Asian Credit Daily

30 October 2024

Market Commentary:

- The SGD SORA OIS curve traded higher yesterday, with shorter tenors, belly tenors and 10Y trading 1bps higher.
- Flows in SGD corporates were heavy, with flows in STSP 3.3%-PERP, NTUCFP 3.46% '29s, HSBC 5.25%-PERP, TMGSP 4.65% '29s, UOBSP 2.55%-PERP.
- Yuzhou Group Holdings Co Ltd ("Yuzhou") has stated in an HKEX filing that the payment of the full outstanding principal amount of the YUZHOU 8.375% '24s, along with the accrued and unpaid interest, is not anticipated to be made on the maturity date of 30 October 2024. Yuzhou, a Chinese property developer, defaulted in 2022.
- According to a statement, ofi Group Limited, a wholly owned subsidiary of Olam Group Limited, priced USD65mn 5Y FRN through a private placement.
- Bloomberg Asia USD Investment Grade spreads remained flat at 76bps while Bloomberg Asia USD High Yield spreads also remained flat at 465bps. (Bloomberg, OCBC)

Credit Summary:

- **CapitaLand China Trust ("CLCT"):** CLCT reported 9M2024 results. Revenue fell 3.4% y/y to RMB1.38bn while net property income fell 5.1% y/y to RMB930.2mn.
- **CapitaLand Ascott Trust ("ART"):** ART disclosed its business update for 3Q2024 which show same-store gross profit growth of +2% y/y due to stronger operating performance.
- **ESR-LOGOS REIT ("EREIT"):** EREIT disclosed its business update for 3Q2024 which showed positive same-store gross revenue and net property income. EREIT may look to refinance early and explore a credit rating.
- **HSBC Holdings PLC ("HSBC"):** HSBC announced a solid 3Q2024 result with profit before tax of USD8.48bn.
- **Hongkong Land Holdings Ltd ("HKL") and The Hongkong Land Company Ltd ("HKCL"):** HKL announced a new strategy to focus on Investment Properties segment and generate growth in long-term recurring income by focusing on the development of ultra-premium integrated commercial properties in Asia's gateway cities.
- **Lippo Malls Indonesia Retail Trust ("LMRT"):** LMRT reported 3Q2024 results with little improvement on operating metrics.
- **Mapletree Industrial Trust ("MINT"):** MINT reported its second quarter results for the financial year ending 31 March 2025 ("2QFY2025") which showed a stable set of results.
- **Starhill Global REIT ("SGREIT"):** SGREIT reported 1QFY2025 business updates for the period ended 30 September 2024.

Credit Headlines:

CapitaLand China Trust ("CLCT")

