are relatively modern or recently refurbished, command relatively high rentals and have large floor plate size and gross floor area. Remaining office space that does not fall in this category declined marginally to SGD6.37 psf pm in 3Q2025 (2Q2025: SGD6.42 psf pm).

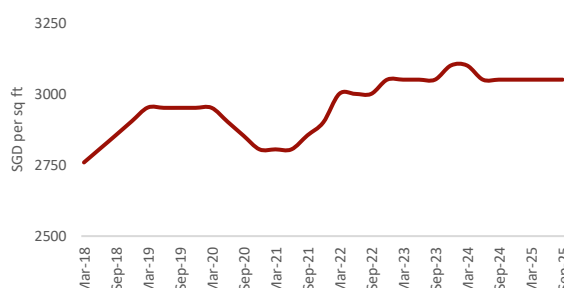
Vacancy rates were lower at 9.9% in 3Q2025 (2Q2025: 11.0%) per URA data which reflects new supply getting absorbed by the market. New supply in the market is expected to be tight between 2026 and 2027 (Shaw Tower at Beach Road and Solitaire On Cecil expected in 2026 and Newport Tower at Tanjong Pagar in 2027). C&W opined that this upcoming supply represents only around a third of historical net demand. The lack of supply will help provide a floor to rents amidst a more cautious tone from businesses, which are increasingly wary due to macroeconomic uncertainty. Per Colliers, tenant enquiries have slowed in 3Q2025 compared to 1H2025. Despite low vacancy levels, certain offices are facing challenges in backfilling space due to lack of demand.

Figure 27: Singapore Office Rent and Vacancy



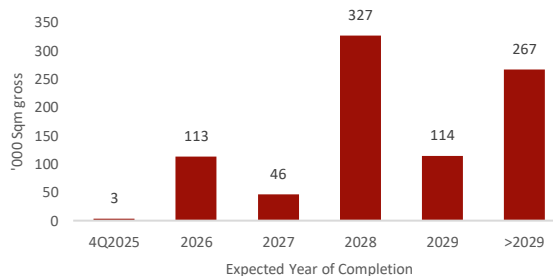
Source: URA, OCBC Credit Research

Figure 28: Singapore Prime Office Capital Value



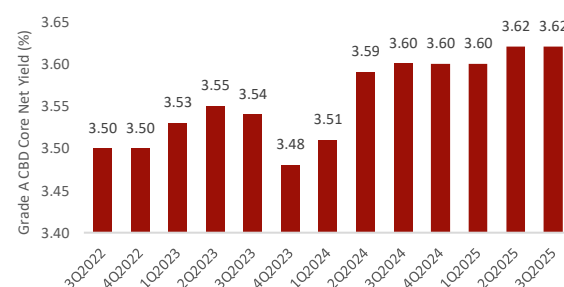
Source: Colliers, OCBC Credit Research

Figure 29: Pipeline of Office Space



Source: URA, OCBC Credit Research

Figure 30: Office Net Yield



Source: Colliers, OCBC Credit Research

Singapore Commercial Retail REITS – Steady despite retailer cost pressures and shifting consumer trends

According to Knight Frank, despite headlines of retailers struggling with rising costs, this is not affecting the retail property market per se with rents and occupancy remaining stable, supported by international chains. The market is a dual-speed market where global brands can absorb higher operating costs with aggressive marketing and expansion strategies that pressure smaller domestic players. While retailers have been exiting the market, prime vacant units have quickly been taken up.

URA's Property Price Index of retail space in the Central Region declined 0.7% q/q in 3Q2025, turning from a +0.1% q/q increase in 2Q2025. Median rents in Orchard increased by 1.3% q/q to SGD8.59 per square fee per month ("psf pm") in 3Q2025. Median rents for retail properties outside the Central area (indicative of suburban retail closer to residential neighbourhoods) were lower by 0.8% q/q at SGD5.15 psf pm. Post-pandemic, rents of retail properties outside the Central area have been maintained at ~60% of Orchard rents (~57% before). Centrally located retail properties outside Orchard fell by 2.1% q/q to SGD4.59 psf pm. Retail vacancies fell across all three segments per URA data. For Orchard, vacancies were at 6.5% for 3Q2025 (much improved in the last four quarters versus the pandemic) while for retail properties outside of the Central area this was 6.4%. Vacancy rates were the highest for centrally located retail properties outside Orchard at 8.2%.

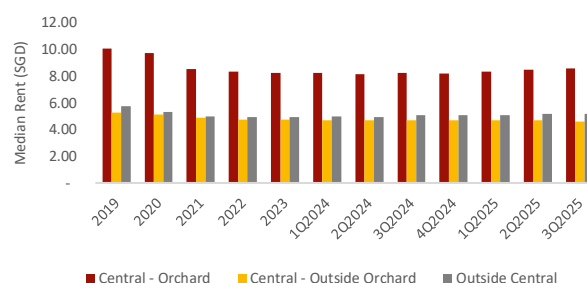
Based on our calculation using Singstat data, retail sales in Singapore for January to September 2025 ("9M2025") excluding motor vehicles increased by 2.3% y/y. That said, we observe that online sales as a percentage of total retail sales have crept up versus last year. Online retail sales (including motor vehicles) as a percentage of total retail sales were 14.9% in September 2025 (on SGD4.1bn of sales value), higher than the pre-pandemic percentage of 5.9% in 2019, though lower than the COVID-peak in May 2020 of 24.5%. We find that the 9M2025 average was 13.0% versus 11.9% in 9M2024.

Johor is rapidly emerging as a shopping destination, with rising visitor numbers from Singapore. Knight Frank notes that Singapore retailers may need to differentiate themselves from their Johor counterparts to remain competitive, estimating that Singapore day-trippers to Johor spent over SGD1.0 billion in Johor in 8M2025. As this represents ~3.6% of Singapore's total retail sales (excluding motor sales), the trend is manageable for now, although the percentage could change quickly with improved connectivity to Johor in early 2027.

The investment sales market for shopping malls in Singapore continues to be active following FCT's acquisition of the South Wing of Northpoint City in 1H2025. In 3Q2025, UOL Group Limited announced the sale of Kinex in the East for SGD375mn (transaction since completed). The media has reported that Singapore Shopping Centre and Clementi Mall are up for sale.

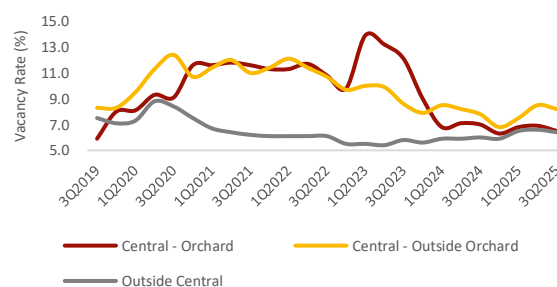
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Figure 31: Retail Rents SGD per sq ft per month



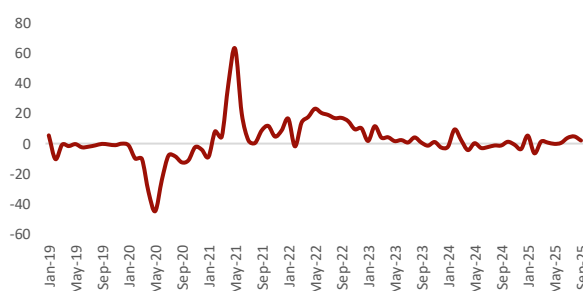
Source: URA, OCBC Credit Research
Note: (1) OR refers to Orchard Road

Figure 32: Retail Vacancy Rates (%)



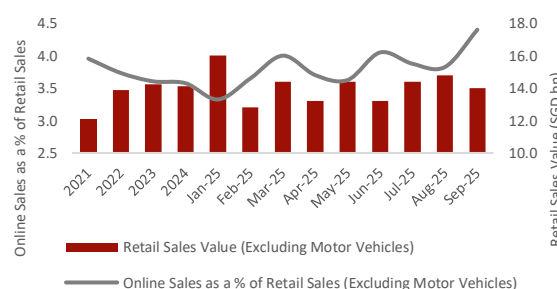
Source: URA, OCBC Credit Research
Note: OR refers to Orchard Road

Figure 33: Monthly Retail Sales (excluding Motor Vehicles) y/y % change



Source: Singstat, OCBC Credit Research

Figure 34: Monthly Retail Sales Value (excluding Motor Vehicles) in SGD bn and Online Sales %

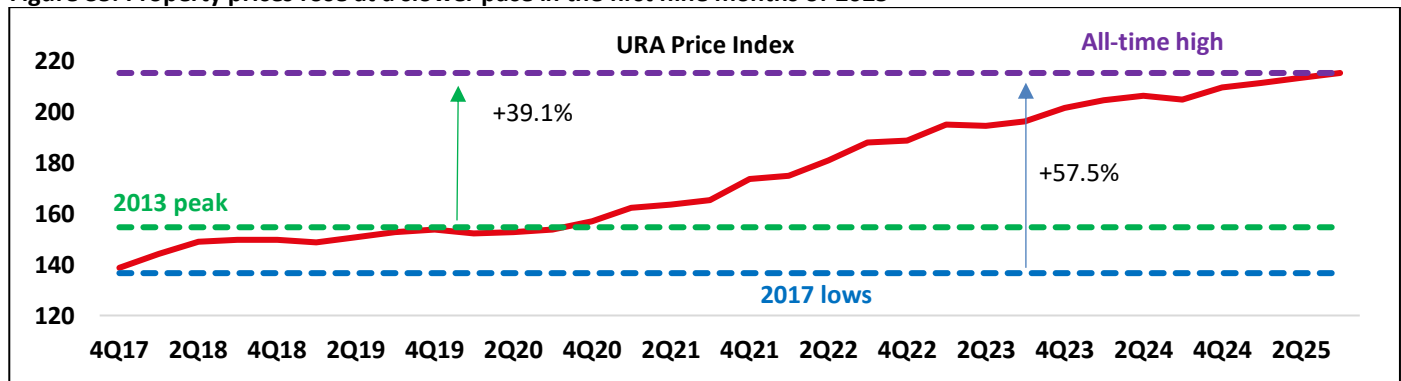


Source: Singstat, Bloomberg, OCBC Credit Research

Singapore Residential Property: Expect gains to slow further in 2026

Prices are still up but growing at a slower pace: Private residential property prices rose 2.7% in 9M2025, according to URA (annualized: +3.6%). This marks a continued slowdown in gains, in comparison to 2024 (+3.9%), 2023 (+6.8%), 2022 (+8.6%) and 2021 (+10.6%).

