

Monthly Credit View

3 July 2025

Monthly Themes & House View

- **Relatively active in the SGD primary market:** The SGD primary market's overall issuance activity increased in June with ~SGD2.44bn across 13 issuers (SGD1.97bn in May across eight issuers per Bloomberg). Issuances were dominated by financial institutions and REITs/real estate. Among the largest issues were SGD800mn from the insurer AIA Group Ltd ("AIA"), followed by SGD300mn from Sembcorp Financial Services Pte Ltd (guarantor: Sembcorp Industries Ltd, "SCI"), SGD250mn from Suntec Real Estate Investment Trust ("SUN"), and SGD220mn from Hotel Properties Ltd ("HPL," a high-yield issuer). There were three perpetuals totaling SGD550mn (representing 24% of total new issue volume) priced in June 2025, compared to only one in May 2025. SUN's new issue was a perpetual, where proceeds will be mainly replacement capital for an existing perpetual with a first call date in October 2025, while Frasers Centrepoint Trust ("FCT") and CapitaLand India Trust ("CLINT") were both debut issuers of perpetuals. Idiosyncratic factors aside, the secondary market performance of the new perpetual issues lagged, which may indicate some market indigestion for non-financial perpetuals, whereas all the bullet bonds priced during the month traded up. Notably, SCI's latest SGD bond is in a conventional format, after having issued five consecutive tranches of SGD green, social, sustainability and sustainability-linked ("GSSSL") bonds since 2021. SCI is the largest corporate issuer of GSSSL in the SGD credit market.

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Key SGD issues in June 2025

Issue	Size (SGDmn)	Tenor	Pricing	Description
Hotel Properties Limited	220	5Y	4.40%	Fixed
Wing Tai Holdings Limited	200	7Y	3.83%	Fixed
AIA Group Limited	800	10Y	3.58%	Subordinated, Tier 2
HSBC Institutional Trust Services (Singapore) Ltd. (in its capacity as trustee of Suntec Real Estate Investment Trust ("Suntec REIT"))	250	PerpNC5	4.48%	Subordinated, Perpetual
Shangri-La Hotel Limited (guarantor: Shangri-La Asia Limited)	125	7Y	3.54%	Fixed
Cagamas Global P.L.C (guarantor: Cagamas Berhad)	125	1Y	2.25%	Fixed
Sembcorp Financial Services Pte. Ltd. (guarantor: Sembcorp Industries Ltd)	300	20.5Y	3.55%	Fixed
Fraser Centrepoint Trust	200	PerpNC5	3.98%	Subordinated, Perpetual
Capital Land India Trust Management Pte Ltd (in its capacity as Trustee-Manager of CapitaLand India Trust)	100	PerpNC5	4.40%	Subordinated, Perpetual

Source: Bloomberg, Company, OCBC

- **Meanwhile, the SGD Credit Universe continues to post positive returns:** The SGD

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Credit Universe continues to post positive returns (+1.29% m/m as of 30 June), with all segments showing positive returns during the month. We maintain that the SGD credit market will remain supported by its defensive positioning and sustained, albeit selective, investor appetite. The Longer Tenors segment showed the strongest performance as investors stepped up demand for this segment which allows for yield pick-up, lock-in yield and minimizing reinvestment risk. That said, the segment consists of certain papers that are relatively less liquid, exaggerating movements during the month.

SGD Tracker

	Key Statistics					
	(1 Jan 2021 = 100)	Eff Mty	Market Cap (SGD'mn)	m/m	y/y	Since Jan 2021
By Tenor & Structure						
AT1S	113.4	3.2Y	12,830	0.71%	7.07%	13.38%
NON-FIN PERP	120.1	11.5Y	13,328	0.93%	7.49%	20.06%
TIER 2S & Other Sub	116.7	4.0Y	18,302	1.03%	7.69%	16.67%
LONGER TENORS (>9YRS)	104.4	23.4Y	13,962	4.48%	15.57%	4.36%
MID TENORS (>3Y-9YRS)	111.6	4.9Y	41,380	1.27%	8.52%	11.63%
SHORT TENORS (1-3YRS)	113.7	1.9Y	26,204	0.73%	5.88%	13.74%
MONEY MARKET (<12M)	115.8	0.5Y	12,706	0.39%	4.42%	15.83%
By Issuer Profile Rating						
POS (2)	113.2	7.5Y	7,416	1.08%	6.93%	13.20%
N(3)	115.8	3.5Y	17,335	1.01%	7.71%	15.84%
N(4)	115.9	7.7Y	19,626	0.86%	7.04%	15.90%
N(5)	114.7	3.2Y	6,432	0.94%	7.15%	14.74%
OCBC MODEL PORTFOLIO	121.8	3.1Y	6	1.02%	8.12%	21.80%
SGD Credit Universe	112.1	6.2Y	138,711	1.29%	7.96%	12.13%

