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SGD Credit Outlook 2H2026

Staying Neutral and Selective

Andrew Wong
Credit Research Analyst

Ezien Hoo
Credit Research Analyst

Wong Hong Wei
Credit Research Analyst

Chin Meng Tee
Credit Research Analyst

Aleen Lee
Credit Research Analyst

- **Steady so far:** Although market developments were a clear contrast to our expectations in the SGD Credit Outlook 1H2026 in early December, the performance of SGD credit was more or less in line with our expectations and our Neutral stance on the SGD credit market. Total returns remained positive, albeit lower compared to those in 2025 and 1H2025 while investors continued to benefit from earning returns through credit exposure with no defaults in the SGD credit market. Looking ahead, the SGD credit market should remain well-supported in 2H2026, as it continues to benefit from its defensive characteristics.

- **Steady ahead:** Issuance activity will likely remain resilient with issuers incentivised to issue before rates normalise. Whether overall volumes reach the highs of 2025 will depend on further issuances from HDB and Financial Services issuers and issue-by-issue selectivity will remain key to generate alpha. Overall, we continue to retain a Neutral stance on the SGD credit market for 1H2026 and key positional calls from the SGD Credit Outlook 1H2026.
    - **We are neutral SGD bullet bonds overall** with a slight preference for higher yielding bullets in the belly (>3Y to 9Y) and longer tenors (up to 20Y) that can help offset potential capital loss with a modest increase in rates. Meanwhile, shorter tenors remain less compelling at current tight levels.
    - **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. 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.
    - **We are overweight non-financial corporate perpetuals with higher yields.** In particular, 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 compared to distribution rates after reset, should the issuer opt not to call.
    - **We also remain overweight bank capital instruments, particularly those with higher yield and wide reset spreads.** We prefer bank AT1s over bank Tier 2s – as covered in our sector outlook, we remain comfortable moving down the capital structure to capture yield with bank fundamentals still stable and defensible and where AT1 continues to offer a more compelling risk-return profile than Subordinated T2 and Senior instruments. That said, we advocate greater selectivity in this environment, while retaining flexibility to add risk during periods of volatility.

Table of Contents

1H2026 SGD Credit Market Review

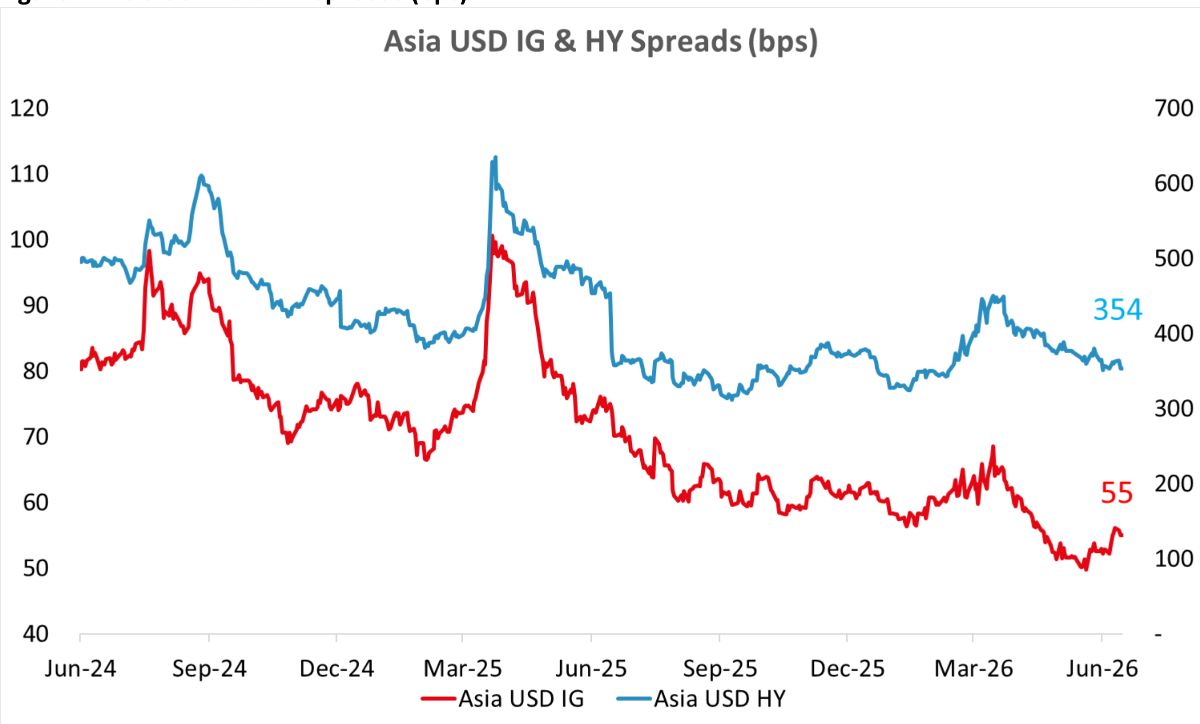
The party carries on despite all the noise

Despite entering 2026 at historical tights, Asiadollar credit spreads continued to compress in 1H2026. This is notwithstanding a period of widening between February and April as escalating tensions surrounding the US-Iran conflict and concerns over the closure of the Strait of Hormuz, due to Asia's vulnerability to higher oil prices and supply disruptions, led to deteriorating risk sentiments. Unlike the Liberation Day sell off in 2025, the spread widening was more gradual this time round, with markets already pricing in geopolitical risks ahead of the commencement of the conflict. Having said that, Asiadollar credits are not a good proxy of Asian macro-economic developments with most issuers less sensitive to rising oil prices and the geopolitical tension in the Middle East.

While Asiadollar Investment Grade ("IG") and High Yield ("HY") credit spreads moved broadly in tandem, the tightening was more pronounced in IG, resulting in a wider HY-IG spread differential. On a deeper level, the outperformance was more pronounced with BBB and A rated bonds driving IG spread performance as many are either state-owned enterprises benefiting from implicit government support or technology firms with strong credit fundamentals. Towards the end of June however, some retracement in dispersion was seen as a mix of risk-on influences from geopolitical de-escalation (US-Iran peace deal) that were positive for risk assets, and other idiosyncratic developments in key markets such as Korea and Indonesia led to some credit compression. Historically tight spread levels for IG also were an influence - at 55bps, Asia IG spreads were at the 0 percentile of the last 10 years' range (average was 131bp) with less room to compress. In comparison, Asia HY were less expensive than Asia IG. At 354bp, Asia HY spreads were at about the 7th percentile of the last 10 years' range (average was 672bp).

As for the HY space, sector performance remained bifurcated. Spreads on global CCC credits almost hit 14-month highs on refinancing concerns from elevated interest rates while overall high yield performance was supported by investor preferences for BB and single B names. On the other hand, supply in Asia HY remained low post the Chinese property crisis, because of lower onshore funding costs in some countries and a lack of investment demand in some cases.

Figure 1: Asia USD IG & HY Spreads (bps)



Source: Bloomberg, OCBC Group Research as of 30 June 2026

During 1H2026, the relative performance of Asiadollar credit was well supported by both underlying credit fundamentals and technicals. Underlying fundamentals remained broadly supportive, with stable to solid Asia corporate earnings across our coverage and resilient balance sheets reinforcing credit resilience despite macro uncertainty with limited direct impacts from the US-Iran conflict. Notably, issuers such as Lenovo Group Ltd, Swire Properties Ltd, and the majority of European Banks reported strong 1Q2026 results, underpinned by resilient operating performance and healthy cash generation, with earnings momentum remaining consistent. There was also some expectation that inflationary or stagflationary impacts from the conflict could prove temporary, albeit these expectations were no doubt mixed with high levels of uncertainty. Market technicals also remained constructive, supported by modest inflows into Asia fixed income funds alongside ample liquidity conditions. The elevated interest rate environment compressed credit spreads from a more technical angle and continued to support demand for carry, allowing investors to lock in attractive all-in yields despite tighter spread levels. Against this backdrop, IG credit benefitted more from stronger demand and saw greater spread compression relative to HY as investors continued to favour higher-quality credits in a predominantly risk-off environment. HY spreads remained relatively sticky, reflecting continued investor selectivity and slower reallocation back into lower-quality credits, with risk premia slow to compress amid lingering macro and geopolitical uncertainty.

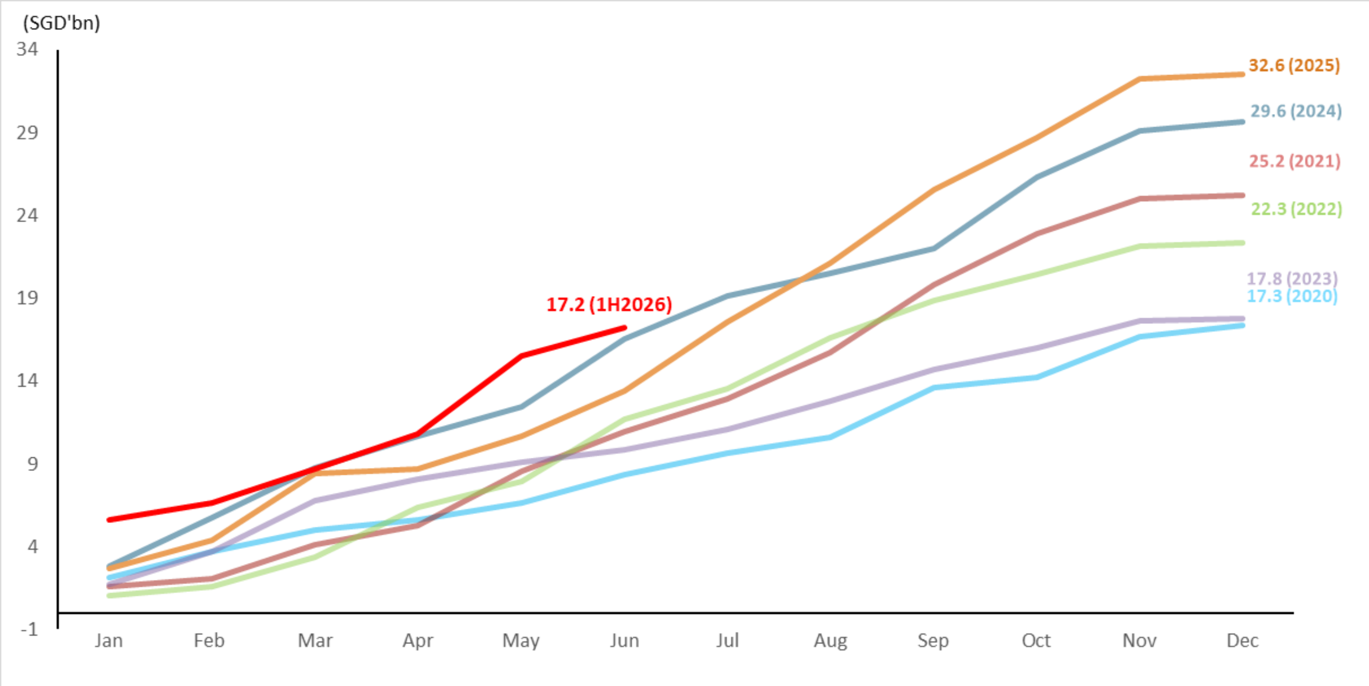
1H2026 Review – Unexpected circumstances but somewhat expected performance

It was another half year of unexpected developments for credit as the US-Iran Conflict caused material fundamental and technical uncertainties and analysis from the ground up: firstly as we explored the direct impacts on issuers from higher oil prices and asset exposures in the Middle East (*see: Special Interest Commentary: Iran at War (4 March 2026)*); followed by the anticipated impact on regional credit markets and segments of the credit curve (*see: Special Interest Commentary: Impact of rising global oil prices - A look at Asia's economy and various asset classes (9 March 2026)*); and finally by assessing the potential transmission impact on certain sectors and economies in ASEAN-6 & India as the first-round impact of the Strait of Hormuz closure to trade flows morphed into a challenging combination of a price and volume shock disruptions (*see: Special Interest Commentary: ASEAN-6 & India: Geopolitics is starting to extract a toll (15 May 2026)*).

Although market developments were a clear contrast to our expectations in the SGD Credit Outlook 1H2026 in early December, the performance of SGD credit was more or less in line with our expectations and our Neutral stance on the SGD credit market. Total returns remained positive in 1H2026 at ~1.8%, albeit lower compared to those in 2025 and 1H2025 (6.3% and 3.5% respectively) while investors continued to benefit from earning returns through credit exposure with no defaults in the SGD credit market and resilient performance in non-financial corporate perpetuals and bank capital instruments. Developments that were somewhat outside our expectations were a relative outperformance in high grade versus crossover credits and in longer tenor papers, reflecting risk-off sentiments and a bull flattening of the yield curve as well as Singapore's safe haven status.

SGD Credit Market Issuance Trend

Figure 2: SGD Bond Monthly Issuances (Cumulative)

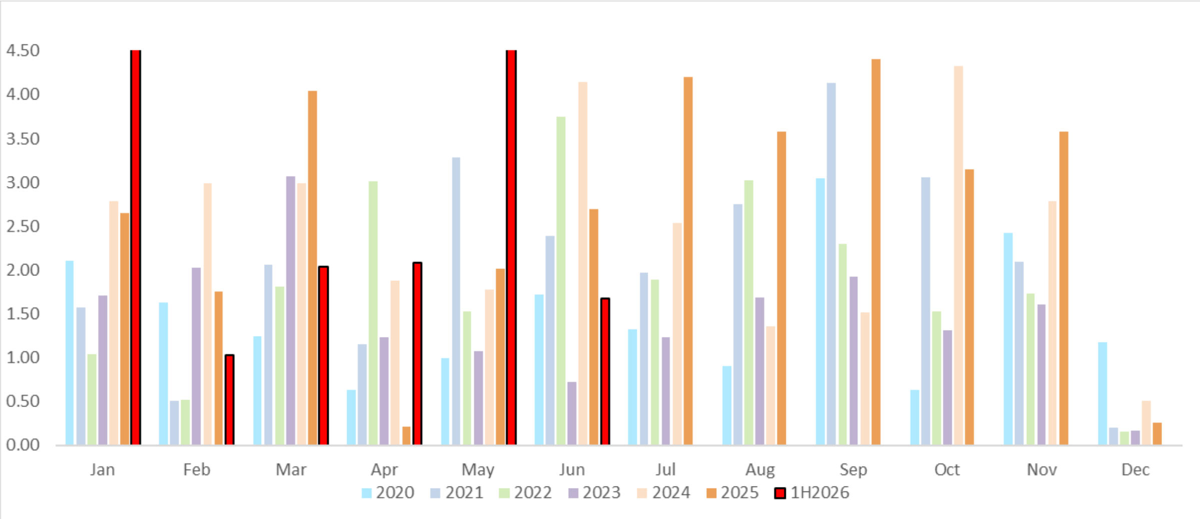


Source: Bloomberg, OCBC Group Research as of 30 June 2026

Strong issuance momentum: Another outcome that exceeded our expectations was the strength of issuance activity in the SGD credit market through 1H2026, with cumulative issuance volumes reaching SGD17.2bn as at 30 June 2026, tracking ahead of volumes of the same period in 1H2025 by ~28% (SGD13.4bn in 1H2025). Driving issuance volumes in 1H2026 were large benchmark transactions from the Housing & Development Board ("HDB") that issued four deals totalling SGD4.34bn – in comparison, HDB priced two deals in 1H2025 for SGD1.65bn. Excluding these, 1H2026 issuance volumes are up ~9% y/y, still a solid performance. Also of note was a relative lift in issuance activity with ~70 issues in the SGD space using Bloomberg League tables, up from 56 issues in 1H2025, despite the prevailing uncertainty in credit and interest rate markets. This continues to highlight the still-supportive backdrop for SGD credit issuance with sustained investor demand for high-quality SGD credits, alongside ongoing refinancing needs, with Singapore's continued safe haven status. That said, GOHL Capital Holdings Limited's decision to not proceed with its proposed SGD perpetual in June 2026 did serve as a reminder that investors remain disciplined and market access is not guaranteed.

Looking ahead, the SGD credit market should remain well-supported in 2H2026, as it continues to benefit from its defensive characteristics, anchored by strong corporate fundamentals that provide diversification away from more volatile global credit markets. While issuance volumes could remain elevated in 2H2026, surpassing the record levels in FY2025 may prove challenging unless we see another wave of statutory-board supply, renewed bank capital issuance, or a meaningful pickup in opportunistic refinancing. We already saw a surge of activity in the second half of June 2026 with almost 50% of the issues for the month priced in the last week. Given the tight spreads, the issues looked somewhat opportunistic and well anchored.

Figure 3: SGD Bond Monthly Issuances (Non-cumulative)

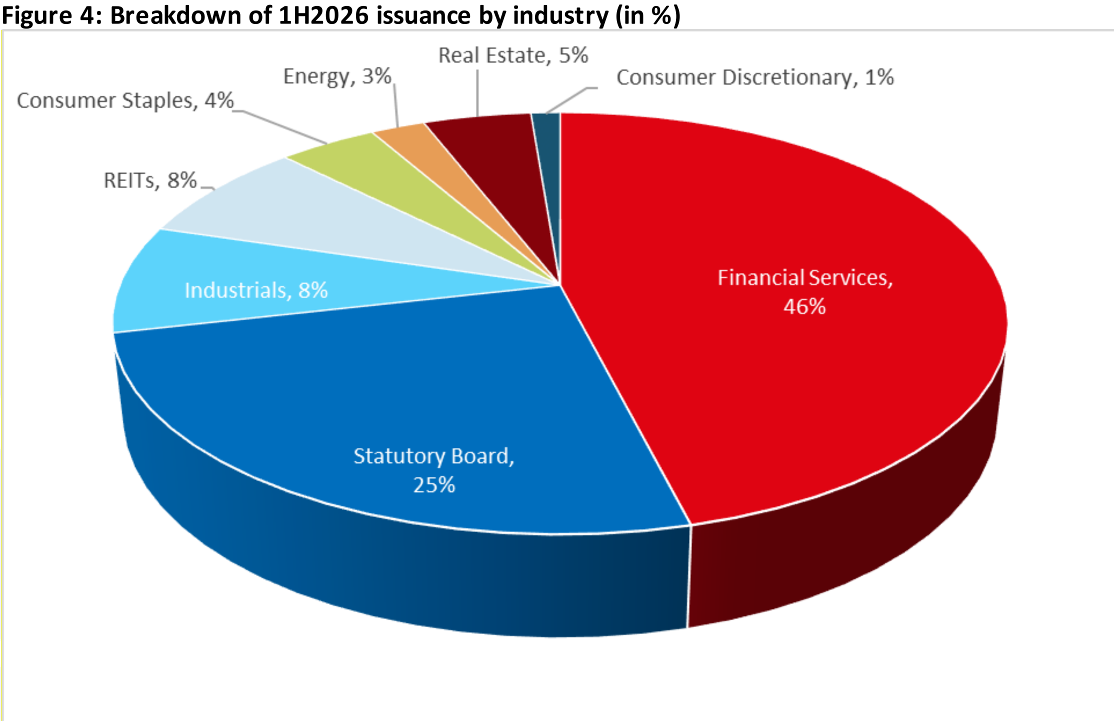


Source: Bloomberg, OCBC Group Research as of 30 June 2026

Distinct monthly issuance swings in 1H2026: Monthly issuances in 1H2026 saw a sharp spike in January and May, while February saw the lowest issuance levels, followed by a moderation in March and April. January and May recorded some of the strongest monthly issuance levels in recent years, driven largely by sizeable supply from statutory boards and financial institutions. Notably, HDB issued SGD1.2bn in January and SGD2.3bn across two tranches in May, while United Overseas Bank Ltd and Standard Chartered PLC contributed SGD850mn and SGD750mn respectively in January.

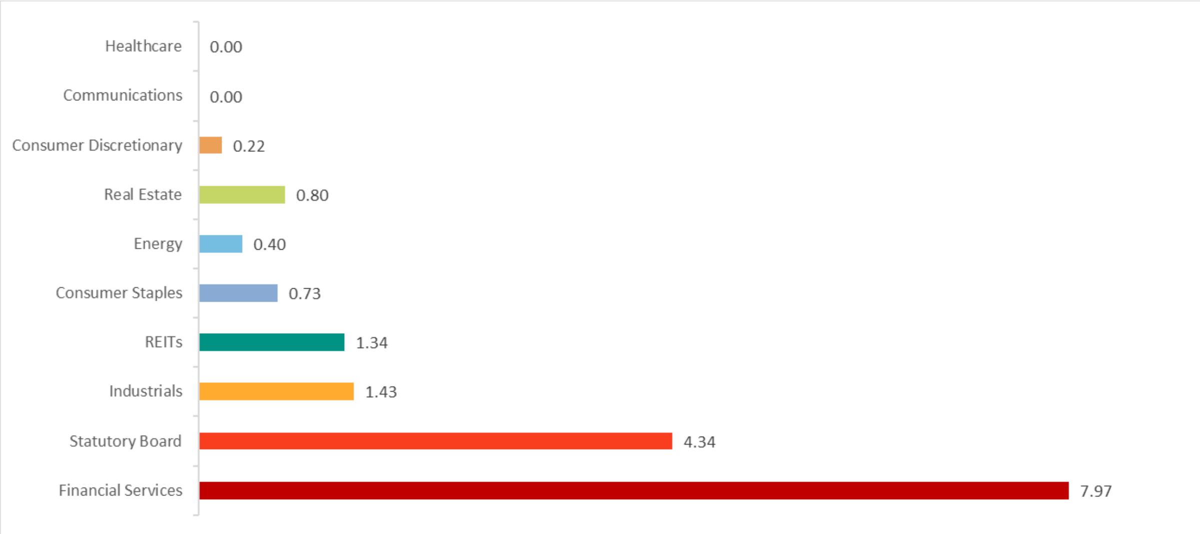
In contrast, February issuance activity was subdued amid the corporate earnings reporting season, during which issuers typically avoid launching new deals. Activity was further weighed down by seasonally quieter trading conditions over the Chinese New Year period. Generally speaking, SGD credit monthly issuance volumes are usually tied to timing of HDB and financial services issuances given the size of the funding needs of both issuers and their comparatively larger balance sheets to other SGD credit issuer s.

Figure 4: Breakdown of 1H2026 issuance by industry (in %)



Source: Bloomberg, OCBC Group Research as of 30 June 2026

Figure 5: Breakdown of 1H2026 issuance by industry (in SGD bn)



Source: Bloomberg, OCBC Group Research as of 30 June 2026

Financial Services (including Banks, Insurers and Others) remained the dominant issuer in the SGD credit market, contributing 46% of total issuance in 1H2026, broadly in line with ~50% in 1H2025. Issuance was primarily driven by large global and regional banks, reflecting ongoing balance sheet funding needs and active capital management. The largest issuer was Credit Agricole SA ("CASA"), one of Europe's largest banking groups with activities spanning retail banking, corporate and investment banking, insurance, and asset management. CASA issued SGD886mn across Credit Agricole CIB Financial Solutions SA, Credit Agricole Corporate & Investment Bank SA and Credit Agricole SA, most notably its Tier 2 and Senior Non-Preferred issuances (ACAFP SGD325mn 3.3% '38c33s and ACAFP SGD400mn 2.75% '32s). Other notable issuers include: United Overseas Bank Ltd (SGD850mn Additional Tier 1 Capital Instrument UOBSP 3.0% PERPc33s priced in January), Cagamas Global PLC (SGD825.5mn priced across six issuances in March, April and June), and Standard Chartered PLC and Standard Chartered Bank (priced a total of SGD777mn across nine tranches from January to June, most notably the SGD750mn STANLN 4.30% PERPc31s Additional Tier 1 Capital Instrument). Other Financial Services issuers included Manulife Financial Corp (SGD500mn subordinated Tier 2 notes priced in May), Westpac Banking Corp (SGD500mn subordinated Tier 2 Capital Instrument priced in May), and Valuemax Group Ltd (SGD80mn 3Y senior unsecured fixed rate note priced at 4% in June).

Aside from these frequent issuers in the SGD credit market, 1H2026 also saw a doubling of issuance from Financial Services issuers from the Middle East with almost SGD1bn issued, up from ~SGD500mn in 1H2025. Key issuers included Riyad Bank and Riyad Sukuk Ltd (SGD300mn subordinated bond and SGD315mn senior unsecured bond priced in January respectively). The strong issuance from Financial Services continues to be driven by ongoing funding and refinancing requirements, as well as regulatory capital management initiatives. This was underpinned by solid earnings momentum in FY2025 and YTD2026, supported by resilient revenue growth with stronger contributions from wealth management and fee-based income, alongside disciplined cost management, and stable asset quality. Looking ahead, we expect Financial Services to remain a core sector within the SGD credit market, supported by fee-led growth and strong balance sheets and an expected higher-for-longer rate environment that continues to anchor net interest income and credit quality.

Statutory Boards remained the second largest issuing sector, accounting for 25%, up from ~13% in 1H2025, with issuance contributed solely by HDB. HDB issued a total of four tranches across January, March and May. The four tranches are as follows: (1) SGD1.2bn 10Y fixed bond priced in January, (2) SGD925mn 7Y fixed bond priced in March, (3) SGD1.12bn green 5Y fixed bond priced in May, and (4) SGD1.1bn 10Y fixed bond priced in May. All the bonds were senior unsecured. These issuances were primarily for general corporate purposes, including to finance the development programme of HDB and its working capital requirements, as well as to refinance its existing borrowings. The SGD1.12bn green bond was used for the financing or refinancing of eligible green projects under HDB's Green Finance Framework. Characteristic of dynamics in the SGD credit market through 1H2026, the SGD1.2bn 10Y fixed bond priced in January (SGD1.2bn HDBSP 2.471% '36s) was issued at a spread of ~25bps while the SGD1.12bn green 5Y fixed bond priced in May (SGD1.1bn HDBSP 2.472% '36s) was issued at a spread of ~11bps.

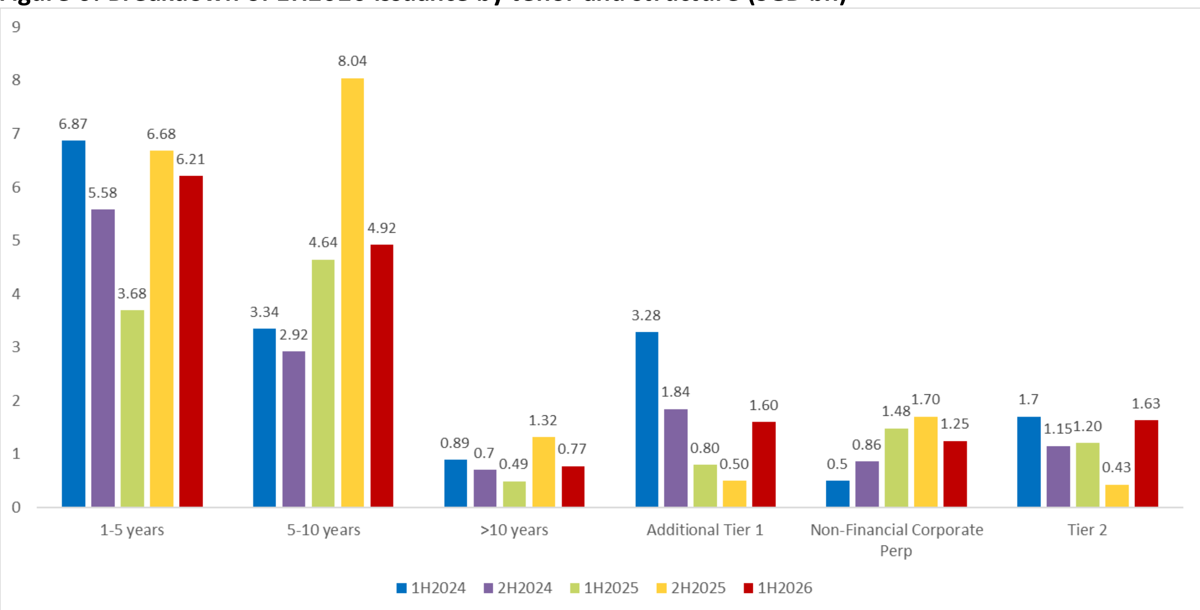
Industrials emerged as the third largest sector by issuance amount, contributing to 8% of issuances in 1H2026, up from 2.8% in 1H2025. The largest issuer in the Industrials market was Singapore Airlines Ltd which priced a SGD500mn fixed bond in January. Other notable issuers include PSA Treasury Pte Ltd (SGD400mn senior unsecured bond priced in April) and Keppel Ltd (SGD325mn subordinated bond priced in June).

