COMMERCIAL LEASE AGREEMENT

Percentage Rent

Prepared by: Agent _____ **Phone** _____
Broker _____ **Email** _____

NOTE: This form is used by a leasing agent, tenant or landlord when retail space in a project is leased by a tenant for a fixed-term to grant the tenancy and set the terms for the tenant's payment of rent in an amount based on a percentage of the tenant's gross sales.

DATE: _____, 20_____, at _____, California.
Items left blank or unchecked are not applicable.

1. FACTS:

1.1 _____, as the Landlord, leases to _____, as the Tenant, the Premises referred to as _____, which is part of the Project known as _____.

1.2 Landlord acknowledges receipt of $_____ applied as follows:
- ☐ Security deposit . . . . . $_____
- ☐ First month's rent . . . . . $_____
- ☐ _____ $_____
- ☐ _____ $_____

1.3 The following checked addenda are part of this lease agreement:
- ☐ Addendum — Lease/Rental [See **RPI** Form 550-1]
- ☐ Condition of Premises Addendum [See **RPI** Form 560]
- ☐ Tenant's Property Expense Profile [See **RPI** Form 562]
- ☐ Property description
- ☐ Plat map of leased space
- ☐ Option to Renew/Extend Lease [See **RPI** Form 565]
- ☐ Option to Purchase [See **RPI** Form 161 & 161-1]
- ☐ Option to lease additional space
- ☐ Building rules
- ☐ _____

2. TERM OF LEASE:

2.1 The lease granted commences _____, 20_____, and expires _____, 20_____.
a. The month of commencement is the anniversary month.

2.2 The lease terminates on the last day of the term without further notice.

2.3 When Tenant holds over, the monthly rent increases to 120% of the monthly rent applicable immediately preceding the termination of this lease agreement, prorated at 1/30th of the monthly rent for each day until the Premises is delivered to Landlord.

2.4 Tenant may surrender this lease only by a written surrender agreement with Landlord. [See **RPI** Form 587]

2.5 ☐ This lease agreement is a sublease of the Premises which is limited in its terms by the terms and conditions of the attached master lease agreement.

3. POSSESSION:

3.1 Possession is delivered to Tenant and Tenant to take possession ☐ on commencement of the lease, or ☐ on _____, 20_____.

3.2 When Landlord is unable to recover and deliver possession of the Premises from the previous tenant, rent does not accrue and Tenant is not liable for rent until possession is delivered.

3.3 Tenant may terminate the lease when Landlord does not deliver possession within 10 days after commencement of the lease.

3.4 When Landlord is unable to deliver possession of the Premises, Landlord is not liable for any damages.

4. RENT:

4.1 Tenant to pay rent monthly, in advance, on the first day of each month, including rent for any partial month pro rated at 1/30th of the monthly rent per day.
a. Tenant to pay additional rent due as called for in this lease agreement.

4.2 Rent to accrue ☐ on commencement of the lease, or ☐ on _____, 20_____.

4.3 **BASE RENT:** Monthly base rent is paid as follows:
a. ☐ **FIXED BASE RENT:** Monthly base rent for the entire term is fixed at $_____.
b. ☐ **GRADUATED BASE RENT:** Monthly Base rent, from year to year, is graduated on anniversary months as follows:
Initial year's monthly rent is $_____, and continues until:
i. ☐ _____% increase in monthly rent over prior year's monthly rent for years _____ to _____,
_____% increase in monthly rent over prior year's monthly rent for years _____ to _____,
_____% increase in monthly rent over prior year's monthly rent for years _____ to _____,

ii. ☐ Monthly rent commencing on the ____ anniversary is . . . . . $_____,
Monthly rent commencing on the ____ anniversary is. . . . . $_____,
Monthly rent commencing on the ____ anniversary is . . . . . $_____.

