

Asian Credit Daily

Friday, December 1, 2023

Credit Research

Andrew Wong, CESGA
WongVKAM@ocbc.com

Ezien Hoo, CFA, CESGA
EzienHoo@ocbc.com

Wong Hong Wei, CFA, CESGA
WongHongWei@ocbc.com

Chin Meng Tee, CFA, CESGA
MengTeeChin@ocbc.com

Market Commentary:

- The SGD SORA traded mostly higher yesterday, with shorter tenors trading 1-2bps higher, belly tenors trading 3bps higher, and the 10Y trading 4bps higher.
- According to Bloomberg, key unit of Dalian Wanda Group Co., Wanda Properties International Co. received consent for a 1-year extension on its USD600mn 7.25% dollar bond (initially set to mature in January 2024) to December 2024. More than 93.3% of aggregate principal amount of the bonds voted in favor of the extension.
- Adani Energy Solutions has purchased USD120mn of its ADANEM 3.949% '30s and will pay the early tender offer fee. Aggregate bonds outstanding is USD880mn, per Bloomberg.
- Next week's highlight could be China Evergrande Group's revised debt restructuring proposal for offshore creditors that is reportedly due to be presented on Monday at its winding up hearing in Hong Kong's High Court.
- Flows in SGD corporates were heavy, with flows in BNP 5.9%-PERP, LLOYDS 5.25% '33s, and OCBCSP 4.5%-PERP.
- Yesterday, Bloomberg Asia USD Investment Grade spreads tightened by 4bps to 106bps and Asia USD High Yield spreads tightened by 15bps to 817bps, per Bloomberg.

Credit Summary:

- **ABN Amro Bank N.V. ("ABN"):** The Dutch government announced its plan to further reduce its ownership in ABN that is held through a foundation linked to the Ministry of Finance that holds both shares and depositary receipts.
- **Starhill Global REIT ("SGREIT"):** SGREIT renewed the master lease of Ngee Ann City with Toshin Development Singapore Pte Ltd ("Toshin") which is due to expire in June 2025. The renewed master lease will be extended by 12 years from June 2025 to June 2037.

Asian Credit Daily

Credit Headlines:

ABN Amro Bank N.V. ("ABN")

- The Dutch government announced its plan to further reduce its ownership in ABN that is held through a foundation linked to the Ministry of Finance that holds both shares and depositary receipts. This is in line with the government's February 2023 announcement that it was reducing its stake through the sale of depositary receipts.
- The Dutch government reduced its ownership in ABN to 49.5% in late September 2023 from ~52%. Through a pre-arranged trading plan, the stake may be reduced further to ~40% subject to certain price levels under the trading plan.
- We do not factor in government ownership in our fundamental assessment of financial institutions. (NF Financial Investments, Bloomberg, OCBC)

Starhill Global REIT ("SGREIT")

- SGREIT **renewed the master lease of Ngee Ann City with Toshin Development** Singapore Pte Ltd ("Toshin") which is due to expire in June 2025.
- The renewed master lease will be **extended by 12 years** from June 2025 to **June 2037**.
 - The lease may be further renewed for 6 years to June 2043 at the option of either party.
 - Thereafter, the lease may be further renewed for another 3 years to June 2046 at the option of Toshin.
- This renewal will **extend SGREIT's weighted average lease expiry to 8.4 years** from 4.2 years by gross rent as at 30 September 2023.
- The base rent for the renewed master lease for the first three years (June 2025-June 2028) shall be the higher of (1) 1% higher than current lease and (2) prevailing market annual rental value.
- Besides, the **renewed master lease comprises a profit-sharing arrangement** that provides potential upside for SGREIT while taking into consideration Toshin's profit margin. There is no profit-sharing component in the Current Master Lease.
- As part of the Renewed Master Lease, SGREIT has agreed to contribute up to S\$5.2 million to Toshin for the renovation and upgrading works.
- As at 30 September 2023, the current master lease with Toshin contributed approximately 23.6% of SGREIT's portfolio gross rent. (Company, OCBC)

Key Market Movements:

| | 1-Dec | 1W chg (bps) | 1M chg (bps) | | 1-Dec | 1W chg | 1M chg |
|----------------------------|-------|-----------------|-----------------|---------------------------------------|--------|--------|--------|
| iTraxx Asiax IG | 100 | 3 | -34 | Brent Crude Spot (\$/bbl) | 80.3 | -0.4% | -5.1% |
| iTraxx SovX APAC | 20 | 0 | 0 | Gold Spot (\$/oz) | 2,042 | 2.0% | 3.0% |
| iTraxx Japan | 64 | 0 | -13 | CRB Commodity Index | 274 | -0.5% | -2.0% |
| iTraxx Australia | 75 | 0 | -20 | S&P Commodity Index - GSCI | 556 | -1.1% | -3.4% |
| CDX NA IG | 62 | 0 | -14 | VIX | 12.9 | 0.5% | -23.4% |
| CDX NA HY | 104 | 0 | 4 | US10Y Yield | 4.33% | -14bp | -40bp |
| iTraxx Eur Main | 68 | 0 | -16 | | | | |
| iTraxx Eur XO | 373 | -1 | -67 | AUD/USD | 0.662 | 0.6% | 3.6% |
| iTraxx Eur Snr Fin | 78 | -1 | -18 | EUR/USD | 1.091 | -0.3% | 3.2% |
| iTraxx Eur Sub Fin | 142 | -3 | -35 | USD/SGD | 1.336 | 0.3% | 2.4% |
| | | | | AUD/SGD | 0.885 | -0.3% | -1.1% |
| USD Swap Spread 10Y | -37 | -2 | -1 | ASX200 | 7,067 | 0.4% | 3.3% |
| USD Swap Spread 30Y | -69 | -2 | 1 | DJIA | 35,951 | 1.9% | 8.0% |
| | | | | SPX | 4,568 | 0.2% | 7.8% |
| China 5Y CDS | 60 | 0 | -19 | MSCI Asiax | 621 | 0.4% | 7.1% |
| Malaysia 5Y CDS | 41 | -1 | -22 | HSI | 16,929 | -3.6% | -1.0% |
| Indonesia 5Y CDS | 76 | 1 | -19 | STI | 3,087 | -0.3% | 0.3% |
| Thailand 5Y CDS | 43 | -1 | -25 | KLCI | 1,451 | -0.2% | 1.1% |
| Australia 5Y CDS | 16 | -2 | -5 | JCI | 7,033 | 0.3% | 5.9% |
| | | | | EU Stoxx 50 | 4,382 | 0.5% | 7.1% |

