

# COMMERCIAL LEASE AGREEMENT

## Metro Fresh Supermarket - Phoenix, Arizona

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### PAGE 1: LEASE SUMMARY & PARTIES

#### COMMERCIAL LEASE AGREEMENT

This Commercial Lease Agreement ("Agreement") is entered into on January 10, 2022, between the parties identified below:

**LANDLORD:** Desert Vista Properties Inc.

3200 North Central Avenue, Suite 2100

Phoenix, AZ 85012

Phone: (602) 555-8000

Tax ID: 86-3456789

**TENANT:** FreshMart Grocery Chain

1200 Corporate Drive

Denver, CO 80202

Phone: (303) 555-4321

Tax ID: 87-9876543

**PROPERTY ADDRESS:** 7850 West McDowell Road

Phoenix, AZ 85035

#### LEASE TERM:

- **Commencement Date:** February 1, 2022
- **Expiration Date:** January 25, 2027
- **Initial Term:** 4 years and 358 days
- **Total Square Footage:** 41,000 square feet

**MONTHLY BASE RENT:** \$82,000.00 per month (\$24.00 per square foot annually)

**SECURITY DEPOSIT:** \$164,000.00 (equivalent to two months' base rent)

This Agreement shall be governed by the laws of the State of Arizona and the City of Phoenix municipal codes.

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## PAGE 2: PROPERTY DETAILS

**PROPERTY DESCRIPTION:** The leased premises consists of a newly constructed flagship grocery store building located in the rapidly growing West Phoenix corridor. The property features cutting-edge refrigeration technology, solar energy systems, and is designed to serve as a community anchor in the Desert Oasis Shopping Center.

**TOTAL SQUARE FOOTAGE BREAKDOWN:**

- **Total Retail Space:** 41,000 square feet
- **Produce Department:** 8,200 square feet
- **Dairy Section:** 4,920 square feet
- **Meat Department:** 6,560 square feet
- **Packaged Goods:** 12,300 square feet
- **Storage/Office/Pharmacy/Other:** 9,020 square feet

**PERMITTED USE:** The premises shall be used exclusively for retail grocery operations, including the sale of food products, beverages, prepared foods, and related merchandise. Pharmacy operations permitted with proper licensing. Fuel station operations permitted at designated outdoor location.

**PARKING SPECIFICATIONS:**

- **Customer Parking:** 205 spaces (5 spaces per 1,000 sq ft)
- **Employee Parking:** 30 dedicated spaces
- **Handicap Accessible:** 15 spaces
- **Loading Dock:** 4 bays with climate-controlled areas
- **Cart Storage:** Indoor climate-controlled storage for 400 carts
- **Electric Vehicle:** 12 EV charging stations with solar canopy

**PROPERTY FEATURES:** 100% LED lighting, polished concrete floors with decorative scoring, 18-foot ceilings, advanced HVAC with zone controls, 200kW rooftop solar system, energy storage batteries, and comprehensive security system with 32 cameras.

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## PAGE 3: FINANCIAL TERMS

**BASE RENT SCHEDULE:**

- **Years 1-2:** \$82,000.00/month (\$24.00/sq ft annually)
- **Years 3-4:** \$86,100.00/month (\$25.20/sq ft annually)

- **Year 5:** \$90,405.00/month (\$26.46/sq ft annually)

**RENT ESCALATION:** Base rent increases by 5% every two years, with the first increase effective February 1, 2024.

**SECURITY DEPOSIT:** \$164,000.00 held in interest-bearing escrow account with Arizona Commerce Bank. Interest at 3% annually accrues to Tenant benefit. Deposit refundable within 30 days of lease termination, less any damages or unpaid amounts.

**COMMON AREA MAINTENANCE (CAM) CHARGES:** \$4.20 per square foot annually = \$14,350.00 monthly CAM includes:

- Parking lot maintenance, sweeping, and re-striping
- Desert landscaping and irrigation maintenance
- Exterior building maintenance and solar panel cleaning
- Common area utilities and lighting
- Shopping center security services
- Property management and marketing fees

**ADDITIONAL COSTS:**

- **Property Taxes:** Tenant responsible for pro-rata share (estimated \$28,700/year)
- **Utilities:** Tenant responsible for all interior utilities (solar credit applied)
- **Waste Management:** \$780/month for comprehensive waste management service

**PERCENTAGE RENT:** 4% of gross sales exceeding \$6,150,000 annually (natural breakpoint)

**SOLAR ENERGY CREDIT:** Monthly credit of \$1,200 applied to base rent for solar energy production exceeding building consumption

**LATE PAYMENT PENALTY:** 12% annual interest on overdue amounts plus \$125 administrative fee if payment received after the 3rd of each month.

**ANNUAL RECONCILIATION:** CAM charges reconciled annually by March 15th. Tenant billed for overages or credited for under-charges within 75 days of reconciliation.

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## **PAGE 4: TENANT RESPONSIBILITIES**

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

- All interior fixtures, finishes, and specialized equipment
- Plumbing systems and fixtures including backflow prevention
- Interior electrical systems and energy management systems
- HVAC equipment maintenance and filter replacement
- Refrigeration systems and temperature monitoring equipment
- Daily professional cleaning and maintenance services
- Pharmacy area maintenance (if applicable)

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

- **General Liability:** \$3,000,000 per occurrence, \$6,000,000 aggregate
- **Property Insurance:** Full replacement cost including solar equipment
- **Workers' Compensation:** As required by Arizona law
- **Business Interruption:** 18 months minimum coverage
- **Product Liability:** \$2,500,000 coverage
- **Cyber Liability:** \$1,000,000 coverage for pharmacy operations
- **Solar Equipment:** Full replacement value coverage

Landlord must be named as additional insured on all policies. Certificate updates required 45 days before expiration.

