

Property Bulletin

Autumn 2008

HOW GREEN IS YOUR LEASE?

There is a current debate in the property industry about making commercial leases more “green” within the Government’s framework of procuring more environmentally friendly and “sustainable” buildings.

There is already a requirement to have an Energy Performance Certificate (EPC) for all commercial properties by 1 October 2008.

Some landlords are already incorporating “green” clauses in their leases on various issues particular in relation to older buildings to make them more sustainable and attractive to tenants and investors and therefore impact less on the environment within the Government’s sustainability agenda.

What is a “green” lease? Essentially it is a standard commercial lease of property which has certain “green” clauses which seek to address issues that impact on the environment and the building’s energy performance. Some may be voluntary and some may be legally binding on the parties to the lease.

Whilst this is very much a new area for landlords and tenants it is worth highlighting some of the issues that may arise in the future.

- landlords may require compliance by tenants of Energy Performance obligations in their leases.
- tenants may be required to recycle waste material.
- landlords may require the provision of more energy efficient services within the building such as electricity, water and gas.
- The refurbishment of a building and how this may impact on the landlord and the tenant and how this may affect a tenant’s fit out.

It is a matter of negotiation between the parties as to whether the obligations are likely to be binding on both

or merely voluntary so that they are not legally binding on the parties to the Lease.

Only time will tell how far green leases will catch on in the property industry.

If you require any further information on these subjects or any matter relating to residential or commercial property please contact us by telephone or email.

As ever with new regulations, the provisions are complex.

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Stamp Duty Land Tax

Temporary Exemption for Residential Property up to £175,000

The Chancellor of the Exchequer announced a temporary exemption from Stamp Duty Land Tax for all purchases of residential property up to £175,000 completed on or after 3rd September 2008 up to and including 2nd September 2009. This exemption only covers residential property and not commercial property. A property which is a mixed residential/commercial property such as a shop with a flat above must be apportioned for Stamp Duty Land Tax purposes in relation to the proportion of the price attributable to each part and the tax calculated accordingly.

This bulletin is provided for general information purposes only and should not be applied to specific circumstances without prior consultation with us. For further information, please contact: Robert Lloyd-Davies - rld@royds.com, John Cassidy - jkc@royds.com, Gareth Williams - gbw@royds.com or Anthony Seymour - ahs@royds.com. Please email Cheryl Sturdy on: cxs@royds.com if you wish to receive future bulletins by email.

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