

FORM OF COMMERCIAL LEASE RENEWAL OPTION CLAUSE (2011):

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ARTICLE ^{1 2}

RENEWAL OPTION

².01 (a) Subject to and in accordance with the provisions of this Article, and provided that at the time in question the Tenant under this Lease is the Named Tenant, Tenant shall have the right ("Tenant's Renewal Right") to extend the Initial Term with respect only to the entire Premises for a period of five (5) years ² (the "Renewal Term"). Tenant's Renewal Right shall apply and be exercisable only if: (i) no material monetary Tenant default has occurred and is continuing at the time of exercise of Tenant's option under this Article or on the expiration date of the Initial Term, and (ii) the Named Tenant shall be in actual occupancy of not less than seventy percent (70%) ³ of the Premises at the time of exercise of its option under this Article and on the expiration date of Initial Term.

(b) Subject to the provisions of this Article, the Renewal Term shall commence on the date immediately following the expiration of the Initial Term (the "Renewal Term Commencement Date,") and shall expire on the day preceding the five (5) year ³ anniversary of the Renewal Term Commencement Date (the "Renewal Term Expiration Date"), unless the Renewal Term shall sooner end pursuant to any of the terms, covenants or conditions of this Lease or pursuant to law. Tenant must give Landlord written notice (a "Renewal Notice") of Tenant's intention to exercise Tenant's Renewal Right to extend the Term for the period of the Renewal Term no earlier than eighteen (18) months and no later than twelve (12) months ⁵ prior to expiration of the Initial Term (the "Renewal Term Notice Date"), as to which date **time is of the essence**. Upon the giving of the Renewal Term Notice, subject to the provisions of Section ².01(a) and the other provisions of this Article, the Term of the Lease shall be extended without execution or delivery of any other or further document, with the same force and effect as

¹ The Model Commercial Lease Renewal Option Clause uses capitalized terms that must be defined in accordance with the user's lease.

² Insert appropriate Article or Section number. The Article and Section numbers will be the same. For example, if the appropriate Article Number for this provision in your lease is "22", all the Article and Section numbers will start with "22".

³ The length of the renewal term is negotiable.

⁴ The percentage of occupancy is negotiable.

⁵ The notice and time periods are negotiable; the notice and time periods must be coordinated with other related time periods in this article.

if the Renewal Term had originally been included in the Initial Term. All of the terms, covenants and conditions of the Lease shall continue in full force and effect during the Renewal Term, except as herein specifically set forth.

(c) The Renewal Term shall be upon all of the terms and conditions set forth in this Lease, except that:

(i) the Fixed Annual Rent shall be as determined pursuant to the provisions of Section __².02;

(ii) Tenant shall accept the Premises in its "as is" condition at the commencement of the Renewal Term, and Landlord shall not be required to perform Landlord's Base Building Work or any other work, to pay the Landlord's Contribution or any other amount or to render any services to make the Premises ready for Tenant's use and occupancy or to provide any abatement of Fixed Annual Rent or Additional Rent as required under the Lease for the Initial Term, but base building work, landlord contribution and abatement of fixed rent or additional rent as may be provided tenants similar in stature to Tenant taking comparable space for a comparable term shall be "relevant factors" under Section __².02 (d) to be taken into account in the determination of Renewal FMRV;

(iii) the term "Base Year" shall mean calendar year in which the Renewal Term Commencement Date occurs;

(iv) the term "Base Tax Amount" shall mean the Real Estate Taxes payable for the New York City real estate tax year ending June 30, 20__; and

(v) Tenant shall have no option to extend or renew the Tenant this Lease beyond the expiration of the Renewal Term.

__².02 (a) The Fixed Annual Rent payable by Tenant for the Premises during the Renewal Term shall be an amount equal to the fair market rental value of the Premises based upon the criteria set forth in Section __².02 (d) hereof (the "Renewal FMRV"), determined as of the Renewal Term Commencement Date. The Renewal FMRV shall be determined as follows:

(i) Tenant may request Landlord's estimate of the Renewal FMRV, such request to be made no earlier than nineteen (19) months and no later than fourteen (14) months ⁵ prior to the expiration date of Initial Term. Landlord shall provide Tenant in writing with an estimate of the Renewal FMRV ("Landlord's Initial Determination") within thirty (30) days after such request. If Tenant accepts Landlord's Initial Determination by notice to Landlord within thirty (30) days of receipt of same, then the Renewal FMRV shall be Landlord's Initial Determination. Tenant agrees that Landlord's Initial Determination shall be inadmissible in any proceeding under Section __².02(a) (ii), (iii) and (iv) for any reason whatsoever unless same is submitted in Landlord's Broker's Letter (as hereafter defined).