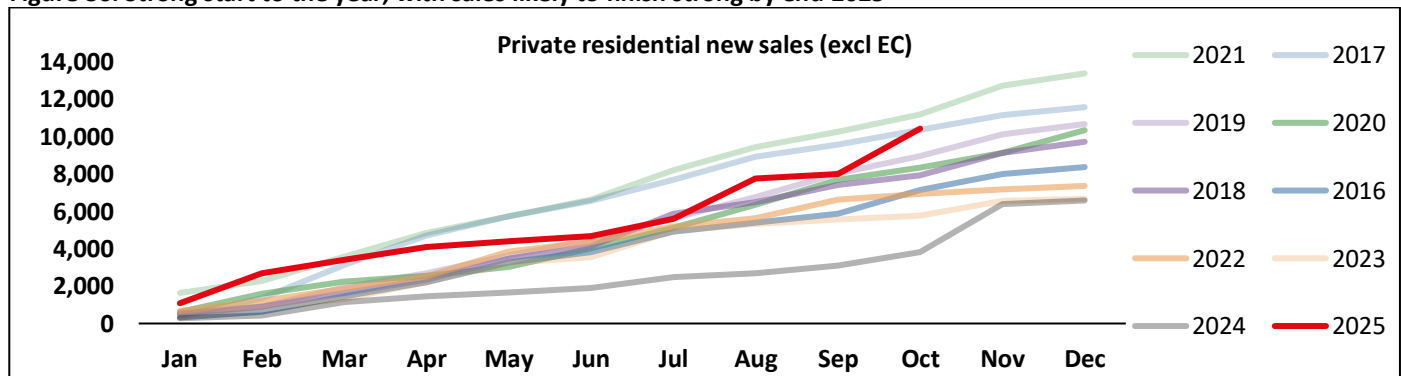
Figure 35: Property prices rose at a slower pace in the first nine months of 2025



Source: URA, OCBC Credit Research

Transaction volumes were strong, supported by property launches: Over 10k units excluding executive condominiums (“ECs”) were sold by developers in 9M2025, surpassing full year sales volumes in 2024 (~6.6k), 2023 (~6.7k) and 2022 (~7.4k). While ECs are considered public housing for the first 10 years, thereafter the development is deemed to be privatized. This was despite lackluster sales volume in 2Q2025, when buyers held back likely due to uncertainties arising from Liberation Day. Strong transaction volumes were supported by a deluge of property launches – we counted over 11k units excluding ECs have been launched in YTD2025 (as of 30 November 2025).

Figure 36: Strong start to the year, with sales likely to finish strong by end 2025



Source: URA, OCBC Credit Research

Overall sales rate is healthy on average, but the variance is large across projects: Several large projects (over 500 units) achieved very good sales at launch, including The Orie (777 units, 86% sold), Parktown Residence (1,193 units, 87% sold), Springleaf Residence (941 units, 92% sold), Skye at Holland (666 units, 99% sold) and Zyon Grand (706 units, 84% sold). We believe such strong sales are both a testimony of the strength of the property market while potentially creating a virtuous feedback loop that encourages buyer confidence. However, not all projects sold equally well at launch. Projects which cleared at a slower pace include W Residences Marina View (683 units, sales near 0%), Bloomsbury Residences (358 units, 25% sold), The SEN (347 units, 23% sold) during launch.

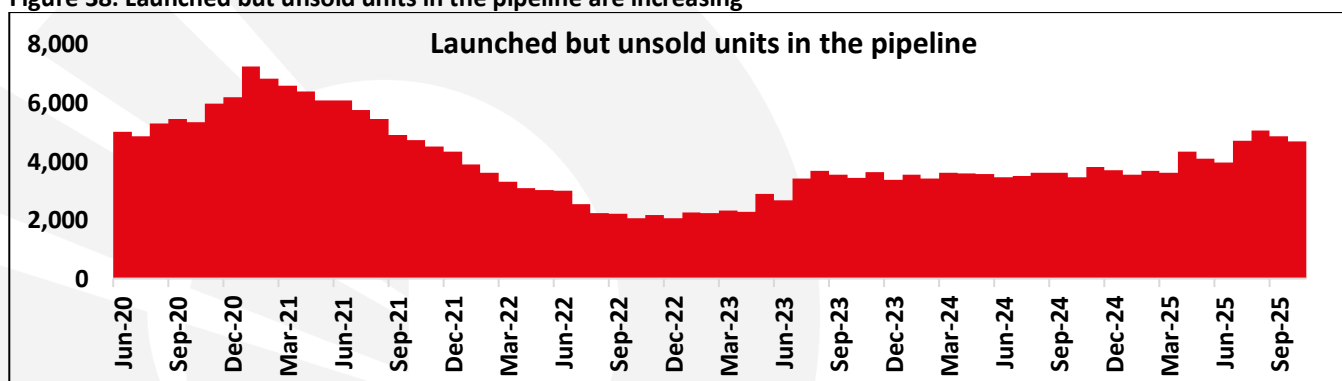
Figure 37: Projects launched in 1Q2025, and October sold very well at launch

Launch Date	Project	Units	Sales Rate at Launch	Average Price
Jan-25	The Orie	777	86%	SGD2,704 psf
Jan-25	Bagnall Haus	113	63%	SGD2,490 psf
Feb-25	Parktown Residence	1,193	87%	SGD2,360 psf
Feb-25	Elta	501	65%	SGD2,538 psf
Mar-25	Aurette of Tampines (EC)	760	90%	SGD1,766 psf
Mar-25	Lentor Central Residences	477	93%	SGD2,200 psf
Mar-25	Aurea	188	12%	SGD3,005 psf
Apr-25	One Marina Gardens	937	38%	SGD2,953 psf
Apr-25	Bloomsbury Residences	358	25%	SGD2,474 psf
Jun-25	Amber House	105	44%	SGD2,900 psf
Jun-25	Arina East Residences	107	9%	SGD3,000 psf
Jul-25	LyndenWoods	324	94%	SGD2,450 psf
Jul-25	W Residences Marina View	683	0%	SGD3,344 psf
Jul-25	UpperHouse at Orchard Boulevard	301	54%	SGD3,350 psf
Jul-25	The Robertson Opus	348	41%	SGD3,360 psf
Jul-25	Otto Place (EC)	600	59%	SGD1,700 psf
Aug-25	River Green	524	88%	SGD3,130 psf
Aug-25	Promenade Peak	610	54%	SGD3,521 psf
Aug-25	Canberra Crescent Residences	376	40%	SGD1,974 psf
Aug-25	Springleaf Residence	941	92%	SGD2,175 psf
Oct-25	Skye at Holland	666	99%	SGD2,953 psf
Oct-25	Faber Residence	399	86%	SGD2,160 psf
Oct-25	Penrith	462	97%	SGD2,800 psf
Oct-25	Zyon Grand	706	84%	SGD3,050 psf
Nov-25	The SEN	347	23%	SGD2,358 psf
			Average: 68%	Average: SGD2,669 psf

Source: URA, Business Times, Company, EdgeProp, OCBC Credit Research

Supply entering the property market is not fully absorbed: While the sales rate at launch of 68% looks decent, we think that not all projects may continue to be well-taken up post-launch, especially for projects with many remaining units to sell. Launched but unsold units in the pipeline have been rising, from the lows in December 2022 (2,058 units) to 4,670 units as of October 2025. While this level does not appear excessive relative to the levels seen in 2020 and is still manageable relative to demand with over ~11k sales transaction volumes achieved in 9M2025, it could become a cause of concern if these units remain unsold. Given that developers face a 5Y deadline to qualify for remission of ABSD, we believe there may be pressure to reduce prices at slower-selling projects to attract buyers.

