MODEL LEASE CLAUSE

Limit Retail Tenant's Right to Terminate If Anchor Tenant Leaves

While losing an anchor tenant is tough enough, it's especially devastating if it triggers a mass exodus of other tenants in the shopping center. That's why you shouldn't let tenants have the right to terminate when an anchor leaves unless they have the bargaining leverage to command it. In that case, your strategy should be to impose reasonable limitations on the exercise of those termination rights. The Model Lease Clause below incorporates the kinds of limitations you need to protect yourself. Talk to your attorney about adapting it for your own specific needs and circumstances.

RIGHT TO TERMINATE

In the event that [*insert name of anchor tenant*] surrenders possession of its space at the Shopping Center and Landlord does not replace such tenant with an equivalent substitute tenant within twelve (12) months and as a result Tenant suffers at least a ten (10) percent loss of business during such 12-month period:

a. **Rent Reduction.** Fixed Annual Rent shall be reduced by the percentage reduction in loss of business for such 12-month period for the period commencing on the first day following the end of such 12-month period until the date that an equivalent substitute tenant opens for business.

b. **Right to Terminate.** After three (3) months after the end of such 12-month period if an equivalent substitute tenant has not opened for business, Tenant may terminate this Lease upon three (3) months' written notice to Landlord and such termination shall be effective on the last day of such three-month notice period.

c. **Voiding of Right to Terminate.** If prior to the end of such three-month notice period an equivalent substitute tenant opens for business, Tenant's right of termination shall be null and void and this Lease shall continue as if no notice of termination had been given.