Source: OCBC Credit Research, Bloomberg

SGD Credit Outlook for 2H2025

- We published the SGD Credit Outlook 2H2025, providing our views on the market for 2H2025, industry outlooks for REITs, Property and Financials, our top trade ideas and a recap of the market in 1H2025. For more information, **please refer to our SGD Credit Outlook 2H2025**.
- **SGD exceptionalism - momentary momentum or enduring trend?** The SGD credit market has continued to demonstrate relative resilience and stability in 1H2025, standing out as an alternative safe haven amidst global volatility. This exceptionalism was underpinned by zero defaults, solid domestic demand, rising momentum of de-dollarisation and resilient credit fundamentals of SGD credit issuers. Despite elevated geopolitical tensions and tariff-related uncertainties, the SGD credit market has seen limited direct impact and performed consistent with our thoughts in the SGD Credit Outlook 1H2025. We maintain that the SGD credit market will remain supported by its defensive positioning and sustained, albeit selective, investor appetite.
- **Staying Neutral and selective.** We are ending June with a new set of uncertainties as conflict escalates in the Middle East and the 90-day trade tariff pause is nearing

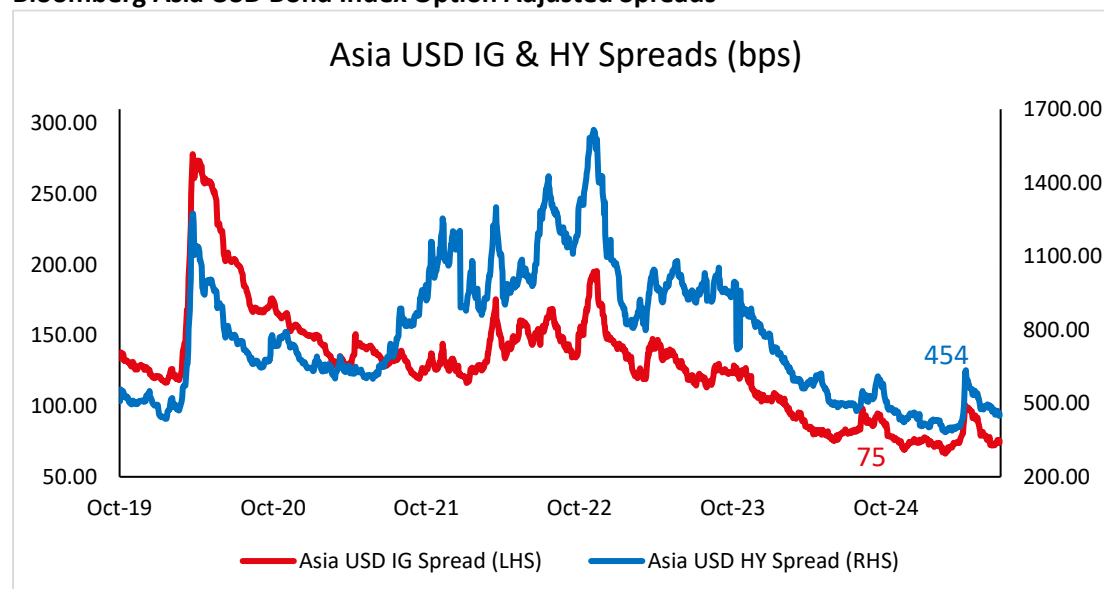
an end. With this in mind, we continue to like the SGD credit market as it is expected to provide total positive returns. That said, we advocate investors to be increasingly selective. While credit as an asset class should remain in demand, we expect this demand to be somewhat focused towards high grade issuers, with issuance and market performance outside of this space to be more tepid.

- **REITs outlook.** The S-REIT primary credit market was active in 1H2025 with SGD2.1bn of new issuances across 14 issues from 11 issuers. Driven by existing perpetuals which were facing first call dates, lower overall benchmark rates and aided by the ability to raise perpetuals at tighter reset spreads, the market saw six S-REIT perpetual issuances. We expect that S-REITs will take more of a wait and see approach when it comes to new acquisitions given tariffs threats and mounting geopolitical uncertainties, although the lower interest rate environment may throw up interesting opportunities as spreads between property yield and cost of debt widens. Since 2022 to date, there has been no new REIT listings in Singapore, with many opting to wait for more favourable listing conditions. However, in the past few months the media has reported that a potential data centre REIT is in the works.
- **SG Property.** Prices rose 0.8% q/q in 1Q2025, which tracks our forecast of 2-4% growth in 2025. While sales have slowed in 2Q2025, we think long-term property demand in Singapore remains intact, supported by strong holding power, growing aspirations and resident population growth. With more launches in 2H2025, we will be paying attention to sales rate for indication of demand. Developers have been selective on sites thus far while competition for sites remaining measured, which should support developer profit margins. However, if the government continues to release land at the current rate, supply may eventually exceed demand and in turn impact sales rate.
- **Financial Institutions.** External developments in the first half of 2025 were more eventful than anticipated but despite the more volatile operating environment, the fundamental performance of Financial Institutions in our coverage remained in line with our 1H2025 expectations (and in some respects outperformed them). While staying neutral for our overall call on bank capital instruments and selectively overweight Tier 2s and AT1 with higher yields and wide reset spreads, the focus word remains selective. This is because credit dispersion is likely to increase due to possible regulatory fragmentation and reduced global co-operation in a crisis while the multi-layer effects of geopolitics and trade tariffs will have varying economic and financial markets impacts.

