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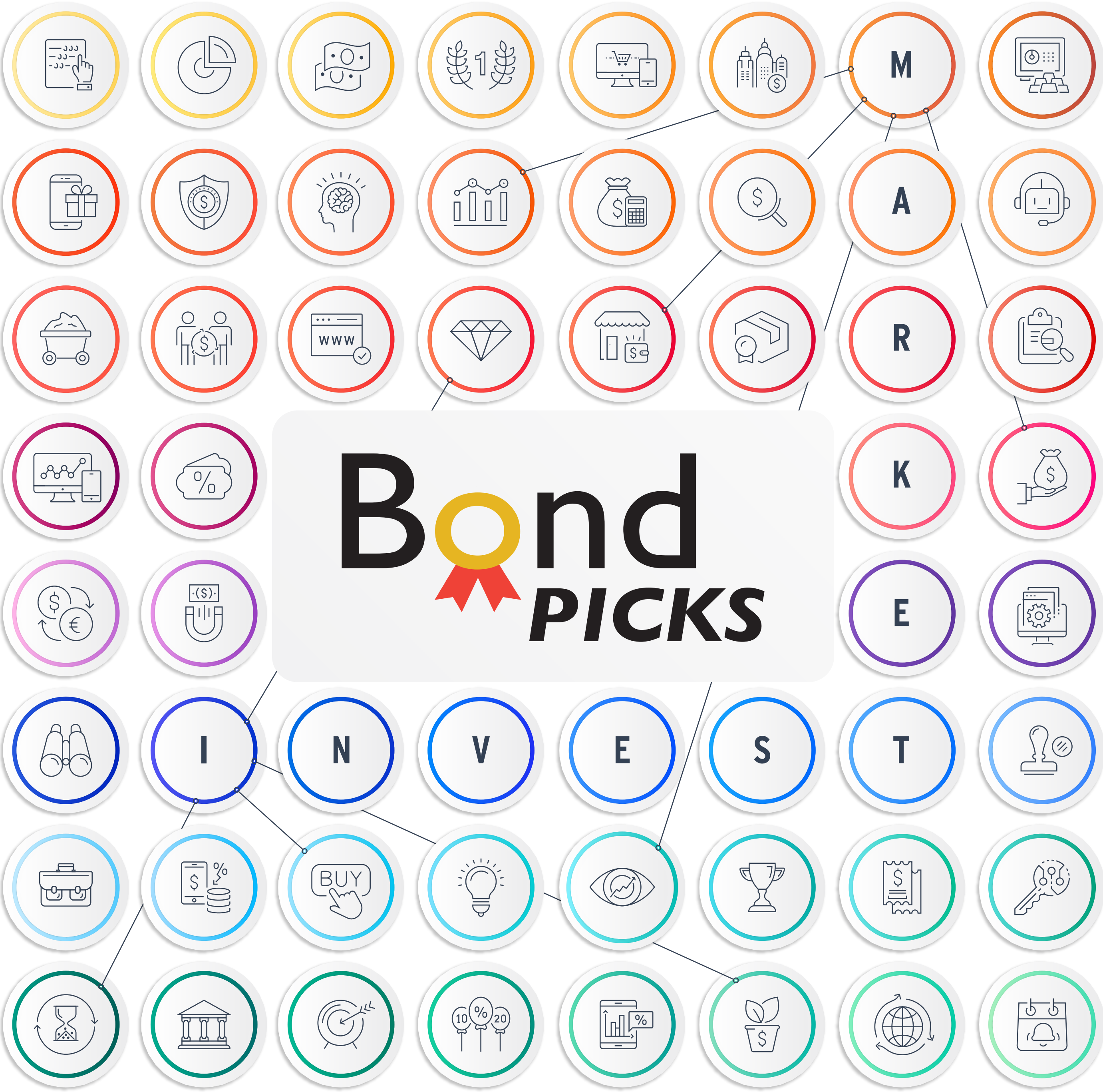
WHAT ARE BONDS?

BOND EXPRESS

OUR TOP BOND PICKS



BOND EXPRESS: Your solution to diversifying and trading bonds in small lot sizes

Real-time
Bond trading experience
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Enjoy Diversification
in Bonds

Buy Wholesale Bonds in
smaller lot sizes

Access to firm executable
prices and volumes from
9am to 5pm each
business day

BOND EXPRESS

MANY INVESTORS COME ACROSS THESE TWO OBSTACLES WHEN INVESTING IN BONDS:

A lack of smaller lot sizes
for corporate bond

The inability to execute trades due to the
"indicative" nature of bond market pricing

BOND EXPRESS WILL TAKE CARE OF THAT

Bond Express is an initiative that allows you to trade a selected list of wholesale bonds with **firm executable pricing and volumes**, but more importantly, in **lot sizes from as little as USD5,000 for USD-denominated wholesale bonds** (or SGD 5,000, CNH 50,000, MYR 5,000 for their respective denominated bonds).

Wholesale bonds are typically traded in lot sizes of USD200,000 (or S$250,000), which may be a huge amount of capital outlay for many investors, resulting in a lack of ability to diversify. Now, you can

- Enjoy the benefits of yield/return certainty that comes with investing in corporate bonds, and
- Diversify your portfolio

How does it work?

From 9am to 5pm each business day, get access to firm executable prices and volumes for the list of bonds on Bond Express. Do note that prevailing regulations mean that only Accredited Investors (AIs) in Singapore, Professional Investors (PI) in Hong Kong, or Sophisticated Investors (SI) in Malaysia will be able to buy wholesale bonds in lot sizes of 5,000 (by nominal value). For further information on your eligibility, check with your relevant distributor.

Risk Disclosure Statements

General

No investment decision should be taken without first viewing a bond's offering documents. All contents herein do not constitute financial advice or formal recommendation and must not be relied upon as such. We are not giving or purporting to give or representing or holding ourselves out as giving personalised financial, investment, tax, legal and other professional advice.

Key Risks of Investing in Bonds

Credit Risk
Bonds are subject to the risk of the issuer defaulting on its obligations. It should also be noted that credit ratings assigned by credit rating agencies do not guarantee the credit worthiness of the issuer;

Liquidity Risk
Some bonds may not have active secondary markets and it would be difficult or impossible for investors to sell the bond before its maturity; and

Interest Rate Risk
Bonds are more susceptible to fluctuations in interest rates and generally prices of bonds will fall when interest rates rise; and

Exchange Rate Risk
If the bond is denominated in a foreign currency, you face an exchange rate risk. Any fall in the foreign currency will reduce the amount you receive when you convert a payment of interest or principal back into your local currency; and

Event Risk
A corporate event such as a merger or takeover may lower the credit rating of the bond issuer. In case the corporate restructurings are financed by the issuance of a large amount of new debt-burden, the company's ability to pay off existing bonds will be weakened.

Bonds with Special Features

Some bonds may contain special features and risks that warrant special attention. These include bonds:

- That are perpetual in nature and interest pay-out depends on the viability of the issuer in the very long term;
- That have subordinated ranking and in case of liquidation of the issuer, investors can only get back the principal after other senior creditors are paid;
- That are callable & investors face reinvestment risk when the issuer exercises its right to redeem the bond before it matures;
- That have variable and/or deferral of interest payment terms and investors would face uncertainty over the amount and time of the interest payments to be received;
- That have extendable maturity dates and investors would not have a definite schedule of principal repayment;
- That are convertible or exchangeable in nature and investors are subject to both equity and bond investment risk; and/or
- That have contingent write down or loss absorption feature and the bond may be written-off fully or partially or converted to common stock on the occurrence of a trigger event.

Remarks

Warning for bonds that are unauthorised by SFC: The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this document, you should obtain professional advice.

These quotes are only indicative prices and are subject to change. For complex products, investors should exercise extra caution. Note that past performance is not indicative of future performance.

Bond PICKS

Content

Market Review & Outlook

2021 was not a smooth sailing year for fixed income as inflation soared to its highest level in decades. Consumer prices are now so high that the US Federal Reserve no longer classifies inflation as a transitory phenomenon. The Federal Reserve has begun tapering asset purchases in November 2021 and guided that there will be three interest rate hikes in 2022.

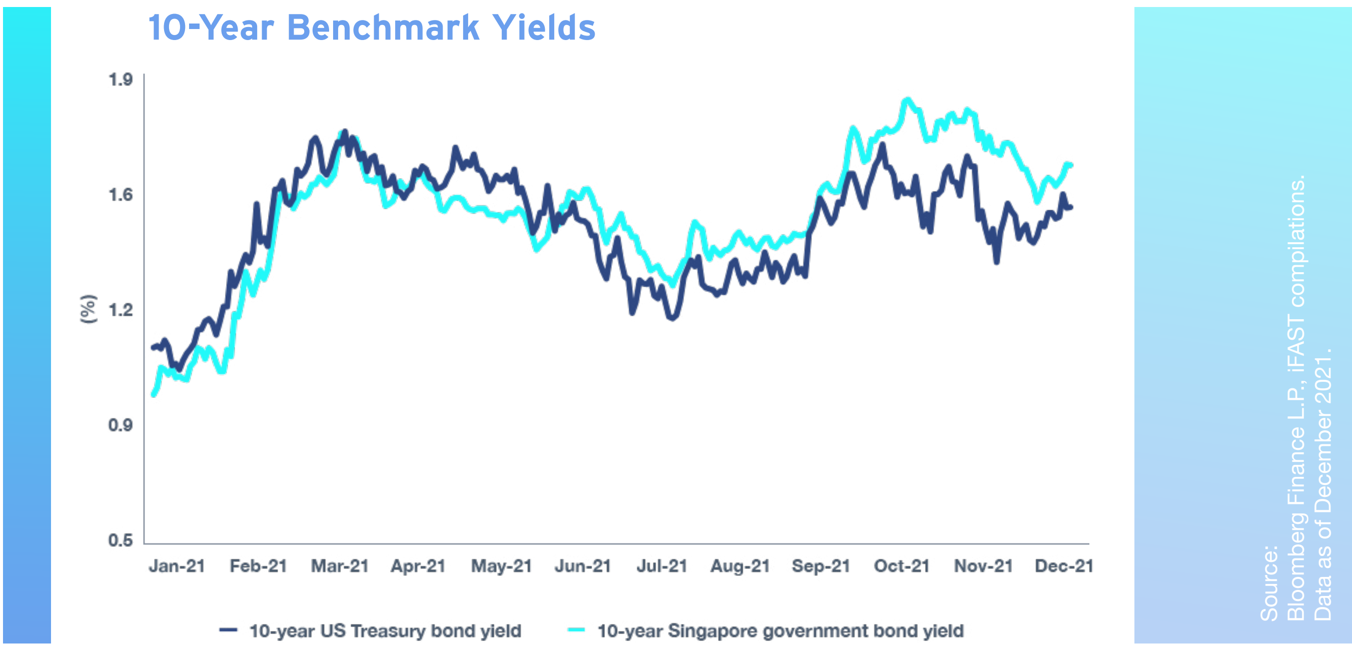
Set against the backdrop of higher inflation and lower unemployment, US 10-year Treasury yields climbed to as high as 1.74% in March, but retreated to 1.17% in August. Singapore 10-year government bond yields soared to 1.74% in March, dropped to 1.27% in August but climbed to a 2021 high of 1.84% in November.

Singapore's central bank also surprised to the upside by tightening monetary policy in October 2021 and announced that economic growth would likely remain above trend in the quarters ahead. If inflation continues to run amok, the Monetary Authority of Singapore will very likely reignite their tightening bias in April this year.

In December 2021, the loosening of social distancing restrictions and the implementation of vaccinated travel lanes in Singapore have lifted economic activity and tourist arrivals. As for the early months of 2022, we expect a continued recovery in the beaten down hospitality and travel sectors. Travel activities will pick up in the fourth quarter of 2021 and first quarter of 2022, coinciding with the end-of-year holiday season and lunar new year. Our positive outlook for these two sectors however is premised on a low coronavirus case count and the successful rollout of booster vaccine shots for the broader population.

Developments on the health front have been, and will continue to be a large determinant of economic growth. As of early December 2021, it remains to be seen if the new Omicron variant will be more deadly or take over the Delta strain. Any adverse new discoveries pertaining to the Omicron variant will dampen our positive credit outlook, whilst on the other hand, a sudden announcement of a miraculous medicine to the pandemic will almost certainly lead to surging economic growth and more interest rate hikes this year.

On a separate note, one of the ensuing themes for 2022, and possibly in the years beyond is the enforcement and implementation of ESG standards for companies. With the recent conclusion of the 26th Conference of Parties in Glasgow, there has been a greater emphasis on protecting, conserving and restoring natural ecosystems. This will have a big impact on oil and coal companies as countries have started a transition away from fossil fuels and adopting renewables as an energy source.



Market Review & Outlook

With lesser capital being allocated to oil infrastructure coupled with the growing electricity demand from people working from home, it is not difficult to see how commodities such as oil and copper prices will continue to remain high. With this in mind, we believe that inflationary forces will continue to linger in the background and diminish real returns to bondholders.

This is why we prefer higher yielding short duration fixed income securities for 1H22 as there is little benefit to invest in long-term bonds, which are sensitive to interest rates with low coupons.

Since June 2021, the Asian high yield bond market, led by Chinese real estate bonds, has suffered a big loss with credit spreads widening by over 600 basis points (“bps””). Meanwhile, other markets remained quite stable as the credit spreads for emerging market and European & US markets increased by around 100 bps and 30 bps respectively.

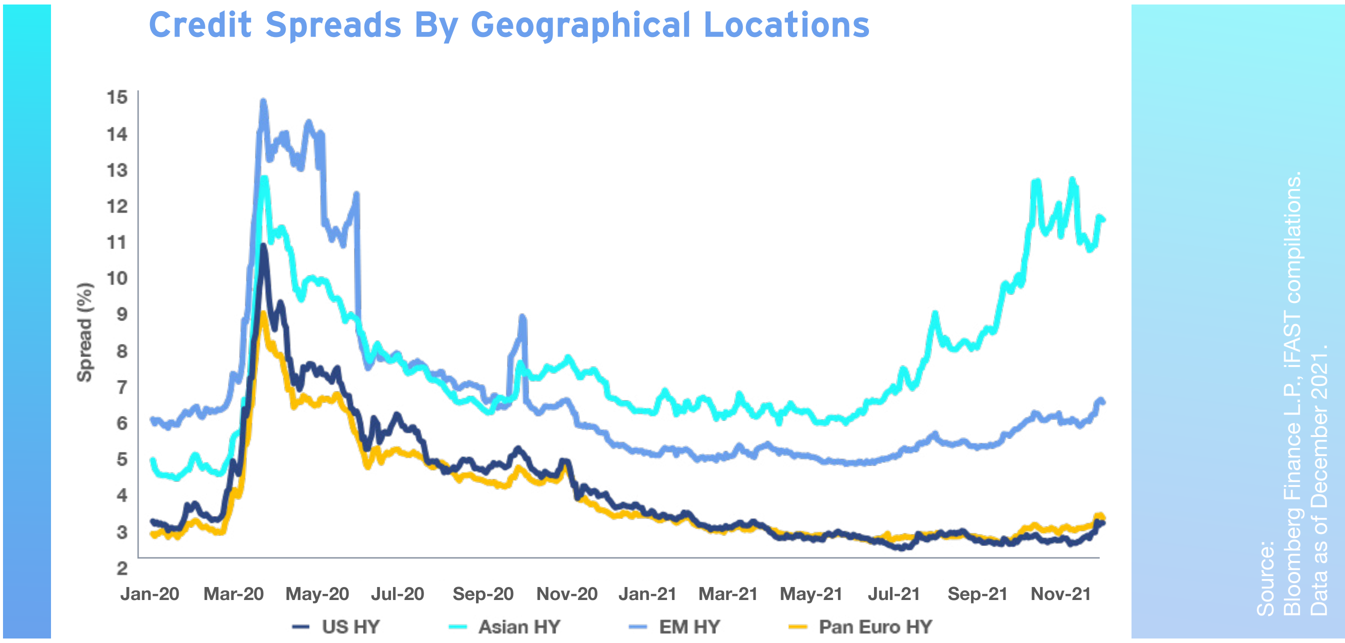
Although high yield bonds usually have shorter duration and lower sensitivity to interest rate, European and US high yield bonds may be affected more by the global rate hike cycle given that their credit spreads are now trading at approximately 300 bps to 320 bps, which is a level much lower than their historical means. For this reason, we believe European and US high yield bonds are less attractive in terms of relative value, and more analysis by specific location and sector is needed from a credit perspective.

On the other hand, with China accounting for nearly half of the weightings, Asian high yield credit spreads have returned to the same level in March 2020. Government interventions and continuous credit events in Chinese real estate bonds caused significant capital outflows from the sector, with some non-property bonds taking a hit as well.

Nevertheless, looking forward, we still think the Chinese bond market offers investment value, and the recent crash in the property sector will not pose a systemic risk to the economy. Even if we exclude real estate bonds, the market still offers attractive yields for investors including utilities, natural resources, energy and financial leasing companies.

In spite of the recent rise in investment grade corporate bond yields, we feel that it is still not the right time to invest into longer tenure investment grade bonds, unless investors intend to hold these bonds until maturity.

Considering the high probability of interest rate hikes and inflationary headwinds in 2022, investors may continue to see volatility in their bond portfolios. Geographically, we expect Asian high yields to outperform European and US high yield bonds. Within the Asian high yield space, we see value in sectors such as gaming, utilities, natural resources and financial leasing companies. As we transition to a new year, investors should embrace the price volatility for bonds and look out for opportunities among high yielding names with shorter maturities.



Asian High Yield Outlook

As at December 2021, the Asian high yield segment was offering investors a yield of more than 11%, the highest among all types of fixed income assets. Asian high yield bonds have dropped due to defaults from a number of Chinese real estate developers. The Chinese property sector is experiencing one of the toughest periods in history. While we do not rule out further bond defaults, especially amongst the smaller developers, we believe the default risks should be manageable.

Firstly, the PBOC has already delivered some supportive policy fine-tuning for the property sector by ensuring continued access to bank lending and mortgage approvals for healthy developers.

However, the credit spreads for Asian high yields are trading at a level that seem to suggest a mass default in the Chinese property sector, which we believe is an unlikely scenario. Credit fundamentals have generally improved, with most Chinese developers stepping up their deleveraging efforts.

We believe a lot of negatives have already been priced in, with current valuations compensating for the risks that investors are taking in the sector.

Secondly from a valuation perspective, European and US high yields have tighter credit spreads and considered more expensive than Asian high yield bonds. Therefore, any interest rate hike or rise in benchmark yields are likely to have a bigger negative impact on European and US high yields.

The Asian high yield sector is not restricted to Chinese bond issuers although Chinese bond issuers account for majority of the weightings in the Asian high yield index. There are other index constituents that would appeal to investors.

For example, the Asian high yield market also includes bond issuers from countries such as India, Indonesia and Japan. Apart from Mainland China, the bonds issued by casinos in Macau and the mid-size developers in Hong Kong may appear to provide appealing returns.

Among bond issuers in China, we still hold a conservative stance towards the bonds issued by local government financing vehicles ("LGFV"). These corporates generally have a huge amount of debt and they lack the transparency in financial information as they are usually unlisted entities.

Their credit ratings are also commonly uplifted by 6 to 7 notches against the standalone credit profile simply because of the local government background. Referencing to Tewoo Group, Yongcheng Coal and Chongqing Energy, we think investors have to be more prudent when investing in such credits and perhaps focus on the financial condition of the local government to which the issuer belongs.

Lastly, although perpetual bonds and contingent convertible ("CoCo") bonds offer higher yields, they usually require a case-by-case analysis because of their complicated terms. It is important to understand their features before making such investments.

