

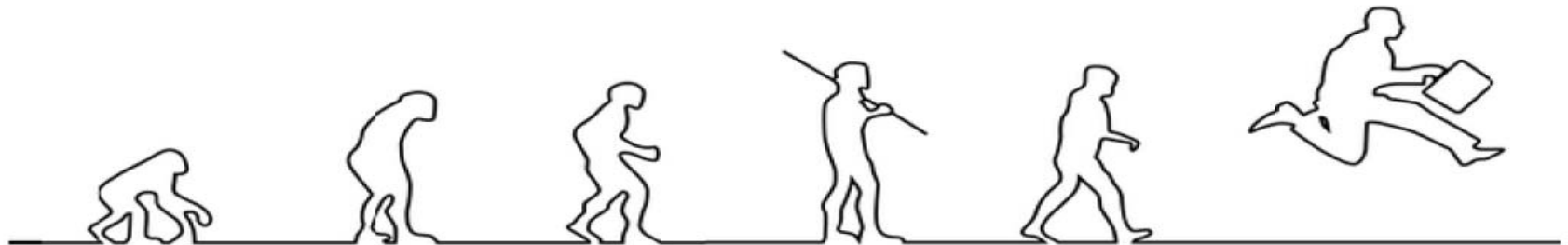
What's the mix & doing something different



What's the mix & doing something different



Thank you



Sustainability

Sean Lockie, Director
Sustainability, F+G

CoreNet Sustainability themes

2 CoreNet 2013/2014 sustainability themes:

- **The changing shape of the ‘Landlord v Tenant’ relationship –**

Event – London, 24th October 2013

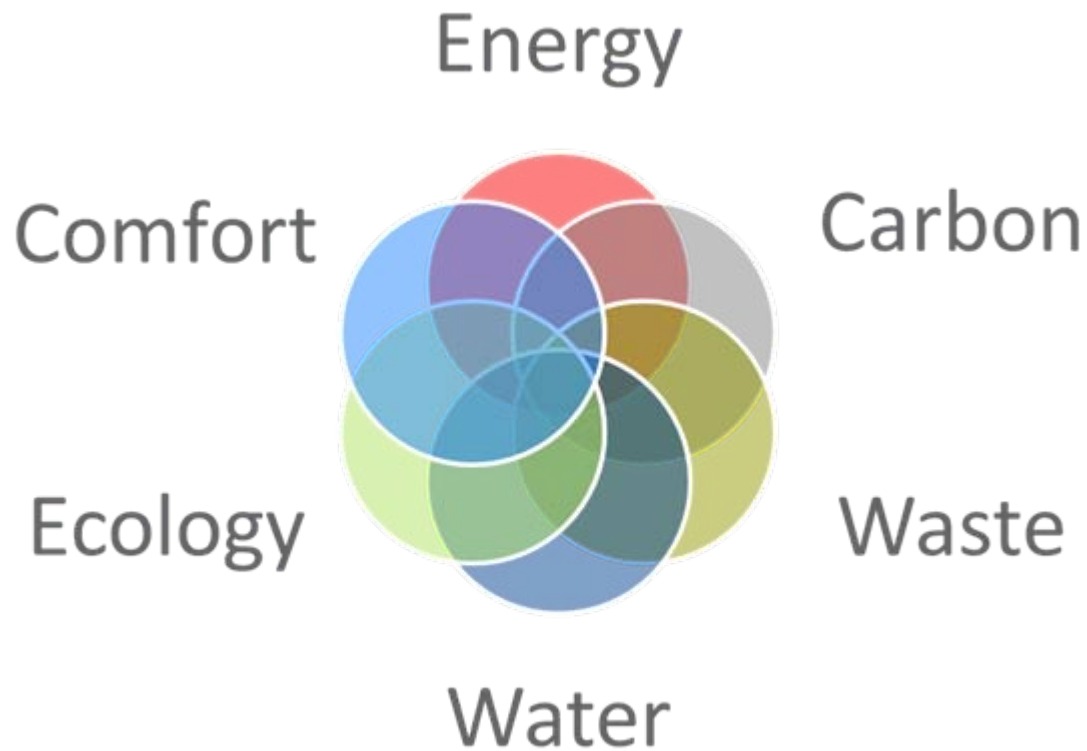
- **CoreNet Global Knowledge Advisory Panel Research –**
‘Does a high environmental assessment rating mean an energy efficient building’

If interested please contact sam.pickering@cbre.com .



