



ASSOCIATION OF EUROPEAN BUSINESSES

Real Estate Committee Open Event

GREEN OFFICE: FANCY TREND OR WAY OUT OF THE CRISIS?

Silver Sponsor:



November 18, 2010



ASSOCIATION OF EUROPEAN BUSINESSES
IN THE RUSSIAN FEDERATION

Session 1

Views of Tenants : The Requirements of a Green Office

Speaker: Julia Stefanishina (Ernst&Young)

November 18, 2010



Tenants' awareness of green office benefits

Julia Stefanishina

Senior Manager, Transaction Real Estate
Green Construction Group leader

Contents

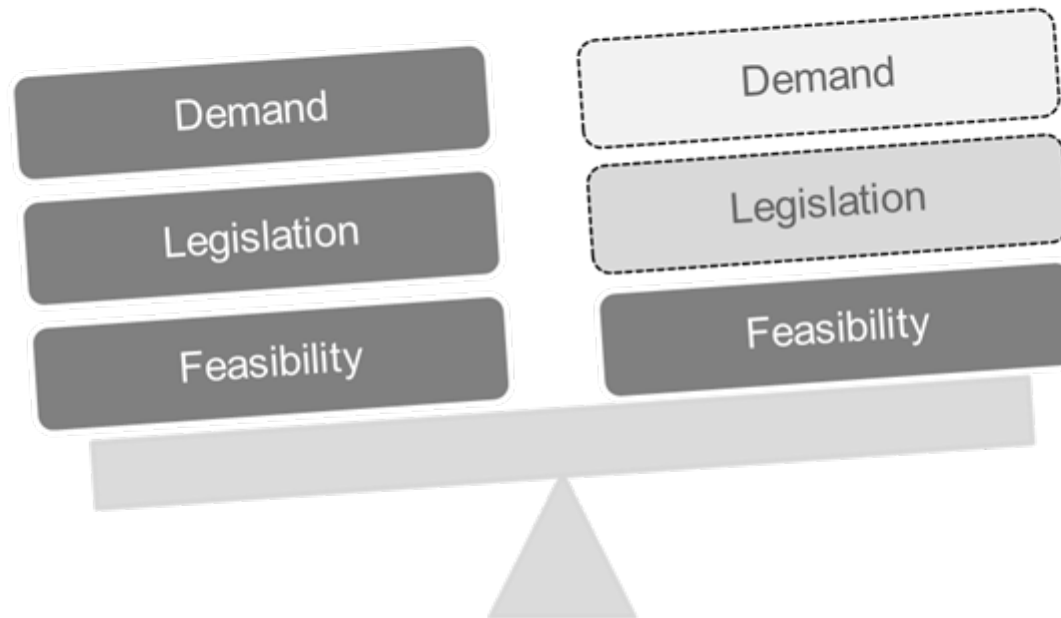
- ▶ Key factors for green building development
- ▶ Demand survey
- ▶ Readiness of users to rent green office
- ▶ Importance scale of green office benefits



Key factors for green building development

International experience

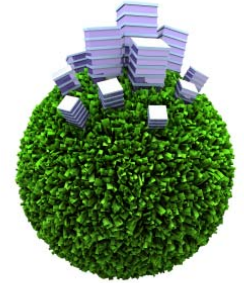
Russian experience



Ernst & Young survey

Goal

- General green construction trend awareness analysis
- Green office demand assessment



Respondents

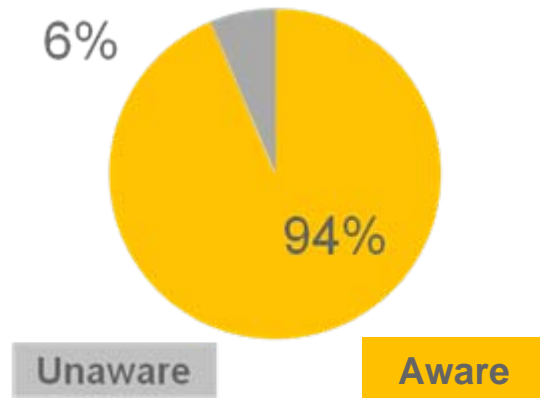
- 300 companies:
 - 60% international
 - 40% local

Type of survey

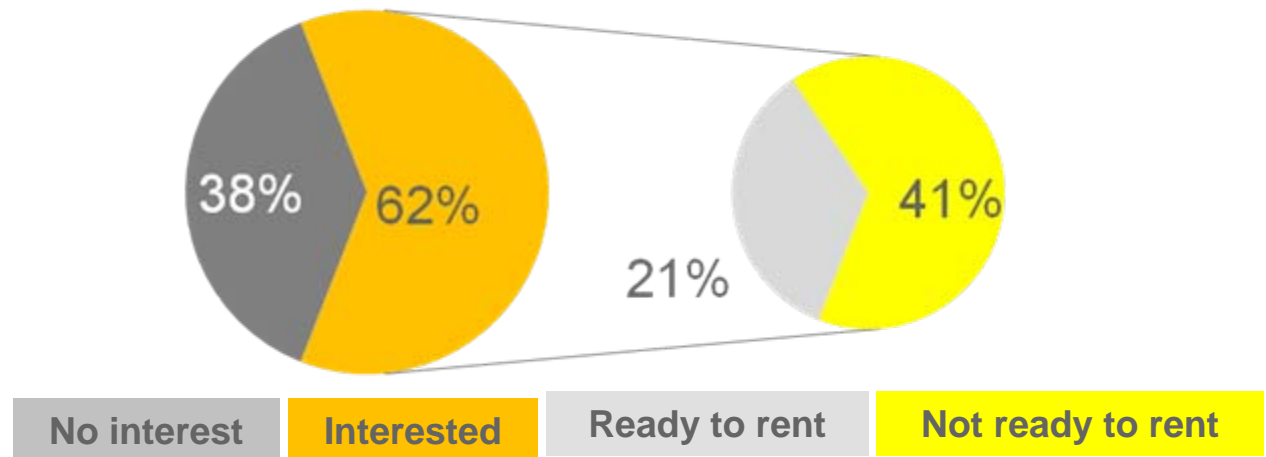
Decision-tree survey via e-mail (both Russian & English)

Summary results


Green building market awareness



Readiness to rent green offices with a higher rental rate



Importance scale of green office benefits for users

- 
- 1 Lower maintenance cost
 - 2 Image of a socially responsible company
 - 3 Renting a higher quality innovative building
 - 4 Personnel expenses reduction due to increased productivity
 - 5 Attracting and maintaining high class specialists due to excellent working conditions
 - 6 Longer life cycle of a green building as compared to a traditional one