Asian High Yield Outlook

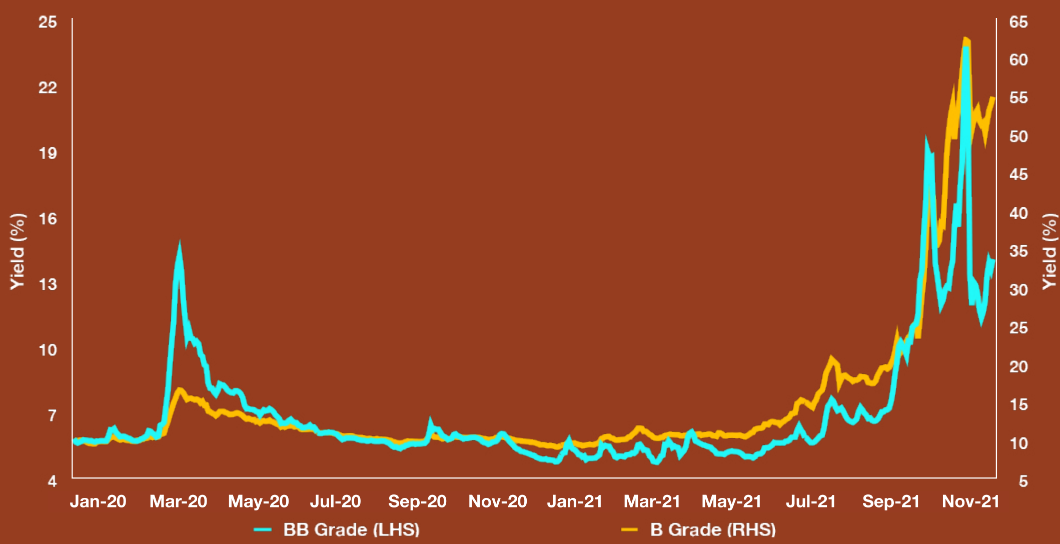
Chinese Real Estate Bond Market Outlook

Despite the sharp decline in market value, Chinese Real Estate ("CRE") bonds remain a key member of the Asian high yield market and make up over 30% of weighting in the JP Morgan Asia Credit Non-Investment Grade Index.

According to Moody's, there was about USD 7.8b of Chinese offshore bonds that defaulted over the first nine months of 2021. The amount increased by 28% YoY and had already surpassed the total value in 2020. In the second half of 2021, we saw more credit events happening, including Sinic, Fantasia, Yango, Kaisa, Aoyuan, all of which are likely to add to the total default amount.

The intensity of CRE bonds selloff this time is actually unprecedented. During the 2009 global financial crisis, CRE USD bonds were not that popular, as there was only a few outstanding bonds from a small number of developers. In 2020, the liquidity crash caused by Covid-19 did not trigger a huge correction in CRE bonds as well. According to our tracked CRE USD Bond Yield Index, the average yield of 'B' and 'BB' rated issuers exceeded over 60% and 20% respectively at one point.

BSM Chinese Real Estate USD Bond Yield Index



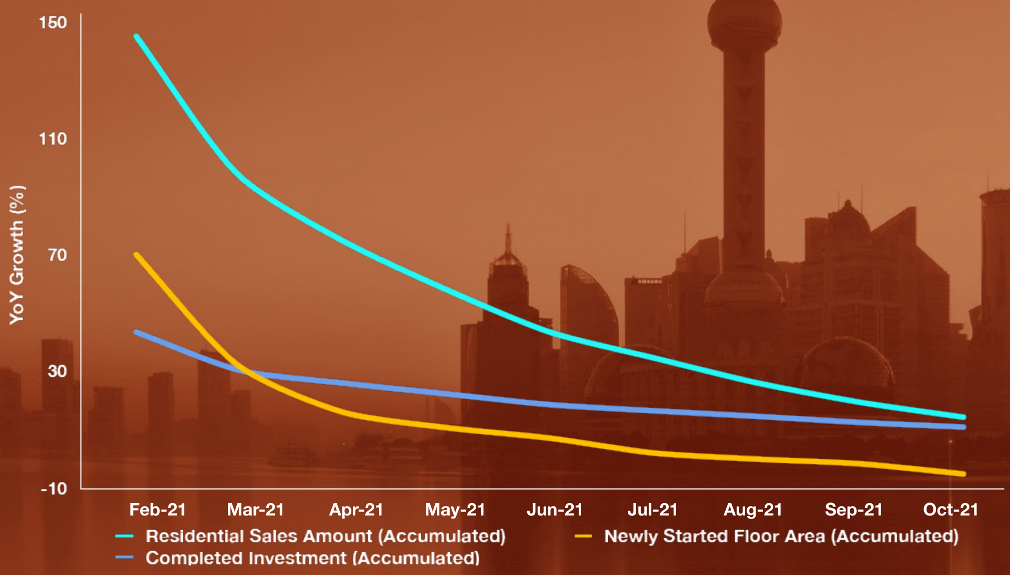
Source:
Bloomberg Finance L.P., iFAST compilations.
Data as of December 2021.

Given this skyrocketed bond yield, it becomes an impossible task for high yield issuers to access bond financing channels. According to KE Research, the offshore CRE bond issue size in Jan-Oct dropped by 37% YoY, while the new issue market turned completely silent in the second half of 2021.

Statistics also said the three major credit rating agencies have downgraded the developers' outlook and ratings for over 130 times from June to mid-November. This caused bond prices to fall further, leading to more downgrades and creating a deadly downward spiral.

The Chinese real estate sector is facing a downturn. We saw weakened fundamentals as the growth in residential sales, newly started floor area and completed investment amount shrunk quickly. The situation is quite similar to the market downturn back in 2013-2014.

National Residential Development, Investment & Sales Data



Source:
National Bureau of Statistics of China,
iFAST compilations. Data as of November 2021.

Back in 2014, the property sector remained weak as housing price fell and the national sales of commodity housing declined by 9% YoY over Jan-Aug then. Afterwards, the Chinese Government tried to stabilize the property market and livelihood of the people by loosening regulations such as placing limits on purchases and mortgages. They announced the '930 new policy' in September, and then implemented another '330 new policy' in 2015, which significantly boosted confidence of market demand that led to a sector rebound.

At the start of 2021, the Chinese Government continued to observe the debt woes of different developers from the sideline without interfering. However, the fundamental factors like supply-demand, housing price and homebuyers' confidence were severely impaired after many developers fought to survive by cutting sales price, stopping land buying program and halting construction works. With stabilization as the top priority, the Government finally garnered sufficient grounds to take action.

Although the liquidity injection from its monetary policy may not be sufficient given the inflation pressure, the Chinese Government has enough tools to loosen controls at the industry level. Recently, we saw many positive signals of market stabilisation such as speeding up mortgage approval, lowering mortgage rates and allowing developers to issue notes in the interbank market. In addition, the controversial property tax law changed from legislative precedence to a 5-year experiment, and the number of trial cities have been reduced.

With a strong growth in the first half of 2021, the robust demand for housing in China is unlikely to disappear. Therefore, if regulators continue to loosen regulatory measures, we believe both supply and demand could recover. Under this direction, we estimate that the 2022 national residential sales will decline slightly, with a magnitude of less than 10%.

Short-term Bond Price to Remain Volatile; Could Focus on Bonds with BB-rated or above in 2022

In fact, the property sector's debt crisis has yet to be abated. Even with the relaxed measures, it takes time to deliver them and may not provide immediate relief for developers facing a liquidity crunch. Therefore, it is likely that more default events are likely to happen up until the first quarter of 2022.

In mid-November 2021, negative rumours surrounding Shimao Group affected the sentiment of marginal investment grade issuers like Country Garden and Seazen Group. Although these companies are all facing the risk of a credit rating downgrade, their credit profiles have a comparative advantage over their peers, which offer certain investment value.

Looking ahead into 2022, we believe investors should keep a look out for sudden but short-lived opportunities that may arise for bonds with a minimum rating of 'BB-'.

However, investors should be prepared to embrace the price volatility. For conservative investors, one strategy is to adopt a wait-and-see approach and make your decisions after observing if the industry sales situation improves in the early months of 2022.

China Water Affairs

Background

- **China Water Affairs engages in the provision of water supply, sewage treatment, drainage operation and construction, and related value-added services in China. Its water supply business alone has connected around six million water meters, serving a population of over 30 million. The Group is listed on HKEX, with a current market capitalization of HKD 12.1b (as at 30 December 2021).**

Credit highlights

In FY21 (1 April 2020 to 31 March 2021), the total revenue of China Water Affairs increased 18.99% to HKD 10.35b. The operating profit increased by 15.90% to HKD 3.69b. Its operating performance indicates a strong growth.

China Water Affairs has competitive advantages over its peers in terms of segment breakdown and operating strategies. Over 80% of the company's revenues are generated from the city water supply segment, which has strong cash flows. The company has a high operating cash flow margin of over 30%. Conversely, some peers who mainly engage in sewage treatment usually have negative operating cash flows and are highly leveraged, due to their long payback periods of related investments in sewage treatment.

Besides, the company operates through "TOO" (Transfer-Own-Operate), where it establishes subsidiaries in partnership with the regional government. These subsidiaries have over 30-year franchises for water utility assets. After the expiration of franchises, these subsidiaries can extend these franchises. On the other hand, other peers generally operate through "BOT" (Build-Operate-Transfer). They have to transfer the project ownership to the government without any compensation after the designated period (which typically ranges from 5 to 10 years).

The company's interest coverage ratio was four to six times in the past three years, and its current ratio has been higher than one. The cost of borrowing is stable at 4.5% to 5% over the past few years, and the credit indicators did not worsen with an increase in its net gearing ratios.

Its current net gearing ratio increased to 82.67% as of 31 March 2021. This is because the company has been acquiring new projects through debt financing to enhance their internal rate of return. As the company grows, its gearing ratio will face an upward pressure.

The newly acquired projects will generate stable cash flows to the company in the next few years, providing deleveraging opportunities. Also, the company could lower the debt level by acquiring lesser new projects. Accordingly, we believe that the overall credit risks are still under control, despite its higher net gearing ratio.

Bond Picks

We believe that China Water Affairs' current credit quality is better than that of its BB-rated peers. The company's strong competitive advantages and unique business models ensure its solvency. The bonds due 2026, **CWAHK 4.850% 18May2026 Corp (USD)**, offer a 4.78% yield to maturity, with around 4.38 years to maturity. In addition, the bonds are callable at 102.425 on 18 May 2024.

CWAHK 4.850% 18May2026 Corp (USD)

HIGH YIELD SEEKER

INDICATIVE BID PRICE (USD)	INDICATIVE ASK PRICE (USD)	BID YIELD TO WORST	ASK YIELD TO WORST
99.81	100.28	4.90%	4.78%

Bond Information

DATA AS AT 30-DEC-2021

Issuer	China Water Affairs Group Ltd	**Annual Coupon Rate (% p.a.)**	4.85
Guarantor	Subsidiaries	**Bond Sub Sector**	Water Utilities
Maturity Date	18 May 2026	**Minimum Investment Quality**	200,000
Next Call Date	18 May 2024	**Bond Credit Rating (S&P/Fitch)**	BB+ / N.R
Years to Maturity (Approx.)	4.38	**Issuer Credit Rating (S&P/Fitch)**	BB+ / N.R
Coupon Frequency	Semi-Annually	**Seniority**	Senior Unsecured
Coupon Type	Fixed	**Issue Size**	200,000,000

Special features: Issuer call, Make whole call, Change control put, Equity call.
For HK investors: This is a complex bond and investors should exercise caution in relation to the product.
The offering documents have not been reviewed by the SFC. Past performance of the bond is not indicative of future performance.

LVGEM China

Background

- **LVGEM China was established in 1995, the company mainly engages in residential property development, supplemented by commercial real estate and hotel operations. The Group was listed on HKEX in 2004, and its current market cap is approximately HKD 7.85b (as at 30 December 2021).**

Credit highlights

In the first half of 2021, LVGEM's contracted sales was about RMB 2.1b, and is therefore classified as a small developer in China. Because of its small scale, the Group focuses on a few real estate projects, so revenue fluctuates greatly every year, and we must analyze its future development by considering their projects in hand.

LVGEM acquired the Baishizhou project in Nanshan District, a prime area in Shenzhen. It is currently the largest urban renewal project in Shenzhen.

After 10 years of preparation and negotiations, LVGEM announced in April that its signing rate for the first phase of Baishizhou project had reached 100%. In July, the Group obtained the construction permit and has commenced the construction process.

Currently, the Baishizhou project is divided into four phases with saleable area of 1.76m sqm. LVGEM pointed out that even factoring in the latest price-limiting measures in Shenzhen, the average selling price is still expected to reach RMB 120,000 to RMB 130,000 per sqm. Therefore, the entire project will bring in more than RMB 200b of attributable sales, which is about 40 times of its 2020 contracted sales, reflecting how huge the project scale is.

After the equity injection of the Baishizhou project, LVGEM's shareholders' equity increased by 91% YoY at end-2020. The Group's total debt remained at RMB 30.6b in June 2021. Its net gearing ratio and adjusted liabilities to assets ratio were 78% and 62% respectively, which met two out of the three red lines and became a "yellow light" developer. We also saw its average cost of borrowing improved from 7.1% to 6.5%.

In addition, the Group has a healthy debt maturity profile because of its low short-term debt ratio (33%), as most of its debt matures in about two to five years. The Group also pointed out that there was no non-standard financing, with bank loans accounted for majority of total debt.

LVGEM's financing ability was significantly elevated, but it had secured a RMB 20.7b credit facility with China Everbright Bank, which can mitigate the short-term liquidity risk, given that LVGEM's cash to short-term debt ratio was only 0.8x in June 2021.

Lastly, LVGEM's rental income, combined with the comprehensive income including property and hotel management, can help stabilize the short-term cash flow of the Group, while keeping the overall operational risks at a manageable level.

Bond Picks

The recent selloff in Chinese real estate bonds has affected the outlook for LVGEM. At this point, the **LVGEM 12.000% 10MAR2023 CORP (USD)** is offering a yield to maturity of 44.93%, with about 1.19 years to maturity.

Given LVGEM's promising prospect, we believe it can outperform other developers in trouble, and this bond looks appealing compared to most of the B-rated peers.

LVGEM 12.000% 10Mar2023 Corp (USD)

HIGH YIELD SEEKER

INDICATIVE BID PRICE (USD)	INDICATIVE ASK PRICE (USD)	BID YIELD TO WORST	ASK YIELD TO WORST
70.50	71.88	47.03%	44.93%

Bond Information

Available on BOND EXPRESS

DATA AS AT 30-DEC-2021

Issuer	Gemstones International Ltd	**Annual Coupon Rate (% p.a.)**	12.00
Guarantor	Multiple Guarantors	**Bond Sub Sector**	Real Estate Management and Development
Maturity Date	10 Mar 2023		
Next Call Date	-	**Minimum Investment Quality**	200,000
Years to Maturity (Approx.)	1.19	**Bond Credit Rating (S&P/Fitch)**	N.R / B
Coupon Frequency	Semi-Annually	**Issuer Credit Rating (S&P/Fitch)**	N.R / N.R
Coupon Type	Fixed	**Seniority**	Senior Unsecured
		Issue Size	470,000,000

Special features: Issuer call, Make whole call, Change control put, Equity call.
For HK investors: This is a complex bond and investors should exercise caution in relation to the product.
The offering documents have not been reviewed by the SFC. Past performance of the bond is not indicative of future performance.

Hopson Development

Background

- **Hopson Development is a traditional developer in Guangdong, with a strong record of fast growing property sales that elevated the company back to the top 100 developer list. The Group is listed on HKEX (Stock Code: 0754.HK), with a current market capitalization of HKD 37.71b (as at 30 December 2021).**

Credit highlights

Hopson Development recorded RMB 34.6b of property contracted sales in Jan-Oct 2021, up 42.0% YoY, which is much superior to its peers. Because of the strong growth, the Group has climbed quickly in the sales ranking ladder, and made it back into the top 100 developers list.

Despite the transformation from conservative to aggressive, Hopson's credit status and overall leverage level still remained healthy. As at June 2021, the Group had a net gearing ratio of 67%, non-restricted cash to short-term debt ratio at 1.45x, and adjusted liabilities to assets ratio of 63%. Therefore, the Group is actually a "Green Light Developer" which meant that it had met all the latest "Three Red Lines" regulations.

One of the selling points of the Group is its enormous land bank size. For mainstream developers, the average land bank to sales ratio (in area) is about 3 to 5 times, while some better performers could reach higher about 6 to 9 times.

But for Hopson Development, the residential land bank to sales ratio is about 18.5 times. Even if we assume that the Group adopts a high-speed growth strategy in the future, this land reserve can still support its developments for at least five to seven years.

From a cash flow perspective, since the Group does not launch many joint venture projects, it has arguably the highest attributable ratio of its land projects at about 98%. Based on our projected annual contracted sales of over RMB 40b, we believe that the Group can easily meet its short-term borrowings and cash interest payment with its sales return.

Furthermore, the Group continued its large-scale share repurchase since August 2020. During the Chinese real estate market downturn recently, the company tried to seek opportunities to acquire other businesses such as Evergrande Property Services. Although the transaction was not successful, it showed that management is confident in the Group's current liquidity as well as its future prospect.

We believe management is trying to keep a balanced strategy between investments and repayment cash flows. In addition to Hopson's decent credit profile, large land reserves and promising growth, we believe its financing capability is sound, and the repayment risks are manageable.

Bond Picks

The bonds issued by Hopson are all relatively short-term with less than 3 years to maturity. Even if we assume that the Group's growth strategy fails, the investment risks of these bonds are manageable.

We believe that Hopson's current credit status is better than many B-rated peers, and therefore its bonds due in December 2023, **HPDLF 6.800% 28Dec2023 Corp (USD)** look appealing to investors. They are now yielding around 8.36%.

HPDLF 6.800% 28Dec2023 Corp (USD)

HIGH YIELD SEEKER

INDICATIVE BID PRICE (USD)	INDICATIVE ASK PRICE (USD)	BID YIELD TO WORST	ASK YIELD TO WORST
96.70	97.20	8.64%	8.36%

Bond Information

Available on BOND EXPRESS

DATA AS AT 30-DEC-2021

Issuer	Hopson Development Holdings Ltd	**Annual Coupon Rate (% p.a.)**	6.80
Guarantor	Subsidiaries	**Bond Sub Sector**	Real Estate Management and Development
Maturity Date	28 Dec 2023		
Next Call Date	28 Nov 2023	**Minimum Investment Quality**	200,000
Years to Maturity (Approx.)	1.99	**Bond Credit Rating (S&P/Fitch)**	N.R / B+
Coupon Frequency	Semi-Annually	**Issuer Credit Rating (S&P/Fitch)**	B / B+
Coupon Type	Fixed	**Seniority**	Senior Unsecured
		Issue Size	237,500,000

Special features: Issuer call, Make whole call, Change control put, Equity call
For HK investors: This is a complex bond and investors should exercise caution in relation to the product.
The offering documents have not been reviewed by the SFC. Past performance of the bond is not indicative of future performance.

Jaguar Land Rover

Background

- **As a traditional British car manufacturer, Jaguar Land Rover is reputational for producing luxury saloons and SUVs. The company is not listed on any exchange, but its parent company Tata Motors is publicly listed in India (BSE: 500570), with a market capitalization of INR 1761.11b as at 30 December 2021.**

Credit highlights

According to its 2QFY22 financial results (July-September 2021), Jaguar Land Rover recorded GBP 3.87b of revenue, down by 22.6% QoQ and 11.1% YoY, while retail and wholesale sales also dropped by 18% and 13% YoY respectively. Due to a chip supply shortage, the operating performance of the Group weakened in the last two quarters (1QFY22: -24.0% QoQ).

Compared to 2QFY21, the Group's profit before tax dropped from GBP 65m to GBP -302m. Apart from lower sales volume, the loss was also largely attributed to destocking, capitalization and revaluation of foreign exchange and commodities. Retail sales in UK, North America, Europe and China declined in 2QFY22, but other overseas market registered a 10% YoY increase.

Still, Jaguar Land Rover managed to improve its cash outflows to GBP 664m in 2QFY22 (1QFY22: GBP 996m outflows). With a net working capital outflow of GBP 1.42b over the last two quarters, this trend is not likely to continue as management provided a guidance of positive free cash flow in 2HFY22.