Some of the sustainability
drivers

In the built environment



Drivers



Drivers - Cost



- **Energy costs** 25% of total business cost
- Energy costs **increasing**
- IRR of circa 40% on some projects
- **Valuations + Business case**
- Costs of techs coming down

Drivers- Compliance



- Energy Act 80% by 2050
- Carbon budgets
- CRC
- Mandatory reporting
- 2016 / 2019
- F and G rated buildings 2018

Energy Performance Certificate HM Government
Non-Domestic Building

M&S Plc
Longlooms Road East
ELLSBEMERE PORT
CH66 9LF

Certificate Reference Number:
8637-3076-0827-0200-6501

This certificate shows the energy rating of this building. It indicates the energy efficiency of the building fabric and the heating, ventilation, cooling and lighting systems. The rating is compared to two benchmarks for this type of building, one appropriate for new buildings and one appropriate for existing buildings. There is more advice on how to interpret this information on the Government's website www.communities.gov.uk/epbd.

Energy Performance Asset Rating

More energy efficient

A+ 0-25

A 26-50

B 51-75

C 76-100

D 101-125

E 126-150

F Over 150

Less energy efficient

37 This is how energy efficient the building is.

Technical Information

Main heating fuel: Natural Gas
Building environment: Air Conditioning
Total useful floor area (m²): 21904
Building complexity (NOS level): 5
Building emission rate (kgCO₂/m²): 43.01

Benchmarks

Buildings similar to this one could have ratings as follows:

34 If newly built

90 If typical of the existing stock

Green Deal Information

The Green Deal will be available from later this year. To find out more about how the Green Deal can make your property cheaper to run, please call 0300 123 1234.

Risks – unsustainable traits

Energy Inefficient Plant

- No Building Management System leads to poor plant control and high energy consumption (e.g. heating fighting cooling)
 - Inefficient fans & pumps
 - Inefficient boiler (below 80%)
 - Inefficient cooling
 - Lack of system lagging (insulation) – pipes/tanks lose heat
 - Single revenue-based energy meters rather than broken down by end use
- Significant cost implications – can be replaced and improved as part of lifecycle replacements

Internal Guttering

- Future weather trends predict increased winter rainfall and flooding so guttering capacity may need to be increased
 - Difficult to change, maintain, fix, or increase guttering capacity
- Potential food damage to building interior – costly to change internal guttering layout

Poor Insulation

- Increases energy consumption from heating in winter
 - Increased energy consumption from cooling in summer
- Significant problem – unlikely to retrofit, major disruption and cost to rectify

Poor Air Tightness

- Air leakage from the building increases heating load in winter
- Significant problem – can test and improve

Acoustics

- A site near a noisy road may limit future natural ventilation strategies
- Acoustic treatment usually requires a mechanical solution

Site (Car park)

- Dark (e.g. tarmac, not many trees) surrounding will heat building and increase cooling requirement
 - Lack of trees for shading
 - No vegetation to provide rainwater flooding attenuation
- Substantial cooling and comfort costs – site can be improved at some cost



Air Conditioned

- Air-conditioning creates large energy demands on a building and worsens the EPC
 - 4 main types from worst to best:
 - 4 pipe fan coils
 - Variable Air Volume (VAV) system
 - Chilled beams
 - Natural ventilation with night cooling
- Significant cost implications – A/C buildings hard to change but systems can be improved

Dark Roof

- Low albedo (dark) roof will heat up more easily than a light roof
 - This solar gain increases cooling load within the building
- Heat gain significant – lightening roof colour can solve

KEY

- High Risk – High cost and very difficult to remedy
- Medium Risk – Costly but amendable
- Low Risk – Resolvable at moderate cost

Deep Plan (over 20 metres)

- Poor daylight beyond 15 metres
 - Poor views – links to productivity
 - Poor natural ventilation in the core
 - Poor retrofit potential to convert to naturally ventilated
- Substantial risk – cannot change

Single Glazed North Facade

- Heat loss through poor glazing will increase heating loads in winter
- Substantial heat loss – re-glazing facade expensive and disruptive, secondary glazing may not be an option

Lighting

- Inefficient lighting (e.g. Halogen dichroic, T8 fluorescent, tungsten)
 - Lack of natural daylighting (insufficient windows, or rooflights)
- Lack of natural daylighting (insufficient windows, or rooflights) Lighting can consume approximately 30% of an office building's energy demand, upgrades possible with little disruption and good paybacks

Low Thermal Mass

- Thermal mass stabilises temperatures in buildings as it does not easily get hot or cold
 - Reduces the impact of hot periods
 - Grid ceiling removes benefits of internal mass from soffit
- Phase change materials can be added, thermal mass can be exposed, thermal mass can be added but could have weight implications

Entrance Heat Loss

- Open vehicle/good access doors or entrances
 - Lack of draught lobbies
- Some heat loss – remediation measures vary in cost

