

China Property

Revisiting HY developers' USD bond refinancing risk

Industry Overview

Value in select 1-yr bonds; possible bond repurchases

We believe near-term liquidity/ refi. risk of China's HY developers we cover is likely contained by (1) their generally decent liquidity, (2) resuming operations, & (3) decent onshore funding conditions with +ve net bond supply (see Chart 1) & declining coupon rate (see Chart 2). Our analysis further shows half of them already have no offshore bond refi. gap this year post strong YTD issuance (see Table 1). In particular, for EVERRE, YUZHOU & KAISAG, their issuance amount far exceeds their maturity amount. We thus see scope for them to buy back some of their short-dated bonds with low dollar prices to achieve decent interest savings, similar to SUNAC's repurchase of its 2020 bonds this week. We thus see attractive risk-reward in YUZHOU 7.9 '21 (14% YTM, 93.5), EVERRE 6.25 '21 (26%, 79.5), KAISAG 11.75 '21 (22%, 91.5) on attractive yields, high repayment clarity and potential technicals support from companies' bond repurchases.

Operations resuming; low teens sales growth still possible

Our conversation with 20+ developers suggests an encouraging resumption of their sales and construction activities, in line with [our base case for virus-induced disruptions to be largely limited to Q1](#). On avg. 90% and 80% of their sales offices and construction sites outside Hubei/Wuhan, respectively, have resumed operation. They generally expect a full resumption (ex. Hubei/Wuhan) by end-Mar. The next key thing to watch is the sales recovery pace. For developers we cover, we estimate if their sales can normalize by Apr with 50% of the lost sales in 2M'20 to be recovered later, the virus impact on their '20 sales growth could be 2-3ppt and they could still see 10-15% YoY growth in '20.

Reduced refi. pressure post YTD robust issuance

19 of the 25 developers we cover have offshore bonds maturing this year (see Table 2). Post the strong offshore bond supply YTD, 10 have already prefunded their full-year maturities. For the rest, their net redemption amount (full-year redemption minus YTD issuance) totals US\$4.5bn, accounting for 6%/ 10% of their '19 attri. pre-sales/ unrestricted cash. We draw comfort from their (1) bonds mostly due in 2H (except for AGILE, JINGRU – see [our report](#) on JINGRU's refi. plan), (2) diversified funding channels (eg onshore bonds, offshore syn. loans), and generally decent liquidity profiles.

Sufficient liquidity to address bond refi. need in '20

Our analysis shows all developers we cover have enough cash to cover their '20 bond refi. needs even if their access to the USD bond market is closed in the rest of the year. While a regulatory approval is needed for them to transfer onshore RMB to repay their offshore bonds, we see scope for the regulator to approve their remittances in the event of weak market condition. For developers we cover, their unrestricted cash could cover:

- 10.9x of [offshore](#) bonds maturing/ puttable in '20 (see Table 4);
- 5.1x of [all](#) bonds maturing/ puttable in '20 (see Table 3).

Surge in offshore bond yield amid selloff

The coronavirus spread outside China and oil price drop have dampened investor sentiment and led to EM/ Asia fund outflows. The avg. YTM of Chinese HY property bonds we track has surged to 16.7% (+915bp YTD), with BB bonds holding up relatively well (545bp YTD) while high beta B ones underperforming significantly (1115bp YTD).

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Refer to important disclosures on page 6 to 11. Analyst Certification on page 5. Valuation & Risk on page 4.

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Table 1: Offshore bond refinancing gap

	Maturity amt.	Refi. gap*	Refi. gap as % of...	
			unrestricted cash	'19 attri. sales
EVERRE**	3,365	-2,635		
YUZHOU	200	-845		
KAISAG	540	-660		
FTHDGR	245	-205		
CAPG	425	-188		
CIFIHG	445	-122		
LOGPH	370	-110		
COGARD	900	-100		
CENCHI	697	-3		
MOLAND	350	0		
RONXIN	200	200	3%	2%
FUTLAN**	950	250	5%	1%
KWGPPO	550	250	3%	3%
TPHL	675	300	9%	4%
JINGRU	550	360	19%	16%
PWRLNG	550	550	18%	10%
SUNAC	1,150	610	4%	1%
AGILE	900	900	19%	7%
GRNCH	1,100	1,100	13%	10%