In July, the Group added around GBP 792m by issuing an 8-year USD bond and a 7-year EUR bond with coupon rates of 5.5% and 4.5% respectively, demonstrating its ability to make long-term and low cost borrowings.

As of September 2021, Jaguar Land Rover's total debt was GBP 7.56b, and its GBP 3.8b cash reserve was equivalent to 87% of all outstanding debts due prior to 2025. It is also worth mentioning that the Group has over GBP 2.0b of undrawn revolving credit facilities, including GBP 1.5b that can be used from now to 2024. We also expect the company to rollover its GBP 1.7b of bank loans in future.

However, the Group's net gearing ratio increased from 61% in June 2021 to 85% in September 2021, caused by a drop in shareholders' equity, as well as a GBP 816m increase in debt. The ratio may deteriorate further if Jaguar Land Rover continues to record net losses in forthcoming reporting periods.

Looking into 2022, Jaguar Land Rover expects the chip supply shortage to gradually improve and sales would rebound. After strong sales of the new Defender 2020 model, the Group will launch its new Range Rover model in 4QFY22. But, cash flows may not improve if the Covid-19 situation worsens.

Bond Picks

Jaguar Land Rover's strong liquidity profile serves as a key consideration for bond investments. Currently, its bond due 2025, **TTMTIN 7.750% 15Oct2025 Corp (USD)** is offering a yield to maturity of 5.27%. We believe the issuer is unlikely to call back the bond in October 2022 with a redemption price of 103.875, hence the call risks are manageable. It is suitable for investors who would like to invest in the European high yield market.

TTMTIN 7.750% 15Oct2025 Corp (USD)

HIGH YIELD SEEKER

INDICATIVE BID PRICE (USD)	INDICATIVE ASK PRICE (USD)	BID YIELD TO WORST	ASK YIELD TO WORST
107.96	108.13	2.36%	2.15%

Bond Information

DATA AS AT 30-DEC-2021

Issuer	Jaguar Land Rover Automotive PLC	**Annual Coupon Rate (% p.a.)**	7.75
Guarantor	Subsidiaries	**Bond Sub Sector**	Automobiles
Maturity Date	15 Oct 2025	**Minimum Investment Quality**	200,000
Next Call Date	15 Oct 2022	**Bond Credit Rating (S&P/Fitch)**	B+ / W.R
Years to Maturity (Approx.)	3.79	**Issuer Credit Rating (S&P/Fitch)**	B+ / W.R
Coupon Frequency	Semi-Annually	**Seniority**	Senior Unsecured
Coupon Type	Fixed	**Issue Size**	700,000,000

Special features: Issuer call, Make whole call, Change control put, Equity call.
For HK investors: This is a complex bond and investors should exercise caution in relation to the product.
The offering documents have not been reviewed by the SFC. Past performance of the bond is not indicative of future performance.

Sun Hung Kai & Co.

Background

- **Sun Hung Kai & Co. Limited owns and operates market-leading platforms in financial services. The group invests across public markets, alternatives and real assets. It has extended its strategy to incubate, accelerate and support emerging asset managers in the Asian region. It is also the controlling shareholder of a Consumer Finance firm, United Asia Finance Limited. The company is listed on HKEX, with a current market capitalization of HKD 7.88b (as at 30 December 2021).**

Credit highlights

Despite a continued volatility in the financial market, Sun Hung Kai & Co. had a strong performance in 1H21. The company's attributable profit increased sharply by 287% YoY to HKD 2.69b, mainly driven by the significant gains from the investment management segment.

After the sale of the company's brokerage business (Everbright Sun Hung Kai) to Everbright Securities in 2015, the company has gradually transformed into an alternative investment company over the years. In 1H21, around 72% of pre-tax profits is from the investment management segment (versus around 46% in 1H20). The result shows that the company is focusing on its investing business, supplemented by its stable financing business.

In 1H21, most of the profits were contributed from the investment management business. Due to successful exits from several private equity investments, the pre-tax profit of investment management business substantially increased 430% to HKD 2.31b, including a realized gain and interest income of HKD 1.61b. Its investment portfolio increased by around 39% to HKD 20.30b during H121, with a six-month return of 14.20%, considerably a strong performance among most capital market instruments. The portfolio consists of 66% alternatives (hedge funds and private equity), 22% public equity and bonds and 12% real estate.

The company engages in the consumer finance segment through its subsidiary, United Asia Finance. United Asia Finance's pre-tax profit contribution increased 67.70% YoY to HKD 0.87b, thanks to higher loan business demand and lower credit impairment. Its total return on loans remains high at around 30%, with a low net impairment loss of 3.60%. Its operating performance remains robust.

The company's total assets increased 8% to HKD 47.77b while total liabilities increased 6% to HKD 19.18b during 1H21. Both assets and liabilities expanded gradually. In 1H21, its net gearing ratio was flat at around 40%, with a high interest coverage ratio of around 10 times. It has a strong ability to pay its interest expenses, and its financial position remained stable.

Bond Picks

Despite the company and its bonds being non-rated, this does not imply a high credit risk. Conversely, thanks to its strong growth in the investment management business, conservative capital structure and stable financial position, the company's credit quality is quite good.

Therefore, its bonds due 2024 and 2026, **SUNHKC 5.750% 15NOV2024 CORP (USD)** and **SUNHKC 5.000% 07SEP2026 CORP (USD)**, have much appeal for investors. They are yielding at 4.30% and 4.76% respectively.

Sun Hung Kai & Co.

SUNHKC 5.750% 15Nov2024 Corp (USD)

HIGH YIELD SEEKER

INDICATIVE BID PRICE (USD)	INDICATIVE ASK PRICE (USD)	BID YIELD TO WORST	ASK YIELD TO WORST
103.39	103.88	4.48%	4.30%

Bond Information

DATA AS AT 30-DEC-2021

Issuer	Sun Hung Kai & Co BVI Ltd	**Annual Coupon Rate (% p.a.)**	5.75
Guarantor	Sun Hung Kai & Co.Ltd	**Bond Sub Sector**	Diversified Financial Services
Maturity Date	15 Nov 2024	**Minimum Investment Quality**	200,000
Next Call Date	-	**Bond Credit Rating (S&P/Fitch)**	N.R / N.R
Years to Maturity (Approx.)	2.88	**Issuer Credit Rating (S&P/Fitch)**	N.R / N.R
Coupon Frequency	Semi-Annually	**Seniority**	Senior Unsecured
Coupon Type	Fixed	**Issue Size**	350,000,000

Special features: Change control put
For HK investors: You must be a professional investor to invest in this bond.

SUNHKC 5.000% 07Sep2026 Corp (USD)

HIGH YIELD SEEKER

INDICATIVE BID PRICE (USD)	INDICATIVE ASK PRICE (USD)	BID YIELD TO WORST	ASK YIELD TO WORST
100.60	101.00	4.85%	4.76%

Bond Information

DATA AS AT 30-DEC-2021

Issuer	Sun Hung Kai & Co BVI Ltd	**Annual Coupon Rate (% p.a.)**	5.00
Guarantor	Sun Hung Kai & Co.Ltd	**Bond Sub Sector**	Diversified Financial Services
Maturity Date	07 Sep 2026	**Minimum Investment Quality**	200,000
Next Call Date	-	**Bond Credit Rating (S&P/Fitch)**	N.R / N.R
Years to Maturity (Approx.)	4.69	**Issuer Credit Rating (S&P/Fitch)**	N.R / N.R
Coupon Frequency	Semi-Annually	**Seniority**	Senior Unsecured
Coupon Type	Fixed	**Issue Size**	375,000,000

Special features: Change control put
For HK investors: You must be a professional investor to invest in this bond.

West China Cement

Background

- **West China Cement is a cement producer in Shaanxi Province. Its cement is sold under the trademarks of Yao Bai, and is primarily used in the construction of infrastructure projects such as highways, bridges, railways and roads, as well as real estate projects. The company has been listed on HKEX since 2010, with a current market capitalization of HKD 7.40b.**

Credit highlights

In the first half of 2021 ("1H21"), the company's revenue increased by 40.69% YoY to RMB 4.23b. Its sales volume of cement was 10.09m tons, increased by 22.45% YoY while its average selling price of cement was flat at around RMB 320 per ton. In terms of profitability, the company's gross margin dropped slightly to 31.74% (1H20: 34.82%), but retains a better margin than its peers'.

The company has a 24% market share in the Shaanxi province, and was ranked no.1 for the past six years. The company has established or acquired some plants with favorable locations in the Shaanxi province, giving it an edge over competitors regardless of the high entry barrier caused by high transportation costs. This geographical advantage becomes the company's competitive advantage, which allows it to maintain a relatively stable revenue and profitability.

In 2020, fixed asset investment and real estate development investment in Shaanxi grew 4.10% and 12.80% YoY to RMB 2,764b and RMB 440b respectively. These infrastructure and real estate projects normally last for a few years, which will consistently consume cement and cement products. As a result of the government's economic stimulating policies, business environments with abundant liquidity and infrastructure projects such as railways and roads, the demand for cement and cement products are solid.

In terms of operating efficiency, the company has improved its management in inventory positions, accounts receivables and payables. Its inventory turnover improved to 6.9 times per year at the end of 2020, and its cash conversion cycle turned negative from 29 days. A negative cash conversion cycle is a very good signal in terms of managing cash flows. This helps to enhance the capital allocation and operational efficiency.

As of 30 June 2021, its net gearing ratio and net debt / EBITDA are still very low at 30.20% and ~1.18 times respectively. Its interest coverage ratio is high at ~10.04 times and its cost of borrowing has a downward trend from 6.74% in 2018 to 4.51% in 1H21. These indicators highlight the company's strong solvency position.

Bond Picks

West China Cement is rated 'BB' by Fitch and 'Ba2' by Moody's. Its 4.95% 2026 bonds have the same credit ratings as the issuer, and they represent the second highest ratings amongst non-investment grade bonds. The **WESCHI 4.950% 08Jul2026 Corp (USD)** offers a yield to maturity of 6.08%. The bonds are also callable on or after 8 July 2024 at 102.475, so it has a yield to call of 7.91%.

Given the company's good credit quality, geographical advantage in Shaanxi, stable profitability and high turnover in cash flows, we believe that the bonds are quite attractive.

WESCHI 4.950% 08Jul2026 Corp (USD)

HIGH YIELD SEEKER

INDICATIVE BID PRICE (USD)	INDICATIVE ASK PRICE (USD)	BID YIELD TO WORST	ASK YIELD TO WORST
94.92	95.60	6.26%	6.08%

Bond Information

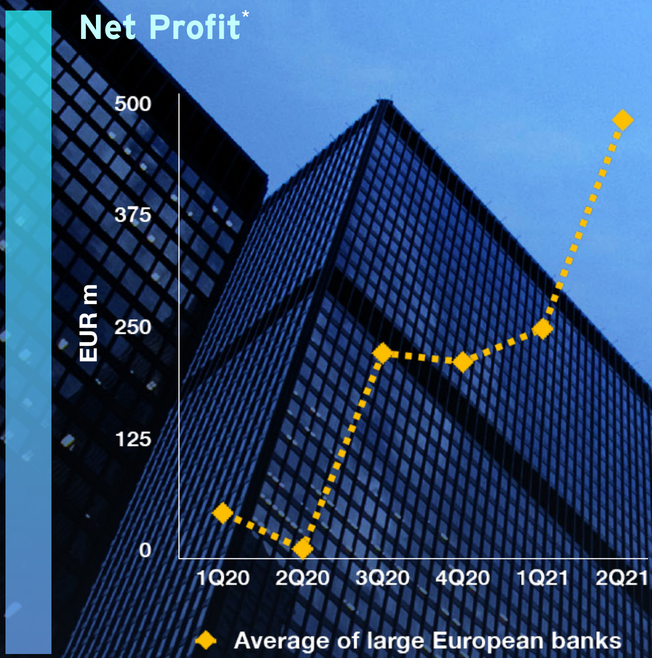
DATA AS AT 30-DEC-2021

Issuer	West China Cement Ltd	**Annual Coupon Rate (% p.a.)**	4.95
Guarantor	Subsidiaries	**Bond Sub Sector**	Construction Materials
Maturity Date	08 Jul 2026	**Minimum Investment Quality**	200,000
Next Call Date	08 Jul 2024	**Bond Credit Rating (S&P/Fitch)**	N.R / BB
Years to Maturity (Approx.)	4.52	**Issuer Credit Rating (S&P/Fitch)**	N.R / BB
Coupon Frequency	Semi-Annually	**Seniority**	Senior Unsecured
Coupon Type	Fixed	**Issue Size**	600,000,000

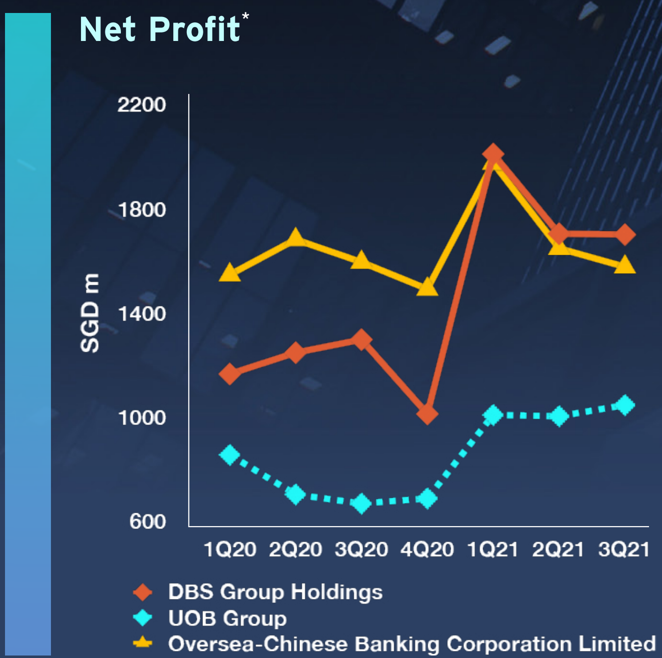
Special features: Issuer call, Make whole call, Change control put, Equity call.
For HK investors: You must be a professional investor to invest in this complex bond and investors should exercise caution in relation to the product. The offering documents have not been reviewed by the SFC. Past performance of the bond is not indicative of future performance.

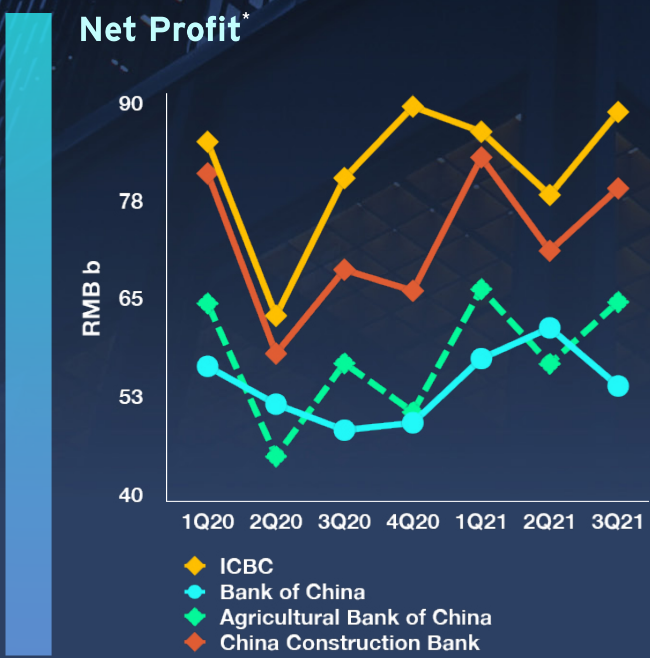
Banking Outlook

Bank issuers have weathered the worst phase of the pandemic and held strong in the face of a low interest rate environment. Even before the onset of Covid-19, we have long kept our positive outlook on the sector as banks have continued to enjoy easy access to capital markets. Banking supervisors have also relaxed their capital requirements to ease regulatory pressures on banks, so as to allow them to carry on lending to the real economy.



Within the context of Singapore, Chinese and European lenders, most banks in these regions have seen higher profits in 2021 compared to 2020. The improvement is even more stark for European banks, which have delivered an average net profit of EUR 480.59m in 2Q21, significantly more than the average of EUR 0.86m in 2Q20. However, profits for Singapore and Chinese banks are growing at a slower pace compared to their European peers. Singapore and Chinese banks delivered a strong first quarter in 2021, but profitability grew at a slower pace in the second and third quarters.





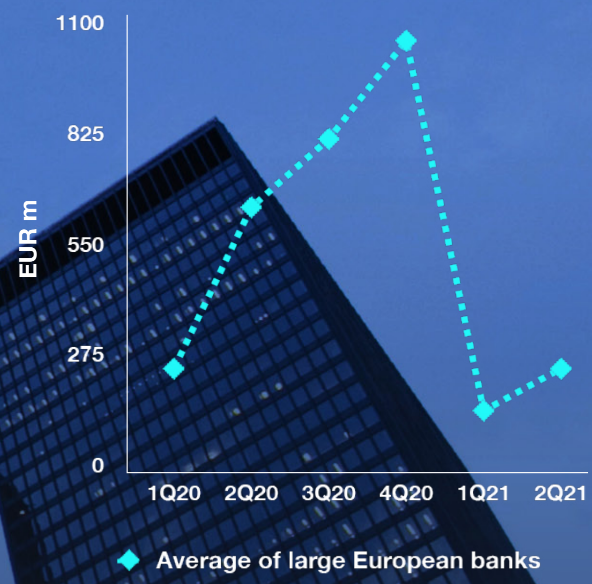
* Source: European Central Bank supervisory banking statistics, Company filings, iFAST estimates.

Banking Outlook

Lower credit provisions and loan loss allowances are fuelling the growth in profitability. Economic activity has improved and banks have lower their loan loss provisions over time. After recognizing an outsized credit provisionin 1Q21, Singapore banks have since decreased their loan loss charges by a substantial amount. DBS Group Holdings for one, has already reversed some of loan loss charges in 3Q21.

While Singapore banks have been quick to reduce loan loss allowances, the same cannot be said of China's largest four banks. Generally speaking, loan loss provisions have dropped but still remain near their highs in 2Q20. In our opinion, loan loan allowances at Bank of China, ICBC and Agricultural Bank of China continue to stay at an elevated level.

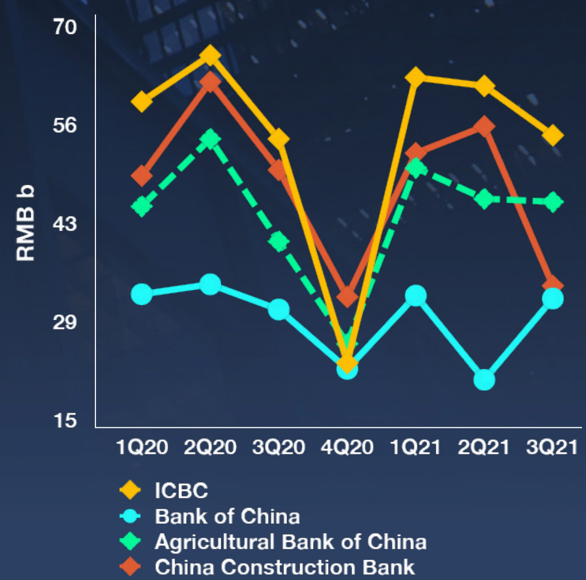
Loan Loss Allowances*



These high credit provisions are likely a reflection of the weaker growth outlook for China. With the default of the China Evergrande Group, policymakers could rally for more supportive policies in 2022. There may be downside risks in the property sector that will leave an impact on construction, economic consumption, real estate services and construction materials. However, China's central bank has started to loosen monetary policy last year. In December 2021, the People's Bank of China had reduced the reserve requirement ratio to unleash more liquidity into the financial system.