No Opening Windows

- Prohibits energy-free natural ventilation (no open windows)
 - Impedes energy-free cooling strategies
 - Opening windows can link to productivity
- Increases energy demand – expensive to change and disruption

Unshaded South Facade

- Solar gain will increase cooling requirements and reduce comfort levels
- Significant uncomfortable summer heat gain – shading expensive to retrofit, planning restrictions may not permit

Floor to ceiling height less than 2.5m

- High floor to ceiling heights (over 3m) improve the opportunity for daylight penetration, natural ventilation, and stratification of unwanted hot air
- Substantial risk – cannot change

Savings are available

Hospital



Office



Restaurant



Hotel



Shopping Centre



School



What usually goes wrong...

Poor commissioning

Controls over ridden 24 /7

Tenant v landlord tensions

Value engineering

Contractor walks away too early

Complex BMS

FM SLA's not strong enough / incentivise

Drivers- CSR + Productivity



- **Productivity**
- **Health**
- Carbon footprint
- CSR strategies required certain **investment funds**
- Local jobs
- Voluntary reporting – **CDP, GRI, GRESB** etc.

Softer benefits green buildings

Daylight brings ...



Students achieve
5-14%
HIGHER TEST SCORES
and
learn **20-26%**
FASTER

Workers
are **18%**
MORE PRODUCTIVE



15-40%
INCREASE
in Retail Sales

... and productivity increases by ...



23% from better lighting

outside views provide ...

... whilst better ventilation increases productivity by ...