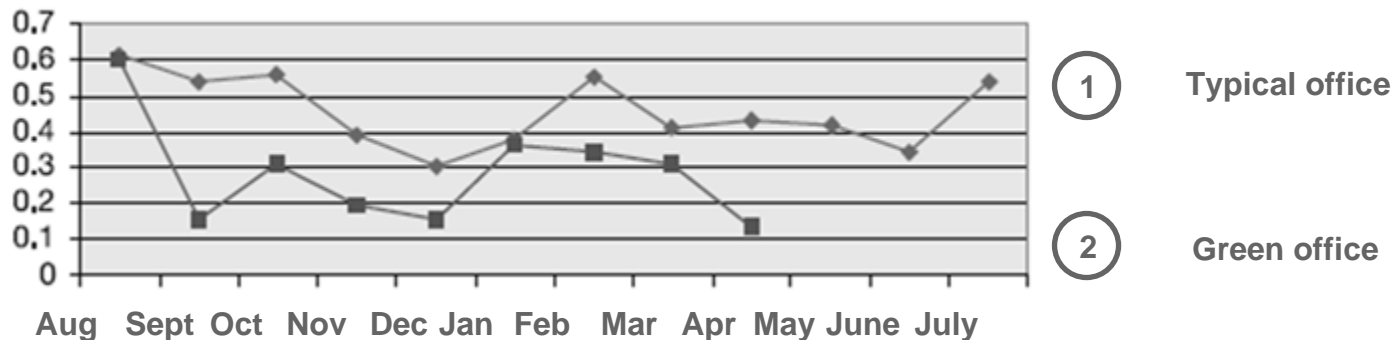


Examples of personnel costs reduction

- ▶ Increased labor productivity
- ▶ Average index of sick leaves reduces by 39%
- ▶ Sick leave payments reduce by 44 %
- ▶ Typing speed and accuracy increases by 9%



Average index of sick leaves per each employee a month



Source: www.resourcesmart.vic.gov.au

Contacts



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ASSOCIATION OF EUROPEAN BUSINESSES
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Session 2

View of Lawyer : The Green Lease

Speaker: Margarita Slavina (Herbert Smith)

November 18, 2010

View of Lawyer: The Green Lease

**Green Office:
Fancy Trend or Way Out of the Crisis?**

Best Practice Recommendations

- A set of non-prescriptive issues to consider
- Designed to be incorporated into existing or new leases via **Model Clauses** or enshrined in non-binding **Memorandum of Understanding** covering environmental issues
- As a minimum, provisions regarding sharing of data and co-operation on reduction strategies should be achievable in all cases of a Green Lease

1. Energy, Waste, Water and Waste Water

- **Data sharing**
 - energy and water consumption, amounts of waste sent to landfill and recycled
 - maintenance records for major services equipment
- **Frequency of measurement**
 - annually as a minimum
- **Metering/sub-metering**
 - Separate metering facilities for individual utilities, individual occupiers in a multi-let building, and major consumption areas (e.g. data centres, cooling towers, bathrooms and kitchens) to monitor usage and identify leakages
 - smart-metering technology that can automatically send data to both owners and occupiers

2. Efficiency

- **Co-operation on reduction strategies**
 - Requirement to respond/procedure, named contacts, joint targets
- **Operational audit**
 - Third party providers
- **Alteration and replacement of equipment**
 - “like for like” and replacement affecting performance to be avoided
- **Maintenance**
 - Strictly in accordance with manufacturer’s instructions
- **Fit out and refurbishment waste**
 - Contractors required to make adequate waste segregation and recycling provisions, re-use redundant materials
- **Use of rainwater/recycled water**
 - Use of treated or recycled where potable water not necessary (e.g. irrigation systems)

3. Building Operations and Sharing of Best Practice

- **Establishment of building management committee**
 - Ideally, to include all tenants in a multi-let building or buildings
 - To set an Environmental Management Plan including specific targets
- **Inclusion of sustainability initiatives in tenant handbooks**
 - Recommendations, targets, metering data etc
- **Reporting and auditing**
 - Reports to be shared (possibly also with building management committee)
- **Sharing of initiatives with other owners and occupiers**
 - Occupiers to provide training to employees
- **Cleaning (for both Owner and Occupier Areas)**
 - Contractors required to comply with policies and use certain cleaning products

4. Fit-out and Refurbishment (Owner and Occupier)

- **Alterations and replacements**
 - Sustainability in sourcing, specification, performance, recycling and suitability for purpose
 - Occupiers to assess environmental performance impact prior to requesting consents for works
- **Consideration for on-site renewables and low carbon technologies**
 - Owners to install renewable energy and low carbon technology where possible where building value not adversely affected
 - Owners and occupiers to cooperate with neighbours regarding communal schemes (CCHP installation where practicable)
- **Consideration for obtaining BREEAM/LEED rating when undertaking Major Works**
 - A target rating should be established in advance of any major refurbishment programme

5. Service Charge

- Separate reporting for “green” initiatives and costs in service charge reporting
- Reports on energy consumption of owner controlled areas (should be in the occupier hand book)

6. Re-instatement and Dilapidation

- Owners to consider some occupiers’ re-instatement obligations where occupiers improved environmental efficiency of the premises

7. Managing Agents

- Managing agents should be contractually required to implement green lease/MoU principles

8. Transport

- Owners and occupiers to establish shuttle links

9. Confidentiality of data

- Purpose of data collection to be agreed in advance

Memorandum of Understanding

- Intended to incorporate some or all of the best practice recommendations in addition to an existing non-green lease
- Is not legally binding (with the exception of the provisions which clarify that the MoU does not vary the provisions of the lease and that the information provided pursuant to the MoU is to be confidential)
- Does not bind successors in title (even if suggested “best endeavours” language is used)
- Is intended to provide a co-operative framework to agree generic and specific actions in relation to environmental issues
- Provides an element of flexibility to the parties environmental obligations
- Makes the most sense when all tenants in a multi-let building enter into it

Model Green Lease Clauses

- The extent to which the Best Practice Recommendations are included in the lease will be determined by parties' ambitions only
- As a minimum, every lease which purports to be a Green Lease should address these issues (based on multi-let building):

General Co-operation Obligation

- The Lease should contain a clause which at least encourages the parties to cooperate in respect of energy and water consumption and waste generation.
- **Suggested drafting:**

“The Landlord and Tenant agree in good faith to cooperate with the aim of reducing energy and water use within the Building and the Premises and reducing and recycling waste”.

Environmental Management Plan (“EMP”)

- Where the Landlord employs a managing agent and/or a facilities manager, the terms of such appointments should reflect the obligations accepted by the parties under the MoU.
- Arrangements should be made to ensure that the Tenant is obliged to cooperate with the Managing Agent or facilities manager in respect of sharing data needed for the EMP, allowing reasonable access to the building and so forth (provided suitable confidentiality checks are in place).