Loan Loss Allowances*

Loan Loss Allowances*



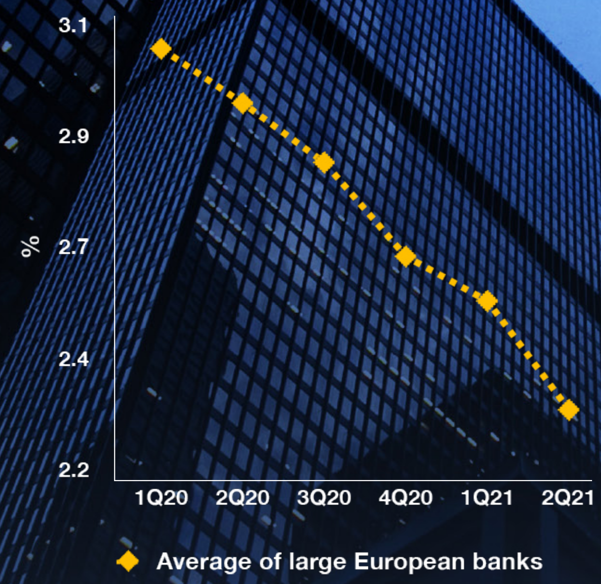
* Source: European Central Bank supervisory banking statistics, Company filings, iFAST estimates.

Banking Outlook

Bank asset quality, tracked by the ratio of non-performing loans improved in 2021. Non-performing loans are loans that are at risk of not being fully repaid, or where interest on the loan may not be fully paid by the borrower. If borrowers are repaying their loans on schedule, the bank's NPL ratios will be very low.

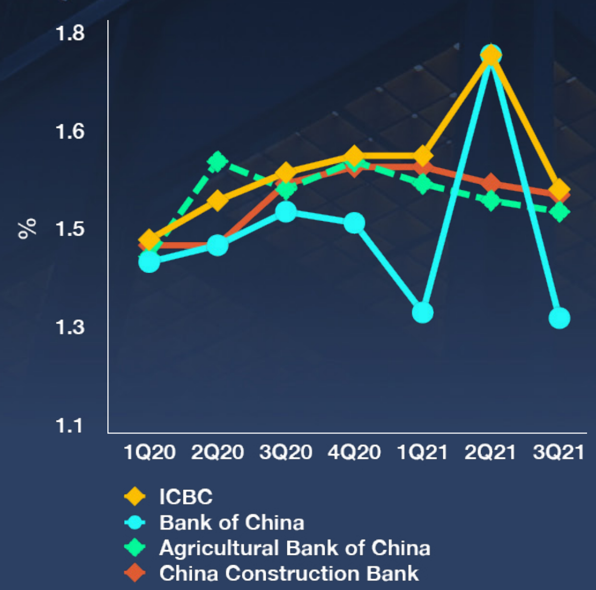
That being said, NPL ratios for European banks have been falling through 2021, but still remain higher than Singapore and Chinese banks. Asset quality for Singapore banks are healthy as they have maintained between 1.5% and 1.6%, even through the throes of the pandemic in 2020. However, the NPL ratio for Chinese banks jumped to a high in 2Q21. ICBC, the largest bank in the world, announced that NPL ratios soared to as high as 1.76% in 2Q21. With the recent upward trend in mind, we suspect that NPL ratios for Chinese banks will slant upwards in 2022.

NPL Ratio*



NPL Ratio*

NPL Ratio*



* Source: European Central Bank supervisory banking statistics, Company filings, iFAST estimates.

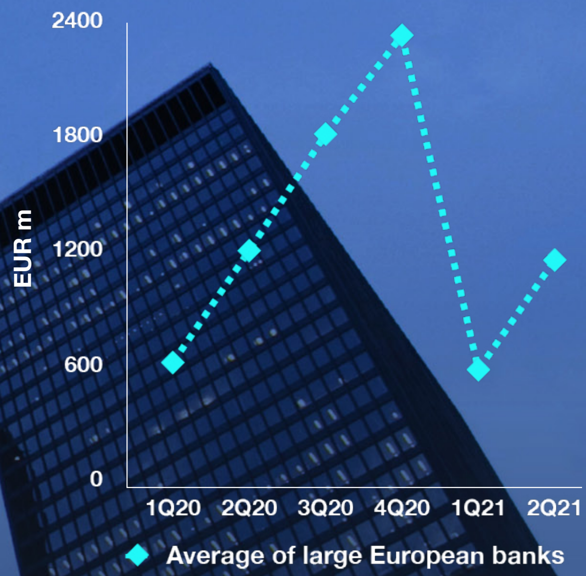
Banking Outlook

One of the biggest expectations among market participants is that central banks will start hiking interest rates in 2022. This will invariably lead to higher net interest incomes as net interest margins will improve.

However, we are not expecting all banks to equally report higher net interest incomes as we have a different interest rate outlook for various jurisdictions. For instance, we believe that European banks will continue to deliver subdued net interest incomes in 2022 amidst the low rate environment. The ECB is still dovish and said that interest rate hikes are unlikely to happen this year.

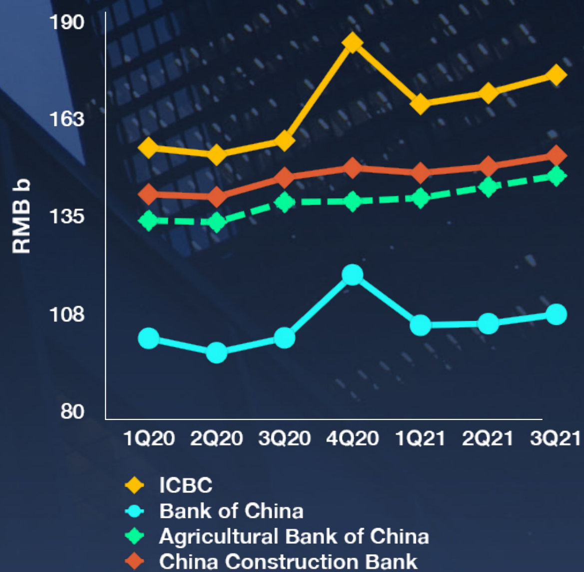
With a slower economic growth projection for China, we think that net interest margins for the four largest Chinese banks will probably plateau in 2022. On the other hand, with the US widely expected to increase the Fed funds rate this year, SGD rates will likely follow suit. Consequently, Singapore banks will be able to charge higher lending SGD rates and earn more net interest incomes. Looking at their quarterly performances in 2020 and in 2021, Singapore banks have yet to catch up with their global peers as their interest-related incomes are still below pre-pandemic levels.

Net interest income*



Net interest income*

Net interest income*



In summary, we think bank results in 1H22 will exceed those in 2H21, helped by growing revenues, improved cost control and loan loss charges trending below pre-pandemic levels. On a relative basis, we expect Singapore and European banks to outperform Chinese peers on the back of robust economic activity and a continued recovery in earnings.

* Source: European Central Bank supervisory banking statistics, Company filings, iFAST estimates.

Commerzbank AG

Background

- **Commerzbank is one of Germany's largest commercial banks with operations in nearly 50 countries.**
- **Founded in Hamburg in 1870, the bank is classified as an 'other systemically important institution' by the Federal Financial Supervisory Authority.**
- **Its Polish subsidiary, mBank, was Poland's fourth largest universal banking group with an operation reach extending to the Czech Republic and Slovakia.**
- **Commerzbank, as an issuer, is rated 'A1' (stable) and 'BBB+' (negative) by Moody's and Fitch respectively.**

Credit highlights

Commerzbank is in the midst of streamlining its operations as part of the 'Strategy 2024' programme to transform the lender into a digital advisory bank. The bank is seeking to improve long term profitability by closing branches and has implemented more than half of the necessary job cuts under the programme.

In the nine month period ended 30 September 2021 ("9M21"), the German lender benefitted from good business performance and low loan loss provisions. Operating profit soared to EUR 1,042m in 9M21 compared to EUR 94m in 9M20.

Loan loss provisions dropped sharply to EUR 257m in 9M21 (9M20: EUR 1067m) as the bank was badly hit by the effects of the coronavirus pandemic. As for 2021, the bank is projecting loan losses to fall below its previous expectations, and the bank is likely to report a small consolidated profit for the year. This is however contingent on the outcome of a class action suit against mBank pertaining to its CHF loan portfolio. The bank set aside EUR 448m of provisions for this matter but may adjust the amount higher depending on the rulings of the Polish courts and European Court of Justice.

Nonetheless, overall asset quality improved as non-performing exposure fell to 80 basis points in 9M21 from 100 basis points at the beginning of the year. The future course of loan loss provisions and asset quality will likely depend on the reopening of economies and the coronavirus situation in Germany, especially relating to the path of the Omicron variant.

Taken as a whole, Commerzbank is well capitalized and has high capital adequacy ratios. Its CET1 ratio of 13.5% in 9M21 was similar to the level in 9M20, but remains above the MDA regulatory requirement of 9.4%. The bank has access to capital markets and raised EUR 2.30b in 9M21. It has a liquidity reserve of EUR 116.9b in the form of highly liquid assets, which act as a buffer in a stress scenario. With a liquidity coverage ratio of 147.6%, the group has a comfortable liquidity level above the standard requirement of 100%.

Bond Picks

Comparing instruments in the SGD Tier 2 space, we think that the **CMZB 4.200% 18Sep2028 Corp (SGD)** provides a reasonable yield to worst of 3.39% (yield to maturity: 3.70%). The bond is callable on 18 September 2023 at par. If not redeemed on the first call date, the coupon resets to the sum of the prevailing 5-year SGD swap offer rate and the initial spread of 1.972%.

CMZB 4.200% 18Sep2028 Corp (SGD)

HIGH YIELD SEEKER

INDICATIVE BID PRICE (SGD)	INDICATIVE ASK PRICE (SGD)	BID YIELD TO WORST	ASK YIELD TO WORST
101.10	101.34	3.54%	3.39%

Bond Information

DATA AS AT 30-DEC-2021

Issuer	Commerzbank AG	**Annual Coupon Rate (% p.a.)**	4.20
Guarantor	-	**Bond Sub Sector**	Banks
Maturity Date	18 Sep 2028	**Minimum Investment Quality**	250,000
Next Call Date	18 Sep 2023	**Bond Credit Rating (S&P/Fitch)**	BB+ / W.R
Years to Maturity (Approx.)	6.72	**Issuer Credit Rating (S&P/Fitch)**	BBB+ / W.R
Coupon Frequency	Semi-Annually	**Seniority**	Subordinated
Coupon Type	Variable	**Issue Size**	400,000,000

Reset Date: 18 Sep 2023 | Reset Rate: Prevailing 5Y SGD SOR + initial spread (1.972%)
Special features: Issuer call, Loss absorption
For HK investors: This is a complex bond and investors should exercise caution in relation to the product. The offering documents have not been reviewed by the SFC. Past performance of the bond is not indicative of future performance.

Credit Suisse

Background

- **Founded in 1956, Credit Suisse operates in 50 countries with 49,950 employees as at 30 September 2021.**
- **Clients are served through three regionally focused business segments: Swiss Universal Bank, International Wealth Management and Asia Pacific. These regional businesses are then supported by the Asset Management and Investment Bank divisions.**
- **It is one of the largest banks in the world. The Financial Stability Board classifies Credit Suisse as one of the globally systemically important banks.**
- **The bank's senior unsecured debt is rated 'A-' and 'Baa1' by Fitch and Moody's respectively. S&P has assigned 'BBB+' long term issuer credit ratings to the firm.**

Credit highlights

Credit Suisse posted a strong performance during the third quarter of 2021 ("3Q21"), which was offset by litigation provisions and significant items. Pre-tax profit for 3Q21 came in at CHF 1.01b, 25.53% higher than 3Q20. Adjusting for CHF 0.20b and CHF 0.10b of gains relating to the future recoverability of Archegos receivables and Allfunds stake, alongside CHF 0.10b of impairment and litigation charges, adjusted pre-tax profit would be ~CHF 1.36b.

Its Swiss Universal Bank division increased net revenues by 5% year-on-year to CHF 1,354.00m, which helped to boost the bank's overall performance. The unit had a record third quarter performance with a pre-tax income of CHF 623.00m, 45.00% higher than 3Q20. Division revenues were driven by higher recurring commissions backed by strong performance in its Swisscard investment, as well as record assets under management ("AuM") levels.

Investment banking also performed well with adjusted pre-tax income growing by 25.00% YoY to USD 582.00m. Capital Markets and Advisory activities drove the strong performance, up 38.00% YoY, due to record merger and acquisition activities, robust equity capital market performance and a rebound in earnings from Credit Suisse's Leveraged Finance franchise.

Credit Suisse maintained a sizeable liquidity pool with most of its unsecured funding generated from core customer deposits and long-term debt. As at the end of September 2021, the bank recorded CHF 225.30b of high quality liquid assets. The bank had CHF 138.00b of cash at central banks and CHF 87.20b of securities issued by governments and government agencies. The lender may access its CHF 26.50b of liquid securities, made up of CHF 11.30b of high grade bonds and CHF 15.20b of equity securities to cover obligations. With CHF 228.35b of available high quality liquid assets, the bank's liquidity coverage ratio of 221% is well above the regulatory minimum.

Credit Suisse's capital ratios rebounded after a sharp drop in 1Q21. Common equity tier ("CET") 1 capital ratio increased by 0.7 percentage points to 14.40% after falling to 12.20% in 1Q21.

Bond Picks

The **CS 5.625% Perpetual Corp (SGD)** continues to look attractive in spite of its tighter credit spreads. It has a yield-to-worst of about 4.78% with the call date on 6 June 2024. If not redeemed, the coupon will reset to the sum of the prevailing 5-year SGD swap offer rate and the initial credit spread of 3.767%.

CS 5.625% Perpetual Corp (SGD)

HIGH YIELD SEEKER

INDICATIVE BID PRICE (SGD)	INDICATIVE ASK PRICE (SGD)	BID YIELD TO WORST	ASK YIELD TO WORST
102.78	103.34	4.41%	4.78%

Bond Information

Available on BOND EXPRESS

DATA AS AT 30-DEC-2021

Issuer	Credit Suisse Group AG	**Annual Coupon Rate (% p.a.)**	5.625
Guarantor	-	**Bond Sub Sector**	Banks
Maturity Date	Perpetual	**Minimum Investment Quality**	250,000
Next Call Date	06 Jun 2024	**Bond Credit Rating (S&P/Fitch)**	BB- / BB+
Years to Next Call (Approx.)	2.44	**Issuer Credit Rating (S&P/Fitch)**	BBB+ / A-
Coupon Frequency	Semi-Annually	**Seniority**	Junior Subordinated
Coupon Type	Variable	**Issue Size**	750,000,000

Reset Date: 06 June 2024 and every 5Y thereafter | Reset Rate: 5Y SGD Swap Offer Rate + Initial Credit Spread (3.767%)
Special features: Issuer call, Deferral interest payment, Loss absorption
For HK investors: This is a complex bond and investors should exercise caution in relation to the product.
The offering documents have not been reviewed by the SFC. Past performance of the bond is not indicative of future performance.

DBS Group Holdings Ltd

Background

- **DBS Group Holdings Ltd ("DBS") is one of Asia's largest banks with SGD 676.27b of assets as at 30 September 21.**
- **DBS is rated 'AA-' by Fitch and 'Aa2' by Moody's, both of which indicate a very strong investment grade credit rating.**
- **Established in 1968, DBS was awarded the World's Best Bank by Euromoney in 2019. Temasek Holdings (Private) Limited, Singapore's sovereign wealth fund, is the bank's largest shareholder with a 29.9% stake in the group.**

Credit highlights

DBS held up a strong performance this year after an eventful 2020. Net profit soared from SGD 3,709m to SGD 5,412m in the nine month period ended 30 September 2021 ("9M21"). Net profit jumped from SGD 1,297m in 3Q20 to SGD 1,700m in 3Q21, fueled by the reversal of loan loss allowances during 3Q21. Consequently, its return on equity increased to 12.10% in 3Q21 (3Q20: 10.00%) and 13.40% in 9M21 (9M20: 9.70%).

Loan books grew by 2% while fee income in 3Q21 rose to the second highest on record. Housing loans expanded by SGD 1b due to strong bookings and increasing residential property prices. Total income was flat at around SGD 3,561m while adding to SGD 11,004m in 9M21 (9M20: SGD 11,329m). Profit before allowances fell to SGD 1,893m in 3Q21, slightly lower from SGD 2,038m in 3Q20.

Low interest rates weighed on margins but higher interest rates will boost future income. The lender tried to offset the drop in net interest margins by increasing loan volumes. DBS is in the midst of integrating Lakshmi Vilas Bank, an Indian bank that was recently acquired. DBS is also taking an interest in Shenzhen Rural Commercial Bank, which will accounted as equity from the fourth quarter. Non-interest income is also expected to receive a boost from its joint-venture securities business in China.

Following the bank's guidance, DBS will increase its investments in digital assets while projecting higher pre-allowance earnings in 2022. Cost pressures will be high due to inflationary effects but may be mitigated by higher interest rates and interest-related incomes. Loans will expand at the single-to-high digit range while management expects total allowances to stay low.

DBS has a high Tier 1 common equity ratio of 14.5% at 3Q21. This exceeds the lender's target operating range and the regulator's requirement. Liquidity is also satisfactory as the bank's liquidity coverage ratio of 131% and net stable funding ratio of 127% exceeds the 100% regulatory minimum. Over the past year, deposits grew by SGD 42b to SGD 489b, 75% of which are made up of stable current and savings accounts.

Bond Picks

Investors are encouraged to consider the **DBSSP 3.980% Perpetual Corp (SGD)** at its indicative yield-to-worst of 2.51%. The notes are first callable on 12 September 25. If the issuer does not redeem the notes on its first call date, the coupon rate will reset to the prevailing 7-year SGD Swap Offer Rate + 1.65%. Fitch Ratings and Moody's have assigned respective ratings of 'BBB+' and 'Baa1' to the notes.

DBSSP 3.980% Perpetual Corp (SGD)

STABLE INCOME SEEKER

INDICATIVE BID PRICE (SGD)	INDICATIVE ASK PRICE (SGD)	BID YIELD TO WORST	ASK YIELD TO WORST
104.72	105.16	2.63%	2.51%

Bond Information

DATA AS AT 30-DEC-2021

Issuer	DBS Group Holdings Ltd	**Annual Coupon Rate (% p.a.)**	3.98
Guarantor	-	**Bond Sub Sector**	Banks
Maturity Date	Perpetual	**Minimum Investment Quality**	250,000
Next Call Date	12 Sep 2025	**Bond Credit Rating (S&P/Fitch)**	N.R / BBB+
Years to Next Call (Approx.)	3.70	**Issuer Credit Rating (S&P/Fitch)**	N.R / AA-
Coupon Frequency	Semi-Annually	**Seniority**	Junior Subordinated
Coupon Type	Variable	**Issue Size**	1,000,000,000

Reset Date: 12 Sep 2025 and every 7Y thereafter | Reset Rate: Prevailing 7Y Singapore Dollar Swap Offer Rate + the Initial Spread (1.650%)
Special features: Issuer call, Deferral interest payment, Loss absorption
For HK investors: This is a complex bond and investors should exercise caution in relation to the product. The offering documents have not been reviewed by the SFC. Past performance of the bond is not indicative of future performance.

Societe Generale

Background

- **Societe Generale ("SOCGEN") is a bank headquartered in France with three main business segments - French Retail Banking ("FRB"), International Retail Banking operations, Insurance & Financial Services ("IRB") and Global Banking & Investor Solutions ("GBI").**
- **As of 12 April 2021, according to S&P Global Market Intelligence, SOCGEN had EUR 1,465.95b of total assets, making it the 6th largest bank in Europe and 18th worldwide when ranked by total assets.**
- **SOCGEN is rated by the three main credit agencies – S&P ('A' with a stable outlook), Moodys' ('A1' with a stable outlook) and Fitch ('A-' with a stable outlook).**

Credit highlights

SOCGEN generated EUR 19,178m of Net Banking Income ("NBI") during the 9 month period ended 30 September 2021 ("9M21"), and this represents a 17.80% year-over-year ("YoY) increase over 9M20. For 3Q21, NBI jumped 14.90% to EUR 6,672m from 3Q20.

