

## Important Clauses for Commercial Leases

*These clauses can be adapted for retail, industrial, or office leases. Always have your real estate advisor/ legal counsel review and customize them for your transaction.*

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### 1. Triple Net (NNN) Lease Clause

#### Operating Expenses, Taxes, and Insurance

Tenant shall pay, in addition to Base Rent, Tenant's Proportionate Share of all Operating Expenses, Property Taxes, and Insurance Premiums attributable to the Premises and the Building. Such payments shall be made monthly in advance, together with Base Rent, based on Landlord's estimate of annual expenses. Within ninety (90) days after the end of each calendar year, Landlord shall provide Tenant with an itemized statement of actual costs. Any deficiency shall be paid by Tenant within thirty (30) days of receipt; any overpayment shall be credited toward the next installment(s) of Additional Rent.

#### Key notes:

- "Operating Expenses" typically include maintenance, repairs, management, utilities for common areas, landscaping, and security.
  - Clarify exclusions: structural repairs, capital improvements (unless reducing operating costs), depreciation.
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### 2. Tenant Improvement (TI) Allowance Clause

#### Tenant Improvements and Allowance

Landlord shall provide Tenant a Tenant Improvement Allowance of \$\_\_\_ per rentable square foot to be applied toward design, permitting, and construction of improvements in the Premises. Tenant shall submit detailed construction plans and a cost estimate for Landlord's approval prior to commencement of work. The Allowance shall be disbursed to Tenant upon completion of the improvements and submission of lien waivers, paid invoices, and proof of final inspection. Any costs exceeding the Allowance shall be borne solely by Tenant.

#### Key notes:

- Clearly define "improvements" vs. "fixtures."
  - Clarify ownership of improvements at lease termination — typically revert to landlord unless removed at tenant's expense.
  - Specify timeline and disbursement method for TI reimbursement.
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### 3. Subletting and Assignment Clause

## Assignment and Subletting

Tenant shall not assign this Lease or sublet all or any portion of the Premises without Landlord's prior written consent, which shall not be unreasonably withheld, conditioned, or delayed. Tenant shall provide Landlord with the proposed sublease or assignment, financial statements of the proposed subtenant or assignee, and a summary of business operations. Landlord shall respond within fifteen (15) business days of receipt. Any approved subtenant or assignee shall assume all obligations of Tenant under this Lease. Tenant shall remain primarily liable for all Lease obligations notwithstanding such subletting or assignment.

### Key notes:

- May include profit-sharing clause (Landlord entitled to a portion of rent above base rent).
- Clarify if consent required for internal corporate restructuring or transfer to affiliate.
- Require that sublease terms not conflict with master lease.

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### Optional Add-ons

**1. Renewal Option Clause:** Define renewal notice period, new rent calculation (CPI, FMV, fixed increase).

**2. Exclusive Use Clause:** Particularly relevant for retail tenants — prevents landlord from leasing nearby space to direct competitors.

**3. Maintenance and Repairs:** Clarify division of responsibility for structural vs. non-structural, HVAC, roof, and parking lot.

**4. Default and Remedies:** Outline notice and cure periods for nonpayment or other breaches.

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*Disclaimer: These clauses are provided for general informational purposes and should not be used without review and customization by qualified legal counsel.*