Asiadollar – Overview and Corporate Actions

- **Asiadollar ended the month with tighter spreads:** Asia IG spreads tightened in June 2025 by ~1bps m/m to 75bps, while Asia HY spreads tightened ~42bps m/m to 454bps. Despite June IG spreads witnessing periods of widening earlier in the month, the subsequent tightening of spreads is likely attributed to risk-on sentiment following news in the second week of June 2025 that a trade agreement to restore a truce between China and the US has been reached. The Asiadollar space was relatively sheltered from the recent escalation of conflict between Israel and Iran. Despite the US carrying out military strikes on Iran's nuclear facilities on 21-22 June 2025, Asiadollar IG spreads and HY spreads only widened by 2bps and 7bps respectively the following Monday, while spreads tightened throughout the rest of the week.

Bloomberg Asia USD Bond Index Option Adjusted Spreads



Source: Bloomberg, OCBC; as of 30 June 2025

- Asiadollar (excluding Japan and Australia) issuances per Bloomberg and our estimates in June rose slightly to USD13.6bn (USD13.0bn in May 2025). Bulk of the issuances came in the second half the month. By issuance volume, the top three issuances came from HKSAR and South Korea, (i) MTR Corp CI Ltd (guarantor: MTR Corporation (“MTR”), majority owned by the HKSAR government) priced USD3bn across two tranches of perpetuals, (ii) Hanwha Life Insurance Co Ltd (“HLINSU”), a large insurer in South Korea priced a USD1bn Tier 2 paper and (iii) HKSAR government priced a USD1.0bn 5Y green bond. **MTR’s issues were its debut perpetual issuances. According to MTR, the perpetuals add subordinated perpetual capital as a long-term component to its capital structure** which in turns strengthens its credit metrics and provides MTR with more flexibility in preparation to undertake major investments aimed at expanding the railway network and upgrading operating assets. The perpetuals will be reported as 100% equity on its balance sheet and receive 50% equity treatment from the external rating agencies.
- June also saw multiple issuances by Australian and Japanese issuers.** In the case of Australia, these were concentrated at financial institutions, with issuers including Australia & New Zealand Banking Group Ltd, National Australia Bank Ltd, Westpac Banking Corp and Macquarie Bank Ltd. Energy producer **Santos Limited (“Santos”), an Australian-based USD issuer, received a final non-binding indicative takeover proposal** from a consortium led by a subsidiary of Abu Dhabi National Oil Company (“Adnoc”). The deal for all the issued shares of Santos is reportedly worth ~USD19bn and allows Adnoc to expand its global gas and liquified natural gas operations. The announced offer is conditional on receiving necessary approvals from regulators. Among Japan issuers, notable issuers include Sumitomo Mitsui Financial Group Inc (“SUMIBK”), Honda Motor Co Ltd (“Honda”), Mizuho Financial Group Inc (“Mizuho”), Takeda US Financing Inc (guarantor: Takeda Pharmaceutical Company Limited (“Takeda”), Nomura Holdings Inc (“Nomura”), Toyota Motor Corp (“Toyota”) and SoftBank Corp (“Softbank”). **Nomura priced USD2.25bn in a three-tranche deal, this included USD1.0bn of debut Additional Tier 1 bank capital instrument in USD** which traded up in the secondary market.
- There were some positive developments through June 2025 in the China property developer space.

- Per Bloomberg, **China is utilizing its housing provident fund, a government savings initiative, to support its struggling housing sector** by providing an alternative to bank mortgages. With RMB8.1 trillion in outstanding mortgages last year, the fund has surpassed banks in mortgage loan issuance as banks confront profit challenges. Recent rule changes have made it easier for individuals to access the fund, and its lower mortgage rates make it a vital resource for revitalizing the property market.
 - **Seazen Group Ltd ("Seazen")** priced a USD300mn bond at 12.95% on 12 June 2025, the first Asiadollar issuance by a major private-sector Chinese developer in more than two years. The bond has both an issuer call option and investor put option.
 - **China Vanke Co Ltd ("VANKE")** announced that its largest shareholder, Shenzhen Metro Group, plans to provide a loan of up to RMB3bn to help repay VANKE's bond principal and interest as well as some loan interest.
- In a move that shows that **containment of credit risks is still on the mind of Chinese regulators**, the State-owned Assets Supervision and Administration Commission ("SASAC") has introduced a requirement for state-owned developers to avoid defaulting on publicly issued debt as one of the directives in its performance metrics for government-controlled property developers. This directive aims to hold management and banks accountable for debt obligations, whether new or refinanced.
 - HKSAR-listed **New World Development Co Ltd ("NWDEVL")**, a significant Asiadollar high yield issuer which is facing liquidity pressures, announced on 30 May 2025 that it had **elected to defer distributions** on two tranches of perpetuals, whose next distribution payment dates were in June 2025. Subsequently, on 6 June 2025, the company confirmed that it had also elected to defer distributions on two other tranches of perpetuals, with distribution payment dates on 16 June 2025 and 22 June 2025, respectively, as previously signaled to the market. Per Bloomberg on 27 June 2025, NWDEVL has obtained written commitments from all banks for its loan refinancing, extending its HKD63.4bn of debt that are due this year and next by three years. **Subsequently on 30 June 2025, NWDEVL announced that it has successfully refinanced certain of its bank loans (and aligned other existing bank loans with the terms of the new refinancing bank loan facility), covering ~HKD88.2bn of existing unsecured loans. This provides short-term relief to the company**, although the company is still trying to raise an additional HKD15.6bn through a loan secured by the first ranking mortgage on Victoria Dockside. Reportedly, the refinancing came after intense discussions, including between banks, and involved the regulator, given the scale of NWDEVL's debt on local HKSAR banks and impact to the economy. Non-Executive Director and Non-Executive Vice-Chairman Dr Adrian Cheng has resigned from the board. Earlier in September 2024, Dr Cheng resigned as Chief Executive Officer of the company.
 - The board of **Adani Ports and Special Economic Zone Limited ("ADSEZ")** has **approved a tender offer for its outstanding dollar bonds**, with a total value of up to USD1bn, as stated in a notification. The offer will be executed in one or multiple tranches over the next six financial quarters, although the company has yet to finalize the timing, terms, and conditions. Separately, Adani Group has signed raised around USD750mn in bonds through a private placement to investors including Apollo Global Management Inc. Proceeds from the issue will be used by Mumbai International Airport Ltd (owed by Adani Group) to refinance USD750mn in private bonds raised in 2022 also with Apollo Global Management Inc. after a