- **Suggested drafting:**

“The Landlord shall/will use [reasonable/best] endeavours to ensure that:

- (i) When appointing third parties for the supply of services to or management of the Building they are suitably qualified and accredited for their specified role [to consider ISO 14001 accreditation]*
- (ii) Its Managing Agent or other party responsible for the operation or management of the Building will:*
 - (a) either put in place an appropriate EMP that is suited to the size and occupation of the Building or where Building Management Committee is put in place, work with the Building Management Committee to achieve this objective; and*
 - (b) attend the meeting of the Building Management Committee.”*

Building Management Committee (“BMC”)

- BMC provides a venue for communication between Landlord’s staff or Managing Agent and the Tenants which is critical.
- The Tenants must be required to nominate a representative and attend whenever practicable upon sufficient notice being given.
- **Suggested drafting:**

“The Landlord will set up a BMC comprising a representative of the Landlord (or its Managing Agents), the Tenant(s) and such other third parties deemed necessary by the parties to meet [at a certain interval] or [at ad hoc basis] to:

(a) consider the adequacy and improvement of data sharing on energy and water use and waste production/recycling;

(b) agree the targets and strategies to reduce energy use and water consumption, improve waste management in the Building, consider green travel options and agree strategies to implement other aspects of [any agreed MoU].

The Tenant will co-operate in the setting up of the BMC and the Parties’ representatives will attend the meetings of the BMC whenever reasonably practicable and provided that appropriate notice of such meeting is given by the party arranging such meetings.”

Data Sharing and Metering

- While it would be better to decide what metering was necessary and have it installed ahead of the lease being signed, where the timing of the transaction does not allow this or where the lease without sub-metering is being negotiated, these additional terms may be appropriate. Half hourly digital metering is currently considered the best option.
- **Suggested drafting:**

“The Landlord and Tenant will share the data they hold [or the Lease could go further that this by imposing to obtain the relevant data if not already produced] in respect of energy and water use and waste production/ recycling [quarterly] between themselves and with any other third party who the parties agree needs to receive such data.

The Landlord shall [shall have the right to] [at its own cost] install separate sub-metering of any Common Areas [and the Premises] and the Tenant shall [shall have the right to] [at its own cost] install separate sub-metering of utilities used in the Premises. The Parties will give each other the necessary access in order to allow for such metering to be installed provided that reasonable notice of the intention to install such metering is given and provided further that such installation will not disturb the Tenant’s beneficial use and occupation of the Premises.”

Flexibility

- In order to give the Parties flexibility unilaterally to take steps aimed at improving environmental performance in the event that the parties do not reach agreement, the lease could include provisions which enable unilateral action to be taken.
- In addition to general Landlord's rights to carry out improvements, the parties may wish to enable the Landlord to carry them out without liability for disrupting the tenants where they are aimed at improving environmental performance, or allocate the cost of such works within the service charge.
- **Suggested drafting:**

“The Landlord and its agents or contractors shall be entitled at all reasonable times and on reasonable prior notice to the Tenant to enter and remain on the Premises for:

Flexibility (cont'd)

- a) *The purpose of taking reasonable steps to review or measure the Tenant's energy and water use and its waste production or waste management safe where up-to-date information in this respect has already been provided to the Landlord by the Tenant;*
- b) *Carrying out works which are agreed by the Tenant (acting reasonably) [unless the parties wish to dispense with the consent requirement] and are aimed at more effective management of, or reducing, energy or water use or waste production and for setting up and managing recycling schemes (provided that such works cause as little disruption as reasonably possible and when complete do not adversely affect the Tenant's use and occupation of the Premises [and that any damage caused by such works is made good] [Note: it is not intended that the landlord would be obliged to undertake such works, but that if it chose to then it would have the appropriate powers to do so, -- the clause seeks to balance the interests of the parties.];*
- c) *Undertaking an air conditioning inspection and for such purposes the right to carry out the necessary tests on equipment.*

The Tenant may [with the Landlord's consent (which shall not be unreasonably withheld)] carry out alterations to the Premises aimed at reducing energy use or water consumption or improvement of waste management provided such alterations do not adversely affect the performance or life cycle of any mechanical or electrical services or any other plant, equipment or services in the Building and are not structural alterations."

Restrictions on Tenant's Alterations and Landlord's Works

- Both Tenant's alterations and works by the Landlord to common areas or plant and equipment have the potential adversely to affect the efficiency in the Premises or the Building. Restrictions should be imposed on the parties to prevent works which have such an effect.
- **Suggested drafting:**

"Where the Tenant wishes to make changes to the Premises or its use which may adversely affect the efficiency of the use of energy or water within the Premises or the Building, the Tenant shall provide sufficient information to the Landlord to enable the Landlord to ascertain the effects of the alterations and the Tenant shall consider [and implement] any suggestions the Landlord makes to [avoid/minimize] any such adverse effect.

The Landlord will consider any reasonable suggestions made by the Tenant to [avoid/minimize] so far as reasonably possible, any impact on the efficiency of the use of energy or water within the Building which may be caused by any works to be carried out by the Landlord.

Where the Tenant carries out alterations to any plant equipment or services in the Building which affect the energy efficiency of such plant equipment or services, the Tenant shall provide such information about the energy efficiency of the altered plant or equipment as the Landlord shall reasonably require."

Dilapidations Clause

- Blanket requirements for removal of Tenant's alterations can lead to unnecessary waste and inefficiencies. Thus, on the occasion of each request by a tenant for landlord's consent to alterations, the parties should give consideration to sustainability issues in connection with the imposition and scope of any reinstatement requirement. Any lease restriction on reinstatement should take this uncertainty into account.
- **Suggested drafting** (to be incorporated in reinstatement of alterations and yield up provisions):

"The Tenant shall not be required to reinstate any tenant's alterations which have been carried out lawfully during the term and which improve the energy or water efficiency of the Premises unless such reinstatement is reasonably required by the Landlord having regard to its intentions in respect of the use or re-letting of the Premises or the Building."

Rent Review

- Where works have been carried out aimed at improving environmental performance (as in the section entitled Flexibility), questions arise as to the treatment of such works on rent review.
- Tenant's improvements would be disregarded, as they would per modern rent review clauses anyway.
- Where a tenant has caused an adverse impact on the pre-existing environmental performance and where this impact had a negative effect on the rental value, it is considered that the negative impact should still be disregarded on rent review.
- Landlord's works at its own cost reducing utility bills or enhancing environmental performance of the Premises or the Building, any benefit which such savings would have on the open market rental value should be taken into account on review. This is only to capture increases in the open market rent and is not seeking to rentalise capital expenditure.
- If the Parties are unable to agree a Green Lease would still have the "Flexibility" provisions above, coupled with an express disregard of such works for rent review purposes.

