



Funded Environmental Upgrade Guarantees 4.0 Star NABERS Rating for Landmark Building in Perth CBD

- ✓ **Ecosave Services Agreement (ESA) Guarantees 4.0 Star NABERS Energy Rating (formerly 0.0)**
- ✓ **Building owner gets free energy efficiency upgrades through the ESA: No upfront capital, no debt and cash-flow positive proposition – solves the split-incentive challenge typically associated with commercial building upgrades.**
- ✓ **Proactive value-add asset strategy by Property Manager to address low-occupancy challenges.**

99 St Georges Terrace is a 13-floor office tower with podium level retail suites set in a prominent corner location near Howard Street in Perth CBD. The property is managed by Colliers International and the HVAC is maintained by BSA Limited using a Tridium Niagara Building Management System.

Perth's recent market downturn and resulting **low occupancy situation** have pushed the building's **NABERS Energy Performance down to Zero (0.0) Stars**. This made attracting tenants to vacant floors and suites a difficult proposition for Colliers International. Also, the building's ageing plant and equipment posed **significant reliability issues** for BSA Limited, resulting in **escalating operational and maintenance costs** for the landlord.

The Owner sought guidance from Colliers International and BSA Limited to develop a strategy to address these issues and increase the building's commercial attractiveness for potential tenants and buyers.

Colliers International and BSA Limited engaged Ecosave – a fast-growing Tier-1 Energy Services Company (ESCO) since 2002 and Australia's largest independent provider of turn-key energy conservation solutions and guaranteed energy savings projects.

Ecosave's senior mechanical and electrical engineers conducted a targeted site assessment; they identified viable opportunities to **reduce base building HVAC energy consumption by 50%**. In fully occupied mode, this would avoid 205.2 tonnes of CO₂-equivalent greenhouse gas emissions per year.

The Owner was keen to facilitate the necessary capital works and implement the energy efficiency upgrades required to uplift the NABERS Energy rating. However, a solution was required to maintain minimal imposition on existing landlord and tenant budgets. This also had to address the **split-incentive challenge to energy efficiency upgrades in commercial buildings**: tenants would naturally benefit from energy efficiency through lower utility bills at the expense of the owner making the capital investment.

Ecosave developed an energy conservation proposal that would not only achieve – and guarantee – the identified energy and maintenance cost savings, but also eliminate the split-incentive issue for the owner. The solution was a **funded 10-year Ecosave Services Agreement (ESA) requiring no upfront capital outlay or debt and aiming for cash-flow positive outcomes**.

To achieve the targeted operational performance and cost savings, the ESA's scope of works has been designed as a fully funded, integrated main HVAC plant and metering upgrade coupled with NABERS

Energy Star Rating Guarantee and ongoing energy management and maintenance services that work together to maximise returns. The ESA deal was signed in early February 2018 and major works were concluded in July 2018.

For a zero-dollar upfront cost, the ESA has **delivered building upgrades worth \$751,350** and is **predicted to achieve annual energy and maintenance cost savings of \$140,509** in full occupancy mode. These savings will be greater than the agreed monthly ESA repayments and **the energy upgrades will be cash-flow positive once the building returns to full occupancy**.

Ecosave has **also guaranteed** that the energy conservation measures will achieve a **4.0 Star NABERS Energy rating once the building has exceeded 75% occupancy**. This was underpinned with the **recent certification of a 4.0 Star NABERS Energy Commitment Agreement**. A good practice star rating will help attract new tenants as it also represents improved reliability and comfort levels. Already, since completion of major works, Colliers International have seen **increased market demand for this property and secured two new tenants**. This is good evidence that the building has been reset to improve the returns for the Owner.

To find out more about this project or to discuss how Ecosave can help you save money and resources, phone 1300 557 764 or visit www.ecosave.com.au