planned bond issue was delayed due to market volatility from accelerating inflation at the time.

SGD Credit Corporate Actions – Mergers, Acquisitions and Divestments

- **Corporate moves and exits to improve business and/or financial risk profiles**
 - **IOI Properties Group Bhd (“IOI”) is acquiring City Development Limited (“CDL”)’s 50.1% interest in South Beach mixed-use integrated development**, using SGD2.75bn as the agreed property value based on 100% interest. Following the completion of the transaction, which is expected by 3Q2025, IOI (currently holds 49.9% interest in the property) will gain full ownership of South Beach’s commercial components. Based on consolidated net assets, the sale consideration is SGD834.2mn based on CDL’s proportionate share. According to Mr Sherman Kwek, the transaction allows CDL to ‘reduce gearing and redeploy capital’ while crystallising its value. He further adds that CDL will continue to unlock value across its portfolio and pursue growth opportunities. As illustrated by CDL’s announcement, reported net gearing (including fair value gains on investment properties) will reduce from 69% (prior to disposal of South Beach) to 63% after the disposal completes.
 - Keppel Infrastructure Fund Management Pte Ltd (“KIFM”) as Trustee-Manager of **Keppel Infrastructure Trust (“KIT”) has announced that KIT will be divesting a 24.62%-stake in Ventura Motors Pty Ltd (“Ventura”)**, a bus service business in Victoria, Australia, to private investment funds managed by Samsung Asset Management (“Samsung”). The sale consideration is AUD130mn (~SGD109mn), which is ~19% higher than the amount paid by KIT at acquisition for the stake. In June 2024, KIT bought a 97.68%-stake in Ventura at an enterprise value of AUD600mn. Per KIT management, this divestment together with its earlier 50%-stake sale in Philippine Coastal Storage & Pipeline Corporation will improve KIT’s financial strength and allows KIT to recycle capital to capture further opportunities.
 - Per The Business Times, **Singapore Post Ltd (“SingPost”) is putting up 10 HDB shophouses for SGD50mn in a sale-and-leaseback bid**. The disposal is in line with SingPost’s plan to divest non-core assets. SingPost is the anchor tenant for 90.8% space of these shophouses. Gross yields for these shophouses range from 4.32% to 4.98%. SingPost is expected to record a meaningful profit as these shophouses are generally recorded at cost under property, plant and equipment.
 - **Lendlease Group (“LLC”) completed the AUD235mn sale of Capella Capital to Sojitz Corporation**. Capella Capital is an investment platform between LLC and senior Capella management that invests in infrastructure asset origination and management. Per LLC, “The sale of Capella Capital accelerates the release of capital while also reducing LLC’s future funding commitments, allowing Lendlease to focus on its core Australian operations and international Investments platform”.
 - **Wing Tai Properties Ltd (“WTP”) sold a 100% stake of an indirect wholly-owned subsidiary, Topworth Enterprises (“Topworth”), for GBP43mn (HKD452mn)**. It is estimated that WTP will realise a gain of HKD31mn from this disposal. Topworth owns leasehold properties at 8-12 (even) Brook Street, London. The ultimate buyer is an investment fund known as Ares European Enhancement Partners IV SCSp. WTP’s adjusted net debt (including SGD260mn perpetual) / equity is expected to fall to 23.6% from 25.5% if the whole proceeds are used for debt repayment.
 - **CapitaLand China Trust (“CLCT”) will subscribe to 5% strategic stake in a proposed China REIT named CapitaLand Commercial C-REIT (“CLCR”)**.

This update follows a previous announcement on 17 April 2025 to CLCR. As the entire CapitaLand family (CapitaLand Group Pte Ltd (“CAPL”), CapitaLand Investment Ltd (“CLI”) and CLCT) will be holding at least 20% stake in CLCR, this implies at least 15% stake will be collectively held by CLI and CAPL. **CapitaMall Yuhuating will be sold by CLCT to CLCR at a floor price of RMB748.0mn.** After accounting for the subscription of units in CLCR and transaction costs, net proceeds are approximately RMB595.3mn (SGD107.3mn). The estimated net loss of the divestment is approximately SGD0.5mn. Based on pro-forma figures, assuming net proceeds are used to pare down debt, aggregate leverage would fall from 42.6% to 41.4%. However, we note that CLCT can also deploy the proceeds towards repurchase of units or general working purpose.