- **Somewhat weaker y/y results, partly due to one-offs:** CLCT reported 9M2024 results. Revenue fell 3.4% y/y to RMB1.38bn while net property income fell 5.1% y/y to RMB930.2mn. This is due to (1) lower occupancy at CLCT's business parks (-3.2 ppts q/q to 87.3%) which also saw negative rental reversion of 2.5% while logistics parks recorded -21.9% rental reversion, (2) and absence of contributions from CapitaMall Shuangjing (divested since January 2024) and CapitaMall Qibao (ceased operations from March 2023).
- **Retail portfolio still stable on same-store basis:** Excluding CapitaMall Shuangjing and CapitaMall Qibao, the remaining 9 malls gross revenue rose 1.6% y/y, with net property income growing 2.9% y/y. In particular, the top 5 malls which contributed 8.02% of 9M2024 retail NPI grew 4.6% y/y, which signals outperformance of larger malls.
- **Decent retail portfolio statistics:** Retail occupancy inched up 0.1 ppts q/q to 97.9%. Tenant sales rose 2.4% y/y in 9M2024, though this is considerably lower than +6.6% y/y tenant sales recorded in 1H2024. Rental reversion was -0.6% for the retail portfolio, weighed by cautious retailer sentiment and subdued consumer spending. CLCT shared that Golden Week tenant sales growth was flattish y/y. Excluding CapitaMall Xinnan which is undergoing a tenant remixing process to better cater to today's consumers, 9M2024 retail rental reversion would be +0.6%.
- **Reorientating the retail portfolio towards consumers of today:** CLCT has increased the composition of F&B as part of the portfolio by GRI from 24.2% as at 30 September 2023 to 27.0% as of 30 September 2024 and information & technology from 2.1% to 2.4%. This follows tenant sales spending which is oriented towards value F&B, lifestyles services and demand for domestic brands such as Huawei, OPPO and VIVO. CLCT disclosed that tenant sales for F&B was up 10.0%, services was up 13.1% and IT & Telecommunications was up 10.5%.
- **Retail rents likely to remain stable:** According to CLCT, retail portfolio occupancy cost at high teens to low 20% range is lower than pre-COVID-19 levels. Going ahead, CLCT's retail portfolio may remain stable.
- **Weakness in Business Park and Logistics Park:** Business Park occupancy which fell 3.2 ppts q/q to 87.3% was weighed by Ascendas Innovation Towers (-19.1 ppts q/q to 71.9%) as an anchor tenant relocated to its own premise. With advanced negotiation with a new tenant, business park portfolio occupancy may partly recover to ~89%. For Logistics Park, while occupancy for the segment rose 2.1 ppts q/q to 72.5% as Kunshan Bacheng Logistics Park occupancy rose due to demands from tenants catering to smart appliances and food sectors, overall occupancy remains low as Shanghai Fengxian Logistics Park remains vacated due to business closure.
- **Business Park and Logistics Park performance may remain weak still:** Going forward, business park may still be impacted by potential declines in average rental prices and occupancy. Logistics Park similarly face continued supply pressure and weaker logistics demand. Going into end-2024, valuations of these properties may decline.
- **Moderate credit metrics:** Aggregate leverage inched up 0.8 ppts q/q to 41.6% despite total debt inching down slightly, which we think is partly attributable to the depreciation of CNY against the SGD given that SGD-denominated borrowings account for 69% of total borrowings. Meanwhile, reported adjusted interest coverage remains moderate at 3.0x, unchanged q/q. (Company, OCBC)

CapitaLand Ascott Trust ("ART")

- ART disclosed its business update for 3Q2024 which show same-store gross profit growth of +2% y/y due to stronger operating performance. With ART's proposed acquisition of lyf at Funan, reported aggregate leverage level is expected to increase to ~39%. We think this may temporarily fall pending deployment from divestment proceeds and then to rise when new acquisitions are announced.
- **Stronger operating performance:**
    - 3Q2024 reported gross profit had increased by 8% y/y. While the exact reported gross profit number was not provided, per ART, the increase was driven by portfolio reconstitution activities as acquisitions, completed asset enhancement initiatives ("AEI") mitigated the impact of income lost through divestments and ongoing AEI.

