

RESPONSIBLE PROPERTY INVESTMENT POLICY

Responsible Property Investment (RPI) is an approach to property investing that recognises environmental and social considerations along with more conventional financial objectives. LGP recognises that our business activities result in both direct and indirect environmental, social and economic risks and opportunities.

Having already made significant progress with a range of sustainability initiatives, we have set the goal of reaching a leadership position within the next two years in terms of sustainability performance in our property activities. We believe that this is an important step towards increasing the financial sustainability of our business in the long term. We aim to achieve this through the implementation of the LGP Responsible Property Investment (RPI) Policy and Objectives, comprising our RPI Strategy, RPI Management System and Activity-Specific Objectives.

RESPONSIBLE PROPERTY INVESTMENT STRATEGY

LGP has aimed to set robust Responsible Property Investment (RPI) objectives across the full range of our property investment and management activities, which will facilitate the company in delivering our core objective of strong investment returns.

These high-level objectives will be implemented as property-level initiatives through our RPI Management System, with the expectation of a positive impact on income streams and capital values over the next few years.

To gain support for this process from key stakeholders, we will clearly articulate the connections between sustainability and value creation, particularly to our occupiers and shareholders, as we consider this engagement a crucial part of our fiduciary duty and responsibility as a landlord.

To ensure resilient long-term investment returns from our property portfolio/assets we recognise the need to employ highly tuned sustainability risk management processes.

We have identified a set of key sustainability issues, and have grouped these into four RPI Focus Areas: Climate Change & Energy, Resource Use & Environment, Sustainable Communities and Social Risk Management.

In order to ensure that our key risks within each Focus Area are effectively managed and that opportunities are fully realised, LGP will implement an RPI Management System to generate and manage strategic targets in the following activity areas: Fund Management, Asset Management, Development & Refurbishment and Property Management.

This will ensure that we manage all environmental, social and economic impacts and maximise opportunities in a consistent manner.

RESPONSIBLE PROPERTY INVESTMENT MANAGEMENT OBJECTIVES

Governance and Compliance

To maintain an RPI Committee, which will develop and adopt a suite of standards and procedures to manage current and emerging RPI risks and govern the key activity areas in terms of RPI performance. Key management and performance targets tailored to each activity area will be set in order to push LGP beyond legislative compliance.

People and Knowledge Management

To ensure continuing commitment from all staff in embedding joined-up sustainability initiatives throughout the company's activities, and to maintain and build on knowledge management systems and training.

To ensure that the research department provide cutting-edge research and analysis to inform best practice across the business activities, and maintain a horizon-scanning role to remain fully apprised of all emerging and intensifying sustainability risks (with particular reference to climate change).

Stakeholder Engagement

To ensure that all key stakeholders are aware of LGP's RPI Policy & Objectives and to support them as far as possible in engaging with LGP on sustainability. This includes maintaining high levels of involvement with industry bodies and making a firm commitment to external knowledge-sharing.



1 Central Saint Giles Leading edge sustainable development

2 99 Gresham Street FirstGreen500/BBP Pilot into occupier and landlord engagement

Measurement and Monitoring

To establish key performance indicators in the areas of Climate Change & Energy, Resource Use & Environment, Sustainable Communities and Social Risk Management for each activity area, set a baseline and continually monitor performance going forward, with the aim of reducing usage in order to minimise sustainability impacts and drive down costs for both LGP and occupiers.

Target Setting

To focus on real, measurable performance improvements, which will build occupier and investor trust and engagement in LGP's RPI strategy. To this end, LGP will set stretching short-term and long-term management and performance targets, which fit with and go beyond relevant UK and EU government policy and legislation.

Reporting

To ensure that all our stakeholders have access to relevant information on LGP's sustainability performance, presented in a way that reflects our internal strategic and management approach. This may be achieved through a range of media, including electronic and annual printed reporting.

ACTIVITY SPECIFIC OBJECTIVES

LGP's goal is to seek continual improvement in RPI performance across our business and we commit to best practice in the four core areas of our operations.

Fund Management

To develop and implement a portfolio risk mitigation and adaptation strategy which incorporates the key sustainability risks and opportunities from each of the four RPI Focus Areas into our decision-making processes, to help support both investment returns and sustainability performance.

Asset Management

To integrate the management of sustainability risks as identified at Fund level into the asset management plans and to realise sustainability-related opportunities, particularly through landlord-occupier engagement on sustainability performance.

Property Management

To support managing agents in working towards stretching targets tailored to each asset, encompassing the supply chain, which 1) Aim to minimise climate change impacts, 2) Reduce resource-use and eliminate pollution, 3) Contribute to building and maintaining healthy and resilient communities and 4) Minimise social risks and maximise employee opportunities

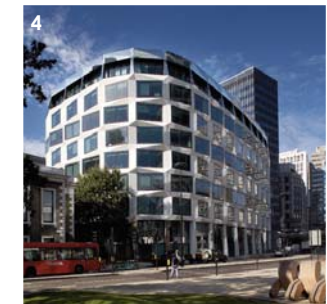
Development and Refurbishment

To ensure that high sustainability standards are designed into any new development or refurbishment and that these standards are comprehensively reviewed on an annual basis. Furthermore, to minimise environmental and social impacts on site and through the supply chain, and to maximise the creation of economic opportunities in the local community.

The Managing Director of LGP, Bill Hughes, holds board-level responsibility for the RPI Policy and Objectives. He is supported by the RPI Committee which consists of the Managing Director, the Head of Sustainability and representatives from across the business activities. The RPI Committee meets quarterly and is in regular communication throughout the intervening periods.

This RPI Policy and Objectives are compatible with the LGIM SRI policy and the Legal & General CSR requirements and will be reviewed annually at the end of each financial year.

Signed by Bill Hughes
April 2009



3 Bill Hughes
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BREEAM rated Good.