c. ☐ **CPI ADJUSTED RENT:** ☐ Monthly base rent for the initial 12 months of the term is the amount of $_____, there after adjusted annually on the first day of each anniversary month by increasing the initial monthly base rent by the percentage increase between the applicable Consumer Price Index for All Urban Consumers (CPI-U) figures published for the third month preceding the month of commencement and the third month preceding the anniversary month.

i. The applicable CPI-U (1982-1984 = 100) is:
☐ Los Angeles-Riverside-Orange County, ☐ San Francisco-Oakland-San Jose,
☐ San Diego, ☐ National, ☐ _____.

ii. Annual rent increases under CPI-U adjustments are limited to an increase of _____%.

iii. On any anniversary adjustment, when the CPI-U has decreased below the CPI-U for the prior 12-month period, the monthly rent for the ensuing 12 months will remain the same as the rent during the prior 12 months.

iv. When the CPI-U is changed or replaced by the United States Government, the conversion factor published by the Government on the new Index will be used to compute annual adjustments.

v. Following each ____-year period after commencement, including any extensions and renewals, the monthly rent is to be adjusted upward to current market rental rates for comparable premises.

vi. Computation of any future annual CPI-U adjustments in monthly rent on each anniversary month after adjustment to current market rental rates will treat the monthly rent for the initial 12 months of each market rent adjustment as the initial monthly base rent, and treat the first month of each market rent adjustment as the month of commencement for selecting the Index figures. Landlord to reasonably determine and advise Tenant of the adjusted rental rates no less than 3 months prior to the effective date of the adjustment.

4.4 **ADDITIONAL PERCENTAGE RENT:** Additional percentage rent equal to _____% of gross sales income made from the Premises during each calendar year, less credit for base rent, real estate taxes, insurance, assessments and common area maintenance (CAM) charges paid by Tenant for the calendar year, is paid as described below:

a. The percentage rent due for each month of the lease is paid and delivered with a signed written statement of the gross sales income and percentage computation by the tenth day of the following month.

b. The additional percentage rent computed for each month is credited for base rent, taxes, insurance, assessments and CAMs paid by Tenant for the month.

c. Within one month after each calendar year and on expiration of the lease, Tenant to compute and deliver a written statement of the year's sales and the additional percentage rent calculated for the calendar year, less credit for base rent, taxes, insurance and CAMs paid for the calendar year, to annually determine the percentage rent remaining due from Tenant or is refunded to Tenant by Landlord, which difference is paid on delivery of the annual statement.

d. Gross sales income includes all money or equivalent received by Tenant, subtenant, licensees or concessionaires, in the ordinary course of business, whether wholesale or retail, cash or credit, less credit for goods returned by customers.

e. Landlord has the right, on reasonable notice, to audit Tenant's books regarding sales information.

4.5 Rent is paid by:

a. ☐ check, ☐ cash, or ☐ cashier's check, made payable to Landlord or _____.
Personal delivery of rent is during the hours of _____ to _____ at Payee's address _____
on the following days _____.

b. ☐ credit card #_____/_____/_____/_____; expiration date _____, 20_____;
security code_____ which Landlord is authorized to charge each month for rent due.

c. ☐ deposit into account number _____
routing number _____
at _____ (Financial Institution)
_____ (Address)

d. ☐ _____.

4.6 Tenant to pay a charge of ☐ $_____, or ☐ _____% of the delinquent rent payment, as an additional amount of rent, due on demand, when rent is not received within ☐ 5 days, or ☐ _____ days, after the due date.

4.7 When any rent or other amount due Landlord is not received within the grace period provided in Section 4.6, interest to accrue on the amount from the due date at 18% per annum until paid. On receipt of the payment of any delinquent rent, Landlord to promptly make a written demand for payment of the accrued interest which is payable within 30 days of the demand.

4.8 Tenant to pay a charge of $_____ as an additional rent, due on demand, for each rent check returned for insufficient funds or stop payment, in which event Tenant to pay rent when due for each of the 3 following months by cash or cashier’s check.

