

Green Leases.

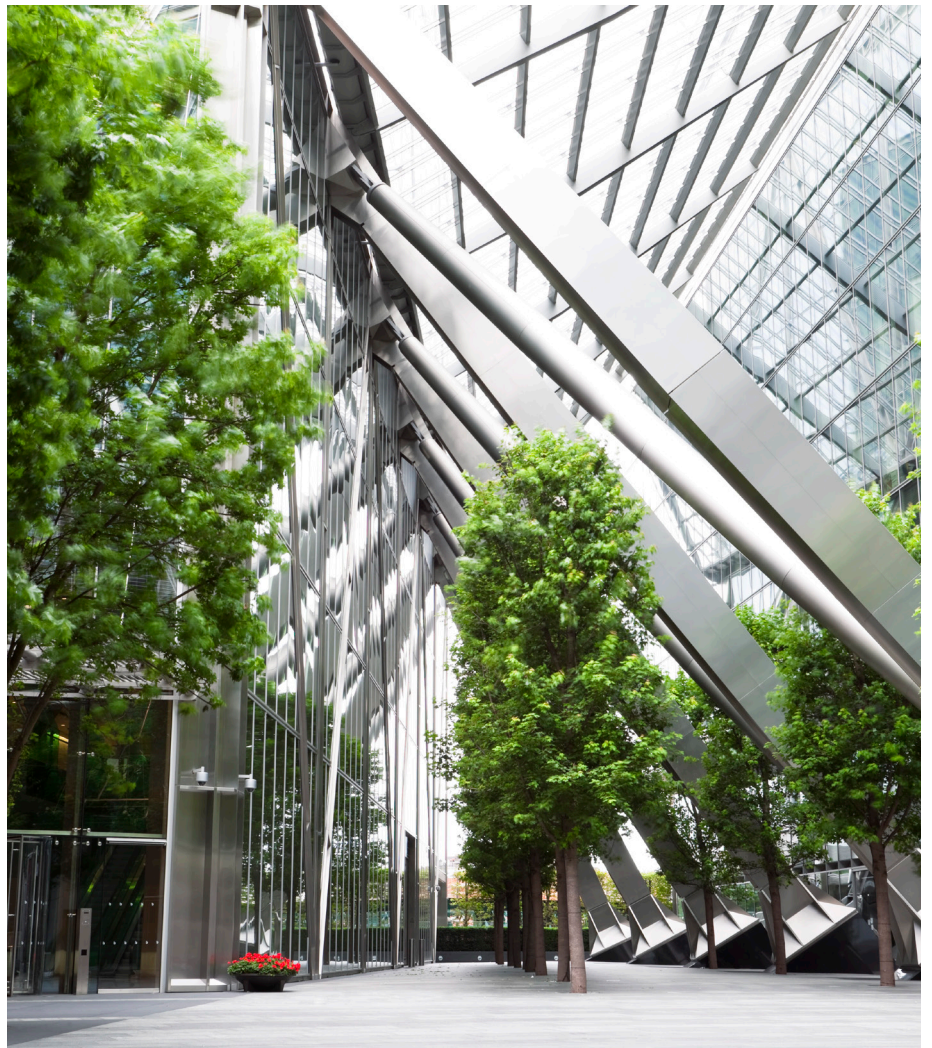
Government policies are forcing developers, landlords and occupiers to re-focus upon energy efficiency and sustainability throughout the whole life cycle of a building.

The Minimum Energy Efficiency Standards (MEES) prohibits the letting of a building if its EPC rating is below an E. One often overlooked area of impact of MEES is whether a lease sufficiently reflects the changed legislative environment.

What is a Green Lease?




A 'green lease' is a lease that incorporates clauses whereby the owner and the occupier undertake specific responsibilities/obligations with regards to the sustainable operation/occupation of a property, **for example: energy efficiency measures, waste reduction/management and water efficiency.**

The incorporation of green clauses is not limited to new leases. Where a lease is already in place, the parties can enter into a Memorandum of Understanding (MoU) which provides a roadmap for co-operation between the parties on improving the environmental performance of the property.



Why 'go green'?

There are a number of reasons why landlords and tenants may want to enter into a green lease, including:

-  To achieve greater energy and resource efficiency to reduce costs
-  To comply with corporate social responsibility (CSR) policies
-  To comply with statutory requirements to report on environmental issues

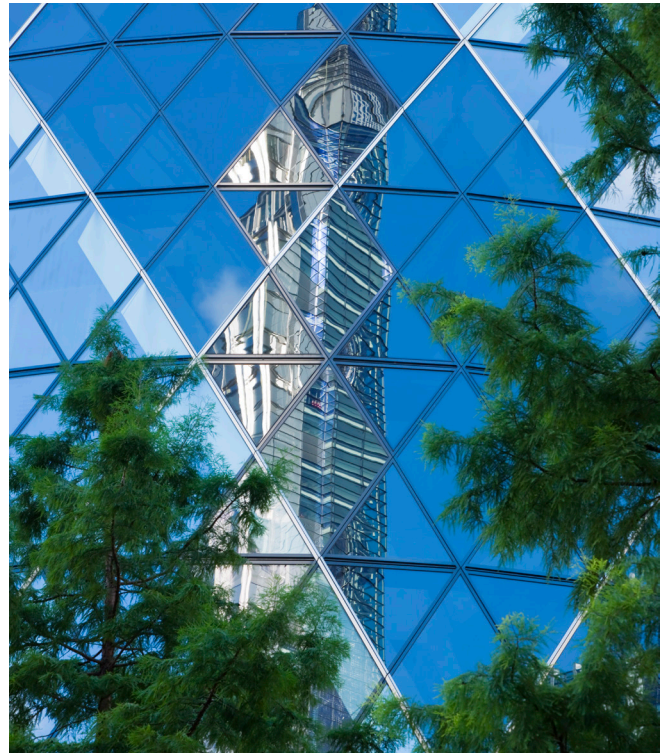
The continued emergence of government legislation on sustainability issues is forcing businesses to re-evaluate the way they operate from properties they either own or occupy.

The introduction of the MEES restriction on lettings of properties with poor EPC ratings means that there is an increased focus on energy performance. From April 2018, owners of F and G rated properties are prohibited from leasing them until active steps have been taken to improve the EPC rating to a minimum of E.

Government data suggests that up to a fifth of the UK's commercial buildings may become unlettable as a result. One effective way to avoid this is through the incorporation of green clauses that allow owners and occupiers to work more collaboratively to enable improvements and to clearly identify the roles and responsibilities of each.

How can we help?

Knight Frank has first-hand experience working with a wide range of legal advisors to implement green leases.



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