

NICHE UNDERWRITING / BORROWER FIELD GUIDE

Grocery-anchored shopping centers

What happens to supportable income when the anchor renews, leaves or triggers other lease rights?

Create an anchor-event map before relying on the center's blended occupancy or rent growth. Record what happens if the grocer renews, stops operating while paying rent, leaves entirely or is replaced. The useful financing file connects each event to actual small-shop lease language, replacement work and the time when those consequences affect cash.

Trace contingent lease rights

Regency Centers' 2025 annual report describes co-tenancy provisions that may change other tenants' obligations when a significant tenant vacates. This is an issuer disclosure, not a rule for every shopping center. Read the actual trigger, notice, cure and replacement language in each relevant lease.

Distinguish rent payment from store operation

Regency Centers' 2025 report also describes anchors going dark while continuing to pay rent. For the subject property, separate anchor cash rent, operating status and other tenants' contractual rights rather than using one occupied/vacant flag.

Identify rights outside the owned parcel

Prepare a diagram of owned anchor space, separately owned pads, shared parking and access arrangements. Obtain the governing agreements. A proposed replacement or subdivision should remain a separate scenario until the relevant consents and physical costs are supported.

Use with the dedicated Excel model for this niche. All numerical scenarios are hypothetical. Research and calculation scope are separated throughout this guide.

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What lenders want to understand

These are preparation questions. The actual lender determines required evidence, accepted cash flow and approval conditions.

01 / What changes on the anchor's next decision date?

Provide a critical-date schedule covering renewal notices, lease expiry, purchase options, termination rights and the loan's maturity.

02 / Which other leases react to an anchor event?

Create a clause-by-clause matrix with the affected rent, contractual trigger, cure period and unresolved legal interpretation.

03 / What does replacement require before new rent begins?

Collect replacement-tenant evidence, demising and building-work bids, leasing assumptions and cash needed during the transition.

Turn questions into an evidence ledger

For each answer, record the document date, responsible person, unresolved issue and lender response. Distinguish requested, received, reconciled and accepted. A document upload does not establish acceptance.

Hypothetical: the anchor keeps paying but closes

A grocer closes its store while continuing lease payments during a remaining term.

Model the actual anchor cash receipts, then separately apply only verified co-tenancy consequences and supported leasing effects. Identify who can regain possession and when replacement work could start.

A rent-paying dark store and an operating anchor are different cases; the documents determine how that difference reaches borrower cash.

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Document checklist

Use a common financial cutoff date. Record gaps and discrepancies alongside the documents.

Document and purpose	Status / owner
Anchor lease, amendments and guaranty - Establish the obligor and operative rights rather than relying on a store brand.	☐ Received ☐ Reconciled Owner: _____
Co-tenancy and operating-clause matrix - Quantify affected leases using their actual language and qualified legal review.	☐ Received ☐ Reconciled Owner: _____
Reciprocal easement and shared-facility agreements - Identify access, parking, signage and consent dependencies across ownership boundaries.	☐ Received ☐ Reconciled Owner: _____
Tenant sales or operating evidence where available - Explain the evidence obtained, its date and gaps without claiming access to confidential store data.	☐ Received ☐ Reconciled Owner: _____
Anchor-event cash and capital schedule - Combine rent changes, common-cost recovery losses and replacement funding in one timeline.	☐ Received ☐ Reconciled Owner: _____

Attach the financing and cash evidence

Include a signed sources-and-uses reconciliation, existing debt and equipment obligations, proposed term sheet, available equity evidence, and a dated explanation for every material model assumption. Separate restricted balances from spendable cash.

Keep personal and customer records private

Use aggregate operating evidence in this educational workbook. Share sensitive supporting documents only through the lender or advisor's appropriate secure process. The workbook contains no upload connection.

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Use your dedicated Excel model

Anchor and Shop Cash -> Operations -> Debt and Funding -> Summary

01 / Select a case

Save an untouched copy. In Assumptions D5 select 1 for Base or 2 for Downside. Both cases feed one monthly calculation; changing the selector recalculates the workbook.

02 / Populate the niche schedule

Replace blue input cells in Anchor and Shop Cash!D10:M21 with dated source evidence. Retain formula cells. Source columns are: Anchor operating fraction of month; Anchor rent actually collectible; Normal monthly shop base rent; Shop rent affected by co-tenancy; Affected rent reduction when dark; Shop rent collection fraction; Normal monthly cash recoveries; Recovery reduction when dark; Center operating costs; Anchor and center capital.

03 / Replace scenario assumptions

Replace illustrative scenario drivers, property value, acquisition uses, available equity and financing terms in Assumptions. These examples are not market benchmarks or lender requirements.

04 / Reconcile cash and financing

Trace monthly Operations into Debt and Funding. The signed funding surplus deducts closing equity and additional operating cash need; a negative result is an unfunded requirement.

