

# Office Lease Proposal (Sample)

Date

**Sent via e-mail to: .com**

Mr. Tenant Rep Broker

Senior Vice President

Big Time Commercial Real Estate

12345 Main St.

Major Metro, CA 91436

**Re: Lease Proposal – Tenant’s Name**

Dear \_\_\_\_\_:

Thank you for touring your client Major Corp, Inc. through our building. On behalf of \_\_\_\_\_ (“Landlord”), I have been authorized to present to the **(Tenant’s Name)** (“Tenant”) the following proposal to lease office space at 12345 Main Street, Your Town, Your State (“Building”). If the following terms and conditions meet with your approval, please sign below and we will proceed to have a lease document drafted to incorporate such terms and conditions.

**BUILDING / PREMISES**

Approximately half of the building located at 12345 Main Street, Your Town, Your State (the "**Building**"), consisting of approximately 10,000 usable square feet (the "**Premises**"), subject to final space planning. The common area load factor and RSF shall be determined upon completion of final space planning. Tenant shall provide the initial space plan for Landlord’s review.

**LEASE TERM**

The term of the Lease shall be eight (8) years and shall commence upon the later of (i) substantial completion of

the Tenant Improvements to be performed by the Landlord in the Premises ("Commencement Date") or (ii) November 1, 2\_\_.

**MONTHLY BASIC RENTAL**

The Monthly Basic Rental during the initial Lease Term shall be as follows:

Months	Monthly Basic Rent per RSF
1-12	*\$3.10, Net of utilities & janitorial for the Premises

\*The Monthly Basic Rent shall be increased by three percent (3%) per annum thereafter.

**TENANT IMPROVEMENTS**

Landlord shall provide Tenant an allowance of thirty dollars (\$30.00) per usable square foot of the Premises, to be used by Tenant for the cost to design and construct permanently affixed interior improvements to the Premises. Landlord shall retain the general contractor and shall supervise the renovation of the Premises at no additional cost to Tenant.

**BASE BUILDING**

Landlord, at its sole cost and expense, shall improve the Building and the Premises in compliance with governmental building codes applicable to new construction (as currently permitted), including, but not limited to, the Americans with Disabilities Act of 1990 ("ADA"). Additionally, Landlord, at its sole cost and expense, shall provide the following:

1. Common area Building standard men's and women's restrooms, which meet all fire, life safety, and handicap requirements for occupied space.
2. The Premises will be equipped with approximately thirty (30) tons of HVAC capacity provided by rooftop

units. All distribution shall be completed as part of the Tenant Improvement Allowance.

3. Electrical/telephone closet.
4. Fire life safety or life support systems as may be required by Building Code.
5. Landlord shall provide separately metered, 800 amp, 240 volt three phase electrical service to the Building. Please note that Landlord has applied with DWP for a power upgrade for the Building.

**HEATING,  
VENTILATION & AIR-  
CONDITIONING  
("HVAC")**

Tenant, at Tenant's sole cost and expense, shall have the right to HVAC service to the Premises 24 hours a day, 7 days a week.

Landlord, at Tenant's sole cost and expense, shall procure and maintain service contracts and perform required repairs on all HVAC equipment servicing the Premises.

**EARLY ACCESS**

So long as Tenant does not interfere with Landlord's construction of the Premises and Tenant shall have the insurance required under the Lease in full force and effect, Tenant shall be allowed to enter the Premises on October 1, 2\_\_, rent free, for purposes of installing its furniture, fixtures, and equipment (FF&E) within the Premises.

**PROPERTY TAX,  
OPERATING COST AND  
UTILITIES COST  
ADJUSTMENTS**

In addition to the base rent and any other expenses paid directly by Tenant, Tenant will be responsible for Tenant's proportionate share of any increase in the Building's operating expenses, common area maintenance costs and real estate taxes in excess of those incurred during calendar year 20\_\_ ("Base Year"). Should a change in ownership occur during the Lease Term, the increase in Property Taxes, if any, passed through to the Tenant would be as follows; months 1-24, 0%, months 25-36, 50%, and 100% during any remaining term and options or extensions.

**TENANT REPAIR &  
MAINTENANCE  
OBLIGATIONS**

Tenant, at Tenant's sole cost and expense, shall be responsible for repairs and maintenance to items exclusively servicing the Premises, including, but not limited to interior walls, doors, frames, hardware, glass, plumbing & electrical installations, light fixtures (including light bulb replacement), etc. (to be further defined in the Lease). Landlord, at Tenant's sole cost and expense, shall perform any required repairs on all HVAC equipment exclusively servicing the Premises.

**LANDLORD REPAIR &  
MAINTENANCE  
OBLIGATIONS**

Landlord, as part of Operating Expenses for the Project, shall be responsible for the maintenance and repair of all common areas, exterior walls, foundation, roof, structural condition of bearing walls, fire sprinkler, system, fire alarm system, fire hydrants and the common areas (to be further defined in the Lease, but which include common area parking areas, common area landscaping, and common area outdoor walkways).

**OPTION TO RENEW**

So long as Tenant is not in default under the terms and conditions of the Lease, Tenant shall have one (1) five (5) year Option to Renew the Lease for all of its space upon first providing not more than twelve (12) months but not less than nine (9) months prior written notice. The terms and conditions for the option period shall be at the then Fair Market Rental Rate for comparable properties in the immediate vicinity (to be further defined in the Lease), but in no event less than that being paid by Tenant in the last month of the initial Lease Term.

