

Better Buildings Partnership

What you need to know about green leasing

ANREV Webinar
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Better Buildings Partnership (BBP)



A collaboration of leading property owners, managers, peak bodies and industry influencers that work to improve the performance and sustainability of existing commercial buildings in the City of Sydney and across Australia



Green leasing - What is it and who is doing it?

Green leasing v traditional leasing

Google “Green Leasing Definition” and you will find 6,590,000 results

The BBP Leasing Index Study of Sydney CBD leases in FY13 and FY14 identified the presence of green leasing topics in over:

- 62% of all leases
- 80% of leases for prime grade buildings

The Global Real Estate Sustainability Benchmark (GRESB) also found that globally 43% of participating funds integrated green leasing provisions in precedent leases in FY14



BBP Template Lease Clauses

B Consumption, Waste and Recycling 2 Minimising Waste from Make Good

OVERVIEW

Clauses around make good can result in the minimisation of financial and resource waste that often occurs at the end of the lease.

RICS has produced the Guide to Greening Make Good to assist the property industry in reducing waste at lease end through valuing the materials used and trying to avoid waste through planning, agreement and sharing responsibility. For more information on the RICS Guide go to:

www.rics.org/au/

DEFINITIONS

Make Good means insert definition

[Drafting note - the definition of make good will vary according to the Lease and commercial negotiations]

Make Good Price means the amount determined by clause 1.2(a) or clause 1.2(c) [as the case may be].

Make Good Period means the period during which the Make Good is to be carried out.

Re-letting Period means insert date prior to the Expiry of the Lease.

"A plan for the make good at end-of-lease can reduce wasted cost, time, labour and materials."¹

Greening Make Good
RICS Oceania

ADDITIONAL BENEFITS

Green Star - Performance

Make Good information may be used as an input into Green Star - Performance compliance requirements

Green Star - Interiors

Minimising waste from make good is a recognised element in Green Star - Interiors.



- Sample clauses on wide array of topics
- Overview of each clause
- Flexibility so the parties can select how binding to make the clause
- Strategies to de-risk the drafting

NOTES	CLAUSE	CONCERN/RISK/MITIGATION
none noted	1.1 Commitment The Landlord and the Tenant commit to using reasonable endeavours to minimise waste from the fitout of the Premises.	none noted

NOTES	CLAUSE	CONCERN/RISK	MITIGATION
none noted	1.2 No reinstatement The Tenant must not be required to reinstate any fitout or alterations which have been carried out with the consent of the Landlord during the Term and which improve the energy or water efficiency of the Premises unless such reinstatement is reasonably required by the Landlord to improve its ability to re-let the Premises after the Expiry of the Lease.	The Tenant may incur costs if the landlord requires it to reinstate the Premises to its original state prior to the lease.	This clause creates the potential for tenants to save on fitout costs. Many standard make-good clauses do not provide such an option and mandate that tenants must re-install their premises, regardless of any operational benefits to the landlord. The clause still provides for a fall-back position of the landlord retaining the money paid by the tenant for the cost of the make good works if a new tenant cannot be found to take over the existing fitout.

¹ Ric Royal Institution of Chartered Surveyors ©2016 RICS Oceania Greening Make Good Retrieved from website <http://www.rics.org/au/knowledge/more-services/guide-advice/rics-oceania-greening-make-good-guide/>

Sparks Helmore Lawyers has drafted the clauses as stand-alone options and any use of them should not be construed as Sparks Helmore providing legal advice or creating a solicitor - client relationship. Always seek specific legal advice for your particular circumstances from a lawyer with relevant expertise.