  - On a same-store basis, excluding acquisitions and divestments between 3Q2023 and 3Q2024, reported gross profit was 2% higher y/y due to stronger operating performance.
  - In 3Q2024, Revenue per Available Unit ("RevPAU") increased by 3% y/y. RevPAU was 105% of pre-COVID 3Q2019 pro forma RevPAU (includes performance of the Ascendas Hospitality Trust portfolio which was combined with ART in December 2019).
- **Stable income now makes up more than 60% of reported gross profit:**
  - In 3Q2024, 66% of reported gross profit was from stable income (aggregate of longer-stay properties and master leases as well as management contracts with minimum guaranteed income) while 34% of reported gross profit was in growth income (management contracts of serviced residences and hotels).
  - In 1H2024, 65% of reported gross profit was from stable income while 35% was from growth income.
  - ART continues to aim for longer-stay accommodation to 25-30% in the medium term. As at 30 September 2024, 19% of ART's portfolio value comprise of longer-stay accommodation.
- **ART tolerating higher reported aggregate leverage:**
  - As at 30 September 2024, reported aggregate leverage (not including perpetual as debt) was 38.3%, higher than the 37.2% as at 30 June 2024. Per ART, it expects its reported aggregate leverage to remain under or at ~40%.
  - We think ART's tolerance for a somewhat higher reported aggregate leverage follows its recent proposed acquisition. In October 2024, ART announced the proposed acquisition of lyf Funan in Singapore from related parties (to be funded by divestment proceeds of Citadines Mount Sophia as well as debt) for an agreed property value of SGD263mn. Lyf Funan has a hotel license and caters to both short and long-stays Using 30 June 2024's numbers, ART disclosed that on a proforma basis, its reported aggregate leverage will be 39.1% following the acquisition.
- **New perpetual at ART:**
  - Reported interest coverage ratio (does not take into account of perpetual distribution) for the 12 months to 30 September 2024 was 3.6x, somewhat lower than the 3.7x for the 12 months to 30 June 2024. ART's average cost of debt was flat q/q at 3.0% as at 30 September 2024.
  - ART has two perpetual outstanding. Assuming ART pays out its perpetual distributions, this is ~SGD14.6mn per year, which means that ART's Adjusted Interest Coverage ratio that takes into account perpetual distribution will be lower (undisclosed in the 3Q2024 business update).
  - In July 2024, ART had priced a replacement perpetual, the SGD150mn ARTSP 4.6%-PERP while the SGD150mn ARTSP 3.88%-PERP had been called and redeemed. The SGD250mn ARTSP 3.07%-PERP (originally the ARTSP 4.68%-PERP which was not called in June 2020) remains outstanding.
- **Highly manageable short term refinancing risk:**
  - As at 30 September 2024, ART only faces SGD125mn of debt due in the remaining of 2024 (representing 4% of total debt). 2025 would see SGD500mn of debt due (representing 17% of total debt). ART's cash balance was SGD535mn while it has committed credit facilities of ~SGD465mn. We see short term refinancing risk as highly manageable. Debt has been fixed at a high proportion of 79% as at 30 September 2024, although lower than the 82% as at 30 June 2024.
- **Further divestments post-3Q2024:**
  - The divestment of Citadines Karasuma-Gojo Kyoto and Infini Garden for a total divestment price of SGD161.1mn has been completed in October 2024 while the completion of the divestment of Olympic Tower Tianjin (divestment price not yet provided) is pending, as of writing.
  - Proceeds from divestments will be used to invest in higher-yielding properties, funding AEIs and paying down debt. (Company, OCBC)

ESR-LOGOS REIT ("EREIT")

- EREIT disclosed its business update for 3Q2024 which showed positive same-store gross revenue and net property income. EREIT may look to refinance early and explore a credit rating.
- **Top line falls mainly due to divestments though same store holding up**

- EREIT announced its 1Q2024 business updates. Reported gross revenue and net property income ("NPI") decreased by 6.3% y/y and 6.5% y/y respectively. In 2023 and 2Q2024, EREIT had divested 11 non-core properties as part of its capital recycling strategy. Per EREIT, on a same-store basis, gross revenue had increased 1.9% y/y while NPI had increased 1.2% y/y.
- As at 30 September 2024, EREIT reported occupancy of 91.3%, marginally lower than the reported occupancy of 91.4% as at 30 June 2024. This was mainly due to EREIT's Singapore portfolio which was 88.1% in 3Q2024 versus 88.3% in 2Q2024 while its Australia and Japan portfolio remained at full occupancy.
- Rental reversion for year-to-date to 30 September 2024 was 11.0%, driven by the High-specification and Logistics sectors.
- In August 2024, EREIT announced the proposed divestment of 81 Tuas Bay Drive for a sale consideration of SGD35mn where the completion is expected in 4Q2024.

