

## SUSTAINABILITY CASE STUDY

### Cromwell Green Lease – GPNSW Portfolio

February 2017

#### SUMMARY

In June 2013 Cromwell Property Group acquired a portfolio of 6 assets from the New South Wales Government (GPNSW) with a lease back provision, including a Green Lease that required the parties to work towards achieving a number of prescribed sustainability objectives.

#### PORTRFOIO ASSET ALLOCATION

1. Mckell Building 2-24 Rawson Place, Sydney, NSW Australia
2. Bligh House 4-6 Bligh Street, Sydney, NSW Australia
3. 84 Crown Street, Wollongong, NSW Australia
4. 117 Bull Street, Newcastle, NSW Australia
5. 2-6 Station Street, Penrith, NSW Australia
6. 11 Farrer Place, Queanbeyan, NSW Australia



#### DESCRIPTION

A Green Lease Committee (GLC) was established to oversee the development and implementation of Environmental Management Plans (EMPs) specific to each property.

The GLC is comprised of the Energy and Sustainability Manager, Government Property NSW and the Cromwell Facilities Manager. The GLC also monitors progress towards the Green Lease objectives which include:

- Targets for the sustainable use of energy, water and waste
- Guidelines for the management and minimisation of emissions
- Indoor environment protocols

#### COST

A number of projects identified in the EMP have been completed, including a Level 2 Energy Audit. This initiative was sponsored by the NSW Government Office of Environment and Heritage (OE&H) and undertaken early-mid 2014 on three of the properties. The audit was inclusive of a NABERS Energy rating capped at \$5,000 per property with the support of an external Government funding initiative.

Each property has a ten year capex plan which is reviewed annually. In addition, a number of capital works were identified for implementation as part of the acquisition and have subsequently been delivered according to a scheduled programme.

#### CONTEXT AND DRIVERS

The objective of this case study is to identify the process that Cromwell followed in partnership with stakeholders to develop and implement the EMPs under the GPNSW Green Lease.

#### MAIN STAKEHOLDERS

##### Green lease committee

- Oversee the development, implementation and annual review of EMPs in accordance with Green Lease Schedule requirements.
- Address other matters or issues relevant to the environmental performance of buildings covered by Green Leases.
- Review and discuss the impact of new or emerging legislation or workplace changes upon the EMP.
- Discuss and review opportunities to meet and/or exceed EMP targets by accessing new technologies, reviewing work place activities and working collaboratively to support the obligations of each party.

##### Cromwell facility managers

- Development and regular update of the EMP.
- Collaborate with tenant representatives, contractors, consultants and the GLC on the identification, assessment, implementation and on-going monitoring and reporting on sustainability measures.
- Contract/or management to ensure Green Lease objectives and sustainability requirements provided for under services contracts are being satisfactorily provided, monitored and reported.

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## STRATEGY

### Vision

To meet, and wherever feasible, exceed the Green Lease environmental performance targets for energy, water, waste, emissions and the indoor environment.

### Goals and Targets

- Achieve a NABERS Energy rating of 4.5 stars by the first anniversary after acquisition and retain thereafter for the duration of the lease.
- Achieve a NABERS Water rating of 4.5 stars by a date to be agreed with the Tenant in the EMC.
- Reduce energy consumption by a target of ≥3% p.a. as an annual target to be reviewed annually with specific actions agreed in the EMC for the term of the lease.
- Reduce water consumption by a target of 2-3% p.a. as an annual target to be reviewed annually for the term of the lease with specific objectives agreed in the EMC.
- Minimise waste to landfill, and increase recycling levels to >65% of all waste by 2018.
- Perform regular monitoring of the indoor environment including indoor air quality, thermal comfort and lighting.

### Key features

#### Initiatives

- Participation of OE&H to facilitate the Green Lease workshops
- Level 2 Energy audits and NABERS Energy assessments/ratings subsidised by OE&H
- Post audit support offered by OE&H

#### Review highlights

- Collaborative approach by key stakeholders in the development of the EMPs
- Workshop, training and on-going support in the development of the EMPs

### TIMEFRAME

The GLC commenced in late 2013 and established the terms of reference, meeting schedules and timeframe for the development and implementation of specific EMPs for each property.