<http://www.betterbuildingspartnership.com.au/resource/bbp-leasing-standard-template-clauses/>

BBP Template Lease Clauses

CW Cooperation and Works

- 1 Environmental Initiatives
- 2 Enabling Upgrade Works
- 3 Sustainability Management Collaboration
- 4 Premise Design for Performance
- 5 Managing Waste from Works
- 6 Social Initiatives

MC Management and Consumption

- 1 Energy Management
- 2 Water Management
- 3 Waste Management
- 4 Indoor Environment Management
- 5 Sustainable Utilities
- 6 Sustainable Cleaning
- 7 Sustainable Transport
- 8 Sustainable Procurement

RS Reporting and Standards

- 1 Information Sharing
- 2 Performance Rating
- 3 Design/Development Rating
- 4 Performance Standards
- 5 Metering and Monitoring
- 6 Comfort

CC Compliance and Costs

- 1 Dispute Resolution
- 2 Assignment
- 3 Rent Review

- Clauses are designed to be stand alone, although can be used in a schedule
- Options for both landlords and tenants to be bound by obligations equally
- There is some repetition
- The list is not exhaustive

Originally drafted by:

sparke
HELMORE
LAWYERS

With additional clauses
contributed by:

MO MILLS
OAKLEY

<http://www.betterbuildingspartnership.com.au/resource/bbp-leasing-standard-template-clauses/>

BBP Leasing Standard

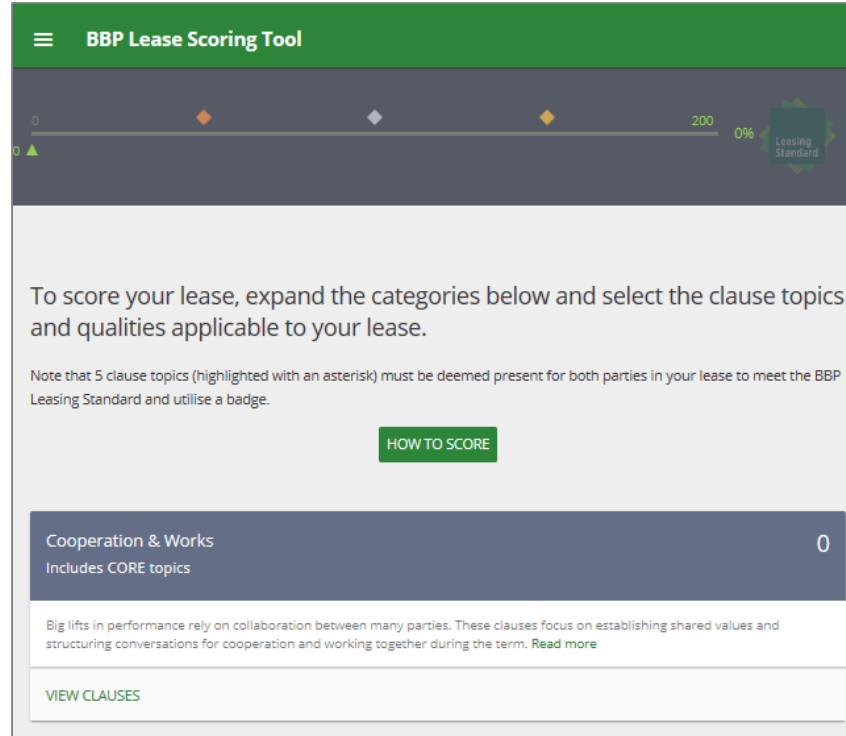


- Released in September 2016 by the Better Buildings Partnership, the BBP Leasing Standard is a **recognisable badge to signify the level of collaboration and sustainability provided by a lease**



- The BBP Leasing Standard is not a certification but a self-assessed commitment like the grade of a building

BBP Leasing Standard - How do you get it?



The screenshot shows the 'BBP Lease Scoring Tool' interface. At the top, there is a green header with a menu icon and the title 'BBP Lease Scoring Tool'. Below the header is a progress bar with a scale from 0 to 200 and a '0%' indicator. A 'Leading Standard' badge is visible on the right side of the progress bar. The main content area contains the following text:

To score your lease, expand the categories below and select the clause topics and qualities applicable to your lease.

Note that 5 clause topics (highlighted with an asterisk) must be deemed present for both parties in your lease to meet the BBP Leasing Standard and utilise a badge.