REITs issuance contribution fell by approximately 12 percentage points (or around 50% of amount issued) to 8% of total share in 1H2026, as compared to 20.3% in 1H2025. The largest issuers were Mapletree Industrial Trust (SGD300mn subordinated bond priced in February) and CMT MTN Pte Ltd (Capitaland Integrated Commercial Trust) (SGD300mn senior unsecured bon d priced in March). 1H2026 issuances were more measured compared to 1H2025 which was an abnormally high issuance period as a number of perpetuals faced their first call dates in 1H2025. 1H2026 issuance amounts are comparable with 1H2024.

Finally, **other sectors** including Consumer Staples, Energy, Real Estate and Consumer Discretionary look broadly stable y/y, contributing to 13% of total issuance volume during the period compared to 14.6% in 1H2025. Notable issuers include Seatrium Financial Services Pte Ltd (SGD400mn), City Developments Ltd (SGD300mn), Singapore Management University (SGD250mn in two tranches), and others such as Hotel Properties Ltd and OUE Treasury Pte Ltd (SGD150mn each).

Moderation in green bond issuance: Green, Social, Sustainability, and Sustainability-Linked ("GSSSL") issuances have decreased to ~SGD2.1bn (excluding Singapore Government Green Bonds), representing ~12% of total issuances (excluding Singapore Government Green Bonds) in 1H2026. The share of GSSSL issuance within overall SGD credit market activity has trended lower over the past few years with property related issuers active in this category through 1H2026 including statutory boards, REITs and developers. Key issuers of GSSSL by issuance volume in 1H2026 are HDB, CMT MTN Pte Ltd (Capitaland Integrated Commercial Trust) and MPACT Treasury Co Pte Ltd. Similar to 1H2025, HDB remains the top issuer in this category, pricing SGD1.12bn of green bonds in May, accounting for ~54% of 1H2026 GSSSL issuance in the SGD credit market.

Figure 6: Breakdown of 1H2026 issuance by tenor and structure (SGD'bn)



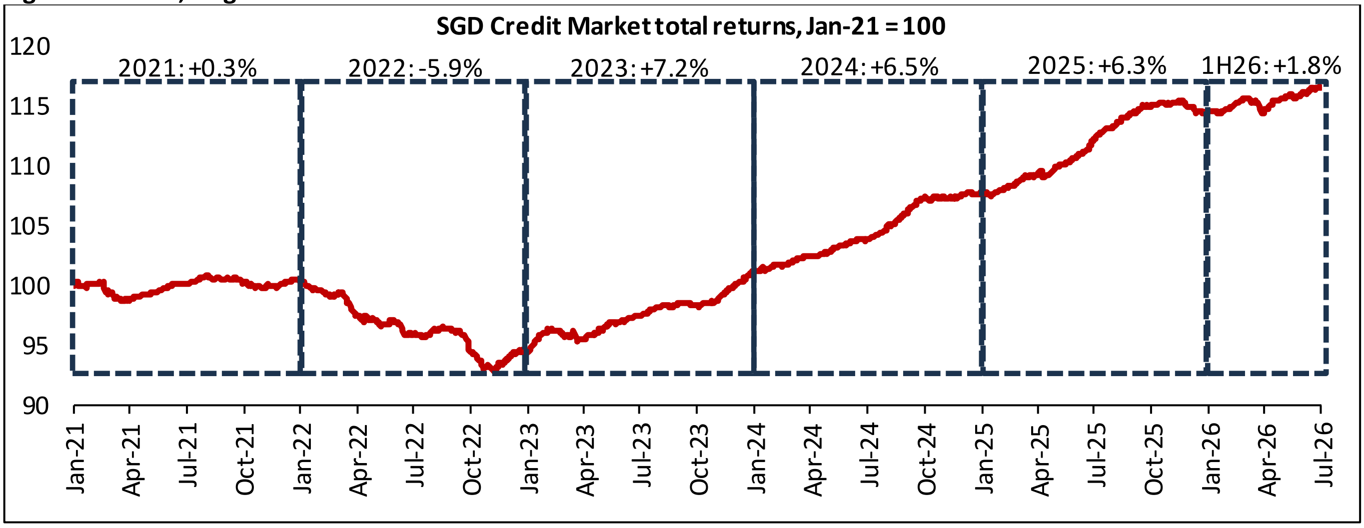
Source: Bloomberg, OCBC Group Research as of 30 June 2026

Some shortening in tenor preference and reduced risk appetite: Issuance volumes were largely concentrated in short and intermediate tenor bonds in 1H2026, particularly those with maturities in the 1-5 years range as well as bonds with 5-10 years maturity. Bonds in the 1-5 years and 5-10 years segments collectively made up 65% of 1H2026 issuances, slightly up from ~62% in 1H2025, though decreasing from 79% in 2H2025. At the longer end, >10 years issuance declined to ~SGD773mn (4.5% of total issuances), reflecting a limited appetite from both issuers and investors to lock in duration amid high uncertainty and an asymmetric payoff for longer duration that is exposed to higher term premia risk. This may have driven issuers away from longer duration given concessions sought by investors who saw preference for the short end and near-cash issues as a means of capital preservation during the heights of market volatility and uncertainty. Other considerations include the relatively flatter yield curve and tight spreads that make longer tenor issuance more vulnerable to rates moves. Rates though were a key driver of outperformance in longer tenor papers, with SGD inflows on a flight to quality in 1H2026 pushing SORA yields lower. In contrast, USD IG, which are typically longer duration papers, underperformed US HY (typically shorter duration) as of mid-June 2026, given the impact of rate hike expectations that drove negative rates return across the curve but had a higher net impact on US IG than US HY given the tighter spreads.

Tracking Returns in SGD Credit

Slower but steady returns in 1H2026: The SGD credit market returned +1.8% in 1H2026 (annualised: +3.6%), despite the small blip surrounding Iran War. This continues the outperformance of the SGD Credit Market since 2023 (+23.6% since Jan-2023).

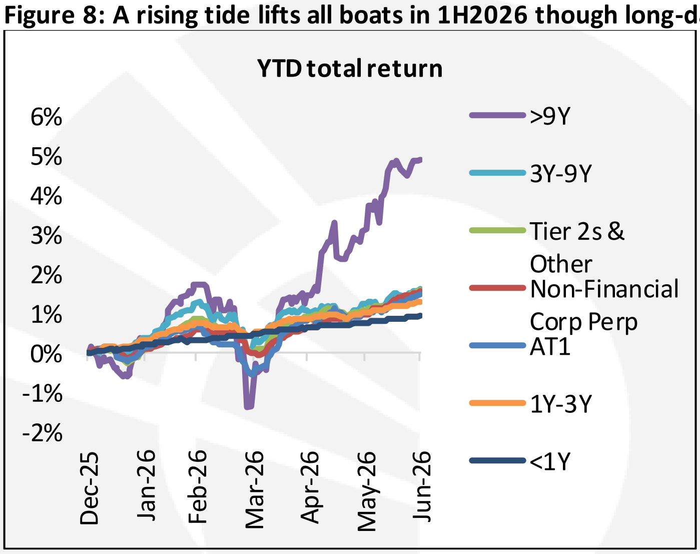
Figure 7: So far, so good. +1.8% returns in 1H2026

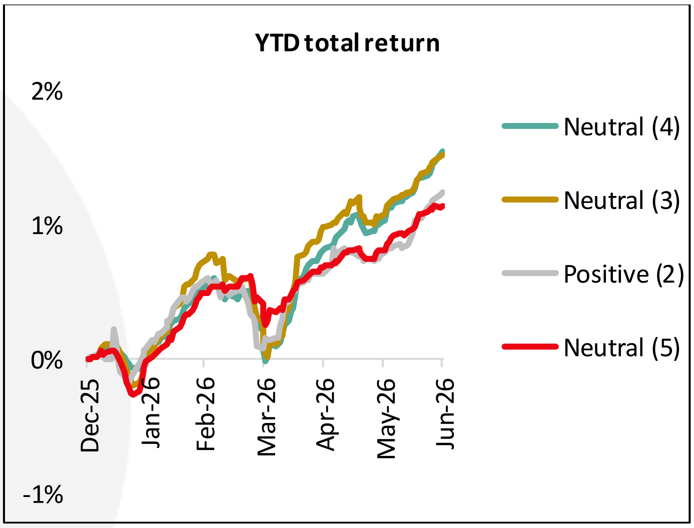


Source: Bloomberg, OCBC Group Research, as of 30 June 2026

Duration pays off: Continuing the trends in 2025, the top performers in 1H2026 are bullets 9Y or above (+4.9%) and 3Y-9Y (+1.6%). 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 (+0.9%) and bullets that are 1Y-3Y (+1.3%). Meanwhile, structurally subordinated papers were in the middle of the pack, such as non-financial corporate perpetuals (+1.6%), AT1s (+1.5%) and Tier 2s (+1.6%). In 1H2026, there continue 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 (+1.2% to +1.6%).

Figure 8: A rising tide lifts all boats in 1H2026 though long-dated benefited more

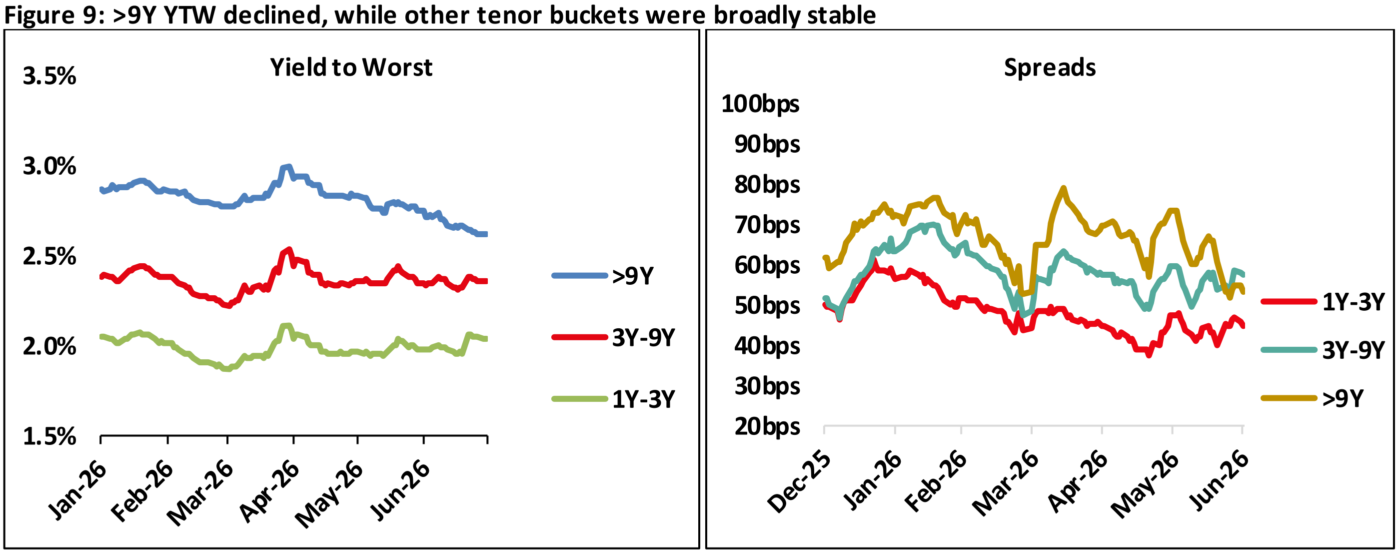




Source: Bloomberg, OCBC Group Research, as of 30 June 2026

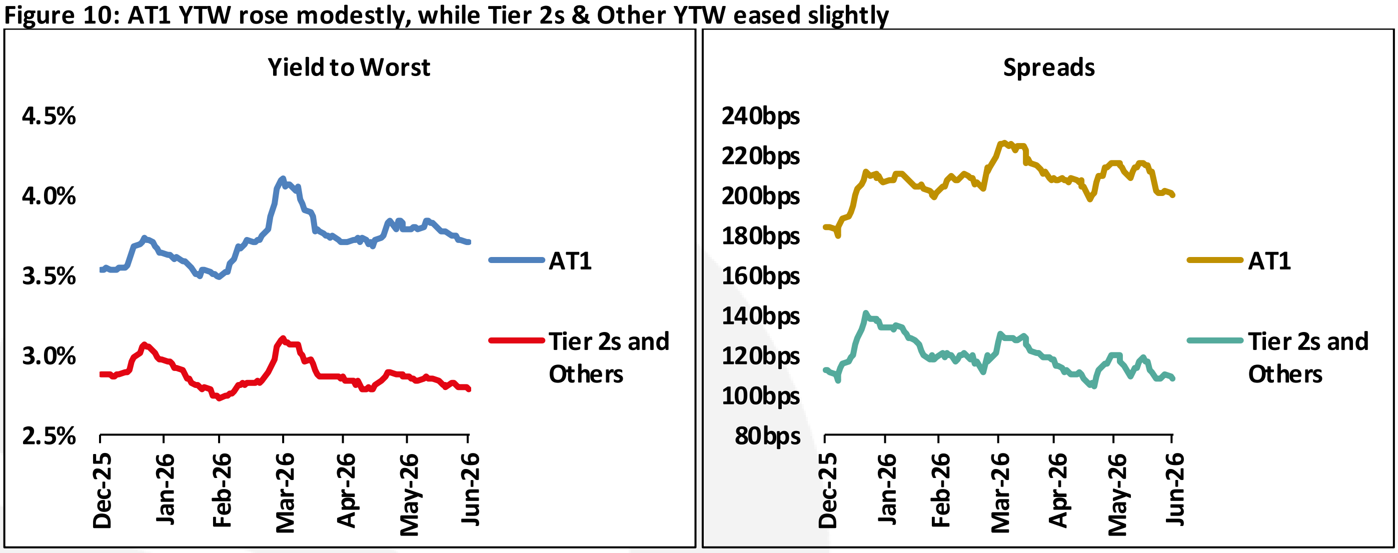
Returns in 1H2026 were primarily driven by carry: Spread compression was the dominant driver of total returns in 2023 and 2024, while lower interest rates supported performance in 2025. By contrast, returns in 1H2026 were mainly driven by carry, with the key exception of long-dated bullets. For bullets with maturities above 9Y, total returns of 4.9% was mainly due to the decline in YTW (-23bps h/h to 2.86%), partly due to spread compression (-8bps h/h to 53bps as of end-1H2026) while the decline in interest rates was the bigger driver. For the other segments, returns were much closer to what carry alone would suggest. Bullets with maturities of 1–3Y and 3–9Y, as well as AT1s and Tier 2s, generated 1H2026 total returns of 1.3%, 1.6%, 1.5% and 1.6%, respectively. These returns were below their starting YTWs of 2.1%, 2.4%, 3.5% and 2.9% as of 31 December 2025, suggesting that performance was largely driven by carry rather than meaningful price appreciation.

Figure 9: >9Y YTW declined, while other tenor buckets were broadly stable



Source: Bloomberg, OCBC Group Research, as of 30 June 2026

Figure 10: AT1 YTW rose modestly, while Tier 2s & Other YTW eased slightly



Source: Bloomberg, OCBC Group Research, as of 30 June 2026

Figure 11: Tracking Returns in SGD Credit: Summary of statistics

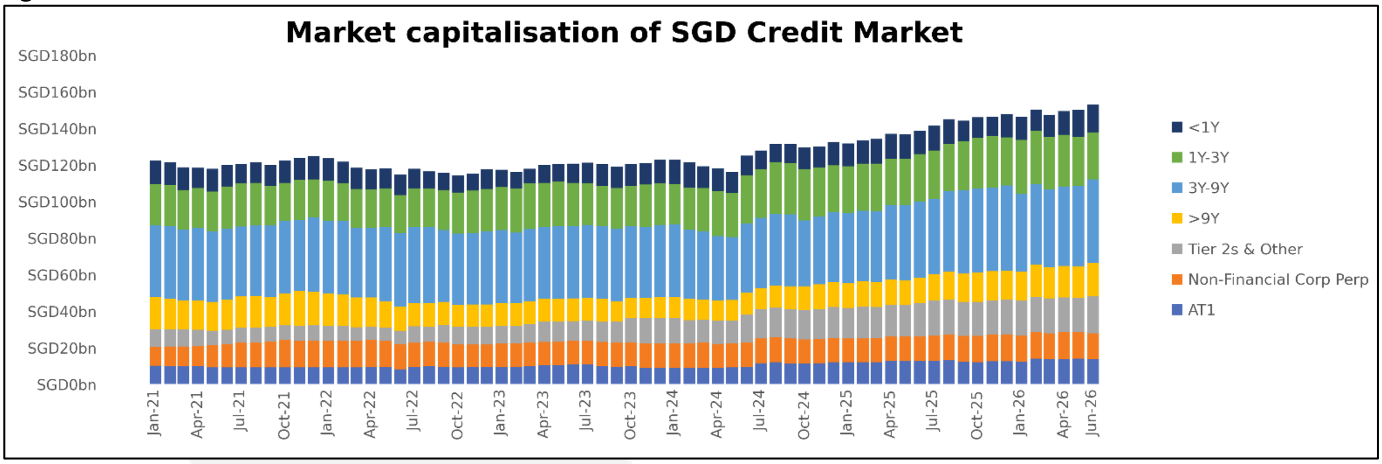
	>9Y	3Y-9Y	1Y-3Y
Yield	2.63%	2.37%	2.04%
Spreads	50bps	55bps	44bps
Effective Maturity	20.9Y	5.0Y	1.9Y

	AT1	Tier 2s & Others
Yield	3.70%	2.79%
Spreads	198bps	106bps
Effective Maturity	2.9Y	3.9Y

Source: Bloomberg, OCBC Group Research, as of 01 July 2026

SGD Credit Market continues to grow: The market capitalisation of SGD Credit Market has grown by 3.7% h/h to over SGD153bn as of June 2026 (31 December 2025: SGD147.9bn). This follows three consecutive years of growth between 2023 (+4.4% y/y), 2024 (+7.8% y/y) and 2025 (+11.5% y/y). In total, the market has expanded by 25.4% since 2021.

Figure 12: Growth in SGD Credit Market



Source: Bloomberg, OCBC Group Research, as of 30 June 2026

Growth in 1H2026 was concentrated rather than broad-based: The strongest proportional increase came from the <1Y segment, which grew 21.3%, likely reflecting bonds rolling down from the 1Y–3Y bucket as maturities shortened over time. Bank capital also continued to expand, with AT1s up 10.4% and Tier 2s & Other up 5.8%, extending the net issuance-led growth seen since 2021. More interestingly, long-dated issues above 9Y grew 16.5% in 1H2026, despite being the most muted segment since 2021 with cumulative growth of only 5.1%. While the growth was in part supported by increase in prices, this points to renewed activity in long-duration issuance, potentially at the expense of the belly of the curve, where the 3Y–9Y segment contracted 1.9%. Meanwhile, Non-Financial Corporate Perpetuals fell 4.8%, reflecting net redemptions.

Figure 13: Growth by market capitalisation was uneven across segments

Segment	Dec-25 total	Jun-26 total	Change	1H2026 Growth (h/h)	Growth since 2021
AT1	SGD12.5bn	SGD13.8bn	+SGD1.3bn	+10.4%	+38.0%
Non-Financial Corp Perp	SGD14.7bn	SGD14.0bn	-SGD0.7bn	-4.8%	+34.6%
Tier 2s & Other	SGD19.1bn	SGD20.2bn	+SGD1.1bn	+5.8%	+108.2%
>9Y	SGD15.8bn	SGD18.4bn	+SGD2.6bn	+16.5%	+5.1%
3Y-9Y	SGD46.6bn	SGD45.7bn	-SGD0.9bn	-1.9%	+16.6%
1Y-3Y	SGD26.4bn	SGD25.7bn	-SGD0.7bn	-2.7%	+12.7%
<1Y	SGD12.7bn	SGD15.4bn	+SGD2.7bn	+21.3%	+22.2%
Total	**SGD147.8bn**	**SGD153.2bn**	**+SGD5.4bn**	**+3.7%**	**+25.4%**

Source: Bloomberg, OCBC Group Research, as of 30 June 2026

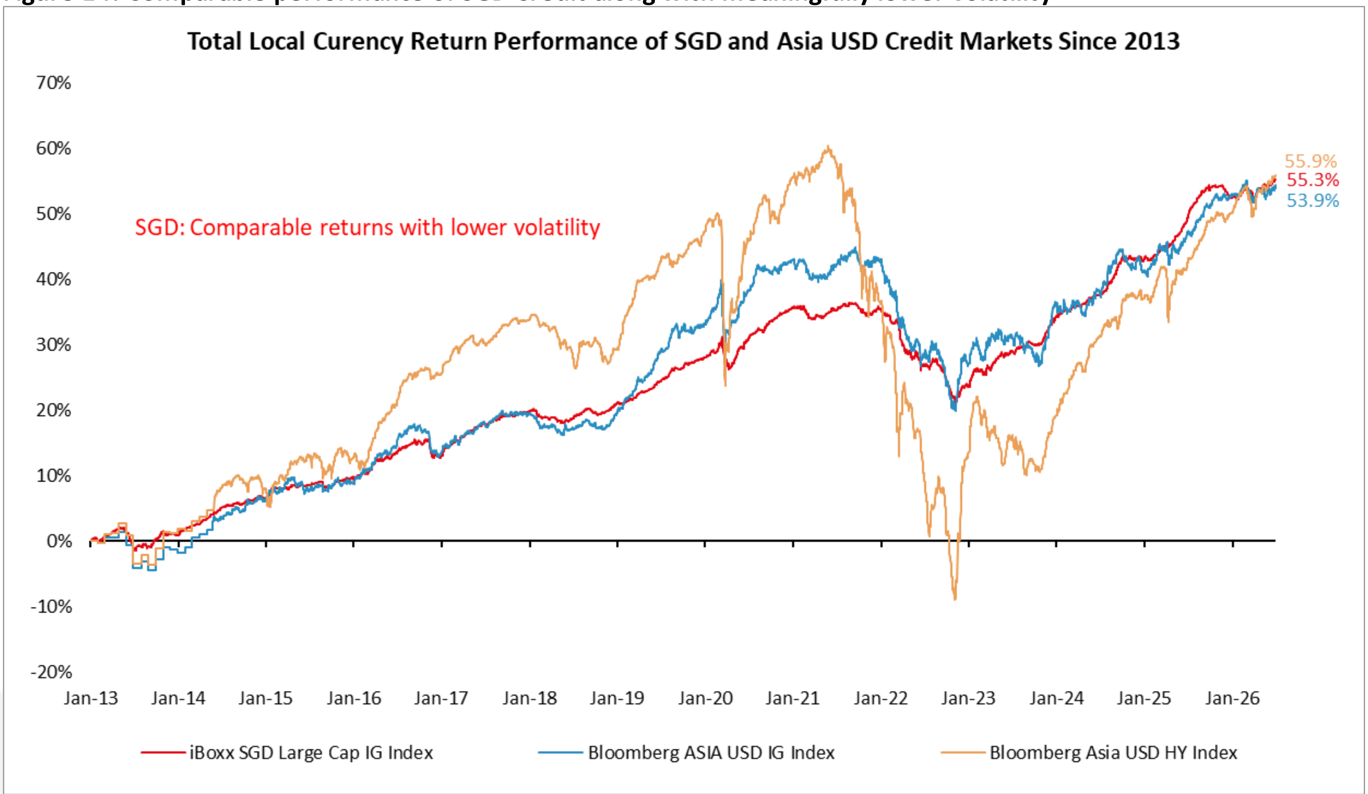
SGD Credit vs Asiadollar Credit – A strong alternative to Asiadollar Credit

SGD Credit remains a strong alternative to Asiadollar Credit based on historic performance since 2013 as shown in the figures below. The 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 (4) modest default rates, particularly after 2019.

USD appreciated 0.7% YTD against SGD to 1.2938 as of 30 June 2026. OCBC's Forex Strategist expects USD to remain at 1.29 and 1.27 levels as of end-2026 and 30 June 2027, respectively. However, SGD is not immune to broader USD strength, higher UST yields or weaker regional risk sentiment. There may be room for USDSGD to trade higher in the interim if USD strength and higher UST yields persist. While USD assets may gain value if the USD were to strengthen, SGD credit market may remain supported by the lower pass-through of Singapore SORA rates if the Fed turns hawkish and raises rates.

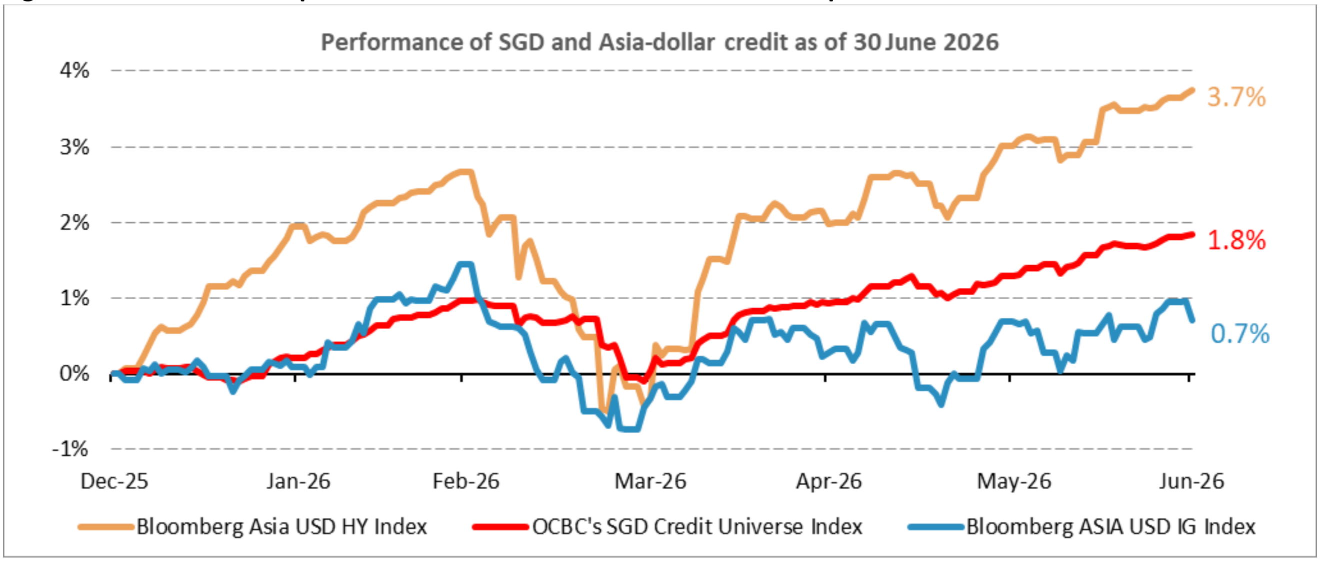
We believe SGD Credit will remain relevant and a competitive alternative to Asiadollar Credit in 2H2026 amidst (1) lower passthrough of SGD SORA rates, (2) US fiscal and debt sustainability concerns and (3) rising geopolitical uncertainties. We believe SGD Credit will continue to be supported by the generally more resilient credit fundamentals of SGD credit issuers and Singapore.

