

Imagine the result



Environmental and Due Diligence Services for Property Transactions

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Agenda



Company Introduction

Transactional and Asset Management Services

Due Diligence Services

Some Examples

ARCADIS Company Profile

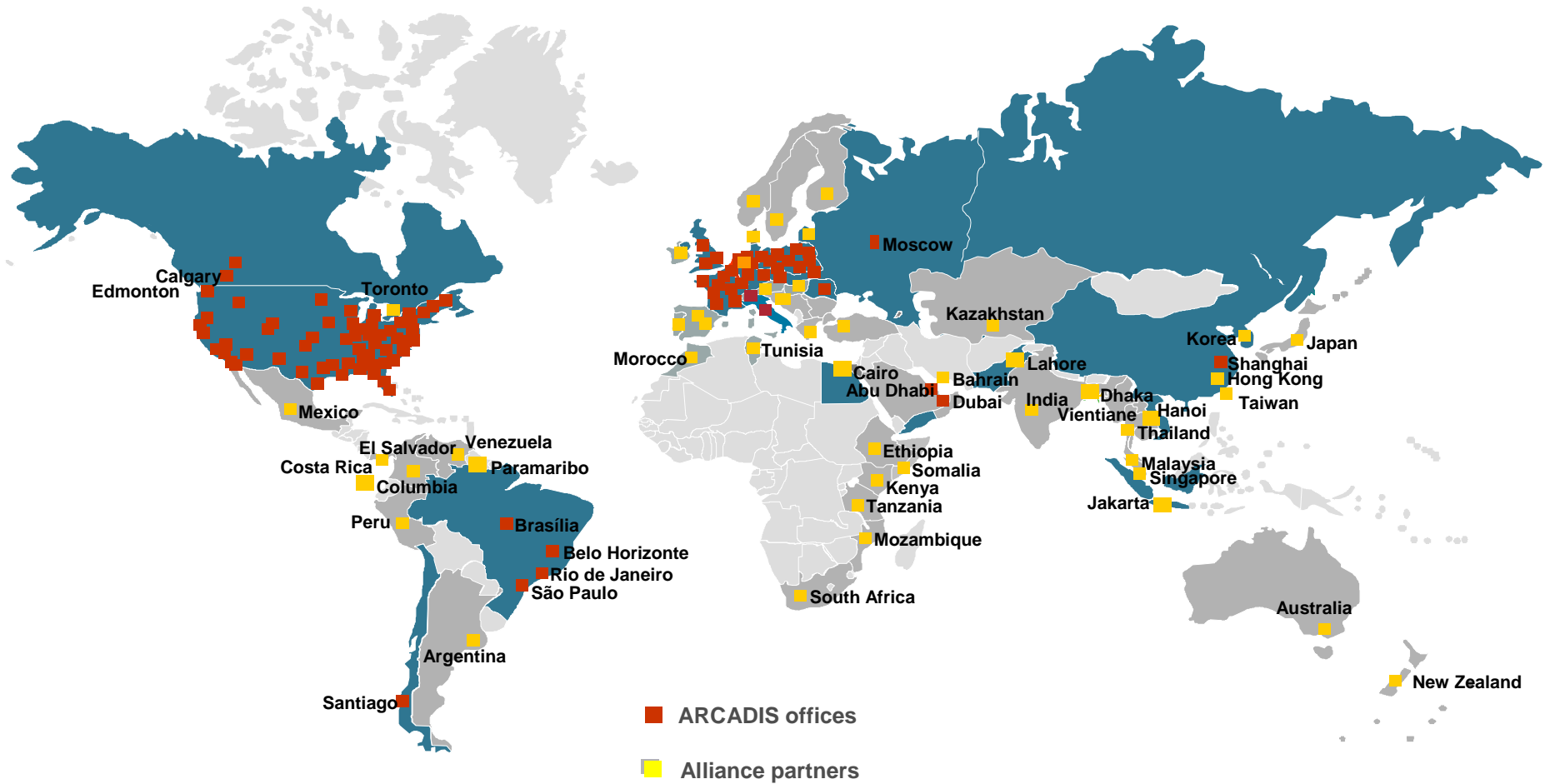
- ARCADIS is an international firm providing design, consultancy, engineering & management services
- In infrastructure, environment and buildings
- Active in the whole value chain
- 15,000 employees
- Revenues 2009 € 1.8 billion
- Europe top 3
- Worldwide top 10