Below this text is a green button labeled 'HOW TO SCORE'. Underneath is a category card for 'Cooperation & Works' with a score of '0'. The card includes the text: 'Includes CORE topics' and 'Big lifts in performance rely on collaboration between many parties. These clauses focus on establishing shared values and structuring conversations for cooperation and working together during the term. [Read more](#)'. At the bottom of the card is a button labeled 'VIEW CLAUSES'.

[LeaseScore.betterbuildingspartnership.com.au >](https://LeaseScore.betterbuildingspartnership.com.au)

BBP Leasing Standard - How do you get it?

Management & Consumption 53
Includes CORE topics

What can be measured can be managed. These clauses focus on resource and environment management and how to provide for better, healthier workplaces for occupants. [Read more](#)

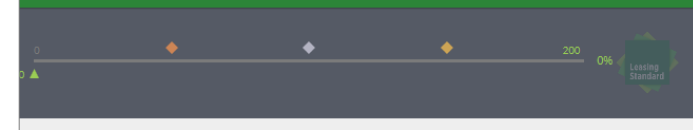
Energy Management **CORE**

Does the lease encourage, facilitate or require BOTH parties to monitor and or manage their energy consumption? [Read more](#)

Tenant Side		Landlord Side	
<input checked="" type="checkbox"/> Present	1	<input checked="" type="checkbox"/> Present	1
<input checked="" type="checkbox"/> Actions	2	<input checked="" type="checkbox"/> Actions	2
<input checked="" type="checkbox"/> Commitments	2	<input checked="" type="checkbox"/> Commitments	2

ANALYSIS

BBP Lease Scoring Tool



Analysis

Location in lease
Lease
Clause 8
Energy Management

Clause text

Energy Management
The parties will co-operate to develop and implement a program in relation to the monitoring and management of electricity use to educate and encourage the Tenant's employees to reduce consumption of electricity. Each party will nominate a representative for the development and implementation of this program.

Clause interpretation

Presence - This clause encourages, facilitates and enables the parties to monitor and manage energy Actions - the actions is the development and implementation of the energy monitoring / management program
Commitment - Breach of this clause is a breach of the Lease

BBP Leasing Standard - How do you get it?



Under the Scoring Tool, points are awarded if the below categories are present and have actions and/or commitments attributable to them:

CO-OPERATION & WORKS

- Environmental Initiatives
- Enabling Upgrade Works
- Sustainability Management Collaboration
- Premises Fitout Works
- Premises Reinstatement Works
- Social Initiatives

MANAGEMENT & CONSUMPTION

- Energy Management
- Water Management
- Waste Management
- IEQ Management
- Sustainable Utilities
- Sustainable Cleaning
- Sustainable Transport
- Sustainable Procurement

REPORTING & STANDARDS

- Information Sharing
- Performance Rating
- Design/Development Rating
- Performance Standards
- Metering
- Comfort

BBP Leasing Standard has a minimum requirement that the five “core topics” underlined above must be present for both the Landlord and the Tenant

BBP Leasing Standard - How do you get it?



LEASE SCORECARD

PRECEDENT LEASE

Lease Name: PCA Presentation Score Card Date of Output: 24/04/2017 Hash ID: 9lv0

79% Score Industry Average: 71%

Lease Dimensions

98% Present Average 72% **83%** Actions Average 73% **66%** Commitment Average 74%

CATEGORY AND CLAUSE BREAKDOWN

Category	Present	Actions	Commitment	Score
Cooperation & Works				51
*Environmental Initiatives	• •		• • •	8
*Enabling Upgrade Works	• • •		• • •	10
Sustainability Management Collaboration	• •		• •	6
Premise Design for Performance	• • •		• • •	10
Managing Waste from Works	• • •		• • •	10
Social Initiatives	• • •		• •	7
Management & Consumption				53
*Energy Management	• • •		• • •	10
Water Management	•		• • •	7
Waste Management	• •		• • •	5
IAQ Management	•		• •	4
Sustainable Transport	• • •		• • •	10
Sustainable Cleaning	•		•	2
Sustainable Utilities	• •		• •	5
Sustainable Procurement	• • •		• • •	10
Reporting & Standards				54
*Information Sharing	• • •		• • •	10
*Performance Rating	• • •		• • •	10
Design/Development Rating	• • •		• • •	10
Performance Standards	• •		• • •	5
Metering	• • •		• • •	10
Comfort	• •		• • •	9