11%

Mental Function
& Memory
10-25%
BETTER



Call
Processing
6-12%
FASTER

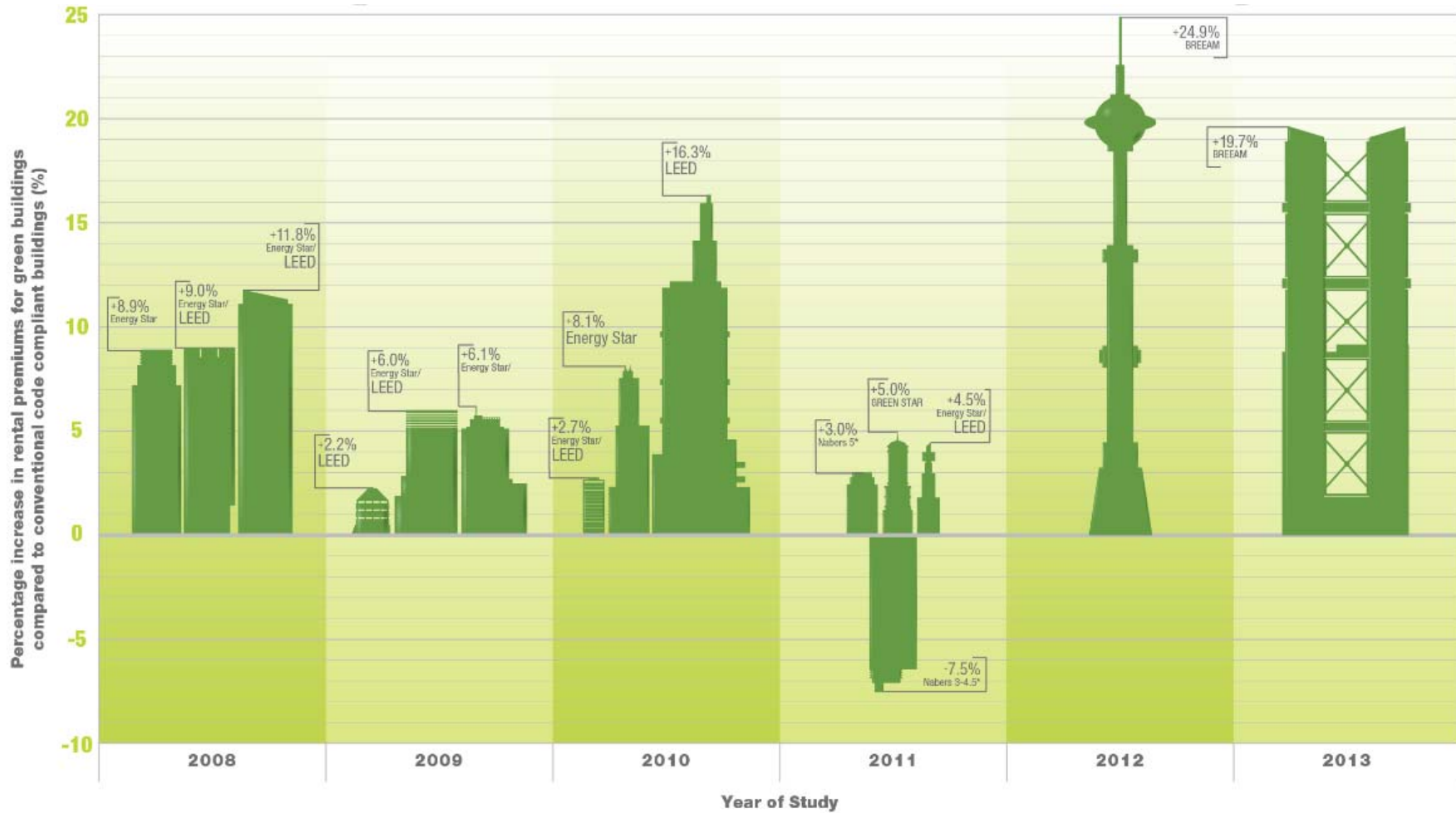
Hospital Stays
8.5%
SHORTER

... and individual temperature control by



3%

The business case is there



Drivers – Customer demand



- Increasing amount of labelling
- Leading players aggressive targets
- Labelling of products



Did we get what we paid for?
An example – Marks & Spencer



POST OCCUPANCY EVALUATION - M&S

Faithful+Gould is undertaking an in-depth Post Occupancy Evaluation (POE) of Marks & Spencer's (M&S) second largest store at Cheshire Oaks near Chester. This prestigious new study is part of an extensive £8m programme funded by the Technology Strategy Board (TSB) designed to help developers deliver more efficient, better performing buildings.

The mission

Targets?

- Energy / Carbon
- Water
- Rain water harvesting
- Biodiversity

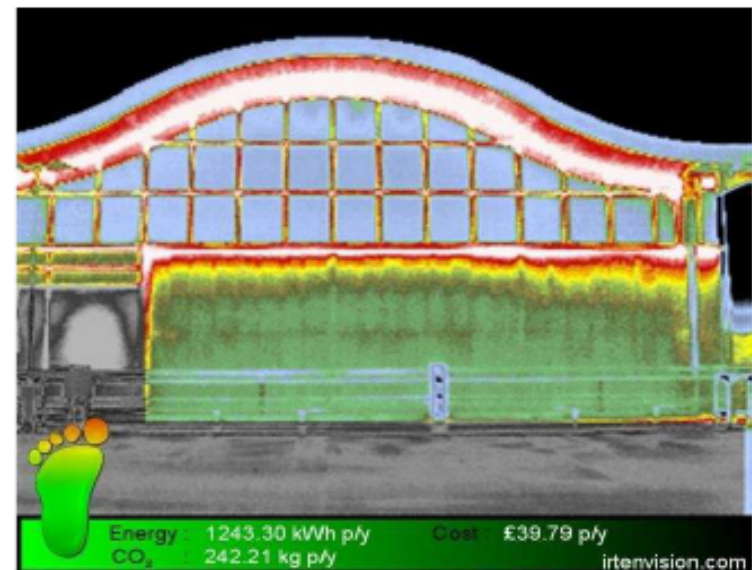
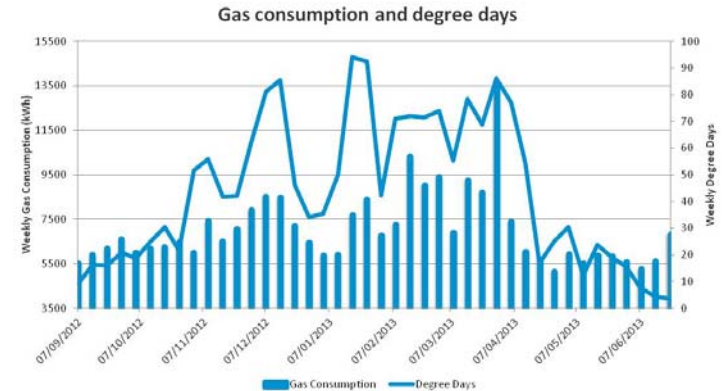
Are staff more productive?

What does the customers think ?

Local community views?