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



Performance as of 30 June 2026
Performance is calculated on the basis of total return and local currency.
Source: Bloomberg, OCBC Group Research

Figure 15: SGD Credit outperformed Asiadollar IG in 1H2026 but underperformed Asiadollar HY



Performance as of 30 June 2026
Performance is calculated on the basis of total return and local currency.
Source: Bloomberg, OCBC Group Research

SGD Credit outperformed Asiadollar IG in 1H2026 on a local currency total return basis. SGD Credit grew 1.8% YTD as of 30 June 2026, outperforming Asiadollar IG by 1.1ppts. Including forex impacts (USD appreciated 0.7% against SGD), SGD Credit would outperform Asiadollar IG by 0.5ppts.

SGD Credit also exhibited a more attractive risk-return profile than Asiadollar Credit. While Asia USD HY generated stronger returns in 1H2026 (+3.7%), it experienced a peak-to-trough drawdown of ~3% during the period. By comparison, SGD Credit delivered a solid 1.8% return with a significantly lower peak-to-trough drawdown of ~1%, highlighting its more defensive characteristics and lower volatility.

Figure 16: Including forex impacts, SGD Credit Universe outperformed Asiadollar IG by 0.5ppts

	(a) OCBC's SGD Credit Universe Tracker	(b) Bloomberg Asiadollar IG Index	(c) SGD vs Asiadollar IG on local currency basis (a) - (b)	(d) USDSGD	(e) Bloomberg ASIA USD IG Index including USD performance (b)+(d)	(g) SGD vs Asia USD IG including USD performance (a) - (e)
2021	0.3 %	-0.0 %	0.4ppts	2.0 %	2.0 %	-1.7ppts
2022	-5.9 %	-11.2 %	5.2ppts	-0.7 %	-11.9 %	5.9ppts
2023	7.2 %	7.4 %	-0.2ppts	-1.4 %	6.0 %	1.3ppts
2024	6.5 %	3.7 %	2.8ppts	3.4 %	7.1 %	-0.6ppts
2025	6.3 %	8.1 %	-1.8ppts	-5.9 %	2.2 %	4.1ppts
YTD as of 30 Jun 2026	1.8 %	0.7 %	1.1ppts	0.7 %	1.4 %	0.5ppts
Total Return Since 2021	16.6 %	7.6 %	9.0ppts	-2.1 %	5.5 %	11.2ppts

*Performance as of 30 June 2026
Performance for categories (a), (b) and (c) is calculated on the basis of total return and local currency.
Source: Bloomberg, OCBC Group Research

We believe the better performance of SGD Credit (+1.8%) against Asiadollar IG (+0.7%) in 1H2026 on a local currency basis was driven primarily by lower SGD rates, partly offset by mixed SGD credit spread performance relative to tightening Asiadollar spreads.

- Meaningfully lower SGD SORA OIS yields (-6 to -18bps) in comparison to US Treasury yields (+30bps to +70bps).
- Mixed SGD Credit spreads (-8 to +16bps) in comparison to Asiadollar IG (-8 to -23bps).

Figure 17: SGD SORA OIS yields fell while US Treasury Yield spiked

		30-Jun-26	31-Dec-25	YTD Difference
	Tenure	%	%	bps
SGD SORA OIS Yield	2Y	1.48	1.54	-6
SGD SORA OIS Yield	5Y	1.81	1.92	-11
SGD SORA OIS Yield	10Y	2.07	2.25	-18
US Treasury Yield	2Y	4.17	3.47	70
US Treasury Yield	5Y	4.23	3.73	50
US Treasury Yield	10Y	4.47	4.17	30

Source: Bloomberg, OCBC Group Research

Figure 18: Mixed credit spread movements on SGD Credit while Asiadollar tightened

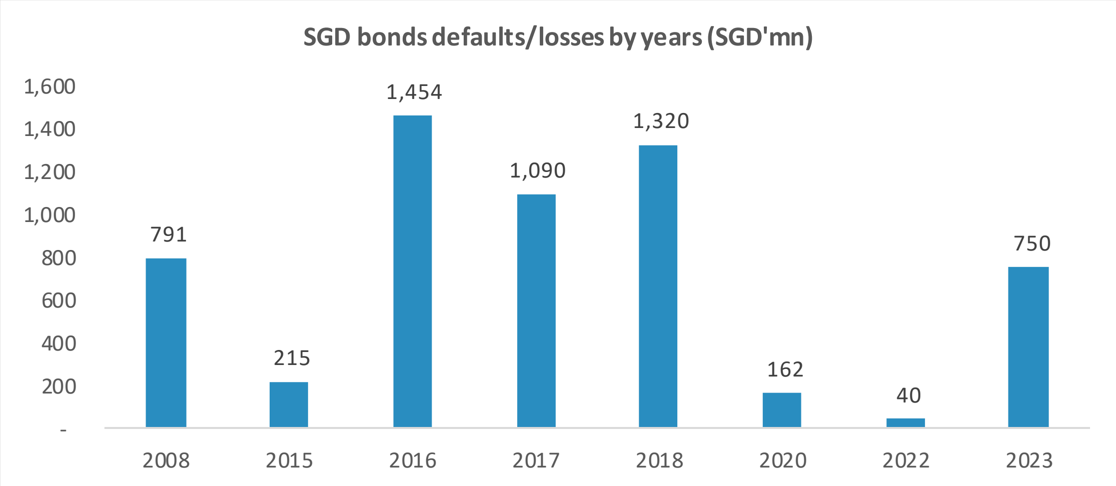
	30-Jun-26	31-Dec-25	YTD Difference
SGD Credit	Spread (bps)	Spread (bps)	
AT1s	200	184	16
Tier 2s and Other Non-perp Sub	108	113	-5
Longer Tenors (>9Y)	53	62	-8
Mid Tenors (>3Y to 9Y)	57	52	5
Short Tenors (>1Y to 3Y)	45	50	-5
Non-Financial Corp Perp	n.m.	n.m.	-
Money Market (Up to 12 months)	n.m.	n.m.	-
Asiadollar Credit			
Bloomberg Asia USD IG Bond Index	55	63	-8
Bloomberg Asia USD HY Bond Index	354	376	-23

Source: Bloomberg, OCBC Group Research

Modest defaults/losses since 2019

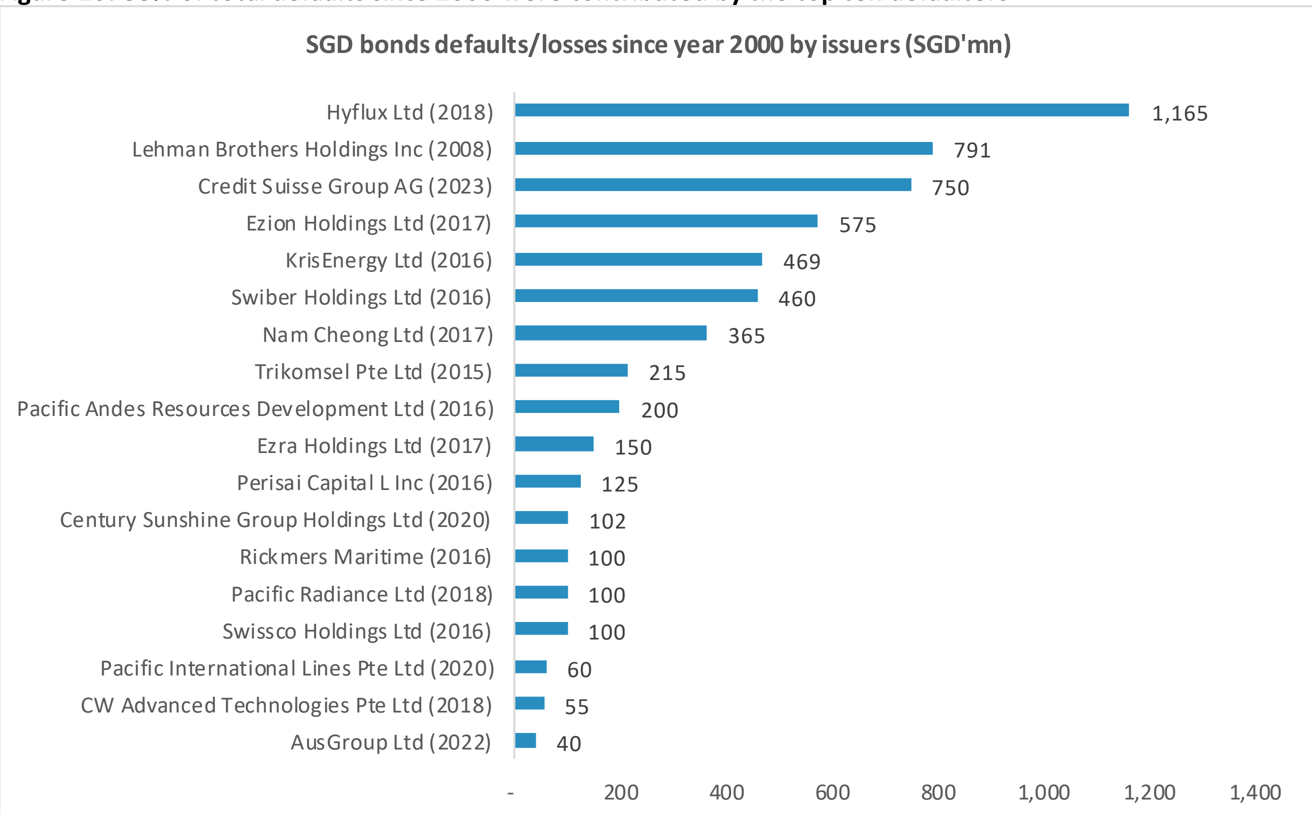
SGD credits saw only modest defaults/losses since 2019, for details please refer to our previous publication *OCBC Credit Research - SGD Credit vs Asiadollar Credit Special Interest Commentary (160724)*.

Figure 19: Modest defaults/losses since 2019



Source: Bloomberg, OCBC Group Research

Figure 20: 88% of total defaults since 2000 were contributed by the top ten defaulters



Source: Bloomberg, OCBC Group Research

2H2026 Outlook – Staying Neutral and Selective

Entering into 2H2026, credit markets are starting to see some resistance with diverging movements in spreads driven by: (1) a mix of risk-on influences from geopolitical de-escalation that were positive for risk assets and high yield; (2) historically tight spread levels for IG that had little room to move; (3) strong primary supply, and (4) idiosyncratic developments in select markets such as Korea and Indonesia. While this drove a slight decompression in spreads, sentiments still remain somewhat tentative. The geopolitical situation continues to remain fragile while the Fed rate trajectory somewhat uncertain. While recent Fed rhetoric has been hawkish and that markets have repriced toward an elevated policy rate setting, our OCBC Head of FX & Rates Strategy (see *2H 2026 FX and Rates Outlook, 2 July 2026*) expects the Fed to keep rates on hold in 2H2026. Should the Fed hike as suggested by the June dot-plot, then a rate cut in 2027 would be likely in their view.

The SGD rates outlook differs with recent SGD rates outperformance highlighting a diminished transmission effect from US monetary policy and the attraction of Singapore as a safe haven for funds flows. This dynamic is unlikely to persist however with the OCBC FX and Rates Strategy team expecting some gradual upward normalisation in SGD interest rates as the Singapore economy stays resilient while inflation is likely to stay above 2%. 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 therefore expect SGD credit spreads to remain relatively tight by historical standards with limited room for further tightening. While we repeat our expectation from the ***SGD Credit Outlook 1H2026*** in early December 2025 that there is a higher probability of modest widening from current levels, we expect any widening to be measured given the continued strong demand for SGD credit.

Issuance activity will likely remain resilient with issuers incentivised to issue before rates normalise. Whether overall volumes reach the highs of 2025 will depend on further issuances from HDB and Financial Services issuers and issue-by-issue selectivity will remain key to generate alpha. Overall, we continue to retain a Neutral stance on the SGD credit market for 1H2026 and key positional calls from the ***SGD Credit Outlook 1H2026***.

1. **We are neutral the SGD bullet bonds overall** with a slight preference for higher yielding bullets in the belly (>3Y to 9Y) and longer tenors (up to 20Y) that can help offset potential capital loss with a modest increase in rates. Meanwhile, shorter tenors remain less compelling at current tight levels.
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. 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 overweight non-financial corporate perpetuals with higher yields.** In particular, 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 compared to distribution rates after reset, should the issuer opt not to call.
4. **We also remain overweight bank capital instruments, particularly those with higher yield and wide reset spreads.** We prefer bank AT1s over bank Tier 2s – as covered in our sector outlook (***Developed Market Banks: Appeal in yield***), we remain comfortable moving down the capital structure to capture yield with bank fundamentals still stable and defensible and where AT1 continues to offer a more compelling risk-return profile than Subordinated T2 and Senior instruments. That said, we advocate greater selectivity in this environment, while retaining flexibility to add risk during periods of volatility.

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

S-REITs: Sector Update

Middle East conflict hits S-REITs: In 1H2026, the iEdge S-REIT Index, regarded as the benchmark for Singapore REIT ("S-REIT") equities saw a negative total return of -3.9% (2025: +16.5%). Despite the year starting with positive returns on the back of a benign rates environment and expectations of rate cuts in the US, the outlook shifted markedly following the outbreak of conflict in the Middle East and a sharp rise in oil and gas prices, leading to concerns over inflation and higher interest rates. Generally, we observe a negative correlation between SORA OIS 10Y yield and the iEdge S-REIT Index. As of writing on 1 July 2026, SORA OIS 10Y yield was 2.12%, 14bps lower compared to the beginning of the year, though was volatile intra-period in 1H2026. In contrast for the first nine months of 2025, SORA OIS 10Y yield saw a steady trajectory lower before rising in 4Q2025. The underperformance in the iEdge S-REIT Index was starker against the backdrop of a buoyant Singapore (Straits Times Index 1H2026 total returns of +13.7%) and Asia-Pacific equities market (MSCI Asia-Pacific Index 1H2026 total returns of +21.7%).

Active but concentrated equity fundraising: Despite the lacklustre equity performance for S-REITs in the secondary market, 1H2026 was an active period for equity fundraising among S-REITs, with ~SGD3.0bn of equity raisings priced and all of the transactions had been completed as of writing. Notably, issuances 1H2026 were concentrated. This included a new S-REIT, UI Boustead REIT, that completed its initial public offering, raising ~SGD974mn while CapitaLand Ascendas REIT ("AREIT") and CapitaLand Integrated Commercial Trust ("CAPITA") priced a combined ~SGD1.6bn, with proceeds mainly going towards acquisitions. Reflecting their defensive characteristics, both AREIT and CAPITA were able to price equity fundraising in March 2026, despite the ongoing conflict in the Middle East, although their private placements were placed at the wider end of the discount ranges. In contrast, Lendlease Global Commercial REIT ("LREIT")'s preferential offering was undersubscribed, with valid acceptances and excess applications received combined accounting for only ~62% of the new units on offer, with the shortfall covered by underwriters. In 2025, SGD5.1bn of equity raisings were priced, including Keppel Real Estate Investment Trust ("KREIT")'s rights offering that was announced in mid-December 2025 and completed in January 2026. Separately, February 2026 saw Volare Group AG's offer for Alpha Integrated REIT ("SSREIT", formerly known as Sabana Industrial REIT) turn unconditional, raising Volare Group AG's interest in SSREIT to 51.2% (19.8% interest previously), although SSREIT maintains its listing status.

Figure 21: 1H2026 S-REIT Equity Raising

Issuer	Pricing Date	Equity Raising Method	New Equity Raised (SGDmn)	Discount to VWAP[1]
CapitaLand India Trust ("AITSP")	February 2026	Private Placement	150.0	4.9%
LREIT	February 2026	Preferential Offering	196.6	6.0%
UI Boustead REIT	February 2026	Initial Public Offering	973.6	NA
CapitaLand Ascendas REIT ("AREIT")	March 2026	Private Placement	600.0	4.2%
AREIT	March 2026	Preferential Offering	303.5	6.5%
CAPITA	April 2026	Private Placement	750.0	4.0%
Elite UK REIT	June 2026	Private Placement	12.8	13.1%

Source: Company, Bloomberg, The Edge, OCBC Group 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

Acceleration in acquisitions 1H2026: Using sector-wide data from C&W, the investment sales market in Singapore has been very buoyant in 1Q2026, with SGD15.3bn of investment sales (excluding residential, though including the initial public offering of UI Boustead REIT where assets are located in Singapore). This represents 83% of the total investment sales (excluding residential) recorded in full 2025 and has exceeded the SGD15.0bn recorded in full year 2024. S-REITs were highly acquisitive in 1H2026, in contrast to 1H2025 where S-REITs took more of a wait and see approach with minimal transactions announced following Liberation Day. We estimate that in 1H2026, S-REITS announced SGD6.8bn of acquisitions, in contrast, SGD6.9bn of acquisitions were announced for full year 2025. By absolute amount, CAPITA was the most acquisitive, announcing the SGD3.9bn proposed acquisition of Paragon, an integrated commercial development comprising luxury retail, medical suites and offices, and an iconic property on Orchard Road, Singapore. While the purchase consideration represented ~14% of CAPITA's total asset as at 31 December 2025, the impact was buffered by the concurrent proposed sale of Asia Square Tower 2, an office building to Malaysia-headquartered IOI Properties Group Berhad for SGD2.48bn, making the acquisition more digestible for CAPITA's balance sheet. AREIT also had a busy calendar with acquisitions, announcing transactions aggregating ~SGD1.8bn, this includes its first ever data centre investment in Japan for ~SGD621mn. By quantum, 84% of the acquisitions 1H2026 came from CAPITA and AREIT, while eight other S-REITs also announced acquisitions.

S-REIT primary credit market activity moderated: Against a more uncertain funding environment, 1H2026 saw only SGD1.4bn of new issuances from S-REITs across nine issues from eight issuers. In contrast, 2025 was a high issuance year which saw SGD4.8bn of new issuances (2024: SGD2.7bn). Issuances were spread out across issuers, although notably, all the Mapletree-sponsored REITs priced issuances. There were only four tranches of senior unsecured bonds priced. Two were 5Y bullets and the other two being 7Y, with a median of 6Y, versus 2025 where the median tenor was 7Y. All S-REIT credit issuances were from existing SGD-credit issuers known to the market.

Large cap S-REITs issued GSSSL credit issuances: The share of green, social, sustainability and sustainability-linked ("GSSSL") S-REIT issuances was 40% of the total, somewhat lower than the 43% of total S-REIT issuances in 2025 (2024: 63%). The 1H2026 issuances from frequent issuers CAPITA and Mapletree Pan Asia Commercial Trust ("MCTSP") were in the green format. It is worth noting that since March 2023, all of MCTSP's credit issuances have been in the green format. For CAPITA, since February 2022, all but one of CAPITA's credit issuances have been in the green format. Both S-REITs established their Green Finance Framework since 2022.

Decline in absolute issuance, but higher share of perpetuals: Out of the SGD1.4bn S-REIT issuances priced in 1H2026, SGD770mn (or 54%) consist of perpetuals across five issues from four issuers. Proportionally, this is higher than the 47% in 2025. Per our observation, four out of the five perpetuals priced in 1H2026 were likely used to redeem existing perpetuals, even if proceeds may have been used to repay debt in the interim. One S-REIT, namely, CDL Hospitality Real Estate Investment Trust ("CDREIT")'s perpetuals were used to repay higher-cost non-SGD debt. We note that none of the new perpetuals from S-REITs were used to raise additional new capital. However, we expect S-REITs to continue to utilise perpetuals as part of their broader management toolkit to support future expansion plans, with the non-dilutive nature valuable to equity holders. LREIT reduced its usage of perpetuals to ~7% of total assets (based on current perpetual amount outstanding to total assets as at 31 December 2025) versus 10% a year ago.

Two S-REITs did not come back to the perpetual market: Both the MAGIC 3.5%-PERP (a legacy perpetual issued by MCTSP's sub-trust) and SUNSP 4.25%-PERP from Suntec Real Estate Investment Trust ("SUNSP") were called at first call, though neither issuer returned to the perpetual market, with the redemption likely funded by debt. In MCTSP's case, this was likely funded by its recently priced SGD green bond. Whilst cost considerations were likely at play, there may also be some idiosyncratic factors, with SUNSP in the midst of a strategic review following its change in sponsor, while MCTSP has been divesting assets, with proceeds used to pare debt against a backdrop of headwinds from its overseas assets. We expect both these S-REITs to remain in a more cautious stance in the near term, rather than in an expansion mode.

Replacement Perpetuals Priced at Tighter Reset Spreads: Of the seven perpetuals facing first call in 2026, two have been replaced with debt, while three have at least partially been (and in the case of AIMS APAC REIT ("AAREIT"), will be) replaced with perpetuals. All the replacement perpetuals were priced at decisively tighter spreads versus the perpetuals they replaced. AAREIT priced two tranches of perpetuals at an average reset spread of 240.5bps, representing a significant reduction compared to the 465.4bps reset spread of the AAREIT 5.375%-PERP, which was priced during the pandemic when benchmark rates were very low. LREIT partly replaced its existing perpetual with an NC3 perpetual rather than a more typical like-for-like replacement (replaced perpetual was an NC5). We estimate that LREIT saved ~25bps by replacing with a perpetual with a shorter non-call, in addition to providing it with optionality for refinancing.

Figure 22: 1H2026 S-REIT Perpetual Raising

Issue	Pricing Date	Reset Spread	Use of Proceeds per OCBC Credit Research View
AAREIT 4.1%-PERP	January 2026	SDSOA5 + 2.22%	Partial redemption of existing perpetual at first call
CDREIT 4.0%-PERP	February 2026	SDSOA5 + 2.183%	Repayment of high-cost debt
MINTSP 3.25%-PERP	February 2026	SDSOA5 + 1.596%	Redemption of existing perpetual at first call
AAREIT 4.25%-PERP	February 2026	SDSOA5 + 2.59%	Partial redemption of existing perpetual at first call
LREIT 4.28%-PERP	April 2026	SDSOA3 + 2.717%	Partial redemption of existing perpetual at first call

Source: Company, Bloomberg, OCBC Group Research

View on perpetuals call risk in remaining 2026 and 2027: 3Y and 5Y benchmark rates which are relevant to S-REIT funding conditions and overall funding costs, have risen 1H2026 episodically alongside inflation concerns against the backdrop of the Middle East conflict. That said, in our view, the decision whether to redeem or retain a perpetual is mainly driven by the reset spread. 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 perpetuals do not come with step-ups as a criterion to qualify for equity treatment. We think that under normal market conditions, benchmark rates at the time of the first reset date influence how a redemption is funded, such as whether through debt or a replacement perpetual, and the tenor of choice. First reset dates coincide with the first call date for outstanding S-REIT perpetuals and 1H2026 has played out per our expectations, with all the S-REITs perpetuals facing first reset called at first call.

We see a high chance for the three remaining perpetuals with first call date in 2026 to be called. 2027 will only see the EREIT 5.5%-PERP face first call and our base case assumes that this perpetual will be called in June 2027. S-REIT perpetuals are most often priced with a NC5 and the lack of perpetuals with first calls in 2027 (and to an extent 2028), reflects the high benchmark rates in 2022-2023 amidst an inflationary environment.

Figure 23: S-REIT Perpetuals with First Call Date in remaining 2026 and 2027

Issue	First Call Date	Reset Spread[1]	Estimated Distribution Rate[2]	Probability of Call at First Call
AAREIT 5.375%-PERP	Sep 2026	SDSOA5 + 4.654%	6.5%	High, replacement perpetuals have been priced
MLTSP 3.725%-PERP	Nov 2026	SDSOA5 + 2.485%	4.4%	High
CERTSP 5.0%-PERP^	Nov 2026	SDSOA5 + 3.615%	5.6%	High
EREIT 5.5%-PERP	Jun 2027	SDSOA5 + 2.958%	5.1%	High

Source: Company, Bloomberg, OCBC Group Research
Note: (1) All the S-REIT perpetuals 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 01 July 2026
^ OCBC Group Research does not currently maintain official coverage of the issuer of this perpetual

Reset spread compression in S-REIT perpetuals is the new normal: New perpetuals priced in 2025 allowed S-REITs to replace their existing perpetuals with ease and this had flowed through to 1H2026. The 1H2026 vintage perpetuals on average were priced at spreads of 2.3% versus 3.2% on the perpetuals that were replaced. Similar to perpetuals priced in 2025, those replaced by vintage 1H2026 were priced in the 2020-2021 period when benchmark rates were exceptionally low and we think a wide reset spread was required to meet investor's all-in-yield expectations. We observe investors tolerating thinner spreads when benchmark rates are higher, even when there is little change to credit fundamentals. As such, we do not expect reset spreads to revert to the 2020-2021 vintage, and we see "new normal" reset spreads for NC5 perpetuals capped at 200bps for high grade and 300bps for crossover S-REITs. This means that probability of a call at first call for perpetuals from newer vintages will be more constrained versus those they replaced. That said, S-REIT perpetual prices have stayed firm with S-REITs likely to continue with their perpetual distribution with a high degree of certainty, barring credit stress. We estimate that distribution rates for S-REIT perpetuals priced in 2025-1H2026 may reset to a median of 4.6%, even if they are not called, assuming forward rates hold and credit spreads remain unchanged.

Only two outstanding SGD perpetuals remaining which had missed first call: First Real Estate Investment Trust ("FIRTSP"), which is in the midst of selling its Indonesia assets to PT Siloam International Hospitals Tbk, called its sole outstanding perpetual in January 2026. With this, the only remaining S-REIT issuer with SGD perpetuals that missed the first call but remains outstanding is Landmark REIT ("LMRTSP"), with two outstanding SGD perpetuals amounting to SGD260mn. LMRTSP had halted distributions on perpetuals since 2023 due to credit stress and it is unlikely that the perpetuals will be called or perpetual distributions resumed in the short term.