(ii) If Tenant sends a Renewal Notice but does not indicate its acceptance of Landlord's Initial Determination (if same was provided by Landlord) in its Renewal Notice, then Landlord and Tenant shall promptly begin discussions on a mutually-acceptable Renewal FMRV. If Landlord and Tenant cannot reach agreement by ten (10) months⁵ before the expiration date of Initial Term, Landlord and Tenant shall, no later than nine (9) months⁵ before the Expiration Date of the Term, each select a real estate broker licensed by the State of New York who is a member of the Real Estate Board of New York, Inc. with at least ten (10) years of experience in the leasing of office space in comparable office buildings in the Borough in which the Building is located (such brokers are referred to, respectively, as "Landlord's Broker" and "Tenant's Broker") who shall confer promptly after their selection to attempt to agree upon the Renewal FMRV. If either Landlord or Tenant fail to select a real estate broker as specified hereunder, then the party who has selected its real estate broker may send the party failing to so select such real estate broker a notice in 12 pt bold cap in Times Roman font (or equivalent) stating:

IN ACCORDANCE WITH ARTICLE __².02 (a)(ii) OF OUR LEASE, YOU ARE NOTIFIED THAT IN THE EVENT YOU DO NOT SELECT A REAL ESTATE BROKER WITHIN FIVE (5) DAYS OF RECEIPT OF THIS LETTER, YOU SHALL BE DEEMED TO AGREE WITH OUR DETERMINATION OF RENEWAL FMRV

(iii) If Landlord's Broker and Tenant's Broker cannot reach agreement by seven (7) months⁵ prior to the expiration date of Initial Term, then, within twenty (20) days thereafter, they shall designate a third Impartial real estate broker meeting the above qualifications and who: (A) has not represented Tenant in the two (2) years prior to being designated; (B) has not been employed by, or has earned a commission from, Landlord or an affiliate thereof within two (2) years prior to being designated; (C) is not currently negotiating a transaction involving Landlord or Tenant or any affiliate thereof; (D) is not currently a broker working at the same firm as Landlord's Broker or Tenant's Broker; and (E) is neither currently negotiating a transaction with either broker nor has concluded a transaction with either broker in the two (2) years prior to being designated (the "Impartial Broker"). Upon failure of Landlord's Broker and Tenant's Broker timely to agree upon the designation of the Impartial Broker, then either Landlord or Tenant may request that the President of the Real Estate Board of New York, Inc., or the successor thereto, make such appointment within ten (10) days after such request. If the President of the Real Estate Board of New York, Inc. shall refuse to appoint such Impartial Broker or fail to do so within ten (10) days of the request, or if the Real Estate Board of New York, Inc. shall then no longer be in existence, either party hereto, on behalf of both, may apply to the Supreme Court in the County in which the Building is located for the appointment of such Impartial Broker, and the other party shall not raise any objection as to the Court's full power and jurisdiction to entertain the application and make such appointment

Within five (5) days after appointment of the Impartial Broker, Landlord's Broker and Tenant's Broker shall each submit a letter to the Impartial Broker, with a copy to Landlord and Tenant, setting forth such broker's estimate of the Renewal FMRV and the rationale used in determining it (respectively, "Landlord's Broker's Letter" and "Tenant's Broker's Letter").

(iv) The arbitration shall commence within ten (10) Business Days after the selection of Impartial Broker and shall be limited to a maximum of two (2) days, with each party having no more than a total of two (2) hours to present its case, two (2) hours to cross examine or interrogate persons supplying information or documentation on behalf of the other party, and one (1) hour to summarize in a closing statement such party's case, and the arbitrator shall make a determination within three (3) Business Days after the conclusion of the presentation of Landlord's and Tenant's cases, which determination shall choose either the estimate set forth in Landlord's Broker's Letter or the estimate set forth in Tenant's Broker's Letter, whichever the Impartial Broker believes most accurately reflects the fair market rental value of the Premises in accordance with the provisions of Article ____².02(d) for the subject term as of the Renewal Term Commencement Date to be the Renewal FMRV, and such choice shall be binding upon Landlord and Tenant. Landlord and Tenant shall each pay the fees and expenses of its respective broker. The fees and expenses of the Impartial Broker shall be shared equally by Landlord and Tenant.

(b) In the event that the Renewal FMRV has not been determined within thirty (30) days after the commencement of the Renewal Term, then the Fixed Annual Rent shall be the estimate set forth in Landlord's Broker's Letter (or, if none, then the Landlord's Initial Determination), unless the parties have extended the time for the determination of Fixed Annual Rental. If the parties have extended the time for the determination of Fixed Annual Rental, then after the Fixed Annual Rent during the Renewal Term has been determined as aforesaid, any amounts theretofore paid by Tenant to Landlord on account of Fixed Annual Rent in excess of the amount of Fixed Annual Rent as finally determined shall be credited by Landlord against the next ensuing monthly Fixed Annual Rent payable by Tenant to Landlord.

(c) Promptly after the Fixed Annual Rent has been determined, Landlord and Tenant shall execute, acknowledge and deliver an agreement setting forth the Fixed Annual Rent for the Renewal Term, as finally determined, provided that the failure of the parties to do so shall not affect their respective rights and obligations hereunder.

(d) For purposes of this Article ____², the determination of "Renewal FMRV" shall mean the then fair market rent for the Premises as of the Renewal Term Commencement Date on a renewal basis for a term comparable to the applicable Renewal Term, taking into account all then relevant factors including, but not limited to, the items listed in Section ____².01 (c) (ii) (iii) and (iv), whether favorable to Landlord or Tenant.

____².03 Notwithstanding anything to the contrary contained in this Article ____², Landlord shall have the right, in its sole discretion, to waive any or all of the conditions to the

effectiveness of Tenant's exercise of Tenant's Renewal Right set forth in Section __².01 without thereby waiving any Default by Tenant, in which event, if Tenant sends the Renewal Notice (i) the Term shall be extended without execution or delivery of any other or further document in accordance with the provisions of this Article __² with the same force and effect as if the Renewal Term had originally been included in the term of this Lease, and (ii) Landlord shall be entitled to all of the remedies provided by this Lease and at law with respect to any such Default by Tenant.