- **Qantas Airways Ltd (“Qantas”) announced that it will be closing its intra-Asia airline, Jetstar Asia** which will enable Qantas to recycle up to AUD500mn in capital and support its fleet renewal program. Jetstar Asia is based in Singapore and has Westbook Investments as the majority shareholder. The closure of Jetstar Asia will result in one-off redundancy and restructuring costs as well as non-cash expensing of historical foreign currency translation losses from equity reserves and asset write-downs where the combined impact is estimated at ~AUD175mn. Around a third will be recognized in FY2025 and the remaining in FY2026.

▪ Take private and impact on credit issuances

- **ESR Group Ltd (“ESR”, formerly known as ESR Cayman Limited)** shareholders have approved a scheme of arrangement that will allow ESR to be **taken private with a subsequent delisting of ESR on 3 July 2025**. Both the ARASP 5.6%-PERP and ARASP 5.65%-PERP, issued by ESR Asset Management Limited (formerly known as ARA Asset Management Limited (“ARA”)) have Change of Control (“CoC”) calls, if the issuer does not call then the perpetuals distribution rate will step up by 300bps. Currently, ESR is the parent company of ARA. **In our view, the ARA CoC clause does not apply in this case, as the Change of Control event (ie: the take private of ESR with the resulting change in control), is at the ESR level rather than at the ARA level.** This means that ESR is still the parent company of ARA. We are unaware as to what the new shareholders plans are after they take ESR private. However, based on our experience observing other take privates, various corporate actions could happen at later stages, for example, a parent company selling a subsidiary. In the event of such a situation happening to ARA, in our view, the ARA CoC will apply. As background, the ARA CoC clause was changed in November 2021 (around the time of ESR taking control of ARA), where investors of ARA perpetuals consented to an amendment to the CoC clause. This commentary is provided on the back of investor interest. Please note that OCBC Credit Research has not in the past nor currently maintains official research coverage on ESR and ARA.

Corporate Actions – Others

- **Chairperson changes, partnerships signed, regulatory and litigation developments**
 - **HSBC Holdings PLC (“HSBC”) Chairperson Mark Tucker will step down on 30 September and take on a non-executive chairperson role at AIA Group Ltd.** Audit committee head Brendan Nelson will assume the role of interim chairperson, pending regulatory approval. Mr Tucker’s retirement from the role was previously confirmed in early May and first reported in early December 2024 given his maximum nine-year term was coming to

an end having commenced as Chairperson in October 2017 with expectations that he would step down around the bank's annual general meeting in Spring 2026. HSBC announced that it will provide further updates on the ongoing search for a replacement "in due course".

- **Switzerland's Federal Council announced amendments to Switzerland's too big to fail regulatory regime** that will be submitted for consultation in stages from later this year. The reported impact on UBS AG ("UBS") will be additional going-concern capital requirements of USD26bn including up to USD23bn for boosting capital reserves in UBS to fully cover foreign subsidiaries although the final additional capital requirement will depend on management decisions. UBS will provide an update on its longer-term returns targets when there is more clarity on the timing of potential changes and final outcome.
- **New German chancellor Friedrich Merz affirmed the government's intention for Commerzbank AG ("CMZB") to remain independent** as opposed to any possible takeover from UniCredit SpA ("UniCredit"). This view is consistent with the previous German government.
- **Keppel Ltd ("KEP")** through its fund management and investment platform has signed a Strategic Partnership Agreement with the Asian Infrastructure Investment Bank ("AIIB") to facilitate and mobilise up to USD1.5bn of sustainable infrastructure investments and financing opportunities in the Asia-Pacific region.
- **Optus Mobile Pty Ltd ("Optus")**, a wholly owned subsidiary of Singapore Telecommunications Limited ("SingTel") has admitted to engaging in unconscionable conduct while selling telecommunications products and services to several customers, following legal action initiated by the Australian Competition and Consumer Commission ("ACCC"). The ACCC and Optus will jointly request that the Federal Court impose a total penalty of AUD100mn on Optus for violating the Australian Consumer Law. It will be up to the Court to determine the appropriateness of the penalty and to issue any additional orders. Optus is also subject to other ongoing lawsuits with regards to its operations.
- **The Australian Securities and Investments Commission ("ASIC")** has commenced civil penalty proceedings in the Federal Court against Westpac Banking Corporation ("Westpac") for systemic misconduct in arranging home loans at Westpac's unit RAMS Financial Group ("RAMS"). ASIC is seeking declarations and monetary penalties against RAMS. Westpac completed a strategic review of RAMS in August 2024 and closed RAMS to new home loan applications. Existing provisions are expected to be sufficient to meet the potential fine from the civil penalty proceedings

Release of key headline financials

- **Reverted to profitability in FY2025 as revaluation losses falls**
 - **Mapletree Investments Pte Ltd ("MAPL") reported a revenue of SGD2.2bn** and recurring profit after tax and minority interest ("PATMI") of SGD637.4mn for the financial year ended 31 March 2025 ("FY2025"). The deconsolidation of Mapletree Logistics Trust ("MLT") in FY2024 resulted in lower revenue, excluding impact of the deconsolidation, revenue was 1.2% higher than the previous financial year. **PATMI recovered from a net loss a year ago to a profit of SGD227.2mn in FY2025 as overall revaluation losses narrowed.** MAPL recorded total net proceeds of SGD897mn from divestment of non-core assets, other divestments to MLT and the syndication of the Mapletree Japan Investment Country Private Trust ("MAJIC"). MAPL's assets under management grew to SGD80.3bn in FY2025 from SGD77.5mn in FY2024,

driven by strategic acquisitions completed across core sectors. MAPL has also embarked on more development activities with projects under development increasing from SGD3.7bn as at 31 March 2024 to SGD5.5bn as at 31 March 2025.