Drawbacks of the MoU and Model Clauses

- Whist this common approach to Green Leases is clearly a good start, it has a number of drawbacks – for example:
 - The suggestion that the MoU should not be legally binding, or bind successors in title;
 - It does not suggest how the costs of implementation should be split or savings be allocated between the parties; and
 - It fails to deal with penalties, non-compliance and dispute resolution.

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Herbert Smith CIS LLP



ASSOCIATION OF EUROPEAN BUSINESSES
IN THE RUSSIAN FEDERATION

Session 3

View of an Architect : The Difficulties of building Green in Russia

Speaker: Jurgen Willen (Willen Associates)

November 18, 2010

WWW.WILLEN-ASSOCIATES.COM



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ОБЩЕСТВО
С ОГРАНИЧЕННОЙ
ОТВЕТСТВЕННОСТЬЮ
СРЕДСТВ
ОБЩЕСТВО

GREEN BUILDING
DESIGN BY WAA

AEB GREEN OFFICE EVENT MOSCOW

18th NOV 2010



MASTERPLANNING



ARCHITECTURAL DESIGN



INTERIOR DESIGN



PRODUCT AND EVENT DESIGN

PORTFOLIO WILLEN ASSOCIATES ARCHITEKTEN

WILLEN ASSOCIATES
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SCHIWOPISNY BRIDGE MOSCOW



DIAMOND CITY RAZDORY



AIRPORT OMSK

WHITE PEARL ON BLACK SEA TRABZON



MASTERPLANNING BY WAA

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EXPO HANNOVER
RED OCTOBER MOSCOW



DESIGN CENTER DUBAI



BIOTEC CENTER NEUSS
DESIGN CENTER BERLIN



NAHC TRIPOLI



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APPARTMENT WIESBADEN
HOUSE OF THE AMBASSADOR MOSCOW



SQUARE 41 FRANKFURT



OFFICE CENTER BARVIKHA MOSCOW



INTERIOR DESIGN BY WAA

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MERCEDES-BENZ GLK INTRODUCTION



MARTINI BOTANICAL ICETOURL



AUDI 100 ANNIVERSARY



PRODUCT AND EVENT DESIGN BY WAA

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Think Green!
green buildings by **WAA**

GREEN BUILDING DESIGN BY WAA

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GREEN BUILDING?

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GREEN BUILDING?



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~~GREEN BUILDING?~~



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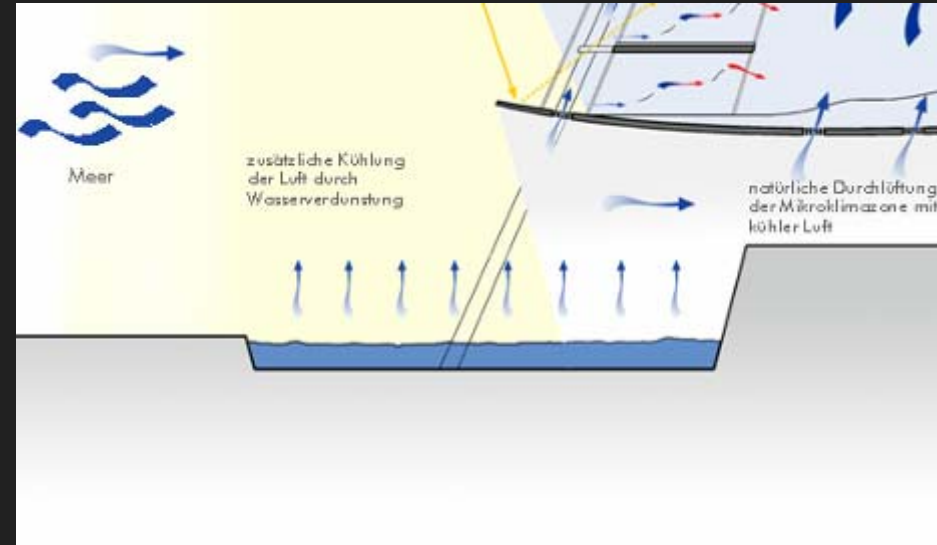
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HOLISTIC APPROACH



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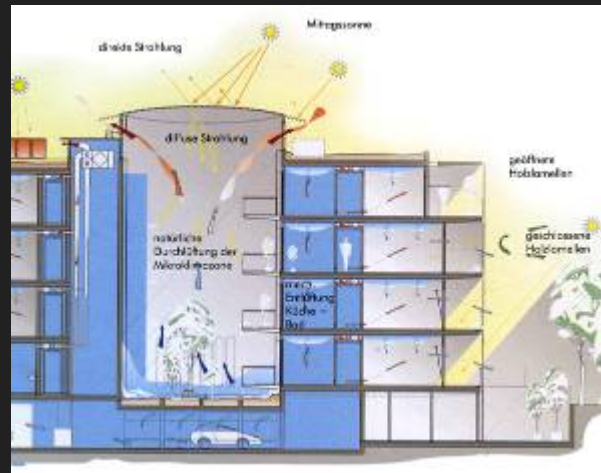
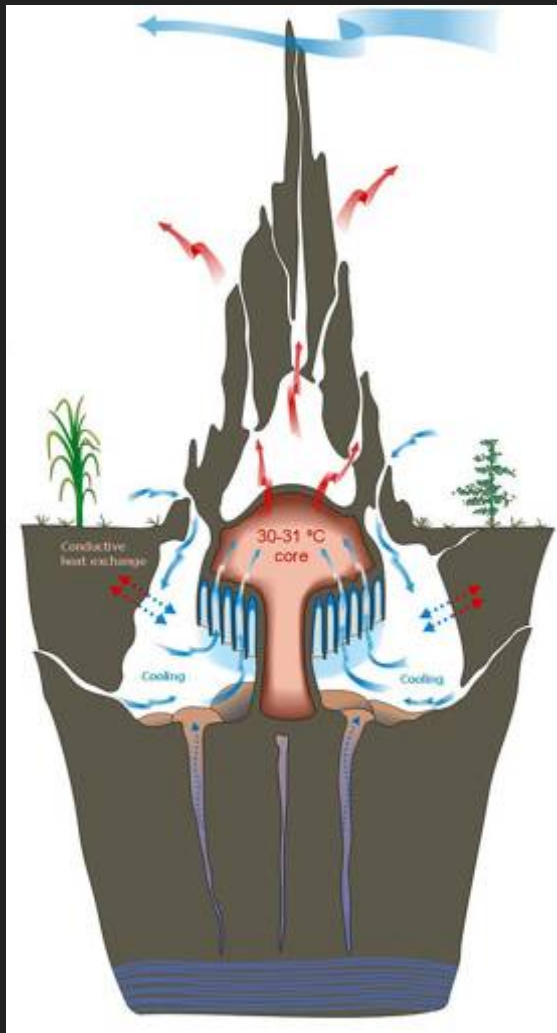
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LEARNING FROM NATURE