High level professional services for the human habitat

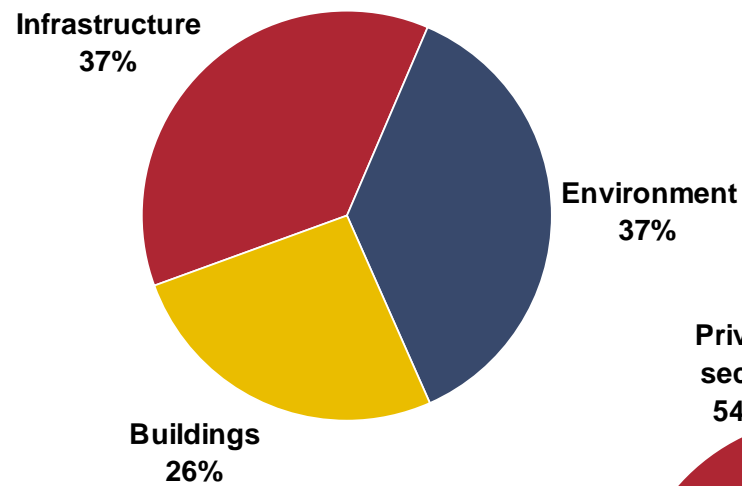
ARCADIS

Global Footprint

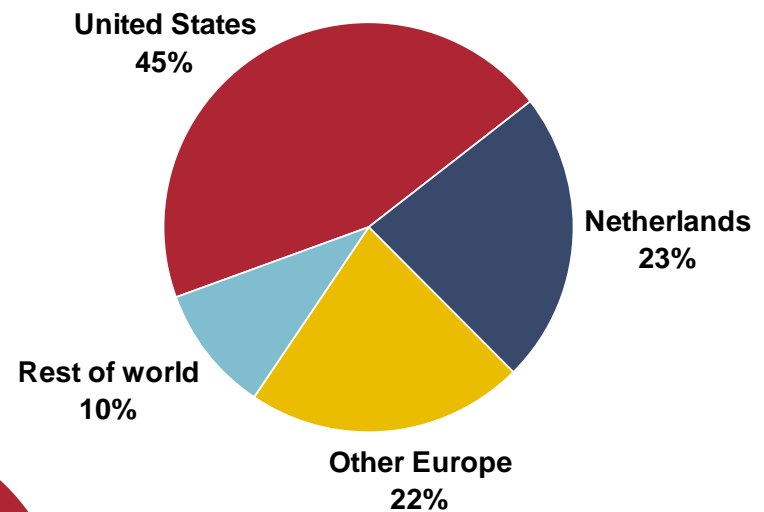


Distribution of revenues

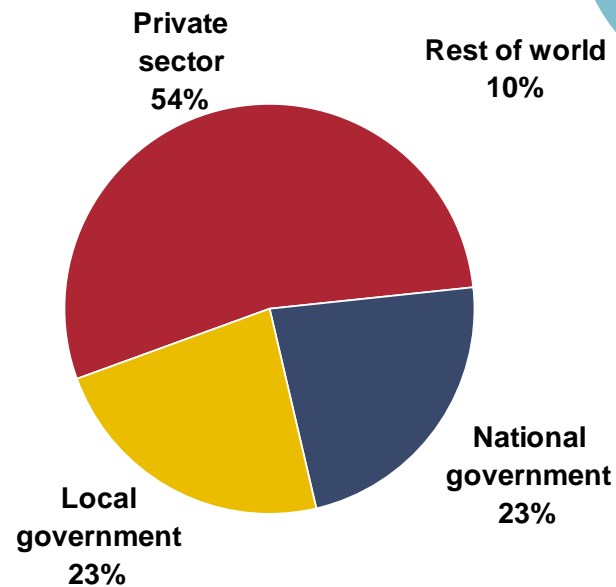
Activities



Geography



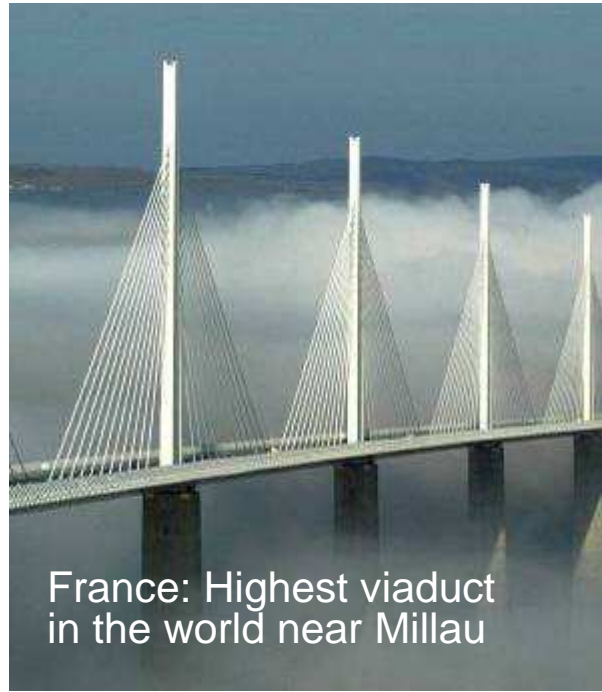
Clients



Infrastructure Specialist Rail and Bridges/Tunnels



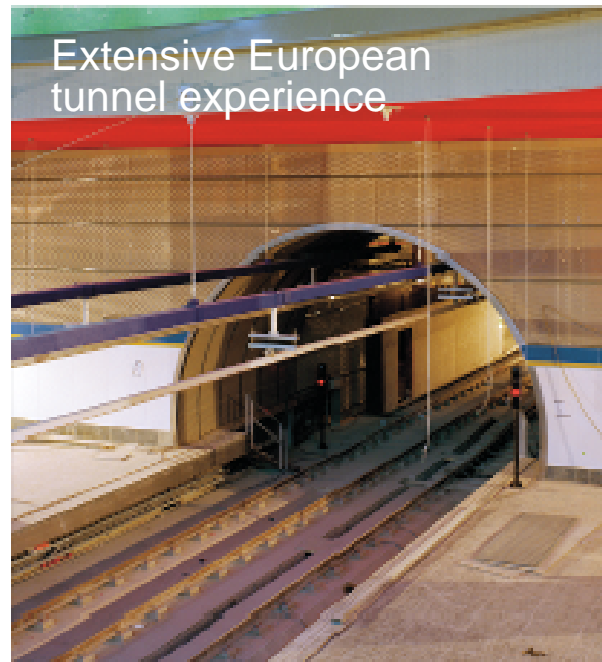
Netherlands: High speed rail line Amsterdam-Paris



France: Highest viaduct in the world near Millau