Issuer Profile Changes / Updates

- **Singapore Telecommunications Ltd (“SingTel”):** We maintain our issuer profile of **SingTel at Positive (2)**. SingTel’s credit metrics is strong, and debt levels are likely to fall following monetisation of stakes in Airtel. We estimate that SingTel holds another ~8% direct stake in Airtel worth SGD13bn market value. SingTel’s free cashflows are strong, defensive and somewhat diversified in our view, supported by dividends from its associates (~SGD1bn p.a.).
- **ABN Amro Bank NV (“ABN”):** We maintain our issuer profile of **ABN at Neutral (3)**, our view is not affected by the ongoing sell down in the Dutch government’s ownership stake. Overall fundamentals remain supported by ABN’s low asset risks and solid capital position.
- **Fraser and Neave Ltd (“FNN”):** We maintain our issuer profile at **Neutral (4)** on the back of FNN’s healthy credit metrics, although its net gearing levels may rise due to investments in the dairy farm.
- **ANZ Group Holdings Ltd (“ANZG”) / Australia & New Zealand Banking Group Ltd (“ANZ”), Commonwealth Bank of Australia (“CBA”), Macquarie Group Limited (“MQG”), National Australia Bank Ltd (“NAB”), Westpac Banking Corporation (“Westpac”):** We maintain our issuer profiles on the Australian banks (**ANZ, CBA, NAB, Westpac at Positive (2) and MQG at Neutral (3)**) to reflect their solid and enduring business and market positions despite margin pressures as each bank seeks to attract market share from their competitor’s core strengths, be it business banking or housing loans. Conservative balance sheets have also resulted in broadly consistent earnings that have contributed to the comparatively strong capital positions. We expect fundamentals will remain stable for the next 12 months on expected resilience in Australia’s economy and solid asset quality metrics.
- Please note that due to OCBC’s engagement in other business activities, we have **suspended our coverage** on the following names until these activities are completed: **Fraser’s Property Limited and Sembcorp Industries Ltd.**
- Please note that due to the completion of OCBC’s engagement in other business activities, we have **resumed coverage** on the following: **CapitaLand Ascott Trust, Hotel Properties Limited, Wing Tai Holdings Limited, HSBC Holdings PLC and Standard Chartered PLC.**

Trade Ideas

EREIT 4.05% ‘30 (SGD bullet)

- ESR-REIT (“EREIT”) is the fourth largest industrial REIT listed on the Singapore Stock Exchange by total assets. EREIT’s property portfolio focuses on Singapore, with some exposure to Australia and Japan.
- The total investment property value of EREIT’s portfolio was ~SGD4.95bn as at 31 December 2024. This comprised of 79% of investment properties in Singapore, 11%

of investment properties in Australia and 10% of investment properties in Japan. EREIT also has investments in property funds and own a joint venture stake in a Singapore property.

- EREIT is a higher yielding industrial REIT, whose bullet bonds are trading wider compared to REIT peers.
- The bond yield is attractive at 3.8%, in our view, this helps compensate for its higher reported aggregate leverage and shorter underlying land lease expiry. EREIT's portfolio where assets are largely located in Singapore with some exposure to Australia and Japan, is in our view is likely more insulated amidst the tariff tensions.

BNP 5.9%-PERP (SGD Additional Tier 1)

- BNPP is a Global Systemically Important Bank with operations that span domestic and international retail and commercial banking (within its Commercial, Personal Banking & Services division) as well as Corporate and Institutional Banking (including Global Banking, Global Markets and Securities Services) with its Investment & Protection Services division offering savings, investment and insurance solutions.
- Per management, BNPP's 1Q2025 performance for the operating divisions remains in line with the expected growth trajectory in 2024-2026. While results continue to highlight a solid business mix and market positions with resilient earnings driven by Corporate & Institutional Banking, its overall business position has improved following the recent Axa Investment Managers acquisition.
- Management is now focused on continuing the execution of BNPP's current strategic plan centred on its Personal Finance strategic plan that has been extended to 2028, as has the current CEO and Chairman.
- The yield to call on the BNP 5.9%-PERP is attractive at 4.5%. The first call date is in February 2028.

Model Portfolio (As at 03 Jul 2025)

- **Rose 1.04% since previous update:** The model portfolio rose strongly since the previous update, though returns lagged the SGD Credit Universe (+1.37%). The relative underperformance was due to the relative underweight of long-dated papers in the model portfolio, as such papers rose 5.29% meanwhile. Within the model portfolio, outperformers included HKLSP 3.45% '39s, LREIT 4.2% PERP and OUECT 3.9% '31s.
- **Switched out of DB 5% '26s, added two of CKPH 3.38% PERP:** With YTW of DB 5% '26s falling below 3%, we switched into CKPH 3.38% PERP. While the FFL perp was previously shunned, we see value as it is rare to find a paper yielding over 4% from an issuer with a strong credit profile amidst the current low rates environment.