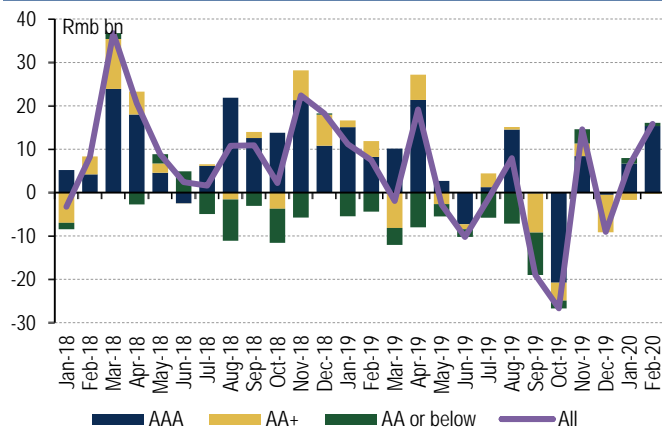
*Refi gap = FY20 maturity amt. – YTD issuance amt. (with adjustments for select developers, incl. CAPG, CENCHI, FUTLAN and TPHL)

**EVERRE includes TIANHL; FUTLAN includes FTLNHD

Developers with a refinancing gap are highlighted in red

Source: BofA Global Research estimates, company report, Bloomberg, Wind

Chart 1: Monthly credit net supply (ex-financials)– developer bonds



Source: Wind

Chart 2: New issue coupon rate (%) – developer bonds

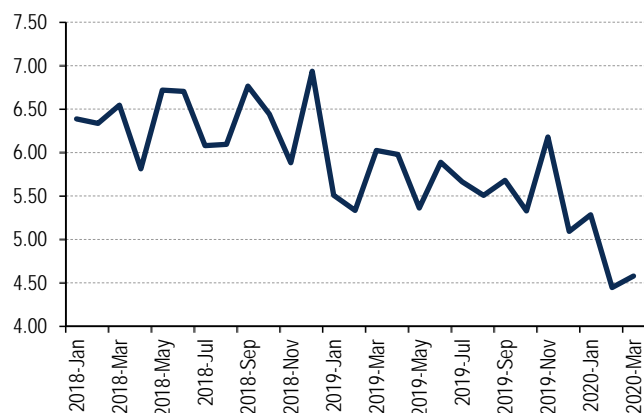
Include only enterprise bonds, corporate bonds, MTNs, private placement
Source: Wind

Table 2: Offshore bond refinancing gap of Chinese HY developers under our coverage

	Maturity amt. in 2020 (USD mn)					Amt. issued YTD (USD mn)	1H20 refi. gap* (USD mn)	FY20 refi. gap* (USD mn)	Refi. gap as a % of...	
	Q1	Q2	Q3	Q4	Full year				...unrestricted cash	...FY19 attri. sales
Developers with no refinancing gap (based on FY20 maturity amount)										
EVERRE/ TIANHL	1,600	200	0	1,565	3,365	6,000	-4,200	-2,635		
YUZHOU	0	200	0	0	200	1,045	-845	-845		
KAISAG	0	540	0	0	540	1,200	-660	-660		
FTHDGR	0	100	145	0	245	450	-350	-205		
CAPG	425	0	0	0	425	613**	-188	-188		
CIFIHG	0	300	145	0	445	567	-267	-122		
LOGPH	0	0	0	370	370	480	-480	-110		
COGARD	900	0	0	0	900	1,000	-100	-100		
CENCHI	200	111	0	386	697	700**	-389	-3		
MOLAND	0	0	350	0	350	350	-350	0		
Developers with a refinancing gap (based on FY20 maturity amount)										
RONXIN	0	0	200	0	200	0	0	200	3%	2%
FUTLAN/ FTLNHD	650	0	300	0	950	700**	-50	250	5%	1%
KWGPRO	0	0	0	550	550	300	-300	250	3%	3%
TPHL	375	0	0	300	675	375**	0	300	9%	4%
JINGRU	0	400	150	0	550	190	210	360	19%	16%
PWRLNG	0	0	550	0	550	0	0	550	18%	10%
SUNAC	0	0	1,150	0	1,150	540	-540	610	4%	1%
AGILE	0	500	0	400	900	0	500	900	19%	7%
GRNCH	0	0	500	600	1,100	0	0	1,100	13%	10%
Total/ average							-180	4,520	10%	6%

* Refinancing gap = 1H20/ 2H20 maturity amount minus YTD issuance amount (with adjustments for select developers, including CAPG, CENCHI, FUTLAN/ FTLNHD and TPHL)

**We have taken into account that these developers have funded their offshore bonds due in 1Q20 by issuing offshore bonds in 2H19 and/or other offshore channels (eg bank loans) in 2H19 – Jan'20.