France: High speed rail systems expansion



Extensive European tunnel experience

Infrastructure Specialist Rail and Bridges/Tunnels



• Upgrade of Rotterdam metro safety system and build-out of other light rail networks



Poland - Warsaw–Nasielsk line
Aiming to make rail more competitive with other forms of transportation

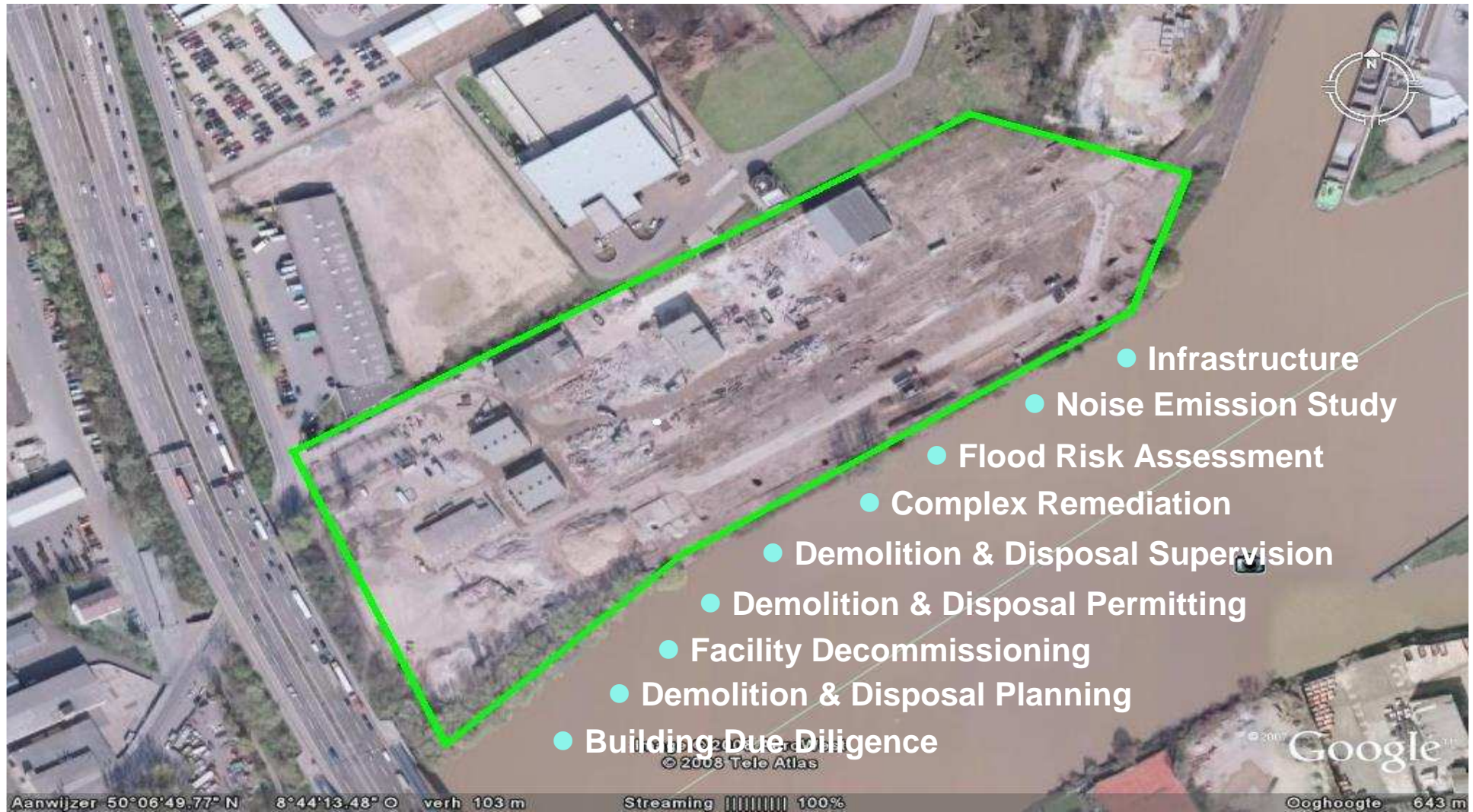


Station design
Urban & landscape design

Environmental Services – from a contaminated site



..... site divestment.....