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LEARNING FROM NATURE

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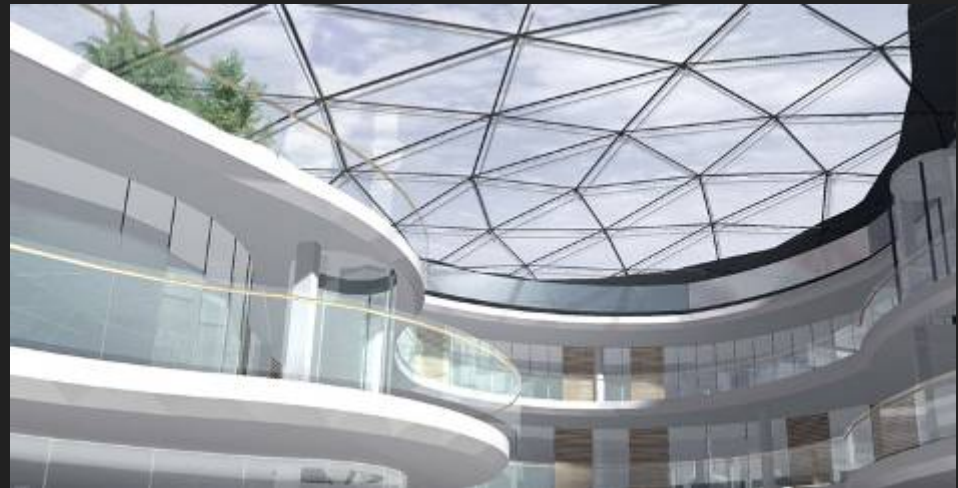
LEARNING FROM NATURE



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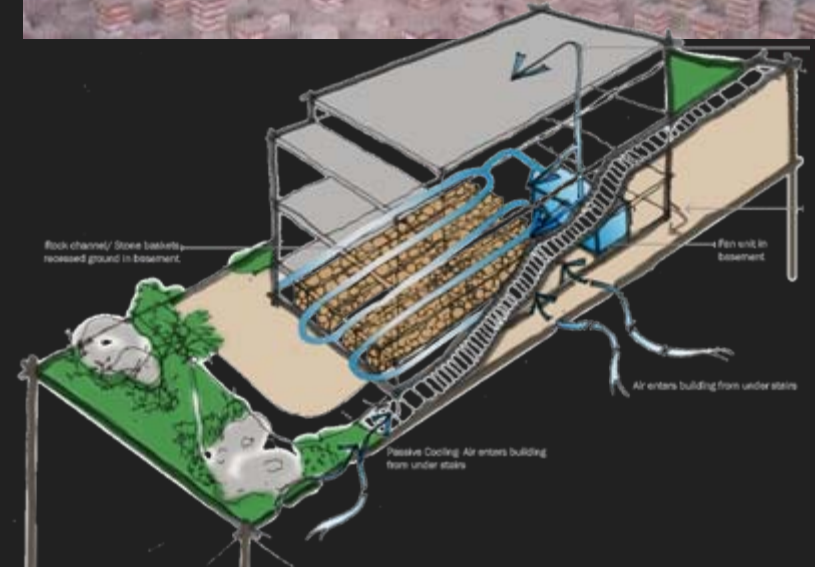
LEARNING FROM NATURE



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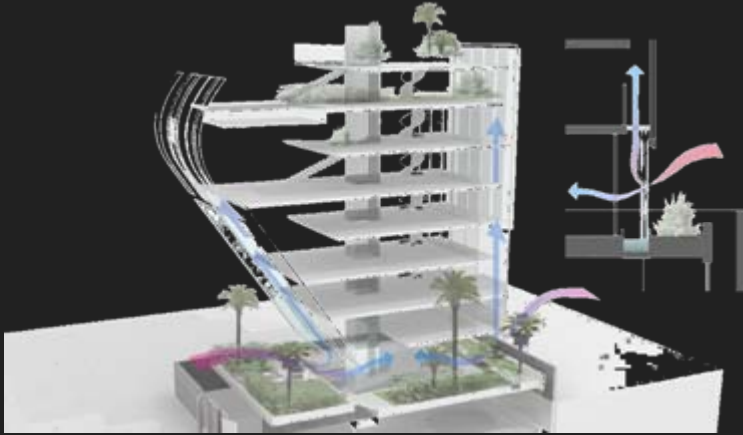
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LEARNING FROM HERITAGE



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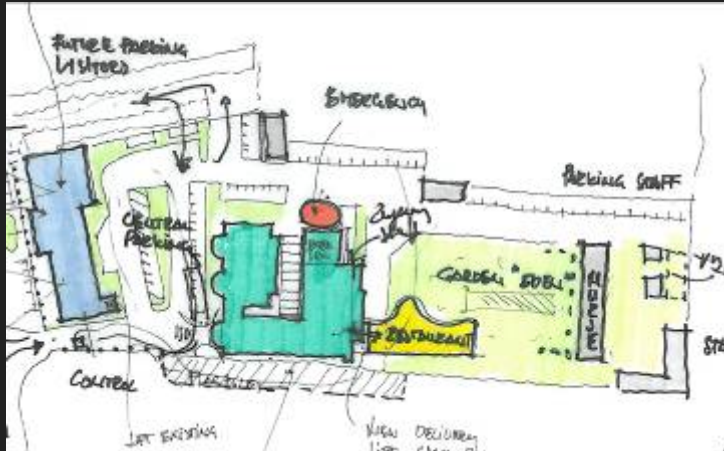
CONSIDERING REGIONAL CONDITIONS



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CONSIDERING ENTIRE LIFE CYCLE DESIGN