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

- Electricity (offset by solar production)
- Natural gas for heating and equipment operation
- Water and sewer services including irrigation
- Telecommunications and data services
- Fuel station utilities (if applicable)

**OPERATING HOURS:**

- **Monday-Sunday:** 5:00 AM to 12:00 AM (midnight)
- **Pharmacy Hours:** Monday-Sunday, 8:00 AM to 10:00 PM
- **Fuel Station:** 24 hours (if applicable)
- **Extended Hours:** Permitted for holiday seasons
- **24-Hour Access:** Permitted for deliveries and restocking

**COMPLIANCE REQUIREMENTS:** Tenant must maintain all required licenses including Arizona Department of Health Services permits, City of Phoenix business licenses, pharmacy licenses (if applicable), and fuel station permits (if applicable).

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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 envelope
- Solar panel system maintenance and monitoring
- Parking lot maintenance, seal coating, and line striping
- Desert landscaping and efficient irrigation systems
- Shopping center signage and lighting
- Common area HVAC and electrical systems

### **PROPERTY MANAGEMENT COMPANY: Southwest Retail Management LLC**

Contact: Roberto Martinez, Senior Property Manager

Office: (602) 555-9200

Mobile: (602) 555-9201

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

Office Hours: Monday-Friday, 7:30 AM - 6:00 PM

### **EMERGENCY MAINTENANCE PROCEDURES:**

- **Emergency Hotline:** (602) 555-EMERGENCY (3637) - Available 24/7
- **Primary Emergency Contact:** Ana Gonzalez, Facilities Manager
- **Emergency Mobile:** (602) 555-9210
- **Response Time:** 45 minutes for emergencies, 2 hours for urgent issues

### **BUILDING MANAGEMENT POLICIES:**

- Weekly property inspections including solar system monitoring
- Bi-weekly parking lot maintenance and cleaning
- Monthly landscape maintenance and irrigation system checks
- Quarterly exterior building and solar panel cleaning
- Semi-annual comprehensive building system inspections

**LANDLORD CONTACT INFORMATION: Primary Contact:** Thomas Anderson, Regional Property Manager

**Phone:** (602) 555-9205

**Email:** [t.anderson@desertvista.com](mailto:t.anderson@desertvista.com)

**Solar System Coordinator: Contact:** Lisa Chen, Energy Systems Manager

**Phone:** (602) 555-9207

**Email:** [l.chen@desertvista.com](mailto:l.chen@desertvista.com)

**Legal/Administrative Contact: Address:** Desert Vista Properties Inc.

3200 North Central Avenue, Suite 2100

Phoenix, AZ 85012

**Legal Counsel:** Arizona Commercial Law Group

**Phone:** (602) 555-7000

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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 12 months prior to lease expiration (by January 25, 2026)
- Tenant must be current on all financial obligations
- No material defaults during lease term
- Maintenance of minimum sales performance (\$6,000,000 annually)

### RENEWAL TERMS:

- **Notice Period:** 365 days written notice required for each renewal
- **Rent Determination:** Fair market value with annual increases capped at 4%
- **Solar Credits:** Continued solar energy credits in renewal terms
- **Option Periods:** Two consecutive 5-year renewals available
- **Security Deposit:** Reduced to one month's rent after successful first term
- **Percentage Rent:** Breakpoint adjusted for inflation every 5 years

### EARLY TERMINATION CLAUSES:

- **Tenant Early Termination:** Not permitted before January 25, 2025

- **Performance Clause:** Landlord may terminate if annual sales below \$4,500,000 for two consecutive years
- **Solar System Failure:** Either party may terminate if solar system cannot be economically repaired
- **Condemnation:** Either party may terminate if more than 35% of premises affected

#### **KEY CONTACT INFORMATION:**

**PRIMARY PROPERTY MANAGER:** Roberto Martinez, Senior Property Manager

Southwest Retail Management LLC

Phone: (602) 555-9200

Mobile: (602) 555-9201

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

**EMERGENCY MAINTENANCE:** Ana Gonzalez, Facilities Manager

24/7 Emergency Hotline: (602) 555-EMERGENCY (3637)

Mobile: (602) 555-9210

Email: [a.gonzalez@swretailmgmt.com](mailto:a.gonzalez@swretailmgmt.com)

**LANDLORD REPRESENTATIVE:** Thomas Anderson, Regional Property Manager

Desert Vista Properties Inc.

Phone: (602) 555-9205

Email: [t.anderson@desertvista.com](mailto:t.anderson@desertvista.com)

**SOLAR SYSTEM COORDINATOR:** Lisa Chen, Energy Systems Manager

Phone: (602) 555-9207

Email: [l.chen@desertvista.com](mailto:l.chen@desertvista.com)

**LEASE ADMINISTRATION:** Patricia Rodriguez, Lease Administrator

Phone: (602) 555-9203

Email: [p.rodriguez@desertvista.com](mailto:p.rodriguez@desertvista.com)

**RENT PAYMENT ADDRESS:** Desert Vista Properties Inc.

Lockbox  #445577

P.O. Box 85000

Phoenix, AZ 85072

**LEGAL NOTICES ADDRESS:** Desert Vista Properties Inc.

3200 North Central Avenue, Suite 2100

Phoenix, AZ 85012

Attention: Legal Affairs Department

**SHOPPING CENTER MANAGEMENT:** Desert Oasis Shopping Center

7850 West McDowell Road, Suite 1

Phoenix, AZ 85035

Phone: (602) 555-9220

Hours: Monday-Friday, 9:00 AM - 5:00 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]