FRB's NBI grew by 7.60% from EUR 1,836m in 3Q20 to EUR 1,976m in 3Q21, due to a recovery in net interest income and commissions. Operating income for the GBI segment amounted to EUR 696m in 3Q21 as compared to EUR 499m in 3Q20, reflecting a strong rebound from the impact of Covid-19. Additionally, both IRB and GBI reported a strong NBI growth of 12.80% (vs. 3Q20) and 16.10% (vs. 3Q20) respectively.

SOCGEN is well-diversified across several non-banking business lines as it operates a vehicle leasing and car fleet management businesses, as well as vendor and equipment finance. SOCGEN's vehicle leasing business, ALD Automotive, has a leading position in the industry. ALD Automotive has an EcoVadis Gold medal both at the national and international level while the rating and research agency Vigeo Eiris ranked it in the top 3 in business support services. These additional income streams from its non-interest revenue channels will provide additional support to SOCGEN especially during a low interest rate environment.

Cost of risk, measured as the ratio of risk provisions over average outstanding loans, for the group was 15 basis points in 3Q21, slightly higher than that in 2Q21. The management does not expect cost of risk to exceed 20 basis points in 2021. Non-performing loans ratio was flat quarter-on-quarter ("QoQ") at 3.10%.

Common Equity Tier 1 ("CET1") ratio for 3Q21 was 13.4%, providing a buffer of 440 basis points above the Maximum Distributable Amount requirement of 9.02%. Liquidity coverage ratio was 135% in 3Q21 with high quality liquid assets of EUR 64b. SOCGEN has a high CET1 ratio and sufficient liquidity to pay down its short term debts.

Bond Picks

The **SOCGEN 6.125% Perpetual Corp (SGD)** is a possible investment at its yield-to-worst ("YTW") of 4.35%. The perp will reset on 16 April 2024 and if not called will reset at the prevailing 5Y SGD Swap Offer Rate ("SOR") + 4.207%. We are positive on the banking sector as we see the rising interest rate environment to boost banking revenues in the coming months.

SOCGEN 6.125% Perpetual Corp (SGD)

HIGH YIELD SEEKER

INDICATIVE BID PRICE (SGD)	INDICATIVE ASK PRICE (SGD)	BID YIELD TO WORST	ASK YIELD TO WORST
103.18	103.81	4.64%	4.35%

Bond Information

DATA AS AT 30-DEC-2021

Issuer	Societe Generale SA	**Annual Coupon Rate (% p.a.)**	6.125
Guarantor	-	**Bond Sub Sector**	Banks
Maturity Date	Perpetual	**Minimum Investment Quality**	250,000
Next Call Date	16 Apr 2024	**Bond Credit Rating (S&P/Fitch)**	BB / N.R
Years to Next Call (Approx.)	2.30	**Issuer Credit Rating (S&P/Fitch)**	A / A-
Coupon Frequency	Semi-Annually	**Seniority**	Junior Subordinated
Coupon Type	Variable	**Issue Size**	750,000,000

Reset Date: 16 Apr 2024 and every 5Y thereafter | Reset Rate: Prevailing 5Y SGD SOR + Initial Margin (4.207%)
Special features: Issuer call, Deferral interest payment, Loss absorption
For HK investors: This is a complex bond and investors should exercise caution in relation to the product.
The offering documents have not been reviewed by the SFC. Past performance of the bond is not indicative of future performance.

UBS AG

Background

- **UBS is one of the two global systematically important banks in Switzerland.**
- **Formed as a product of the 1997 merger of Swiss Banking Corporation and Union Bank of Switzerland, the bank had a market value of CHF 39.12b as at 30 December 2021.**

Credit highlights

UBS continued to perform strongly with profit before tax ("PBT") increasing 11.32% YoY to USD 2.87b in 3Q21 (ending 30 September 2021). For 9M21, profit before tax increased by 25.70% to USD 7.76b. For 3Q21, Operating income increased by 2.16% YoY while operating expenses decreased by 1.46%, resulting in cost/income ratio decreasing by 1.7 percentage points ("ppt") to 68.62% in 3Q21.

Global Wealth Management ("GWM"), the largest segment in UBS and the primary driver of the bank's earnings, saw a 43.42% expansion in PBT to USD 1.52b in 3Q21. Operating income grew by 16.87% YoY to a record of USD 5.00b while invested assets grew by 16.12% YoY to USD 3.20tn. Net new fee-generating assets increased by USD 98b over the past 12 months, an 8% growth, thus providing a strong base of recurring net fee income for the GWM segment. The investment banking segment also performed extremely well, with PBT increasing by 32.43% YoY to USD 837.00m, making it the best performance since 1Q13.

For bond investors, one of UBS's key strengths is its excellent solvency profile and above-average capitalisation ratios. UBS disclosed a common equity tier 1 ("CET1") capital ratio of 14.90%, improving by 0.4ppt from 2Q21. Its CET1 ratio is also way above the regulatory requirements of 10.00%. The amount of going concern capital is around 20.00% of its risk weighted assets and 5.78% of the leverage ratio denominator. Both ratios are also above the regulatory minimum of 14.30% and 5.00%.

The bank is also expanding into sustainable investing with My Way – an application that allows clients and advisors to jointly set up, monitor and adjust mandates. Invested assets on the My Way platform more than tripled year-to-date to around USD 5.10b. Sustainability focus and impact investing assets have grown from USD 141.00b in 4Q20 to USD 207.00b in 3Q21. UBS's climate disclosures are also aligned with the Financial Stability Board Task Force's previous recommendations on climate-related financial disclosures.

UBS continues to grow from strength to strength with operating expenses being quite stable while income rises, and their initiatives seem to be working as the results have shown. The ECB has recently announced its decision to remove Covid-19 restrictions on capital distributions and share buybacks, which is a positive development for the bank's perpetual securities.

Bond Picks

The **UBS 5.875% Perpetual Corp (SGD)** stands out along the UBS curve. The perps have a first call date of 28 November 2023 and a yield-to-worst of 3.14%, which is reasonable given the excellent credit metrics of the issuer. The bank's strong earnings performance and good track record of calling its perps are some reasons for investors to think about before investing in its perpetual bonds.

UBS 5.875% Perpetual Corp (SGD)

STABLE INCOME SEEKER

INDICATIVE BID PRICE (SGD)	INDICATIVE ASK PRICE (SGD)	BID YIELD TO WORST	ASK YIELD TO WORST
104.58	105.01	3.37%	3.14%

Bond Information

Available on BOND EXPRESS

DATA AS AT 30-DEC-2021

Issuer	UBS Group AG	**Annual Coupon Rate (% p.a.)**	5.875
Guarantor	-	**Bond Sub Sector**	Banks
Maturity Date	Perpetual	**Minimum Investment Quality**	250,000
Next Call Date	28 Nov 2023	**Bond Credit Rating (S&P/Fitch)**	N.R / BBB
Years to Next Call (Approx.)	1.91	**Issuer Credit Rating (S&P/Fitch)**	A- / A+
Coupon Frequency	Semi-Annually	**Seniority**	Junior Subordinated
Coupon Type	Variable	**Issue Size**	700,000,000

Reset Date: 28 Nov 2023 and every 5Y thereafter | Reset Rate: Prevailing 5Y SOR + 360.5 bps
Special features: Issuer call, Deferral interest payment, Loss absorption
For HK investors: This is a complex bond and investors should exercise caution in relation to the product.
The offering documents have not been reviewed by the SFC. Past performance of the bond is not indicative of future performance.

United Overseas Bank Limited

Background

- **United Overseas Bank Limited ("UOB") is Southeast Asia's fifth largest bank by market capitalisation with a network of more than 500 branches and offices in 19 countries.**
- **The bank has a well-diversified loan portfolio with Singapore, Greater China, Malaysia, Thailand and Indonesia accounting for 52%, 16%, 10%, 6% and 3% of total loans respectively.**
- **The bank's senior unsecured debt were rated 'Aa1', 'AA-' and 'AA-' by Moody's, S&P and Fitch respectively, with stable outlooks from all three credit rating agencies.**

Credit highlights

UOB recorded healthy results in spite of the pandemic and low interest rate environment. The bank made SGD 1,046m of net profit during the quarter ended 30 September 2021 ("3Q21"), up from SGD 1,003m in the prior quarter. Profitability, measured by return on equity, increased from 6.90% in 3Q20 to 10.40% in 3Q21.

Net interest margin remained stable at 1.55% in 3Q21, lifted by higher loan margins of 1.87%. Interest rates were low but the bank managed to generate SGD 1,604m of net interest income (3Q20: SGD 1,474m) driven by higher lending volumes.

Non-interest income improved to SGD 848m in 3Q21 from SGD 786m in 3Q20 mostly because of growing net fee incomes. Trading and investment income fell to SGD 192m in 3Q21 from SGD 246m in 1Q21.

Cost to income ratio is still low at 43.70% in 3Q21 (3Q20: 44.60%). Total loan allowances amounted to SGD 153m in 3Q21 and SGD 504m in 9M21, which is significantly lower than SGD 1,579m in 2020. Allowances for non-performing loans ("NPL") is commendable, remaining fairly constant at 20 basis points as a percentage of average gross loans. Looking ahead, the gradual reopening of border activities is likely to support the bank's businesses in Malaysia, Thailand and Indonesia.

UOB's NPL ratio was steady at 1.5% and this is consistent with the NPL ratios of other Singapore banks(DBS: 1.5%, OCBC: 1.5%). With the ongoing Chinese defaults and possible slowdown in China in 2022, UOB may report a higher NPL ratio but the lender has a sufficient coverage ratio with allowances covering 106.00% of non-performing assets.

Mainland China accounted for just 6.00% of the bank's total assets while Hong Kong accounted for 9.00% of total assets as at September 2021. 60% of its China exposure is kept within the top 5 domestic banks and 3 policy banks, of which 98% have a tenor of less than 1 year. Its NPL ratio for China is very low at 0.3% as at 3Q21. UOB has a larger exposure to Hong Kong of SGD 33.10b but maintains a low NPL ratio of 0.7% (3Q20: 0.6%)

Bond Picks

UOB has a strong capital adequacy with a CET1 ratio of 13.50%. Amidst rising interest rates, the **UOBSP 3.580% Perpetual Corp (SGD)** has an appealing yield-to-worst of 2.76%. If the issuer does not redeem the notes on its first call date on 17 July 2026, the coupon will reset to the prevailing 7-year SGD Swap Offer Rate + 1.7950% (30 December 2021: 3.37%).

UOBSP 3.580% Perpetual Corp (SGD)

STABLE INCOME SEEKER

INDICATIVE BID PRICE (SGD)	INDICATIVE ASK PRICE (SGD)	BID YIELD TO WORST	ASK YIELD TO WORST
102.79	103.45	2.92%	2.76%

Bond Information

DATA AS AT 30-DEC-2021

Issuer	United Overseas Bank Ltd	**Annual Coupon Rate (% p.a.)**	3.58
Guarantor	-	**Bond Sub Sector**	Banks
Maturity Date	Perpetual	**Minimum Investment Quality**	250,000
Next Call Date	17 Jul 2026	**Bond Credit Rating (S&P/Fitch)**	BBB- / BBB+
Years to Next Call (Approx.)	4.55	**Issuer Credit Rating (S&P/Fitch)**	AA- / AA-
Coupon Frequency	Semi-Annually	**Seniority**	Junior Subordinated
Coupon Type	Variable	**Issue Size**	750,000,000

Reset Date: 17 Jul 2026 and every 7Y thereafter | Reset Rate: Prevailing 7Y SGD Swap Offer Rate + the Initial Spread (1.795%)
Special features: Issuer call, Deferral interest payment, Loss absorption
For HK investors: This is a complex bond and investors should exercise caution in relation to the product.
The offering documents have not been reviewed by the SFC. Past performance of the bond is not indicative of future performance.

ESG Outlook

2021 saw the rise in the issuance of ESG bonds within the fixed income market. ESG ("Environmental, Social and Governance") bonds are debt issuances used to finance green projects or used to achieve certain UN Sustainability Development Goals ("SDG") by the issuer. In 2021, there were USD 1,467.45b of ESG bonds issued, almost doubling the amount of ESG issuances we saw in 2020.

Amount of ESG debt issued per year (in USD b)

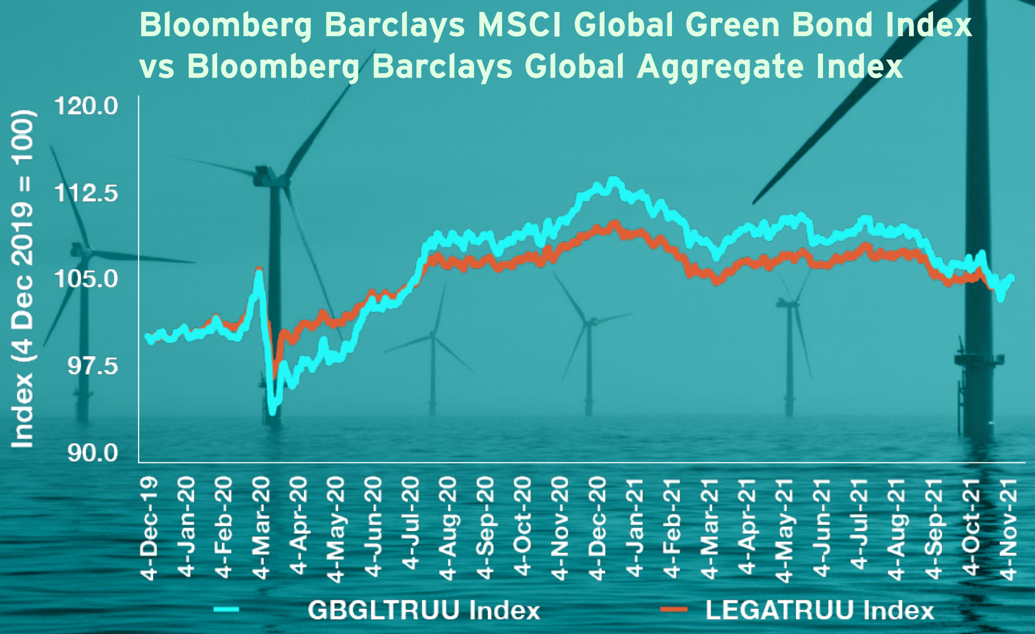
Source: Bloomberg Finance L.P., iFAST compilations.

As environmental and social issues continue to take the spotlight, we do not see the issuances of green bonds slowing down. In Singapore, we saw a couple of maiden ESG bond issuances from both quasi-sovereign and corporate issuers such as NEASP 2.500% 15Sep2051 Qsov (SGD), SCISP 2.450% 09Jun2031 Corp (SGD) and NTUSP 2.185% 20Oct2036 Corp (SGD) to name a few. The final order book for the NEA 2025 notes exceeded SGD 2b and was over 21% oversubscribed while the International Finance Corporation agreed to purchase SGD 150m of the SCISP 2031 notes, reflecting a healthy demand for ESG issuances in Singapore.

One type of ESG bond that has seen increasing interest from issuers are Sustainability-linked bonds ("SLB"). Unlike traditional green bonds where the use of proceeds are used to finance green projects, SLBs require the issuer to achieve certain sustainability performance targets ("SPT") by a predetermined date. If the issuer fails to do so before the predetermined date, the notes will trigger a step-up event. This allows more flexibility for the issuer to raise debt to fund their working capital needs or investments, in addition to reducing key ESG metrics without the need for a green project.

Examples of SLBs include the SCISP 2.450% 09Jun2031 Corp (SGD) and NTUSP 2.185% 20Oct2036 Corp (SGD). For the SCISP 2031 notes, the SPT for the notes is to achieve a greenhouse gas emissions intensity of 0.40 tCO_2e/MWh (0.40 tonnes of carbon dioxide equivalent per megawatt hour) or lower by 31 December 2025. Interest payments due on or after 1 April 2026 will step-up by 25 basis points if Sembcorp fails to achieve the SPT.

ESG Outlook



Source:
Bloomberg Finance L.P., iFAST compilations.
Data as of November 2021.

On 31 October 2021, world leaders from around the world met in Glasgow for the United Nations Climate Change Conference or COP26. The conference was part of the 'ratchet mechanism' stated in the Paris Agreement signed in 2015 where countries will step up their commitments and national pledges every five years from the signing of the Paris Agreement in 2015. 125 countries have committed to achieve net zero emissions by 2050, including half of the G20.

In order for governments to work towards their net zero goals, corporations play a key role in aiding and ensuring that carbon emissions are being reduced. More regulatory scrutiny and pressure are coming from financial regulators for companies to disclose their climate disclosures and pledge strategies to reduce emissions.

Prior to COP26, Mark Carney, the UN Special Envoy for Climate Action and Finance, stated in his COP26 proposal that banks, insurers, funds and investors with balance sheets of approximately USD 139 trillion are demanding Taskforce for Climate-related Financial Disclosures ("TCFD") for companies.

More examples of institutional investors taking action on climate disclosures include the Climate Action 100+, a group of over 500 institutional investors of over USD 47 trillion assets, who are demanding the world's 161 highest-emitting companies to publish strategies to reduce emissions by 45% by 2030. With more focus and pressure from investors to reduce emissions and to achieve net zero, we expect that companies will start transitioning into carbon neutral practices.

Over in Singapore, the government announced Green Plan 2030 in February 2021 to achieve Singapore's commitments under the UN's 2030 Sustainable Development Agenda and Paris Agreement. The Monetary Authority of Singapore ("MAS") launched the Green Finance Action Plan where it hopes to strengthen financial sector resilience to environmental risks, develop markets and solutions for a sustainable economy, harness technology to enable trusted and efficient sustainable finance flows and build knowledge and capabilities in sustainable finance.

MAS also launched a Sustainable Bond Grant Scheme to encourage companies to issue ESG bonds. The scheme is open to first-time and repeat issuers. The Scheme helps to defray some of the costs for issuers of ESG bonds as they would have to engage external reviews to review their green and sustainability-linked bond status.

With regard to the performance of green bonds, comparing the Bloomberg Barclays MSCI Global Green Bond Index Unhedged ("GBGLTRUU") with the Bloomberg Barclays Global Aggregate Index Unhedged ("LEGATRUU"), the performance of GBGLTRUU have largely outperformed global investment grade bonds for most of 2020 and 2021. This shows that investors do not have to give up returns in order to invest in greener bonds.

All in all, 2021 was a good year for ESG bond issuances. More companies are looking at issuing green bonds in order to fund the transition into greener projects. Regulatory frameworks are continuously being laid out to encourage the use of ESG bonds for funding. We expect green issuances in 2022 to continue to ride the wave as the world work towards net-zero ambitions.

Ascendas Real Estate Investment Trust

Background

- **Ascendas Real Estate Investment Trust ("AREIT") is Singapore's second largest REIT with SGD 16.00b of investment properties in the portfolio.**
- **Listed on the SGX, AREIT has the largest number of BCA Green Mark properties among S-REITs.**
- **The issuer is rated 'A3' by Moody's with a stable outlook.**
- **AREIT has an industrial-focused portfolio of 207 completed properties across Singapore (62%), Australia (13%), the UK (12%) and the US (13%).**

Credit highlights

Industrial REITs have been holding up well in the face of Covid-19 and AREIT is no exception. The portfolio posted positive rent reversions of +3.70% in the third quarter ended 30 September 2021 (3Q21") and +5.40% in 9M21. The portfolio has a well-spread weighted average lease expiry ("WALE") of 3.80 years although the average lease term of new leases signed in 3Q21 had shortened to 3.4 years.

Financial performance in 2021 is expected to surpass 2020 as economic activity has improved across geographies. In Australia, the excellent locations of the properties will help contribute a stable stream of income to the trust. In Singapore, leasing demand is projected to be flat as most companies remain cautious with their expansion plans. Likewise in the US, more businesses are evaluating their post pandemic real estate footprint. But in the UK, the portfolio's long WALE of 5.70 years should help to mitigate any uncertainties.