Issue Name	OCBC Issuer Profile Rating	Yield to Worst	Maturity / First Call Date / Reset Date	Cost of investment (incl. acc. interest)	Current Value (incl. acc. interest)	Total coupons received	Total Gain/Loss
Property Developers							
GUOLSP 4.05 06/04/27	5	3.15%	04/06/2027	\$250,896.47	\$254,587.91	\$10,125.00	\$13,816.44
FPLSP 3 10/09/28	5	3.03%	09/10/2028	\$227,003.94	\$250,975.02	\$15,041.10	\$39,012.17
HOBEE 4.35 07/11/29	5	3.78%	11/07/2029	\$260,578.63	\$259,531.13	\$5,392.81	\$4,345.31
OUESP 4 10/08/29	5	3.63%	08/10/2029	\$249,876.92	\$255,545.75	\$0.00	\$5,668.84
CKPH 3.38 PERP	2	4.49%	FFL Perpetual	\$190,704.42	\$190,704.42	\$0.00	\$0.00
CKPH 3.38 PERP	2	4.49%	FFL Perpetual	\$190,704.42	\$190,704.42	\$0.00	\$0.00

REITs

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CRCTSP 3 3/8 PERP	4	3.86%	27/10/2025	\$250,645.96	\$250,757.52	\$4,218.75	\$4,330.31
OUECT 3.95 05/05/27	5	2.99%	05/05/2027	\$242,063.08	\$255,316.95	\$26,150.69	\$39,404.56
EREIT 2.6 08/04/26	4	3.08%	04/08/2026	\$244,264.73	\$251,230.91	\$3,223.29	\$10,189.47
OUECT 3.9 09/26/31	5	3.32%	26/09/2031	\$260,763.87	\$259,678.87	\$4,915.07	\$3,830.07
AAREIT 5.65 PERP	4	1.67%	14/08/2025	\$258,837.77	\$256,336.40	\$56,500.00	\$53,998.63
CERTSP 5 PERP	Unrated	7.00%	24/11/2026	\$248,180.96	\$202,208.10	\$43,750.00	-\$2,222.86
KREITS 3.15 PERP	4	3.25%	11/09/2025	\$252,876.34	\$252,288.39	\$3,937.50	\$3,349.55
LREIT 4.2 PERP	5	3.55%	04/06/2026	\$254,096.40	\$252,056.82	\$5,250.00	\$3,210.41

Financial Institutions

CS 5 5/8 PERP	Unrated			\$264,341.44		\$28,125.00	-\$236,216.44
UBS 5 3/4 PERP	3	4.46%	21/08/2029	\$254,708.53	\$266,873.66	\$14,375.00	\$26,540.14
BACR 8.3 PERP	4	5.06%	15/09/2027	\$262,992.23	\$267,680.68	\$57,147.77	\$61,836.23
BACR 7.3 PERP	4	5.51%	15/06/2028	\$224,568.75	\$262,790.00	\$36,575.00	\$74,796.25
BPCEGP 5 03/08/34	Unrated	3.63%	08/03/2029	\$251,854.14	\$265,347.84	\$12,482.88	\$25,976.58
CMZB 6 1/2 04/24/34	4	3.78%	24/04/2029	\$252,056.27	\$275,323.27	\$24,397.26	\$47,664.26

Others

HKLSP 3.45 12/03/39	2	3.55%	03/12/2039	\$229,663.22	\$246,638.42	\$17,202.74	\$34,177.95
OLAMSP 4 02/24/26	Unrated	3.17%	24/02/2026	\$253,341.13	\$254,395.09	\$44,876.71	\$45,930.67
SLHSP 3 1/2 01/29/30	4	3.22%	29/01/2030	\$243,420.03	\$256,256.64	\$13,017.12	\$25,853.73
EQIX 3 1/2 03/15/30	Unrated	2.95%	15/03/2030	\$251,157.98	\$257,917.07	\$0.00	\$6,759.09
SRENVX 3 3/4 03/26/31	Unrated	3.12%	26/03/2031	\$251,504.11	\$258,665.55	\$0.00	\$7,161.44

SITB 07/29/25	Unrated	1.78%	29/07/2025	\$1,997.74	\$1,997.74	\$0.00	\$0.00
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Total Gain/Loss since portfolio inception £996,381

Statistics	Simple Avg, Issuer Profile	Simple Avg, Yield*	Simple Avg, Tenor	Total, Invested Amount	Cash Balance	Unrealised Profit	Portfolio Value
	4.0	3.74%	3.2Y* (6.4Y**)	\$6,123,099.47	\$572.91	-\$127,291	\$5,996,381

*Assume first call date as maturity, or reset date as maturity (if not called at first call)

**Assuming maturity of perpetuals = 10Y, and issuers do not exercise the call for non-perps with call dates. Excludes SITB

Upcoming Bond Maturities, Next Reset and Next Call Dates – July 2025

<u>Issuer</u>	<u>Ticker</u>	<u>Amt. Outstanding (SGDmn)</u>	<u>Coupon</u>	<u>Maturity Date</u>	<u>Call Date</u>	<u>Reset Date</u>
Swiss Re Finance UK PLC	SRENVX	350	3.125	-	03/07/2025^	
Hyundai Capital Services Inc	HYUCAP	220	4.25	12/07/2025	-	-
Oxley MTN Pte Ltd	OHLSP	88	7.25	28/07/2025	-	-
Cagamas Global PLC	CAGA	150	3.73	30/07/2025	-	-