Need lots more data

- Thermal performance
- Electricity sub metering
- Gas sub metering
- Water sub metering
- Rain water harvesting
- Temperature loggers
- Biomass delivery notes
- Staff surveys
- HR data
- Customer surveys



Results

CHESHIRE OAKS POE SUMMARY REPORT



TOP 1%

OF ALL BUILDINGS FOR “DESIGN” AND
“IMAGE TO VISITORS”, IN THE TOP
5% OF BUILDINGS OVERALL WHEN
MEASURED AGAINST THE BUILDING
USER SURVEY 2011 UK BENCHMARK



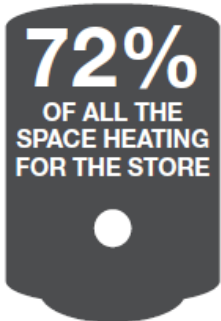
Technical results

EFFICIENT OPERATION OF THE STORE RESULTED IN **21% LESS ELECTRICITY** CONSUMPTION THAN THE DESIGNER'S PREDICTED



70% BETTER AIR TIGHTNESS THAN REQUIRED BY BUILDING REGULATIONS ($2.93\text{m}^3/\text{h.m}^2$ @ 50Pa AGAINST A REQUIRED LIMIT OF $10\text{m}^3/\text{h.m}^2$ @ 50Pa

THE BIOMASS BOILER PROVIDED



42% LOWER ENERGY CONSUMPTION AND 40% LOWER CARBON EMISSIONS THAN BENCHMARK STORE AT WHITE CITY



EFFICIENT FABRIC
THE BUILDING LOSES LESS THAN 1°C OF HEAT OVER NIGHT IN THE WINTER

What the customer thought



85% OF CUSTOMERS
SURVEYED

FOUND THE TEMPERATURE TO BE
COMFORTABLE THROUGHOUT THE
STORE, EVEN IN THE FOOD HALL

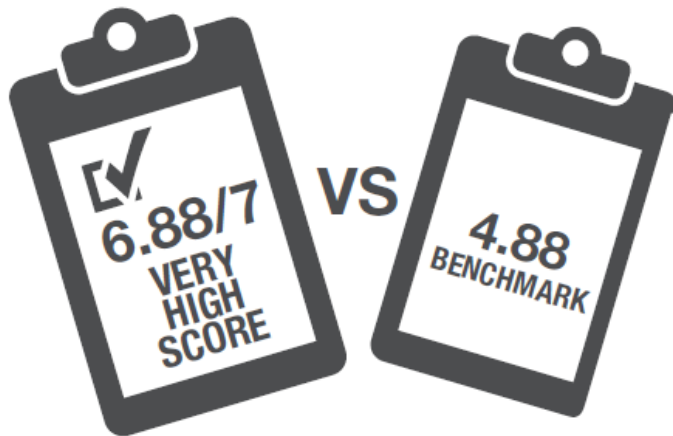
63% in the
b'mark store

'Its a nice bright store, a very nice place
to shop'

'Customers sent 18% more than our
prediction'

Employee

‘Our product lines look better in this store’.



VERY HIGH SCORE IN THE 6.88/7 VS BENCHMARK 4.88 IN THE BUILDING USER SURVEY ‘NEED’ SCORE WHICH MEASURES THE BUILDING’S ABILITY TO MEET THE USERS’ NEEDS.

22%

INCREASE IN SATISFACTION

LEVELS WITH WORKING ENVIRONMENT FROM “YOUR SAY” STAFF SURVEYS COMPARED TO LOCAL STORE IN WARRINGTON

Full press release

[http://corporate.marksandspencer.com/
media/press_releases/eco-features-at-
mands-cheshire-oaks-store-exceed-
expectations](http://corporate.marksandspencer.com/media/press_releases/eco-features-at-mands-cheshire-oaks-store-exceed-expectations)

Concluding themes

Business case is changing and the business case for sustainability is strong.

The regulations are not going away.