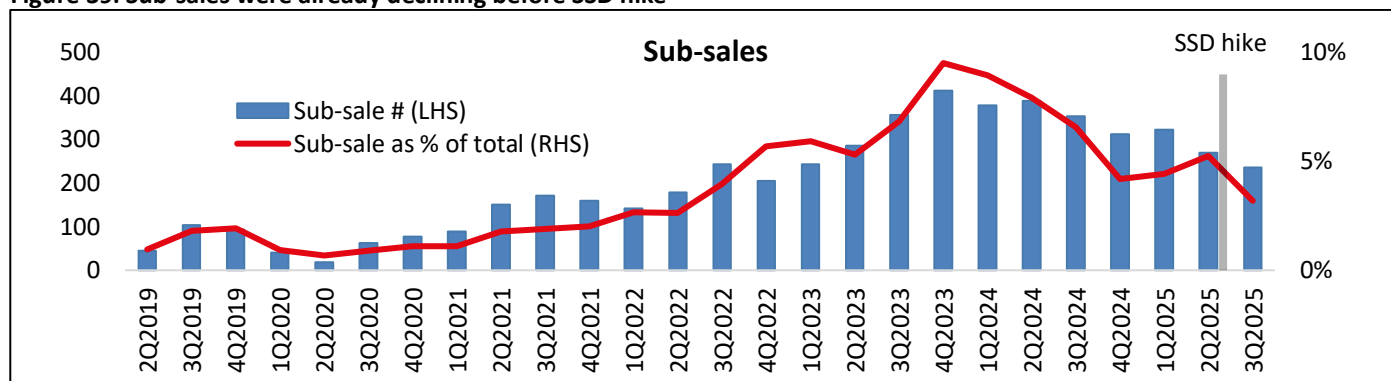
Figure 38: Launched but unsold units in the pipeline are increasing



Source: URA, OCBC Credit Research

Unclear if tighter Seller's Stamp Duty made an impact, and the rationale of its introduction: In July 2025, the government hiked Seller's Stamp Duty ("SSD"), reverting rates to pre-2017 levels with a four-year holding period; SSD will need to be paid for properties sold within four years from date of purchase. According to the government, the number of private residential property transactions with short holding periods has increased sharply, with a significant increase in the sub-sale of units that have not been completed. However, the number of sub-sale units already fell from 321 units in 1Q2025 to 269 units in 2Q2025, with a further decline to 235 units in 3Q2025. This continues the trend where both the number of sub-sale units and proportion of sub-sale units have in general been declining since their peak in 4Q2023. Despite the tighter SSD, both transaction volumes and prices continued to rise in 3Q2025. This is not surprising for changes in the sub-sale policy to have little impact, as sub-sales accounted for just 4.4% of total properties transacted in 1Q2025, which further declined to 3.2% as of 3Q2025.

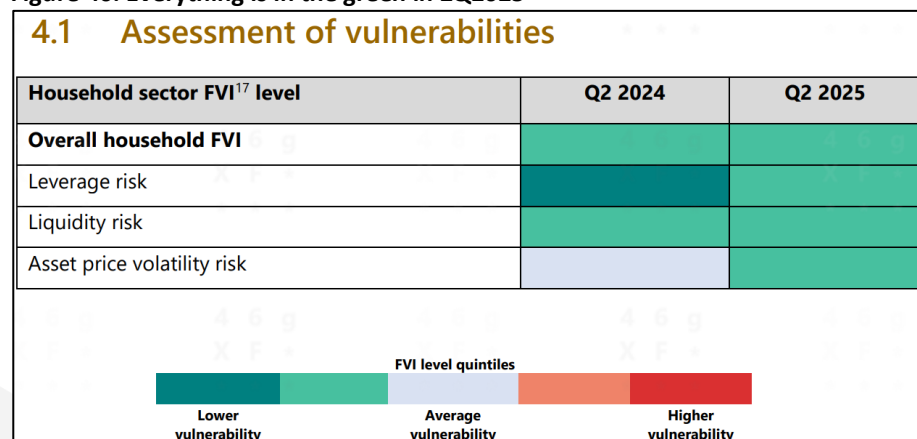
Figure 39: Sub-sales were already declining before SSD hike



Source: URA, OCBC Credit Research

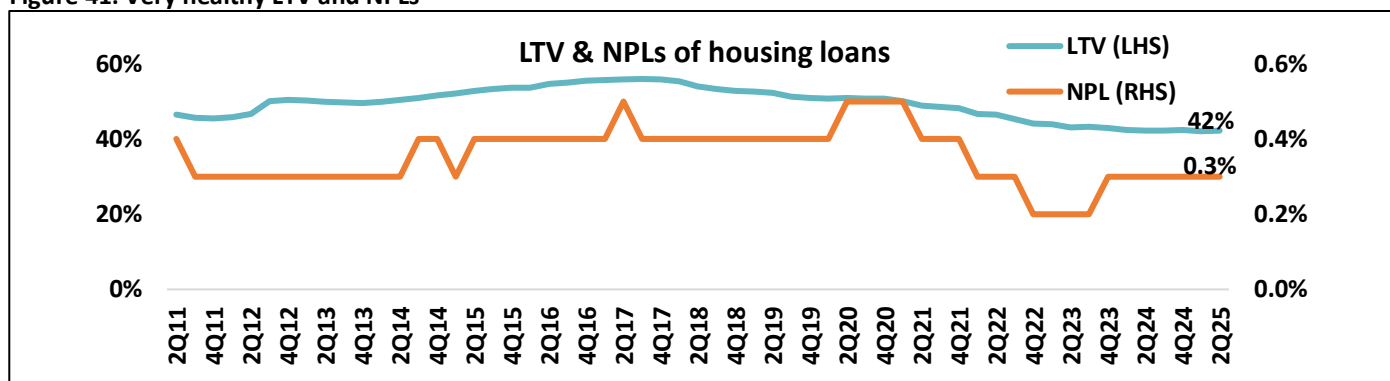
Households are financially resilient: According to MAS Financial Stability Review 2025, households “remained financially resilient”, supported by financial asset growth (+8.5% y/y) which grew faster than household debt (+6.5% y/y), even though mortgages grew. Meanwhile, debt-servicing capacity has been healthy, with stable income growth and lower mortgages. Overall, MAS assessed that households have lower than average vulnerability as of 2Q2025. Meanwhile, average loan-to-value ratio and non-performing loans of housing loans have declined to levels which are near record lows.

Figure 40: Everything is in the green in 2Q2025



Source: MAS

Figure 41: Very healthy LTV and NPLs

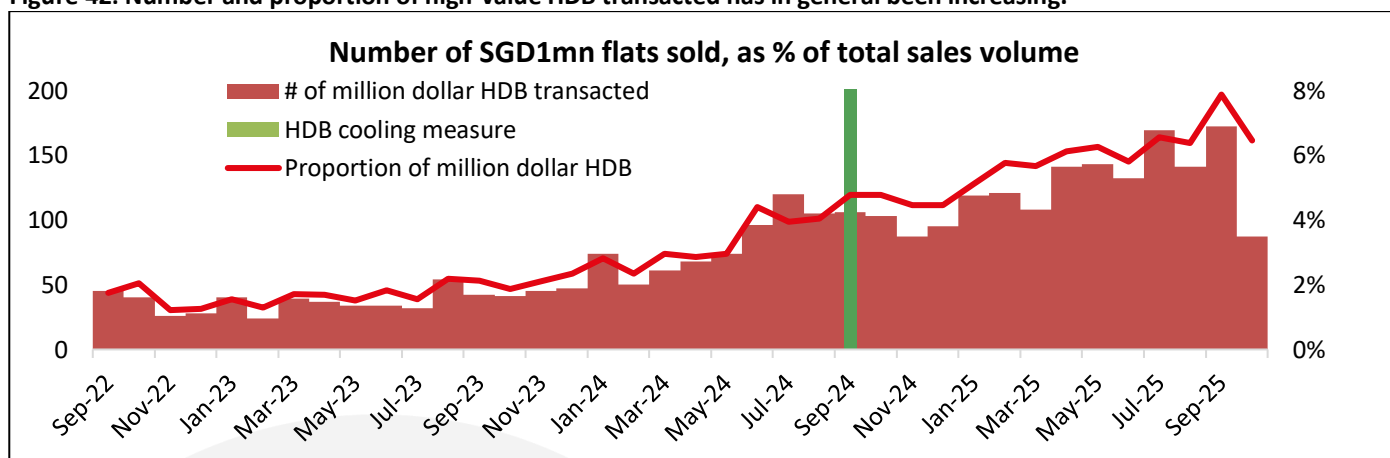


Source: MAS, OCBC Credit Research

We think that long-term property demand in Singapore remains intact: Demand factors highlighted in our Credit Outlook published on 3 January 2024 remains relevant. This includes growth in number of residents, growing aspirations to upgrade to private property and strong holding power. These factors have continued into YTD2025 and should remain relevant going forward.

High-value HDBs reaching record, after record: Out of 1,347 HDB resale units that were transacted in October 2025, 87 (6.5%) were transacted at SGD1mn or higher. We note that the proportion of HDB resale units being transacted at higher prices has been increasing, notwithstanding the HDB cooling measure introduced in 2024. HDBs are developed and managed by Singapore's public housing authority and constitute the predominant dwelling type with ~77% of the resident Singapore population living in them.

Figure 42: Number and proportion of high-value HDB transacted has in general been increasing.