**SECURITY  
REQUIREMENTS**

Subject to Landlord's review of Tenant's financial, upon Tenant's execution of the Lease, Tenant shall pay a security

deposit equal to last month's rent as well as the first full installment of Monthly Basic Rental due under the Lease.

**PERMITTED USE**

Non-governmental, general office use consistent with a first-class office building.

**SUBLEASE AND  
ASSIGNMENT**

Subject to Landlord's consent, which shall not be unreasonably withheld or delayed, Tenant may, from time to time, sublet or assign the Premises. Landlord shall retain fifty percent (50%) of any rent received in excess of Tenant's monthly rent then being paid to Landlord, after first deducting all reasonable costs of such sublease or assignment. Landlord shall have the right of recapture.

**SIGNAGE**

**(If applicable)** Tenant, at Tenant's sole cost and expense, shall have the right to install non-exclusive Building-top signage on the front of the Building. Said signage shall be subject to Landlord's reasonable approval as it relates to the size, color, design and location. Landlord makes no representations that the signage will be approved by relevant city and governmental authorities. Tenant shall be responsible for obtaining all appropriate city and governmental approvals for said signage.

**PARKING**

Tenant shall have the right to unreserved parking passes (in a location surrounding and/or adjacent to the Premises) at a ratio of three (3) passes per 1,000 RSF of the Premises in the Project's parking facility, at no charge for the initial Lease Term

**ACCESS**

Except when and where Tenant's right of access is specifically excluded as the result of (a) an emergency, (b) a requirement by law, or (c) a specific provision set forth in

the Lease, Tenant shall have the right of access to the Premises twenty-four (24) hours per day, seven (7) days per week.

**REPRESENTATIONS  
AND WARRANTIES**

Tenant hereby represents and warrants to Landlord that Tenant is currently not in default under any existing lease, sublease or occupancy agreement in its current location(s) and that the financial information which Tenant has provided or will provide to Landlord is true and correct. Tenant shall immediately notify Landlord of any change in its financial status or in the event a default occurs in its current lease(s) between the date of this lease proposal and the full execution and delivery of a lease with Landlord.

**BROKER DISCLOSURE**

**(If applicable)** Tenant and Landlord acknowledge that Big Time Commercial Real Estate is representing both Parties herein ("Dual Agency") and each consents to same. As a dual agent, Big Time Commercial Real Estate owes the following duties to both Principals: (a) a fiduciary duty of utmost care, integrity, honesty and loyalty in the dealings with either Principal; (b) a duty to exercise diligently reasonable skill and care in performance of its duties; (c) a duty of honest and fair dealing and good faith; and (d) a duty to disclose all facts known to Big Time Commercial Real Estate materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the Principals. Big Time Commercial Real Estate is not obligated to reveal to either Principal any confidential information obtained from the other party that does not involve the affirmative disclosure duties of subsection (d). A dual agent may not reveal, without the Lessor's permission, that a Landlord will accept a price less than the listing price or, without the Tenant's permission, that a Tenant will pay more than its offered price.

**BROKER COMMISSION**

Landlord acknowledges that (Tenant Rep Broker name) of Big Time Commercial Real Estate is the Tenant's broker in this transaction and agrees to pay a standard real estate brokerage commission for its representation of the Tenant of four percent (4%) of the gross Base Rent due for months 1 to 60 of the initial Lease Term and two percent (2%) of the gross Base Rent due for months 61 to 120 of the initial Lease Term. Said commission shall be due to broker fifty percent (50%) upon full execution of the Lease by Landlord and Tenant and fifty percent (50%) upon Tenant's occupancy of the Premises. Landlord shall pay broker within thirty (30) days of said due dates. There shall be no commission due for any options to renew or expansions.

**LEASE DOCUMENT**

Landlord uses a standard form AIR Lease Document in order to expedite the Lease Negotiation process. Any basic lease provisions that are not addressed in this proposal will be addressed in the Lease Document.

This lease proposal is an outline of the major contemplated lease provisions only, and is not a binding legal agreement to lease. **THE PARTIES AGREE THAT NO CONTRACTUAL OBLIGATION WILL BE CREATED BY EITHER LANDLORD'S SENDING – OR YOUR ACCEPTANCE OF – THIS PROPOSAL.**

Neither Landlord nor Tenant shall have any legal obligation or liability to the other with respect to the matters set forth in this lease proposal unless and until a definitive lease is executed by both parties. Neither party shall have any obligation to continue discussions or negotiations for any such lease. Nothing contained herein shall be construed to create an option for Tenant to lease the Premises or a reservation of the Premises by Landlord for Tenant, or to indicate that Landlord has removed all or any portion of the Premises from consideration by other potential tenants.

The undersigned acknowledges that all correspondence (including this lease proposal) and all communication between Landlord, Tenant, and the undersigned concerning

information which will ultimately become or becomes part of the Lease is confidential information (collectively, the "Confidential Information"). Whether or not the Lease is ultimately consummated, the undersigned and Tenant shall keep the Confidential Information strictly confidential and shall not disclose the Confidential Information to any person or entity other than Tenant's financial, legal, and space planning consultants.

If you accept the terms and conditions provided in this proposal, please indicate so by having an authorized representative of the Tenant sign below and return the signed proposal within five (5) business days of the date of this Proposal.

Sincerely,

ACCEPTED AND AGREED TO THIS

\_\_\_\_\_ DAY OF \_\_\_\_\_ 2\_\_:

"TENANT"

\_\_\_\_\_ /

a \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_