Source: BofA Global Research estimates, company report, Bloomberg, Wind



Table 3: Unrestricted cash to onshore & offshore bonds maturing/puttable until...

	...end-2020	...end-2021	...end-2022	...end-2023
COGARD	11.7x	4.5x	3.5x	2.8x
YLLGSP*	35.5x	17.4x	3.6x	2.2x
CAPG	5.9x	3.6x	2.5x	2.1x
CIFIHG	7.2x	2.8x	2.1x	1.9x
ROADKG	N/A	2.4x	2.4x	1.8x
YUZHOU	7.2x	2.9x	2.2x	1.6x
SUNAC	7.1x	2.6x	1.8x	1.6x
EVERRE	6.1x	2.7x	1.7x	1.3x
SHUION	8.8x	1.7x	1.7x	1.3x
AGILE	2.9x	1.7x	1.4x	1.3x
SHIMAO	3.2x	2.0x	1.3x	1.3x
KWGPRO	3.7x	1.8x	1.4x	1.3x
CENCHI	5.4x	1.6x	1.4x	1.2x
GRNCH	2.7x	1.7x	1.3x	1.2x
RONXIN	6.1x	2.0x	1.3x	1.2x
CHINSC	6.3x	1.6x	1.2x	1.0x
FTHDGR	3.4x	1.6x	1.2x	1.0x
JINGRU	3.4x	1.4x	1.0x	1.0x
PWRLNG*	3.4x	1.3x	1.1x	1.0x
TPHL*	4.4x	1.8x	1.3x	1.0x
MOLAND	4.8x	1.2x	1.0x	1.0x
LOGPH	2.6x	1.4x	1.1x	0.9x
KAISAG	7.3x	2.5x	1.2x	0.9x
FUTLAN/ FTLNHD	2.4x	1.1x	0.9x	0.8x
GZRFPR	1.3x	0.4x	0.3x	0.3x
Median	5.1x	1.8x	1.3x	1.2x

*Ratios of YLLGSP, PWRLNG and TPHL are based on pro-forma FY19 unrestricted cash while those of the rest are based on pro-forma 1H19 unrestricted cash

Data as of Mar 17, 2020

Source: BofA Global Research estimates, Bloomberg, Wind

Table 4: Unrestricted cash to offshore bonds maturing/puttable until...

	...end-2020	...end-2021	...end-2022	...end-2023
GRNCH	7.6x	7.6x	7.6x	7.6x
COGARD	35.8x	18.0x	9.0x	5.5x
SHIMAO	N/A	6.6x	3.5x	3.5x
CIFIHG	20.5x	6.8x	4.2x	3.3x
KWGPRO	16.0x	9.8x	4.3x	3.2x
CAPG	12.6x	7.3x	3.8x	3.0x
YLLGSP*	N/A	N/A	4.6x	2.6x
SUNAC	12.9x	6.2x	3.4x	2.6x
YUZHOU	35.8x	6.0x	4.0x	2.4x
AGILE	5.3x	3.2x	2.2x	2.2x
RONXIN	11.9x	5.7x	2.8x	2.1x
ROADKG	N/A	3.0x	3.0x	2.1x
LOGPH	15.4x	3.8x	2.8x	2.0x
FUTLAN/ FTLNHD	16.4x	2.8x	2.2x	1.8x
EVERRE	10.3x	4.2x	2.4x	1.7x
PWRLNG*	5.6x	2.37x	1.8x	1.6x
CHINSC	N/A	2.9x	2.0x	1.5x
CENCHI	7.7x	2.0x	1.7x	1.4x
SHUION	8.8x	1.7x	1.7x	1.3x
FTHDGR	7.0x	2.5x	1.5x	1.3x
TPHL*	11.5x	2.8x	1.7x	1.2x
JINGRU	3.4x	1.7x	1.2x	1.2x
MOLAND	4.8x	1.4x	1.1x	1.1x
KAISAG	9.6x	2.8x	1.3x	0.9x
GZRFPR	N/A	1.8x	1.1x	0.7x
Median	10.9x	3.1x	2.4x	2.0x