DESIGN



CONSTRUCTION



DEMOLITION
AND DISPOSAL
OR REVITALISATION
„THIRD LIFE“

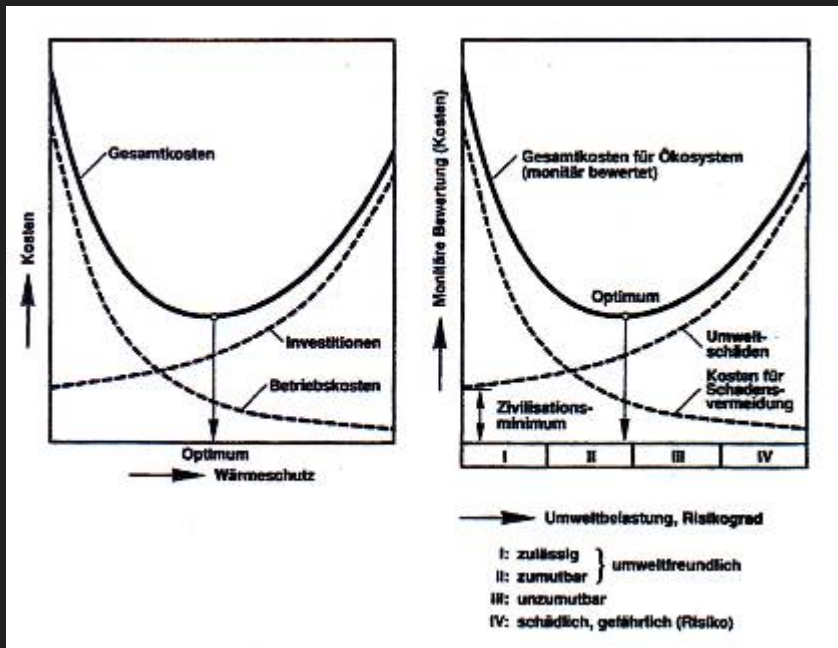
UTILISATION
AND MAINTENANCE



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MARKETING ADVANTAGES



MINIMIZING IMPACT
OF INCREASING ENERGY COSTS

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MARKETING ADVANTAGES



Совет по экологическому строительству

Совет по экологическому строительству является некоммерческим партнерством, деятельность которого направлена на развитие и внедрение новейших технологий в области экологического строительства на территории России.



Программа мероприятий



Информационное письмо за июнь 2010



Члены Совета



Статьи



Проект месяца

Совет ставит перед собой следующие цели:

- * внедрение и развитие системы стандартизации экологического строительства в условиях российского рынка с помощью адаптации международных инструментов контроля качества (таких как BREEAM и LEED);
- * разработка образовательных программ и тренингов для представителей различных направлений архитектурно-строительной индустрии;
- * защита интересов членов Совета и их продвижение на ведущие позиции отрасли.

Брошюра о Совете в формате pdf

**BARVIKHA OFFICE CENTER
NOMINATED „PROJECT OF THE MONTH“
BY GREEN BUILDING COUNCIL RUSSIA
26 000 SQM / CLIENT: GRANDLAND, MOSCOW**

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Expo 2000

HANNOVER, GERMANY

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Projected: 1998-2000
Size / Area: 220 Residential Units
Performance: General Planning

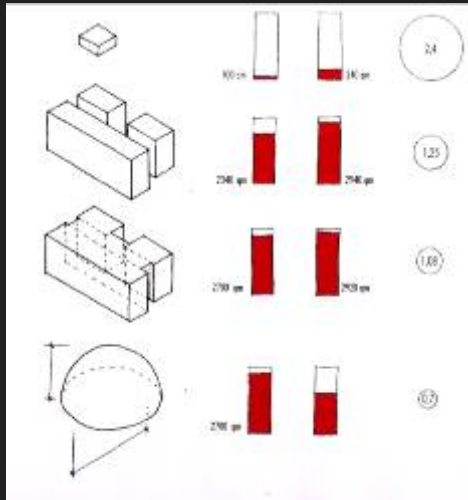
Client: Deutsche BauBeCon AG



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RELATION OF AREA + VOLUME TO TRANSMISSION



Apartment

Multi-Compartment

Multi-Compartment with
Micro-Climate-Zone

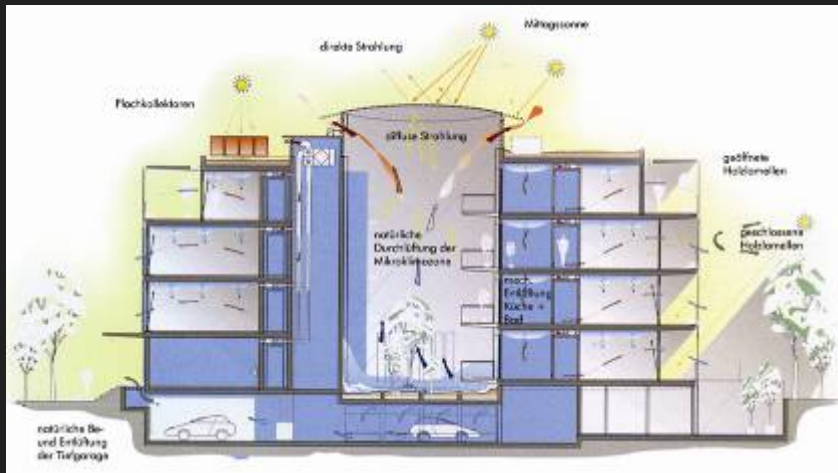
Hemisphere



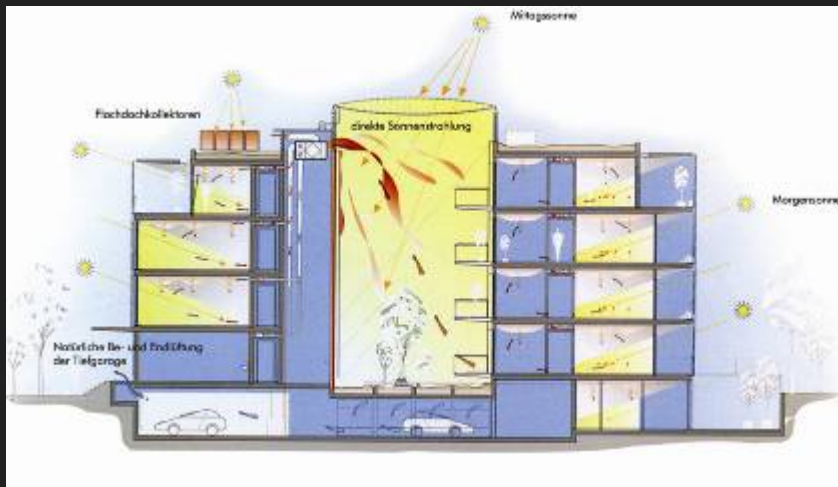
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CLIMATE CONCEPT



Summer



Winter



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PLUS ENERGY HOUSE

BRUSSELS BELGIUM

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Projected: 2001 - 2008
Size / Area: 3.500 sqm
Performance: Architectural Design

