

AUSTRALIA

REVIEW OF OPERATIONS

Sydney - 9 Castlereagh Street

In January 1998, Keppel Land sold 9 Castlereagh Street, a 31-storey office building in Sydney. The building, previously bought in 1994 for A\$78.1 million, was sold at a gross profit of A\$34.6 million.

Huntley Park

In February 1998, Keppel Land acquired a development in the residential area of Hunters Hill, 7 km west of Sydney Harbour Bridge. Known as Huntley Park, the site is approximately 6.9 hectares in size. The development will offer up to 224 units of medium density apartments and town houses with community facilities such as tennis courts, swimming pool and club house. Development work will begin in 1998 and Stage 1 of the project is expected to be launched in the second half of 1998.



Located just 7km west of Sydney Harbour Bridge, Huntley Park will have 224 townhouse apartments with retail premises.

Bayswater Village

Bayswater Village is a hotel-cum-retail development with a five storey basement carpark in King's Cross, Sydney. The hotel, known as The Crescent on Bayswater, is 70-room hotel

MARKET REVIEW

Shortage of housing supply

Housing shortage in the inner and middle suburban areas of Australia has insulated this sector from the Asian economic crisis. House prices and rents had been increasing with strong demand which was supported by lower mortgage rates and increased affordability. In Sydney, prices increased by 15% in 1997. As the housing shortfall is expected to continue for another two years, prices are expected to increase further in 1998. Demand for housing is primarily from owner-occupiers in Australia and should not be directly affected by the withdrawal of investors hit by the Asian economic crisis.

Cautious outlook for hotels

The economic crisis in the region has affected the inflow of Asian travellers into Australia. Visitor arrivals from the countries hit by the economic crisis, particularly Korea, Thailand, Indonesia and Malaysia are expected to decline further. Within Australia, the hotel sector in the financial hub of Sydney has maintained relatively strong occupancy of some 70% in 1997. This is, however, expected to weaken in 1998 due to the Asian economic crisis, but improve in the lead up to the Olympic Games in the Year 2000.