

180



Hines180 is designed to turn around underperforming real estate assets which require significant strategic overhaul. The program is delivered by Hines' outstanding teams of investment analysts, property managers, engineers, leasing and marketing professionals.

Hines

For more than 60 years, Hines has been known for signature office, residential, retail, industrial and land developments of the highest quality. Lesser known, but no less impressive, is the firm's track record in solving tough real estate problems and turning around underperforming assets—some involving equity stakes and many for third parties. ■ Founded by mechanical engineer Gerald D. Hines, the firm's culture is anchored by a commitment to efficiency and its people are at their best when they are creatively and passionately engaged in maximizing the potential and value of a real estate project. ■ The 4,500+ men and women of Hines around the globe stand ready to assist with your real estate challenges and discuss how our experience, in partnership with you, can help achieve your objectives.

TURNAROUND SERVICES

- Analysis and Valuation
- Asset and Portfolio Management
 - Marketing and Leasing
 - Investment Sales
 - Zoning, Entitlements and Financing
- Construction and Development Management
 - Property and Facility Management
- Engineering Services and Sustainability Advisory



Hines180
DRAMATIC PROPERTY TURNAROUNDS

Kinder Morgan Tower
Houston, TX

Unlocking Real Estate Value

Today's challenging commercial real estate environment demands new, comprehensive solutions—solutions based on Hines' deep experience in the acquisition, management, marketing and leasing of underperforming real estate assets.

Office ■ Retail ■ Living/Housing ■ Industrial/Logistics

Managing Risk → Maximizing Value

Kinder Morgan Tower, formerly El Paso Tower, was in dire need of an extensive makeover in January 2007 when Hines was asked to evaluate the pros and cons of renovating the 45-year-old building vs. the tenant relocating to a new facility. The building had not been updated since opening in 1962, and the removal of asbestos-containing materials and the replacement of the mechanical, electrical and plumbing systems were required for the building to continue serving as El Paso's headquarters. Despite the risk and difficulty associated with full occupancy of 2,000 employees during construction, El Paso elected to renovate the 1.14 million-square-foot, 32-story structure with the intent to attain LEED® for Commercial Interiors (CI) certification.

Hines achieved all of the client's goals expediently and with minimal disruption to El Paso's employees, while undertaking Hines' single largest renovation in the southwestern U.S. at that time. Completed in phases, the complex four-year project involved numerous challenges: the 28 occupied floors would be completely demolished and rebuilt in an overlapping schedule that returned one completely renovated floor for occupancy each month; the building's drab street appearance and uninviting lobby entrance required a complete overhaul to provide a distinct and functional appearance; the redesign reconfigured the first and second floors from square to round, enclosing them in a glass curtain wall to provide unobstructed corner-to-corner views into and out of the lobby, and extensive interior lighting and innovative landscaping were used to greatly enhance curb appeal and enrich the street experience for employees and passersby alike. With savings generated from an efficient and competitive buyout, Hines was able to expand the scope of work to include repurposing and reconstructing 30,000 square feet of former Central Plant space into the new Executive Suite and Board Room.

Completed by Hines on schedule and under budget in 2011, the renovated tower now provides a far more sustainable home for Kinder Morgan with major risk reductions, operating cost savings, improved occupant comfort and enhanced asset value. The building has since received LEED-CI Gold certification as well as various awards including the International Interior Design Association's 2012 Design Excellence Award (Corporate category) and American General Contractors' 2011 APEX Award – Interiors.

“It was clear that proceeding with a multi-year process of renovating the building's infrastructure and tenant spaces, while occupied, was going to require a development manager like Hines. Hines' experience and knowledgeable professionals were critical to transforming the aging facility into a modern and collaborative work environment.”

– Terence J. Woolfe

Kinder Morgan VP, Facilities, Real Estate & Fleet

Asset Problems	Turnaround Strategy
<p>Inefficient, Costly 45-Year-Old Systems</p> <ul style="list-style-type: none"> Aging HVAC, electrical distribution, hot water and other systems were obsolete, unreliable and costly to operate 	<p>Comprehensive Renovation to Maximize Efficiency</p> <ul style="list-style-type: none"> Refurbished or replaced mechanical, electrical and plumbing systems with energy-efficient components
<p>Liability from Health & Safety Risks</p> <ul style="list-style-type: none"> Building contained a significant amount of friable asbestos and did not comply with new fire-safety regulations 	<p>Asbestos Abatement & Safety Upgrades</p> <ul style="list-style-type: none"> Abated asbestos-laden fireproofing and floor tile Installed a state-of-the-art fire pump and sprinkler system
<p>Under-Utilized Interior Space</p> <ul style="list-style-type: none"> 100% of top two floors was being used for Central Plant Lower floors included unusable or inefficient space Lobby entrance was cramped and old-fashioned 	<p>Repurposed to Create New Premium Space</p> <ul style="list-style-type: none"> Enhanced top two floors with 50% Executive Suite office space Converted first and second floors to improve the entryway and add spacious new Board Room, meeting rooms and lobby areas
<p>Antiquated, Uninviting Ground Level</p> <ul style="list-style-type: none"> Dated exterior facade and lack of distinct branding Poor exterior lighting and inadequate landscaping Lack of retail amenities to serve occupants and attract visitors 	<p>Improved Curb Appeal and Added High-End Retail</p> <ul style="list-style-type: none"> Added attractive exterior architectural details, a new glass curtain wall and extensive landscaping with improved lighting Incorporated inviting new retail components plus redesigned plaza and pedestrian tunnel to serve occupants and visitors alike
<p>Negative Environmental Impact & High Costs</p> <ul style="list-style-type: none"> Property presented a range of environmental issues in addition to health and safety risks, which can translate into significant added cost 	<p>Aggressive LEED Certification Program</p> <ul style="list-style-type: none"> Implemented a comprehensive program to reduce negative ecological impact, increase energy efficiency and improve sustainability as part of the LEED certification process
<p>Outdated Data Center and Backup Systems</p> <ul style="list-style-type: none"> Existing data center controlling 43,000 miles of pipeline had to be completely replaced, and the supporting critical infrastructure needed major updating 	<p>New State-of-the-Art Data Center</p> <ul style="list-style-type: none"> Cocooned existing operational data center while constructing an improved facility on the floor above, then migrated to the new location

Turnaround Results

<p>Net Rentable Area:</p> <p>Before Hines 918,444 SF</p> <p>After Hines 1,038,310 SF</p> <p>13% increase in NRA</p>	<p>Electrical Consumption: 20% projected savings</p> <p>Water Consumption: 30% projected savings</p> <p>Natural Gas Consumption: 50% projected savings</p>
	<p>Natural Daylight Visible: 60% workspace increase</p> <p>LEED Certification: LEED-CI Gold</p>