

# COMMERCIAL LEASE AGREEMENT

## Sunset Plaza Foods - Austin, Texas

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### PAGE 1: LEASE SUMMARY & PARTIES

#### COMMERCIAL LEASE AGREEMENT

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

**LANDLORD:** Lone Star Development Corporation

500 West 6th Street, Suite 1200

Austin, TX 78701

Phone: (512) 555-2000

Tax ID: 74-8901234

**TENANT:** FreshMart Grocery Chain

1200 Corporate Drive

Denver, CO 80202

Phone: (303) 555-4321

Tax ID: 87-9876543

**PROPERTY ADDRESS:** 2801 South Lamar Boulevard

Austin, TX 78704

**LEASE TERM:**

- **Commencement Date:** December 1, 2021
- **Expiration Date:** November 20, 2026
- **Initial Term:** 4 years and 354 days
- **Total Square Footage:** 35,000 square feet

**MONTHLY BASE RENT:** \$72,916.67 per month (\$25.00 per square foot annually)

**SECURITY DEPOSIT:** \$145,833.33 (equivalent to two months' base rent)

This Agreement shall be governed by the laws of the State of Texas and the City of Austin municipal codes.

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## PAGE 2: PROPERTY DETAILS

**PROPERTY DESCRIPTION:** The leased premises consists of a modern single-story grocery store building located in the vibrant South Austin area. The property is part of Sunset Plaza Shopping Center and features state-of-the-art refrigeration systems, wide shopping aisles, and sustainable design elements including solar panels and LED lighting.

**TOTAL SQUARE FOOTAGE BREAKDOWN:**

- **Total Retail Space:** 35,000 square feet
- **Produce Department:** 7,000 square feet
- **Dairy Section:** 4,200 square feet
- **Meat Department:** 5,600 square feet
- **Packaged Goods:** 10,500 square feet
- **Storage/Office/Bakery/Deli:** 7,700 square feet

**PERMITTED USE:** The premises shall be used exclusively for retail grocery operations, including the sale of food products, beverages, prepared foods, bakery items, deli service, and related merchandise typically found in a full-service grocery store. On-site food preparation and consumption permitted.

**PARKING SPECIFICATIONS:**

- **Customer Parking:** 175 spaces (5 spaces per 1,000 sq ft)
- **Employee Parking:** 25 dedicated spaces
- **Handicap Accessible:** 12 spaces
- **Loading Dock:** 3 bays with electric dock levelers
- **Cart Storage:** Covered storage for 300 shopping carts
- **Electric Vehicle:** 8 EV charging stations

**PROPERTY FEATURES:** Energy-efficient HVAC system, 100% LED lighting, polished concrete floors, 16-foot ceilings, automated building management system, advanced security with 24/7 monitoring, and LEED Silver certification.

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## PAGE 3: FINANCIAL TERMS

**BASE RENT SCHEDULE:**

- **Years 1-2:** \$72,916.67/month (\$25.00/sq ft annually)
- **Years 3-4:** \$76,562.50/month (\$26.25/sq ft annually)

- **Year 5:** \$80,208.33/month (\$27.50/sq ft annually)

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

**SECURITY DEPOSIT:** \$145,833.33 held in interest-bearing escrow account with Texas Hill Country Bank. Interest at 2.5% annually accrues to Tenant. Deposit refundable within 30 days of lease termination, less any damages or unpaid amounts.

**COMMON AREA MAINTENANCE (CAM) CHARGES:** \$3.85 per square foot annually = \$11,229.17 monthly CAM includes:

- Parking lot maintenance and re-striping
- Landscaping and irrigation maintenance
- Exterior building maintenance and power washing
- Common area utilities and lighting
- Property management and administration fees
- Shopping center marketing and promotions

**ADDITIONAL COSTS:**

- **Property Taxes:** Tenant responsible for pro-rata share (estimated \$18,500/year)
- **Utilities:** Tenant responsible for all interior utilities
- **Waste Management:** \$650/month for comprehensive waste and recycling service

**PERCENTAGE RENT:** 5% of gross sales exceeding \$5,200,000 annually (natural breakpoint)

**LATE PAYMENT PENALTY:** 8% annual interest on late payments plus \$100 administrative fee if payment received after the 5th of each month.

**ANNUAL RECONCILIATION:** CAM charges reconciled annually by February 28th. Tenant billed for overages or credited for under-charges within 90 days.

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## **PAGE 4: TENANT RESPONSIBILITIES**

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

- All interior walls, floors, ceilings, and fixtures
- Plumbing systems and fixtures

- Interior electrical systems and lighting
- HVAC equipment maintenance and filter changes
- Refrigeration and freezer systems
- Regular professional cleaning and maintenance
- Grease trap servicing (monthly)

**INSURANCE REQUIREMENTS:** Tenant must maintain the following insurance coverage:

- **General Liability:** \$2,500,000 per occurrence, \$5,000,000 aggregate
- **Property Insurance:** Full replacement cost of fixtures, equipment, and inventory
- **Workers' Compensation:** As required by Texas law
- **Business Interruption:** 18 months minimum coverage
- **Product Liability:** \$2,000,000 coverage
- **Environmental Liability:** \$1,000,000 coverage

Landlord must be named as additional insured on all policies. Certificate holder: Lone Star Development Corporation.