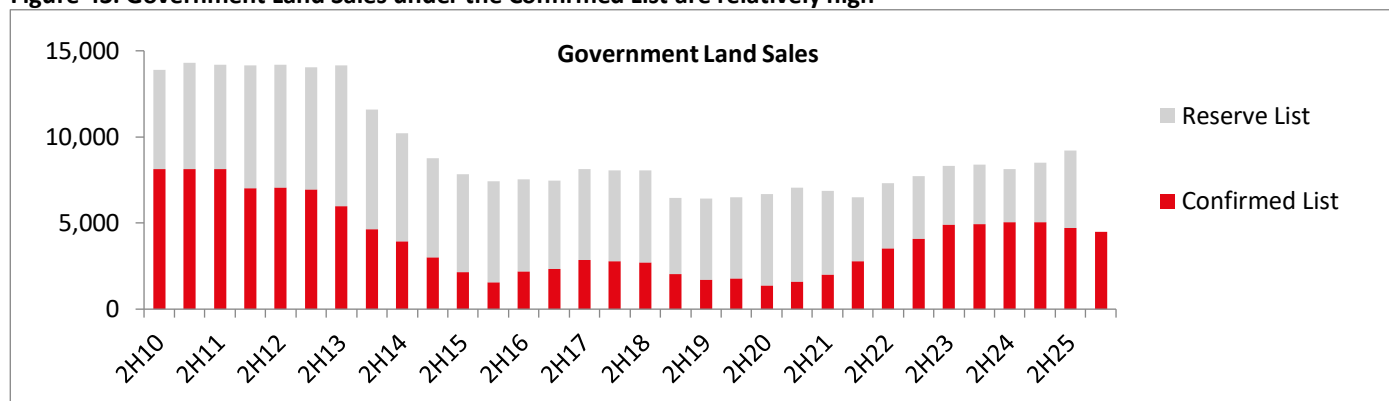


Source: HDB, SRX, Company

However, would the pace of HDB price increase and transaction volume continue to keep up? Transaction volume of HDB has fallen in October 2025, falling to 1,347 units which is the lowest level in a single month in years – it remains to be seen if this is a short-term blip or a pullback in the market. According to National Development Minister Chee Hong Tat, HDB will build more BTO flats and faster. The number of BTO units launched is expected to increase 10% from the previous target to 55,000 between 2025 and 2027 (of which 19,723 BTO units were scheduled for a 2025 launch, and 10,252 flats are offered under the sale of balance flats exercises). In addition to providing more supply and hence choice to buyers, certain BTO units are being delivered at a faster pace; 3,800 units have a waiting time of under 3Y. We believe the deluge of supply of BTO units and sale of balance units compete against units in the resale market. We note that price gains of HDB resale units have slowed in 9M2025 to +2.9% (2024 full year growth: +9.7%). In October 2025, according to SRX, HDB prices have fallen 0.6% m/m. While the decline is small, this is the largest decline for a single month in years. We think higher HDB prices and transaction volumes have supported upgrader demand into the private property market; conversely, slower HDB prices and transaction volumes could imply cooler demand for private residential properties going ahead.

Government Land Sales remain high, which can dampen the rate of price increase: Government Land Sales (“GLS”) under the confirmed list have been at elevated levels, around ~5k units per half year over 2H2023-1H2025. This pace of land supply release (~10k units per year) has exceeded new units transacted per year in recent years (in 2023-24, ~7k new units were sold per year). We believe that higher land sales helped meet home demand, which was pent-up over 2021-2023. While transactions have increased in 10M2025, it is uncertain if such transaction volumes can keep pace with an elevated release of land supply. That said, we note that the government has gradually reduced the number of units under the GLS confirmed list, to 4,725 units in 2H2025. This is expected to fall further to ~4.5k units in 1H2026.

Figure 43: Government Land Sales under the Confirmed List are relatively high



Source: URA, OCBC Credit Research

Backlog of CCR units remain sizeable despite blockbuster sales: Sales of new units in the Core Central Region (“CCR”) surged to 903 units in 3Q2025, which is the highest quarterly volume in several years. This is due to good sales at new launches including UpperHouse at 301-unit Orchard Boulevard (54% sold at launch), 348-unit The Robertson Opus (41% sold at launch) and 524-unit River Green (88% sold at launch). Despite the strong sales momentum, a substantial backlog remains, with 6,528 units of unsold CCR units remaining in the pipeline as of 3Q2025. Based on trailing-twelve-month sales of 1,276 units in the CCR, the ratio of unsold units to TTM sales stands at 5.1x. This implies that at the current sales pace, it would take over 5Y to clear the existing inventory. However, when comparing the unsold units to the annualized sales rate derived from the record-high 3Q2025 quarterly sales, the ratio improves to a more manageable 1.8x. As such, it will be crucial for strong sales momentum to be maintained, to reduce inventory overhang. Meanwhile, the ratio of unsold units/TTM sales for units in Rest of Central Region (“RCR”) and Outside Central Region (“OCR”) are healthier at 1.2x and 0.9x respectively.

Period	Number of Units Sold			Unsold Units		
	CCR	RCR	OCR	CCR	RCR	OCR
3Q2025	903	1,090	1,295	6,528	5,602	4,899
2Q2025	44	902	266	7,075	6,312	5,111
1Q2025	192	945	2,238	8,300	5,485	4,340
4Q2024	137	1,859	1,424	7,932	6,336	5,137
3Q2024	54	391	715	6,065	7,287	6,588
2Q2024	81	230	414	5,910	7,347	7,309
1Q2024	106	235	823	5,994	6,244	7,698
4Q2023	215	233	644	5,932	5,069	5,928
3Q2023	253	968	725	6,143	4,470	6,134
2Q2023	445	1,573	109	5,299	5,319	6,866
1Q2023	541	257	458	4,844	6,787	4,621
4Q2022	381	186	123	5,678	6,674	3,672
3Q2022	562	381	1,244	5,681	6,579	3,417
2Q2022	592	1,309	496	6,036	5,383	4,386

1Q2022	361	856	608	5,585	4,612	3,890
4Q2021	584	1,441	993	5,876	4,306	3,972
	TTM Sales (as of 3Q2025)			3Q2025 Unsold Units/TTM Sales		
	1,276	4,796	5,223	5.1x	1.2x	0.9x

Source: URA, OCBC Credit Research

From lacklustre GLS demand to healthy demand: While unsuccessful tenders curtailed ~25% of 2024 GLS supply and ~12% of 1H2025 GLS supply, all GLS tenders in the remainder of 2025 till date has been successful. There are more bidders per site in 2H2025 (till date), averaging 6.3 bids per site, much higher than that in 1H2025 (3.6 bids per site) and 2024 (2.3 bids per site). While there continues to be a differentiation in interest between land sites, a rising tide lifts all boats, with all sites seeing some competition. The average price of land bids in 2H2025 (till date) was SGD1,387 psf ppr, much higher than that in 1H2025 (SGD1,105 psf ppr, excluding failed tenders). We think this indicates healthy appetite and demand for land amongst developers.

Figure 44: Healthy competition for each site while bid prices are on average higher in 2H2025 (till date)

Site Name	# of bidders	Number of units	Highest Bid	SGD psf ppr
Successful tenders				
Dunearn Road	9	380	SGD491.5mn	1,410
Chuan Grove	7	555	SGD703.6mn	1,376
Holland Link	5	233	SGD368.4mn	1,432
2nd Chuan Grove	5	505	SGD623.9mn	1,331
Dorset Road	9	428	SGD524.3mn	1,338
Upper Thomson Road	5	595	SGD613.9mn	1,062
Telok Blangah Road	3	745	SGD918.3mn	1,326
Bukit Timah Road	8	340	SGD566.3mn	1,820
Total units		3,781		

Source: URA, OCBC Credit Research

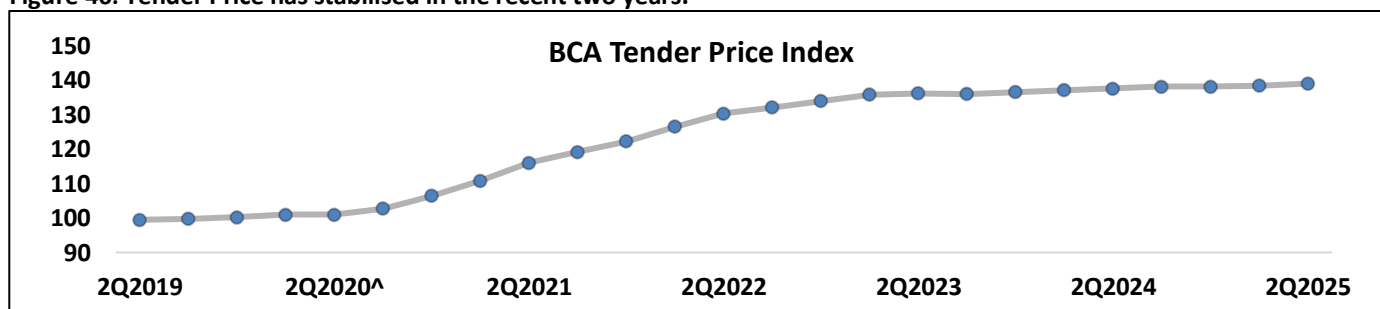
A swing back towards property development? While property developers had previously stood by the sidelines, appearing to place relative focus on investment properties (e.g. rental) and hospitality assets, we think that the increased bids at GLS sites could indicate a preference towards property development again. We think that property development can diversify revenue and earnings for property developers, as several developers under our coverage recorded fair value losses for their overseas investment properties in prior years. Separately, the relative decline in the number of GLS sites under the confirmed list in 2H2025 and 1H2026 could signal tightening land supply ahead, and we think developers could use the opportunity to acquire land now while there are still options to do so. Separately, construction costs have stabilised, and interest costs have fallen, even while prices have trended higher and transaction volumes have picked up, which likely increased profit margins. That said, we would be cautious if developers begin to compete aggressively at land sales as this could impact profit margins.

