

Change and Impact

Investment Properties

The Group's principal investment properties are Ocean Building, Ocean Towers, Keppel Towers, GE Tower and The Exchange in Singapore, and Saigon Centre and International Centre in Vietnam. The rental income from these properties is sensitive to changes in their occupancies and the rental rates for lease renewals.

Assuming that average rental rates are maintained, a full year's impact on rental income for every 1% change in the occupancies of the above mentioned properties is \$0.9 million approximately.

In respect of committed leases and lease renewals, a full year's impact on rental income for every 10% change in average rental rates resulting from the new rates negotiated is about \$9 million.

Trading Properties

The Group's profits from property trading is sensitive to actual sales achieved and the percentage of physical completion recognised during the year.

Based on the actual sales contracts signed as at 31 December 1997 for Palm Gardens, The Mayfair and Prudential Tower, the incremental impact on Group pre-tax profit for every 5% of physical completion is about \$1.5 million.

For every additional 1% of sales achieved, the additional contribution to Group pre-tax profit is an estimated \$4.1 million. This is based on the percentage of physical completion projected for the year for the abovementioned projects, and completed properties available for sale at end-1997, namely Quartz and Orion industrial buildings, Pebble Bay, Heritage Court and the shophouses at Joo Chiat Road.

Change in Rental Income \$ million

Resulting from:

1% change in occupancies	0.9 *
10% change in average rental rates	9.0 **

* Assuming current average rentals are maintained.

** Based on committed leases and leases for renewal in 1998.

Incremental Impact on Group Pre-tax Profit \$ million

For every 5% of physical completion	1.5 *
For every 1% of additional sales	4.1 **

* Based on actual sales contracts at 31 December 1997.

** Based on physical completion projected for the year and completed properties available for sale at end-1997.