

COMMERCIAL LEASE AGREEMENT

Harbor Point Market - San Diego, California

PAGE 1: LEASE SUMMARY & PARTIES

COMMERCIAL LEASE AGREEMENT

This Commercial Lease Agreement ("Agreement") is entered into on May 1, 2021, between the parties identified below:

LANDLORD: Pacific Coast Development Group

600 B Street, Suite 2500

San Diego, CA 92101

Phone: (619) 555-4000

Tax ID: 33-9876543

TENANT: FreshMart Grocery Chain

1200 Corporate Drive

Denver, CO 80202

Phone: (303) 555-4321

Tax ID: 87-9876543

PROPERTY ADDRESS: 1275 Harbor Island Drive

San Diego, CA 92101

LEASE TERM:

- **Commencement Date:** June 1, 2021
- **Expiration Date:** May 18, 2026
- **Initial Term:** 4 years and 351 days
- **Total Square Footage:** 32,000 square feet

MONTHLY BASE RENT: \$106,666.67 per month (\$40.00 per square foot annually)

SECURITY DEPOSIT: \$213,333.33 (equivalent to two months' base rent)

This Agreement shall be governed by the laws of the State of California and the City of San Diego municipal codes.

PAGE 2: PROPERTY DETAILS

PROPERTY DESCRIPTION: The leased premises consists of a premium waterfront grocery store located on prestigious Harbor Island with panoramic views of San Diego Bay and the downtown skyline. The property features floor-to-ceiling windows, outdoor dining areas, and is designed to serve both local residents and marina visitors.

TOTAL SQUARE FOOTAGE BREAKDOWN:

- **Total Retail Space:** 32,000 square feet
- **Produce Department:** 5,760 square feet
- **Dairy Section:** 3,520 square feet
- **Meat/Seafood Department:** 4,800 square feet
- **Packaged Goods:** 8,000 square feet
- **Storage/Office/Café/Wine Bar:** 9,920 square feet

PERMITTED USE: The premises shall be used exclusively for upscale retail grocery operations, including the sale of premium food products, fine wines, artisanal goods, prepared foods, and café/wine bar operations with outdoor seating overlooking the harbor.

PARKING SPECIFICATIONS:

- **Customer Parking:** 128 spaces (4 spaces per 1,000 sq ft)
- **Employee Parking:** 20 dedicated spaces
- **Handicap Accessible:** 8 spaces
- **Valet Parking:** 6 spaces during peak hours
- **Loading Dock:** 2 covered bays with harbor access
- **Cart Storage:** Climate-controlled storage for 200 carts
- **Marina Guest:** 15 spaces reserved for boat slip customers

PROPERTY FEATURES: Floor-to-ceiling windows with harbor views, imported tile flooring, 14-foot ceilings, premium lighting systems, outdoor café seating for 40 guests, wine cellar storage area, and direct harbor access for delivery boats.

PAGE 3: FINANCIAL TERMS

BASE RENT SCHEDULE:

- **Years 1-2:** \$106,666.67/month (\$40.00/sq ft annually)

- **Years 3-4:** \$112,000.00/month (\$42.00/sq ft annually)
- **Year 5:** \$117,333.33/month (\$44.00/sq ft annually)

RENT ESCALATION: Base rent increases by 5% every two years, with the first increase effective June 1, 2023.

SECURITY DEPOSIT: \$213,333.33 held in interest-bearing escrow account with California Coast Bank. Interest at prime rate accrues to Tenant benefit. Deposit refundable within 30 days of lease termination, less any damages or unpaid amounts.