Figure 45: In the latest FY, net profit to net interest expense has begun to stabilise y/y

Net Profit: Net Interest Expense	FY-3	FY-2	FY-1	Latest FY
GUOL	6.2x	2.5x	0.5x	0.8x
CIT	0.6x	6.8x	0.9x	0.6x
UOL	9.5x	7.5x	4.9x	3.5x
CLI	3.4x	4.2x	0.8x	1.5x
HOBE	8.5x	1.9x	1.6x	0.7x
Average	5.6x	4.6x	1.8x	1.4x

Source: URA, OCBC Credit Research

Figure 46: Tender Price has stabilised in the recent two years.



Source: BCA, OCBC Credit Research

Expect prices to increase 1% to 3% in 2026: We think that property demand remains intact, supported by growth in number of residents, growing aspirations to upgrade to private property while Singapore households remain financially resilient. The decline in interest rates in 2025, with a relatively stable interest rate outlook for 2026, should also increase the relative attractiveness of home ownership. However, we think that the pace of price increase may continue to moderate (2025F: Increase up to 4%, 2024: +3.9%, 2023: +6.3%), as supply has increased. With more launches in 2025 and potentially 2026, more launched units have remained unsold. Meanwhile, the ramp up in HDB BTO supply may compete and curtail the HDB resale market, which in turn may impact upgrader demand. As such, we expect prices to increase by 1% to 3% in 2026.

HKSAR Retail – Some recoveries evidenced in 2H2025 with possibly better rents in 2026

While HKSAR 9M2025 retail sales fell 1.0% y/y to HKD276.5bn, encouraging recovery trajectories were evidenced from May – September 2025, which rose in the range of 0.7% to 5.9% y/y respectively. This is a marked improvement in comparison to declines of -2.3% to -13.0% y/y for the first four months of 2025.

The recovery was contributed by positive wealth effects stemming from equity market rallies and stabilisation in the housing market. Combined increases in main board market capitalization and net housing wealth—proxies for household wealth—rose 24% in 1H2025. The pace of increase in retail sales picked up further to 5.9% y/y in value terms in September 2025. Stronger fundamentals, alongside the sales promotion initiatives, point to encouraging recovery in retail sales in periods ahead. OCBC's HKSAR economist expects retail sales to record a mild gain for the full year 2025.

That said, HKSAR's retail as a whole continues to be affected by the structural changes in consumption behaviours of visitors and local residents amidst global uncertainties, rising unemployment and slower economic growth in mainland China and HKSAR.

While 9M2025 total inbound visitors increased by 11.9% y/y to 36.5mn, outbound visitors also increased by 12.7% y/y to 85.7mn, resulting in 13.2% higher y/y net outflow of visitors at 49.2mn. Retail leakage to nearby mainland China cities remains a concern despite some recovery in HKSAR's retail.

As of 30 September 2025, retail rental fell 2.7% YTD, moderating from the fall of 7% in 2024 amidst improved retail sales. Meanwhile, a similar trend was observed for retail property prices, which fell 8.5% YTD (2024: -18.1%).

Retail vacancies improved 0.4ppts YTD to 6.7% as of 30 September 2025. Per CBRE, demand remains stable in prime areas while primary shopping streets across all four major districts continue to perform well. That said, less prime streets are facing more challenging conditions.

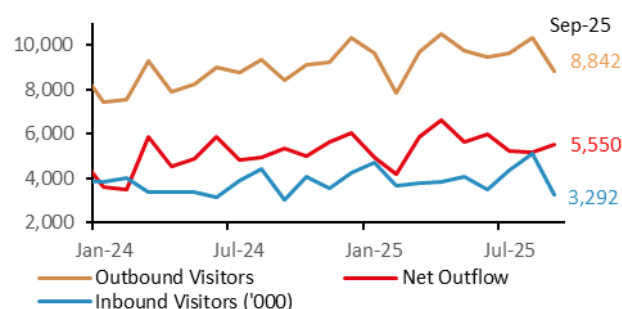
CBRE expects high-street shop rents to rise by 5-10% in 2026, underpinned by (1) federal funds rate cuts (OCBC's Interest Rate Strategist forecast: Two more cuts by 2026 to the range of 3.25% to 3.5%), (2) rising visitor arrivals, (3) better retail sales and (4) limited vacancy.

Figure 47: Retail Sales Value, HKD bn



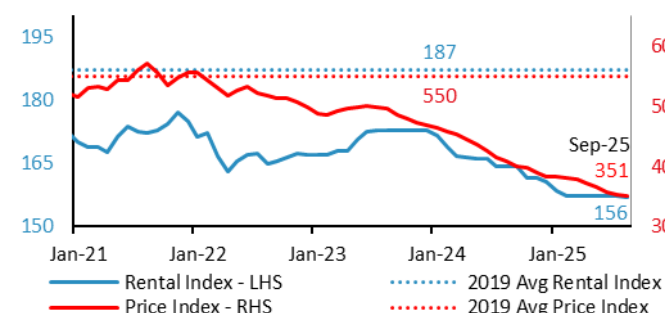
Source: Census and Statistics Department HK, OCBC Credit Research

Figure 48: HKSAR Inbound & Outbound Visitors ('000)



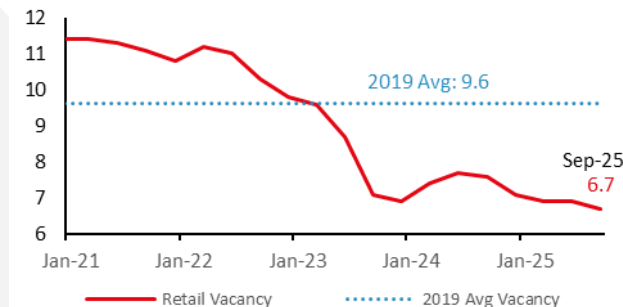
Source: HK Tourism Board, OCBC Credit Research

Figure 49: Retail Property Rental and Price Indices



Source: HK Rating and Valuation Department, OCBC Credit Research

Figure 50: Retail Property Vacancy Rate



Source: Colliers, OCBC Credit Research

HKSAR Commercial Office – Moderated decline in 2026 amidst high supply, despite better demand

3Q2025 broader office market sentiment in HKSAR remains downbeat due primarily to oversupply, although there is better demand in the prime areas. Per CBRE, office continues to be impacted by significant supply during April 2022 – March 2025, which was 2.3x the supply seen in April 2019 – March 2022.

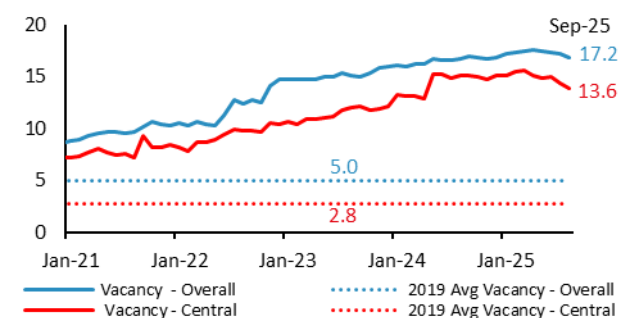
Mixed vacancy trends were observed in Central and Overall (the whole HKSAR office) as flight to quality remains a key driver for relocations as tenants upgrade to premium buildings. Greater Central continues to see better demand, with brisk leasing momentum supported by renewed activity in the finance sector and a strong IPO market. Per the Business Times, HKSAR raised USD24bn in 10M2025, ~3x the amount raised in 9M2024, surpassing New York Stock Exchange (USD18.5bn) and Nasdaq (USD16.5bn). Meanwhile, office outside of Central region continues to face headwinds with weaker demand and high vacancy. **As of 30 September 2025, Central vacancy improved 1.5ppts YTD to 13.6%**, the lowest level since April 2024. Meanwhile, **Overall office vacancy weakened 0.4ppts YTD to 17.2%.**

As of 30 September 2025, office rental and price declined by 4.7% (2024: -5.0%) and 9.5% (2024: -25.7%) YTD respectively amidst high supply and high vacancy rates. In comparison to the peak in 2018-2019, where rentals and prices fell 25.0% and 52.2% respectively. The weak price performance was also affected by the wide negative yield spreads (~150bps) of HKSAR office over the US 10Y Treasury yield (4.1%), which suppressed investment in office assets.

HK's labour market showed signs of broad weakening, as the unemployment rate went up by 0.8ppts YTD to 3.9% as of 30 September 2025. The increase in the unemployment rate was virtually across-the-board, with more notable deterioration in the construction and manufacturing sectors. OCBC's economist expects HK's labour market to stay soft under the shadow of structural imbalances with an unemployment rate of 3.6% and 3.7% for 2025 and 2026 respectively.

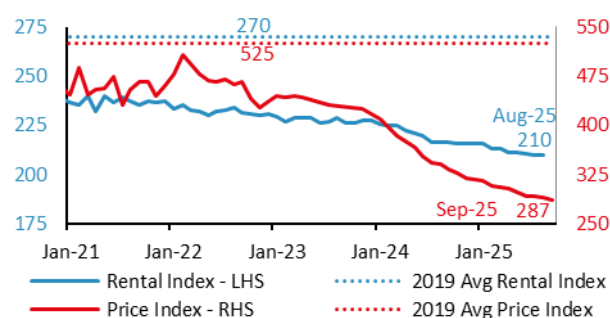
Per CBRE, office rental is expected to fall by 7% in 2025 and moderate to a decline of 5% in 2026 amidst stronger demand and high supply in 2026. There will be a substantial supply of 3.5mn sqf Grade A office available across five quarters from 4Q2025 to 4Q2026 (3.9% of 89mn sqf total Grade A Office stock in HKSAR), of which most are not pre-committed. Hence, the vacancy rates are also expected to weaken further in 2026.