5. OPERATING EXPENSES:

5.1 Tenant is responsible for payment of utilities and services supplied to the Premises.

5.2 Tenant to pay all taxes levied on trade fixtures or other improvements Tenant installs on the Premises.

5.3 As additional base rent, Tenant to pay _____% of the real property taxes and assessments levied by governments, for whatever cause, against the land, trees and buildings within the Project containing the Premises, within 30 days after written demand from Landlord.

a. Tenant is not liable for increases in real property taxes and assessments resulting from a change in ownership.

5.4 Tenant, on request of Landlord, to authorize their utility companies to release energy consumption data directly to Landlord for Landlord's Data Verification Checklist used for energy benchmarking purposes and, upon further request, provide energy consumption data on the Premises.

5.5 When Landlord pays any charge owed by Tenant, Tenant to pay, within 30 days of written demand, the charge as additional rent.

5.6 As additional monthly base rent, Tenant to pay _____% of the CAMs for the Project incurred each month, within 10 days of written statement and demand for payment.

a. CAMs are the cost to landlord of maintaining and operating the “Common Areas” of the Project, including all sidewalks, corridors, plazas, hallways, restrooms, parking areas, interior and exterior walls and all other open areas not occupied by tenants.

b. CAMs include all costs incurred by Landlord relating to the operation of the Project containing the Premises including hazard insurance premiums maintained by Landlord and charges for property management of the Common Areas.

6. REPAIR AND MAINTENANCE:

6.1 The Premises are in good condition, ☐ except as noted in an addendum. [See **RPI** Form 550-1]

6.2 Tenant to keep the Premises and its improvements in good order, condition and repair, including all equipment, such as plumbing, HVAC components, electrical, lighting, and ☐ _____
_____.

a. Tenant’s obligations include repair, replacement or retrofitting needed to keep all improvements on the Premises in good order, condition and repair.

b. ☐ See the attached maintenance modification addendum. [See **RPI** Form 552-6]

6.3 Except as stated in Section 6.2 and subject to reimbursement under Section 5.5, Landlord to maintain in good order, condition and repair the structures and common area components and equipment within the Premises which exist on the commencement of this lease agreement, including structural foundations, exterior walls, roof, parking areas, lawns and shrubbery, sidewalks, driveways/right of ways, and common area HVAC, electrical systems, plumbing, fire alarms and sprinkler systems, and ☐ _____.

6.4 When the cost incurred under Tenant’s obligation for any item in Section 6.2 exceeds the equivalent of 1 month’s rent for the month prior to occurrence of the obligation, then the item is repaired, replaced or retrofitted and paid for by Landlord.

a. The cost for items under Section 6.2 or of any capital improvement to the Project paid by Landlord under Section 6.3 is allocated over a 12-year period.

b. Tenant is obligated to pay an amount equal to the cost of the capital improvement borne by Landlord multiplied by the fraction 1/144 (i.e., 1/144th of the cost per month) as additional rent each month during the remainder of the term of this lease agreement and any subsequent lease extensions up to 12 years.

7. USE OF THE PREMISES:

7.1 Tenant's use of the Premises is _____.

a. Tenant is responsible for determining whether the building codes, zoning and regulations are appropriate for Tenant’s intended use.

7.2 No other use of the Premises is permitted.

a. Tenant may not conduct any activity which increases Landlord’s insurance premiums.

7.3 Tenant is not to use the Premises for any unlawful purpose, violate any government ordinance or building and tenant association rules, or create any nuisance.

7.4 Tenant is not to destroy, damage, or remove any part of the Premises or equipment, or commit waste, or permit any person to do so.

7.5 Tenant to deliver the Premises, including tenant improvements as noted in Section 11.3 and all keys to the Premises, on expiration of the lease in as good a condition as when Tenant took possession, except for reasonable wear and tear.

