

Green Lease Principles.



Green Lease Objectives to be considered in Leases.

Legal & General Property (LGP) actively prioritises sustainability in the buildings it manages by collaborating with tenants to adopt joint objectives and enshrining these objectives in the lease.

Some of the objectives that LGP will seek to achieve through co-operation with tenants are set out below:

1. USE OF ENVIRONMENTAL CONTRACTORS

The use of contractors to deliver services to the property using environmentally friendly products and adhering to green principals.

Cleaning contractors should comply with waste management, energy and water conservation policies and be required to use natural, solvent free and hydro-carbon free cleaning products.

2. LIAISON

Regular meetings with the LGP representative and the tenant's representatives are held. This is to record and monitor environmental targets ensuring that all parties share data on such things as:

- energy consumption;
- amounts of waste sent to landfill and amounts re-cycled;
- amounts of water consumption; and
- use of grey water

3. CO-OPERATION

LGP believes a degree of flexibility in relation to the issues should be maintained within the documentation with tenants, and the landlord should be required to respond to reasonable co-operation requests in relation to reduction strategies.

LGP invites its tenants to co-operate with the landlord in its energy efficient policies.

Encouragement and flexibility are ways that LGP prefers to deal with green issues in leases rather than enforcement provisions with penalties for tenants who fail to comply.

LGP believes that if tenants can see that these procedures enhance their CSR profile, reduce their energy costs and are less harmful to the planet they are likely to implement them without coercion.

4. ENERGY PERFORMANCE CERTIFICATE (EPC)

There could be an objective for occupiers of the property not to cause the EPC certificate rating issued on the grant of their leases to be lowered in relation to the premises that they are taking.

5. CORPORATE SOCIAL RESPONSIBILITY

A number of clients and suppliers analyse the green credentials of the companies they work with and environmentally friendly premises are high on the list of objectives under corporate social responsibility for companies. This is not something that can be included in leases but is often a high priority for our tenants.

6. REDUCED COSTS

Tenants can see the benefits of green policies where this reduces energy costs and therefore the running costs for their premises.

7. PRODUCE GUIDELINES

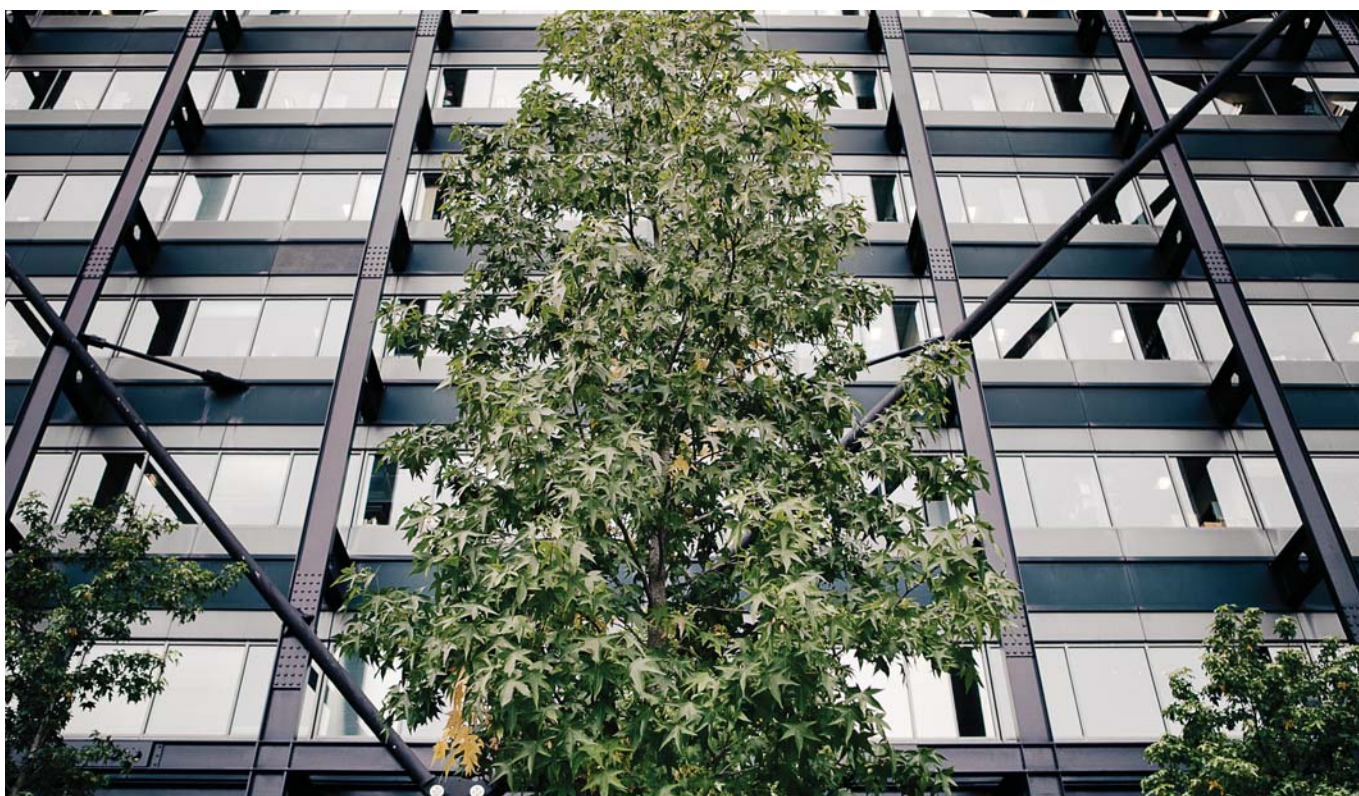
A tenant's handbook may include sustainability initiatives with information incorporating energy and environmental management information in relation to the property including EPC ratings and recommendations.

This may also include energy reduction targets, monitoring data and other green initiatives in relation to the property that are jointly agreed between the landlord and the tenants.

8. RECYCLING STRATEGY

LGP seeks to implement clear strategies dealing with recycling and programmes to raise awareness of recycling and facilities amongst occupiers and provide specific recycling facilities.

With thanks to David Saunders, Partner, Olswang LLP for his assistance in developing our Green Lease Objectives.



CONTACT US

katherine.laurenson@lgim.com

+44 (0)203 124 2758

www.lgim.com

Legal & General Property

One Coleman Street, London EC2R 5AA

Registered in England No.166055

Registered office: One Coleman Street, London EC2R 5AA

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