Figure 24: REIT Metrics (as of 31 March 2026 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	38.5	3.8	4.0	2.9	76.0	4.2	9.6
Keppel REIT	40.2	2.6	2.6	3.2	62.0	9.0	16.6
Mapletree Pan Asia Commercial Trust	36.5	3.2	3.0	3.2	75.1	6.7	16.5
Suntec REIT	41.6	2.2	2.4	3.6	65.0	3.9	21.9
Landmark REIT[3]	40.2	2.7*	5.8	6.6	-	3.2	4.8
Starhill Global REIT	35.5	3.0	3.5	3.7	80.0	3.4	8.0
CapitaLand China Trust	41.4	2.9	3.2	3.1	65.0	6.6	18.6
Lendlease Global Commercial REIT	38.7	1.8	2.6	2.9	63.0	5.8	18.8
Frasers Centrepoint Trust	40.0	3.6	3.9	3.2	66.0	1.0	5.0
Average	**39.2**	**2.9**	**3.5**	**3.6**	**61.3**	**4.9**	**13.3**
Industrial							
CapitaLand Ascendas REIT	42.0	3.5	2.6	3.5	70.0	19.1	11.5
Mapletree Industrial Trust	34.0	4.0	3.4	3.2	88.6	10.6	24.1
Mapletree Logistics Trust	40.6	2.9	3.6	2.6	83.0	1.5	11.8
AIMS APAC Industrial REIT	26.8	2.7	2.2	4.1	80.0	15.1	25.6
Frasers Logistics and Commercial Trust	33.7	4.4	2.8	3.1	75.0	12.3	12.7
ESR-REIT	44.3	2.5	2.0	3.3	66.1	20.3	24.5
Stoneweg Europe Stapled Trust^	41.7*	2.9*	5.4*	3.8	87.0	-	-
Alpha Integrated REIT^	36.1	4.0	2.2	3.9	55.4	-	21.3
Average	**37.4**	**3.4**	**3.0**	**3.4**	**75.6**	**9.9**	**16.4**
Hospitality							
CapitaLand Ascott Trust	38.9	3.0	3.1	2.8	78.0	21.0	11.6
CDL Hospitality REIT	35.3	2.4	2.5	2.8	66.9	11.7	16.1
Average	**37.1**	**2.7**	**2.8**	**2.8**	**72.5**	**16.3**	**13.8**
Others							
First REIT	44.6	4.4	1.7	3.9	44.2	2.8	77.0
OUE REIT	41.5	2.6	3.0	3.7	73.6	9.8	16.4
CapitaLand India Trust	35.7	2.8	2.7	5.7	78.5	13.1	19.0
Keppel DC REIT^	35.1	7.2	3.3	2.6	84.8	8.5	16.4
Average	**39.2**	**4.3**	**2.7**	**4.0**	**70.3**	**8.5**	**32.2**

Source: OCBC Group Research, company financials and investor presentations
* OCBC Group Research estimates
^ OCBC Group Research does not currently maintain official credit coverage of these names
Note: (1) For the trailing 12 months to 31 March 2026 as reported; Lendlease Global Commercial REIT for the trailing 12 months to 31 December 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 (3) Previously known as Lippo Malls Indonesia Retail Trust

Singapore Industrial REITS – Supply increasing though likely manageable

In 1Q2026, JTC's all industrial price index increased by 1.2% q/q and 4.6% y/y, continuing its upward trend, in contrast to the declining trend before the pandemic. The rental index increased by 0.4% q/q and 2.3% y/y, with the growth broad-based across all segments. The overall industrial vacancy rate dipped 0.2 percentage points to 11.1% as at 31 March 2026. Per JTC, this was led by the multiple-user factory and single-user factory segments as companies moved into developments that were completed in 2025.

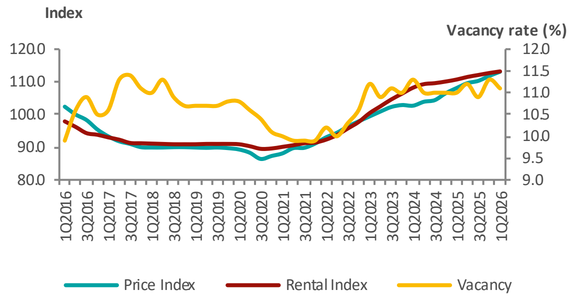
The Business Park segment saw its 10th consecutive quarter of vacancy above 20%, increasing to 23.3% as at 31 March 2026. Per C&W, 27 International Business Park will complete in 2026. Post that, there is only marginal new supply of Business Parks in the coming years. We expect continued polarisation in the market with newer assets attracting tenants while older Business Parks catering to sectors which have seen downsizing and offshoring are likely to continue seeing high vacancies. We also observe that owners are attracting experiential/services tenants to their spaces. In 1Q2026, House + Bubble, a large format 24/7 entertainment wellness centre opened at Perennial Business City.

In 1Q2026, 0.1 mn sqm of new supply was added to the market, with another 0.7mn sqm expected to be added in the remaining of 2026. This is somewhat lower than the expectations at the beginning the year of around a million sqm. That said, new supply for 2027 is expected to be ample at 1.7 mn sqm, with 89% of these already under construction. This is significantly higher than the 0.5mn sqm added in 2024 and 0.9mn sqm for 2025. Post-2027, new supply is expected to be tighter again (0.9mn sqm on average between 2027 to 2030) and 54.4% are Single-User Factory which typically cater to end-users. These factors are likely to buffer industrial property values of the REITs we track, in our view.

Per C&W data, there were SGD2.9bn of investment sales activity in the Singapore industrial market, including the initial public offering of UI Boustead REIT. AREIT was active in 1H2026 Singapore, announcing the acquisition of a 100%-interest in 25 Loyang Crescent (ramp-up logistics and industrial buildings) for SGD504.2mn and a 50%-interest in Ascent, a Business Park property (AREIT's portion: SGD245mn) in 1Q2026 while in June 2026, AREIT announced the acquisition of 5 Tuas Avenue, a logistics property for SGD133.9mn.

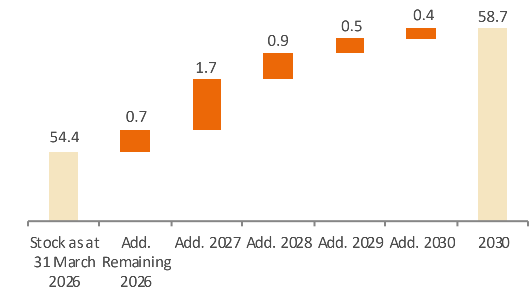
Oil and gas prices have increased since the Middle East conflict though we expect higher electricity bills to be broadly manageable for Industrial REITs we track, as electricity expenses are generally recoverable from tenants. As an illustration, electricity expenses at EREIT make up 28% of its Singapore operating expenses, though 81% are recoverable from tenants and at MLTSP, net electricity costs account for <2% of total property expenses.

Figure 25: Industrial Price, Rental and Vacancy



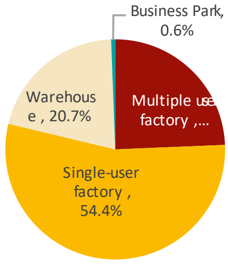
Source: JTC, OCBC Group Research

Figure 26: Industrial stock and supply pipeline



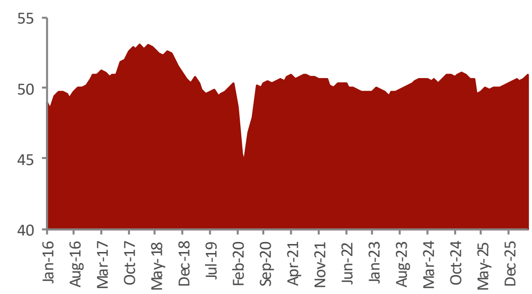
Source: JTC, OCBC Group Research

Figure 27: Additional supply by sub-segment cumulative 2Q2026 to 2030



Source: JTC, OCBC Group Research

Figure 28: Singapore PMI – Manufacturing Index



Source: Singapore Institute of Purchasing and Materials Management

Singapore Commercial Office REITS – Investment sales activities accelerate

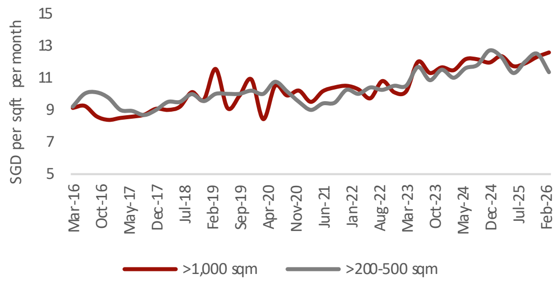
In mid-2025, we started to signpost that office rental yield was likely to start turning positive, and by end-2025 we expected that the lower cost of funding environment may continue to encourage investment sales in the Singapore office market. 1Q2026 was a particularly buoyant quarter, led by the launch of the Singapore Central Private Real Estate Fund ("SCPREF"), managed by Hongkong Land Holdings Limited. As a founding investor of the fund, Qatar Investment Authority ("QIA") also injected its 100% ownership of Asia Square Tower 1 into the fund. Including retail mall assets, 1Q2026 saw investment sales of SGD10.3bn for the commercial property per C&W data, superseding the SGD8.6bn reached in the full year 2025. In 2Q2026, CICT announced the sale of Asia Square Tower 2 to IOI Properties for SGD2.48bn.

As of writing, SORA OIS 10Y yields was ~2.10%, slightly higher versus a year ago. This still suggests a positive spread for leveraged buyers when credit spreads are considered. The investment sales market pipeline remains highly active, with bidders for Marina One (ticket size of ~SGD5bn to ~SGD6bn) and One Raffles Place (ticket size of ~SGD2.4bn) reported.

Net yields for the Singapore office market increased to 3.66% in 1Q2026, slightly higher than recent years. Per Colliers, capital values for the Core CBD Premium and Grade A market were flat q/q in 1Q2026, following a 1.6% q/q uptick in 4Q2025. In our view, this is consistent with office rents increasing by a notable 1.5% q/q in 1Q2026. Colliers projects full year 2026 rents to increase +2.0% to +4.0%. Driven by limited new office supply this year and 2027, we expect rents to be firm against a backdrop of more cautious business confidence. That said, 2028 will see higher supply as buildings currently under development are expected added into the market.

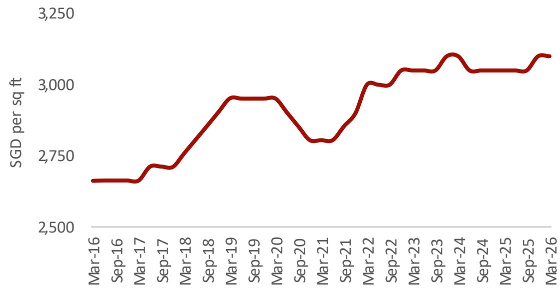
URA rental data is now segmented by floor area bands. For Category 1 (prime) office space in the central area, a 9.2% q/q fall in 1Q2026 was seen in the >200sqm to 500sqm band. Per CBRE, this likely reflects softness in selected buildings rather than a broad weakening of prime office fundamentals. In our view, offices with floor area band of >1,000sqm with their large floor plates is most reflective of prime Grade A space, and median rents increased +2.3% q/q to SGD135 per sqm per month/SGD12.6 per sq ft per month. While there have been instances of offices in the central area being resold for prices below what the sellers paid for, we see these as idiosyncratic. We observe that rental premium for large format Category 1 spaces over Category 2 (secondary) properties was 73% in 1Q2026, above the 10Y average of 59%, indicating a greater willingness for tenants to pay up for prime spaces and suggestive of wider dispersion across properties. Vacancy rates for prime properties per Colliers' data was only 2.0% as at 31 March 2026 (31 December 2025: 3.2%).

Figure 29: Singapore Office Rent



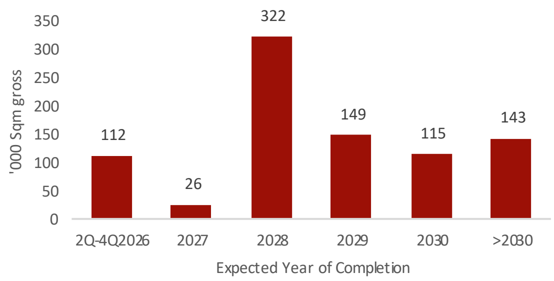
Source: URA, OCBC Group Research

Figure 30: Singapore Prime Office Capital Value



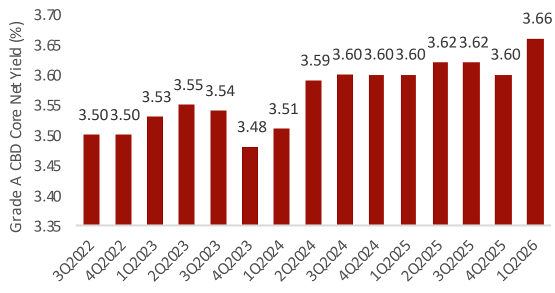
Source: Colliers, OCBC Group Research

Figure 31: Pipeline of Office Space



Source: URA, OCBC Group Research

Figure 32: Office Net Yield



Source: Colliers, OCBC Group Research

Singapore Commercial Retail REITS – Resilient prime malls despite dispersion among retailers

Notable closures in 1Q2026 were offset by growth of existing retailers, as well as new entrants setting up in Singapore. Backfilling activities also remain strong per C&W, pointing out that two new cinema tenants have replaced Cathay Cineplexes (which ceased operations in Singapore in September 2025) at two malls. We note that prime malls owned by retail REITs under our coverage continue record mid-to-high-90s occupancies, reflecting their well-established locations and catchment areas, supported by limited new retail mall supply. Taken together, these dynamics point to growing dispersion in the marketplace, with stronger brands and retailers continuing to displace others.

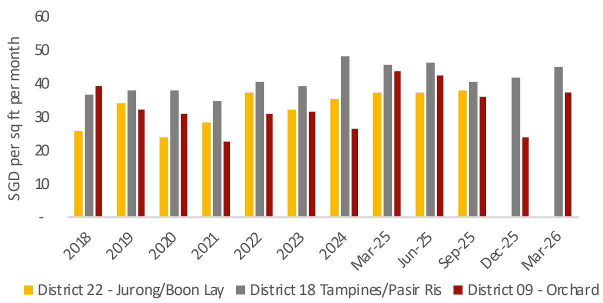
Per data from C&W, Orchard prime rents rose 0.4% q/q in 1Q2026 to SGD36.52 per sq ft per month, supported by multiple luxury retailers' recent openings. Other City Areas saw a 0.6% q/q rise in prime rents while prime retail rents for suburban malls saw a 0.3% q/q increase. Rents at Singapore retail malls vary by floor area leased as well as location within a mall. We note that rents in the highly profitable basement segment for District 22 and District 18, two suburban districts with prominent retail mall ecosystems, exceed Orchard. This is likely due to the dispersion of mall types at Orchard, lower reliance on basement retail as well as the entrenched role of suburban malls within their local catchment area.

Based on our calculation using Singstat data, retail sales in Singapore for January to April 2026 ("4M2026") excluding motor vehicles increased by 5.7% y/y. We continue to observe that online sales as a percentage of total retail sales creeping up. Online retail sales (excluding motor vehicles and parts) as a percentage of total retail sales were 17.5% in 4M2026 (4M2025: 14.7%, 4M2024: 13.3%). Traditional brick-and-mortar retail is increasingly shifting towards experiential offerings, focusing on services, engagement and lifestyle concepts that cannot be replicated online while a number of notable retailers have embraced omnichannel retailing.

According to CBRE estimates, retail sales leakage to Johor Bahru ("JB") could rise from 3-4% currently to 5% by 2032. The expected increase in retail sales leakage is not as significant as HKSAR, where retail sales leakage to Shenzhen and adjacent Mainland cities is estimated at ~20%. OCBC Group Research views it unlikely for retail sales leakage to converge significantly towards that of HKSAR and Shenzhen, at least in the short to medium term. For more details, refer to *Singapore retail – Taking the bulls by its horns published on 08 April 2026.*

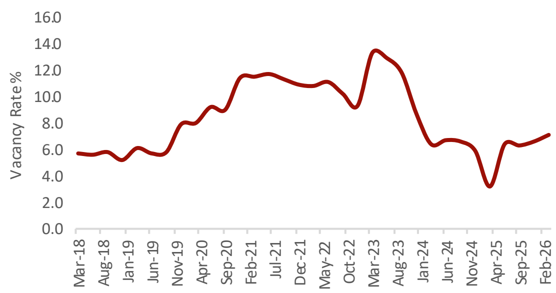
In the investment sales market, CICT is proposing to buy Paragon, a landmark retail mall with medical suites on Orchard for SGD3.9bn while Frasers Centrepoint Trust ("FCTSP") is divesting White Sands mall in Pasir Ris for SGD467mn to a third party.

Figure 33: Retail Rents – Basement Small Units1



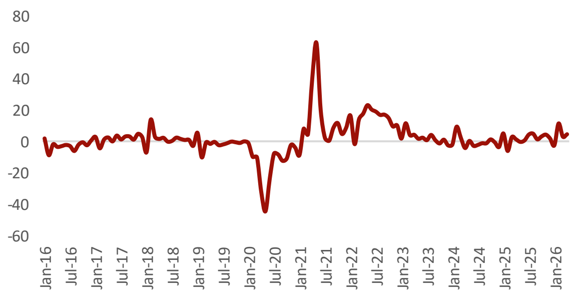
Source: URA, OCBC Group Research estimates
Note: (1) <30 Sqm; no data for 4Q2025 and 1Q2026 for District 22 – Jurong/Boon Lay

Figure 34: Retail Vacancy Rates (%)



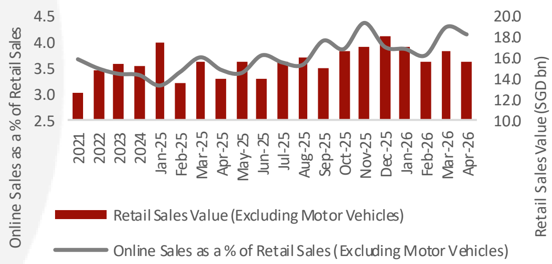
Source: Colliers

Figure 35: Monthly Retail Sales (excluding Motor Vehicles) y/y % change



Source: Singstat, OCBC Group Research

Figure 36: Monthly Retail Sales Value (excluding Motor Vehicles) in SGD bn and Online Sales %

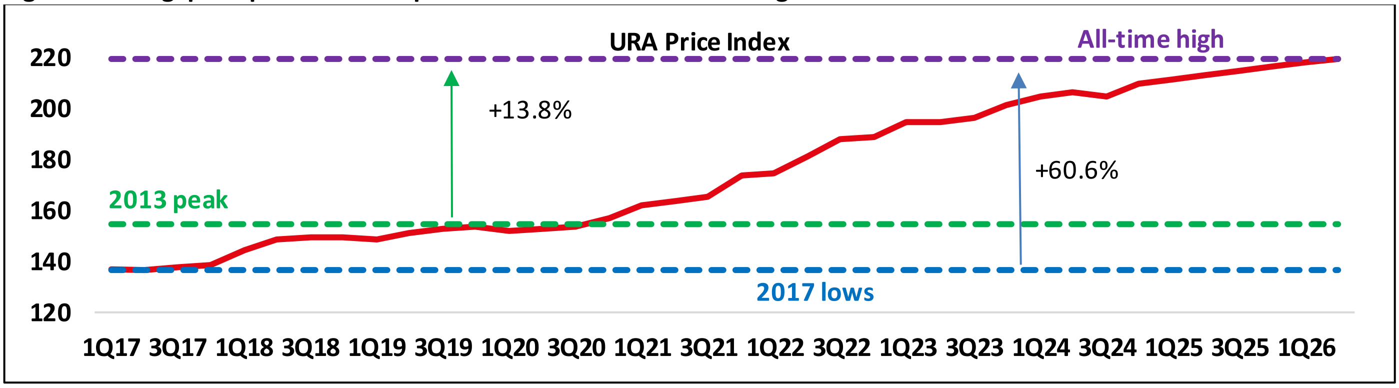


Source: Singstat, Bloomberg, OCBC Group Research
Note: Average monthly for 2021 - 2024

Singapore Residential Property: Still rising even while policy guardrails tighten

Prices are up, again: URA flash estimates showed private residential prices rising 0.5% q/q in 2Q2026, moderating from 0.9% q/q in 1Q2026 though this marks the seventh consecutive quarter of gains. The increase brought 1H2026 price growth to 1.4% h/h, or an annualised 2.8%. While prices have reached another fresh high, the pace of increase has continued to slow versus 2025 (+3.3%) and 2024 (+3.9%) and remains well below the annual price appreciation seen in 2023 (+6.8%), 2022 (+8.6%) and 2021 (+10.6%).

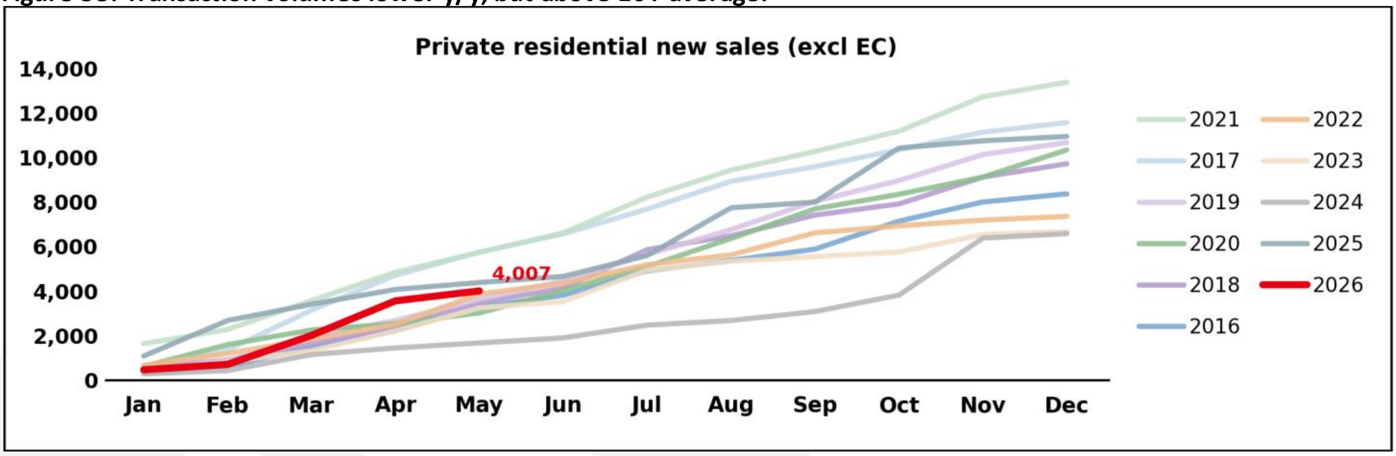
Figure 37: Singapore private home prices climb to another fresh high in 1H2026



Source: URA, OCBC

Transaction volumes trail 2025 but remain above historical average: Developers sold 4,007 private residential units excluding executive condominiums ("ECs") in 5M2026, down 8.6% y/y from 4,384 units in 5M2025. That said, sales volume remains ~5% above 10Y historical average (2016-2025).

Figure 38: Transaction volumes lower y/y, but above 10Y average:

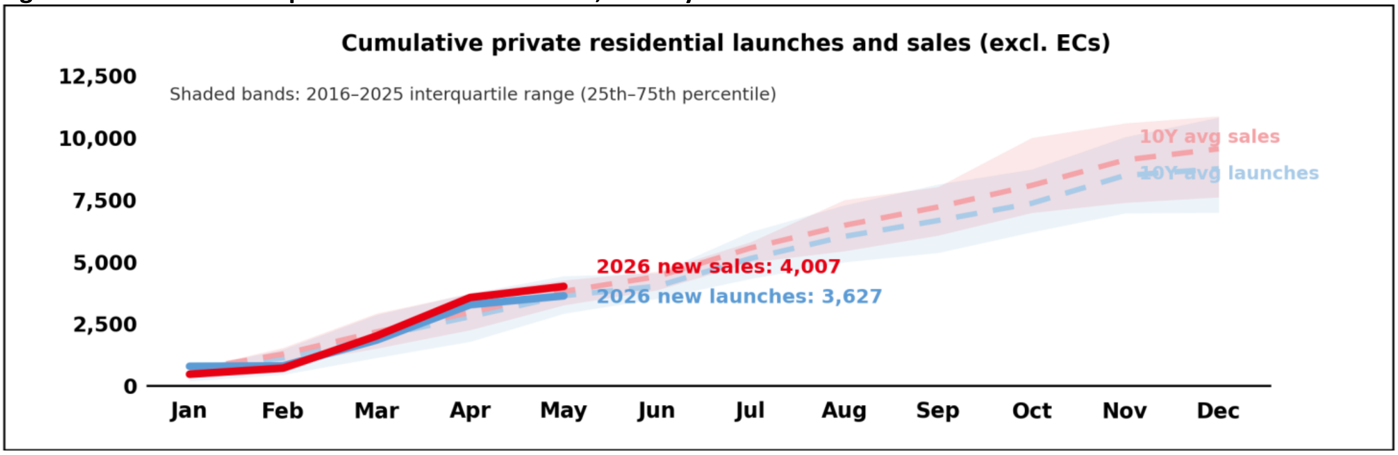


Source: URA, OCBC Group Research

Major launches drove the March-April sales pick-up: New sales were slower at the start of the year, with 466 units sold in January and 246 units in February, before rebounding in March and April as major launches entered the market. Sales reached 1,300 units in March and 1,548 units in April, supported by strong take-up at River Modern (455 units, 90% sold at launch) and Pinery Residences (588 units, 93%) that were launched in March 2026, as well as 515-unit Vela Bay (515 units, 72%) and Tengah Garden Residences (863 units, 99%) that were launched in April 2026. Sales tracked ahead of launches in each month from February to May 2026, bringing cumulative 5M2026 sales to 4,007 units, above the 3,627 units launched.

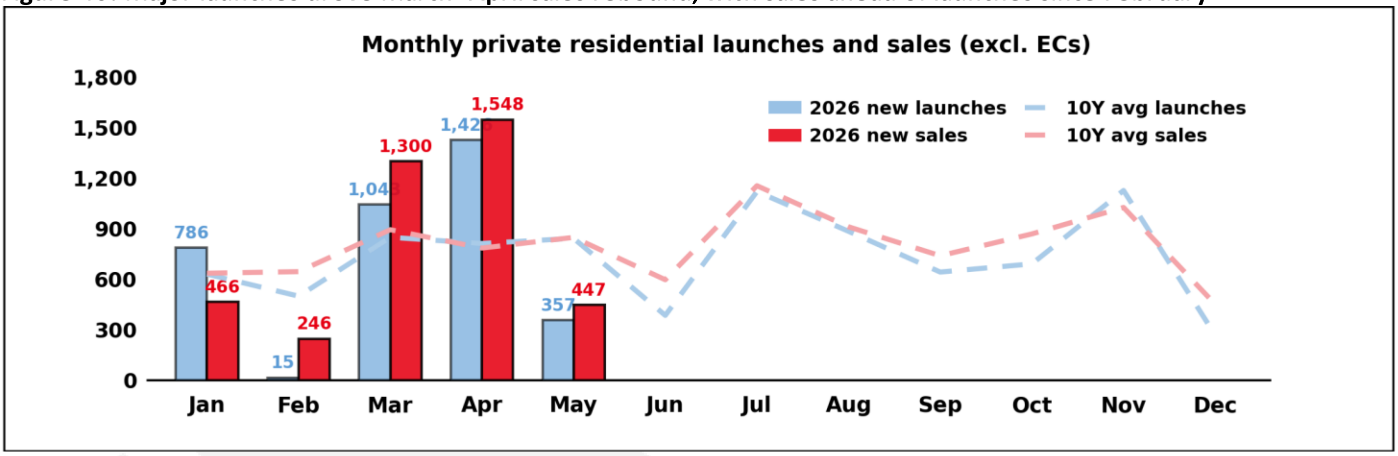
Overall sales rate at launch is healthy, however dispersion remains: The unit-weighted average sales rate at launch was 77% in 5M2026 (75% excluding ECs), which is ahead of 68% for the launches we tracked in 2025 (67% excluding EC). While March-April sales rate was stronger, take-up rate at launch was softer at Narra Residences (544 units, 25% sold at launch) and Newport Residences (246 units, 57%) that were launched in January, and Hudson Place Residences (327 units, 61%) in May 2026.

