

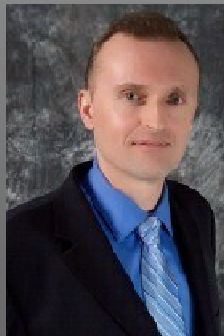


Focus on Landlords

OFFICE LEASING 401 – ADVANCED ISSUES



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Key issues for a Landlord's Lease

The Conflict: Landlords want to have a protective lease form, but tenants hate a 70+ page “killer” lease. A shorter lease can help a landlord quickly sign tenants, just make sure it covers key points. Below are some to think about.

Key Landlord Issues:

- Make sure all tenants agree to subordinate their leasehold interest to Landlord's present and future lenders.
- Limit Landlord's liability to its interest in the property, and all rents, profits and proceeds.
- Have tenants release a selling-Landlord from all lease liability arising after the date the lease transfers to the new owner.
- Add a gross-up clause to ensure full recovery of operating expenses that vary with occupancy.
- Retain broad right to access a tenant's premises, including the right to run pipes, cables and conduits, which you may need for another tenant's build-out.
- Have the right to recapture space if a tenant proposes a third-party transfer.
- Limit a tenant's special rights (like the right to self-insure) to the original named tenant.
- Limit a tenant's remedies for landlord's failure to give consent (e.g., to a sublease) to an action for specific performance (no monetary liability).
- Require tenants to perform all construction activities in a way that ensures labor harmony.