7.6 Landlord warrants that the Premises comply with building codes, regulations and zoning that were in effect at the time each improvement, or portion thereof, was constructed. The warranty does not apply to Tenant’s intended use of the Premises, modifications required by the Americans with Disabilities Act (ADA) or any similar laws as a result of Tenant’s use.

7.7 When the Premises do not comply with these warranties, Tenant is to give Landlord written notice specifying the nature and extent of such non-compliance, and Landlord is to promptly correct the non-compliance at Landlord’s expense. When Tenant does not give Landlord written notice of the non-compliance with this warranty within 6 months following the commencement date, Tenant, at Tenant’s expense, will correct the non-compliance.

7.8 The Premises ☐ has, ☐ has not, been inspected by a Certified Access Specialist (CASp).
a. When inspected, the Premises ☐ has, ☐ has not, been determined to meet all applicable standards under Calif. Civil Code §1938 and §55.53.

8. APPURTENANCES:
8.1 Tenant has the right to use Landlord's access of ingress and egress.
8.2 Tenant has the use of _____ parking spaces for the running of its business.

9. ASSIGNMENT, SUBLETTING AND ENCUMBRANCE: [Check only one]
9.1 ☐ Tenant may not assign this lease or sublet any part of the Premises, or further encumber the leasehold.
9.2 ☐ Tenant may not transfer any interest in the Premises without the prior consent of Landlord.
a. ☐ Consent may not be unreasonably withheld.
b. ☐ Consent is subject to the attached alienation provisions. [See **RPI** Form 552-7]

10. SIGNS AND ADVERTISING:
10.1 Tenant is not to construct any sign or other advertising on the Premises without the prior consent of Landlord.
10.2 ☐ Landlord to maintain a directory in the lobby of the Premises displaying the name and suite number of Tenant. Landlord has the right to determine the size, shape, color, style and lettering of the directory.
10.3 ☐ Landlord to provide a sign placed on the primary door to Tenant's suite. Tenant to pay the fees for the cost and installation.

11. TENANT IMPROVEMENTS/ALTERATIONS:
11.1 Tenant is not to alter or improve the Premises without Landlord's prior consent to include tenant improvements necessary for Tenant to occupy.
a. Tenant to keep the Premises free of all claims for any improvements and timely notify Landlord to permit posting of Notices of Nonresponsibility. [See **RPI** Form 597]
11.2 Any increases in Landlord's property taxes caused by improvements made by Tenant is additional rent due on demand.
11.3 On expiration of this lease, tenant improvements as authorized by Landlord are:
a. ☐ considered fixtures and part of the Premises Tenant may not remove.
b. ☐ removed by Tenant in their entirety.
c. ☐ partially removed by Tenant as follows: _____
_____.

12. RIGHT TO ENTER:
12.1 Tenant to make the Premises available on 24 hours' notice for entry by Landlord for necessary repairs, alterations, or inspections of the Premises.

13. LIABILITY INSURANCE:
13.1 Tenant to obtain and maintain commercial general liability and plate glass insurance coverage insuring Tenant and Landlord against all claims for bodily injury, personal injury and property damage arising out of Tenant's use of the Premises.
13.2 Tenant to obtain insurance for this purpose in the minimum amount of $_____.
13.3 Tenant to provide Landlord with a Certificate of Insurance naming Landlord as an additional insured. The Certificate to provide for written notice to Landlord when a change or cancellation of the policy occurs.
13.4 Each party waives all insurance subrogation rights they may have.

14. FIRE INSURANCE:
14.1 Tenant to obtain and maintain a standard fire insurance policy with extended coverage for theft and vandalism for 100% of the replacement value of all Tenant's personal property and the restoration of tenant improvements.

15. HOLD HARMLESS:
15.1 Tenant will hold Landlord harmless for all claims, damages or liability arising out of the Premises caused by Tenant or its employees or patrons.

