

COMMERCIAL PERCENTAGE RENT LEASE AGREEMENT

This Commercial Percentage Rent Lease Agreement (the "Lease") is entered into and made effective as of [Lease Effective Date], by and between the Landlord and the Tenant defined below.

RECITALS

WHEREAS, Landlord is the owner of certain real property and improvements commonly known as _____ and located at the property address described below; and

WHEREAS, Tenant desires to lease a portion of said real property from Landlord, and Landlord desires to lease the same to Tenant, for the purpose of operating a retail, restaurant, or commercial business, subject to the terms, covenants, and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants, terms, and conditions herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. KEY LEASE TERMS AND DEFINITIONS

(a) **Landlord:** _____, with a notice mailing address of:

Street Address: _____

City: [City] | **State:** [State] | **Zip Code:** [Zip Code]

(b) **Tenant:** _____, with a notice mailing address of:

Street Address: _____

City: [City] | **State:** [State] | **Zip Code:** [Zip Code]

(c) **Leased Premises:** The specific commercial space designated as [Suite/Unit Number], consisting of approximately [Square Footage] square feet, located within the commercial property at:

Street Address: _____

City: [City] | **State:** [State] | **Zip Code:** [Zip Code]

(hereinafter referred to as the "Premises").

(d) **Lease Term:** A period of _____, commencing on [Commencement Date] (the "Commencement Date") and terminating on [Termination Date] (the "Termination Date"), unless sooner terminated or extended pursuant to the provisions of this Lease.

(e) **Permitted Use:** Tenant shall use and occupy the Premises solely for the purpose of [detailed description of permitted business operations, e.g., operating a full-service restaurant and bar / retail clothing boutique] and for no other purpose without the prior written consent of Landlord.

(f) **Base Rent:** Tenant shall pay to Landlord a fixed monthly base rent ("Base Rent") in the amount of \$[Base Rent Amount], due and payable in advance on the first (1st) day of each calendar month during the Lease Term.

(g) **Percentage Rent Rate:** [Percentage, e.g., 5%] of Gross Sales (as defined herein).

(h) **Gross Sales Threshold:** \$[Threshold Amount] per [Lease Year / Calendar Year / Month] (the "Breakpoint").

2. RENT AND PAYMENT TERMS

(a) **Base Rent Payments:** Tenant shall pay the Base Rent to Landlord at Landlord's notice mailing address, or at such other place or via such electronic payment method as Landlord may designate in writing, without demand, setoff, or deduction. If the Commencement Date occurs on a day other than the

first day of a calendar month, the Base Rent for such partial month shall be prorated on a per diem basis.

(b) **Percentage Rent:** In addition to the Base Rent, Tenant shall pay to Landlord as additional rent ("Percentage Rent") the amount determined by multiplying the Percentage Rent Rate by the amount of Tenant's Gross Sales made in, upon, or from the Premises during each designated lease period that exceeds the Gross Sales Threshold.

(c) **Definition of Gross Sales:** "Gross Sales" shall mean the entire gross receipts and revenues of every kind and nature resulting from all sales of merchandise, food, beverages, services, and all other receipts from business conducted in, upon, or from the Premises, whether for cash, check, credit, debit, or charge, and whether made by Tenant, its subtenants, licensees, or concessionaires. Gross Sales shall exclude:

(i) Any local, state, or federal sales, excise, or use taxes collected directly from customers and paid over to the taxing authority;

(ii) Returns, refunds, or allowances made to customers for merchandise returned and accepted for credit or refund; and

(iii) Delivery charges or shipping fees paid by customers and passed through directly to third-party delivery services.

(d) **Reporting and Payment of Percentage Rent:** Within _____ days following the end of each [Month / Quarter / Lease Year], Tenant shall deliver to Landlord a written statement, certified by an officer or authorized representative of Tenant, setting forth the Gross Sales made during the preceding period. Concurrently with the delivery of such statement, Tenant shall pay to Landlord the Percentage Rent due, if any, for the period covered by the statement.

3. TAXES, INSURANCE, AND UTILITIES

(a) **Real Property Taxes:** Tenant shall pay its proportionate share of all real property taxes, assessments, and governmental charges levied against the land and buildings comprising the commercial property.

Landlord shall bill Tenant for such taxes, and Tenant shall pay its share within thirty (30) days of receipt

of the invoice.

(b) **Utilities:** Tenant shall be solely responsible for and shall promptly pay all charges for water, sewer, gas, electricity, telephone, internet, trash disposal, and all other utility services consumed on the Premises during the Lease Term.