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

- Electricity (including refrigeration and lighting systems)
- Natural gas for heating and cooking equipment
- Water and wastewater services
- Telecommunications and internet services
- Grease and oil disposal services

**OPERATING HOURS:**

- **Monday-Sunday:** 6:00 AM to 12:00 AM (midnight)
- **Holiday Hours:** As determined by Tenant (minimum 10 hours)
- **Extended Hours:** Permitted with 14-day written notice
- **24-Hour Access:** Permitted for restocking and maintenance

**COMPLIANCE REQUIREMENTS:** Tenant must maintain all required licenses and permits including Texas Department of State Health Services permits, City of Austin business licenses, and specialized food service permits for prepared food operations.

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## PAGE 5: LANDLORD RESPONSIBILITIES & PROPERTY MANAGEMENT

**LANDLORD MAINTENANCE OBLIGATIONS:** Landlord shall maintain structural elements and shopping center common areas:

- Building structure, roof, and exterior walls
- Parking lot maintenance, repair, and seal coating
- Landscape maintenance and irrigation systems
- Common area lighting and electrical systems
- Shopping center signage and way-finding
- Storm water management systems

**PROPERTY MANAGEMENT COMPANY: Austin Commercial Properties, Inc.**

Contact: Maria Gonzalez, Senior Property Manager

Office: (512) 555-3100

Mobile: (512) 555-3101

Email: [m.gonzalez@austincommercial.com](mailto:m.gonzalez@austincommercial.com)

Office Hours: Monday-Friday, 8:00 AM - 5:30 PM

### **EMERGENCY MAINTENANCE PROCEDURES:**

- **Emergency Hotline:** (512) 555-URGENT (8743) - Available 24/7
- **Primary Emergency Contact:** Carlos Rivera, Facilities Supervisor
- **Emergency Mobile:** (512) 555-3110
- **Response Time:** 30 minutes for emergencies, 2 hours for urgent issues

### **BUILDING MANAGEMENT POLICIES:**

- Bi-weekly property inspections with 24-hour notice
- Monthly parking lot maintenance and cleaning
- Quarterly landscape and irrigation system review
- Annual roof inspection and maintenance
- Semi-annual exterior building cleaning

**LANDLORD CONTACT INFORMATION: Primary Contact:** James Patterson, Asset Manager

**Phone:** (512) 555-3105

**Email:** [j.patterson@lonestardev.com](mailto:j.patterson@lonestardev.com)

**Leasing and Administration: Address:** Lone Star Development Corporation

500 West 6th Street, Suite 1200

Austin, TX 78701

**Legal Counsel:** Morrison, Davis & Partners LLP

**Phone:** (512) 555-8800

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## **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 9 months prior to lease expiration (by February 20, 2026)
- Tenant must be current on all financial obligations
- No uncured material defaults during lease term
- Renewal rent to be determined by independent appraisal

### **RENEWAL TERMS:**

- **Notice Period:** 270 days written notice required for each option
- **Rent Determination:** Fair market value as determined by certified appraisal
- **Option Periods:** Two consecutive 5-year options (10 years total)
- **Security Deposit:** Adjusted to reflect renewal rent amount
- **Percentage Rent:** Natural breakpoint adjusted for inflation

### **EARLY TERMINATION CLAUSES:**

- **Tenant Early Termination:** Permitted after Year 3 with 12 months written notice and termination fee equal to 8 months base rent
- **Landlord Termination:** For material default only, with 60 days cure period
- **Casualty Loss:** If restoration exceeds 9 months, either party may terminate
- **Condemnation:** Either party may terminate if more than 30% of premises affected

### **KEY CONTACT INFORMATION:**

**PRIMARY PROPERTY MANAGER:** Maria Gonzalez, Senior Property Manager

Austin Commercial Properties, Inc.

Phone: (512) 555-3100

Mobile: (512) 555-3101

Email: [m.gonzalez@austincommercial.com](mailto:m.gonzalez@austincommercial.com)

**EMERGENCY MAINTENANCE:** Carlos Rivera, Facilities Supervisor

24/7 Emergency Hotline: (512) 555-URGENT (8743)

Mobile: (512) 555-3110

Email: [c.rivera@austincommercial.com](mailto:c.rivera@austincommercial.com)

**LANDLORD REPRESENTATIVE:** James Patterson, Asset Manager

Lone Star Development Corporation

Phone: (512) 555-3105

Email: [j.patterson@lonestardev.com](mailto:j.patterson@lonestardev.com)

**LEASE ADMINISTRATION:** Rebecca Martinez, Lease Administrator

Phone: (512) 555-3107

Email: [r.martinez@lonestardev.com](mailto:r.martinez@lonestardev.com)

**RENT PAYMENT ADDRESS:** Lone Star Development Corporation

Rent Collection Department

P.O. Box 78900

Austin, TX 78708

**LEGAL NOTICES ADDRESS:** Lone Star Development Corporation

500 West 6th Street, Suite 1200

Austin, TX 78701

Attention: Legal Department

**SHOPPING CENTER MANAGEMENT:** Sunset Plaza Management Office

2801 South Lamar Boulevard, Suite 100

Austin, TX 78704

Phone: (512) 555-3120

Hours: Monday-Saturday, 9:00 AM - 6:00 PM

**TENANT CONTACT FOR NOTICES:** FreshMart Grocery Chain

1200 Corporate Drive

Denver, CO 80202

Attention: Southwest 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]