Figure 39: New sales outpaced launches in 5M2026, broadly within historical norms



Source: URA, OCBC Group Research

Figure 40: Major launches drove March–April sales rebound, with sales ahead of launches since February



Source: URA, OCBC Group Research

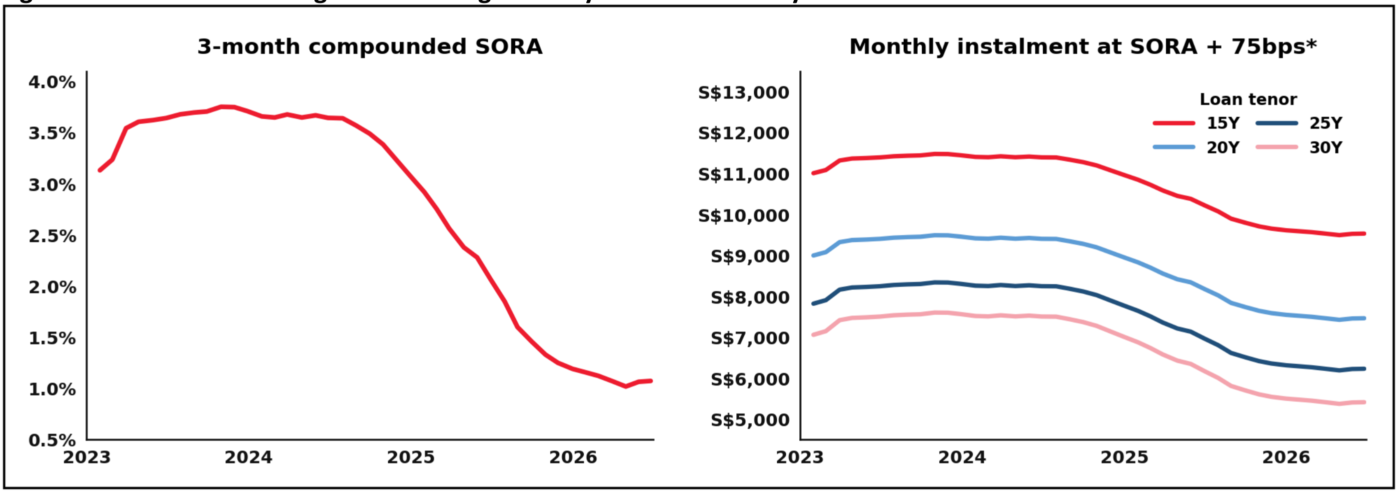
Figure 41: Projects launched in 2026 have done well on average

Launch Date	Project	Units	Sales Rate at Launch	Average Price
Jan-26	Narra Residences	544	25%	SGD2,180 psf
Jan-26	Newport Residences	246	57%	SGD3,370 psf
Mar-26	River Modern	455	90%	SGD3,266 psf
Mar-26	Rivelle Tampines EC	572	92%	SGD1,893 psf
Mar-26	Pinery Residences	588	93%	SGD2,546 psf
Apr-26	Vela Bay	515	72%	SGD2,886 psf
Apr-26	Tengah Garden Residences	863	99%	SGD2,120 psf
May-26	Hudson Place Residences	327	61%	SGD2,458 psf
			Average: 77% (75% excl EC)	**Average: SGD2,590 psf**

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

We think that long-term property demand in Singapore remains intact: Demand factors highlighted in our Credit Outlook published on 3 January 2024 remain relevant. This includes growth in number of residents, growing aspirations to upgrade to private property and strong holding power. These factors have continued into 1H2026 and should remain relevant going forward. **Loans are becoming cheaper, but TDSR still caps loan quantum:** The 3-month compounded SORA ("3M SORA") has fallen to the low-1% range, its lowest level in more than 3 years. While lower rates do not increase the maximum loan quantum that borrowers can borrow as the Total Debt Servicing Ratio ("TDSR") applies a 4% interest rate floor, lower rates reduce the actual mortgage cost, which helps cash-flow affordability. To illustrate, assuming mortgage rates of ~4.0% in 2024 versus ~1.75% in 2026, monthly instalments on SGD1.5mn of borrowings over a 30Y tenor would fall by ~25%, from SGD7,161/mth to SGD5,359/mth.

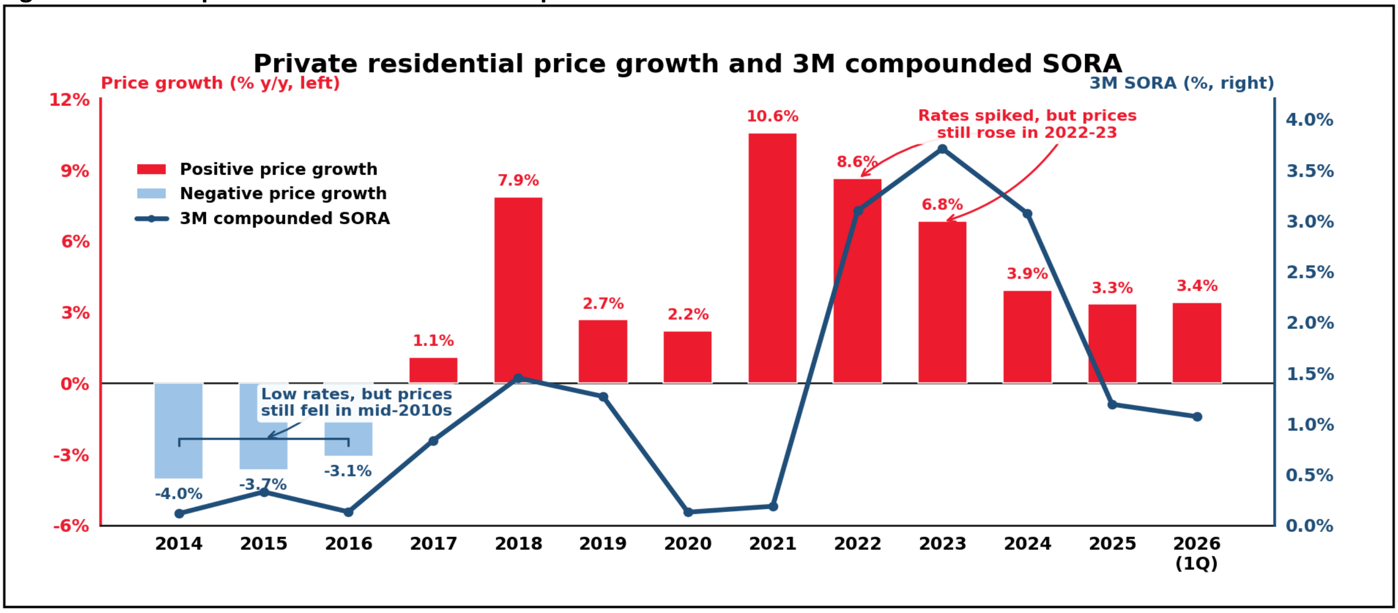
Figure 42: Lower borrowing rates have significantly reduced monthly instalments



Source: Bloomberg, OCBC Group Research, *Assumes SGD2mn property price at 25% down payment (SGD1.5mn loan)

Lower rates are supportive, but other factors matter more: While lower borrowing costs support cashflow affordability, Singapore home prices are generally less sensitive to interest rates given policy restrictions. TDSR and LTV limits continue to constrain loan quantum, while ABSD deters speculative and multiple home purchases. Moreover, Singaporean households already skew heavily towards buying versus renting, with the proportion of owner-occupied resident households at 90.8% as of 2024; lower mortgage rates are unlikely to trigger significant shifts from renting to buying. Thus far, interest rate movements do not appear to have a significant impact on the market. For example, private residential prices fell 11.2% between 3Q2013 and 4Q2016 despite low interest rates, while prices rose 8.6% y/y in 2022 and 6.8% y/y in 2023 even as 3M SORA surged from 0.19% at end-2021 to 3.7% at end-2023. As such, we view lower rates as supportive, but not sufficient by itself to drive a major housing boom.

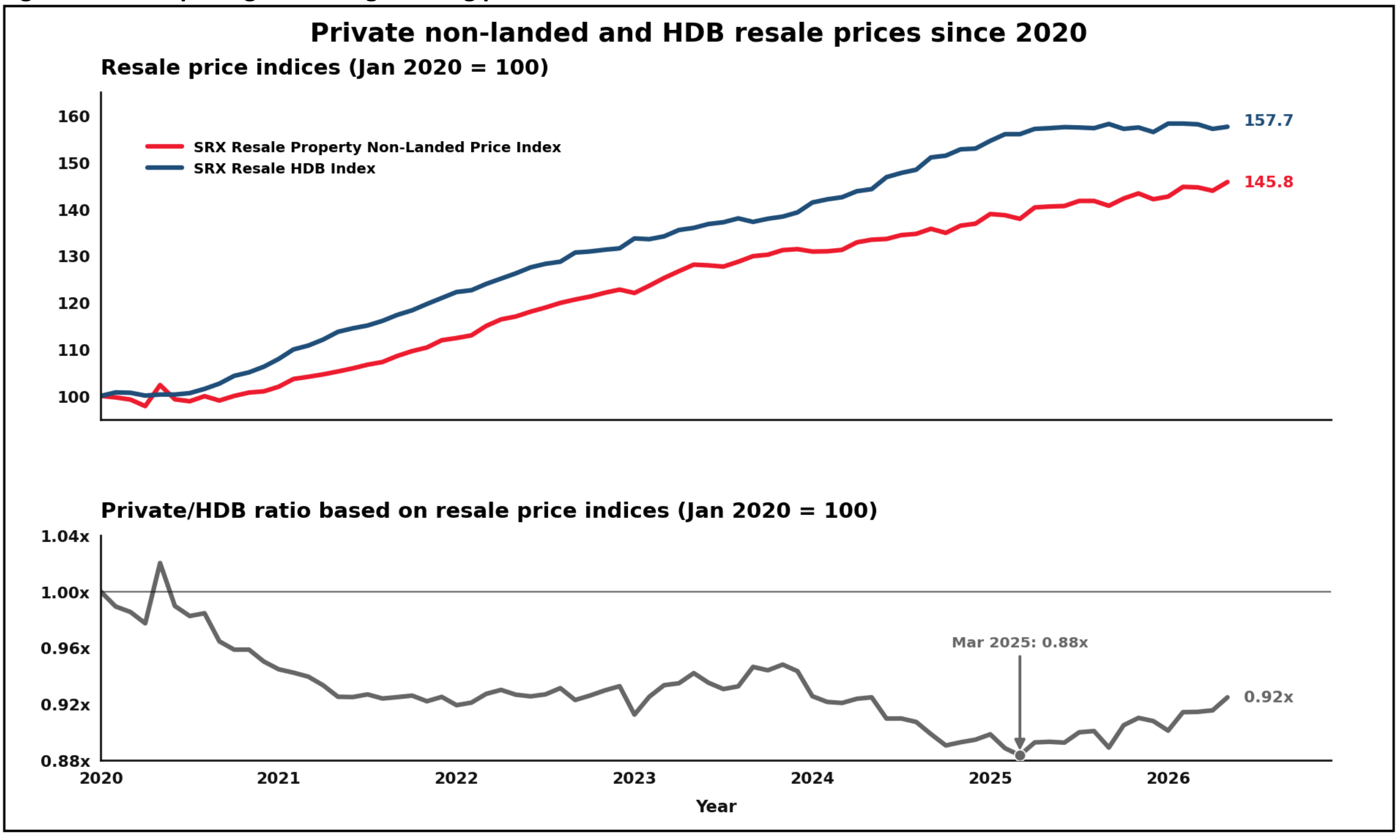
Figure 43: Home prices do not move in lockstep with rates



Source: URA, Bloomberg, OCBC Group Research

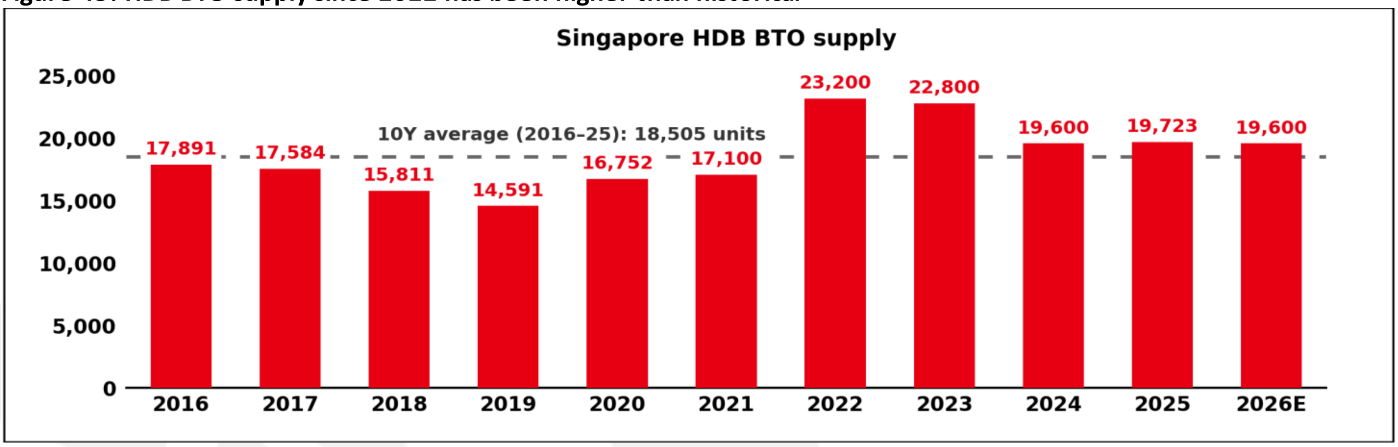
HDB resale price growth has slowed as BTO supply rises, with more flats having a shorter waiting time: Between January 2020 and March 2025, HDB resale prices rose 56.1%, outpacing private non-landed prices, which increased 37.9%. Since then, however, HDB resale price growth has moderated. From March 2025 to May 2026, HDB resale prices rose just 1.0%, compared with a 5.7% increase in private non-landed prices. We think the slower HDB resale price growth is mainly due to the ramp-up in BTO supply. HDB launched an average of 16,600 units per year between 2016 and 2021, before increasing launches to 23,200 units in 2022 and 22,800 units in 2023. Although supply moderated to 19,600 units in 2024 and 19,723 units in 2025 (including 4,690 units with shorter waiting time), this remains above pre-2022 levels. HDB expects to launch another 19,600 units in 2026, including 4,000 units with shorter waiting times, with a further 4,000 shorter-waiting-time units expected in 2027. We think this higher BTO supply, particularly units with shorter completion timelines, could compete more directly with existing HDB resale flats.

Figure 44: HDB price growth began to lag private residential since March 2025



Source: SRX, OCBC Group Research

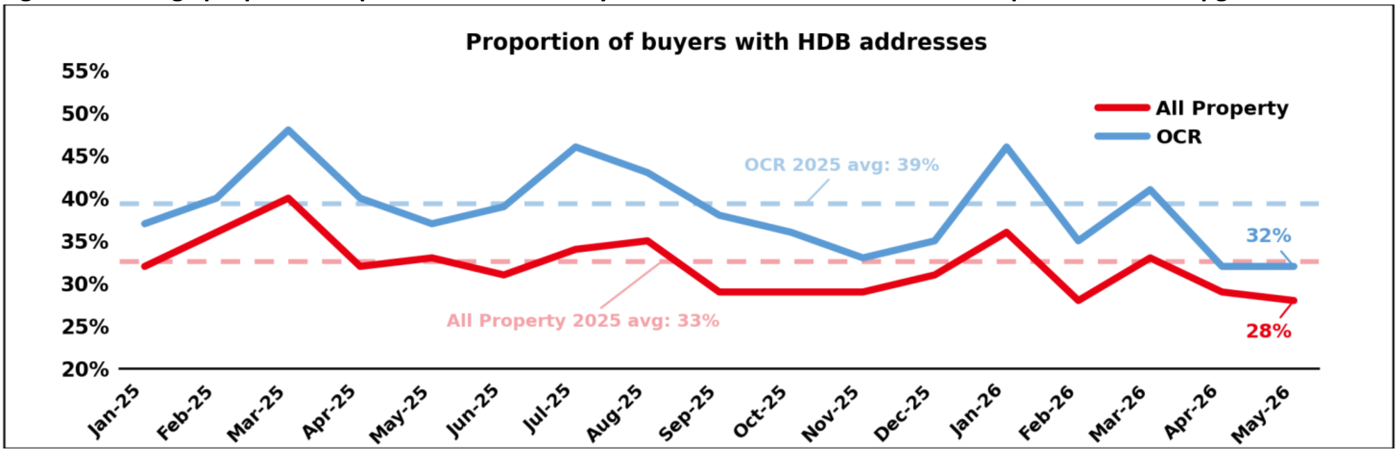
Figure 45: HDB BTO supply since 2022 has been higher than historical



Source: HDB, OCBC Group Research

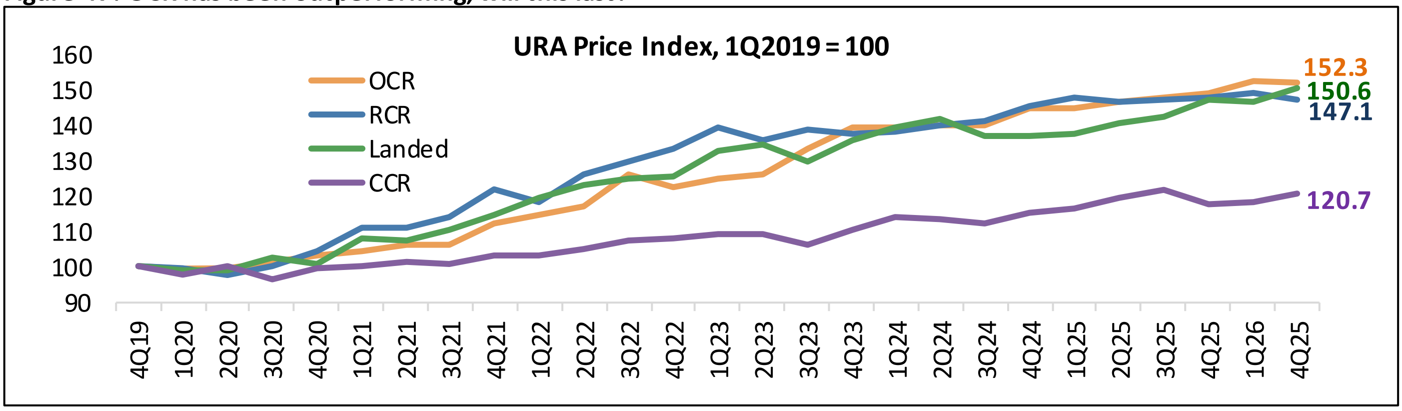
Slower HDB resale gains could cap upgrader demand, especially in the OCR and RCR: OCR private home prices have led the market since 2020, rising 52.3% through 1H2026 versus 47.1% for the RCR and 20.7% for the CCR. Part of this outperformance likely reflects strong HDB upgrader demand, with the OCR benefiting most given its relatively lower price points that attract a larger share of HDB upgraders. However, this support may be harder to sustain if private home prices continue to outpace HDB resale prices, as slower equity gains would reduce HDB owners' ability to fund a private home purchase. Buyers with HDB addresses made up an average of 32% of private residential purchases from 2025 to May 2026, and an even higher 40% in the OCR. While the April-May 2026 dip in this share is not yet enough to confirm a weakening trend, a sustained decline would suggest that the upgrader pool is becoming more constrained.

Figure 46: A large proportion of private residential buyers have HDB addresses – watch for potential fall in upgrader demand



Source: URA, OCBC Group Research

Figure 47: OCR has been outperforming, will this last?



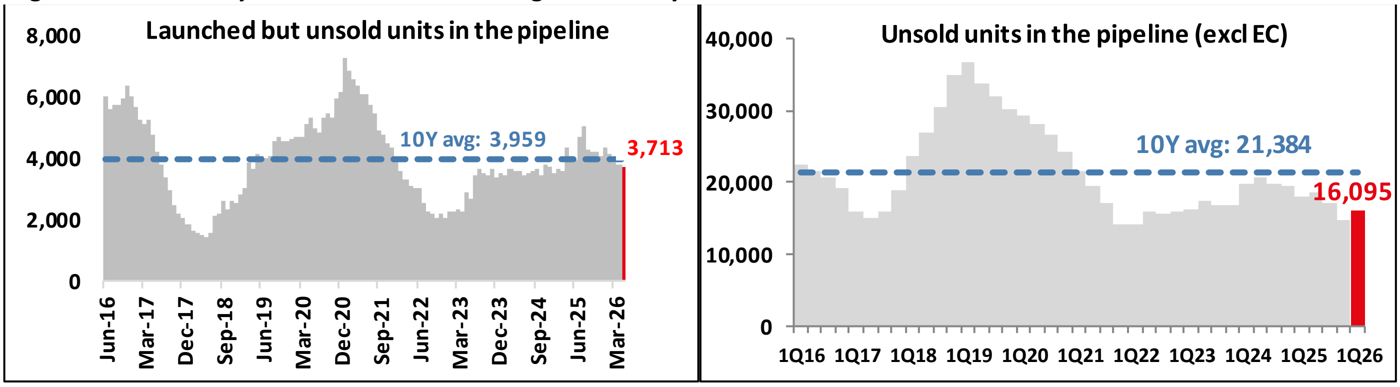
Source: URA, OCBC Group Research

Recent price action suggests upgrader constraints are starting to matter more: The 2Q2026 flash estimates point to a more uneven market beneath the headline index. Non-landed private residential prices declined 0.1% q/q in 2Q2026, reversing from a 1.3% q/q increase in 1Q2026, dragged by softer prices in the OCR (-0.2% q/q; 1Q2026: +2.2% q/q) and RCR (-1.4% q/q; 1Q2026: +0.8% q/q). HDB resale prices also declined for a second consecutive quarter, falling 0.3% q/q in 2Q2026 after a 0.1% q/q decline in 1Q2026. By contrast, higher-end segments remained more resilient, with CCR prices rising 2.0% q/q and landed property prices increasing 2.6% q/q in 2Q2026. This supports our view that slower HDB resale gains could cap upgrader demand, weighing more heavily on mass-market and city-fringe segments, while wealthier buyer pools continue to support higher-end demand.

Manageable inventory levels continue to support pricing: Private home price resilience has been supported by tight inventory levels. Launched but unsold units (excluding ECs) stood at 3,713 units as of May 2026, slightly below the 10-year average of 3,959 units. Total unsold pipeline inventory rose to 16,095 units in 1Q2026 (4Q2025: 14,859 units) but remained well below the 10-year average of 21,384 units and closer to the cycle low of 14,087 units in 1Q2022. While supply is gradually rebuilding, inventory remains low by historical standards.

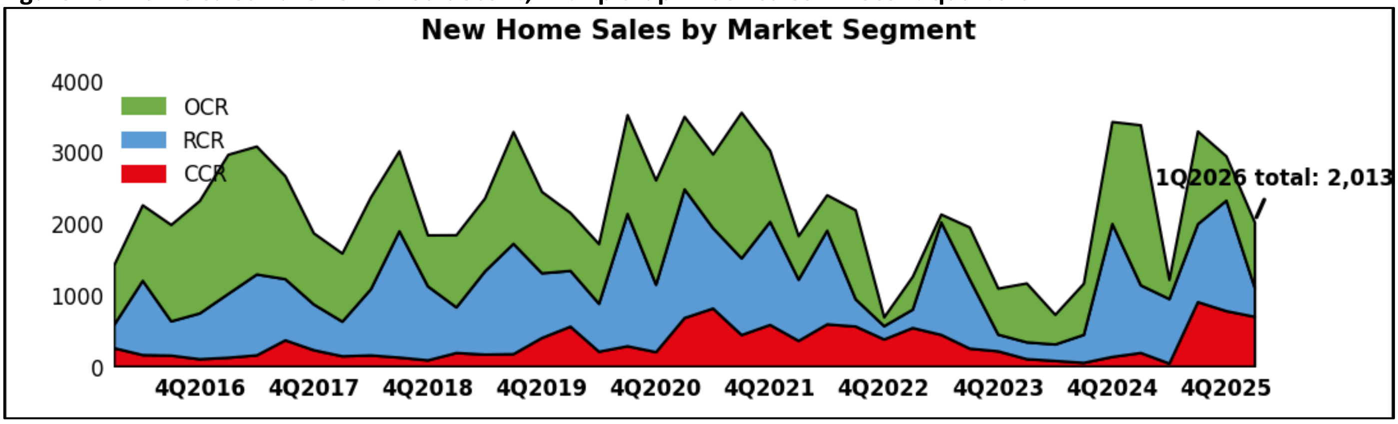
Healthy absorption keeps inventory levels manageable across segments: Unsold inventory in 1Q2026 comprised OCR (5,636 units), CCR (5,487 units) and RCR (4,972 units). Launched but unsold stock was highest in the RCR (1,684 units), followed by OCR (1,240 units) and CCR (871 units). Inventory remains manageable, with unsold inventory-to-TTM sales ratios of 2.3x (CCR), 1.3x (RCR) and 1.8x (OCR), compared with 10-year averages (2016–2025) of 7.4x, 2.5x and 1.9x respectively, suggesting healthy absorption across all segments.

