

## Singapore Office

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### HSBC to move into MBFC Tower 2

- HSBC signs long lease at MBFC Tower 2 from 2020
- Approximately 140,000 sqft of space to be taken at the top floors of MBFC Tower 2
- Lease highlights again the quality of buildings owned by Keppel REIT and Suntec REIT
- Maintain BUY on Keppel REIT (TP: S\$1.41) and Suntec REIT (TP: S\$2.30)

### What's New

#### HSBC to shift from 21 Collyer Quay to MBFC Tower 2 in 2020

- HSBC announced that it will be moving into Marina Bay Financial Centre (MBFC) Tower 2 starting from 2020, following its one-year extension at 21 Collyer Quay where it currently occupies c.200,000 sqft of space.
- It will be taking c.140,000 sqft of space on the top floors of the 50-storey Tower 2. The higher floors at Tower 2 are currently occupied by BHP Billiton and IBM (see overleaf for the current tenant directory at Tower 2).
- HSBC will also be taking signage rights for the building.
- Fit-out work is expected to commence in 2H18, with target occupation by April 2020.

- We understand HSBC will be signing a 10-year lease at MBFC Tower 2.
- Signing rents have not been disclosed as yet.
- MBFC Tower 2 is jointly owned by Keppel REIT, Suntec REIT and Hong Kong Land.

### Our thoughts

- While we are surprised that HSBC is moving to MBFC Tower 2, it is encouraging to know that MBFC Tower 2 has been able to backfill the top floor space vacated by tenants. At this point, it is unclear whether BHP Billiton or IBM will be right sizing their presence at MBFC Tower 2.
- This transaction also highlights the inherent strength and quality of the buildings that Keppel REIT and Suntec REIT own, in particular the ability to find replacement tenants when an existing tenant vacates, due to the high specifications and superior locations of the properties.
- With both Keppel REIT and Suntec REIT trading below book value and leveraged to the multi-year upturn in the Singapore office market, we maintain our BUY calls and TPs of S\$1.41 and S\$2.30 for Keppel REIT and Suntec REIT respectively.

## Current MBFC Tower 2 tenant directory

DIRECTORY	
American Express International Inc	15-01
Anglo Euro Developers (S) Pte Ltd	39-01
Bank Pictet & Cie (Asia) Ltd	22-01
Bank Pictet & Cie (Asia) Ltd	23-02
Barclays Bank PLC, Singapore Branch	27-01 to 28-01
Barclays Bank PLC, Singapore Branch (Client Suites)	28-01
Barclays Capital Services Limited, Singapore Branch	08-01
Barclays Capital Services Limited, Singapore Branch	23-01 to 26-01
Barclays Capital Services Limited, Singapore Branch (Main Reception)	24-01
Berkeley Residential (Singapore) Pte Ltd	16-04
BHP Billiton	44-01
BHP Billiton	45-01
BHP Billiton	46-01
BHP Billiton	47-01
BHP Billiton	48-01
BHP Billiton	49-01
BHP Billiton	50-01
Carnival PLC	14-02
Eastspring Investments (Singapore) Limited	31-02
Eastspring Investments (Singapore) Limited	32-01
Evergreen Venture Capitalist Pte Ltd	39-00
GLC Agro Singapore Pte Ltd	40-01
IBM Innovation Services Pte Ltd	41-01
IBM Innovation Services Pte Ltd	42-01
IBM Innovation Services Pte Ltd	43-01
ICAP	20-02
ICAP Group Reception	21-02
IFFCO Singapore Pte Ltd	40-02
Instinet Singapore Services Pte Ltd	36-02

Source: DBS Bank

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**STRONG BUY** (>20% total return over the next 3 months, with identifiable share price catalysts within this time frame)

**BUY** (>15% total return over the next 12 months for small caps, >10% for large caps)

**HOLD** (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)

**FULLY VALUED** (negative total return i.e. > -10% over the next 12 months)

**SELL** (negative total return of > -20% over the next 3 months, with identifiable catalysts within this time frame)

*Share price appreciation + dividends*

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