(c) **Tenant's Insurance:** Tenant shall, at its sole cost and expense, maintain during the Lease Term:

(i) Commercial General Liability Insurance with limits of not less than \$_____ per occurrence and \$_____ in the aggregate, naming Landlord as an additional insured;

(ii) Property Insurance covering all of Tenant's fixtures, equipment, inventory, and personal property located on the Premises; and

(iii) Workers' Compensation Insurance as required by applicable state law.

4. USE, MAINTENANCE, AND REPAIRS

(a) **Permitted Use and Compliance:** Tenant shall operate its business in the Premises continuously during normal business hours in a high-class, reputable manner, and in strict compliance with the Permitted Use. Tenant shall comply with all federal, state, and local laws, ordinances, and regulations applicable to the Premises and the operation of Tenant's business.

(b) **Maintenance and Repairs:**

(i) **Tenant's Duties:** Tenant shall, at its sole cost and expense, keep and maintain the interior of the Premises, including storefronts, doors, windows, locks, interior walls, floors, ceilings, electrical fixtures, plumbing fixtures, and the heating, ventilation, and air conditioning (HVAC) systems serving the Premises, in good, clean, and sanitary order, repair, and condition.

(ii) **Landlord's Duties:** Landlord shall maintain and repair the structural portions of the building, including the foundation, exterior walls, roof, and the common areas of the commercial property, unless such repairs are necessitated by the negligence or willful misconduct of Tenant or its agents.

(c) **Alterations:** Tenant shall make no structural alterations, additions, or improvements to the Premises without the prior written consent of Landlord. All permitted alterations shall be performed at Tenant's sole expense, in a professional manner, and in compliance with all applicable building codes.

5. DEFAULT AND REMEDIES

(a) **Events of Default:** The occurrence of any of the following shall constitute an "Event of Default" by Tenant under this Lease:

- (i) Failure of Tenant to pay Base Rent, Percentage Rent, or any other monetary sum due hereunder within five (5) days after the date the same is due;
- (ii) Failure of Tenant to perform or comply with any non-monetary covenant, condition, or agreement contained in this Lease, where such failure continues for a period of twenty (20) days after written notice thereof from Landlord; or
- (iii) Tenant files a petition for bankruptcy, is adjudicated bankrupt, or makes a general assignment for the benefit of creditors.

(b) **Landlord's Remedies:** Upon the occurrence of an Event of Default, Landlord shall have the right, at its option, to pursue any one or more of the following remedies, in addition to any other rights or remedies available at law or in equity:

- (i) Terminate this Lease and recover possession of the Premises, in which event Tenant shall immediately surrender the Premises to Landlord;
- (ii) Re-enter and take possession of the Premises without terminating this Lease, and relet the Premises for the account of Tenant, holding Tenant liable for any deficiency in rent and other charges; and
- (iii) Recover from Tenant all damages incurred by Landlord by reason of Tenant's default, including reasonable attorneys' fees, brokerage commissions, and the cost of preparing the Premises for reletting.

6. MISCELLANEOUS PROVISIONS

(a) **Successors and Assigns:** This Lease shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors, and permitted assigns. Tenant shall not assign this Lease or sublet the Premises, in whole or in part, without the prior written consent of Landlord.

(b) **Governing Law:** This Lease shall be governed by, construed, and enforced in accordance with the laws of the State where the Premises are located, without regard to conflict of law principles.

(c) **Entire Agreement and Amendment:** This Lease contains the entire agreement between Landlord and Tenant regarding the leasing of the Premises and supersedes all prior discussions, negotiations, and agreements. This Lease may not be amended, modified, or altered except by a written instrument executed by both Landlord and Tenant.

(d) **Severability:** If any provision of this Lease or the application thereof to any person or circumstance shall be invalid or unenforceable to any extent, the remainder of this Lease shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

(e) **Waiver:** No delay or omission by either party in exercising any right or power arising from any default by the other party shall impair such right or power or be construed as a waiver of any subsequent default.

(f) **Counterparts:** This Lease may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

(g) **Headings and Construction:** The section headings contained in this Lease are for convenience of reference only and shall not affect the meaning or interpretation of this Lease. The language of this Lease shall be construed as a whole according to its fair meaning, and not strictly for or against either party as the drafter.

(h) **Notices:** All notices, demands, or requests required or permitted to be given under this Lease must be in writing and shall be deemed sufficiently given when delivered personally, sent by certified or registered mail (postage prepaid, return receipt requested), or sent by a recognized overnight courier service, addressed to the respective party at the notice mailing address set forth in Section 1.

IN WITNESS WHEREOF, the parties hereto have executed this Commercial Percentage Rent Lease Agreement as of the dates set forth below.

LANDLORD

Signature: _____

Print Name: _____

Date: _____

Address: _____

TENANT

Signature: _____

Print Name: _____

Date: _____

Address: _____