During the first quarter of 2014, Cromwell Property Facility Managers (FMs) participated in a series of four half-day workshops facilitated by OE&H, which culminated in the development of the first draft EMP for the McKell Building.

The workshops were designed to provide FMs a better understanding of:

- “**Green Lease**” and what it means for your building
- The building’s **energy, water and waste systems**
- How to develop processes to use **energy and water interval data** to improve building efficiency
- How to identify opportunities to improve the building’s **NABERS ratings**
- How to develop the **EMP** and the process to be followed.

Draft EMPs were developed by the FM team for the remaining properties by mid-2014.

The final phase, full implementation of the EMP and tenant engagement, was completed during a half-day workshop in November 2014. Facilitated by the GLC, the workshop was attended by tenant representatives and Cromwell FMs from each property. The aim was to introduce the tenant representatives to the Green Lease, EMPs, their responsibilities and next steps. Topics included:

- Government Resource Efficiency Policy (GREP)
- Green Lease – objectives, schedule, governance and GLC
- EMPs, including development milestones
- Learnings from McKell EMP implementation
- Pre-planned preventative maintenance contracts
- Energy Audits
- Major base building initiatives (energy, water or waste) underway at each property
- Tenant sustainability initiatives that could be included within EMPs

The GLC presented EMPs for all properties to GPNSW Asset Managers on February 5, 2015 and received their approval to implement the plans for respective properties.





## IMPLEMENTATION

### Approach

An initial EMP document was provided by the Energy and Sustainability Manager Government Property NSW and was refined by the GLC at the initial workshop.

The project was managed by the GLC with the input of other stakeholders, notably OE&H.

### Challenges

Tenant engagement: nomination and initial engagement with tenant representatives was a positive experience. However, an ongoing challenge has been to extend tenant enthusiasm and engagement over the duration of the plan. Setting regular meetings between Cromwell FM and tenant representatives has been difficult at times, but has been key in achieving the successful outcomes to date.

### Critical Success Factors

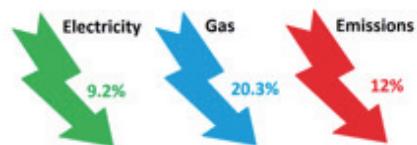
To meet the requirements of the Green Lease across the GPNSW portfolio, Cromwell Property Group have outlined the below as critical factors to their success:

- Commitment by all parties to the key objectives
- Clear goals and timeframes outlined within each premises EMP
- Regular/routine communication and collaboration between Cromwell FMs and tenant representatives
- Rigorous contract management and compliance to ensure objectives are embedded into the agreements with service providers
- Continued engagement of the GLC which is led by Cromwell
- Reporting and guidance by the IEEI (WTP Consulting) to ensure that targets are kept on track and that the Tenant has an ongoing independent view of progress and hurdles.

### Progress and Outcomes

The EMPS have allowed Cromwell to achieve:

#### Savings attributable to Green Lease activities 2014 to 2016\*



\* Excludes Bligh house, sold in 2015

- NABERS Energy rating of 4.5 stars for all buildings,
- NABERS Water rating and targets to meet objectives,
- Energy consumption reduction target of ≥3% p.a.,
- Water consumption reduction target of 2-3% p.a. and
- Recycling levels of ≥65% of total waste from each building.

Cromwell have been able to bring extensive experience to develop the EMP and draw together key stakeholders to achieve/exceed the sustainability goals across the GPNSW portfolio. Continuing to build on these relationships and through ongoing tenant engagement, new targets and initiatives are now being set to respond to the intent of the Green Lease and to look for further efficiencies.

## INFORMATION

### Information Sources

Phil Cowling  
Director – Cromwell Projects and Technical Solutions  
Cromwell Property Group (ASX:CMW)

Email: [Phil.cowling@cromwell.com.au](mailto:Phil.cowling@cromwell.com.au)