Source: Bloomberg

Asian Credit Daily

New Issues:

| Date | Issuer | Description | Currency | Size (mn) | Tenor | Final Pricing | Initial Pricing |
|-------------|--|-------------|----------|-----------|--------|---------------|-----------------|
| 30-Nov-2023 | Keppel DC Reit Mtn Pte Ltd (Guarantor: Perpetual Asia Ltd) | FRN | SGD | 90 | 3-Year | SORA +35bps | N.A. |

Source: Bloomberg

Global Markets Research & Strategy

Macro Research

Selena Ling*Head of Strategy & Research*LingSSSelena@ocbc.com**Tommy Xie Dongming***Head of Greater China Research*XieD@ocbc.com**Keung Ching (Cindy)***Hong Kong & Macau*cindyckeung@ocbcwh.com**Herbert Wong***Hong Kong & Macau*herberhtwong@ocbcwh.com**Lavanya Venkateswaran***Senior ASEAN Economist*lavanayavenkateswaran@ocbc.com**Ahmad A Enver***ASEAN Economist*ahmad.enver@ocbc.com**Jonathan Ng***ASEAN Economist*JonathanNg4@ocbc.com**Ong Shu Yi***ESG*ShuyiOng1@ocbc.com

FX/Rates Strategy

Frances Cheung*Rates Strategist*FrancesCheung@ocbc.com**Christopher Wong***FX Strategist*christopherwong@ocbc.com

Credit Research

Andrew Wong*Credit Research Analyst*WongVKAM@ocbc.com**Ezien Hoo***Credit Research Analyst*EzienHoo@ocbc.com**Wong Hong Wei***Credit Research Analyst*WongHongWei@ocbc.com**Chin Meng Tee***Credit Research Analyst*MengTeeChin@ocbc.com

This publication is solely for information purposes only and may not be published, circulated, reproduced, or distributed in whole or in part to any other person without our prior written consent. This publication should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities/instruments mentioned herein. Any forecast on the economy, stock market, bond market and economic trends of the markets provided is not necessarily indicative of the future or likely performance of the securities/instruments. Whilst the information contained herein has been compiled from sources believed to be reliable and we have taken all reasonable care to ensure that the information contained in this publication is not untrue or misleading at the time of publication, we cannot guarantee and we make no representation as to its accuracy or completeness, and you should not act on it without first independently verifying its contents. The securities/instruments mentioned in this publication may not be suitable for investment by all investors. Any opinion or estimate contained in this report is subject to change without notice. We have not given any consideration to and we have not made any investigation of the investment objectives, financial situation or particular needs of the recipient or any class of persons, and accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the recipient or any class of persons acting on such information or opinion or estimate.

This publication may cover a wide range of topics and is not intended to be a comprehensive study or to provide any recommendation or advice on personal investing or financial planning. Accordingly, they should not be relied on or treated as a substitute for specific advice concerning individual situations. Please seek advice from a financial adviser regarding the suitability of any investment product taking into account your specific investment objectives, financial situation, or particular needs before you make a commitment to purchase the investment product. OCBC and/or its related and affiliated corporations may at any time make markets in the securities/instruments mentioned in this publication and together with their respective directors and officers, may have or take positions in the securities/instruments mentioned in this publication and may be engaged in purchasing or selling the same for themselves or their clients, and may also perform or seek to perform broking and other investment or securities-related services for the corporations whose securities are mentioned in this publication as well as other parties generally. There may be conflicts of interest between Oversea-Chinese Banking Corporation Limited ("OCBC Bank"), Bank of Singapore Limited, OCBC Investment Research Private Limited, OCBC Securities Private Limited or other members of the OCBC Group and any of the persons or entities mentioned in this report of which OCBC Bank and its analyst(s) are not aware due to OCBC Bank's Chinese Wall arrangement.

This report is intended for your sole use and information. By accepting this report, you agree that you shall not share, communicate, distribute, deliver a copy of or otherwise disclose in any way all or any part of this report or any information contained herein (such report, part thereof and information, "Relevant Materials") to any person or entity (including, without limitation, any overseas office, affiliate, parent entity, subsidiary entity or related entity) (any such person or entity, a "Relevant Entity") in breach of any law, rule, regulation, guidance or similar. In particular, you agree not to share, communicate, distribute, deliver or otherwise disclose any Relevant Materials to any Relevant Entity that is subject to the Markets in Financial Instruments Directive (2014/65/EU) ("MiFID") and the EU's Markets in Financial Instruments Regulation (600/2014) ("MiFIR") (together referred to as "MiFID II"), or any part thereof, as implemented in any jurisdiction. No member of the OCBC Group shall be liable or responsible for the compliance by you or any Relevant Entity with any law, rule, regulation, guidance or similar (including, without limitation, MiFID II, as implemented in any jurisdiction).