- **Reported aggregate leverage to rise from acquisitions:**
    - EREIT's reported interest coverage ratio (includes perpetual distribution) for the 12 months to 30 September 2024 was 2.6x, somewhat higher than the 2.5x for the 12 months to 30 June 2024. Reported aggregate leverage (excluding perpetual and lease liabilities but including proportionate debt and asset at joint venture) was 36% as at 30 September 2024. Following recent announced proposed acquisitions in Japan and 20 Tuas South Avenue 14 (51%-interest), EREIT's proforma show that reported aggregate leverage will rise to ~41%. EREIT's capital structure tends to be more levered relative to other REITs we cover.
    - Separately, EREIT had announced a USD70mn (~SGD93mn) investment in a Japan fund in February 2024. As of writing, the Japan fund has not called on the capital yet. We understand that EREIT does not expect the fund to call on capital in 2024, although we do expect that this investment may be debt-funded when called.
    - We note that the all-in cost of debt was 3.96% as at 30 September 2024, somewhat lower than the 4.03% as at 30 June 2024. Fixed interest rate exposure was 75.4% as at 30 September 2024.
- **Looking to refinance early and exploring credit rating**
    - As at 30 September 2024, EREIT has no debt due for the remaining of 2024. EREIT faces SGD185mn in 2025 (in April 2025, comprising of bank debt), representing 12% of total debt. That said, EREIT faces a maturity wall in 2026 amounting to SGD801mn (representing ~52% of total debt, excluding lease liabilities). This includes the SGD125mn EREIT 2.6% '26s. EREIT disclose that it will look to refinance some of the 2025 and 2026 expiring debt early with no prepayment penalty to lower debt costs and spread-out debt expiry profile.
    - Per EREIT, it is exploring obtaining a credit rating in 1H2025 to access broader capital pools and extend debt tenor (in SGD) as well different funding currencies (eg: USD and JPY bonds). (Company, OCBC)

HSBC Holdings PLC ("HSBC")

- HSBC announced a solid 3Q2024 result with profit before tax of USD8.48bn, up 9.9% y/y on decent underlying business volumes with higher net fee income from wealth and market volatility and improved insurance results due to growth in contractual service margin balances. The results comparison however also reflects several one-off influences including absence of prior year disposal losses on Treasury repositioning and risk management and sale of New Zealand and Oman as well as a USD300mn loss on the early redemption of legacy securities. Net interest income was lower however this was offset by associated higher net income from financial instruments held for trading or managed on a fair value basis. Operating expenses were also higher than the cost growth guidance on a target basis, supporting the cost focus for HSBC's new Chief Executive Officer.
    - On a constant currency basis, profit before tax of USD8.48bn is up 11% y/y and up 13% y/y excluding notable items (outside the normal course of business and generally non-recurring) and the impact of strategic actions.

  - Q/q trends were weaker however with profit before tax down 4.8% q/q on the continued reduction in net interest income as well as a material q/q rise in expected credit losses and other credit impairment charges. Other influences include marginally higher net fee income, higher net income from financial instruments held for trading or managed on a fair value basis, higher other operating income and a gain on sale.
- Net operating income of USD17.0bn was up 5.2% y/y (7% on a constant currency basis, 10% excluding notable items and strategic transactions) and 2.8% q/q with the following noticeable movements:
  - Net interest income down 17.4% y/y with net interest margins of 1.46% in 3Q2024 down 24bps y/y and 16bps q/q. Net interest income included the USD300mn loss on the early redemption of legacy securities, recent business disposals, higher interest expense on liabilities and higher funding costs on the redeployed commercial surplus into the trading book. The associated revenue from this redeployment is reported under net income from financial instruments held for trading or managed on a fair value basis.
  - Net fee income rose 4.0% y/y to USD3.12bn on higher client activity in Wealth products (life insurance, Private Banking and investment distribution) within Wealth and Personal Banking ("WPB"), market volatility which led to better performance in Foreign Exchange ("FX") and Equities, and Global Debt Markets within Global Banking and Markets ("GBM"). Wholesale Transaction Banking fee and other income (mostly FX related on market volatility related client activity) also improved.
- Net operating income improvement offset a 2.1% y/y and 0.5% q/q rise in operating expenses excluding goodwill impairment and other intangible assets. The y/y rise includes USD200mn in strategic transaction costs as well as higher technology investment and inflation impacts that overshadowed cost savings from business disposals in Canada and France.
- Relative profit before tax performance however was ultimately influenced by relative movements in expected credit losses and other credit impairment charges with the USD986mn recognised in 3Q2024 up 185.0% q/q but down 7.9% y/y. The 3Q2024 expected credit losses equated to an annualised expected credit loss charge of 40bps of average gross loans (including loans and advances held for sale).
  - The y/y movement reflected lower stage 3 charges in HSBC's mainland China commercial real estate exposures within Commercial Banking ("CB") and GBM, down from USD503mn in 3Q2023 to USD101mn in 3Q2024.
  - Half of the 3Q2024 expected credit losses and other credit impairment charges relate to GBM and CB (including onshore Hong Kong commercial real estate and Mainland China commercial real estate exposures) while the other half relates to WPB exposures in Mexico, Hong Kong and HSBC UK.
  - The ratio of stage 3 balances to gross customer loans was 2.5% as at 30 September 2024, up 10bps q/q on a reported basis.
- By segment:
  - WPB contributed USD3.23bn or 38.1% to 3Q2024 profit before tax that rose 16% y/y with notable growth seen within Wealth as previously mentioned that offset weaker Personal Banking on strategic actions impacts and margin compression. As at 30 September 2024, Wealth Balances of USD1,902bn were up 15% y/y with net new invested assets of USD59bn for the year to date, mostly within Asia.
  - CB contributed USD3.00bn or 35.4% with profit before tax up 7% y/y due to improved contributions from markets products, insurance and investments. This offset lower margins in Global Payments Solutions and weaker Credit and Lending volumes in Hong Kong that was stabilised by improved performance in UK and Europe.
  - GBM profit before tax rose 47% y/y and contributed USD1.85bn or 21.8% to 3Q2024 profit before tax with higher client activity in FX and equities, strong primary and secondary market activity in Global Debt Markets and higher Markets Treasury allocations.
- YTD results look relatively stable but remain influenced by HSBC's strategic repositioning with 9M2024 profit before tax of USD30.0bn up 2.3% y/y. Results include USD3.33bn in net gains related to the sale of its Canadian operations as well as an impairment loss related to the planned sale of its Argentinian business that should complete in 4Q2024. 9M2023 recorded USD2.13bn in net gains to reflect an impairment reversal connected