Expect more POE / Building performance surveys

Innovative investment models

Tools and data

Sean Lockie
Director Sustainability
London

CONSTRUCTIVE EXPERTISE

Over to you

Break

Please be back in your seats by 16:35



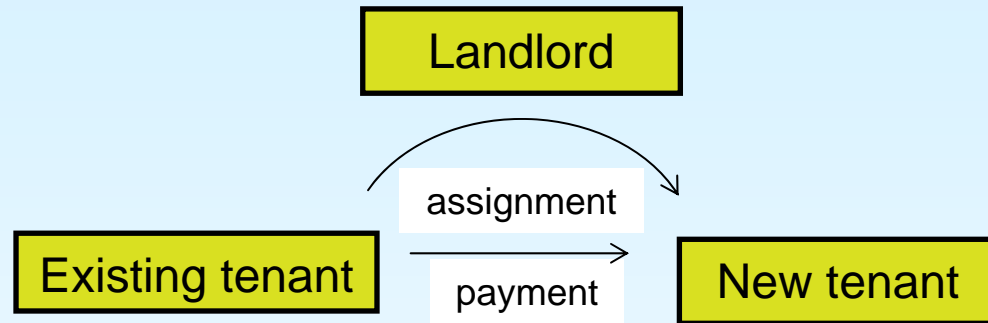
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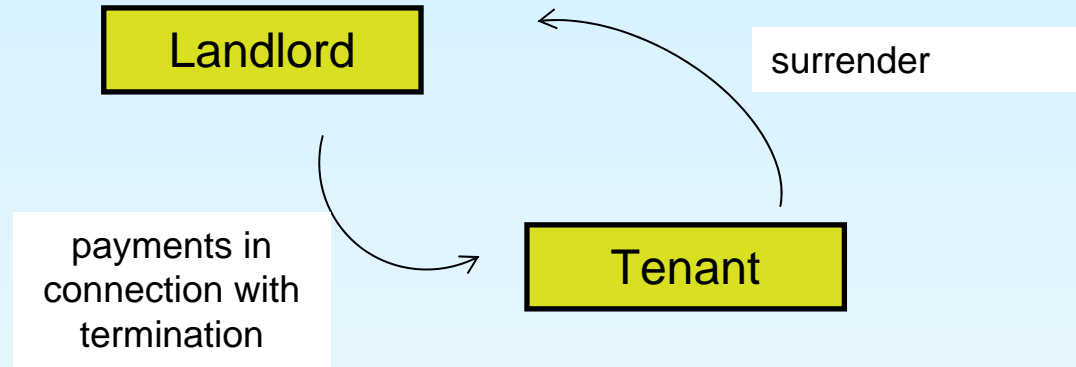
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AFTER
NOON**
10 October 2013

Tax for property occupiers
Mark Burgess, Partner, DLA Piper

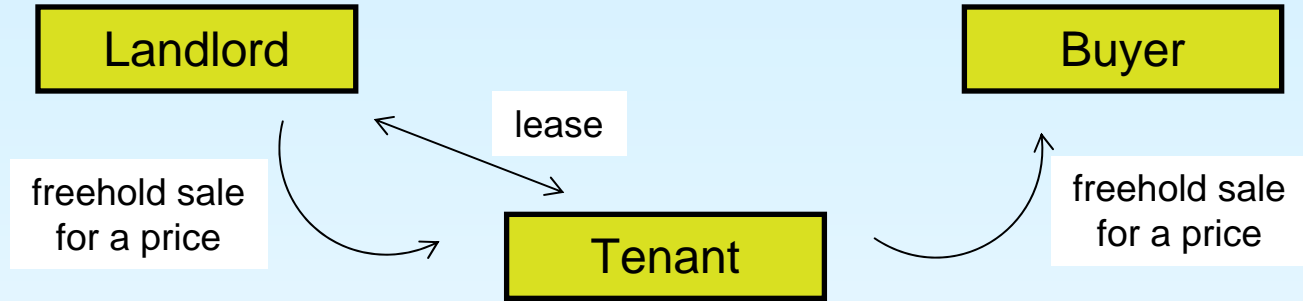




- Existing lease to be assigned from existing tenant to new tenant
- Parties agree that the existing tenant will 'subsidise' the new tenant's rent for 18 months
- New tenant is a financial institution and hence cannot recover the VAT that will be charged by the landlord on the rent
- Accordingly, the amount payable by the existing tenant to the new tenant is correspondingly increased



- Existing lease
- Landlord requires land for development – a Landlord and Tenant Act notice could be served and is 'threatened'
- Parties agree a surrender (and a payment) in order to avoid service of notice and court action for compensation
- *"... If the parties choose to deal with the matter in this way, the tenant must take the consequences"*



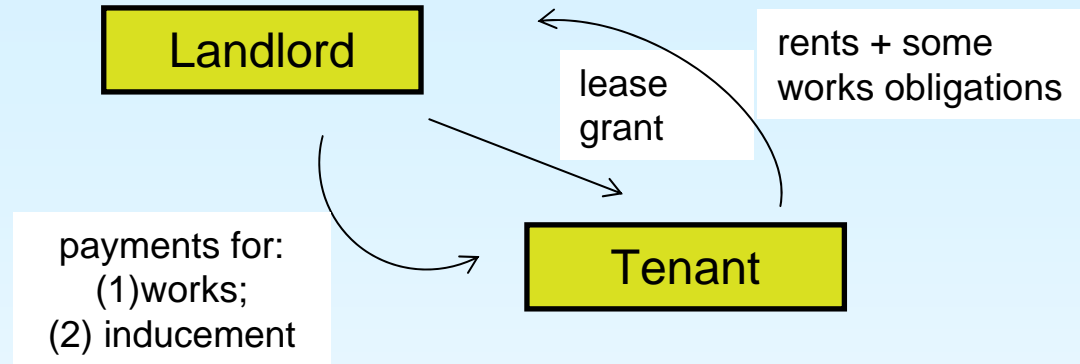
- Tenant holds an onerous lease
- Tenant could surrender to the landlord for £9M but can get a better deal by buying in the freehold for £14M and selling the freehold to a third party (without the lease) for £7M