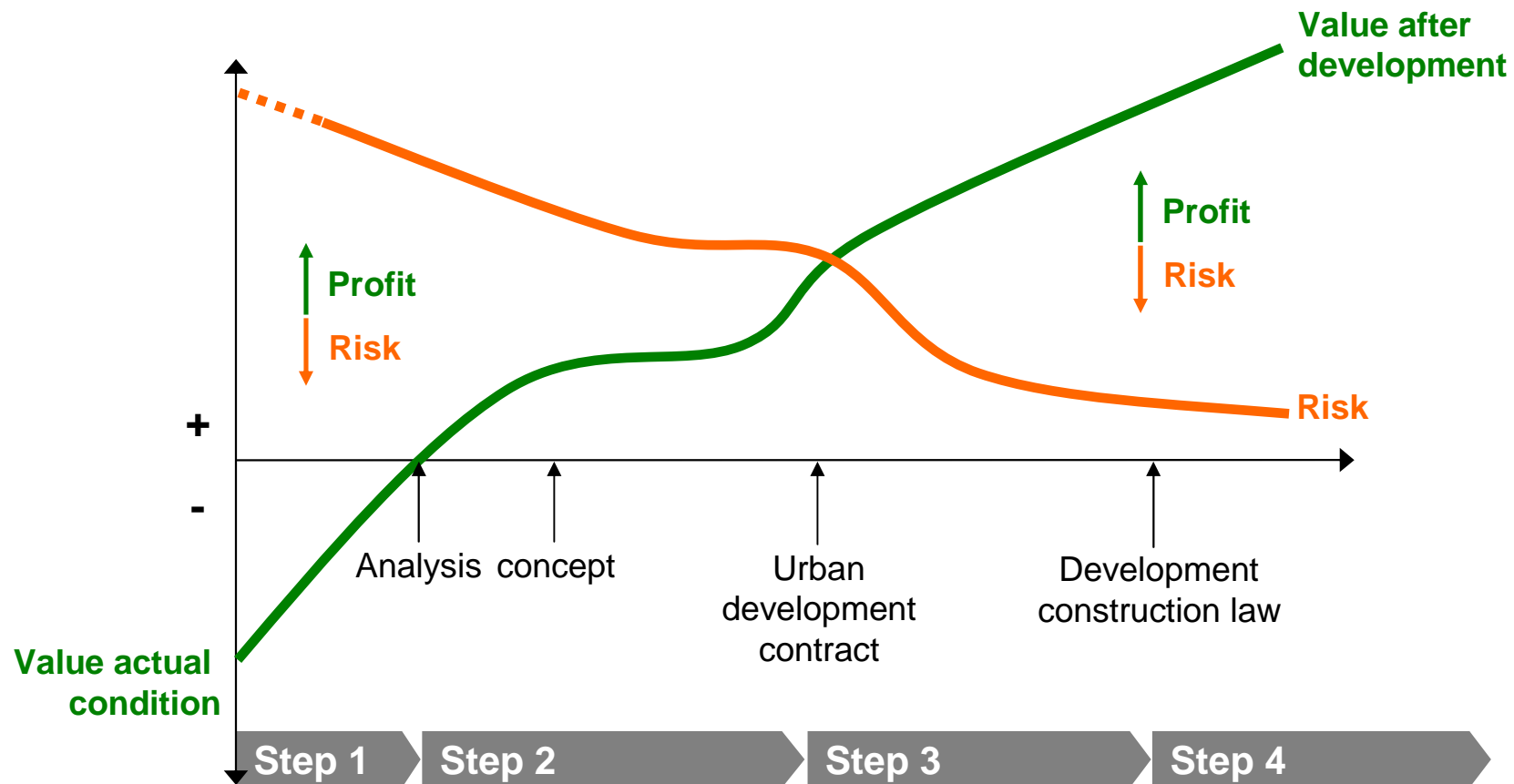


- Infrastructure
- Noise Emission Study
- Flood Risk Assessment
- Complex Remediation
- Demolition & Disposal Supervision
- Demolition & Disposal Permitting
- Facility Decommissioning
- Demolition & Disposal Planning
- Building Due Diligence

.... and redevelopment!



Transactional Services - Reduce Risks – Optimize the Added Value



What is Due Diligence?