to the sale of HSBC's retail banking operations in France as well as a USD1.59bn gain on acquisition related to Silicon Valley Bank UK Limited. These one-off impacts were balanced by the following:

- 9M2024 net interest income of USD24.55bn that was down 10.8% y/y as the 9M2024 net interest margin of 1.57% fell 13bps y/y due to business disposals, higher interest expense on deposit migration, the USD300mn loss on the early redemption of legacy securities, and higher funding costs as the commercial surplus was redeployed to the trading book. This offset improved performance at HSBC UK from improved margins and the acquisition of Silicon Valley Bank UK Limited as well as the associated 25.9% y/y rise in net income from financial instruments held for trading or managed on a fair value basis.
- Net fee income rose 2.6% y/y to USD9.32bn and likely reflected solid client activity within WPB and Equities and Securities Financing in GBM from market volatility.
- A 2.8% y/y rise in 9M2024 operating expenses to USD24.39bn from higher investments in technology and inflation along with higher performance related pay.
- Expected credit losses and other credit impairment charges of USD2.05bn that were down 15.1% y/y on lower charges for mainland China commercial real estate exposures and HSBC UK exposures. These offset higher expected credit loss charges in WPB for unsecured lending in Mexico. HSBC's annualised expected credit loss charge was 28bps of average gross loans (including loans and advances held for sale), below its medium-term planning range of 30bps-40bps.
- USD336mn in other operating income in 9M2024 against USD581mn in other operating expenses in 9M2024

- HSBC's CET1 capital position improved 20bps q/q to 15.2% as at 30 September 2024 and is up 40bps compared to 31 December 2023. This was due to a larger q/q rise in CET1 capital from earnings (+80bps) than shareholder distributions (40bps for dividend accrual and 40bps for share buybacks) and rise in risk weighted assets (+20bps). Higher risk weighted assets reflect higher corporate and sovereign exposures as well as negative credit risk rating migrations in Asia (Hong Kong commercial real estate) and the US. HSBC's capital position remains above its medium-term target range of 14-14.5% and with management aiming to manage this range down in the long term, HSBC announced its intention to complete another USD4.8bn share buy-back with total distributions announced so far in 2024 at USD18.4bn.
- Amongst the various internal and external influences that include management and business changes and ongoing geo-political risks, HSBC has maintained its outlook as contained in its 1H2024 results with 2024 banking net interest income guidance of ~USD43mn (USD32.8bn in 9M2024), 2024 y/y cost growth of ~5% on a target basis or at constant currency and excluding notable items amongst others (+6.0% y/y in 9M2024), and mid-teens return on average tangible equity in 2024 and 2025 (19.3% in 9M2024). (Company, OCBC)

