

LASALLE INVESTMENT MANAGEMENT SUSTAINABILITY CASE STUDY

222 Exhibition Street, Melbourne, Australia

September 2018



TYPE AND SCALE

Property Type: Office (Grade A)
GFA: 337,000 sq. ft.
Floors: 29 floors

SUMMARY

222 Exhibition Street is a 29-storey office building built in 1989. When LaSalle Asia Venture Trust purchased the property in 2015, LaSalle saw an opportunity to improve the building, in particular its sustainability performance to achieve better building efficiency overall.

LaSalle took a long-term, asset lifecycle approach to sustainability at this property, believing that exceptional outcomes can be realized without millions of dollars in capital expenditure.

One of the goals was to achieve a high National Australian Built Environment Rating System (NABERS) rating in order to attract the right tenants to the building. While common for a new office building to target high NABERS performance, existing commercial properties face challenges from legacy systems, and complexities of making changes without inconveniencing existing occupants.

ACHIEVEMENT

National Australian Built Environment Rating System (NABERS) rating

- Current rating: 4 stars
- Target rating: 4.5 stars (by end of 2018); 5 stars (in future)
- Previous rating: 3.5 stars (in 2015)

Collaborative Partnerships Award

The facilities management team was awarded the Collaborative Partnerships Award by the Facilities Management Association of Australia (FMA) in 2017 for a “predictive maintenance system” implemented that is unique among Australian commercial buildings.

Sustainability Achievement with Low Capital Expenditure

LaSalle Investment Management is turning an outdated 1980s commercial building into a sustainable success story with low capital expenditure.

IMPLEMENTATION

Predictive Maintenance Programme

A new “offensive” approach to maintenance was developed and implemented utilizing Analytic Platform from Built Environment Optimisation (BUENO) since Q3 2017. The platform remotely monitors the building’s BMS and building systems, detects and identifies issues before occupants are aware of any reduced service levels (such as AC not functioning as it should). alerts building engineers to developing issues and provides them with key data which allows remediation strategies being prepared before attendance to site.

In addition, the BUENO platform enables collaboration between parties to communicate and solve issues raised that are more complex in nature and is able to predict failures and determine the most cost-effective point in time for maintenance attendance.

In one case, the platform predicted the failure of a supply air fan motor which would have resulted 10 days’ service downtime and would have cost more than AUD 35,000 to repair under tradition schedule-based maintenance. Due to the predictive maintenance, repairs were undertaken for AUD 2,374 with no service downtime.

Important Information: This case study has been prepared by the contributors and the Asian Association for Investors in Non-listed Real Estate Vehicles Limited (ANREV), to provide you with general information only. It is not intended to take the place of professional advice. In preparing this case study, the contributors did not take into account the investment objectives, financial situation or particular needs of any particular person. Before acting on the information provided in this case study you should consider whether the information is appropriate to your individual needs, objectives and circumstances. No representation is given, warranty made or responsibility taken as to the accuracy, timeliness or completeness of the information contained in this newsletter. Neither ANREV nor the contributors are liable to the reader for any loss or damage as a result of the reader relying on this information.

Challenges

The main challenges came from implementing changes without inconveniencing existing occupants, given its occupied condition. LaSalle took following approaches when carried out those implementations:

- Implementations carried outside working hours
- Provide long notice periods to tenants of any system outages
- Set up strong lines of communication

Outcome

The building improvements resulted in positive outcomes, where tenant benefited, including:

- *Improved efficiency:* The predictive maintenance allows the onsite team to quickly identify problems when plant isn't running as it should
- *Reduced service down time:* Early identification of problems means that problems can be treated quickly before they develop which reduces service down time
- *Reduced cost:* Reduced repair and maintenance costs charged back through outgoings

CONTEXT AND DRIVERS

Holistic View and Approach with a NABERS Upgrade Pathway Report

One of the first steps was to undertake an extensive analysis of the building's systems and performance. The resulting NABERS Improvement Plan provided a detailed assessment of the building, allowing LaSalle to outline a holistic approach to improvements and upgrades. Priority was given to optimizing existing services and upgrading end-of-life plant with new technology, with a focus on improving energy use.

KEY FEATURES/KEY GREEN STRATEGY

Optimize Mechanical Systems Controls and Cooling Towers

Some of the works detailed in the roadmap included chiller and boiler upgrades, with new heating hot water coils on the air handling units. Low-load chillers installed allow the chillers to work in tandem and therefore achieve better efficiency during off-peak hours. An improved controls strategy will also assist in optimizing the mechanical systems.

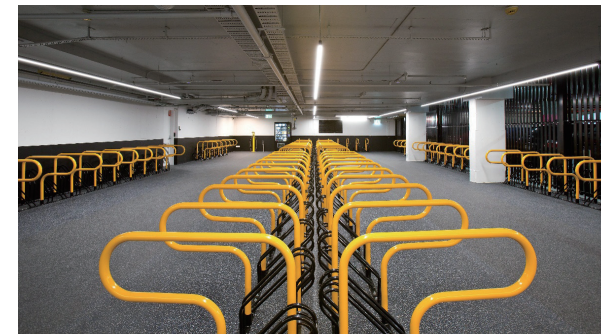
Improve Air-Conditioning and Ventilation Strategies

The building's relief air fans were channelling all the conditioned air outside the building. LaSalle designed a relief-air to return-air pathway to reduce the need (and energy use) for the HVAC plant to constantly condition new outside air.

Upgrades for Premium Aesthetics and Improved Wellness Outcomes

The main entry foyer gone through major redevelopment with the new design reflective of a modern premium office environment. A new tessellated façade detail wrapped the building and create a sense of visual interest with its form and scale.

In tackling a growing wellness demand, a brand new end-of-trip facility has been completed and provides improved amenity. On level seven, there is a large outdoor podium space of approximately 2,000 square metres. The space will be leased to an incoming commercial tenant and will provide staff a unique area within which to collaborate, exercise and socialize.



Reduce, Reuse, Recycle

Drawing on industry best practices, LaSalle worked with the building's cleaning contractor to put in place a regime of daily bin weighing and weekly contamination inspections. This data can then be used to work on educating tenants about better waste management.

There are plans to add recycling facilities for mobile phones, batteries and e-waste. LaSalle is working with consultants on a series of information resources for tenants and the building's facilities management team and has also sourced a supplier to take used paper towels for recycling.

INFORMATION

LaSalle Investment Management

Gareth Sneade
Associate Director, Asset Management
Email: Gareth.Sneade@lasalle.com
Main line: +61 3 9284 7915

Website/Link:
Company: www.lasalle.com
Property: www.222exhibition.com.au
Media/Video: <https://vimeo.com/230106393>