05 / Resolve missing inputs

Inspect the Review checks and every unavailable result. Missing or invalid selected data is n.a.; a valid zero remains zero. Do not replace missing records with zeros.

06 / Confirm the transaction scope

Reconcile the chosen case to lender definitions and actual documents. The model covers twelve operating months and a contractual principal calculation at maturity; it does not forecast future refinancing approval.

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Calculation scope and conventions

Read these alongside the visible formulas. The source schedule is dedicated to this niche; contractual and eligibility decisions remain outside the model.

Anchor operation and anchor rent are separate inputs. A dark anchor can remain rent-paying. A zero operating fraction does not automatically eliminate its rent.

Co-tenancy relief is a user-entered scenario: affected share times reduction times dark fraction of the month. The model does not interpret triggers, cure periods, alternate-rent provisions, termination rights or enforceability.

Shop collection losses apply after the entered relief. Do not embed the same relief in normal shop rent or collection fraction. Recovery relief is a separate aggregate cash assumption; operating costs remain gross.

Volume sensitivity changes normal shop rent, capped at full modeled occupancy, while anchor cash follows its own input. Capital is below NCF. Fixed costs must exclude the center operating expenses entered here.

Sizing cash equals modeled annual cash NCF plus the entered lender adjustment. The adjustment does not create spendable cash.

Coverage size uses amortizing annual service. The loan is the minimum of coverage, LTV, debt yield and the requested ceiling.

The three sizing thresholds are illustrative editable inputs. Negative NCF produces zero income-supported capacity, never a negative loan.

Monthly payments use annual rate/12; IO principal is unchanged. After IO the original principal amortizes over the entered period.

Closing cash and later operating shortfalls are reconciled without counting the same cash reserve twice.

All numerical values are illustrative; no market facts or lender approval are asserted.

The twelve-month operating model omits taxes on investor returns and future refinancing costs except expressly entered items.

Author verification uses Artifact Tool recalculation, saved-XLSX reimport and separate JS arithmetic; independent application verification is recorded separately.

Legal, licensing, environmental, engineering and lender-specific recognition require actual diligence.

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A reconciled hypothetical example

Base and Downside are separate recalculations of the same model. Displayed dollars are rounded; Excel retains unrounded values.

Illustrative result	Base	Downside
Modeled revenue / contribution	\$1,876,792	\$1,705,172
NCF after reserve	\$1,074,488	\$809,365
NCF used for sizing	\$1,074,488	\$784,365
Modeled loan	\$9,500,000	\$6,514,482
Binding sizing constraint	Requested ceiling	DSCR
First-year debt service	\$693,618	\$562,258
Required closing equity	\$6,000,000	\$8,985,518
Equity left / (closing gap)	\$1,500,000	-\$1,485,518
Additional operating cash need	\$0	\$0
Equity left / (combined gap)	\$1,500,000	-\$1,485,518
Principal at modeled maturity	\$8,706,696	\$6,070,997

Base NCF used for sizing is \$1,074,488. The modeled loan is \$9,500,000, with Requested ceiling binding. Closing uses of \$15,500,000 less that loan require \$6,000,000 of equity. Available equity is \$7,500,000; the signed combined surplus/gap is \$1,500,000 after any additional operating cash need. Downside changes the loan to \$6,514,482 and the combined result to -\$1,485,518.

Illustrative Base / Downside inputs: Property value \$16,000,000 / \$13,500,000; Annual note rate 6.50% / 8.00%; Maximum LTV 65.00% / 60.00%; Minimum sizing DSCR 1.25 / 1.3; Minimum debt yield 9.00% / 10.00%; Amortization after IO (years) 25 / 25; Initial interest-only months 6 / 6.

Change the case and trace the result

Compare the binding sizing constraint, closing equity, monthly cash low point and maturity principal. A smaller modeled loan can increase the sponsor funding need even if the property remains cash-positive. The lender may use different income adjustments, payment conventions or collateral limits.

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Sources, limits and next steps

Sources below support identified research claims. They do not validate the fictional numerical inputs or represent a financing commitment.

Regency Centers - 2025 Annual Report

Risk Factors, anchor tenants and co-tenancy, PDF page 25

Issuer-specific contractual-risk disclosure; not evidence about the reader's leases.

<https://www.sec.gov/Archives/edgar/data/1066247/000119312526122901/d894488dars.pdf>

Source checked: 2026-10-21

About this educational model

Prepared with AI assistance and independently checked against the published example. Artifact Tool recalculation and saved-file checks are recorded in the release evidence. Native Microsoft Excel recalculation has not been independently verified. Verify your edited scenario in your spreadsheet application before using its results.

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Published by Jaken Finance Group. Version 1.0.0. Preparation date: October 21, 2026. Correct errors through the publication's [corrections page](#).