- A process of systematically evaluating information to identify risks on issues relating to a proposed transaction.
- An evaluation, in financial terms, of the various critical aspects of a transaction by a group of paid advisors to the principals.
- It is a form of assurance
 - The client is putting capital at risk because they believe that the transaction will occur.

Due Diligence - Impacts on large sales & acquisitions



- Increasing need for fully integrated accounting / technical / environmental / legal Due Diligence team.
- Early involvement of environmental Due Diligence team in definition of auditable liability costs and corporate financial disclosure.
- Increased sophistication needed for environmental cost estimation strategies.
- During transactions the following DDAs may be performed:
 - Financial DD
 - Economic DD
 - Tax DD
 - Legal DD
 - Technical DD
 - Environmental H&S DD
 - etc.

What does the client do with the results?



The Client is the Buyer:

- Does he still want to do the deal (deal breakers) ?
- Can he get indemnifications for the liabilities and future costs?
- Can he reduce the purchase price because of liabilities and future costs?

The Client is the Seller:

- Present the site to potential buyers
- Show positive issues

Typical Issues

Compliance issues

- Cost for installing/maintaining/operating of equipment or working time to be in compliance with regulations

Soil and Groundwater Contamination

- Cost for investigation and remediation

Hazardous Building Materials

- Cost for abatement

EHS regulations

Auditor need to know regulations, e.g.:

- General permit requirements
- Air emissions, ODC (ozone depleting subst.)
- Waste water
- Waste
- Noise
- Storage and handling of hazardous materials
- Hazardous building materials (Asbestos, ...)
- Occupational H&S
- (Fire protection)
- Soil and groundwater contamination

What is Phase I, Phase II, ...



Phase I: Document review and site inspection, data room visit.

Phase II: Intrusive site investigations such as Drilling for soil and/or groundwater sampling, sampling of hazardous building materials.

Phase III: Detailed investigation of contamination identified in Phase II, e.g. delineation, identification of contamination center, extend of contamination.

(Technical
and)

Environmental Due Diligence - Phase 1



Inspection of documents

- Data room
- Historical evaluation
- Non-intrusive Due Diligence (ESA Phase I)

Site visit

- Quick check incl. geotechnical assessment
- Intrusive Due Diligence (Phase II) where necessary
- Structural, mechanical and electrical, FLS

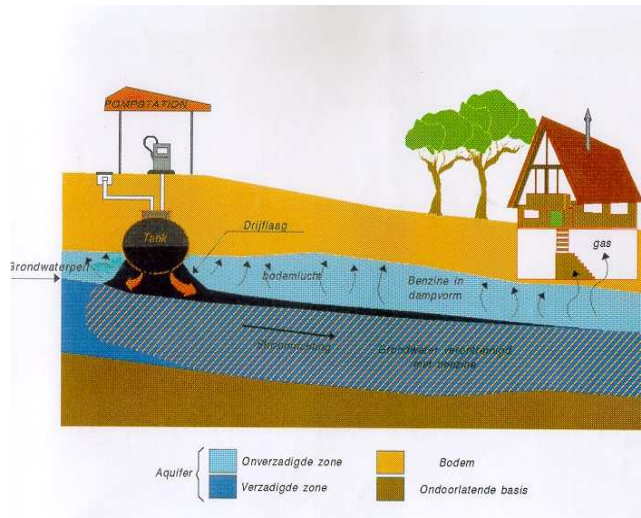
Cost Estimate for renovation / remediation
or maintenance cost for continuous
operation

Preparation of reports

Photo documentation



Contamination caused by former and ongoing Operations



- What potential contaminants are present?
(Check hazardous material inventory)
- Leaking ASTs, USTs, sewer system, Oil/water separator.
- Spills caused by loading or transport operations spills.
- Improper sealing of floors in storage or production areas.
- Underground installations such as pipes, channels, hydraulic and supply pipes, etc.
- In general: Everything that contains liquids can leak: Proper precautions and maintenance programs in place?

Executive Report-Format



1 Executive Summary

	costs	deadlines	quality
Project A			
component E	👍	👍	👍
component F	👍	👍	👍
component M	👍	👍	👍
component A	👍	👍	👍
component H	👍	👍	👍
component TG	👍	👍	👎

Legende: Without any problems 👍 Problems expected 🟡 problematical 🚩

Costs:

Entsprechend der Leistungsstandfeststellung zum TT.MM.JJJJ ergeben sich voraussichtlich Restherstellungskosten für das Musterprojekt in Höhe von xxx.000.000 €. Mit dem einbehaltenen Entwicklerumsatz von xxx.000.000 € ergibt sich eine Vertragserfüllungsbürgschaft in Höhe von xxx.000.000 €. Gegenüber dem Begehungstermin vom TT.MM.JJJJ war am TT.MM.JJJJ kein großer Baufortschritt zu erkennen.

Deadlines:

Entsprechend den Bauablaufterminplänen TT.MM.JJJJ für das Musterprojekt ergeben sich für das Musterprojekt keine Verzögerungen. Die Fertigstellungstermine der einzelnen Gewerke werden zum jetzigen Zeitpunkt als nicht kritisch betrachtet.