AREIT has a well-diversified portfolio as no single property accounts for more than 4.1% of AREIT's monthly gross revenue. Customers operate in more than 20 industries from data centres (11.20%), engineering (11.00%) and logistics (10.70%). The top 10 tenants account for only 18.7% of the REIT's monthly gross revenue.

The REIT has robust credit metrics with a trailing twelve month interest cover of 4.90x as at 30 September 2021 (30 June 2021: 4.6x). Aggregate Leverage was 37.4%, down from 37.6% in June, while 93.00% of its total investment properties was unencumbered. AREIT has ~SGD 4.20b of debt headroom to reach the regulator's 50.00% aggregate leverage limit.

As part of their ESG efforts, the trust is aiming to achieve a minimum green rating for all its investment properties by 2030. They are also trying to obtain the Singapore Green Mark Gold PLUS award as well as be certified by the World Green Building Council. Next year, the REIT will power 3 of its portfolio properties in Singapore with renewable energy as an incremental step to reduce its carbon footprint.

Bond Picks

In 2020, the Green Finance Framework was established and the trust has issued close to SGD 1.20b of green instruments under the Framework. In addition to its ESG initiatives, AREIT has maintained a healthy credit performance during its recent quarter. It has a large well-diversified portfolio across industries and geographies. We think that the **AREIT 3.000% Perpetual Corp (SGD)** has a reasonable YTW of 3.13%. With a first call date on 17 September 2025, the notes are the first real estate green perpetual securities in Asia.

AREIT 3.000% Perpetual Corp (SGD)

STABLE INCOME SEEKER

INDICATIVE BID PRICE (SGD)	INDICATIVE ASK PRICE (SGD)	BID YIELD TO WORST	ASK YIELD TO WORST
98.92	99.57	3.32%	3.13%

Bond Information

DATA AS AT 30-DEC-2021

Issuer	Ascendas Real Estate Investment Trust	**Annual Coupon Rate (% p.a.)**	3.00
Guarantor	-	**Bond Sub Sector**	Real Estate Investment Trusts
Maturity Date	Perpetual	**Minimum Investment Quality**	250,000
Next Call Date	17 Sep 2025	**Bond Credit Rating (S&P/Fitch)**	N.R / N.R
Years to Next Call (Approx.)	3.72	**Issuer Credit Rating (S&P/Fitch)**	N.R / N.R
Coupon Frequency	Semi-Annually	**Seniority**	Subordinated
Coupon Type	Variable	**Issue Size**	300,000,000

Reset Date: 17 Sep 2025 and every 5Y thereafter | Reset Rate: Prevailing 5Y Successor Rate + 2.477%
Special features: Issuer call, Deferral interest payment
For HK investors: This is a complex bond and investors should exercise caution in relation to the product.
The offering documents have not been reviewed by the SFC. Past performance of the bond is not indicative of future performance.

Frasers Property Limited

Background

- **Frasers Property Limited ("FPL") is a multi-national property developer and hospitality owner with operations in Southeast Asia, Australia, Europe and China.**
- **Headquartered and listed in Singapore, the company had SGD 40.26b of total assets on its balance sheet in September 2021.**
- **FPL is aiming to finance its green portfolio with sustainable financing by 2024. The group is committed to achieve net-zero coupon carbon emissions by 2050.**

Credit highlights

FPL was negatively affected by the pandemic but certain businesses have started to show some green shoots. In Europe, the easing of lockdowns and mass vaccination plans have lifted booking rates in its hospitality arm. Group revenue increased by SGD 166.74m to SGD 3763.75m in the financial year ended 30 September 2021 ("FY2021").

During FY2021, FPL completed 313,000 square meters of commercial projects and plans to deliver 663,000 square meters of developments within the next 2 years. The group benefited from a high demand for residential properties and recorded SGD 1.80b of unrecognised revenue in FY2021, up from SGD 1.40b in FY2020.

Driven by strong contributions from its industrial portfolio as well as the fair value gains of its investment properties, FPL made a net profit of SGD 1,566.63m in FY2021 (FY2020: SGD 518.79m). Majority of FPL's property assets provide a steady stream of recurring income to the group. In FY2021, 68% of its profit before tax are recurring in nature. The portfolio is well diversified across different countries with Australia, Singapore, Europe, Thailand and China accounting for 26%, 36%, 22%, 13% and 1% of assets respectively.

FPL guided that it has adequate resources to repay debt in FY2022. Cash and cash equivalents improved to SGD 3.78b in FY2021 from SGD 3.09b in FY2020. Additionally, the group has taken a number of steps to reduce gearing over the last year. Net debt over equity fell from 105.00% in FY2020 to 73.7% in FY2021. In April 2021, the group managed to raise SGD 1.16b through a rights issue exercise, and SGD 1.90b of debt financing during FY2021.

Net interest cover improved from 3x in September 2020 to 4x in September 2021, partly due to lower interest expenses. FPL revealed that the average cost of debt on a portfolio basis was 2.3% per annum although the cost of financing may have increased as reflected from the issuance of its recent 2028 sustainable bonds, which were priced at 3.00%.

Sustainability is one of the group's core corporate goals. In the 2021 Global ESG Benchmark for Real Assets (GRESB) results, FPL achieved 5 global and regional sector leadership positions. Since its first green loan in September 2018, the developer has raised over SGD 6b of green or sustainability linked loans and bonds.

Bond Picks

Given its strong operating track record and financial flexibility, we encourage investors to consider the **FPLSP 3.950% Perpetual Corp (SGD)** (YTW: 4.45%) and **FPLSP 3.000% 09Oct2028 Corp (SGD)** (YTM: 3.25%). The latter are sustainability notes that were issued to finance FPL's sustainable portfolio in Australia.

Frasers Property Limited

FPLSP 3.950% Perpetual Corp (SGD)

HIGH YIELD SEEKER

INDICATIVE BID PRICE (SGD)	INDICATIVE ASK PRICE (SGD)	BID YIELD TO WORST	ASK YIELD TO WORST
96.45	96.83	4.47%	4.45%

Bond Information

DATA AS AT 30-DEC-2021

Issuer	Frasers Property Treasury Pte Ltd	**Annual Coupon Rate (% p.a.)**	3.95
Guarantor	Frasers Property Ltd	**Bond Sub Sector**	Real Estate Management and Development
Maturity Date	Perpetual	**Minimum Investment Quality**	250,000
Next Call Date	05 Oct 2022	**Bond Credit Rating (S&P/Fitch)**	N.R / N.R
Years to Next Call (Approx.)	0.76	**Issuer Credit Rating (S&P/Fitch)**	N.R / N.R
Coupon Frequency	Semi-Annually	**Seniority**	Junior Subordinated
Coupon Type	Variable	**Issue Size**	350,000,000

Reset Date : 5 Oct 2022 & every 5Y thereafter | Reset Rate : Prevailing SGD 5Y SOR + the Initial Spread (2.245%) + Step Up Margin (100bps in Yr 10)
Special features: Issuer call, Coupon Step Up, Make whole call, Change control call, Deferral interest payment
For HK investors: This is a complex bond and investors should exercise caution in relation to the product. The offering documents have not been reviewed by the SFC. Past performance of the bond is not indicative of future performance.

FPLSP 3.000% 09Oct2028 Corp (SGD)

STABLE INCOME SEEKER

INDICATIVE BID PRICE (SGD)	INDICATIVE ASK PRICE (SGD)	BID YIELD TO WORST	ASK YIELD TO WORST
97.90	98.49	3.35%	3.25%

Bond Information

DATA AS AT 30-DEC-2021

Issuer	Frasers Property AHL Limited	**Annual Coupon Rate (% p.a.)**	3.00
Guarantor	Frasers Property Ltd	**Bond Sub Sector**	Real Estate Management and Development
Maturity Date	09 Oct 2028	**Minimum Investment Quality**	250,000
Next Call Date	-	**Bond Credit Rating (S&P/Fitch)**	N.R / N.R
Years to Maturity (Approx.)	6.78	**Issuer Credit Rating (S&P/Fitch)**	N.R / N.R
Coupon Frequency	Semi-Annually	**Seniority**	Senior Unsecured
Coupon Type	Fixed	**Issue Size**	300,000,000

Special Features: Make whole call

Other SGD Issuers

AIMS APAC REIT

Background

- **AIMS APAC REIT ("AA REIT") is an industrial real estate investment trust with properties in Singapore and Australia. As at 30 September 2021, AAREIT had 28 properties in its portfolio, 26 in Singapore and 2 in Australia.**
- **Its property portfolio is made up of logistics and warehouse, business parks, general industrial, light industrial and hi-tech space properties.**
- **AIMS Financial Group ("AIMS"), a diversified financial service and investment group headquartered in Australia is the sole sponsor of AA REIT.**
- **AA REIT is one of the smaller names in the industrial REIT space with a market capitalisation of SGD 1.06b**

Credit highlights

Gross revenue grew to SGD 65.25m in the 6-months ended 30 September 2021 ("1HFY22"), representing a 13.0% YoY increase while net property income for the company grew by 19.4% YoY to SGD 47.71m. The increase in gross revenue was attributed to rental contributions from 20 Gul Way, 8 & 10 Pandan Crescent and 541 Yishun Industrial Park.

On 30 September 2021, AA REIT announced a proposed acquisition of a freehold business park in Australia for approximately SGD 454m. The property is master-tenanted by Woolworths Group Limited ("Woolworths"), a major retail operator in Australia and New Zealand with 3,356 stores. Upon completion, the property will be the largest asset in AA REIT's portfolio.

The property had an initial net property income yield of 5.17% with a balance lease term of 10 years. Rentals will escalate by 2.75% per annum which will provide AA REIT a long-term steady stream of income. As of 30 September 2021, AA REIT has cash and cash equivalents of SGD 108.32m and SGD 151.80m of undrawn committed facilities.

AA REIT managed to refinance its maturing debt ahead of its expiry. It received commitments of up to SGD 220.0m and AUD 100.0m to refinance its SGD and AUD secured debt facilities, which are due in 2021 and 2022 respectively. The SGD 120m 4-year revolving credit facility maturing in FY2022 is expected to be refinanced to FY2026 while the SGD 125 m 4-year SGD term loan maturing in FY2023 and the SGD 15m 3-year AUD revolving credit facility may be refinanced to FY2027. By refinancing the secured debt facilities, AA REIT will have sufficient undrawn committed facilities to repay the SGD 50m of fixed rate notes due in March 2022.

Interest coverage ratio (including distribution for perpetual security holders) for 1H22 was 3.3x while aggregate leverage (taken as total borrowings over total assets) was 24.7%.

AA REIT has a well-diversified tenant base with logistics properties making up more than 50% of its tenant portfolio. Being in the industrial REIT space, demand for logistics and warehouse facilities are underpinned by e-commerce which makes AA REIT's properties more desirable due to strong e-commerce growth.

Bond Picks

Investors are encouraged to consider the **AAREIT 5.375% Perpetual Corp (SGD)** at its yield-to-worst of 4.77%. The perp is first callable on 1 September 2026 and will reset to the sum of the 5-year SGD SORA-OIS + 4.654% if not called.

AAREIT 5.375% Perpetual Corp (SGD)

HIGH YIELD SEEKER

INDICATIVE BID PRICE (SGD)	INDICATIVE ASK PRICE (SGD)	BID YIELD TO WORST	ASK YIELD TO WORST
101.96	102.50	4.90%	4.77%

Bond Information

Available on BOND EXPRESS

DATA AS AT 30-DEC-2021

Issuer	AIMS APAC REIT	**Annual Coupon Rate (% p.a.)**	5.375
Guarantor	-	**Bond Sub Sector**	Real Estate Investment Trusts
Maturity Date	Perpetual		
Next Call Date	01 Sep 2026	**Minimum Investment Quality**	250,000
Years to Next Call (Approx.)	4.67	**Bond Credit Rating (S&P/Fitch)**	N.R / N.R
Coupon Frequency	Semi-Annually	**Issuer Credit Rating (S&P/Fitch)**	N.R / N.R
Coupon Type	Variable	**Seniority**	Subordinated
		Issue Size	250,000,000

Reset Date: 1 Sep 2026 and every 5Y thereafter | Reset Rate: Prevailing SGD 5Y SORA OIS + the Initial Spread (4.654%)
Special features: Issuer call, Deferral interest payment
For HK investors: This is a complex bond and investors should exercise caution in relation to the product.
The offering documents have not been reviewed by the SFC. Past performance of the bond is not indicative of future performance.

Cathay Pacific Airways Limited

Background

- **Founded in 1946, Cathay Pacific Airways Limited ("Cathay Pacific") is the flag carrier of Hong Kong, serving over 200 destinations globally.**
- **The airline has been listed on the Hong Kong Stock Exchange since 1986, garnering a market value of HKD 41.39b as at 30 December 2021.**
- **Cathay Pacific owns 18.13% of Air China and 34.78% of Air China Cargo. Some of its biggest shareholders include Swire Pacific Limited, Air China and Qatar Airways.**

Credit highlights

For the six months ended 30 June 2021 ("1H21"), Cathay Pacific Airways Limited ("Cathay") recorded total revenue of HKD 15.85b, representing a YoY decrease of 42.70%. Passenger services remained in the doldrums, with a revenue of only HKD 748.00m. Excluding restructuring costs and impairment and related charges, adjusted loss before tax for the period was at HKD 7.29b.

Revenue in 2H21 should start to pick up as it is seasonally a peak season for cargo. Passenger volume increased by 150.02% MoM in August and load factor reached 46.4%, the highest since March 2020. This was driven by student travel from China to US and UK. Passengers travelling within Asia via HK also boosted flight demand.

According to forecasts by the International Air Transport Association, passenger volumes will gradually improve and reach pre-Covid levels by 2023 but we are not expecting a strong pickup in earnings in 2022. However, 2H21 results should be better than 1H21 given that business has improved from August 2021.

With a better load factor in the second half of the year, Cathay should be able to avoid a reduction in their cash balances. As at 30 June 2021, the group had HKD 23.56b of liquid funds and committed undrawn facilities of HKD 9.41b. The group also privately issued about HKD 189m in RMB bonds in August 2021, which is a slight boost for their cash balances.

Thus, in total, the available amount of unrestricted liquidity to the group is about HKD 32.82b which would be sufficient to cover its interest bearing liabilities of HKD 24.80b in 1H21. If there was zero revenue, the amount of available liquidity would sustain the cash burn for another 9 to 10 months considering that it had HKD 21.64b of operating expenses in 1H21.

So we believe that the airline would continue to raise capital to supplement the cash burn rate. Net debt/equity ratio rose by 6 percentage points to 108% due to higher debt. Cathay guided that adjusted net debt /equity ratio was 82% in 1H21, which still meets their covenant requirements of less than 200%.

We believe that Cathay would be able to pay down its short term debt. Additionally, the airline enjoys strong shareholder support from Swire Pacific Ltd which is in great credit health.

Bond Picks

The **CATHAY 3.375% 22Jan2023 Corp (SGD)** and **CATHAY 4.875% 17Aug2026 Corp (USD)** are viable investments with their YTMs of 4.12% and 5.01% respectively. As mentioned above, the group should have enough liquidity and support to redeem this bond in 2023.

Cathay Pacific Airways Limited

CATHAY 3.375% 22Jan2023 Corp (SGD)

HIGH YIELD SEEKER

INDICATIVE BID PRICE (SGD)	INDICATIVE ASK PRICE (SGD)	BID YIELD TO WORST	ASK YIELD TO WORST
98.59	99.29	4.82%	4.12%

Bond Information

Available on BOND EXPRESS

DATA AS AT 30-DEC-2021

Issuer	Cathay Pacific MTN Financing HK Ltd	**Annual Coupon Rate (% p.a.)**	3.375
		Bond Sub Sector	Airlines
Guarantor	Cathay Pacific Airways Ltd	**Minimum Investment Quality**	250,000
Maturity Date	22 Jan 2023	**Bond Credit Rating (S&P/Fitch)**	N.R / N.R
Next Call Date	-	**Issuer Credit Rating (S&P/Fitch)**	N.R / N.R
Years to Maturity (Approx.)	1.06	**Seniority**	Senior Unsecured
Coupon Frequency	Semi-Annually	**Issue Size**	175,000,000
Coupon Type	Fixed		

CATHAY 4.875% 17Aug2026 Corp (USD)

HIGH YIELD SEEKER

INDICATIVE BID PRICE (USD)	INDICATIVE ASK PRICE (USD)	BID YIELD TO WORST	ASK YIELD TO WORST
99.15	99.44	5.08%	5.01%

Bond Information

DATA AS AT 30-DEC-2021

Issuer	Cathay Pacific MTN Financing HK Ltd	**Annual Coupon Rate (% p.a.)**	4.875
		Bond Sub Sector	Airlines
Guarantor	Cathay Pacific Airways Ltd	**Minimum Investment Quality**	200,000
Maturity Date	17 Aug 2026	**Bond Credit Rating (S&P/Fitch)**	N.R / N.R
Next Call Date	-	**Issuer Credit Rating (S&P/Fitch)**	N.R / N.R
Years to Maturity (Approx.)	4.63	**Seniority**	Senior Unsecured
Coupon Frequency	Semi-Annually	**Issue Size**	650,000,000
Coupon Type	Fixed		

For HK investors: You must be a professional investor to invest in this bond.

ESR Cayman Limited ("ESR")

Background

- **ESR will soon become Asia's largest real estate fund manager and the world's third largest listed real estate asset manager upon the acquisition of ARA Asset Management.**
- **As at 30 June 2021, the company had 22.6m square meters of gross floor area in operation and under development. It also had USD 36.3b of assets under management.**
- **64% of its tenant base is made up of e-commerce and 3PL (third-party logistics) tenants.**
- **In addition to developing logistics properties, the group also manages a broad range of funds and investment vehicles that hold premium logistics properties in various stages of the property life cycle.**

Credit highlights

In early November 2021, ESR's acquisition of ARA was approved by ESR shareholders. The acquisition came at a total consideration of USD 5.19b with USD 519.00m paid in cash and USD 4.67b satisfied through the issue of 1,345,898,078 consideration securities. The cash consideration was also partially funded by SMBC's USD 250.00m share subscription. Our analysis below will hence use the pro forma numbers of the new group based on the 6 month period ended 30 June 2021 ("1H21").

Following the acquisition, assets under management will soar to USD 131.7b. The enlarged group will also be able to build relationships with 69 capital partners, of which 59 are new to ESR. The transaction will strengthen its capital partners network and increase exposure to a wider range of new economy tenants.

The increase in AUM will result in higher contribution from fee-based earnings, where revenue contribution from the fund management segment will increase from 61% to 81%. EBITDA contributions from fund management will increase from 23% to 49% of the group's total EBITDA.

Total revenue for the group is projected to increase from USD 204.4m to USD 421.0m and net profit after tax will increase from USD 229.7m to USD 346.8m. Excluding one-off estimated transaction costs and share option expense, the net profit after tax of the group will strengthen to USD 434.5m.

Credit ratios will improve after the acquisition with net debt/total assets ratio decreasing by 9 percentage points to 21.6%. Estimated net debt/total equity falls to a healthy 34.1%. Adjusted EBITDA/interest expense ratio for 1H21 is projected to reach ~5.01x.

The credit profile of the enlarged group is expected to benefit from ARA's strong financials. Refinancing should not be an issue for the new group and they may enjoy lower financing costs, a longer weighted average debt expiry and better access to pools of capital.

Bond Picks

ESR is going from strength to strength and we encourage investors to consider the **ESRCAY 5.650% Perpetual Corp (SGD)** as an investment. It currently has a yield-to-worst of 5.33%. The perps are first callable on 2 March 2026 and will reset to the sum of the 5Y SGD swap offer rate, initial spread of 4.73% and a step-up margin of 200 basis points. Investors who prefer fixed-term notes may consider the **ESRCAY 5.100% 26Feb2025 Corp (SGD)**, which currently has a yield-to-maturity of 3.90%.