COMMON AREA MAINTENANCE (CAM) CHARGES: \$8.75 per square foot annually = \$23,333.33 monthly CAM includes:

- Marina and waterfront maintenance
- Landscaping and palm tree maintenance
- Exterior building and window cleaning
- Harbor access dock maintenance
- Valet parking service coordination
- Premium security services

ADDITIONAL COSTS:

- **Property Taxes:** Tenant responsible for pro-rata share (estimated \$45,000/year)
- **Utilities:** Tenant responsible for all interior utilities
- **Harbor Access Fee:** \$500/month for delivery dock privileges
- **Waste Management:** \$850/month including recycling and organic waste

PERCENTAGE RENT: 3% of gross sales exceeding \$10,666,667 annually (natural breakpoint)

PREMIUM LOCATION SURCHARGE: \$2.50 per square foot annually for harbor views and waterfront access

LATE PAYMENT PENALTY: 15% annual interest on overdue amounts plus \$150 administrative fee if payment received after the 3rd of each month.

ANNUAL RECONCILIATION: CAM charges reconciled annually by April 30th. Tenant billed for overages or credited for under-charges within 60 days of reconciliation.

MAINTENANCE OBLIGATIONS: Tenant shall maintain the interior of the premises in pristine condition, including:

- All interior surfaces, premium fixtures, and finishes
- Plumbing systems and fixtures including café equipment
- Electrical systems and premium lighting fixtures
- HVAC systems and harbor air filtration maintenance
- Refrigeration equipment and wine storage systems
- Daily professional cleaning and window washing
- Outdoor café area maintenance and furniture

INSURANCE REQUIREMENTS: Tenant must maintain the following insurance coverage:

- **General Liability:** \$5,000,000 per occurrence, \$10,000,000 aggregate
- **Property Insurance:** Full replacement cost including premium fixtures
- **Workers' Compensation:** As required by California law
- **Liquor Liability:** \$2,000,000 coverage for wine bar operations
- **Marine Liability:** \$1,000,000 coverage for harbor access
- **Business Interruption:** 24 months minimum coverage
- **Umbrella Policy:** \$5,000,000 minimum coverage

Landlord must be named as additional insured on all policies. Certificate updates required 30 days before expiration.

UTILITY RESPONSIBILITIES: Tenant responsible for all utilities serving the premises:

- Electricity (including premium lighting and refrigeration)
- Natural gas for kitchen and heating equipment
- Water and sewer services including café operations
- Premium telecommunications and high-speed internet
- Harbor water access utilities

OPERATING HOURS:

- **Monday-Thursday:** 7:00 AM to 10:00 PM
- **Friday-Saturday:** 7:00 AM to 11:00 PM
- **Sunday:** 8:00 AM to 9:00 PM

- **Café/Wine Bar:** Extended hours until 11:00 PM weekends
- **Holiday Hours:** Extended hours during peak tourist seasons

COMPLIANCE REQUIREMENTS: Tenant must maintain all required licenses including California Department of Public Health permits, City of San Diego business licenses, ABC licenses for wine sales, and harbormasters permits for waterfront operations.

PAGE 5: LANDLORD RESPONSIBILITIES & PROPERTY MANAGEMENT

LANDLORD MAINTENANCE OBLIGATIONS: Landlord shall maintain waterfront and premium building elements:

- Building structure and waterfront foundation systems
- Harbor dock and marine access facilities
- Parking areas and valet coordination infrastructure
- Premium landscaping and harbor views maintenance
- Exterior building cleaning and premium maintenance
- Marina utilities and harbor access systems

PROPERTY MANAGEMENT COMPANY: Coastal Premium Property Services

Contact: Victoria Sterling, Executive Property Manager

Office: (619) 555-8500

Mobile: (619) 555-8501

Email: v.sterling@coastalpremium.com

Office Hours: Monday-Friday, 8:00 AM - 6:00 PM

EMERGENCY MAINTENANCE PROCEDURES:

- **Emergency Hotline:** (619) 555-24HR (2447) - Available 24/7
- **Primary Emergency Contact:** Captain James Rodriguez, Harbor Facilities Manager
- **Emergency Mobile:** (619) 555-8510
- **Response Time:** 30 minutes for emergencies, 1 hour for urgent issues

BUILDING MANAGEMENT POLICIES:

- Daily waterfront and marina inspections
- Weekly premium cleaning and maintenance services
- Monthly harbor access and dock maintenance

- Quarterly building system and window cleaning
- Annual marine facility inspection and certification

LANDLORD CONTACT INFORMATION: Primary Contact: Alexandra Mitchell, Portfolio Director

Phone: (619) 555-8505

Email: a.mitchell@pacificcoastdev.com

Marina Coordinator: Contact: Captain Maria Fernandez, Harbor Operations

Phone: (619) 555-8507

Email: m.fernandez@pacificcoastdev.com

Legal/Administrative Contact: Address: Pacific Coast Development Group

600 B Street, Suite 2500

San Diego, CA 92101

Legal Counsel: San Diego Maritime Law Group

Phone: (619) 555-7500

PAGE 6: RENEWAL TERMS & CONTACT INFORMATION

LEASE RENEWAL OPTIONS: Tenant has the right to renew this lease for two consecutive 5-year terms under the following conditions:

- Written notice of intent to renew must be provided 12 months prior to lease expiration (by May 18, 2025)
- Tenant must be current on all financial obligations
- No material defaults during lease term
- Maintenance of upscale operation standards consistent with harbor location

RENEWAL TERMS:

- **Notice Period:** 365 days written notice required for each renewal option
- **Rent Determination:** Fair market value for premium waterfront retail space
- **Harbor Access:** Continued marina privileges and waterfront access rights
- **Option Periods:** Two consecutive 5-year renewals (10 years total additional)
- **Security Deposit:** May be adjusted based on renewal rent amount
- **Percentage Rent:** Breakpoint adjusted for market conditions

EARLY TERMINATION CLAUSES:

- **Tenant Early Termination:** Permitted after Year 3 with 18 months notice and penalty equal to 12 months base rent
- **Harbor Access:** Either party may terminate if marina access is permanently restricted
- **Environmental Issues:** Termination rights for significant harbor contamination
- **Condemnation:** Either party may terminate if more than 25% of premises affected

KEY CONTACT INFORMATION:

PRIMARY PROPERTY MANAGER: Victoria Sterling, Executive Property Manager

Coastal Premium Property Services

Phone: (619) 555-8500

Mobile: (619) 555-8501

Email: v.sterling@coastalpremium.com

EMERGENCY MAINTENANCE: Captain James Rodriguez, Harbor Facilities Manager

24/7 Emergency Hotline: (619) 555-24HR (2447)

Mobile: (619) 555-8510

Email: j.rodriguez@coastalpremium.com

LANDLORD REPRESENTATIVE: Alexandra Mitchell, Portfolio Director

Pacific Coast Development Group

Phone: (619) 555-8505

Email: a.mitchell@pacificcoastdev.com

MARINA COORDINATOR: Captain Maria Fernandez, Harbor Operations

Phone: (619) 555-8507

Email: m.fernandez@pacificcoastdev.com

LEASE ADMINISTRATION: Christopher Davis, Senior Lease Administrator

Phone: (619) 555-8503

Email: c.davis@pacificcoastdev.com

RENT PAYMENT ADDRESS: Pacific Coast Development Group

Harbor Point Collection Services

P.O. Box 92000

San Diego, CA 92192

LEGAL NOTICES ADDRESS: Pacific Coast Development Group

600 B Street, Suite 2500

San Diego, CA 92101

Attention: Legal Affairs Department

HARBOR ISLAND MANAGEMENT: Harbor Point Management Office

1275 Harbor Island Drive, Suite 100

San Diego, CA 92101

Phone: (619) 555-8520

Hours: Monday-Sunday, 8:00 AM - 6:00 PM

TENANT CONTACT FOR NOTICES: FreshMart Grocery Chain

1200 Corporate Drive

Denver, CO 80202

Attention: California Regional Manager

This lease agreement has been executed on the date first written above.

SIGNATURES: [Signature blocks for both parties with date and witness lines]