- UK's senior accounting officer rules:
 - applicable to 'large' UK companies (UK companies within a UK group having £2bn balance sheet and/or £200m turnover)
 - duty to have appropriate tax accounting arrangements and to ensure awareness of tax
 - annual certificate of compliance
 - personal liabilities can apply

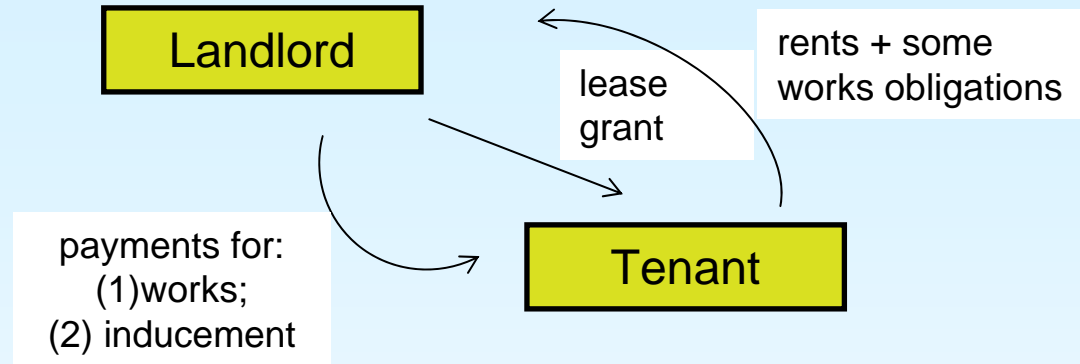
- The 'immediate' tax treatment of a property deal may be well established:
 - VAT charge calculated on the rents and/or purchase price
 - SDLT charge arising on completion and/or substantial performance
- But what about:
 - corporation tax treatment of receipts
 - tax deductibility of payments
 - VAT on inducements and other receipts
 - CIS on receipts and payments for works
 - SDLT liabilities 'inherited' with leases
 - capital allowances issues?



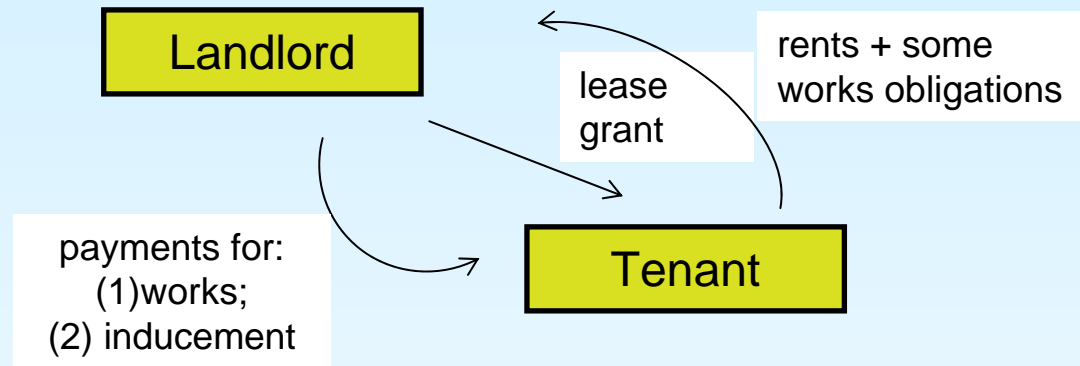
New lease acquisition



- New lease grant
- Payment for works to be carried out by the tenant
- Payment as an inducement to the tenant
- Rent payment obligations



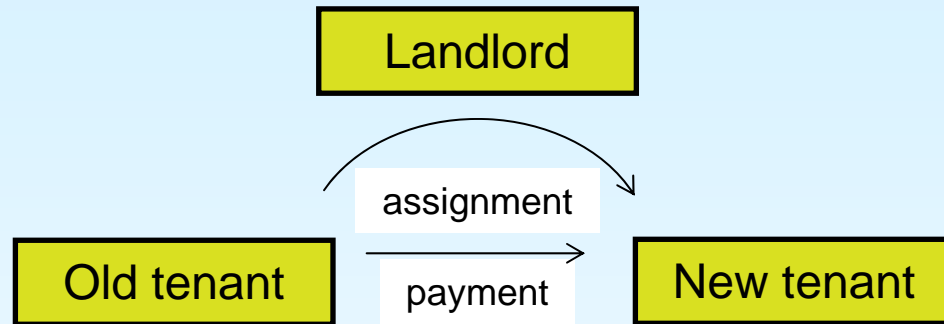
- Works payment:
 - VAT chargeable if monies for 'landlord works' but not if monies for 'tenant works'
 - tenant taxable if payment is to 'induce' /'benefit' the tenant
 - CIS may apply if the tenant obliged to carry out works
 - landlord likely to benefit from capital allowances (but this blocks potential tax charge on tenant)
- Inducement payment:
 - may not be VATable unless paid to an 'anchor tenant'
 - tenant taxable unless linked to relevant works and/or possibly rent payable
 - landlord unlikely to get tax relief unless linked to cost of works