ESR Cayman Limited ("ESR")

ESRCAY 5.650% Perpetual Corp (SGD)

HIGH YIELD SEEKER

INDICATIVE BID PRICE (SGD)	INDICATIVE ASK PRICE (SGD)	BID YIELD TO WORST	ASK YIELD TO WORST
100.73	101.21	5.46%	5.33%

Bond Information

Available on BOND EXPRESS

DATA AS AT 30-DEC-2021

Issuer	ESR Cayman Ltd	**Annual Coupon Rate (% p.a.)**	5.65
Guarantor	-	**Bond Sub Sector**	Real Estate Management and Development
Maturity Date	Perpetual		
Next Call Date	02 Mar 2026	**Minimum Investment Quality**	250,000
Years to Next Call (Approx.)	4.17	**Bond Credit Rating (S&P/Fitch)**	N.R / N.R
Coupon Frequency	Semi-Annually	**Issuer Credit Rating (S&P/Fitch)**	N.R / N.R
Coupon Type	Variable	**Seniority**	Subordinated
		Issue Size	350,000,000

Reset Date: 2 Mar 2026 & every 5Y thereafter | Reset Rate: Prevailing 5Y SOR + Initial Spread (4.73%) + Step Up Margin (200 bps fr 2 Mar 2026)
Special features: Issuer call, Coupon Step Up, Deferral interest payment
For HK investors: This is a complex bond and investors should exercise caution in relation to the product.
The offering documents have not been reviewed by the SFC. Past performance of the bond is not indicative of future performance.

ESRCAY 5.100% 26Feb2025 Corp (SGD)

HIGH YIELD SEEKER

INDICATIVE BID PRICE (SGD)	INDICATIVE ASK PRICE (SGD)	BID YIELD TO WORST	ASK YIELD TO WORST
102.74	103.52	4.16%	3.90%

Bond Information

DATA AS AT 30-DEC-2021

Issuer	ESR Cayman Ltd	**Annual Coupon Rate (% p.a.)**	5.10
Guarantor	-	**Bond Sub Sector**	Real Estate Management and Development
Maturity Date	26 Feb 2025		
Next Call Date	-	**Minimum Investment Quality**	250,000
Years to Maturity (Approx.)	3.16	**Bond Credit Rating (S&P/Fitch)**	N.R / N.R
Coupon Frequency	Semi-Annually	**Issuer Credit Rating (S&P/Fitch)**	N.R / N.R
Coupon Type	Fixed	**Seniority**	Senior Unsecured
		Issue Size	225,000,000

Fraser and Neave, Limited

Background

- **Fraser and Neave, Limited ("F&N") is one of the largest Southeast Asian consumer group in the Food & Beverage and Publishing & Printing industries.**
- **The Sirivadhanabhakdi family of TCC Group controls around 87.6% of F&N's shares via Thai Beverage PLC and TCC Assets Limited.**
- **F&N's beverage brands include famous household names such as 100PLUS, CHANG, F&N NUTRISOY, F&N SEASONS and F&N MAGNOLIA.**
- **Listed on SGX, F&N now has a market capitalisation of SGD 2.11b.**

Credit highlights

F&N delivered resilient results in FY2021 ended 30 September 2021 as group revenue climbed 2.50% during the year to SGD 1,879.16m. Consumers bought more beer during the pandemic but consumption of soft drinks dropped as most food & beverage establishments were closed during the lockdown. However, consumers spent more time at home and purchased more dairy products including canned milk.

Within its geographies of Singapore, Thailand and Malaysia, F&N saw an improvement in revenue in all markets. Malaysia managed to record higher export volume and there was a healthy domestic demand for canned milk. Indonesia was a key contributor to revenue as a ramp up in production volume at Emerald Brewery, which was in its second year of operations helped to drive profitability.

In spite of the challenges brought about by Covid-19, its printing and publishing segment managed to stabilize its business performance as it registered only a slight drop of 3.3% in revenue in FY2021. The group rolled out a series of cost restructuring measures and managed to reduce its loss before tax from SGD 10.50m in FY2020 to a net loss of SGD 2.50m in FY2021.

Notwithstanding the lockdown situations in Southeast Asia, F&N still remained profitable with SGD 195.50m of net profit after tax in FY2021 (FY2020: SGD 207.69m). The group took active steps to streamline operations and focus on the cash generative parts of the business. Consequently, net cash from operating activities grew from SGD 42.69m in FY2020 to SGD 247.40m in FY2021.

F&N maintained a strong credit profile and low debt burden. The group's interest servicing ability is outstanding at ~10.41x in FY2021. As at 30 September 2021, the group's SGD 471.80m of cash and bank deposits is sufficient to cover its SGD 427.57m of borrowings maturing in a year. Group gearing is low as the ratio of debt to total assets was ~18.83% in FY2021. Another measure of gearing, net debt to total equity was estimated to be ~13.18%. Bank borrowings grew by SGD 100.00m during the year but there is enough debt headroom to implement its growth strategy and maximise long term shareholder value.

Bond Picks

F&N stands out among SGD bond issuers as it offers a relatively rare diversification opportunity for investors. F&N is a beverage producer which is unlike most other SGD bond issuers who are mostly real estate or financial institutions. The FNNSP bonds offer a fair term premium above government bonds, and the **FNNSP 3.800% 21Apr2027 Corp (SGD)** is an appropriate consideration, which has an ask YTM of 2.45%.

FNNSP 3.800% 21Apr2027 Corp (SGD)

STABLE INCOME SEEKER

INDICATIVE BID PRICE (SGD)	INDICATIVE ASK PRICE (SGD)	BID YIELD TO WORST	ASK YIELD TO WORST
106.06	106.66	2.57%	2.45%

Bond Information

DATA AS AT 30-DEC-2021

Issuer	F&N Treasury Pte Ltd	**Annual Coupon Rate (% p.a.)**	3.80
Guarantor	Fraser & Neave Limited	**Bond Sub Sector**	Beverages
Maturity Date	21 Apr 2027	**Minimum Investment Quality**	250,000
Next Call Date	-	**Bond Credit Rating (S&P/Fitch)**	N.R / N.R
Years to Maturity (Approx.)	5.31	**Issuer Credit Rating (S&P/Fitch)**	N.R / N.R
Coupon Frequency	Semi-Annually	**Seniority**	Senior Unsecured
Coupon Type	Fixed	**Issue Size**	100,000,000

Special Feature: Make whole call

Heeton Holdings Limited

Background

- **Heeton Holdings Limited ("Heeton") is a real estate company established in 1976 that is principally engaged in property development, investment and management.**
- **The company was listed on SGX on 2003 and has developed or managed properties in Thailand, Australia, Japan, Malaysia, Vietnam and the United Kingdom.**
- **Some of its property development projects in Singapore include Onze@Tanjong Pagar, KAP and KAP Residences, and Trio.**

Credit highlights

During the 6 months ended 30 June 2021 ("1H21"), Heeton reported SGD 17.53m in revenue, which is an increase of 38.4% from 1H20. The Property Development and Hospitality segments were negatively impacted by Covid-19 in 2020. But in 1H21, Heeton saw a recovery in these segments, as they reported revenues of SGD 5.90m and SGD 11.02m respectively. In 1H21, the company made a profit before tax of SGD 0.51m, up from a net loss before tax of SGD 8.93m.

In Singapore, Heeton is currently developing three residential development projects that are expected to complete by 3Q 2022. As of 1Q21, development sales in Park Colonial rose to 99.25%, Affinity to 87.32% and Rezi24 to 99.20%.

Hospitality revenue is expected to grow with an expanded portfolio. On 24 June 2021, Heeton announced the opening of DoubleTree by Hilton London Kensington under a franchise agreement with Hilton. The property was formerly known as the Crowne Plaza London Kensington and was acquired in 2019 by a Heeton-led consortium.

Heeton had SGD 88.06m of cash and cash equivalents in 1H21, up from SGD 58.57m in 1H20. The increase in cash and cash equivalents was mainly due to cash inflows from the net proceeds from a SGD 34.78m bank loan.

Total borrowings of SGD 449.47m consisted of SGD 379.17m of bank loans and SGD 70.30m of bonds due November 2023. Heeton redeemed HTONSP 6.080% 19July2021 Corp (SGD) on the date of maturity and has only one outstanding bond issuance being the HTONSP 6.800% 13Nov2023 Corp (SGD).

Heeton is highly leveraged with a net gearing ratio (taken as net-debt-to-equity) of 86.47% in 1H21. Taking a look at its short term obligations, they have only SGD 26.46m of term loans repayable within 1 year after the redemption of the HTONSP 6.080% 19July2021 Corp (SGD). And this may be covered by its SGD 88.06m cash position.

The HTONSP 6.800% 13Nov2023 Corp (SGD) has a condition that requires the issuer to redeem the notes in 3 payments; 10% of the outstanding principal amount on 13 November 2022, 10% of the outstanding principal amount on 13 May 2022 and the remaining outstanding principal amount on 13 November 2023. This will provide Heeton with more flexibility in managing cash flow and leeway in redeeming its outstanding notes.

Bond Picks

The **HTONSP 6.800% 13Nov2023 Corp (SGD)** has an attractive yield to maturity ("YTM") of 5.76%. We think Heeton's business segments will continue to pick up and rebound from the impact of Covid-19. Construction and hospitality will recover and this will contribute positive cash flow to Heeton to manage its short term debt.

HTONSP 6.800% 13Nov2023 Corp (SGD)

HIGH YIELD SEEKER

INDICATIVE BID PRICE (SGD)	INDICATIVE ASK PRICE (SGD)	BID YIELD TO WORST	ASK YIELD TO WORST
100.35	101.80	6.59%	5.76%

Bond Information

DATA AS AT 30-DEC-2021

Issuer	Heeton Holdings Ltd	**Annual Coupon Rate (% p.a.)**	6.80
Guarantor	-	**Bond Sub Sector**	Real Estate Management and Development
Maturity Date	13 Nov 2023		
Next Call Date	-	**Minimum Investment Quality**	200,000
Years to Maturity (Approx.)	1.87	**Bond Credit Rating (S&P/Fitch)**	N.R / N.R
Coupon Frequency	Semi-Annually	**Issuer Credit Rating (S&P/Fitch)**	N.R / N.R
Coupon Type	Fixed	**Seniority**	Senior Unsecured
		Issue Size	70,300,000

Special Features: Change control put, Cessation of Trading Put

Koh Brothers Group Limited

Background

- **Koh Brothers Group Limited ("KOHSP") is a construction, property development and specialist engineering solutions provider established in 1966 with a market capitalisation of SGD 69.71m.**
- **The company is also the single largest shareholder of Koh Brothers Eco Engineering Limited, a sustainable engineering solutions group.**
- **KOHSP's three main business segments are Construction & Building Materials, Real Estate and Leisure & Hospitality.**

Credit highlights

For the first half ended 30 June 2021 ("1H21"), KOHSP reported revenues of SGD 140.96m, representing an increase of 35% from the year prior of SGD 104.13m. Revenues for the company saw improvement due to the gradual recovery of business activities within the construction industry.

Share of profits of associated companies and joint ventures fell 63% to SGD 1.46m due to lower contributions from Nonhyeon I'PARK in South Korea as it was completed in the second half of 2020. Despite the drop from share profits of associated companies and joint ventures, KOHSP saw a bottom line improvement as the company recorded gross profits of SGD 8.17m in 1H21 as compared to a gross loss of SGD 11.24m in 1H20.

Projects currently undertaken by KOHSP's Engineering and Construction segment include the Singapore Changi Airport Runway 3, MRT Circle Line 6, Tuas Water Reclamation Plant Contract 2A-Influent Pumping Stations, Deep Tunnel Sewerage System Phase 2 and Woodlands Health Campus. As the construction sector continues to recover, completion of these projects will provide KOHSP with positive cashflow in the future.

As of 30 June 2021, KOHSP has cash and balances of SGD 102.37m and current contract assets of SGD 135.67m. Total borrowings and lease liabilities amounted to SGD 275.49m in 1H21. With a current ratio of 2.35x, we think KOHSP has sufficient liquidity for its short term obligations. The improvement in the group's liquidity position coincided with the dilution of its interest in Koh Brothers Eco Engineering Limited from 77.27% at 31 December 2020 to 54.82% at 30 June 2021.

With a net-debt-to-equity of 0.43x, we think KOHSP is adequately leveraged. Additionally, with an interest coverage ratio of 1.32x, the company's earnings are still able to finance its interest expenses. Despite the negative impact faced by the construction industry in Singapore, KOHSP's balance sheet remains healthy. With SGD 102.37m in cash balances, KOHSP has adequate capital to pay its short term financial obligations with little difficulty.

KOHSP 5.100% 27Oct2022 Corp (SGD) has less than a year to maturity. With its comfortable credit and liquidity metrics in mind, we are persuaded that KOHSP will be able to pay the notes maturing in October 2022.

Bond Picks

We encourage investors with a high risk tolerance to consider the **KOHSP 5.100% 27Oct2022 Corp (SGD)** at an indicative yield to maturity of 5.00% with 0.82 years to maturity. Given KOHSP's high cash balances and high current ratio, KOHSP has sufficient liquidity to cover its short term obligations.

KOHSP 5.100% 27Oct2022 Corp (SGD)

HIGH YIELD SEEKER

INDICATIVE BID PRICE (SGD)	INDICATIVE ASK PRICE (SGD)	BID YIELD TO WORST	ASK YIELD TO WORST
98.92	100.12	6.57%	5.00%

Bond Information

DATA AS AT 30-DEC-2021

Issuer	Koh Brothers Group Ltd	**Annual Coupon Rate (% p.a.)**	5.10
Guarantor	-	**Bond Sub Sector**	Construction and Engineering
Maturity Date	27 Oct 2022		
Next Call Date	-	**Minimum Investment Quality**	250,000
Years to Maturity (Approx.)	0.82	**Bond Credit Rating (S&P/Fitch)**	N.R / N.R
Coupon Frequency	Semi-Annually	**Issuer Credit Rating (S&P/Fitch)**	N.R / N.R
Coupon Type	Fixed	**Seniority**	Senior Unsecured
		Issue Size	70,000,000

Special Features: Change control put, Cessation of Trading Put

Lendlease Global Commercial REIT

Background

- **Lendlease Global Commercial REIT ("LREIT") has a leasehold interest in 313@somerset, and a freehold interest in Sky Complex – an office area in Milan. It has a 31.8% indirect stake in JEM and was awarded a tender project to develop an event space next to 313@somerset.**
- **Leader in sustainability – LREIT won first place in Asia Retail (Overall) and Asia Retail (Listed) categories under the 2021 GRESB (Global ESG Benchmark for Real Estate) assessment for 2 consecutive years.**
- **Managed by Lendlease Global Commercial Trust Management Pte. Ltd., an indirect wholly-owned subsidiary of Lendlease Corporation Limited, which is the REIT sponsor.**

Credit highlights

For the year ending 30 June 2021 ("FY2021"), gross revenue increased to SGD 78.65m from SGD 55.54m for the period from 28 January 2019 to 30 June 2020. This was due to a decrease of rental waivers that were granted to the tenants at 313@somerset and favourable exchange rates for Sky Complex. However, property operating expenses were also higher due to provision for doubtful debts. Overall, net property income added to SGD 56.92m for FY2021.

Portfolio metrics were strong for 1QFY2022 (quarter ended 30 September 2021) with an overall occupancy rate of 99.8%. Occupancies have been on an uptrend since falling to 99.0% in September 2020. The portfolio had a well spread lease expiry profile of 8.5 years by net lettable area ("NLA") and 4.4 years by gross rental income ("GRI"). Only 11% of leases by GRI are expiring in FY2022.

In spite of the Covid-19 restrictions in Singapore, tenant sales in its retail properties grew 14.1% YoY to SGD 118.10m. In Milan, more employees are also returning to work. LREIT also increased its stake in Jem to 31.8% which will further boost and diversify its income. The ancillary retail units – Spark One and Spark Two are projected to complete by end 2021 and the second quarter of 2022.

LREIT also has an adequate liquidity profile with no refinancing requirements until FY2023. Its cash balances of SGD 249.26m (as at 30 June 2021) was broadly comprised of SGD 200m of fixed deposit with financial institutions. All of its debt is unsecured and the REIT may access SGD 137.20m of undrawn multicurrency debt facilities (SGD 40.0m of which are committed facilities) for funding.

The REIT retained a low financing cost with a weighted average running cost of debt of 0.90%. Its trailing-twelve-months interest coverage ratio is high at 4.6x as at 30 September 2021 (30 June 2021: 4.7x). The REIT's gearing ratio is also adequate at 34.3% (30 June 2021: 32.00%).

Bond Picks

The **LREIT 4.200% Perpetual Corp (SGD)** carries a prominent yield-to-worst of 4.14% among comparable bonds. The notes are callable on 4 June 2026 and every 6 months thereafter if not redeemed on its first calldate. If not called, the coupon rate resets in June 2026 and every 5 years thereafter, to the sum of the prevailing 5-year SGD swap offer rate and the initial spread of 3.24%.

LREIT 4.200% Perpetual Corp (SGD)

HIGH YIELD SEEKER

INDICATIVE BID PRICE (SGD)	INDICATIVE ASK PRICE (SGD)	BID YIELD TO WORST	ASK YIELD TO WORST
99.60	100.24	4.30%	4.14%

Bond Information

DATA AS AT 30-DEC-2021

Issuer	Lendlease Global Commercial REIT	**Annual Coupon Rate (% p.a.)**	4.20
Guarantor	-	**Bond Sub Sector**	Real Estate Investment Trusts
Maturity Date	Perpetual	**Minimum Investment Quality**	250,000
Next Call Date	04 Jun 2026	**Bond Credit Rating (S&P/Fitch)**	N.R / N.R
Years to Next Call (Approx.)	4.43	**Issuer Credit Rating (S&P/Fitch)**	N.R / N.R
Coupon Frequency	Semi-Annually	**Seniority**	Subordinated
Coupon Type	Variable	**Issue Size**	200,000,000

Reset Date: June 2026 & every 5Y thereafter | Reset Rate: SGD 5Y SOR + the Initial Spread (3.240%)
Special features: Issuer call, Deferral interest payment
For HK investors: This is a complex bond and investors should exercise caution in relation to the product.
The offering documents have not been reviewed by the SFC. Past performance of the bond is not indicative of future performance.

Mapletree Logistics Trust

Background

- **Mapletree Logistics Trust ("MLT") is an Asia-focused logistics real estate investment trust ("REIT"). Its property portfolio includes 163 properties in Singapore, Hong Kong SAR, Japan, China, Australia, South Korea, Malaysia, Vietnam and India.**
- **As of 30 September 2021, MLT has SGD 10.8b worth of Assets under Management ("AuM"). The trust had a market capitalisation of SGD 8.44b as at 30 December 2021.**
- **The sponsor for the REIT is Mapletree Investments ("Mapletree"). Mapletree is a real estate development, investment, capital and property management company in Singapore. It is 100% indirectly owned by Temasek Holdings Limited via its wholly-owned subsidiary Fullerton Management Pte Ltd.**

Credit highlights

For its half year financial results ended 30 September 2021 ("1HFY21/22"), gross revenues increased 24.4% year-on-year ("YoY") from SGD 264.23m in 1HFY20/21 to SGD 328.80m in 1HFY21/22. Net property income ("NPI") increased 21.4% from 237.69m in 1HFY20/21 to 288.60m in 1HFY21/22.

The trust made more gross revenue due to higher contributions from existing properties and recognised new revenue streams from acquisitions completed during the first half of 2021. On 25 March 2021, MLT completed an acquisition of 2 logistics properties in Prune, India and on 20 October 2021 completed the acquisition of 5 logistics assets in South Korea.

MLT had announced 4 proposed acquisitions in FY21/22 as they will be looking to expand their portfolio in Singapore, Australia, Malaysia and South Korea. Portfolio occupancy remained stable at 97.8% in September 2021 and in June 2021. Average rental reversion improved from +2.4% in 1HFY21/22 from +2.2% in 1QFY21/22 - a constructive development for the REIT's profitability.

Total debt was SGD 4.19b as at 30 September 2021, but only SGD 218.9m of total debt are repayable within 1 year. In March 2023, the issuer may also redeem the SGD 180m MLTSP 3.650% Perpetual Corp (SGD). Its short term obligations may be covered by MLT's available committed credit facilities of SGD 674m.