Figure 48: Inventory levels look somewhat tight currently



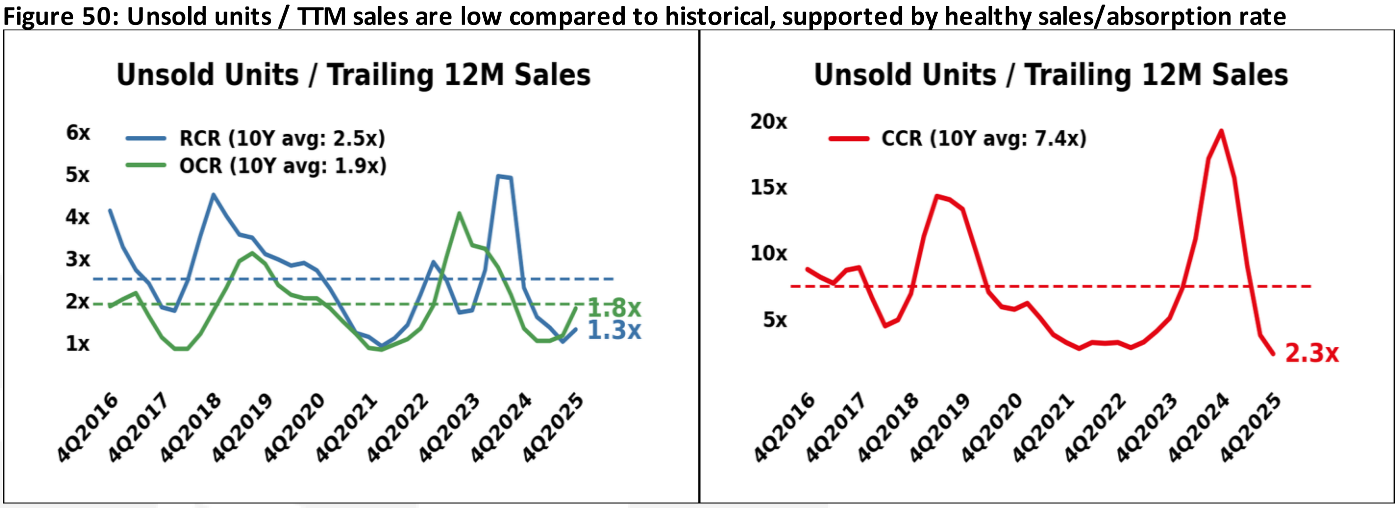
Source: URA, Bloomberg, OCBC Group Research

Figure 49: Home sales have remained decent, with pickup in CCR sales in recent quarters



Source: URA, OCBC Group Research

Figure 50: Unsold units / TTM sales are low compared to historical, supported by healthy sales/absorption rate

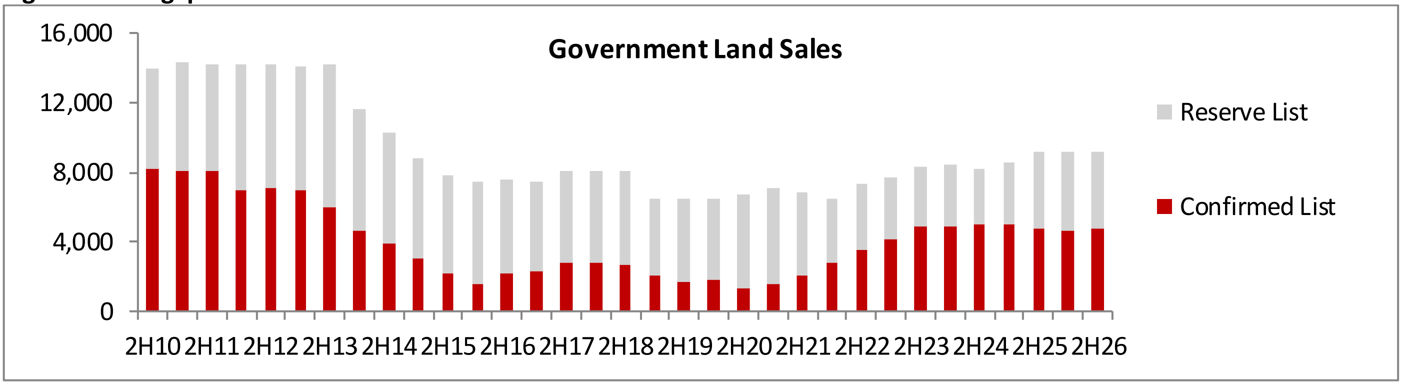


Source: URA, Bloomberg, OCBC Group Research

Land supply is kept high to cater to demand and should moderate price upside: The government will launch 4,745 private residential units via the 2H2026 GLS Confirmed List, slightly higher than the 4,575 units released in 1H2026. While 2H2026's quantum is broadly in line with, or slightly below, levels seen since 2H2023, the full-year 2026 supply of 9,320 units remains elevated — more than 50% above the past 10-year average. This reflects the government's continued intent to maintain a steady flow of land supply in response to resilient housing demand, while keeping the private residential market stable and sustainable.

Including the 2H2026 GLS programme, the overall private housing supply pipeline will rise to around 61,000 units, of which approximately 32,000 unsold units could be released by developers for sale.

Figure 51: Singapore GLS Confirmed List remains somewhat elevated in 2026



Source: URA, OCBC Group Research

While bidder participation has fallen h/h, land pricing remains firm: All GLS tenders closing so far in 2026 have been successful, with each site attracting at least one bidder and none rejected by the government. This marks an improvement from 2024 and 2025, when some tenders were unsuccessful due to insufficient interest or bids that were deemed too low by the government. While the number of bidders has fallen h/h, with an average of 4.3 bids per site versus 6.4 bids per site in 2H2025, competition remains keen, with projects tendered in 2026 achieving an average top bid of SGD1,486 psf ppr, above SGD1,387 psf in 2H2025.

Figure 52: Projects with tenders closing in 2026 have seen active participation in general

2026 tenders	Site Name	Units	Highest Bid (SGD)	SGD psf ppr	# of bidders
Jan-26	Woodlands Drive 17 (EC)	560	484.0m	794	3
Jan-26	Dairy Farm Walk	480	427.0m	962	5
Feb-26	Tanjong Rhu Road	525	709.3m	1,455	5
Mar-26	Lentor Central	562	657.1m	1,278	5
Mar-26	Dover Drive	625	951.0m	1,556	6
Apr-26	Kallang Close	470	610.75m	1,415	4
Apr-26	Dunearn Road (Plot 2)	330	533.0m	1,625	6
May-26	Holland Plain (Parcel B)	280	454.1m	1,491	1
Jun-26	Peck Hay Road	380	542.4m	1,865	4
Jun-26	River Valley Green (Parcel C)	500	750.6m	1,730	4
				Avg: 1,486 (excl EC)	*Avg: 4.3*

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

Consistent local presence, with meaningful foreign participation in land bids: Singapore developers remain present across all bids, which likely reflects their strong local market interest, knowledge and ongoing landbank replenishment needs. That said, foreign participation remains meaningful: PRC/Chinese-linked developers appeared in 8 out of 10 tenders, while Japanese developers appeared in 7 out of 10, though typically as JV partners rather than standalone bidders. Malaysian and Indonesian-linked groups were less active, appearing in 4 out of 10 tenders.

Figure 53: Singaporean firms anchor land tenders, though participation is also active from PRC/Japanese developers

Appeared In	Category	Entities
All 10 tenders	Singaporean	CDL, FPL, UOL/SingLand, GuocoLand, Hong Leong, Wing Tai, Sim Lian, Hoi Hup, etc.
8 out of 10	PRC/Chinese-linked	Qingjian, Forsea/Jianan, COLI, CSC Land, Kingsford
7 out of 10	Japanese	Mitsui Fudosan (TID), Mitsubishi Estate, Sekisui House
4 out of 10	Malaysian/Indonesian	Sunway MCL, Sinarmas Land

Source: MND, HDB, Business Times, Company, EdgeProp, OCBC Group Research

Singapore developers remain the market-moving buyers: While foreign developers remain active in GLS tenders, Singapore developers continue to drive market-clearing bids, winning 8 of the 10 tenders (including JVs with Japanese partners). By comparison, PRC/Chinese-linked and Malaysian/PRC-linked groups won one tender each.

Figure 54: Singaporean firms (incl JVs) win most of the sites

Bids won	Category	Tenders
8	Singaporean (incl JV with Japanese partners)	Woodlands Drive 17, Dairy Farm Walk, Tanjong Rhu Road, Lentor Central, Kallang Close, Dunearn Road, Holland Plain, Peck Hay Road
1	PRC/Chinese-linked	Dover Drive (Forsea/Qingjian/Jianan)
1	Malaysian + PRC	River Valley Green Parcel C (Sunway MCL / CSC Land)

Source: MND, HDB, Business Times, Company, EdgeProp, OCBC Group Research

Targeted EC measures to improve affordability and curb post-MOP flipping: The Ministry of National Development ("MND") is implementing three measures for the EC market, applicable to all EC sites with tender closing dates on or after 8 May 2026. First, the MOP and time taken to fully privatise will be extended by 5Y. Buyers of new ECs will have to fulfil a 10Y MOP before selling to Singapore Citizens and Permanent Residents, and 15Y before selling to any buyer, versus 5Y and 10Y previously. Second, the Deferred Payment Scheme ("DPS") will be sunset, with buyers required to make progressive payments under the Normal Payment Scheme instead of paying 20% upfront and the balance upon Temporary Occupation Permit. Third, the quota reserved for first-time buyers will be raised to 90% from 70%, while the priority period for first-timers will be extended to two years from one month.

Figure 55: New EC measures lengthen holding periods and prioritise first-time buyers

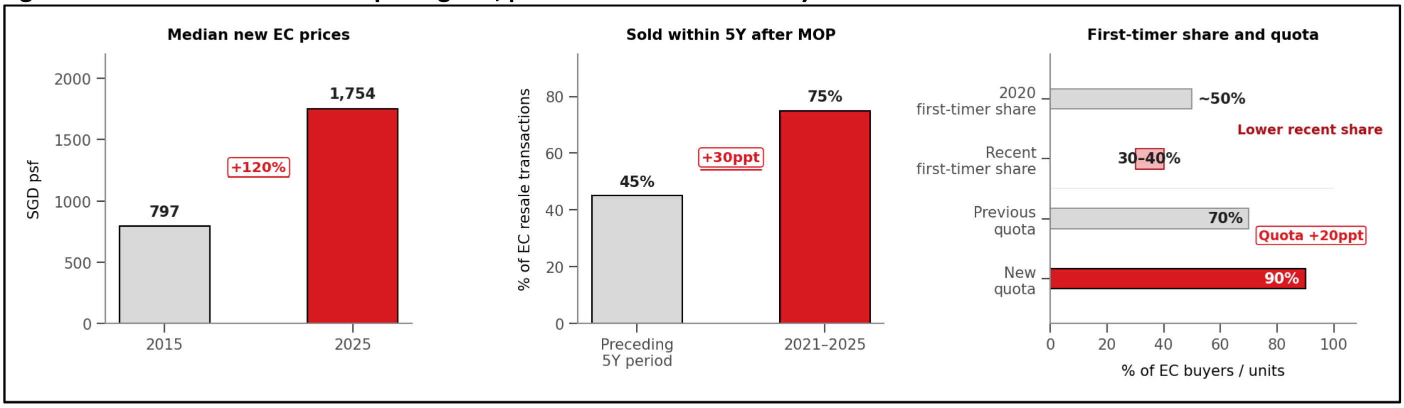
Measure	Previous	New	Likely impact
MOP before resale to SC/PR	5Y	10Y	Lower liquidity; reduces short-term flipping appeal
Full privatisation / sale to any buyer	10Y	15Y	Delays access to wider buyer pool
Deferred Payment Scheme	Available	Removed	Higher near-term cash-flow burden
First-timer quota	70%	90%	Less access for second-timer HDB upgraders at launch
First-timer priority period	1 month	2 years	Weaker front-loaded demand from second-timers

Source: MND, URA, OCBC Group Research

Measures appear aimed at preserving ECs for owner-occupation: While MND framed the measures as supporting first-time home buyers and improving affordability, we think the changes also seek to discourage short-term flipping and preserve ECs for genuine owner-occupation. ECs generally have similar design features and facilities as private condominiums, while being priced 20–30% lower than comparable private properties due to initial eligibility and ownership restrictions. However, this has also created meaningful capital appreciation potential as ECs approach privatisation. According to BT, citing PropNex data, median new EC prices surged 120% from SGD797 psf in 2015 to SGD1,754 psf in 2025. Separately, MND noted that among ECs transacted between 2021 and 2025, 75% were sold within 5Y after MOP, versus 45% in the preceding five-year period, indicating a marked increase in shorter holding periods post-MOP.

EC take-up rates may slow under the new framework: Aside from reducing the appeal of ECs for speculative or opportunistic buyers through a longer holding period and the removal of DPS, the new rules could also weaken front-loaded demand from second-timers. The EC market has historically been supported by HDB upgraders, with first-timers accounting for around 30–40% of EC buyers as reported by MND in 2026, down from around 50% in 2020. However, second-timers will face more limited access at launch as the first-timer quota is increased to 90% and the priority period is extended to two years. This creates a mismatch between the historical buyer mix and the new reserved allocation, suggesting that initial take-up rates for future EC launches may moderate. That said, we believe EC units should eventually sell out, as second-timers can participate after two years if units remain unsold.

Figure 56: EC measures address price gains, post-MOP resales and buyer-mix mismatch



Source: MND, Business Times, PropNex, OCBC Group Research

Legacy EC projects should benefit from demand diversion: EC projects not directly affected by the new rules should benefit on a relative basis. These legacy projects can still be sold under the previous framework, with a 5Y MOP, DPS availability where offered, and less restrictive access for second-timers. As such, second-timer HDB upgrader demand that is constrained under the new rules may be redirected towards these projects. This should support sales momentum for legacy EC launches, particularly if future EC projects record slower initial take-up due to the tighter first-timer quota and longer holding period.

Some displaced demand could spill over into OCR private condominiums: We think some displaced upgrader demand may shift into mass-market private condominiums, especially in the OCR where absolute price points are closer to ECs. However, the spillover is unlikely to be one-for-one given the still-meaningful price gap between ECs and private condominiums, tighter affordability constraints, and the absence of EC-style pricing benefits in the private market.

We see limited systemic impact: We do not expect the EC measures to significantly impact the broader private residential market. As of 1Q2026, EC units in the pipeline amounted to 4,428 units, representing 10.4% of total private residential and EC supply. In addition, the measures are targeted specifically at ECs, with no changes to broader cooling-measure levers such as ABSD, LTV limits or TDSR. For now, we view the measures as a targeted recalibration rather than the start of a broad-based cooling cycle. The key impact is likely to be slower EC launch take-up, stronger relative demand for legacy EC projects, and modest spillover into selected OCR private condominium launches.

Raising the consequences for recalcitrant developers: Separately, MND, URA and BCA implemented two new frameworks from 22 May 2026 to impose stronger consequences on developers with severe safety breaches or persistent major defects. Under the Land Sales Disqualification Framework ("LSDF"), housing developers that deliver projects with severe regulatory non-compliances affecting safety or demonstrate recalcitrant behaviour through consecutive projects with major defects, may be disqualified from participating in residential land sales for up to five years. Under the Sales Suspension Framework ("SSF"), errant developers may also be placed on a sales suspension list for up to five years, with no-sale licence conditions imposed on future unlaunched projects. Importantly, the restrictions can extend beyond the named developer entity to relevant parties, including directors, substantial shareholders and connected companies, which limits the ability to bypass sanctions through new SPVs or JVs.

From project-specific penalties to franchise-wide consequences: We think the key change is not merely the length of the penalty, but the breadth of the impact. Historically, enforcement tools such as no-sale licences were largely project-specific and did not necessarily prevent developers from acquiring new sites or participating through related entities. Under the new framework, the consequences can become franchise-wide: a disqualified developer or relevant party cannot participate in residential land sales either directly or through a JV during the disqualification period. This raises the cost of poor execution from a project-level disruption to a broader constraint on landbank replenishment, future sales and JV participation.

Figure 57: New developer-quality frameworks raise penalties from project-level to franchise-level

Framework	Trigger	Potential Penalty	Likely impact
Land Sales Disqualification Framework	Severe safety non-compliance or recalcitrant behaviour through consecutive projects with major defects	Disqualification from residential land sales for up to 5Y	Restricts landbank replenishment; more material for tender-dependent developers
Sales Suspension Framework	Severe safety breaches and/or major defects	Sales suspension / no-sale licence conditions on future unlaunched projects for up to 5Y	Delays launch cashflows; may compound ABSD and carry-cost pressure
Relevant-party extension	Directors, substantial shareholders and connected companies linked to errant developer	Restrictions may apply across related entities and JVs	Raises governance and JV-contagion risk

Source: MND, URA, BCA, OCBC Group Research

Framework appears targeted at severe and persistent cases, not broad industry tightening: We do not view this as a broad-based regulatory tightening against the developer sector. The framework is targeted at severe safety non-compliances — such as wall collapses, serious fire hazards or flooding that results in major damage or accidents, and/or recalcitrant behaviour involving consecutive projects with major defects. We think Construction Quality Assessment System ("CONQUAS") banding is relevant, but poorer CONQUAS scores should not automatically translate into disqualification or sales suspension. Authorities will consider case-specific factors, including the number and severity of defects relative to project scale, the time taken to rectify issues, whether safety or liveability was affected, and any aggravating or mitigating circumstances. The developer and relevant parties will also have the opportunity to make representations and carry out rectifications before final sanctions are imposed.

Tail risk is mostly outside our covered universe, but relevant for JVs and market discipline: The direct credit impact is likely to be concentrated among smaller, thinly capitalised, tender-dependent or new-entrant developers, rather than the larger listed developers under our coverage. A sales suspension or land-sales disqualification could impair landbank replenishment, launch timing and refinancing flexibility. This is particularly relevant because a five-year sanction overlaps with Singapore's ABSD remission cycle, where developers generally face a deadline to complete and sell residential projects to avoid significant ABSD clawback. While this risk is less directly applicable to our covered names, it matters for JV due diligence and broader market discipline, as flagged counterparties could affect consortium eligibility and bidding appetite.

Low probability, manageable impact for larger issuers for now: For established SGX-listed developers and developers under our coverage with diversified pipelines, stronger quality track records and institutionalised project management processes, we think the probability of a multi-year LSDF or SSF penalty remains low. That said, the framework is not limited to lower-band developers. A severe safety incident at a Band 1 developer could still be reviewed, especially if followed by repeated incidents or slow rectification. For larger listed developers with diversified landbanks and stronger balance sheets, the impact is more likely to be indirect and manageable for now. Even so, we think it will be important to monitor developers' CONQUAS track records, exposure to JVs with weaker counterparties, concentration of landbank ownership through SPVs, and ABSD deadline schedules.

CONQUAS banding could become more relevant for credit: For bond investors, CONQUAS banding could become a more relevant screening tool under the new developer-quality frameworks, even though it is not an automatic trigger for land-sales disqualification or sales suspension. Most selected property entities linked to bond issuers are in Band 1 or Band 2, suggesting limited immediate read-through for larger issuers under our coverage. However, lower-band names may face greater buyer scrutiny, JV due-diligence friction and monitoring focus, particularly if quality track record becomes a more important consideration in land bidding, partner selection and homebuyer perception. Any disqualification or sales suspension under the LSDF / SSF will depend on case-specific factors, including the severity of safety breaches or major defects, rectification behaviour and regulatory assessment.

Figure 58: Selected property entities linked to bond issuers by CONQUAS band

CONQUAS band	Selected property entities linked to bond issuers
Band 1	Allgreen Properties Ltd; City Developments Ltd; Frasers Property Limited; Heeton Holdings Ltd; Keppel Land Ltd; Mapletree Investments Pte Ltd; MCL Land Ltd; Sekisui House Ltd; Swire Properties Pte Ltd; UOL Group Ltd; Wing Tai Holdings Ltd
Band 2	CapitaLand Ltd; CK Asset Holdings Ltd; GuocoLand Ltd; Sunway Property Pte Ltd; Wee Hur Holdings Ltd; Yanlord Land Ltd
Band 3	Coli Singapore; Far East Consortium International Limited; Logan Property Singapore Co Pte Ltd; Nanshan Group Singapore Pte Ltd; Perennial Holdings Pte Ltd; Tuan Sing Holdings Limited
Band 4	Koh Brothers Development Pte Ltd; Roxy Pacific Holdings Ltd

Source: BCA (as of 26 May 2026), OCBC Group Research

Mildly supportive for established incumbents: We think the framework may slightly reinforce the competitive position of established developers with clean quality records. This is relevant as many recurring 2026 GLS participants are already in the stronger CONQUAS bands, while some newer or foreign-linked participants remain under assessment or are not clearly matched to banded entities. Stricter quality enforcement and the possibility of JV-partner contagion could raise the diligence burden for consortium bids, particularly where foreign or newer co-developers are involved. This may narrow the effective bidder pool at the margin and favour developers with stronger track records, deeper compliance resources and better access to capital.

Figure 59: GLS participants are mostly in stronger CONQUAS bands, though entity-level diligence remains important

CONQUAS band	2026 GLS participants & JVs	Comments
Band 1	CDL, Frasers Property, UOL, Wing Tai, Qingjian Realty, MCL Land, Sekisui House	Stronger quality track record; likely lower buyer and JV-partner scrutiny. Stronger competitive moat.
Band 2	GuocoLand, Hong Leong Holdings / Hong Realty, Hoi Hup, Singapore Land Group, TID, CSC Land, Sunway Property	Generally solid track record: frameworks should be manageable, but execution and rectification record remain relevant.
Band 3	COLI Singapore, Kingsford Development	Likely higher diligence burden versus Band 1–2 peers; not automatic penalty risk, but buyer/JV scrutiny may increase.
Band 4–6	Limited / no major 2026 GLS participants	Potentially higher buyer and partner scrutiny; may face greater friction if quality record becomes more important.
Not banded / under assessment	Sim Lian Group, Sinarmas Land, Forsea Residence, Jia Sheng / Jianan-related	Public track record is less clear

Source: BCA (as of 26 May 2026), OCBC Group Research

Limited near-term impact, but policy sensitivity continues to rise: As of the framework's introduction, there are currently no developers or individuals disqualified or suspended under the new frameworks. As such, near-term direct impact on listed developer credits should be limited. However, this policy shift is not isolated. Singapore's property policy framework continues to move from broad market cooling tools toward more targeted controls — first through EC buyer-allocation and holding-period changes, and now through stronger developer-quality enforcement.

Reiterate expectations for prices to increase by 1% to 3% in 2026: We maintain our expectation for private residential prices to increase by 1% to 3% in 2026. Demand remains intact, supported by resident population growth, home-upgrading aspirations, resilient household balance sheets and lower mortgage rates, while manageable inventory levels should continue to support pricing. However, the 2Q2026 flash estimates reinforce that price momentum is becoming more measured and uneven across segments. Upside should be capped by elevated GLS supply, a gradually rebuilding unsold pipeline, slower HDB resale price growth and more targeted policy tightening, including the new EC measures and developer-quality enforcement frameworks. Overall, we expect Singapore private home prices to remain on an upward trajectory, but with more measured gains versus prior years.

HKSAR Retail – Divergent trends with prime retail assets outperforming in 1H2026 and likely beyond

HKSAR retail sales in 4M2026 rose 11.3% y/y to HKD137.7bn (2025: +1.0%), marking the twelfth consecutive month of expansion. Retail sales were primarily lifted by positive wealth effect (higher home and stock prices), rising inbound visitors and lower HIBORs.

4M2026 inbound visitors rose 15.2% y/y to 18.5mn, outpacing the growth rate of outbound visitors (+9.7% y/y to 41.4mn). That said, northbound visit remains a major concern for retailers in HKSAR (particularly local and neighbourhood retail). Savills indicated that outbound spending reached ~HKD50bn in 2025, equivalent to ~9% of total retail sales.

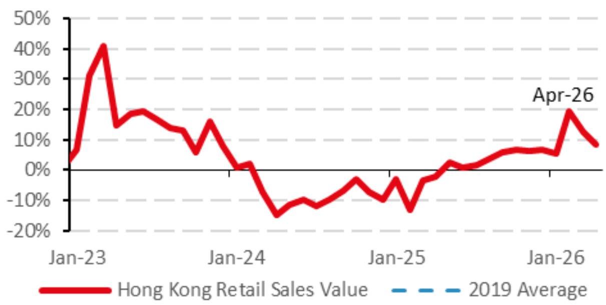
4M2026 retail rental fell -0.3% YTD to 153.9, moderating meaningfully from -3.9% in 2025 (2024: -7.0%). Meanwhile, overall vacancy rate weakened 0.2ppts to 5.7% as of 31 March 2026. The modest weaknesses were **primarily dragged by local malls and neighbourhood retail centres**, which continue to face weak spending, northbound consumption, shifting visitor behaviour and rising online spending. Negative rental reversions persist for these less prime assets.

In contrast, prime retail assets, which are typically held by major REITs and developers, are benefiting from rising visitor arrivals and local consumption. Per CBRE, Causeway Bay and Central retail recorded zero vacancies in 1Q2026. These prime assets are seeing stronger improvements in footfalls and rents. Besides, a gradual recovery in home prices which started from the low in March-2025 (+18% to date) is also supporting higher local consumption of high-value discretionary goods, such as jewellery, luxury products, electronics and consumer durables.

For the remainder of 2026, market polarization is expected to become even more pronounced. The clear winners are anticipated to be the prime retail assets in key urban districts, where stronger brand demand, growth in the financial sector, and the ongoing arrival of Mainland consumer brands are driving leasing momentum.

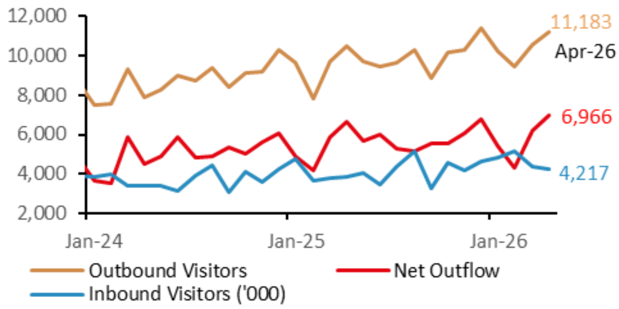
CBRE expects high-street shop rents in core districts to rise 5% to 7% (prime shopping centres: 3% to 5%) in 2026, with locations in Central, Causeway Bay, and Tsim Sha Tsui projected to lead the market. However, suburban retail is likely to lag behind, with **rents in weaker local malls and non-destination schemes potentially declining by up to 5%.**

Figure 60: Retail Sales Growth Y/Y (%)



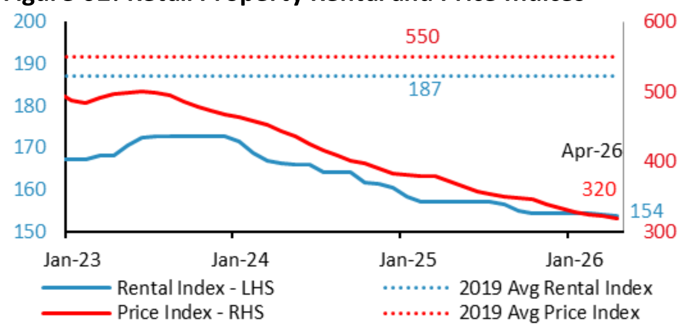
Source: Census and Statistics Department HK, OCBC Group Research

Figure 61: HKSAR Monthly Inbound & Outbound Visitors('00(



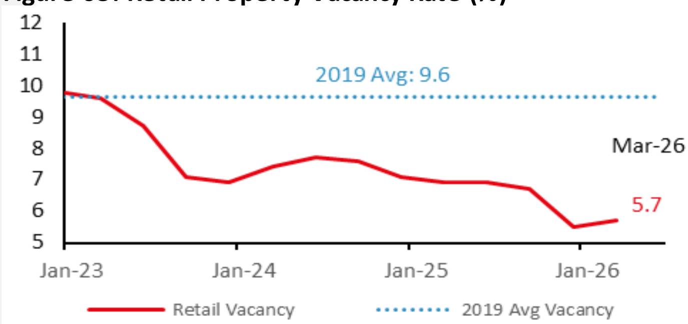
Source: HK Tourism Board, OCBC Group Research

Figure 62: Retail Property Rental and Price Indices



Source: HK Rating and Valuation Department, OCBC Group Research

Figure 63: Retail Property Vacancy Rate (%)



Source: Colliers, OCBC Group Research

HKSAR Office – Prime districts lead the recovery, but high supply still constrains the broader market

As of 31 March 2026, Overall vacancy improved marginally by 0.4ppts q/q to 17.1% while vacancy in Central strengthened more meaningfully by 0.9ppts q/q to 11.4%, reflecting pronounced market polarisation, as growth in CBD prime assets offset continued downward pressure in decentralised submarkets.