Hongkong Land Holdings Ltd ("HKL") and The Hongkong Land Company Ltd ("HKCL")

- HKL announced a **new strategy to focus on Investment Properties segment** and generate growth in long-term recurring income by focusing on the development of ultra-premium integrated commercial properties in Asia's gateway cities.
- HKL will also **exit Development Properties segment** across Asia. HKL will actively recycle capital out from this segment and channel these proceeds into Investment Properties.
- HKL aims to recycle up to USD10bn of capital by 2035 and double its profit before interest and tax and dividends per share.
- HKL will further invest in its existing prime mixed-use projects in HKSAR, Singapore and Shanghai, while also selectively pursuing expansion opportunities into other major gateway cities that benefit from the flight to quality trends seen globally.
- As of 30 June 2024, HKL's Investment Properties and Development Properties assets were USD31.7bn and USD9.6bn respectively. HKL's Development Properties assets were in Mainland China (82%), Southeast Asia (16%) that is primarily in Singapore and HKSAR (2%) as of 31 December 2023.
- **We believe the new strategy is a positive credit event for bondholders** as financial performance of the Investment Properties segment is substantially more stable compared to the Development Properties

segment. In addition, the large exposure of Development Properties in China has been dragging down the financial performance and capital of HKL. The completed 1H2024 sales gross margin in Mainland China was merely 14%, in comparison to the peak of 44% in 2019.
- Despite the weaknesses in HKSAR office segment, HKL's interest coverage ratio for its HKSAR Investment Properties portfolio (held under wholly owned subsidiary HKCL) was still healthy at 5.7x as of 31 December 2023. (Company, OCBC)

Lippo Malls Indonesia Retail Trust ("LMRT")
- **LMRT reported 3Q2024 results with little improvement on operating metrics. Though there are manageable liquidity risks until 2028, we believe LMRT will not resume distribution to perpetual holders in the foreseeable future given that the current cash flow is still insufficient to support the payout along with the capital expenditure requirements in the coming years**. Besides, its most valuable assets have been pledged for the IDR secured loan facilities and LMRT is near to its aggregate leverage limit of 45%, hence we don't think LMRT will be able to refinance the existing two perpetuals with more secured IDR loans.
- **3Q2024 NPI fell 6.5% y/y to SGD28.6mn due primarily to weaker IDR against SGD** and marginally higher property operating expenses. Excluding forex impacts, NPI fell merely 0.5% y/y to IDR343.3bn.
- **Reported aggregate leverage remained stable at 44.97% and close to the MAS limit of 45%** as of 30 September 2024 (June 2024: 44.96%). Meanwhile, **T12M interest coverage ratio weakened q/q to 1.55x** (2Q2024: 1.65x) as of 3Q2024.
- **Slightly better operating metrics:** LMRT reported rental reversion of 7.9% in 9M2024 and a marginally better portfolio occupancy rate q/q of 80.1% as of 30 September 2024 (June 2024: 79.9%). 3Q2024 shopper traffic remained lacklustre, recovering to merely 72.3% of pre-COVID levels (2Q2024: 69.6%).
- **Liquidity risks are manageable** as there are SGD4.2mn, SGD25mn and SGD57.5mn debts maturing in 2024, 2025 and 2026 respectively. (Company, OCBC)