Furthermore, if required, MLT may also draw down on its SGD 275.45m of cash and cash equivalents for liquidity. We take comfort that the trust received a stable stream of cash flows, comprising of SGD 250.16m of cash flows from operating activities in 1HFY21/22 (1HFY20/21: SGD 225.70m).

MLT has a well staggered debt maturity profile with an average debt duration of 3.6 years. The trust had an aggregate leverage ratio of 38.2% in 1HFY21/22, which is below the 50% MAS regulatory requirement. It also has a high interest coverage ratio of 5.2x.

Bond Picks

Among the MLTSP bonds, we prefer the **MLTSP 3.725% Perpetual Corp (SGD)** at its yield-to-worst of 3.45%. The perp is first callable on 2 November 2026 and will reset to the sum of the 5-year SGD SORA-OIS + 2.485%. There is a high likelihood that MLT will call the notes on the first call date as it has a good redemption track record. The MLTSP 5.375% Perpetual Corp (SGD) was redeemed on 19 September 2017 and the MLTSP 4.180% Perpetual Corp (SGD) was called on 25 November 2021.

MLTSP 3.725% Perpetual Corp (SGD)

STABLE INCOME SEEKER

INDICATIVE BID PRICE (SGD)	INDICATIVE ASK PRICE (SGD)	BID YIELD TO WORST	ASK YIELD TO WORST
100.78	101.21	3.55%	3.45%

Bond Information

Available on BOND EXPRESS

DATA AS AT 30-DEC-2021

Issuer	Mapletree Logistics Trust	**Annual Coupon Rate (% p.a.)**	3.725
Guarantor	-	**Bond Sub Sector**	Real Estate Investment Trusts
Maturity Date	Perpetual		
Next Call Date	02 Nov 2026	**Minimum Investment Quality**	250,000
Years to Next Call (Approx.)	4.84	**Bond Credit Rating (S&P/Fitch)**	N.R / BBB-
Coupon Frequency	Semi-Annually	**Issuer Credit Rating (S&P/Fitch)**	N.R / BBB+
Coupon Type	Variable	**Seniority**	Subordinated
		Issue Size	400,000,000

Reset Date: 02 Nov 2026 & every 5Y thereafter | Prevailing 5Y SORA-OIS + the Initial Spread (2.485%)
Special features: Issuer call, Deferral interest payment
For HK investors: This is a complex bond and investors should exercise caution in relation to the product.
The offering documents have not been reviewed by the SFC. Past performance of the bond is not indicative of future performance.

Oxley Holdings Limited

Background

- **Oxley Holdings Limited ("Oxley") is a high-yield bond issuer and Singapore-based property developer with a presence in 9 geographical markets, including the UK, Ireland, and China.**
- **Since its incorporation in 2010, the developer has launched 48 developments, 36 of which have been completed.**
- **As of 30 June 2021, Oxley has a 9.4% stake in Aspen (Group) Holdings Limited and a 40% equity stake in Aspen Vision Homes Sdn. Bhd., a developer in Penang.**

Credit highlights

Singapore residential property prices have soared as more buyers are looking to purchase larger homes amidst the low rate environment. Oxley sold more than 92% of its Singapore developments, and is confident to sell the remaining projects within a year.

Efforts to develop its overseas projects are going well. Oxley will be completing the construction of the Shangri-La Hotel at the Peak this year, while the group has entered into a partnership with the Pavilion Group to drive project management and marketing activities of the Oxley Towers KLCC. Economic activities should pick up in Malaysia as the country has been slowly re-opening since August 2021.

In spite of manpower constraints, dormitory lockdowns and construction delays, Oxley managed to obtain Temporary Occupation Permits for some Singapore condominium projects including The Addition and The Verandah Residences. The group is expecting to receive cash flows for remaining projects as they reach their TOPs in 2022 and 2023.

Part of the cash flows will be used to repay financial liabilities, which added to approximately SGD 2.51b as at 30 June 2021. Of this amount, SGD 1.34b were due within a year, which were made up of SGD 494.04m of trade payables, SGD 10.31m of lease liabilities and SGD 836.09m of gross borrowings. This may be covered by SGD 215.84m of cash, SGD 378.90m of trade receivables and SGD 772.15m of unsatisfied performance obligations that will be recognised over the 3 years until 30 June 2024. We believe that SGD 427.80m of the SGD 836.09m of borrowings are secured bank loans that may be rolled over if required.

Further to that, Oxley managed to raise SGD 96.30m from the sale of a piece of land in September 2021. In addition, Oxley raised SGD 155.00m through the OHLSP 6.900% 08Jul2024 Corp (SGD), and accepted SGD 49.75m of the OHLSP 5.700% 31Jan2022 Corp (SGD) via a tender offer exercise. In November 2021, Oxley informed that it sold 207 affordable housing units in the proposed Deanston Wharf development to Legal & General Affordable Homes for GBP 50.50m.

Amidst higher international tourist arrivals, valuation for hospitality assets has improved and this opens the possibility for the group to sell its hotels along Stevens Road. At the moment, the hotels are used as stay-home notice dedicated facilities and generating positive cash flows to the Oxley group.

Bond Picks

Oxley bonds have one of the highest yields within the SGD space. Investors who have a high risk tolerance and want higher yielding bonds may consider the **OHLSP 6.900% 08Jul2024 Corp (SGD)** (YTM: 7.21%).

OHLSP 6.900% 08Jul2024 Corp (SGD)

HIGH YIELD SEEKER

INDICATIVE BID PRICE (SGD)	INDICATIVE ASK PRICE (SGD)	BID YIELD TO WORST	ASK YIELD TO WORST
98.06	99.30	7.77%	7.21%

Bond Information

Available on BOND EXPRESS

DATA AS AT 30-DEC-2021

Issuer	Oxley MTN Pte Ltd	**Annual Coupon Rate (% p.a.)**	6.90
Guarantor	-	**Bond Sub Sector**	Real Estate Management and Development
Maturity Date	08 Jul 2024		
Next Call Date	-	**Minimum Investment Quality**	250,000
Years to Maturity (Approx.)	2.52	**Bond Credit Rating (S&P/Fitch)**	N.R / N.R
Coupon Frequency	Semi-Annually	**Issuer Credit Rating (S&P/Fitch)**	N.R / N.R
Coupon Type	Fixed	**Seniority**	Senior Unsecured
		Issue Size	155,000,000

Special Features: Change control put, Cessation of Trading Put

Tuan Sing Holdings Limited

Background

- **A diversified property developer, Tuan Sing Holdings Limited ("TSH") has four different core business segments – real estate investment, real estate development, hospitality and industrial services.**
- **Some of its notable property developments include – 18 Robinson, Link@896 and Mont Botanik Residence. They also own Grand Hyatt Melbourne and Hyatt Regency Perth.**
- **The company has been listed on the Singapore Exchange since 1973 and was originally named "Hytex Limited". It now has a market capitalization of SGD 3.61b.**

Credit highlights

During the 6-month period ended 30 June 2021 ("1H21"), TSH saw improvements across all business segments with the group's total revenue increasing by 56.69% YoY to SGD 143.9m. Revenue for the real estate investment segment increased by 6.66% to SGD 28.34m in 1H21 due to higher occupancies at 18 Robinson and Link@896.

For the real estate development segment, revenue increased by 77.78% to SGD 55.93m due to higher progressive recognition of units sold at Mont Botanik Residence. Hospitality revenue increased due to a resumption of operations at Grand Hyatt Melbourne and from Hyatt Regency Perth's quarantine business.

Overall, net profit after tax increased by 1436.10% YoY to SGD 99.92m 1H21. However, SGD 88.95m of 1H21 profits came from the disposal of its wholly-owned subsidiary, 39 Robinson Road Pte. Ltd. Excluding the gains, adjusted net profit after tax falls to SGD 10.97m, up 236% YoY.

TSH recently launched a tender offer exercise for the TSHSP 7.750% 19May2022 Corp (SGD) while issuing the TSHSP 6.900% 18Oct2024 Corp (SGD), resulting in net proceeds of SGD 135m. Excluding the 2022 bonds, the company will have SGD 771.54m of loans and borrowings expiring next year, all of which are made up of secured loans. The group should be able to refinance these loans, as they continue to use its assets as collateral.

If need be, TSH may monetise its properties for liquidity. 18 Robinson, Link@896, Grand Hyatt Melbourne and Hyatt Regency Perth have book values of SGD 681.50m, SGD 388.00m, SGD 350.40m and SGD 45.40m respectively.

Group credit metrics improved in 2021 and are at a acceptable level in our view. Accounting for the new bonds, TSH has a net debt/equity ratio of 0.79x at 1H21, down from 1.01x at 2H20. Its adjusted EBIT/interest expense improved from ~0.96x in 1H20 to around ~1.42x for 1H21.

TSH's outlook looks well supported with the group launching Peak Residence for sale. It is also marketing the Balmoral Tower and Cluny Villas at Opus Bay, Indonesia. Singapore should also begin to ease measures this year which will help rental income from its commercial and retail properties. Australia's COVID-19 cases are also declining and this should support the group's hospitality income.

Bond Picks

The **TSHSP 6.900% 18Oct2024 Corp (SGD)** trades among the highest-yielding SGD notes issued by property developers. The bond offers a respectable yield of 6.03% within a short 3-year maturity. It is also callable on or after 18 Oct 2023 at a price of 102 giving it a yield-to-call of 6.64%.

TSHSP 6.900% 18Oct2024 Corp (SGD)

HIGH YIELD SEEKER

INDICATIVE BID PRICE (SGD)	INDICATIVE ASK PRICE (SGD)	BID YIELD TO WORST	ASK YIELD TO WORST
101.05	102.21	6.48%	6.03%

Bond Information

Available on BOND EXPRESS

DATA AS AT 30-DEC-2021

Issuer	Tuan Sing Holdings Ltd	**Annual Coupon Rate (% p.a.)**	6.90
Guarantor	-	**Bond Sub Sector**	Real Estate Management and Development
Maturity Date	18 Oct 2024		
Next Call Date	18 Oct 2023	**Minimum Investment Quality**	250,000
Years to Maturity (Approx.)	2.80	**Bond Credit Rating (S&P/Fitch)**	N.R / N.R
Coupon Frequency	Semi-Annually	**Issuer Credit Rating (S&P/Fitch)**	N.R / N.R
Coupon Type	Fixed	**Seniority**	Senior Unsecured
		Issue Size	200,000,000

Special Features: Issuer call, Change control put, Cessation of Trading Put

Other USD Issuers

FWD Group

Background

- **FWD is a pan-Asian life insurer founded in 2013 by Mr Richard Li.**
- **FWD has operations in 10 markets, including Hong Kong (and Macau), Thailand (and Cambodia), Japan, the Philippines, Indonesia, Singapore, Vietnam and Malaysia.**

Credit highlights

FWD delivered an impressive 52.8% year-on-year ("YoY") increase in total revenue to USD 6,021m in the six months ended 30 June 2021 ("1H21"). Net premiums and fee income expanded 36.1% YoY to USD 4,849m, mainly due to FWD's acquisitions.

The company made USD 205m of net profits in 1H21, which is a sharp turnaround from losses in prior years (1H20: -USD 318m; 2020: -USD 252m; 2019: -USD 332m). With the acquisitions, total expenses also increased 36.4% YoY to USD 5,813m in 1H21, but FWD kept general expenses flat at around USD 504m - resulting in an overall improvement to the group's bottom line.

Although FWD was profitable for 1H21, the combined ratio for FWD was 105.3%, representing an underwriting loss for FWD. For context, a combined ratio of below 100% represents an underwriting profit, an instance where net premium income exceeds net insurance claims.

However, several key performance indicators for FWD such as Annualized Premium Equivalent ("APE") and Value of New Business ("VNB") show FWD has tons of value creation as it continues to grow its insurance business.

Although APE was flat for 1H21 at USD 751m, underlying APE (which measures the impacts of acquisitions and associated partnerships) grew by 11.7% from USD 614m in 1H20 to USD 686m in 1H21, reflecting growth in the underlying business through product innovation, channel optimisation and digitalisation.

VNB represents the value to shareholders from the new business issued and VNB grew 47.5% YoY to USD 346m. Although APE in Thailand and Japan declined, VNB in both these regions grew, reflecting a change towards more profitable products.

Total available capital for FWD's key operating segments are well above minimum local regulatory requirements. In 1H21, solvency ratio for Hong Kong was 291%, for Thailand was 310% and for Japan was 1,211%.

A NYSE IPO will improve FWD's capital position for more acquisitions and digitalisation of its insurance business. FWD is looking to raise between USD 2 to 3 billion in share sales through the IPO. In its F-1 fillings with the US Securities and Exchange Commission, FWD intends to use the some of its proceeds from the IPO to repay its debt obligations, further improving its balance sheet.

Bond Picks

Investors are encouraged to consider the **FWDGRP 5.750% 09Jul2024 Corp (USD)** at its yield to maturity of 4.56% with about 2.5 years to maturity. Another option is the **FWDGRP 6.375% Perpetual Corp (USD)** with an indicative yield-to-worst of 5.55%. The perps are first callable on 13 September 2024 and will reset to the sum of the prevailing 5-year US Treasury yield plus the initial spread of 4.876% if not redeemed. It should be noted that both notes hold a redemption call at the option of the Issuer if an IPO has occurred. However, we do not think that the 6.375% perpetual notes will be redeemed but FWD is likely to redeem its 2022 resettable zero coupon perpetual notes instead.

FWD Group

FWDGRP 5.750% 09Jul2024 Corp (USD)

HIGH YIELD SEEKER

INDICATIVE BID PRICE (USD)	INDICATIVE ASK PRICE (USD)	BID YIELD TO WORST	ASK YIELD TO WORST
102.33	102.80	4.76%	4.56%

Bond Information

Available on BOND EXPRESS

DATA AS AT 30-DEC-2021

Issuer	FWD Group Ltd	**Annual Coupon Rate (% p.a.)**	5.75
Guarantor	-	**Bond Sub Sector**	Insurance
Maturity Date	09 Jul 2024	**Minimum Investment Quality**	200,000
Next Call Date	-	**Bond Credit Rating (S&P/Fitch)**	N.R / N.R
Years to Maturity (Approx.)	2.53	**Issuer Credit Rating (S&P/Fitch)**	N.R / N.R
Coupon Frequency	Semi-Annually	**Seniority**	Subordinated
Coupon Type	Fixed	**Issue Size**	900,000,000

Special features: Change control call, Coupon Step Up
For HK investors: You must be a professional investor to invest in this complex bond and investors should exercise caution in relation to the product. The offering documents have not been reviewed by the SFC. Past performance of the bond is not indicative of future performance.

FWDGRP 6.375% Perpetual Corp (USD)

HIGH YIELD SEEKER

INDICATIVE BID PRICE (USD)	INDICATIVE ASK PRICE (USD)	BID YIELD TO WORST	ASK YIELD TO WORST
101.75	102.02	5.66%	5.55%

Bond Information

DATA AS AT 30-DEC-2021

Issuer	FWD Group Ltd	**Annual Coupon Rate (% p.a.)**	6.375
Guarantor	-	**Bond Sub Sector**	Insurance
Maturity Date	Perpetual	**Minimum Investment Quality**	200,000
Next Call Date	13 Sep 2024	**Bond Credit Rating (S&P/Fitch)**	N.R / N.R
Years to Next Call (Approx.)	2.71	**Issuer Credit Rating (S&P/Fitch)**	N.R / N.R
Coupon Frequency	Semi-Annually	**Seniority**	Senior Subordinated
Coupon Type	Variable	**Issue Size**	600,000,000

Reset Date: 13 Sep 2024 and every 5Y thereafter | Reset Rate: Prevailing 5 year UST rate + the initial spread (4.876%)
Special features: Issuer call, Coupon Step Up, Change control call, Deferral interest payment
For HK investors: You must be a professional investor to invest in this complex bond and investors should exercise caution in relation to the product. The offering documents have not been reviewed by the SFC. Past performance of the bond is not indicative of future performance.

Lippo Malls Indonesia Retail Trust

Background

- **Lippo Malls Indonesia Retail Trust ("LMIRT") is a Singapore-listed REIT that invests in retail and retail related assets in Indonesia, and its portfolio comprises of 22 retail malls and seven retail spaces located within other retail malls.**
- **PT Lippo Karawaci Tbk is LMIRT's sponsor and biggest shareholder.**
- **LMIRT is rated 'B1' and 'B+' by Moody's and Fitch Ratings respectively.**

Credit highlights

Indonesia's daily new Covid-19 cases has fallen significantly since peaking in July 2021 and the country has re-opened parts of the country to international tourists. The Indonesian government intends to ease more travel restrictions as more persons in the country become fully vaccinated.

Towards the end of the third quarter of 2021 ("3Q21"), LMIRT malls and retail spaces have re-opened at 50-75% mall capacity, 50% dining-in capacity and remained open with longer operating hours. During the closure period in 3Q21, tenants were offered free rental and a 40% discount on service charge.

As such net property income ("NPI") fell by 45.63% QoQ to SGD 17.29m during 3Q21. For 9M21, NPI rose by 13.92% YoY to SGD 74.88m due to the acquisition of Lippo Mall Puri. Net income fell to SGD 19.87m in 9M21 due to higher finance costs. The group recorded net cash flows from operations before tax of SGD 15.43m in 3Q21, 28.90% lower than the previous quarter.

LMIRT's portfolio occupancy rate continued to decline to 81.10% in 3Q21 due to unfavourable operating conditions, where two anchor tenants terminated their leases early. The industry average also fell, by 3.4 percentage points to 76.60%. Visitor traffic in 3Q21 was only at 27.80% of pre-COVID levels in 3Q19 due to the restrictive measures.

However, LMIRT reported that traffic had recovered to around 52% of pre-COVID levels in October 2021, representing a much higher level compared to October 2020. Management stated that shopper traffic is showing signs of improvements over 4Q20, which is good news for their future cash flows.

In addition, the trust recorded a positive average rental reversion of +2.1% for 9M21. This meant that majority of tenants renewed leases at an equivalent or higher rental rate. Only 3.8% of total net leasable area expired in 2021 and 15.2% is expiring in 2022. LMIRT's weighted average lease expiry is at 3.3 years.

Its short-term liquidity profile looks stable with SGD 67.50m of term loans expiring in 2022 and current liabilities of SGD 98.36m that are well covered by SGD 133.23m of cash balances. The trust guided that it has no refinancing requirements until November 2022. Recently, LMIRT also secured a SGD 30m loan facility from Barclays Bank.

Bond Picks

While life has yet to return to normalcy in Indonesia, LMRT should be able to get past this crisis. The acquisition of Lippo Puri Mall is a boon to its revenue and its short-term credit needs are well-met. Yields of the **LMRTSP 7.250% 19Jun2024 Corp (USD)** are looking attractive at 5.86%. The bond has a short modified duration which makes it less sensitive to interest rates.

LMRTSP 7.250% 19Jun2024 Corp (USD)

HIGH YIELD SEEKER

INDICATIVE BID PRICE (USD)	INDICATIVE ASK PRICE (USD)	BID YIELD TO WORST	ASK YIELD TO WORST
102.71	103.14	6.05%	5.86%

Bond Information

DATA AS AT 30-DEC-2021

Issuer	LMIRT Capital Pte Ltd	**Annual Coupon Rate (% p.a.)**	7.25
Guarantor	Lippo Malls Indonesia Retail Trust	**Bond Sub Sector**	Real Estate Management and Development
Maturity Date	19 Jun 2024		
Next Call Date	19 Jun 2022	**Minimum Investment Quality**	200,000
Years to Maturity (Approx.)	2.47	**Bond Credit Rating (S&P/Fitch)**	N.R / B+
Coupon Frequency	Semi-Annually	**Issuer Credit Rating (S&P/Fitch)**	N.R / N.R
Coupon Type	Fixed	**Seniority**	Senior Unsecured
		Issue Size	250,000,000

Special Features: Issuer call, Make whole call, Change control put, Equity call

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