16. DESTRUCTION:
16.1 In the event the Premises are totally or partially destroyed, Tenant to repair the Premises when the destruction is caused by Tenant or covered by Tenant's insurance.
16.2 Landlord to repair the Premises when the cause is not covered by Tenant's insurance policy and is covered by Landlord's insurance policy.
16.3 This lease agreement is not terminable due to any destruction of the Premises, unless:
a. the repairs cannot be reasonably completed within 30 days;
b. the cost of restoration exceeds 70% of the replacement value of the Premises;
c. the insurance proceeds are insufficient to cover the actual cost of the repairs; or
d. the Premises may not be occupied by law.

17. SUBORDINATION:
17.1 Tenant to subordinate the leasehold estate to any new financing secured by the Premises which does not exceed 80% loan-to-value ratio, and interest of 2% over market, and not less than a 15-year monthly amortization and 5-year due date.

18. TENANT ESTOPPEL CERTIFICATES:
18.1 Within 10 days after notice, Tenant to execute a Tenant Estoppel Certificate verifying the existing terms of the lease agreement provided to prospective buyers or lenders. [See **RPI** Form 598]

18.2 Failure by Tenant to deliver the Certificate to Landlord is conclusive evidence the information contained in the Certificate is correct.

19. EMINENT DOMAIN:

19.1 In the event a portion or all of the Premises is condemned for public use, Landlord may terminate the lease and Tenant's possession. When the lease is not terminated, Tenant will receive a rent abatement for the actual reduction (if any) in the value of the leasehold interest held by Tenant.

19.2 Tenant waives the right to any compensation awarded from the condemning authority for the whole or partial taking of the Premises.

19.3 Tenant compensation is limited to the condemning authority compensation for the tenant improvements paid for by Tenant.

20. WAIVER:

20.1 Waiver of a breach of any provision in this lease agreement does not constitute a waiver of any subsequent breach.

20.2 Landlord's receipt of rent with knowledge of Tenant's breach is not a waiver of Landlord's right to enforce the breach.

21. DEFAULT REMEDIES:

21.1 When Tenant breaches any provision of this lease agreement, Landlord may exercise its rights, including the right to collect future rental losses after forfeiture of possession.

22. TENANT BROKER FEES:

22.1 Landlord to pay Tenant Broker fees per the attached Fee Schedule for Tenant Broker. [See **RPI** Form 552-9]

23. MISCELLANEOUS:

23.1 ☐ See attached addendum for additional terms. [See **RPI** Form 550-1]

23.2 When lease exceeds one year, Tenant and Landlord acknowledge receipt of the Agency Law Disclosure. [See **RPI** Form 550-2]

23.3 This lease agreement reflects the entire agreement between the parties.

23.4 This lease agreement is binding on all heirs, assigns and successors except as provided in Section 9.

23.5 This lease agreement is enforced under California law.

23.6 In any action to enforce this lease agreement, the prevailing party is entitled to receive attorney fees.

23.7 ☐ This lease agreement is secured by a trust deed. [See **RPI** Form 451]

23.8 ☐ The performance of this lease agreement is assured by a Guarantee Agreement. [See **RPI** Form 553-1]

23.9 Notice: ☐ Landlord has actual knowledge the property is located in a special flood hazard area or an area of potential flooding. Tenant may obtain information about flood and other hazards at *http://myhazards.caloes.ca.gov/*. Landlord's insurance does not cover Tenant's possessions. Tenant may purchase renter's insurance and flood insurance to insure their possessions from loss. Landlord is not required to provide additional information about flood hazards beyond this notice.

24. _____

I agree to let on the terms stated above.

Date: _____, 20_____

Landlord: _____

Signature: _____

Landlord's Broker: _____

Broker's DRE #: _____

is the broker for: ☐ Landlord

☐ both Tenant and Landlord (dual agent)

Landlord's Agent: _____

Agent's DRE #: _____

is ☐ Landlord's agent (salesperson or broker-associate)

☐ both Tenant's and Landlord's agent (dual agent)

Signature: _____

Address: _____

_____

Phone: _____ Cell: _____

Email: _____

I agree to occupy on the terms stated above.

