

Department of
Sustainable Planning and
Infrastructure

A Global Commercial Lease For A New Century

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Items in today's presentation

Part 1


1. Introduction
2. Global Organisation
3. Modern Commercial Lease
4. Conclusion



Part 1 Introduction

1.1 Global World

- ▶ If MacDonalds can standardise a hamburger throughout the world, can we standardise a lease document that will enhance building operations, facilitate quality benchmarking and comparative investment returns in a global village?




Part 1 Introduction

1.2 History of Commercial Leases

- ▶ Chinese Times
- ▶ Merchants combined simple agreements




Part 2 Global Organisation

2.1 Operating Successfully in a Global Environment

- ▶ Standardise practices
- ▶ Greater effectiveness
- ▶ Consistent business
- ▶ Through economics of scale



Part 2 Global Organisation

2.2 Property Outsource Services

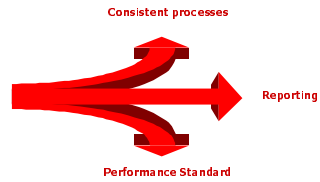
- ▶ Advancements in technology
- ▶ Inevitable
- ▶ In fact desirable



Part 2 Global Organisation

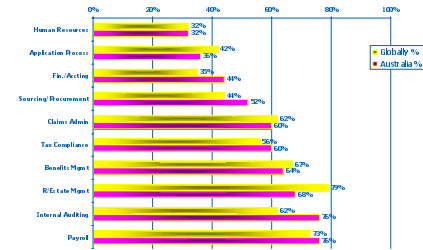
2.3 Increasing Global Economy

Businesses Want:



Part 2 Global Organisation

2.4 Business Functions Outsourced

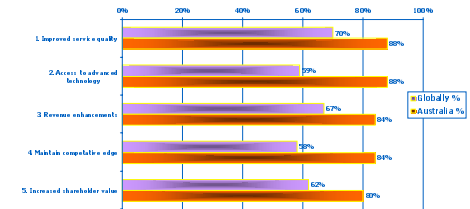


Source: PricewaterhouseCoopers



Part 2 Global Organisation

2.5 Benefits of Business Functions Outsourced



Source: PricewaterhouseCoopers



Part 3 Modern Commercial Lease

3.1 Key Issues

- ▶ Aims to bring a level of certainty
- ▶ Reduce the risk factors
- ▶ Enhance certainty for both investors in terms of returns
- ▶ Tenants in terms of tenure and budget



Part 3 Modern Commercial Lease

3.2 Ingredients of a "Global Commercial Lease"

- ▶ Defined premises
- ▶ Defined term of the lease
- ▶ Rental
- ▶ Building operating costs & expenses
- ▶ Make good of the premises on departure
- ▶ Use of premises



Part 3 Modern Commercial Lease

3.3 Benefits of a Global Commercial Lease

- ▶ Quality data capable of being benchmarked
- ▶ Return rates on capital equity
- ▶ "Bundling" of services
- ▶ Asset securitisation



Part 3 Modern Commercial Lease

3.4 Challenges

- ▶ Local factors
- ▶ Absence of strong commercial legal protections
- ▶ idiosyncrasies



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Part 4 Conclusion

4.1 Global Pension Funds

- ▶ A modern commercial lease is the foundation of a Global Commercial Lease

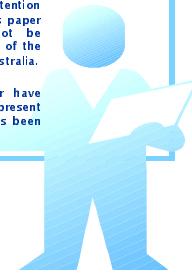


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The figures within this paper have been altered and do not represent current levels or rates. This has been done due to confidentiality.



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