*Ratios of YLLGSP, PWRLNG and TPHL are based on pro-forma FY19 unrestricted cash while those of the rest are based on pro-forma 1H19 unrestricted cash

Data as of Mar 17, 2020

Source: BofA Global Research estimates, Bloomberg, Wind

Valuation & risk

Agile Property (AGILE)

We have UW recommendation on AGILE 9.5% '20/9% '20/ 8.5% '21/ 5.125% '22/6.7% '22 considering (1) the company's relatively weak credit profile with a near-term fundamentals improvement unlikely and (2) unattractive valuation, trading inside other similarly maturing solid B China property bonds.

Downside risks to our recommendation are aggressive land acquisition, slower-than-expected contracted sales growth and further administrative and/or financing tightening by the Chinese government. Upside risks to our recommendation are prudent land acquisition, strong-than-expected sales growth and unexpected policy easing.

China Evergrande (EVERRE)

Trading significantly wider than other solid B bonds in the China HY property space, we believe the belly and long end of EVERRE curve have largely priced in (1) USD bond supply risk and (2) slower-than-expected deleveraging. We prefer the longer end over the belly given higher current yields and lower dollar prices. We thus OW EVERRE 9.5% '24/ 10.5% '24/ 8.75% '25 but MW EVERRE 10% '23/ 7.5% '23. In the shorter end, we like EVERRE 7% '20/ 6.25% '21/ 8.25% '22/ 9.5% '22 given their decent yield pickup over other solid B bonds and the company's decent liquidity profile, hence our OW recommendation.

Downside risks are more aggressive land acquisition or investment in non-property businesses, slower-than-expected contracted sales growth and weaker than expected cash collection from contracted sales. Upside risks are a successful A-share restructuring plan, more prudent land acquisition, strong-than-expected sales growth, and unexpected policy easing.

Jingrui Holdings (JINGRU)

We view JINGRU's liquidity profile as decent given its unrestricted cash sufficient to cover all bonds maturing/puttable until end-2022. With JINGRU 7.75% '20/9.45% '21/ 13% '20 offering attractive yield pickup over similarly maturing solid B papers, we see attractive risk/reward in the bonds, hence our OW recommendation. That said, we have MW recommendation on JINGRU 10.875% '21 considering (1) the relatively flat curve and (2) USD bond supply risk.

Downside risks to our recommendation are aggressive land acquisition, slower-than-expected contracted sales growth and further administrative and/or financing tightening by the Chinese government. Upside risks to our recommendation are prudent land acquisition, strong-than-expected sales growth and unexpected policy easing.

Kaisa Group Holdings (KAISAG)

KAISAG has improved its leverage and net gearing in its most recent results. The company has decent liquidity profile with its unrestricted cash covering 2.5x of its bonds maturing/puttable until end-2021. We have OW recommendation on KAISAG 7.25% '20/ 6.75% '21/ 7.875% '21/ 11.75% '21 on attractive risk-reward, driven by attractive valuation with the bonds trading wide vs other similarly maturing solid B bonds and high repayment clarity. That said, we have MW recommendation on the KAISAG 11.25% '22/ 8.5% '22/11.95% '22/ '24, considering USD maturity wall, bond supply risk and its c.1x unrestricted cash to bonds maturing/puttable until end-2022.

Downside risks to our recommendation are aggressive land acquisition, slower-than-expected contracted sales growth and further administrative and/or financing tightening



by the Chinese government. Upside risks to our recommendation are prudent land acquisition, strong-than-expected sales growth and unexpected policy easing.

Yuzhou (YUZHOU)

YUZHOU's 1H19 results show a mild EBITDA growth, higher net gearing and leverage. We see value in short-dated YUZHOU bonds (including YUZHOU 6.375% '21/ 7.9% '21/ 6% '22/ 8.625% '22) on its strong liquidity profile and sufficiently attractive yield pickup over CAPG/ CIFIHG/ LOGPH/ TPHL bonds. But we see unattractive risk-reward in long-dated YUZHOU 6% '23/ 8.5% '24 on the company's weak sales execution and weak access to the onshore capital market relative to its peers.