Figure 51: Grade A Office Vacancy Rate (%)



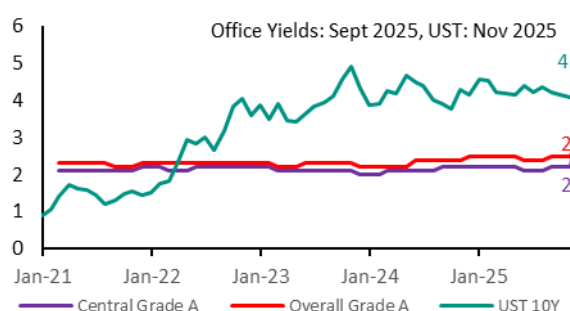
Source: Colliers, OCBC Credit Research

Figure 52: Grade A Office Rental and Price Indices



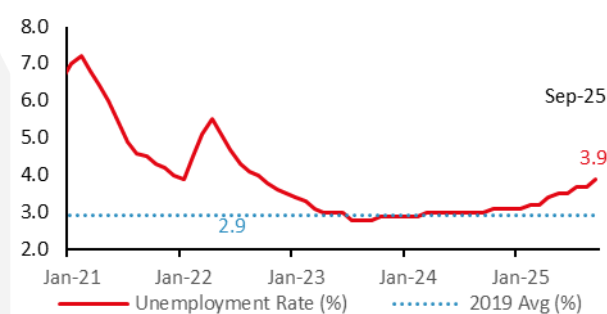
Source: HK Rating and Valuation Department, OCBC Credit Research

Figure 53: Office Rental Yields vs US Treasury 10Y



Source: Colliers, OCBC Credit Research

Figure 54: Unemployment Rate (%)



Source: Census and Statistics Department HK, OCBC Credit Research

HKSAR Residential Property – Stabilised housing markets in 2025 and potentially modest gain in 2026

HKSAR home prices grew 4.2% YTD as of 23 November 2025, rebounding 6.3% from the low in March 2025. This could be the first yearly gain since the peak in 2021 if the trend continues to year end. Per CBRE, 9M2025 residential transactions grew 20.1% y/y to 45.6k units amidst better buyer confidence, lower mortgage rates (prime lending rate fell 25bps YTD to 5%), relaxation of stamp duty (HKD100 stamp duty for residential units with valuation <HKD4mn) and competitive prices of new projects.

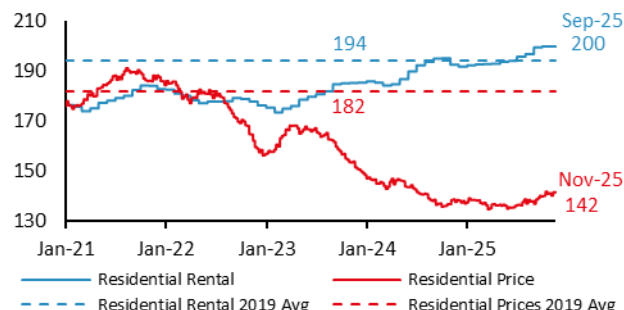
Rental index performance remained strong with a gain of 3.9% YTD to 200.0 as of 30 September 2025, just marginally lower than the peak of 200.1 in August 2019. Rental continues to be underpinned by the growing number of newcomers through talent attraction initiatives and expanding educational programs.

There could be stronger demand in the housing market in 2026 as (1) rental yield of 3.7% was ~20bps higher than mortgage rate of 3.5% per data in September 2025 and (2) more stabilised housing markets since 2H2025. Besides, demand is also expected to be boosted by potentially lower mortgage rates due to the expected US Federal Funds Rate cut.

That said, there is still a high supply of 102k units in the next three to four years per data from the Housing Bureau as of 30 September 2025. The upcoming completions will also remain high at 19.0k (if completed in four years) to 25.3k (if completed in three years) units per year, meaningfully higher than the 10Y average of 17.2k.

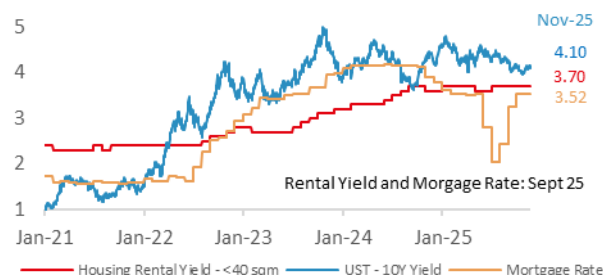
OCBC's HKSAR economist expects residential property prices to rise by 0-3% in 2025 and 1-4% in 2026 respectively with tailwinds such as the increase in non-local/end-user demand and a more favourable policy mix (e.g. interest rates, easing measures etc.) in the picture, which would lift the outlook of HKSAR's housing market decisively. Taken together, while the residential property cycle is taking a turn for the better, a V-shaped recovery still appears some way off.

Figure 55: Residential Rental and Price Index



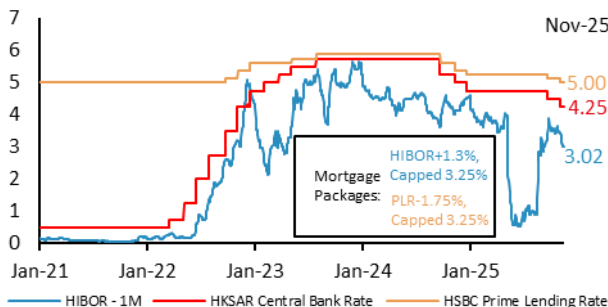
Source: Centaline Property Agency, HK Rating and Valuation, OCBC Credit Research

Figure 56: Rental Yield vs US Treasury 10Y



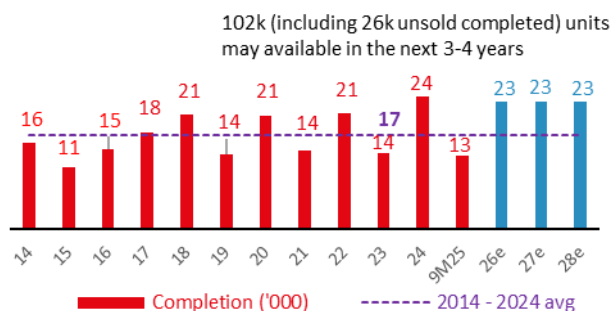
Source: HK Rating and Valuation, OCBC Credit Research

Figure 57: HKSAR Rates (%)



Source: Bloomberg, OCBC Credit Research

Figure 58: Private Housing Completion ('000)



Source: Housing Bureau HKSAR, OCBC Credit Research

Financial Institutions – Building Better Banks

Summary:

- 2025 confirmed two core truths for the Financial Institutions we cover: diversified businesses are delivering resilient, sometimes record results; meanwhile, Financial Institutions with concentrated exposures or legacy issues are using 2025 to reset - raising credit impairment overlays or litigation provisions, tightening risk governance, and simplifying footprints so they can be in better shape for 2026.
- Management guidance is converging on lower net interest margins ("NIMs"), steady-to-improving fee income, and capital ratios comfortably above regulatory minimums, while implementing strategy shifts including acquisitions and integrations to digital migration and productivity programs to build stronger organisations.
- With Financial Institution fundamentals stable, the focus is increasingly turning to growth for 2026 and beyond. Most of our Financial Institutions' coverage is now in builder mode. Only a handful are in a fixer mode with several banks watching litigation and regulatory developments surrounding specific cases.
- We see five practical credit implications of past developments, future expectations, and strategy shifts on 2026 performance.

2025 resilience, cost discipline, and selective pressure points: Broad-based resilience was evident across European Financial Institutions. Commerzbank AG ("CMZB") delivered record nine-month operational results, with operating profit up year-on-year on the back of an improving cost-to-income ratio and strong capital at a 14.7% CET1 ratio—tracking above its ≥14.5% 2025 target and 438bps above the Maximum Distributable Amount ("MDA") threshold of 10.4%. Société Générale SA ("SocGen") posted double-digit year-on-year net income growth for both the quarter and year-to-date, improved its cost-to-income ratio (61.0% in 3Q; 63.3% YTD, beating its <65% 2025 target), and lifted its CET1 to 13.7% as of 30 September 2025, supported by contained cost of risk at the lower end of guidance. BNP Paribas's ("BNPP") solid results highlighted its diversification with Global Markets and Securities Services underpinning revenue growth, while the integration of AXA Investment Managers ("AXA IM") scaled investment and protection services; CET1 was a robust 12.5% with positive jaws in key divisions. Finally, UBS Group AG's ("UBS") diversified businesses (Global Wealth Management and Investment Bank growth offset lower Personal & Corporate Banking and Asset Management) delivered a 47% year-on-year increase in reported profit before tax ("PBT") in 3Q2025, with underlying PBT up 50% and UBS's CET1 at 14.8% as Credit Suisse Group AG integration achieved ~77% of USD13bn cost saves and materially reduced legacy RWAs. Although Julius Baer Group Ltd ("JBG") is expecting FY2025 IFRS profit to likely be below FY2024, this is influenced by the completion of its credit review and addressing of legacy issues tied to its loan exposures. Otherwise, underlying profitability and capital generation remain strong with Assets under Management at a record CHF520bn and JBG's CET1 ratio strengthened to 16.3% as at 31 October 2025 (up 210bps from pro-forma 14.2% at end-2024), well above JBG's floor (11% CET1) and regulatory requirement (8.3%).