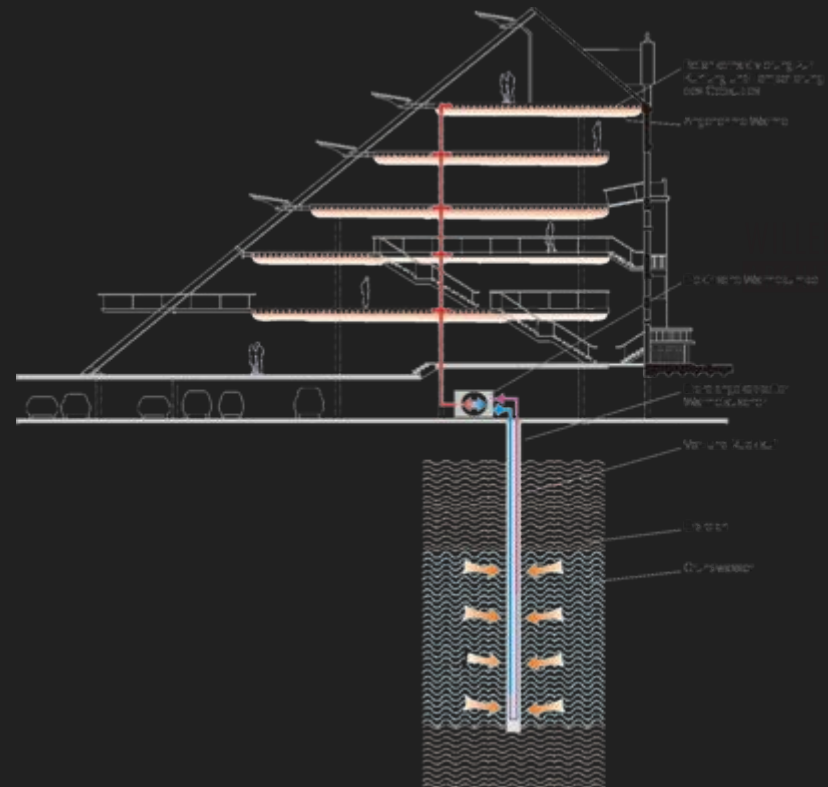
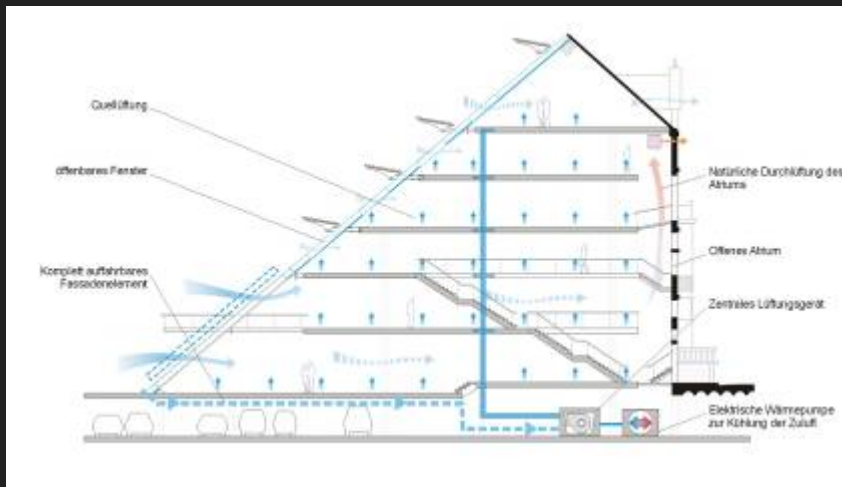
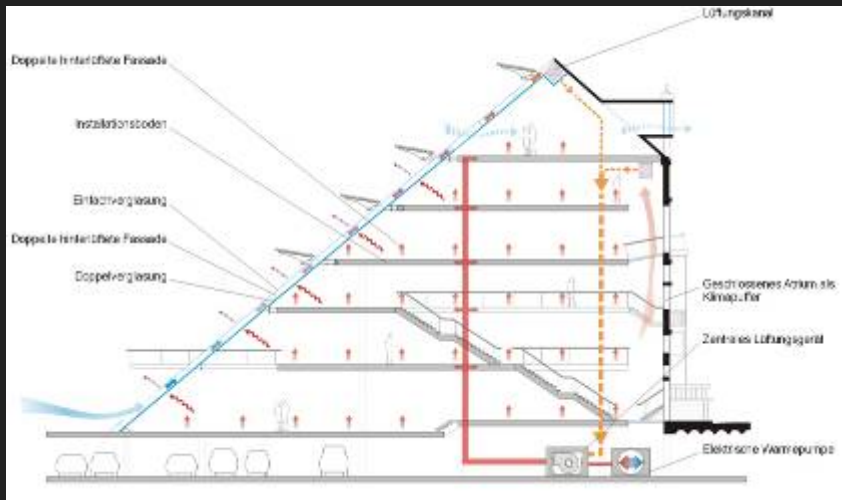
Client: SA Plus Development NV



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ENERGY + CLIMATE CONCEPT



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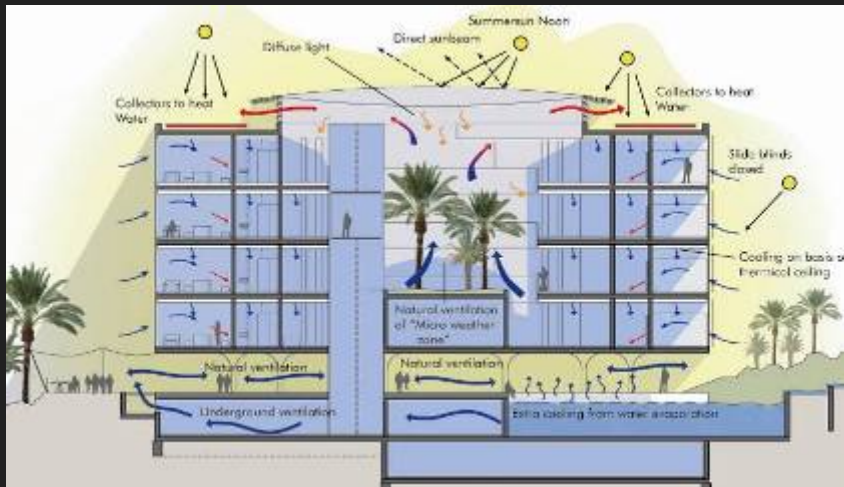
NORTH AFRICAN HEALTHCARE CENTER

TRIPOLI, LIBYA

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ENERGY + CLIMATE CONCEPT



Projected: 2008 - 2014
Size / Area: 130.000 sqm
Performance: Masterplan/Architectural Design