Downside risks to our recommendation are aggressive land acquisition, slower-than-expected contracted sales growth and further administrative and/or financing tightening by the Chinese government. Upside risks to our recommendation are prudent land acquisition, strong-than-expected sales growth and unexpected policy easing.

Analyst Certification

I, Sirius Chan, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

Special Disclosures

Some of the securities discussed herein should only be considered for inclusion in accounts qualified for high risk investment.

Security/Loan pricing

Agile Property Holdings Ltd / AGILE

Security	Amt	Maturity date	Ratings Moody's/S&P/Fitch	Next call				YTW*	STW
				Call date	Call price	Price	Price date	(%)	(Govt+bps)
9, Senior, USD, 2020:B	500	21-MAY-2020	Ba3/BB/NR	17-Apr-2020	102.25	98.26	19-Mar-2020	19.03	1,959
8.5, Secured, USD, 2021:B	600	18-JUL-2021	Ba3/BB/NR	18-Jul-2020	104.25	94.26	19-Mar-2020	13.33	1,301
9.5, Secured, USD, 2020: B	400	23-NOV-2020	Ba3/BB/NR			96.01	19-Mar-2020	15.90	1,574
6.7, Senior, USD, 2022:B	500	07-MAR-2022	Ba3/BB/NR	07-Mar-2021	103.35	88.03	19-Mar-2020	13.87	1,350

For pricing information refer to "Other Important Disclosures" below.

*For loans, YTW reflects yield to maturity. Floating rate loan yields use forward swap curve.

B=Bond; L=Loan; CS=Capital Security (Not including Equity Preferred); CDS=Credit Default Swap; EP=Equity Preferred

China Evergrande Group / EVERRE

Security	Amt	Maturity date	Ratings Moody's/S&P/Fitch	Next call				YTW*	STW
				Call date	Call price	Price	Price date	(%)	(Govt+bps)
8.25, Senior, USD, 2022: B:B	2,025	23-MAR-2022	B2/NR/B	17-Apr-2020	104.13	68.01	19-Mar-2020	30.76	3,038
9.5, Senior, USD, 2024: B:B	1,000	29-MAR-2024	B2/NR/B	29-Mar-2021	104.75	58.07	19-Mar-2020	27.30	2,660
6.25, Secured, USD, 2021: B:B	1,473	28-JUN-2021	B2/B/B			74.50	19-Mar-2020	32.17	3,186
7.5, Secured, USD, 2023: B:B	1,345	28-JUN-2023	B2/B/B	28-Jun-2020	103.75	58.05	19-Mar-2020	27.82	2,725
8.75, Secured, USD, 2025: B:B	4,680	28-JUN-2025	B2/B/B	28-Jun-2021	104.38	57.99	19-Mar-2020	22.83	2,195
9.5, Secured, USD, 2022: Bond	1,450	11-APR-2022	B2/B/NR			69.01	19-Mar-2020	30.93	3,055
10, Secured, USD, 2023: B	850	11-APR-2023	B2/B/NR	11-Apr-2021	105.00	68.01	19-Mar-2020	25.72	2,520
10.5, Secured, USD, 2024: B	700	11-APR-2024	B2/B/NR	11-Apr-2022	105.25	57.00	19-Mar-2020	29.27	2,856

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Jingrui Holdings Ltd. / JINGRU

Security	Amt	Maturity date	Ratings Moody's/S&P/Fitch	Next call				YTW*	STW
				Call date	Call price	Price	Price date	(%)	(Govt+bps)
7.75, Senior, USD, 2020:B	400	12-APR-2020	B3/NR/NR			98.70	19-Mar-2020	28.43	3,021
9.45, Senior, USD, 2021:B	350	23-APR-2021	B3/B-/NR			88.06	19-Mar-2020	22.33	2,205

For pricing information refer to "Other Important Disclosures" below.

*For loans, YTW reflects yield to maturity. Floating rate loan yields use forward swap curve.