In Asia there remained some concerns around asset quality despite strong results. DBS Group Holdings Ltd ("DBS") reported record total income and PBT in 3Q2025 despite a lower NIM as SORA fell, wealth fees and transaction services offset net interest income ("NII") pressure. United Overseas Bank Ltd's ("UOB's") 3Q2025 results on the other hand looked weak with lower total income due to rate headwinds and a large, pre-emptive general allowance build that lifted coverage to 100% of non-performing assets ("NPAs"); its CET1 ratio however stayed healthy at 14.6%. Standard Chartered PLC ("StanChart") delivered a resilient 3Q2025 result with underlying profit before tax up year-on-year and fee-led growth in Wealth and Global Banking, improved cost-to-income, and a strong 14.2% CET1 ratio although management overlays persisted for Hong Kong and China commercial real estate ("CRE"). HSBC Holding PLC's ("HSBC") year-to-date underlying performance remained strong despite notable items (Bank of Communications dilution, litigation provisions), with NII guidance upgraded and its CET1 ratio within the 14.0–14.5% range. That said, expected credit losses rose notably on Hong Kong CRE.

For banks operating mostly in Australia and New Zealand, there were mixed outcomes. Westpac Banking Corp ("Westpac") delivered stable FY2025 profits excluding notables for the year ended 30 September 2025, robust capital (CET1 12.53%), and improving impairments, with strong business and institutional lending offsetting higher expenses amid the UNITE program. National Australia Bank Ltd's ("NAB's") FY2025 cash earnings were broadly flat, with NII up, productivity benefits realized (AUD420mn), and CET1 at 11.70% (pro forma 11.81%), even as impairments rose and non-performing exposures ticked higher. ANZ Group Holdings Ltd ("ANZG") however printed weaker cash profit as expenses and specific provisions rose and Markets income fell; however, NII grew on the Suncorp Bank acquisition and volume growth, and CET1 remained above APRA's future "unquestionably strong" threshold.

More of the same for 2026 with upside? Key themes for 2025 are likely to persist in 2026. With NIMs drifting lower, Financial Institutions are adapting via mix shifts and fee growth, particularly in Asia. DBS has guided total income "around 2025 levels" with NII slightly below 2025, while non-interest income should grow high single digits. UOB expects 2026 NIMs at 1.75–1.80% (1.82% in 3Q2025), loan growth in low single digits, fee growth at high single to double digits. Operating cost growth is expected in the low single digits, and credit costs are expected to normalise to 25–30bps, somewhat reassuring after the 3Q2025 allowance spike. China Construction Bank Corporation ("CCB")'s outlook is tied to domestic policy and loan prime rates; NIM pressure may persist in 2026, offset by volume growth and conservative balance-sheet posture.

Across Europe, targets are intact, and some were upgraded. SocGen reiterated its 2026 ambitions (CET1 >13%, return on tangible equity ("RoTE") 9–10%, cost-to-income <60%) based on strong execution in French retail and investor solutions and disciplined cost control. CMZB maintained its full-year 2025 targets (profit before restructuring of EUR2.9bn, CET1 ≥14.5%) and provided a positive 2026 tone tied to higher NII and macro tailwinds; capital returns over 2026–2028 are expected to be retained at 100% of net results before restructuring and after AT1 distributions, subject to approvals. BNPP also reaffirmed its 2024–2026 trajectory with revenue CAGR >5%, net income CAGR >7%, and RoTE rising to 12% in 2026 supported by scale within Investment & Protection Services ("IPS") after the AXA IM integration. Meanwhile, UBS remains confident in delivering 2026 targets, aided by Credit Suisse Group AG integration milestones (cost saves, legacy risk weighted asset ("RWA") run-down), albeit with regulatory and litigation uncertainties to watch.

In the UK, returns and hedges provide earnings visibility. Barclays upgraded its 2025 RoTE guidance to >11% and reiterated >12% for 2026, with structural hedge income "locked in" across 2025–2026 and investment bank risk weighted assets ("RWAs") targeted at ~50% of Group RWAs by 2026—supportive for balance-sheet efficiency and distribution capacity. HSBC expects mid-teens RoTE excluding notable items, and banking NII of USD43bn or better, while expected credit loss ("ECL") guidance normalizes to ~40bps through the cycle; its CET1 ratio is expected to be in the 14.0–14.5% range with ongoing strategic reviews and the proposed Hang Seng Bank privatization (–125bps CET1 impact) factored into capital management plans. StanChart expects 2025 income at the upper end of its 5–7% range, RoTE ~13% (a year ahead of prior guidance), expenses below USD12.3bn in 2026, loan-loss rate normalizing to 30–35bps, and CET1 in the 13–14% range with USD8bn capital return across 2024–2026, signalling a constructive 2026 carry despite emerging markets and CRE sensitivities.

Australia and New Zealand Financial Institutions also remain constructive. Westpac anticipates Australia's recovery through 2025–2026, with housing and business credit growth strengthening; capital accretion from the RAMS Financial Group ("RAMS") portfolio sale (~20bps) and disciplined investor-loan focus support 2026 returns despite higher tech and simplification spend. NAB points to easing inflation and rates, improved consumption, and momentum in business banking, proprietary home lending, and deposits, with productivity offsets. Commonwealth Bank ("CBA") remains cautiously optimistic, with above-system growth in first-quarter lending and deposits and strong provision coverage suggesting 2026 earnings resilience even as margins drift lower. Macquarie Group Limited ("MQG")'s medium-term is supported by structural tailwinds in private markets, digital banking, infrastructure, and energy transition themes, despite near-term macro volatility. Conversely, ANZG's 2026 will be shaped by the "ANZ 2030" strategy—customer-first, simplicity, resilience, value—with Suncorp integration and ANZ Plus migration to lift scale and cost efficiency, while tightened risk governance functions respond to recent regulatory undertakings.

Strategy shifts in 2025 that will shape 2026 outcomes

Scale, scope, and integration plays: Scale and integration have been central to some issuers in 2025. The BNPP–AXA IM integration has created scale—targeting EUR550mn synergies by 2029 and >50bps to RoTE by 2028. The UBS–Credit Suisse Group AG integration reached ~77% of the USD13bn cost saves target, extensive account migration, and noticeable legacy RWA reduction—setting up 2026 with lower structural costs, less drag from non-core assets, and potentially higher investment bank and wealth cross-franchise connectivity. ABN Amro Bank NV's ("ABN") recently announced acquisition of NIBC Bank N.V. ("NBIC") from Blackstone (EUR960mn; CET1 impact ~70bps at closing targeted in 2H2026) strengthens Dutch retail and savings market positions (including Germany and Belgium). The acquisition is a key part of ABN's new strategy and financial outlook for 2026–2028 presented at its Capital Markets Day on 25 November 2025.

Productivity and cost transformation: Efficiency plays also remain key levers. Barclays PLC delivered cost efficiencies ahead of plan and locked-in hedge income through 2026 while reallocating RWAs that should be supportive for risk profile and returns next year. Westpac's UNITE program and "Fit for Growth" restructuring emphasize simplification and tech investment although leading to higher costs in the short term. NAB booked AUD420mn in productivity benefits in FY2025 and continues technology modernization to fund growth in business banking, proprietary home lending and deposits to mitigate margin pressure in 2026.

ANZG's cost reset (higher restructuring costs in FY2025), and accelerated Suncorp migration are near-term drags but underpin the "ANZ 2030" simplification agenda across four strategic pillars of Customer First, Simplicity, Resilience and Delivering Value.

Risk governance and capital actions: As much as 2025 was resilient, management continue to address risk governance and capital positions to set 2026 baselines. HSBC is executing organizational simplification (USD1.5bn savings targeted by end-2026), addressing litigation and associate issues, and managing Hong Kong CRE Expected Credit Loss ("ECL") while maintaining CET1 in the 14.0–14.5% range—keeping flexibility for distributions and strategic reviews. HSBC's 9M2025 allowances for ECL rose 44% y/y driven by higher charges related to Hong Kong CRE, reflecting new defaults, model updates, and continued pressure on rental and capital values. StanChart similarly retained overlays for HK and China CRE despite improving underlying metrics that should smooth 2026 credit cost normalization. UOB raised general allowances materially in 3Q to pre-empt macro/sector risks although the NPL ratio remained unchanged q/q; with CET1 at 14.6% and guidance for normalized credit costs in 2026, this sets a more conservative base heading into next year. JBG's interim management statement for the ten months ended 31 October 2025 ("10M2025") was highlighted by the completion of its credit review with additional loan loss allowances of CHF149mn to be booked in November 2025 following the completion of a credit review of its loan book with CHF700mn of positions in income-producing residential and commercial real estate to be managed down in line with its revised risk appetite framework. Finally, several banks will be watching litigation and regulatory developments surrounding specific cases.

