

This glossary of technical terms contains terms used in this prospectus (except the Market Research Report contained in “Appendix V — Market Research Report”) as they relate to our business. As such, these terms and their meanings may not always correspond to the standard industry meaning or usage of these terms, in particular, in the context of valuation methodology.

“average monthly effective rent”

in relation to any investment property, is the simple average of the monthly effective rent per leased square foot, which is defined as the monthly net rental income divided by the gross rentable area of that property, adjusted for the occupancy rate

“average monthly spot rent”

in relation to any investment property, is the monthly base rent of a property, excluding management fee, transacted during a defined period of time.

The average monthly spot rent is essentially the market rental rate of the premises when the Group executes a tenancy agreement with its tenant. The calculation of the average monthly spot rent is only limited to office premises and cannot be applied in the case of retail premises given that the calculation of spot rent takes into account the various tenancy agreements signed for the calendar month.

As there are limited tenancy transactions for retail premises, if not none, within a calendar month, the Company is unable to make such calculations if there are no tenancy transactions for retail premises. In the case of the Group’s office premises, given the number of office premises for each property are significantly more than the number of retail outlets, the higher turnover of tenancy transactions within a calendar month provides the Company with the data to calculate the average monthly spot rent for office premises.

Furthermore, the spread in the rental rate for different locations of a retail premise within a building (for example, rent for the ground floor is significantly more than higher floors) is more significant in the case of retail premises than in office premises where the difference in rental between different floors is less significant. As the difference in rental rate for different floors of a retail premise can be significant, it may be misleading to calculate the average monthly spot rent for retail premises.

The average monthly spot rent is not applicable in the case of the Group’s serviced apartments as the monthly rental rate is already marked to the market rate given the majority of leases at GardenEast is between one to six months. The short tenancy period allows the Group to continuously match or update its rental rate for serviced apartments to the market rate.

“average occupancy rate”

the average of the occupancy rate as at the end of each month in the relevant period

“base rent”	in relation to any property in any period, the aggregated total of the rental income accrued under all the lease agreements in effect during that period
“CAGR”	compound annual growth rate
“CBD”	central business district
“conference hotel”	a hotel which provides facilities and services geared to meet the needs of large group and association meetings and trade shows. Typically, a conference hotel has more than 500 guest rooms and contains substantial amount of function and banquet space, normally over 30,000 sq. ft.
“deed of mutual covenant”	in respect of a multi-ownership building in Hong Kong, the legal document registered in the Land Registry of Hong Kong which sets out the rights, interests and obligations of the owners, occupiers, tenants and property management agents in respect of the control, administration, maintenance and management of private properties, common parts and facilities of the building
“Grade A”	modern with high quality finishes, flexible layout, large floor plates, spacious, well decorated lobbies and circulation area, effective central air-conditioning, good lift services zoned for passengers and goods deliveries, professional management and parking facilities normally available
“gross floor area” or “GFA”	the area contained within the external walls of the building measured at each floor level (including any floor below ground level) including the overall area of any balcony and the thickness of the external walls of the building, which in general excludes any area which has been disregarded as constituting gross floor area by the Buildings Department
“gross rentable area” or “GRA”	the area of a property as determined by the Company at any given time to be rentable with the inclusion of its apportioned share of common or service areas used in common for the property as a whole and also those areas used for ancillary purposes in relation to the management and care-taking of the property (excluding area of car parking spaces)
“gross rental income” or “rental income”	in relation to any property, the gross amount of the rental income recognised from the property, comprising base rent, turnover rent, licence fees, car park gross income, and other income recognised in respect of the property together with service charges, management fees, air conditioning charges, promotional levy and any other supplementary charges in respect of the property
“marketable title”	a title which is saleable by an appropriate special condition in the agreement for sale and purchase, making full disclosure of all the title issues or circumstances of the relevant property

“MTR”	mass transit railway, a rapid transit railway system in Hong Kong operated by MTR Corporation Limited, a company listed on the Main Board of the Stock Exchange (stock code: 66)
“net rental income”	gross rental income less outgoings
“occupancy permit”	a written permit issued by the Building Authority in Hong Kong certifying that the relevant development or building is fit for occupation (and stipulating the designated user of the development or building) or the corresponding document issued by the relevant authority in another jurisdiction
“occupancy rate”	the percentage of total area comprising those already leased and occupied by tenants, reserved for specific uses and those where in respect of which leases have been committed but not yet commenced over total gross rentable area
“outgoings”	all costs associated with the management of the property including but not limited to, staff costs, chilled water charges and electricity, marketing expenses, ice rink expenses, carpark expenses, air conditioning expenses, cleaning charges, building maintenance and services, lift maintenance and, in respect of vacant areas, government rent
“rental reversion”	in respect of any property, the difference between the new rental rate achieved upon lease renewal or entry into a new lease and the expiring or prior rental rate for that property
“retention rate”	in relation to any property during any period, the quotient of (a) the aggregate area attributable to leases which are renewed (whether in respect of the same space or other space in that property) in that period in that property divided by (b) the aggregate area attributable to leases which expire in that period in that property
“RevPAR”	revenue per available room, which is calculated by dividing the total hotel room revenue by the total number of room nights available for sale in a given period
“segment revenue”	segment revenue is comprised of (i) turnover as presented in combined statements of profit or loss and other comprehensive income, (ii) gross proceeds from sale of investment properties held for sale and (iii) our share of revenue of jointly controlled entities
“sq. ft.”	square feet. Where an area in square metres is converted into sq. ft., it is converted at the ratio of 1 sq. m. : 10.764 sq. ft.
“sq. m.”	square metre (see also definition of “sq. ft.” above)

“weighted average lease term to expiry”

in relation to any property as at 31 December 2012, means the quotient of (1) the aggregate total of (a) the GRA of the property subject to each existing lease as at 31 December 2012 multiplied by (b) the number of calendar months in that existing lease, divided by (2) the aggregate total of the GRA subject to all the leases in respect of that property as at 31 December 2012