Source: OCBC Credit Research, Bloomberg, ^ call has been announced where the call is effective on 3 July 2025

Current / Recent Reports from OCBC Credit Research

- SGD Credit Outlook 2H2025: Staying Neutral Amongst the Highs and Lows (25 June 2025)
- ANZ Group Holdings Ltd (“ANZG”) / Australia & New Zealand Banking Group Ltd (“ANZ”), Commonwealth Bank of Australia (“CBA”), Macquarie Group Limited (“MQG”), National Australia Bank Ltd (“NAB”), Westpac Banking Corporation (“Westpac”): Credit Update (10 June 2025)
- Fraser and Neave Ltd (“FNN”): Credit Update (6 June 2025)
- ABN Amro Bank NV (“ABN”): Credit Update (5 June 2025)
- Singapore Telecommunications Ltd (“SingTel”): Credit Update (4 June 2025)
- Singapore Post Limited: Credit Update (2 June 2025)
- CK Asset Holdings Limited, Hongkong Land Holdings Ltd, The Hongkong Land Company Limited, Wing Tai Properties Ltd: Credit Update (28 May 2025)
- Mapletree Industrial Trust (“MINT”): Credit Update (22 May 2025)
- StarHub Ltd (“StarHub”): Credit Update (22 May 2025)
- AIMS APAC REIT: Credit Update (22 May 2025)
- Keppel Ltd: Credit Update (16 April 2025)
- Mapletree Pan Asia Commercial Trust: Credit Update (21 March 2025)
- City Developments Ltd: Credit Update (21 March 2025)
- Capitaland Ascott Trust: Credit Update (12 March 2025)
- Sustainable Finance Special Interest Commentary (11 March 2025)
- DBS Group Holdings Ltd: Credit Update (6 March 2025)
- United Overseas Bank Ltd: Credit Update (6 March 2025)
- Suntec Real Estate Investment Trust: Credit Update (19 February 2025)
- Mapletree Logistics Trust: Credit Update (11 February 2025)
- Singapore Airlines Limited: Credit Update (8 January 2025)
- OUE Limited: Credit Update (31 December 2024)
- Singapore Post Limited: Credit Update (24 December 2024)
- Singapore Post Limited: Credit Update (19 December 2024)
- Olam Group Limited: Credit Update (16 December 2024)
- Sustainable Finance Special Interest Commentary (6 December 2024)
- SGD Credit Outlook 1H2025: Building Defences With SGD Credit In 2025 (6 December 2024)
- Shangri-La Asia Limited: Credit Update (21 November 24)
- Standard Chartered PLC / Standard Chartered Bank: Credit Update (20 November 24)
- ABN Amro Bank NV: Credit Update (18 November 24)
- Hongkong Land Holdings Ltd and The Hongkong Land Company, Limited: Credit Update (13 November 24)
- Sembcorp Industries Ltd: Credit Update (11 November 24)
- Frasers Logistics & Commercial Trust: Credit Update (08 November 24)
- Capitaland Integrated Commercial Trust: Credit Update (07 November 24)
- Capitaland China Trust: Credit Update (1 November 2024)
- GuocoLand Ltd: Credit Update (30 October 2024)
- HSBC Holdings PLC / HSBC Bank PLC: Credit Update (30 October 2024)
- Barclays PLC / Barclays Bank PLC: Credit Update (28 October 2024)
- Deutsche Bank AG: Credit Update (25 October 2024)

- Sustainable Finance Special Interest Commentary (23 October 2024)
- Lendlease Global Commercial REIT: Credit Update (18 October 2024)
- Keppel Infrastructure Trust: Credit Update (14 October 2024)
- Starhill Global REIT: Credit Update (11 October 2024)
- CapitaLand Investment Ltd: Credit Initiation (1 October 2024)
- CapitaLand Ascendas REIT: Credit Update (26 September 2024)
- Ho Bee Land Ltd: Credit Initiation (25 September 2024)
- SGD Credit Market Overview and Coverage (24 September 2024)
- CapitaLand Group Pte Ltd: Credit Update (12 September 2024)
- OUE Real Estate Investment Trust: Credit Update (30 August 2024)
- CK Asset Holdings Limited: Credit Update (28 August 2024)
- ESR-LOGOS REIT: Credit Update (27 August 2024)
- Mapletree Investments Pte Ltd: Credit Update (26 August 2024)
- REIT Special Interest Commentary (26 July 2024)
- SGD Credit vs Asiadollar Credit Special Interest Commentary (16 July 2024)
- Wing Tai Properties Ltd: Credit Update (12 July 2024)
- SGD Credit Outlook 2H2024 (28 June 2024)
- Sharpening the Sustainability Focus for Financial Institutions Special Interest Commentary (28 June 2024)

Explanation of Issuer Profile Rating / Issuer Profile Score

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

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

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

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

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

Explanation of Bond Recommendation

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

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

Underweight (“UW”) – The issue represents **weaker relative value** compared to other bonds from the same issuer, or bonds of other issuers with similar tenor and comparable risk profile.

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

Other

Suspension – We may suspend our issuer rating and bond 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 rating and bond 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 a bond level recommendation.

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

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