B=Bond; L=Loan; CS=Capital Security (Not including Equity Preferred); CDS=Credit Default Swap; EP=Equity Preferred

Kaisa Group Holdings Limited / KAISAG

Security	Amt	Maturity date	Ratings Moody's/S&P/Fitch	Next call				YTW*	STW
				Call date	Call price	Price	Price date	(%)	(Govt+bps)
8.5, Senior, USD, 2022: B:B	1,147	30-JUN-2022	NR/NR/B	30-Jun-2020	104.25	79.01	19-Mar-2020	20.46	2,005
9.375, Senior, USD, 2024:B	3,052	30-JUN-2024	B2/NR/NR	30-Jun-2021	104.69	66.49	19-Mar-2020	21.79	2,104
11.75, Secure, USD, 2021: B	400	26-FEB-2021	B2/NR/NR			92.00	19-Mar-2020	21.63	2,138
11.25, Secured, USD, 2022: B	550	09-APR-2022	B2/NR/NR	09-Apr-2021	103.00	84.01	19-Mar-2020	21.24	2,086

For pricing information refer to "Other Important Disclosures" below.

*For loans, YTW reflects yield to maturity. Floating rate loan yields use forward swap curve.

B=Bond; L=Loan; CS=Capital Security (Not including Equity Preferred); CDS=Credit Default Swap; EP=Equity Preferred

Yuzhou Properties Co. / YUZHOU

Security	Amt	Maturity date	Ratings Moody's/S&P/Fitch	Next call				YTW*	STW
				Call date	Call price	Price	Price date	(%)	(Govt+bps)
6, Senior, USD, 2023:B:B	650	25-OCT-2023	B1/NR/BB-	25-Oct-2020	103.00	80.00	19-Mar-2020	13.15	1,253
6, Senior, USD, 2022:B	350	25-JAN-2022	B1/NR/BB-	17-Apr-2020	103.00	90.01	19-Mar-2020	12.19	1,183
6.375, Senior, USD, 2021: B	375	06-MAR-2021	NR/B+/BB-	17-Apr-2020	103.19	95.50	19-Mar-2020	11.45	1,119
7.9, Senior, USD, 2021: B	352	11-MAY-2021	NR/B+/BB-	11-May-2020	103.95	95.50	19-Mar-2020	12.22	1,193
8.5, Secured, USD, 2024:B	500	26-FEB-2024	B1/NR/BB-	26-Feb-2022	104.25	82.00	19-Mar-2020	14.68	1,400

For pricing information refer to "Other Important Disclosures" below.

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Disclosures

Important Disclosures



Credit opinion history**Agile Property Holdings Ltd / AGILE**

Security	Date^	Action	Recommendation	Price
9, Senior, USD, 2020:B	28-Feb-2019		Underweight	
5.125, Senior, USD, 2022:B	28-Feb-2019		Underweight	
8.5, Secured, USD, 2021:B	28-Feb-2019		Overweight	
	06-May-2019	Downgrade	Underweight	106.15
9.5, Secured, USD, 2020: B	28-Feb-2019		Overweight	
	06-May-2019	Downgrade	Underweight	106.10
6.7, Senior, USD, 2022:B	06-May-2019	Initial	Underweight	102.21

Table reflects credit opinion history as of previous business day's close. ^First date of recommendation within the last 36 months, if for an issuer or within the last 12 months, if for a security or loan. The investment opinion system is contained at the end of the report under the heading "BofA Global Research Credit Opinion Key."

Pricing information in the table is provided for each action where available. In the case of bonds, loans, capital securities and equity preferreds, the price shown reflects the nominal cash price for the security; and in the case of CDS, the price shown reflects the spread, on the date of the relevant action.

B=Bond; L=Loan; CS=Capital Security (Not including Equity Preferred); EP=Equity Preferred; CDS=Credit Default Swap