Quality:

Die Qualitäten sind als gut zu bezeichnen.

Hinweis: Im 2. UG der Tiefgarage sind Undichtigkeiten im Außenwandbereich aufgetreten.

5.5 Walls

Load-bearing internal walls are constructed in in-situ concrete. Internal partition walls will be constructed in dry-lining. According to the construction programme the dry-lining work is planned to start in week 48 / end of mm.yyyy.

5.6 Windows

All operable windows are planned as tip-turn windows with thermal insulation glazing. The installation of the windows is planned to start at the completion of the structural shell in the middle of October.

5.7 Doors

The entrance door consists of a double leaf wind lobby door. Detailed information on the material will be produced in the course of the further working drawings. The external doors are planned to be installed starting dd.mm.yyyy. It is intended to install the internal doors in the period from dd.mm.yyyy to dd.mm.yyyy.

5.8 Floors

Information on the finishes is not yet available.

5.9 Fire Precaution

The fire safety concept has been requested. The building can be laddered from all sides. The rescue route is secured. The approach for the fire brigade is ensured via the access to the parking spaces. All other fire protection details can first be evaluated when the fire safety concept is inspected, and is dependent on the internal fit out.

5.10 Staircases

The three-flight concrete stairs with open gaps between will be constructed in precast elements. At the time of the site inspection the structural shell of the staircases were completed up to the 2nd floor level. The installation of the precast components and the formation of joints at connections have been carried out properly. All entrances are suitable for the handicapped.

5.11 Internal Finishes

Information on the finishes is not yet available.

5.12 External Areas

The external works have not yet been finally awarded. A design concept is currently being developed for the area of the public pavements alongside the streets.

Due Diligence – Phase II

When to recommend a Phase II ?

Advantages/Disadvantages:

- ++ Knowledge of subsoil & groundwater situation
- ++ Identification of potential contamination
- ++ Cost estimates /Cost certainty
- Contamination to be reported to Authorities
- Clean-up may have to be done



Some Rules



- Qualified technical specialists with local knowledge and sensitivity to local/national issues/regulatory climate.
- Maintain databases of projects that can be relied upon for environmental information
- Being flexible about the content and format of the environmental due diligence reports.
- Adhering to a basic set of standards for the site inspection, the records review process, and reporting.
- Rigorous quality control review by a qualified environmental professional with experience in the country where the transaction is taking place.

Team Characteristics



“Hats” which the team members must wear:

- Diplomat
- Psychologist
- Corporate Liaison
- Detective
- Lawyer
- Engineer
- Saint

Confidentiality and Conflict of Interest



Confidentiality is essential:

- to third parties
- to employees of the client and the target company

What is a conflict of interest?

- Any involvement of ARCADIS that could lead to a result that is unfavorably biased for the client.
- Check before writing a proposal.

Need an Established Structure to Compete Effectively



Delivery

- Apply top experience on all projects
- Ensure that product is consistent and advisory

Consistency

- Standard proposals
- Standard work products
- Training
- Designated responsibilities

Efficiency

- Experienced teams
- Standardized approaches
- Regionally established
- Short cycle times

Transactional Services; e.g. – Poland



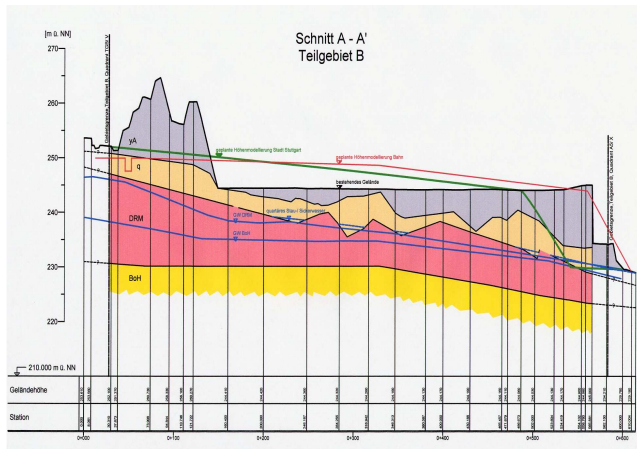
Env audit incl EHS compliance and possible contamination liability assessment of PKP Intercity, PKP Wars and PKP Przewozy regionalne

- For the privatization process (transport of people and materials):
- Assessment of all assets and sites potential contamination and env risk.
- Review of fulfillment of environmental duties directed by Polish env regulations.
- for Price Waterhouse Coopers and ING Securities S.A.