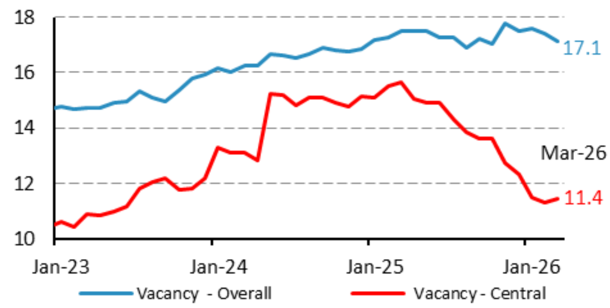
Overall office market conditions are stabilizing with rental index finding the bottom and stabilising at 208 as of 30 April 2026. Per Colliers, rental in Central / Admiralty rose 3.5% q/q in 1Q2026, while non-core districts continued to soften. That said, as of 30 April 2026, overall office rents and value have fallen 24% and 54% respectively from the peak in 2018 – 2019.

In 1Q2026, the office market is underpinned by a rebound in Grade-A office demand amidst renewed capital markets activity, robust IPO pipelines and flight to quality. These have driven up rentals in prime areas. Per Colliers, leasing momentum remained firm in 1Q2026, with net take-up of 651k sqf, marking a fourth consecutive quarter of positive absorption. Central / Admiralty continued to lead the market, recording +253k sqf of net take-up.

High supply of Grade A office continues to constrain broader turnaround. There will be a substantial completion of 1.4mn sqf in 2026, which mostly are uncommitted. These supplies could pressure decentralised vacancy and rents. Per Cushman and Wakefield ("C&W"), the supply is expected to remain relatively high with an annual supply of 0.8mn sqf per annum, though meaningfully better than the 1.8mn sqf annual supply seen in 2021 – 2025.

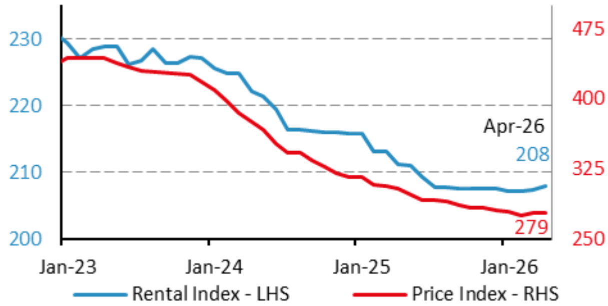
The divergent trends are likely to continue in 2H2026. Per CBRE, CBD prime assets are expected to lead the recovery, supported by concentrated demand, with Central / Admiralty rents projected to rise by around 5% in 2026. By contrast, decentralised secondary stock is likely to remain under further rental pressure. Similarly, C&W forecast overall office rent to grow by 1% to 3% in 2026, driven primarily by Greater Central (+6% to +8%) with more pronounced rental divergence between prime offices and other decentralized areas. Potential inflows into HKSAR's capital markets and wealth management sectors could support prime CBD demand, although broader geopolitical uncertainty may also weigh on corporate expansion plans

Figure 64: Grade A Office Vacancy Rate (%)



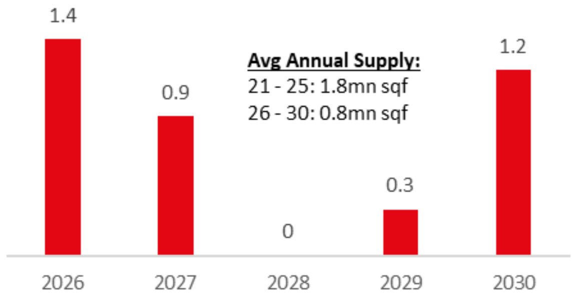
Source: Colliers, OCBC Group Research

Figure 65: Grade A Office Rental and Price Indices



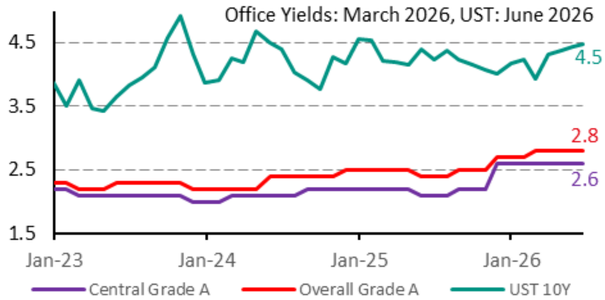
Source: HK Rating and Valuation Department, OCBC Group Research

Figure 66: Supply – Net Lettable Area (mn' sqf)



Source: Cushman & Wakefield, OCBC Group Research

Figure 67: Office Rental Yields vs US Treasury 10Y



Source: Colliers, OCBC Group Research

HKSAR Residential Property – Strong rebound in 1H2026 and potentially modest gain in 2H2026

As of 21 June 2026, home prices rose 11.0% YTD or 18.6% in comparison to the low in March 2025. The latest home prices were still 16.4% below the peak in August 2021, though recovering substantially from the 30% peak-to-trough correction evidenced in March 2025.

The rebound in home prices were supported by (1) better buyer confidence, (2) lower mortgage rates, (3) a higher stamp duty concession threshold, (4) an expanded pool of potential homebuyers from mainland talent scheme and (5) higher rents.

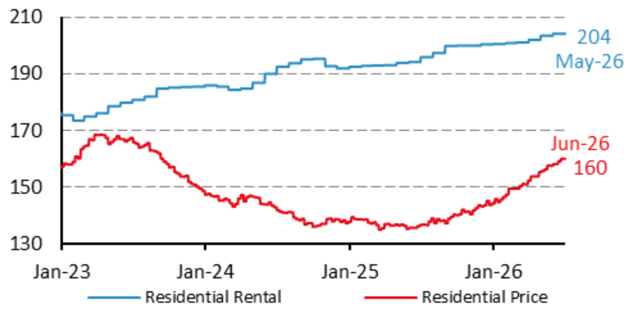
As of 31 May 2026, the rental market remained robust with rental index reaching the historic high of 204.1 (+1.8% YTD). The rental market continues to be underpinned primarily by talent and student inflows. Besides, the high rental and moderate interest rates also increase the investment demands amidst positive rental carry as the rental yield of 3.5% is still higher than the mortgage rate of ~3.2% although net carry would be lower after operating and transaction costs.

Developers in major districts have adopted a more aggressive pricing approach per JLL this year as new project launches have been well received by end users and investors. For instance, The Blue Coast development project (jointly developed by CK Asset Holdings and MTR Corp Limited) prices have increased 19% to 36% compared to the initial launch pricing in 2024. Overall, across these key areas, the average prices of new developments have rebounded by ~15% from the post-2021 lows.

Housing market is also expected to be supported by lower completion in 2026. Per Housing Bureau HKSAR, there will be 17.0k units housing completion in 2026, lower than 10-year average of 17.4k and the peak of 24.3k in 2024. That said, **the supply is still likely to remain relatively high in 2027 – 2029** given that there are 101k units may be available in the next 3 to 4 years (including 20k unsold units in completed projects and 19k units that may start construction anytime) as of 31 March 2026.

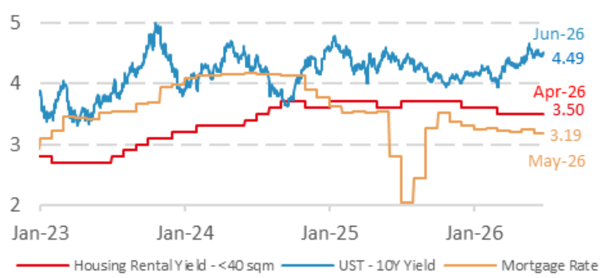
OCBC's HKSAR economist expects home prices in 2026 to rise by 8.5% y/y (31 May 2026:+ 7.4% YTD per official data from HK Rating and Valuation) and a milder 3.5% (31 May 2026:+ 1.8% YTD) y/y rise in rental index, supported by improved affordability, positive carry, supportive policy mix, and steady demographic tailwinds. While we expect to see a broad and durable upcycle in housing market, the magnitude of price increase in 2026 however will hinge on the interest-rate trajectory and dynamics of market sentiment. We expect to see limited downside for one-month HIBOR this year. Hence, mortgage rate should be capped at P-1.75% level for most of the year

Figure 68: Residential Rental and Price Index



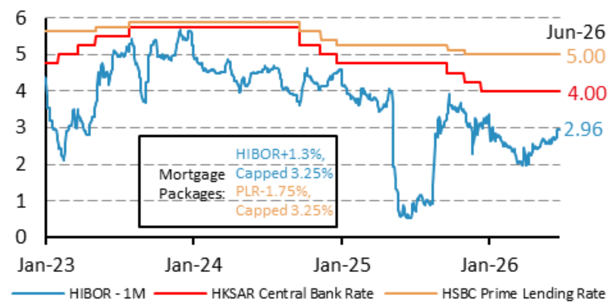
Source: Centaline Property Agency, HK Rating and Valuation, OCBC

Figure 69: Rental Yield vs US Treasury 10Y



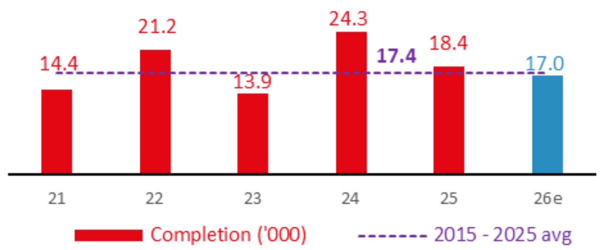
Source: HK Rating and Valuation, OCBC Group Research

Figure 70: HKSAR Rates (%)



Source: Bloomberg, OCBC Group Research

Figure 71: Private Housing Completion ('000)



Source: Housing Bureau HKSAR, OCBC Group Research

Developed Market Banks: Appeal in yield

Carry remains in play… Despite bouts of volatility this year, credit beta has remained resilient across high yield – particularly within BB-rated credits and the AT1 segment. However, at current valuations, a further leg of spread compression is increasingly hard to justify. Heading into 2H2026, the combination of unresolved geopolitical risks and a potentially more volatile rates backdrop under the leadership of Chair Warsh are headwinds for valuations.

In this environment, we advocate greater selectivity while retaining flexibility to add risk during periods of volatility. With bank fundamentals still stable and defensible, we remain comfortable moving down the capital structure to capture yield, where AT1 continues to offer a more compelling risk-return profile than Subordinated T2 and Senior instruments.

Figure 72: Continued low rates volatility a key ingredient for performance of AT1 and HY (G91)

Source: Bloomberg

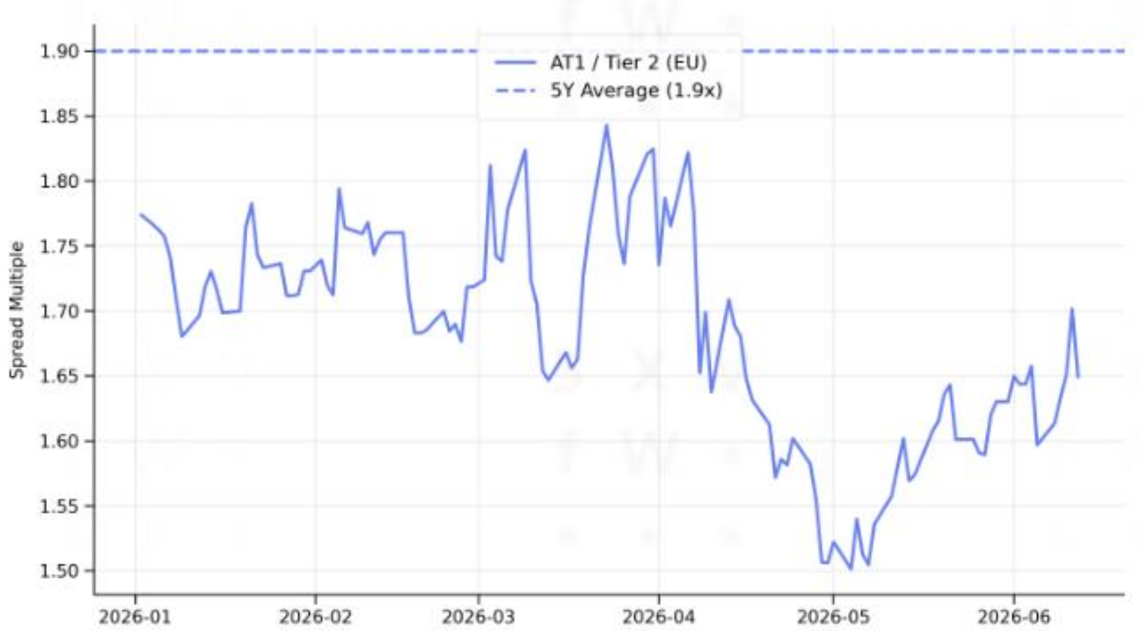
Well-absorbed supply keeps technicals firm: Tight spreads have reduced AT1 non-call risk, as the steady compression over the years had lowered funding costs and improved refinancing economics, leading to a steady tightening in back-end spreads. At the same time, issuance has been largely front-loaded, leaving 2H2026 supply more manageable. Continued demand for yield has allowed new supply to be well-absorbed, keeping technicals supportive.

Extension risks largely contained, with Canadian banks the main focus: Aside from Bank of Nova Scotia ("BNS"), Royal Bank of Canada ("RY") and Toronto-Dominion ("TD") have no USD AT1 calls this year, despite outstanding CAD AT1s. BNS appears well-positioned to manage upcoming calls, supported by strong capital and access to relatively efficient funding. The CAD1.25bn LRCN (Jun'26) is the most likely to be called, while regulatory requirements make calling the USD FRN Perps unlikely. The USD600mn LRCN (call Oct'26) presents a more balanced decision—economically feasible to refinance but constrained by FX losses and capital structure considerations. Overall, call decisions will remain a function of funding costs, regulatory requirements and capital structure optimisation rather than outright market access.

AT1 remains the sweet spot in Banks: The current USD AT1/T2 spread multiple, at ~1.65x remains meaningfully below its 5Y average of ~1.9x (Figure 14.2 below, which capture broader regional trends). This reflects a persistent compression in AT1 risk premia relative to T2 over recent years, driven by strong demand dynamics, strong issuer fundamentals and a structurally supportive technical backdrop. Despite this compression, we remain constructive on AT1s from a total return perspective. At current valuations, further spread tightening is likely to be limited; however, carry remains the dominant driver, supported by elevated absolute levels. As such, we expect returns to be largely carry-driven, with higher underlying yields offsetting any modest widening in spreads.

In the SGD banks universe, spread multiples remain more generous, currently averaging ~2x - particularly for issuance from non-Singapore banks. While overall dispersions in SGD credit remains tight, this universe presents pockets of value, with selective opportunities available for investors seeking incremental yield within a still well-supported technical environment.

Figure 73: YTD USD AT1/T2 Spread multiples for European banks



Source: CreditSights, ICE Data Indices

What to do with spreads so compressed: The table below outlines our preferred positioning across the AT1 universe, highlighting key relative value opportunities alongside areas that appear more fully valued. In the current environment of compressed spreads and limited dispersion, selection is increasingly important, with focus shifting toward higher-quality names and instruments offering more compelling carry or structure-specific advantages. We highlight bonds that screen attractive on a risk-adjusted basis, while also flagging those that appear rich relative to peers, providing a framework for navigating the AT1 market on a more selective basis.

Figure 74: Summary views and recommendations

Region	Key catalysts/considerations	Preferred picks
US GSIBs	• Deregulatory agenda adds to lending capacity and higher-for-longer rates supportive of NII • Strong earnings prospects from AI capex tailwind supports thicker capital build • Strong pass of 2026 stress tests affirm solid credit quality	**Prefer Subdebt over Long-dated Seniors; prefer Money Center banks to IB model** • BAC 3.846 37c32 (5.27% YTC A3/BBB+), C 5.411 39c34 (5.52 YTC; Baa2/BBB)
Canada	• OSFI capital relief frees up CAD74bn of excess capital • Elevated risks (domestic recession, ME spillovers, US tariffs/trade uncertainty), but banks have well above-target CET1, strong profitability and earnings visibility, and some buffer from geographic diversification	**Overall compelling valuations compared to core EU** • **SGD AT1:** TD 5.7 Perp c27 - attractive for IG ratings, high likelihood of call • **Near-call AT1s**: BNS 3 5/8 c26; coupon steps-up (~6.8%) if non-call • **FRNs:** BNS Float Perp (AT1) benefit from higher-for-longer rates environment • **AT1s along 30s:** BNS 7.35, RY 6 3/4, TD 6.35 • **T2s**: BNS 4.588 37/32
UK	• Structural hedge income provides NII visibility, capital ratios are robust and asset quality remains benign • Political uncertainty and UK macro fragility with LLOYDS (domestically focused) most exposed • Barclays has strong earnings prospects from IB unit; HSBC/STANLN structurally shifting towards fee-based income	• **BACR**: Prefer AUD (BACR 8 Perp c32) and SGD (BACR 5.4 Perp c30 & 7.3 Perp c28) over USD AT1s • **STANLN**: Near calls (STANLN USD 4.3 Perp c28; reset margin of 313bps vs recent issuance of 267bps) & recent USD 7% Perp c35 and SGD 5.3% Perp c29 • **HSBC:** SGD 5 1/4 Perp c29, USD 7.05 Perp c30
EU/Switzerland	• Rate hikes supportive for NII, but geopolitical and political risks may keep sentiment tentative • Switzerland/UBS: AT1 trades wider than other banks on lingering uncertainty around supply dynamics, but long phase-in period and strong fundamentals compensate for higher spreads	• **France:** BNP and SOCGEN SGD AT1 (SOCGEN 6 3/4 Perp c28) and T2 (ACAFP 4.85 33c28) • **Germany:** SGD T2 (CMZB 5.7 33/28) • **UBS:** SGD AT1s (5 3/4 Perp c29 & 5.6% Perp c29) & USD 4 3/8 Perp c31 (6.7% YTC) USD 7 Perp c30 (YTC 6.58%)

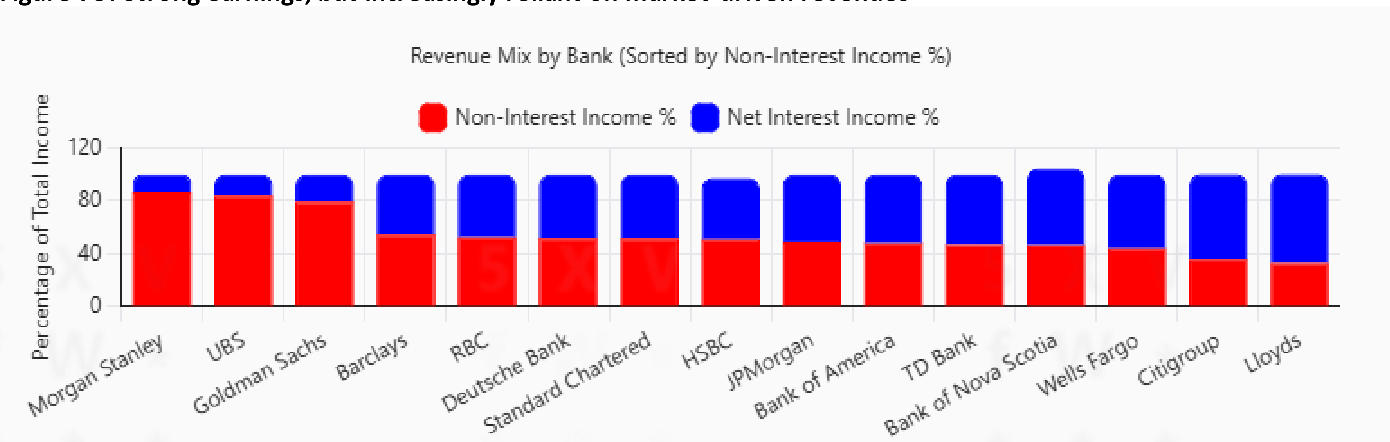
Source: OCBC

Emerging fault lines: The global banking sector enters the second half of 2026 in one of its strongest fundamental positions in years. Credit conditions appear benign, balance sheets are resilient, capital levels are robust and profitability remains elevated. The focus has shifted from banks' ability to absorb stress to identifying the next fault lines and how stress could transmit through the system.

Rates trajectory remains in focus: The defining macro development in 2026 has been the reversal of the disinflation narrative, driven by the Iran-related energy shock in late February. This has pushed inflation higher across the US, Canada and Europe/UK, forcing central banks to reprice policy paths. The ECB has already delivered a rate hike, signalling it is still focused on inflation. The Fed and the BoE remain on hold but with a clear tightening bias, while the Bank of Canada is taking a more neutral stance given softer domestic growth.

Earnings resilience and drivers: Revenue remains supported by both net interest income ("NII") and fee-based businesses. Higher-for-longer rates continue to underpin NII, although the trajectory is diverging by region. In the US, resilient loan growth and growing deposits act as core NII engines. In contrast, UK banks continue to benefit from structural hedges, while Europe is seeing incremental support from recent ECB tightening. Canada remains more constrained by weaker loan demand. Beyond NII, non-interest income ("non-II") is benefitting from elevated volatility, supporting trading revenues, while a recovery in M&A activity is feeding through into investment banking fees, particularly for banks with scale and larger franchise. In Singapore, earnings momentum remains supported by resilient NII trends. United Overseas Bank Ltd expects any moderation in in net interest margin during 2026 will be offset by low single- digit loan growth and stronger fee growth. Meanwhile, DBS Group Holdings Ltd has removed its earlier guidance for lower group NII, noting that potential NII headwinds are largely mitigated by stronger-than-expected growth in its commercial banking franchise and non-II following a strong start to the year. The result is a healthy earnings environment, with pre-provision profits providing a significant cushion for credit. That said, the shift brings its own risk as earnings are more exposed to market activity and financial conditions.

Figure 75: Strong earnings, but increasingly reliant on market-driven revenues

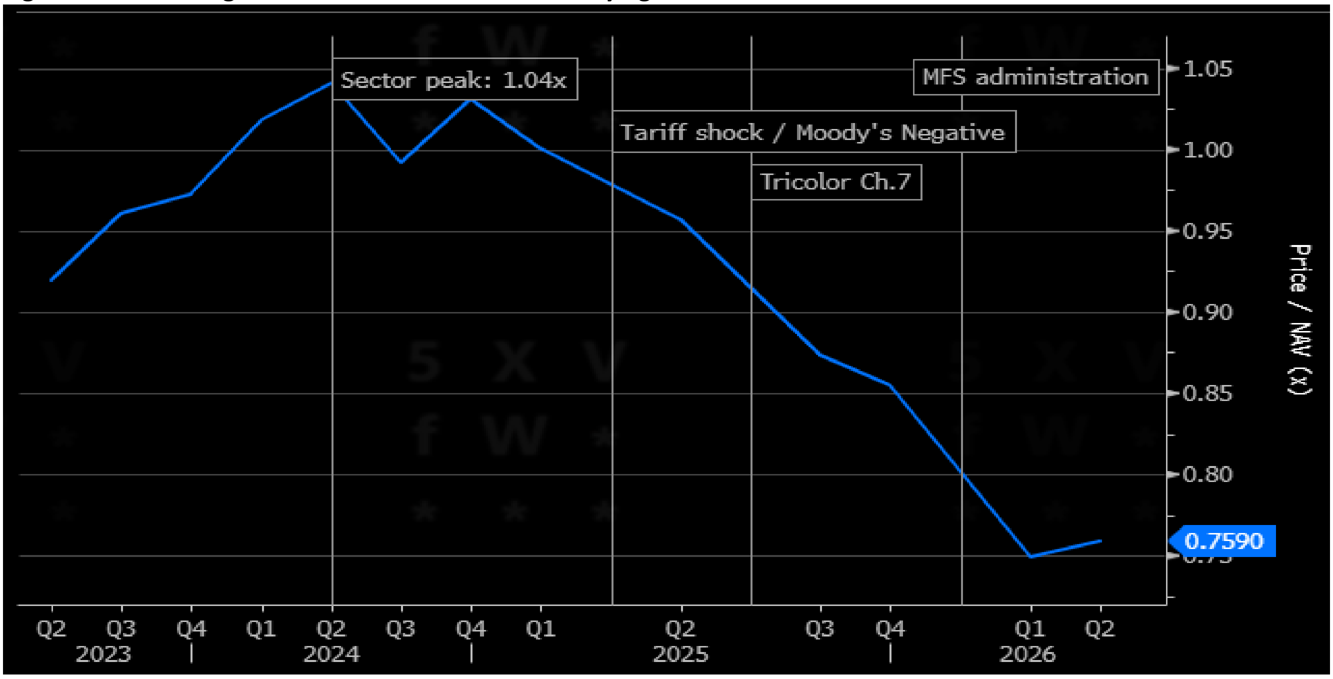


Source: Company data

Asset quality is stable …: Turning to asset quality, the current environment remains benign. Consumer credit metrics in the US have stabilized, with delinquency and charge-off rates either flat or improving on a year-on-year basis. Similar trends are evident in the UK and Canada, where household balance sheets have not deteriorated materially, although continuing to be under pressure from higher rates. In Europe, non-performing loan formation remains low by historical standards. Importantly, the areas that dominated credit concerns in 2024 and 2025, particularly commercial real estate office exposure, are showing signs of stabilization rather than further deterioration. In Australia, credit impairment charges rose in the most recent round of reporting although are coming from a low base, with the rise in charges driven more by cautious economic assumptions rather than pronounced asset quality deterioration. This has been the most notable development in 2026, the build-up of management overlays in provisioning. Banks are increasing reserves not in response to rising defaults, but as a precaution against macro uncertainty and geopolitical risks. The energy shock and its potential second-round effects on inflation and growth have led institutions to adopt more conservative assumptions.

… but risks are migrating outside traditional balance sheets: The primary concern is no longer in core lending books, but exposures to private credit and other non-depository financial institutions. Banks now having meaningful exposure to these areas, and while realised losses remain limited, early signs of strain are emerging on the liquidity side, with continued outflows alongside slowing inflows. As highlighted in Figure 14.5, this deterioration in sentiment and valuation across the sector underscores r ising investor caution. In our view, the risk for banks is primarily indirect – stress within private credit markets could tighten broader financing conditions, particularly among the more marginal borrowers and transmit through the leveraged loan market.