Portfolio reshaping and strategic exits/entries: Refinement of business portfolios seems an enduring aspect of Financial Institutions we cover. Recent developments include ABN refocusing on mortgages and pursuing legal mergers for operational efficiency while the integration of German private bank Hauck Aufhäuser Lampe ("HAL") has bolstered Wealth Management and fees. Separately, ABN announced the sale of its fully owned subsidiary Alfam (personal loans business) to Rabobank, aligning with its simplification strategy and focus on operational performance. Westpac recently announced an agreement to sell its AUD21.4bn RAMS mortgage portfolio to a consortium including Pepper Money Limited, KKR and PIMCO. MQG agreed to divest Macquarie Asset Management ("MAM")'s North American and European Public Investments businesses to Nomura Holdings Inc in late April 2025 while keeping its Public Investments business in Australia. With the completion of its credit review, JBG management reiterated its strategic focus on core wealth management with new leadership appointments in Switzerland and expansion in growth markets, including regulatory approval for a new advisory office in Abu Dhabi and openings in Lisbon and Milan earlier this year.

Betting on growth: 2025 is ending with some Financial Institutions clearly oriented towards growth. Deutsche Bank AG ("DB") held its Investor Deep Dive Day on 17 November which announced a new strategic plan including revised financial targets as the bank shifts from a period of restructuring and stability to focused growth. Financial targets are expected to be supported by EUR1.5bn in investments and EUR2bn in cost efficiencies in a supportive operating environment with the German economy expected to stabilise and grow in 2026 and 2027. Crédit Agricole Group ("CAG") also announced its 'ACT' 2028 new Medium-Term Plan on 18 November that targets accelerated growth and transformation, aiming for 60mn customers, EUR30bn revenues (60% outside France), and leadership in Europe, sustainability, and technology. Key priorities include expanding retail banking in France, scaling in Italy (its second domestic market) and Germany, growing in Asia through asset manager Amundi with new partnerships and expanding existing joint ventures, and seizing opportunities in private markets and payments. Finally, ABN's first strategic priority as part of its new strategy and financial outlook for 2026-2028 is to grow profitability in Dutch retail banking and leverage off of the intended acquisition of NIBC and previous acquisition of HAL.

Builders or Fixers? DB and CAG are examples of the majority of our Financial Institutions coverage that are now in builder mode with both organic and inorganic actions along with strong business franchises and a supportive operating environment supporting fundamentals in 2026. Only a handful of Financial Institutions are in a fixer mode including ANZG while as mentioned above, several banks will be watching litigation and regulatory developments surrounding specific cases – BNPP's AXA IM integration is balanced by ongoing political uncertainty in France, as well as news that a court has awarded three plaintiffs ~USD21mn as part of a civil class action and related individual actions that sought money damages for BNPP's processing of transactions with Sudanese entities subject to US sanctions. HSBC's 9M2025 profit before tax was down 23% y/y with the decline primarily due to notable items, including USD1.4bn in legal provisions that include a USD1.1bn provision for litigation related to investor losses tied to Bernard Madoff. Finally, UBS remains confident in delivering its 2026 financial targets although faces some uncertainties including a likely appeal of the Swiss Federal Administrative Court's partial decision that revoked the write-down of USD17bn in Credit Suisse Group AG AT1s, questions surrounding its USD500mn exposure to First Brands Group through investment funds, and ongoing developments surrounding proposed capital reforms which would result in incremental capital of ~USD24bn, which UBS remains strongly opposed to.

Implications for 2026: What though are the practical credit implications of past developments, future expectations, and strategy shifts on 2026 performance?

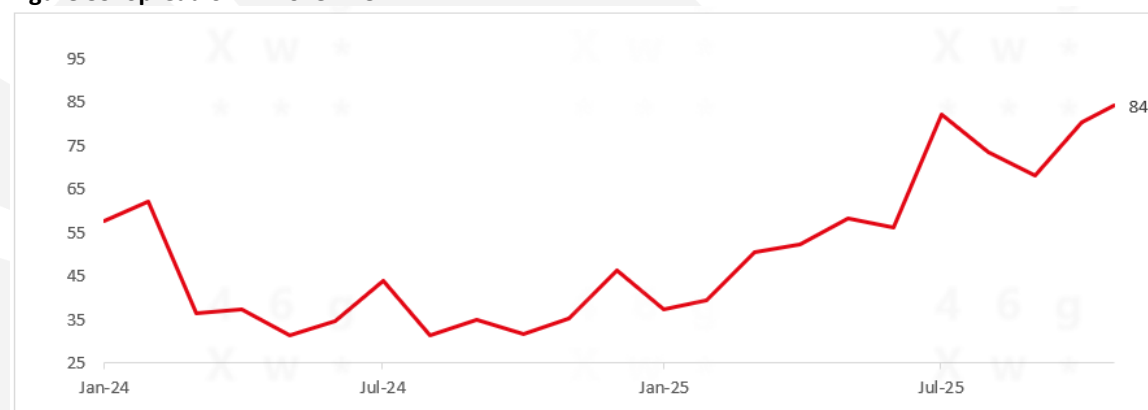
1. **Capital cushions provide optionality:** With CET1 ratios generally 300–400bps above minimum requirements and target operating ranges, issuers retain flexibility for buybacks, bolt-on acquisitions, and organic RWA growth to mitigate potential net interest margin pressures.
2. **Fee engines and wealth and markets business offsets:** As rate tails fade, wealth fees and markets/trading has become more influential to earnings, underpinning income diversification and smoothing NIM pressure translating to stability against inflation pressures.
3. **Expense inflation managed with productivity gains:** Programs like Westpac UNITE and ANZG's "ANZ 2030" strategy will exert some cost to income ratio pressure in the short term for longer term gains. Financial Institutions that reach integration milestones and drive business growth will demonstrate operating leverage in 2026.
4. **CRE exposures drive differentiated risk postures:** With HSBC and StanChart retaining overlays and targeted provisions for HK/China CRE and DB remaining watchful over its US CRE exposures, Financial Institutions emphasizing conservative collateral coverage and early overlays are likely to deliver cleaner credit cost normalization in 2026.
5. **Regulatory and litigation uncertainties:** With UBS facing capital reform headwinds, HSBC navigating the proposed Hang Seng Bank privatisation that is expected to reduce HSBC's CET1 ratio by ~125bps, and BNPP monitoring US sanctions-related suits, we expect conservative distribution policies and buffers to absorb such shocks without materially altering credit profiles.

Dispersion and diversity driving selectivity: The earnings outlook remains stable-to-slightly lower NII versus 2025 across many franchises, should be offset by fee growth (wealth, markets, transaction services) and productivity gains from 2025 programs coming through in 2026. Credit costs are expected to normalise toward through-the-cycle levels as CRE hotspots are still monitored although looked protected by existing overlays and conservative coverage positions. Capital & liquidity buffers remain comfortably above minimum requirements or target operating levels, enabling capital returns and selective strategic investment. Ongoing strategic execution and integration, simplification and risk governance enhancements will be important operating levers in 2026. Diversified Financial Institutions with visible fee engines, demonstrable cost programs, and robust capital are best placed to defend returns as rate tailwinds fade. Institutions executing remediation plans or exposed to regulatory or litigation risks will see periodic volatility.

With this in mind, we continue to advocate being selective. Credit dispersion is likely to persist due to possible regulatory fragmentation and reduced global co-operation from geopolitics and trade tariffs. This will have varying economic and financial markets impacts. We advocate a continued focus on national champions and larger domestic Financial Institutions that have the benefits of scale and diversification with visible fee engines and disciplined strategic execution. These have shown more earnings stability in the past, are beneficiaries of a flight to quality in episodes of market volatility and are best positioned to defend returns and credit quality through 2026.

As for technicals, we prefer bank AT1s over bank Tier 2s given the recent spread widening with spreads expanding more for AT1s in YTD2025 versus bank Tier 2s as mentioned previously in *Tracking Returns in SGD Credit*. We also consider expectations of a soft-landing scenario in 2026, resilient fundamentals of banks, as well as the ongoing search for yield in the SGD Credit Market in our view. In particular, the recent spread widening has created some buffer against potential financial market volatility.

Figure 59: Spread of AT1 over Tier 2



Source: Bloomberg, OCBC Credit Research as of 24 November 2025

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Positive (“Pos”) – The issuer’s credit profile is either strong on an absolute basis or expected to improve to a strong position over the next six months.

Neutral (“N”) – The issuer’s credit profile is fair on an absolute basis or expected to improve / deteriorate to a fair level over the next six months.

Negative (“Neg”) – The issuer’s credit profile is either weaker or highly geared on an absolute basis or expected to deteriorate to a weak or highly geared position over the next six months.

To better differentiate relative credit quality of the issuers under our coverage, we have further sub-divided our Issuer Profile Ratings into a 7-point Issuer Profile Score scale.

IPR	Positive		Neutral			Negative	
IPS	1	2	3	4	5	6	7

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Overweight (“OW”) – The bond represents **better relative value** compared to other bonds from the same issuer, or bonds of other issuers with similar tenor and comparable risk profile.

Neutral (“N”) – The bond represents **fair relative value** compared to other bonds from the same issuer, or bonds of other issuers with similar tenor and comparable risk profile.

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Please note that Bond Recommendations are dependent on a bond’s price, underlying risk-free rates and an implied credit spread that reflects the strength of the issuer’s credit profile. Bond Recommendations may not be relied upon if one or more of these factors change.

Other

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Withdrawal (“WD”) – We may withdraw our issuer rating and bond level recommendation on specific issuers from time to time when corporate actions are announced but the outcome of these actions are highly uncertain. We will resume our coverage once there is sufficient clarity in our view on the impact of the proposed action.

OCBC Credit Research team would like to acknowledge and give due credit to the contributions of Veron Ong Jun Xiang.

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