Client: Masterplan Libya



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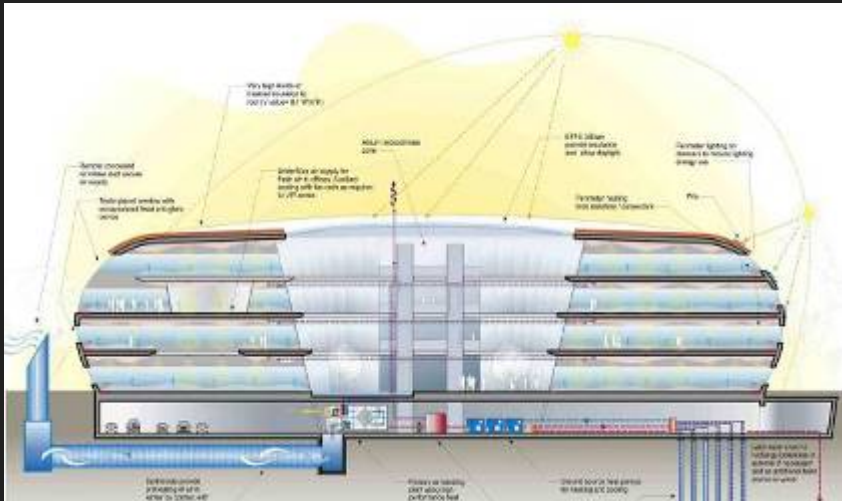
HEADQUARTER GUTA

MOSCOW, RUSSIAN FEDERATION

GREEN BUILDING DESIGN BY WAA

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ENERGY + CLIMATE CONCEPT



Projected: 2006 - 2007
Size / Area: 8.300 sqm
Performance: Architectural Design

Client: Guta Group, Moscow



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Cultural Center Iceberg

Moscow 2010

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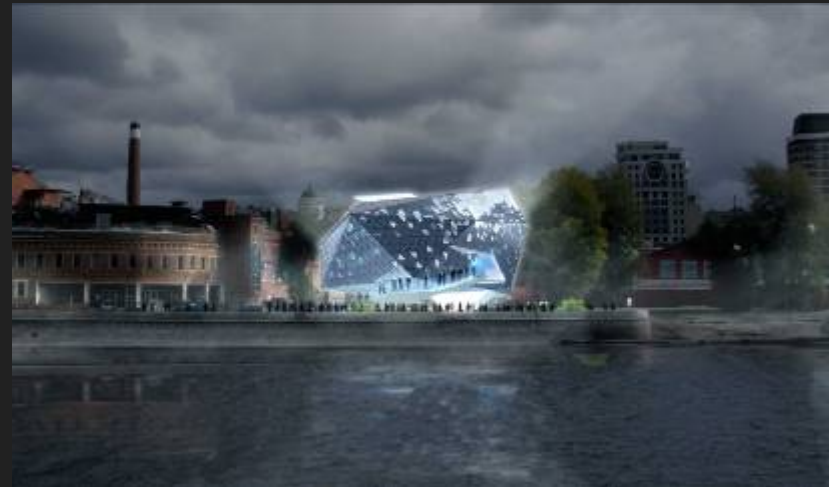


Cultural Center Iceberg

2010

Projected: 2009 - 2010
Size / Area: Ca. 1000 sqm
Performance: Event Design

Client: GUTAGROUP



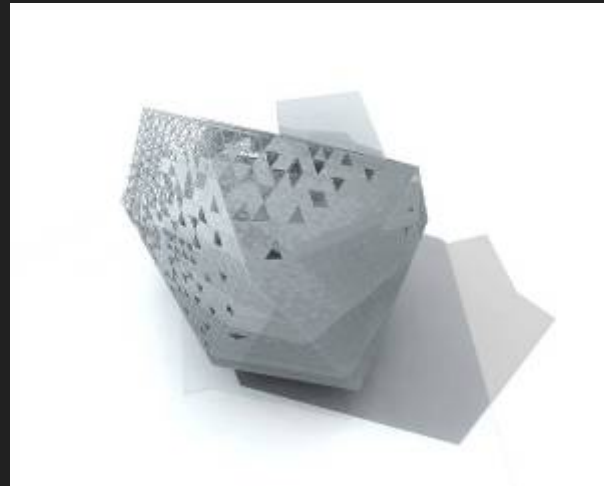
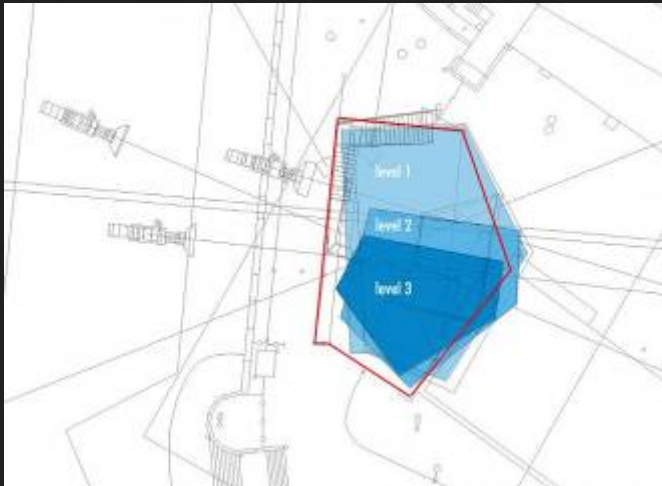
GREEN BUILDING DESIGN BY WAA

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Cultural Center Iceberg

2010



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... only sustainable architecture will secure the long-term value of the building...

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ASSOCIATION OF EUROPEAN BUSINESSES
IN THE RUSSIAN FEDERATION

Session 4

View of Developer : The Benefits of a Green Office

Speaker: Mark Pollitt (Cushman & Wakefield)

November 18, 2010

Should Green Buildings be built?

- The basic questions to answer are:
 - Does the Developer have an Environmental policy?
 - Do tenants prefer Green buildings?
 - Will the associated increased cost of construction or renovation be paid back in higher rents or capital values?

Does the Developer have an Environmental policy?

- This is a corporate decision, but in Real Estate, there are commercial reasons why they should have.
- Consultants in the Real Estate industry have the knowledge and ability to design Green Buildings.
- Energy use in Office Buildings is high so the developers and owners should try and mitigate the usage.
- The direct cost savings to tenants should be shared with the Landlords.

Do Tenants prefer Green Buildings?

- Most International Corporate Occupiers will have a policy statement on Green Issues.
- Each year, the importance of Green Issues are rising.
- Buildings are not yet rejected for not being Green – but will be soon in mature markets.
- There is expected to be a rental differential between Green and non Green Office Buildings.
- The rental differential may be limited to the direct cost savings in energy efficiency.

View of Developer : The Benefits of a Green Office

Will the associated increased cost of construction or renovation be paid back?

- Limited evidence to date that Green Buildings have a higher value.
- But, if Green Buildings become essential for tenants they will be more popular to investors.
- The challenge is to ensure that the cost of construction or renovation are controlled or reduced.

The Different Performance Standards

- There are different Standards and different Ratings / Classifications.
- Russian, US and International.
- Ideally the highest International Standard should be aimed for.
- In reality for commercial Office Buildings, a move towards Green Buildings will have to be cost effective.



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Thank you for your attention!

November 18, 2010