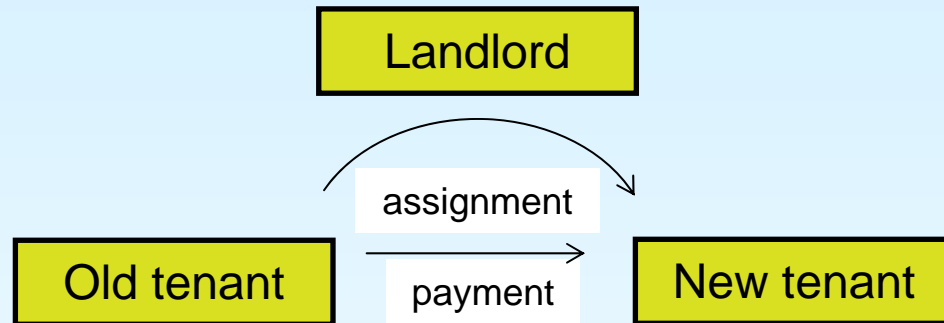
- Other issues:

- amount of payment required if tenant cannot recover VAT
- is a rent free better? Probably for the landlord but not for the tenant
- SDLT on rents – timing where there is early occupation for fit out
- SDLT on rents – timing and amounts of payment where the rent is uncertain
- SDLT – scheduling later payments/reviews
- tenant obligation to carry out works may result in taxable income for the landlord and a tax deduction for the tenant

'Second hand' leases



- Old tenant assigns its lease to new tenant
- Old tenant pays monies to new tenant being a mix of:
 - a sum to represent dilapidated state of the building
 - a 'simple' inducement
 - an agreement to pay 'rent support' sums over the next 24 months (equal to the difference between market rent and actual rent)



- SDLT: may be nothing. However, an unexpected charge can arise if the original lease grant was SDLT exempt
- VAT:
 - generally chargeable by new tenant on the payment
 - VAT on the rent support payments generally triggered in full at completion
 - chargeable even in relation to the 'dilapidations' payment
 - consider how much should be paid if new tenant not in a VAT recovery position
- Corporation tax:
 - new tenant may not be subject to tax on receipt
 - old tenant may not get any tax relief unless sufficiently linked to relevant works

Summary

- Some tax mitigation would require structuring and carry risk
- Some tax issues are an inevitable result of a transaction. However, tax compliance needs to occur. This requires information flows within a business
- Some tax issues are dependent upon the terms agreed between the parties – tax benefits may arise simply from agreeing and documenting the deal in an appropriate form but within the existing commercial and economic 'framework'
- Some tax issues arise immediately. Others will not 'come out' for some time. This requires retention of information



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10 October 2013

Young Leaders – We are the future
Amelia Saberwal, Associate, Artillery Architecture & interior Design





Seeking:

- High tech environment
- Flexibility
- Challenges
- Nurturing culture

- Networking, learning, and development opportunity for under 35's
- Young Leader groups across chapters – biggest communities in US and UK
- UK group currently has c100 members
- Membership reflects the diversity of UK chapter members
- Host approximately 5 events per year
- Affordable annual membership for all

- Educational events
- Charity events
- Social events
- Annual events



Benefits of being a Young Leader



LEARN.

- Free knowledge seminars and networking
- Discounted events – CPD, Master of Corporate Real Estate (MCR), or internal training requirements can be met
- Access to Knowledge Center



CONNECT.



BELONG.

- Interact and build relationships with both Young and Senior Leaders
- Help to arrange events for the wider membership/support charities
- Participate in social media debate and discussion on industry issues



GROW.

- Make younger team members feel valued
- Take responsibility for own learning and network
- Participate in or lead research in matters that affect the entire community
- Enjoy social events with a global and local community

2013

24th October The changing shape of the 'Landlord v Tenant' relationship CBRE London

14th November Young Leaders Mentoring Fasterclass London

3rd December Annual UK Chapter Awards Breakfast London

2014

26th February 1 Big Day London





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10 October 2013

Thank You!
Let's network!