Mapletree Industrial Trust ("MINT")
- MINT reported its second quarter results for the financial year ending 31 March 2025 ("2QFY2025") which showed a stable set of results.
- **Positive rental revision while occupancy continues to tick up:**
  - MINT's 2QFY2025 overall revenue and net property income ("NPI") increased by 4.2% y/y and 4.6% y/y to SGD181.4mn and SGD134.5mn respectively, driven by contributions from its debut data centre acquisition in Osaka (bought in September 2023), new leases and renewals. This was partly offset by loss of income in the North American portfolio from non-renewal of leases and the divestment of the Tanglin Halt Cluster. On a q/q basis, overall revenue increased by 3.5% while NPI increased by 1.5%.
  - Overall portfolio occupancy as at 30 September was 92.9% versus 91.9% as at 30 June 2024, driven by the lease commencement of Vanderblit University Medical Centre at 402 Franklin Road, Brentwood (this property was a data centre used by AT&T and zoning allows for the property to be used for medical office space).
  - Occupancy at the recently redeveloped Mapletree Hi-Tech Park @ Kallang Way is progressing, but slower than originally anticipated (~54% occupied, MINT is trying to reach 60-65% by end-FY2025). Per MINT, this is mainly due to heavy new supply in the market while it also faces competition from Alexander Technopark, following Google giving up space in that property.
  - Per MINT, its rental revision was between -1.3% and 26.1% for renewal leases across segments, with portfolio weighted average rental revision rate of 10.7% for renewal leases, largely due to renewal of leases that were signed at lower rates during the pandemic. MINT is guiding single to mid-single digit rental revision going forward. MINT's overall portfolio weighted average lease expiry by gross rental income was 4.4 years as at 30 September 2024.
- **Reported aggregate leverage ticked up from new acquisition:**

- For the 12 months to 30 September 2024, MINT's Reported Adjusted Interest Coverage Ratio (which includes perpetual distributions in the denominator) was 4.3x, stable versus the 12 months to 30 June 2024.
- As at 30 September 2024, reported aggregate leverage (includes proportionate debt and asset of joint venture, does not include perpetuals) was 39.1%, flat q/q. That said, with the completion of the acquisition of the mixed-use facility located in Tokyo, Japan yesterday (29 October 2024), reported aggregate leverage would have risen to ~40%. The property is fully leased to an established Japanese conglomerate with a weighted average lease to expiry of approximately five years. Per MINT, this property located in the Tama district of West Tokyo (a new data centre cluster), offers potential redevelopment opportunity into a new data centre. No timeline nor capital expenditure plan was provided yet.
- While MINT continues to pursue divestment of non-core assets to reshape its portfolio, no divestment announcements has been made yet so far in FY2025.
- As at 30 September 2024, including proportionate debt at its joint venture, MINT faces SGD196mn (representing only 5%) of debt coming due in the remaining of FY2025, comprising entirely of debt at the joint venture. In FY2026, MINT faces SGD780mn of debt coming due, including JV debt (representing 22% of debt due in FY2026). This includes the SGD60mn MINTSP 3.79% '26s due in March 2026. MINT's proportion of its debt fixed or hedged into fixed rate was 80.4% as at 30 September 2024, lower than the 82.1% last quarter. (Company, OCBC)

Starhill Global REIT ("SGREIT")

- SGREIT reported 1QFY2025 business updates for the period ended 30 September 2024.
- **Stable committed occupancy q/q**: Committed portfolio occupancy rate fell marginally q/q to 97.6% as of 30 September 2024 (June 2024: 97.7%), affected by lower occupancy rate in Australia (-0.2ppts q/q to 94.6%) while offset by better Singapore Retail (+0.3ppts q/q to 99.7%).
- **Mixed operating metrics:** At Wisma Atria Property, 1QFY2025 tenant sales fell 7.7% y/y mainly attributed to tenant transitions and vacancy per SGREIT, despite with higher shopper traffic (+11.7% y/y) amidst the influx of tourists. We believe the lower tenant sales could possibly be due to weaker spendings of tourists, which was mentioned by management of another REIT that own a mall in Orchard during their latest earnings release. Besides, retail sales index (excluding motor vehicles) contracted by 2.3% and 1.5% y/y in July and August 2024 respectively on the back of more cautious consumer sentiments.
- **Stable credit metrics:** Reported aggregate leverage increased q/q to 37.2% (June 2024: 36.8%). T12M reported adjusted interest coverage ratio and average interest costs remained unchanged q/q at 2.9x and 3.80%. (Company, OCBC)