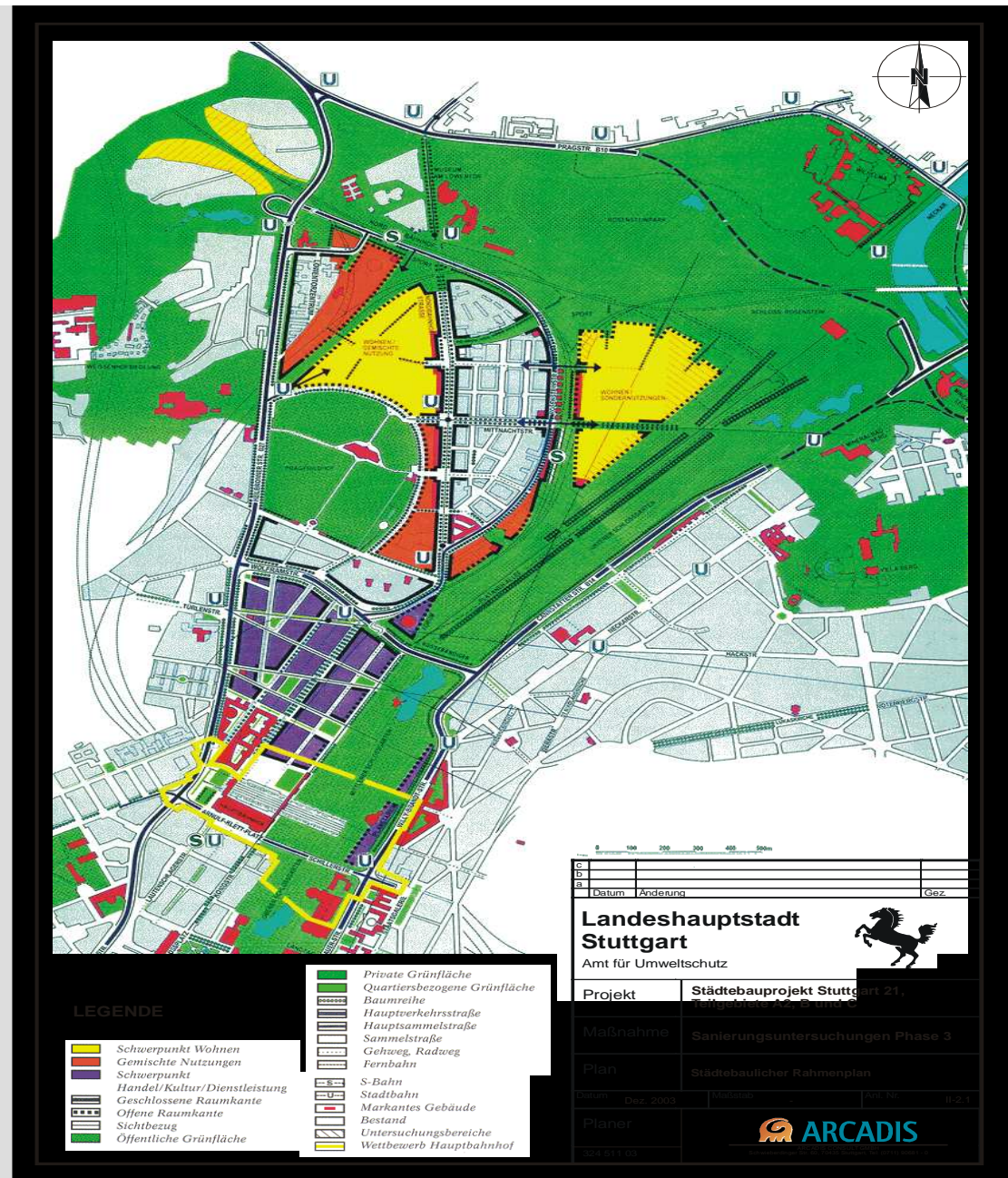
Env Compliance Report for Zakładu Naprawy Taboru Kolejowego (railway maintenance facility) GATX Rail Poland Sp. z o.o. in Gdansk, Ostróda and Płock.

- The subject was the fulfillment of the env duties, which are the consequence of the polish env regulations, both past and present.

Transactional Services; e.g. – Germany - Stuttgart 21(1) Property Transfer to Municipality