China Evergrande Group / EVERRE

Security	Date^	Action	Recommendation	Price
7, Senior, USD, 2020: B:B	28-Feb-2019		Overweight	
8.25, Senior, USD, 2022: B:B	28-Feb-2019		Overweight	
	04-Sep-2019	Downgrade	Marketweight	91.18
	02-Mar-2020	Upgrade	Overweight	95.01
9.5, Senior, USD, 2024: B:B	28-Feb-2019		Marketweight	
	04-Apr-2019	Downgrade	Underweight	98.11
	04-Sep-2019	Upgrade	Overweight	88.12
6.25, Secured, USD, 2021: B:B	28-Feb-2019		Overweight	
7.5, Secured, USD, 2023: B:B	28-Feb-2019	Downgrade	Underweight	90.72
	04-Sep-2019	Upgrade	Marketweight	85.62
8.75, Secured, USD, 2025: B:B	28-Feb-2019		Underweight	
	04-Sep-2019	Upgrade	Overweight	81.79
9.5, Secured, USD, 2022: Bond	15-Apr-2019	Initial	Overweight	99.80
	04-Sep-2019	Downgrade	Marketweight	93.84
	02-Mar-2020	Upgrade	Overweight	96.75
10, Secured, USD, 2023: B	15-Apr-2019	Initial	Underweight	100.20
	04-Sep-2019	Upgrade	Marketweight	92.54
10.5, Secured, USD, 2024: B	15-Apr-2019	Initial	Underweight	100.80
	04-Sep-2019	Upgrade	Overweight	91.29

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B=Bond; L=Loan; CS=Capital Security (Not including Equity Preferred); EP=Equity Preferred; CDS=Credit Default Swap

Jingrui Holdings Ltd. / JINGRU

Security	Date^	Action	Recommendation	Price
7.75, Senior, USD, 2020:B	28-Feb-2019		Underweight	
	06-May-2019	Upgrade	Overweight	97.60
9.45, Senior, USD, 2021:B	28-Feb-2019		Underweight	
	06-May-2019	Upgrade	Overweight	96.40
10.875%, Senior, USD, 2021	06-May-2019	Initial	Marketweight	98.50
13%, Senior, USD, 2020: B	06-May-2019	Initial	Overweight	103.25

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Kaisa Group Holdings Limited / KAISAG

Security	Date^	Action	Recommendation	Price
7.875%, Senior, USD, 2021: B:B	28-Feb-2019		Overweight	
	19-Feb-2020	Downgrade	Marketweight	101.63
	16-Mar-2020	Upgrade	Overweight	93.50
8.5, Senior, USD, 2022: B:B	28-Feb-2019	Downgrade	Marketweight	86.25
9.375, Senior, USD, 2024:B	28-Feb-2019		Marketweight	
7.25%, Senior, USD, 2020: B	28-Feb-2019		Overweight	
11.75, Secured, USD, 2021: B	28-Feb-2019	Initial	Overweight	99.25
	19-Feb-2020	Downgrade	Marketweight	105.01
	16-Mar-2020	Upgrade	Overweight	98.50
11.25, Secured, USD, 2022: B	06-May-2019	Initial	Marketweight	99.88
11.95%, Senior, USD, 2022: B:B	16-Oct-2019	Initial	Marketweight	99.75
6.75%, Secured, USD, 2021: B	19-Feb-2020	Initial	Marketweight	100.63
	16-Mar-2020	Upgrade	Overweight	94.50

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Yuzhou Properties Co. / YUZHOU

Security	Date^	Action	Recommendation	Price
6, Senior, USD, 2023:B:B	28-Feb-2019		Underweight	
	16-Jul-2019	Upgrade	Marketweight	94.15
	14-Oct-2019	Downgrade	Underweight	92.99
6, Senior, USD, 2022:B	28-Feb-2019		Marketweight	
	14-Oct-2019	Upgrade	Overweight	97.84
6.375, Senior, USD, 2021: B	28-Feb-2019		Overweight	
	06-May-2019	Downgrade	Marketweight	100.15
	14-Oct-2019	Upgrade	Overweight	100.05
7.9, Senior, USD, 2021: B	28-Feb-2019		Overweight	
	06-May-2019	Downgrade	Marketweight	102.75
	14-Oct-2019	Upgrade	Overweight	101.95
8.625, Senior, USD, 2022:B	14-Oct-2019	Initial	Overweight	103.39
8.5, Secured, USD, 2024:B	14-Oct-2019	Initial	Underweight	99.28

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Neutral: No purchase or sale of CDS is recommended.

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Corporate Credit Issuer Investment Rating Distribution: Global Group (as of 31 Dec 2019)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	135	31.03%	Buy	107	79.26%
Hold	223	51.26%	Hold	186	83.41%
Sell	77	17.70%	Sell	64	83.12%

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