Date: _____, 20_____

Tenant: _____

Signature: _____

Tenant: _____

Signature: _____

Tenant's Broker: _____

Broker's DRE #: _____

is the broker for: ☐ Tenant

☐ both Tenant and Landlord (dual agent)

Tenant's Agent: _____

Agent's DRE #: _____

is ☐ Tenant's agent (salesperson or broker-associate)

☐ both Tenant's and Landlord's agent (dual agent)

Signature: _____

Address: _____

_____

Phone: _____ Cell: _____

Email: _____

 ©2025 **RPI — Realty Publications, Inc.**, P.O. BOX 5707, RIVERSIDE, CA 92517

FEE SCHEDULE FOR TENANT BROKER

On Tenant's Current and Future Acquisition of an Interest in the Property

NOTE: This form is an addendum used by a tenant broker when preparing a letter of intent (LOI), offer to lease or rental or lease agreement, to set the current and future fees due the tenant broker when earned.

DATE: _____, 20_____, at _____, California.
Items left blank or unchecked are not applicable.

FACTS:

1. This is an addendum to the following:

☐ Lease Agreement [See **RPI** Form 550 or 552 series] ☐ Rental Agreement [See **RPI** Form 551]
☐ Offer to Lease [See **RPI** Form 556] ☐ Letter of Intent [See **RPI** Form 556-1]

1.1 dated _____, 20 _____, at _____, California,

1.2 entered into between _____, as the Landlord,

1.3 and _____, as the Tenant,

1.4 regarding real estate referred to as _____.

AGREEMENT:

2. Fees payable by Landlord to Tenant Broker are due on Landlord conveyance to Tenant of a leasehold interest in the real estate in the following amounts:

2.1 For leaseholds with a term of five years or less:

a. _____% of the total rent for the first year;
b. _____% of the total rent for the second year;
c. _____% of the total rent for the third year;
d. _____% of the total rent for the fourth year; and
e. _____% of the total rent for the fifth year.

2.2 For leaseholds with a term of more than five years:

a. _____% of the total rent for the first five years;
b. _____% of the total rent for the second five years; and
c. _____% of the total rent for the remaining years.

3. On an extension, renewal or holdover tenancy of the leasehold by Tenant, the fees due Tenant Broker and payable by Landlord are in the following amounts:

3.1 For an extension, renewal or holdover tenancy of the leasehold for five years or less:

a. _____% of the total rent for the first year;
b. _____% of the total rent for the second year;
c. _____% of the total rent for the third year;
d. _____% of the total rent for the fourth year; and
e. _____% of the total rent for the fifth year.

3.2 For an extension, renewal or holdover tenancy of the leasehold for more than five years:

a. _____% of the total rent for the first five years;
b. _____% of the total rent for the second five years; and
c. _____% of the total rent for the remaining years.

4. On acquisition of fee ownership of the real estate by Tenant or their successors or agents, the fees due Tenant Broker and payable by Landlord are in the following amounts:

4.1 _____% of the first $_____ of the purchase price paid;
4.2 _____% of the next $_____ of the purchase price paid; and
4.3 _____% of the balance of the purchase price paid.

5. _____
_____
_____

_____
_____
_____
_____
_____
_____

I agree to the terms stated above.

☐ See attached Signature Page Addendum. [**RPI** Form 251]

Date: _____, 20_____

Landlord: _____

Signature: _____

Phone: _____ Cell: _____

Email: _____

I agree to the terms stated above.

☐ See attached Signature Page Addendum. [**RPI** Form 251]

Date: _____, 20_____

Tenant: _____

Signature: _____

Tenant Broker: _____

DRE #: _____

Signature: _____

Phone: _____ Cell: _____

Email: _____

 ©2025 **RPI — Realty Publications, Inc.**, P.O. BOX 5707, RIVERSIDE, CA 92517