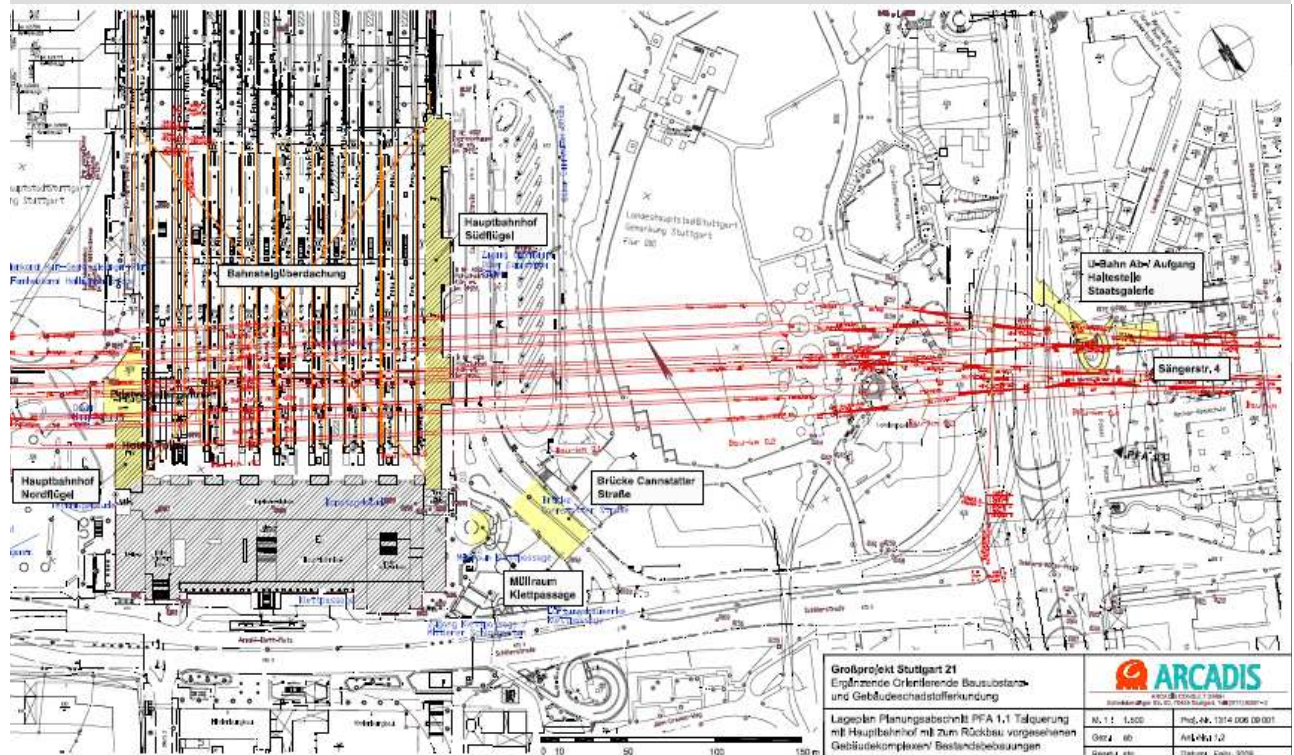


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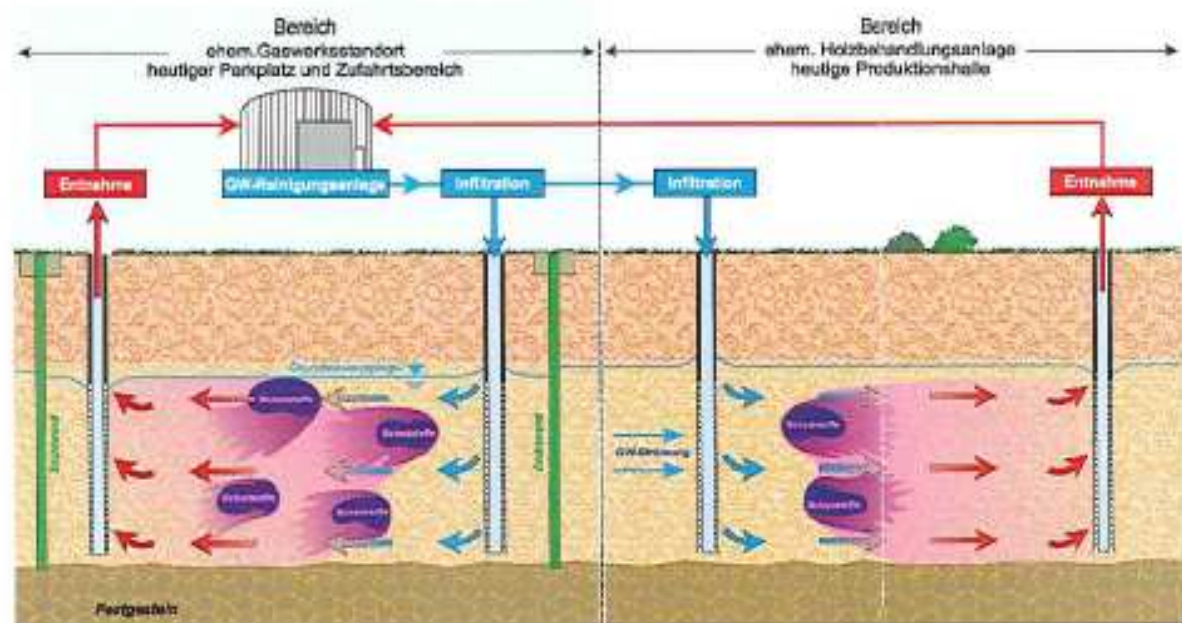
Transactional Services; e.g. – Germany - Stuttgart 21(2)

Investigation of Hazardous Building Materials



Post
Transactional
Services; e.g. –
Germany -Bad
Cannstatt

Groundwater
remediation on
a sold property



...thank you for your attention!

Imagine the result