New Issues:

Date	Issuer	Description	Currency	Size (mn)	Tenor	Final Pricing
29 Oct	Export-Import Bank of China/The	Fixed	USD	1000	3Y	SOFR+38bps
29 Oct	SPIC Preferred Co. No. 4 Ltd. (Keepwell Provider: State Power Investment Corp Ltd)	Preference Shares, Green	USD	1000	PerpNC3	4.95%
29 Oct	PowerDC Holdco Pte Ltd (Guarantor: Credit Guarantee & Investment Facility)	Fixed	SGD	100	5Y	3.625%

Mandates:

- Chengdu Communications Investment Group Corporation Limited is planning to issue USD senior unsecured bonds.

Key Market Movements

	30-Oct	1W chg (bps)	1M chg (bps)		30-Oct	1W chg	1M chg
iTraxx Asiax IG	71	-3	2	Brent Crude Spot ($/bbl)	71.4	-4.7%	-0.5%
				Gold Spot ($/oz)	2,778	2.3%	5.4%
iTraxx Japan	52	-1	0	CRB Commodity Index	278	-2.1%	-2.3%
iTraxx Australia	65	-2	3	S&P Commodity Index - GSCI	528	-2.7%	-1.0%
CDX NA IG	52	-1	-1	VIX	19.3	6.3%	15.6%
CDX NA HY	107	0	0	US10Y Yield	4.25%	0bp	47bp
iTraxx Eur Main	57	-1	-2				
iTraxx Eur XO	306	-5	-5	AUD/USD	0.656	-1.1%	-5.1%
iTraxx Eur Snr Fin	63	-1	-4	EUR/USD	1.082	0.3%	-2.8%
iTraxx Eur Sub Fin	112	-2	-9	USD/SGD	1.325	-0.1%	-3.0%
				AUD/SGD	0.869	1.0%	2.3%
USD Swap Spread 10Y	-49	-2	-2	ASX200	8,203	-0.2%	-0.8%
USD Swap Spread 30Y	-82	0	0	DJIA	42,233	-1.6%	-0.2%
				SPX	5,833	-0.3%	1.2%
China 5Y CDS	63	-2	3	MSCI Asiax	739	-0.8%	-3.1%
Malaysia 5Y CDS	40	-1	2	HSI	20,577	-0.9%	-2.6%
Indonesia 5Y CDS	68	-2	-1	STI	3,578	-0.6%	-0.2%
Thailand 5Y CDS	37	0	2	KLCI	1,608	-2.0%	-2.5%
Australia 5Y CDS	14	0	1	JCI	7,538	-3.2%	0.1%
				EU Stoxx 50	4,950	0.2%	-1.0%

Source: Bloomberg

Macro Research

Selena Ling
Head of Research & Strategy
lingssselena@ocbc.com

Tommy Xie Dongming
Head of Asia Macro Research
xied@ocbc.com

Keung Ching (Cindy)
Hong Kong & Macau Economist
cindyckeung@ocbc.com

Herbert Wong
Hong Kong & Taiwan Economist
herberthtwong@ocbc.com

Lavanya Venkateswaran
Senior ASEAN Economist
lavanyavenkateswaran@ocbc.com

Ahmad A Enver
ASEAN Economist
ahmad.enver@ocbc.com

Jonathan Ng
ASEAN Economist
jonathanng4@ocbc.com

Ong Shu Yi
ESG Analyst
shuyiong1@ocbc.com

FX/Rates Strategy

Frances Cheung, CFA
Head of FX & Rates Strategy
francescheung@ocbc.com

Christopher Wong
FX Strategist
christopherwong@ocbc.com

Credit Research

Andrew Wong
Head of Credit Research
wongvkam@ocbc.com

Ezien Hoo, CFA
Credit Research Analyst
ezienhoo@ocbc.com

Wong Hong Wei, CFA
Credit Research Analyst
wonghongwei@ocbc.com

Chin Meng Tee, CFA
Credit Research Analyst
mengteechin@ocbc.com