* Minimum clause requirement **Score: 158/200**

This is a self-assessed score derived using the Leasing Standard as guidance. The Leasing Standard was created by the better buildings partnership (bbp) to recognise an organisation's commitment to collaboration and sustainability in commercial leasing. The bbp provides no warranty as to the accuracy of this self-assessed score. The Leasing Standard has been endorsed through extensive national and international consultation and research. For additional guidance or information on the bbp, other works, please see www.betterbuildingspartnership.com.au.

LEASE SCORECARD

PRECEDENT LEASE

Lease Name: PCA Presentation Score Card Date of Output: 24/04/2017 Hash ID: 9lv0

79% Score Industry Average: 71%

Topic Ref	Lease Ref	Clause Text	Analysis
Management & Consumption			
Energy Management	Lease Clause 8 Energy Management	Energy Management The parties will co-operate to develop and implement a program in relation to the monitoring and management of electricity use to educate and encourage the Tenant's employees to reduce consumption of electricity. Each party will nominate a representative for the development and implementation of this program.	Presence - This clause encourages, facilitates and enables the parties to monitor and manage energy Actions - the actions is the development and implementation of the energy monitoring / management program Commitment - Breach of this clause is a breach of the Lease

BBP Leasing Standard - What can you do with it?



BETTER BUILDINGS PARTNERSHIP



BETTER BUILDINGS PARTNERSHIP
BRONZE



BETTER BUILDINGS PARTNERSHIP
SILVER



BETTER BUILDINGS PARTNERSHIP
GOLD

Use of the BBP Leasing Standard in marketing materials means:

- commitment to include the BBP Leasing Standard core topics in the lease negotiation
- endorsement of a collaborative relationship between tenant-landlord



The BBP Leasing Standard will be able to be used to report under GRESB from 2017 onwards.

1 BЛИGH STREET, SYDNEY

- Executive fitted suites available
- Sydney's most innovative premium grade building
- Outstanding onsite amenity

At the heart of the financial district, 1 Bligh is the first of its kind. A striking presence in the Sydney skyline, the unique elliptical tower breaks the mould for sustainable high rise office space, combining leading edge design and technology to create the next generation workplace in one of the world's most enviable business locations.

Inside, the visionary design is nothing short of inspirational. It optimises natural light and space to improve the way people collaborate and interact. A host of innovations, from the double skin façade to the full height glass atrium, make this Sydney CBD's first 6 Star Green Star high rise office tower.

The amenities at 1 Bligh are nothing short of first class. In every detail, you'll experience a working environment that exceeds expectations. A talented and professional concierge team on hand, showers and change facilities, bicycle racks and a childcare centre create a vibrant workplace for employees.

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DEXUS PROPERTY GROUP OFFICE LEASING OPPORTUNITIES

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Acknowledgements



The Better Buildings Partnership's work on best practice leasing comes from over six years of extensive industry consultation and research. The Partnership acknowledges the contribution of its members and the external stakeholders involved.

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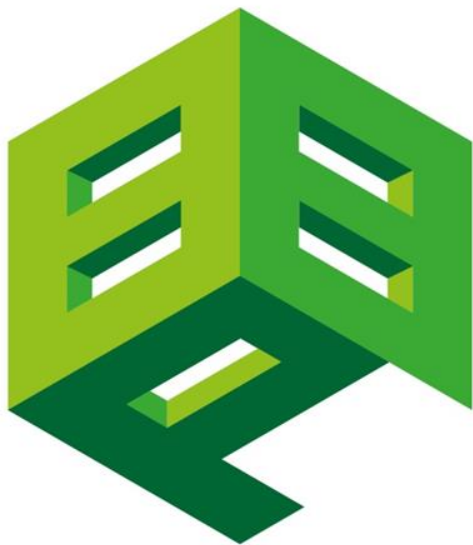
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Tenant & Communities Technical Working Group
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