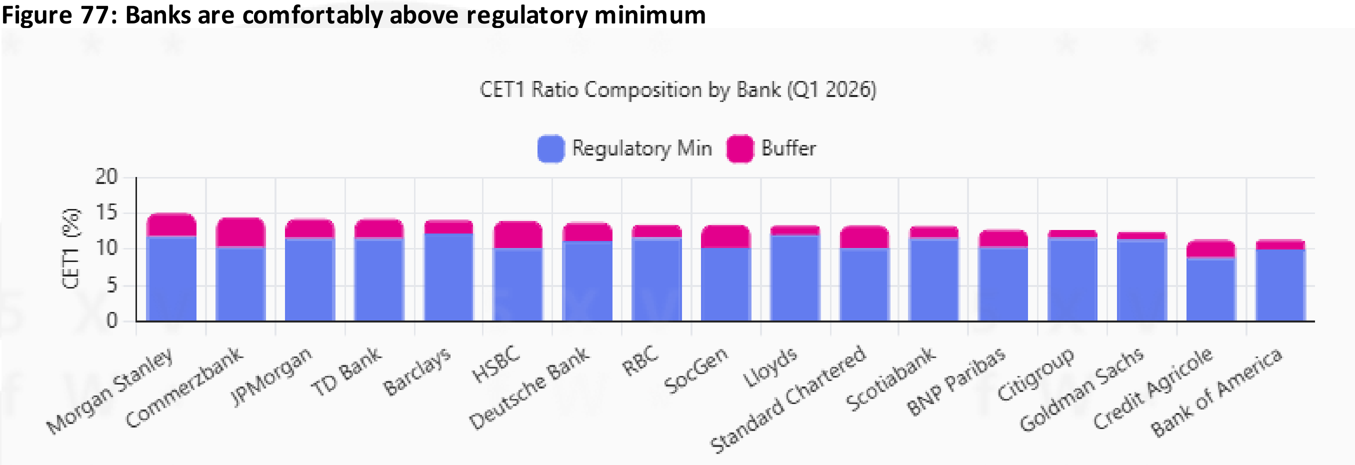
Figure 76: De-rating in the BDC sector shows underlying credit concerns



Source: Bloomberg

Capital remains strong but direction matters: Capital levels remain a key strength across the system, but trends in capital distribution are increasingly relevant. In the US, the freeze on stress capital buffers has enabled higher shareholder distributions, a trend now mirrored in Canada following the stability buffer cut. While supportive for equity, this gradually erodes capital c ushions and is modestly negative from a credit perspective – albeit from a position of still-elevated starting levels and excess capital. In contrast, European banks remain more conservative, continuing to build capital and maintain comfortable buffers, with Commerzbank AG standing out on the stronger end. UBS is the key outlier — despite its high reported CET1, pending Swiss regulatory changes that could push requirements materially higher. The parliamentary summer debate is the key catalyst.

Figure 77: Banks are comfortably above regulatory minimum



Source: Company data

Political developments worth watching: The most immediate risk is the proposed tightening of Switzerland's "too-big-to-fail" regime, which directly affects UBS. French political risk is worth monitoring, with the presidential election expected in April 2027. This is likely to introduce volatility in OAT spreads and potentially spill over into the AT1 market for French issuers. In the UK, the leadership transition adds a degree of uncertainty around policy continuity, which remains relevant for domestically focused banks.

Asian Life Insurers– Structural Growth, Cyclical Strains

Executive Summary

Asian (referring to HK, mainland China and Southeast Asia) life insurers remain among the strongest structural growth stories in global insurance, supported by sizeable retirement and protection gaps, ageing populations, rising household wealth, and supportive government policies. The region's premium growth outperformance in 2025 reinforces its long-term appeal, with leading insurers such as AIA and PRUFIN well positioned to benefit from sustained demand across life, health, and retirement products.

That said, growth quality is becoming increasingly important. Elevated medical claims inflation, rising loss ratios, and ageing-related claims pressures are likely to weigh on underwriting profitability, particularly for insurers with weaker pricing discipline or higher exposure to health and savings products. At the same time, tight credit spreads and lower reinvestment yields could pressure investment returns, while any future spread widening may introduce mark-to-market volatility under IFRS accounting frameworks.

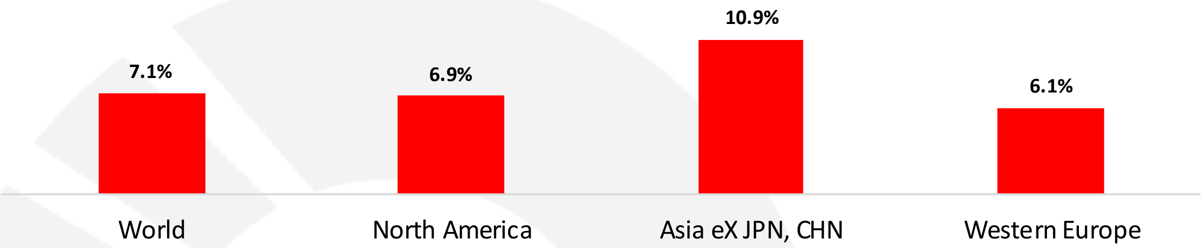
We view private credit exposure as manageable for Asian insurers at this stage, given low portfolio allocations and a preference for senior secured lending. China-related capital flow tightening may create administrative friction for mainland Chinese visitor business in HKSAR, but absent an outright restriction on insurance purchases, the credit impact should remain contained.

Overall, the sector's long-term fundamentals remain favourable, but the near-term outlook is more mixed. We prefer insurers with diversified Asian franchises, strong capital buffers, disciplined product mix, conservative investment portfolios, and meaningful protection-oriented growth, as these players are better positioned to convert Asia's structural demand tailwinds into resilient earnings and credit strength.

Growth Overview

Asia has led the pack as the growth engine of global life insurance, and 2025 delivered the strongest premium expansion in years. According to a study done by Allianz, wider Asia life premiums grew +9.9% in 2025, with China expanding +7.3%, slightly above the global +6.9%. Asia life premium growth trend is also in line with the growth trend evidenced in AIA Group Limited's ("AIA") average annualised new premium growth rate of 14.8% in 2021 – 2025.

Figure 78: Gross written premium % y/y growth in 2025



Source: Allianz

The growth in Asia life gross written premium ("GWP") reinforces the sector's structural growth appeal, but the quality of growth matters. Premiums have rebounded from the 2022 contraction and are expected to continue expanding into 2026, supported by retirement savings demand, health protection needs, and rising household wealth. However, insurers that rely heavily on savings products remain exposed to lower reinvestment yields, while protection-heavy insurers are better positioned to convert premium growth into higher-quality earnings. Overall, while Asian life insurers are structurally supported by tailwinds, the sector's near-term outlook is more mixed with elevated claims inflation and compressed reinvestment yields.

Tailwinds of Asia Insurance

Retirement and protection gaps remain significant across Asia: Underfunded public pension systems, rising life expectancy, and a regional retirement savings gap of more than USD74tn are increasingly shifting retirement planning toward private life insurers. At the same time, Asia's health protection gap of ~USD258bn continues to expand as ageing populations drive demand for healthcare that public systems are struggling to meet.

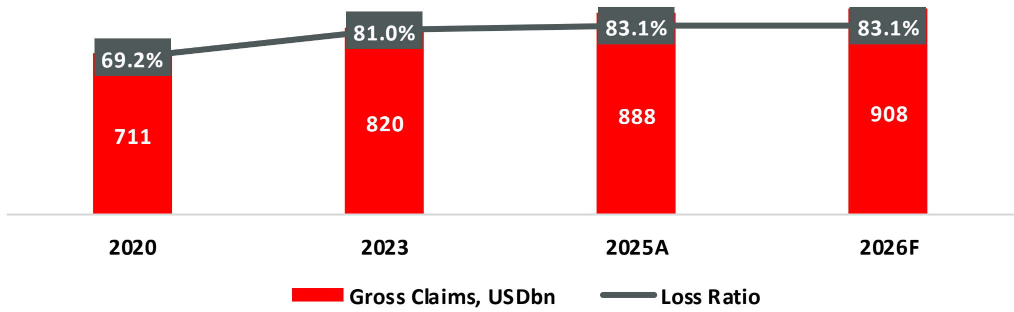
Government policies are supportive of long-term insurance demand: Across major Asian markets, policymakers are increasingly encouraging private-sector participation in retirement and healthcare funding through measures such as tax incentives, retirement schemes, and favourable withdrawal structures, creating a structural tailwind for life and health insurers.

Rising household wealth and financial literacy support sustained growth: As incomes, savings, and financial sophistication increase, a growing share of household assets is naturally allocated to insurance and retirement products. Asia's household wealth per capita has risen from USD9,575 in 2000 to USD60,839 in 2025 and is projected to exceed USD130,000 by 2040, providing a large and expanding pool of long-term savings for the insurance sector.

Headwinds from Claims Inflation

According to Statista, aggregate Asia life loss ratio (representing the portion of premium income that is paid out to cover claims) rose from 69.2% in 2020 to 83.1% in 2025, with claim payments growing 24.9% from USD711bn to USD888bn while premiums grew only 5.8% over the same period. The forward projection sees the loss ratio remaining above 83% through 2031, driven by medical claim inflation in Asia, and exacerbated by an ageing population where SwissRe forecasts that the region's population of those aged 65 and above may almost double by 2050.

Figure 79: Gross Claims USD'bn and Annual Loss Ratios (Asia Life Insurance)

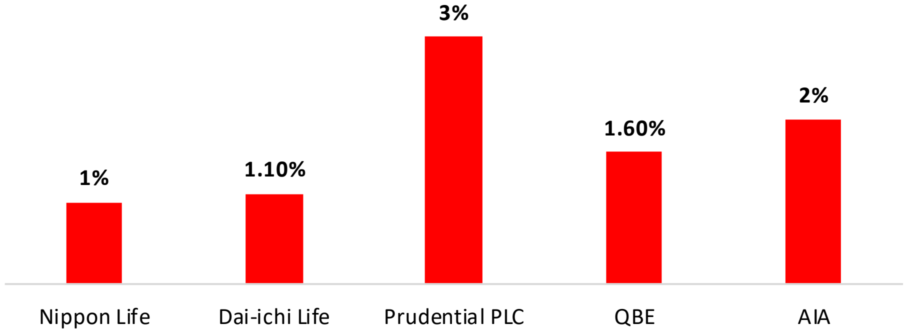


Source: Statista

Low Exposure of Asian Insurers to Private Credit

Per S&P Global Ratings, insurers have become one of the most important sources of capital for private credit, growing much faster than private equity or real assets for many alternative managers in recent years. Meanwhile, Asian insurers have also turned to private credit as an alternative asset class for better yields (e.g. additional yield premium from illiquidity and complexity) and diversification (e.g. less reliant on public markets). Private credit exposure does not appear to be a first-order systemic risk for Asian insurers today as allocations remain low single-digit as a share of investment portfolios, and disclosed exposures appear concentrated in conservative senior secured lending rather than distressed or highly levered strategies. Broadly, for insurers which disclose such allocations in private credit, there is a preference for conservative sectors and senior secured direct lending.

Figure 80: Sample % of portfolio allocation to private credit as of end-2025



Source: CreditSights

China's Capital Outflow Controls: Manageable Impacts so far

In late-May 2026, China escalated its campaign against illegal cross-border securities trading and offshore capital flows. To date, there is no indication that China is barring mainland Chinese visitors from buying insurance in HKSAR. China's tighter regulation is primarily to restrict unauthorised cross-border securities brokerage activities within mainland China. Meanwhile, major insurers like PRUFIN, AIA and FWD Group Holdings Ltd ("FWDGHD") have always adhered to (1) strict standards of selling insurance to clients who are physically present in HKSAR and (2) additional regulatory requirements.

While this does not appear intended to target insurance sector, insurers' business could still be affected as HKSAR banks reportedly suspended or tightened opening of cross-border/investment accounts for mainland clients. If it becomes harder for mainlanders to move money into HK and harder to open the bank accounts used to pay premiums, new business from these mainland Chinese visitors could slow down.

Based on our calculation, mainland Chinese visitors in 2025 accounted for 21% - 22% of AIA's, FWDGHD and PRUFIN's value of new business. Unless there are tighter capital controls imposed on cross-border sales, we believe the impacts are manageable from a credit standpoint, underpinned by these insurers' strong growth potential in other Asian regions, financial performance and capital coverage ratios. Our base case is that there will potentially be more administrative friction instead of an outright restriction.

China Generative AI – It's real, growing and efficient

Deciphering opportunities: Just as Artificial Intelligence ("AI") is fuelling equity market activity, its influence on global bond markets is also growing. The impact is both direct: through growing issuance by major technology companies and AI infrastructure providers, most notably in the US; as well as indirect with increasing investment in technology infrastructure contributing to rising energy demands and electricity infrastructure investments. We believe AI related issuers can exert a positive influence on credit markets by enabling higher diversification for investors, away from the traditional issuing sectors of Financial Services, Industrials and quasi-sovereigns. However, this somewhat nascent sector is evolving at a fast pace and in order to decipher opportunities for investors, we are commencing with a look at key trends within the China AI sector.

Rising Investments but Stable Fundamentals

We tracked seven privately owned Chinese companies active in the AI space: ByteDance, Alibaba, Tencent, Baidu, Xiaomi, GDS, and VNET. Collectively, these firms raised their 2026 capex budgets by 114% year-over-year to RMB 826bn, representing 93% of their 2025 operating cash flows. Nevertheless, their combined net cash position of RMB 1.5tn alone provides approximately an additional 1.8 years of capex runway. An additional liquidity buffer exists in the form of equity and debt investments, which we estimate to exceed RMB 1tn.

Notably, ByteDance, Alibaba, and Tencent dominate this space, with their 2026 capex accounting for 94% of the group total. This spending is supported by strong balance sheet and robust operating cash flows from their respective core businesses. Historically, Chinese internet companies have accumulated significant net cash and disposable investments thanks to their strong revenues, significant operating leverage, and the asset-light nature of their core businesses.

Figure 81: China AI Capex and Liquidity Coverage (2025–2026)

RMB bn	Capex				2025			
	2024A	2025A	2026E	2026E Capex %	Operating cash flows	EBITDA	Cash & cash equivalent & term deposit (unrestricted)	Net Cash /(debt)
ByteDance	80	150	500	61%	469	402	1,206	1,005
Alibaba	86	126	160	19%	76	114	521	261
Tencent	63	79	115	14%	303	306	495	107
Baidu	8	12	15	2%	-3	23	115	26
Xiaomi	13	7	16	2%	34	38	170	134
GDS	3	5	9	1%	3	5	15	-23
VNET	5	8	11	1%	2		6	-14
Sum	258	387	826	100%	884	887	2,528	1,495

Source: Companies, Bloomberg, OCBC Group Research.

As AI investments are capital-intensive with multi-year payback periods, Chinese tech giants are also rebalancing their operating and capital allocation strategies to further extend this runway. For instance, Alibaba has guided that the unit economics of its "quick commerce" business—which we estimate incurred losses of more than RMB 50bn last year due to a subsidy war with Meituan—will turn positive a few quarters as subsidies are slashed. Simultaneously, the company reduced share repurchases from RMB 87bn in FY2025 to RMB 8bn in FY2026 (ended March 31, 2026). Tencent also guided to lower share repurchase size for 2026.

Consequently, we believe the overall credit implications remain limited at this stage. The group as a whole can sustain high-level AI capex for at least three years before shifting to a net debt position. While liquidity runways vary by company, the "top three" maintain adequate credit headroom.

A Reducing Divide Toward Domestic Self-Sufficiency

We maintain a cautiously optimistic view of China's future AI story. Despite U.S. advanced chip restrictions and tighter training budgets than their U.S. counterparts, iterations of leading Chinese models lag behind U.S. State-of-the-Art (SOTA) models by only about six months. Furthermore, Chinese models exhibit a material token cost advantage, with some models being up to 15x cheaper than their Western counterparts for comparable performance. In recent months, Chinese models have persistently surpassed U.S. peers in invocation volume on platforms like OpenRouter.

Chinese open-source models are benefitting from a recent shift from token maximization to token optimization by U.S. corporates. As token costs ramp up with the adoption of agentic applications, many enterprises are considering switching to cheaper open-source Chinese models or smaller models for tasks that do not require high-end U.S. SOTA models. Because these models are deployed in environments controlled by U.S. companies, security breach concerns are mitigated.

As a result, we may see more U.S. hyperscalers offering Chinese open-source models on their multi-model platforms. For instance, Amazon Bedrock already features Chinese models, including MiniMax, Kimi, Qwen, DeepSeek and Zhipu AI. Media outlets have also reported that Microsoft is reviewing DeepSeek integration for its new Copilot Cowork application.

While such a move will impact the pricing power of U.S. SOTA models such as OpenAI, next-generation GPUs like Nvidia's Vera Rubin should drive down token costs for future trained models. Although Chinese companies have historically trained models both domestically and via overseas hubs in south-east Asia, the U.S. has continued to tighten export controls. Access to high-end chips remains the key differentiator for future training if Chinese models are to maintain a narrow performance gap with their U.S. counterparts.

To offset hardware performance gaps, Chinese AI training will rely increasingly on highly optimized, compute-efficient architectures, a unique developmental path. Furthermore, the government is preparing to spend approximately RMB2tn over the next five years to build out nationwide data centers. This massive infrastructure build-out will propel the domestic AI ecosystem while anchoring the long-term market demand critical for local semiconductor breakthroughs.
On the other hand, as the industry transitions from foundational model training to large-scale inference, the evolution from basic chatbots to agentic AI is triggering an explosion in token demand, driving a surge in inference chip requirements. For inferencing workloads, we expect a gradual easing of compute constraints in China due to an accelerating shift toward domestic AI chips.

Unlike training, which requires high-end and interconnected GPU clusters, inference can utilize a more diverse range of hardware. Application-Specific Integrated Circuits (ASICs), for example, have less stringent process requirements but offer higher inference efficiency. Research suggests that 2026–2028 will mark the inflection point for Chinese semiconductors, as domestic 7nm and 5nm process yields are projected to stabilize above 60%. Despite near-term domestic supply bottlenecks, an increasing volume of domestically designed ASIC chips will become available over the next three years.

Rising Systemic Importance

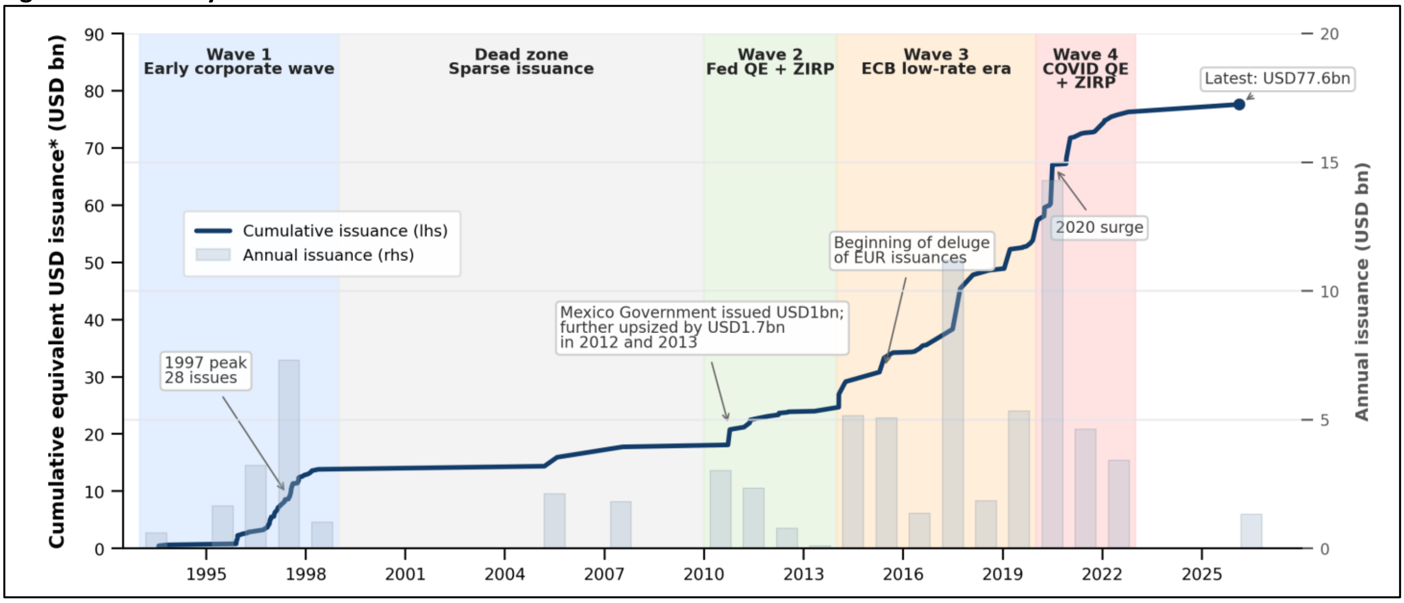
As mentioned, the government has plans to invest heavily over the next five years to support the domestic AI sector across many levels with China's 15th Five-Year Plan for 2026–2030 putting AI as a critical enabler of the country's economic modernization strategy. As our OCBC Group Research economic colleagues mentioned in March of 2026, China's policy makers view AI as a broader economic paradigm rather than a point solution for productivity enhancement, by embedding intelligence into the core architecture of the economy itself, so that AI becomes an endogenous driver of production, distribution, consumption, and innovation. As such, AI's influence in China is expected to become vertically integrated, spanning domestic AI chip manufacturing to model development, cloud computing and applications supporting both the industrial and consumer segments of China's economy towards technological self-reliance.

Century Bonds: Rates Drive Issuance, But Credit Drives Returns

Abridged version: *This article is an abridged version of our Special Interest Commentary, "Beyond Perpetual Series: An Introduction to Century Bonds". Readers may refer to the full report for the complete historical analysis, issuance dataset and issuer case studies.*

Century bonds are a niche but cumulatively growing market: Century bonds, defined as bonds with a 100Y legal maturity, are not a modern innovation, but the modern market largely began in 1993 with Walt Disney and Coca-Cola. Since then, issuance has come in distinct waves that generally coincided with periods when issuers could lock in attractive long-term borrowing costs. Our defined modern century bond universe totals approximately USD61bn outstanding, small relative to the broader bond market but cumulatively growing as new issuance adds to the existing stock.

Figure 82: Century bond issuances have come in distinct waves



Source: OCBC Group Research, Bloomberg

Rates have historically driven issuance: Century bond issuance has clustered around periods of exceptionally low long-end yields, including the 1990s, the post-GFC quantitative easing era, the ECB negative-rate period and COVID-era monetary stimulus. Conversely, issuance activity largely disappeared after the Russian/LTCM crisis, during the early-2000s credit cycle and after the post-2022 global rate hiking cycle. Alphabet's February 2026 century bond stands out as a rare recent exception, suggesting that investor demand for ultra-long paper remains available for the right credit at the right price.

A century bond is far more than a maturity extension: A 100Y legal maturity amplifies duration risk, inflation risk, liquidity risk and uncertainty around an issuer's long-term creditworthiness. Investors are effectively underwriting multiple economic cycles, technological disruptions, regulatory changes, mergers and business-model evolution. The specialised buyer base also tends to mean that liquidity is reduced during periods of uncertainty, which can amplify mark-to-market volatility when rates rise, or credit confidence weakens.

Rates may drive issuance, but credit outcomes drive returns: Low rates may create issuance windows, but investor outcomes are ultimately determined by credit performance. Several century bond issuers from the 1990s later experienced material credit deterioration: Chrysler weakened following its merger with Daimler-Benz, Crown Cork suffered from asbestos liabilities and acquisition-related leverage, Motorola lost leadership in mobile handsets, while J.C. Penney eventually defaulted in 2020. At the sovereign level, Argentina's 2117 century bond was restructured only three years after issuance, while Petrobras continues to service its 2115 bond. The lesson is simple: rates may determine when century bonds can be issued, but long-term returns depend on issuer durability.

Same tenor, very different outcomes: The contrast between Petrobras and Argentina highlights why credit durability matters more than tenor. Both offered ultra-long exposure, but their realised credit outcomes were very different.

Figure 83: Same tenor, very different credit outcomes

Issuer / bond	Status/Outcome	Key takeaway
Petrobras 2115	Performing, no missed interest	Look at continued ability to generate cashflow, preserve market access and remain strategically important.
Argentina 2117	Restructured ~3Y after issuance	Sovereign willingness to pay in the spotlight. Macro conditions, FX constraints or policy choices may lead to restructuring.

Source: OCBC Group Research

Lessons from our Perpetual Series remain relevant: As with perpetual securities, structure and economics matter more than labels. Callable century bonds should not be valued on the assumption that they will be redeemed at the first call date unless issuers have a clear economic incentive to do so. A call date should not be treated as a maturity date by default. Likewise, fixed-for-life perpetuals with limited likelihood of call can behave like very long-dated bonds, with valuations driven by distribution continuity, credit resilience, liquidity and the long-term rates outlook.

Figure 84: Checklist for century bonds

Issuer durability	Is the issuer likely to remain strategically relevant across multiple cycles and management teams?
Economic compensation	Is the yield/spread sufficient for extreme duration, inflation and liquidity risk?
Call economics	Is there a clear economic incentive to call, or should the bond be treated as very long-dated?
Event risk	Could M&A, regulation, litigation or technology materially reshape the credit?
Liquidity	Would the bond still make sense if secondary-market liquidity weakens during risk-off periods?

Source: OCBC Group Research

Focus on economics, not legal maturity: The history of century bonds suggests that issuance is largely a function of interest rates, but returns are ultimately a function of issuer resilience. Investors are underwriting decades of uncertainty relating to inflation, regulation, technological disruption, corporate actions and changing market structures. Our key takeaway echoes a recurring theme from our Perpetual Series: focus on economics, not labels. The key question is not whether the bond legally matures in 100 years, but whether investors are adequately compensated for bearing a century of uncertainty.

Explanation of Issuer Profile Recommendation / Issuer Profile Score

Positive ("Pos") – The issuer's credit profile is strong on an absolute basis.

Neutral ("N") – The issuer's credit profile is fair on an absolute basis.

Negative ("Neg") – The issuer's credit profile is either weaker or highly geared on an absolute basis.

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

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

Explanation of Credit Direction

Positive ("Pos") – The Issuer Profile Score has a higher chance of an upgrade over the next six to twelve months.

Neutral ("N") – The Issuer Profile Score is expected to remain stable over the next six to twelve months.

Negative ("Neg") – The Issuer Profile Score has a higher chance of a downgrade over the next six to twelve months.

Explanation of Issue Level Recommendation

Overweight ("OW") – The issue is expected to outperform other issues in a given peer group over the next six months.

Neutral ("N") – The issue is expected to perform in line with other issues in a given peer group over the next six months.

Underweight ("UW") – The issue is expected to underperform other issues in a given peer group over the next six months.

Other

Suspension – We may suspend our Issuer Profile Recommendation and Issue Level Recommendation on specific issuers from time to time when OCBC is engaged in other business activities with the issuer. Examples of such activities include acting as a joint lead manager or book runner in a new issue or as an agent in a consent solicitation exercise. We will resume our coverage once these activities are completed. We may also suspend our Issuer Profile Recommendation and Issue Level Recommendation in the ordinary course of business if (1) we believe the current issuer profile is incorrect and we have incomplete information to complete a review; or (2) where evolving circumstances and increasingly divergent outcomes for different investors results in less conviction on providing an Issue Level Recommendation.

Withdrawal ("WD") – We may withdraw our Issuer Profile Recommendation and Issue 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 would like to acknowledge and give due credit to the contributions of Yao Liu, Goh Chin Xuan, and Lucas Ho See Yang.

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