

**KLEHR | HARRISON | HARVEY | BRANZBURG**  
**LLP**

**Inside Leasing Part II**  
**The Economic Differences Between the**  
**Optics and Reality of Fundamental Terms.**

**April 18, 2012**

**Gregory G. Gosfield, Esquire, Moderator**

1835 Market Street  
Philadelphia, PA 19103  
Tel.: 215-569-4164  
Email: [Ggosfield@klehr.com](mailto:Ggosfield@klehr.com)

**Lee R. Sussman, Esquire**

1835 Market Street  
Philadelphia, PA 19103  
Tel.: 215-569-2892  
Email: [Lsussman@klehr.com](mailto:Lsussman@klehr.com)

**Jeffrey D. Spann, Esquire**

1835 Market Street  
Philadelphia, PA 19103  
Tel.: 215-569-4287  
Email: [Jspann@klehr.com](mailto:Jspann@klehr.com)

*These materials were used in connection with a live presentation and CLE seminar.  
They are for informational purposes only and are not intended to be legal advice. For  
legal advice on a particular matter, please contact one of our attorneys.*

## TABLE OF CONTENTS

	<b>Page</b>
1. PREMISES: .....	1
1.1 Differing Square Footage Standards: Retail, Industrial and Office.....	1
1.1.1 Retail Square Footage .....	1
1.1.2 Industrial Square Footage.....	3
1.1.3 Office Square Footage .....	5
1.1.4 Building Common Area.....	7
2. RENT .....	8
2.1 Lease Type Base on Rent.....	8
2.1.1 “Full Service Lease” .....	8
2.1.2 “Gross Rent” .....	8
2.1.3 “Net Lease” .....	8
2.1.4 “Double Net Lease” .....	8
2.1.5 “Triple Net Lease” .....	8
2.1.6 “Bondable Lease” .....	8
2.2 Base Rent .....	8
2.2.1 Set on a fixed basis .....	8
2.2.2 Set on a square footage basis .....	8
2.2.3 Set on a use basis .....	8
2.3 Additional Rent .....	9
2.3.1 Additional Rent.....	9
2.3.2 Taxes.....	9
2.4 Insurance.....	10
2.4.1 Property Insurance .....	10
2.4.2 Liability Insurance .....	12
2.4.3 Types of Insurers.....	12
2.4.4 Evidence of Coverage.....	12
2.4.5 Deductibles, Reimbursement, Under-Insurance and Self Insurance .....	12
2.4.6 Tenant Negligence.....	13
2.4.7 Exculpation, Exemption and Exclusion .....	13
2.4.8 Assumption of Risk.....	14
2.4.9 Conditions to Indemnity .....	15
2.5 Operating Costs/Common Area Maintenance .....	15
2.5.1 Generally .....	15
2.5.2 Capital Expenditures .....	16
2.5.3 Administrative Costs .....	18
2.5.4 Ceilings on Increases.....	18
2.5.5 Landlord Costs Included: .....	19
2.5.6 Operating Expenses or Common Area Maintenance Cost Exclusions .....	21
2.6 Tenant Costs.....	23
2.6.1 Contractor and Service Limitations .....	23
2.6.2 Utilities .....	23
2.6.3 Electricity .....	24
2.7 Hold Over Rent .....	24

2.8	Percentage Rent .....	24
2.8.1	Gross Sales.....	24
2.8.2	Exclusions.....	24
2.8.3	Deductions .....	25
2.8.4	Timing .....	26
2.8.5	Methods of Calculation.....	26
2.9	Free Rent.....	27
2.10	Rent Based Valuation Formulas .....	27
3.	Term.....	28
3.1	Initial Term .....	28
3.1.1	Commencement Date.....	28
3.1.2	Carve Out for Use But not Possession .....	28
3.1.3	Tenant Delay Landlord Definition .....	28
3.1.4	Delays Resulting from Force Majeure.....	29
3.2	Fixture Ready Date Definition .....	29
3.3	Lease Termination .....	30
3.3.1	Consequences of Expiration of the Term .....	30
3.3.2	Rent Acceleration .....	31
3.3.3	Abandonment or Surrender of Possession.....	31
3.3.4	Tenant Default.....	32
3.4	Renewal Option .....	32
3.4.1	Reshaping.....	32
3.4.2	Second Bite.....	32
3.4.3	Early Termination Option.....	32
3.4.4	First Offer Space.....	33
3.4.5	Spreader .....	33
3.4.6	Personal Option.....	33
3.4.7	Expansion Option.....	33
3.4.8	Contraction Option.....	33

For complete content, please contact  
 Gregory Gosfield  
 215-569-4164 | [ggosfield@klehr.com](mailto:ggosfield@klehr.com)