

LEASE AGREEMENT

THIS AGREEMENT OF LEASE (the “Agreement”) is made at [City] on this ?th day of [Month], 2017

BETWEEN

Mr. ? s/o **Mr. ?**, r/o **House # ?, Lahore** holding **NIC # ?**, hereinafter referred to as the **Lessor** (which expression whenever the context so permits mean and include heirs, legal representatives, successors and assigns and nominees etc.)

AND

M/S ----- (**Pvt.**) **Ltd.**, a company incorporated under the laws of Pakistan, having its registered office at **?, Lahore**, through its **General Manager (Marketing) Mr. ?**, holding **NIC # ?**, hereinafter referred to as the **Lessee** (which expression shall unless repugnant to the contents & context hereof be deemed to include its successor-in interest, assigns & nominees etc.)

(the Lessor & the Lessee may hereinafter collectively be referred to as the “**Parties**”)

Whereas the Lessor is the lawful owner in possession, and holding legal powers & authority to let out the demised premises and to execute this agreement of leasehold / freehold unencumbered immovable commercial property situated at _____, along with a building & floors constructed thereon vertically above, along with services & parking area (hereinafter referred to as the “**Site**”).

And Whereas the Lessee is desirous of opening a retail outlet for the sale of its Brand’s products at the Site & has been offered by the Lessor to take on lease _____, of the Site (hereinafter collectively referred to as the “**Demised Premises**”) more particularly described in the **Site Plan** annexed with this agreement including provision of parking space for customers, electricity, water, sewerage, all fixtures & fittings therein, all rights & easements & the right to use the facilities, amenities, services & conveniences at the said Site.

NOW THEREFORE THIS AGREEMENT WITNESSETH AS FOLLOWS:

1. The recitals, schedules & annexures shall form the integral part of this Agreement & shall have effect as if set out in full body of this Agreement.

2. TERM OF LEASE

2.1 This lease shall be valid and made for a term of **10 YEARS** (“Term”) commencing from the handing over possession of the demised premises to the lessee. On expiry the lease may be renewed for a further period with the mutual consent of both the parties on such terms & conditions as may be mutually agreed.

3. RENT, TAXES & OTHER FINANCIAL OBLIGATIONS

3.1 Rate of Monthly Rent:

- i. The monthly gross rent of the demised premises payable to the Lessor is **Rs.** _____ /- **month** (_____ **Only**).
- ii. The monthly rent will commence after the expiry of grace / fit out period and will be payable in advance on monthly basis by the **10th** of each month.

- iii. The monthly rental value of the demised premises shall be increased by ? % after the completion of every year from the start of monthly rent to the lessor.

3.2 Advance Rent:

- i. The Lessee shall pay to the Lessor, within 07 working days from handing over the possession of the demised premises to lessee, a gross sum of **Rs.** _____) less advance income tax deducted at source, being the advance rent for the demised premises equivalent to the first **3 Month's Rent**, receipt of which will be acknowledged. After the consumption of the above mentioned advance rent, the Lessee shall start to pay rent on monthly basis.

3.3 Refundable Security:

- i. The Lessee shall pay to the Lessor, within 07 (Seven) working days from the signing of the Lease Agreement by the parties, a sum of **Rs.** _____ (**Rupees** _____ **Only**) being the refundable security of the demised premises, equivalent to **01 (One) Month's** rent, receipt of which will be acknowledged. The Lessor has already received an amount of **Rs.** _____ /- (**Rupees** _____ **Only**) as **Token Money**, therefore, the balance amount of **Rs.** _____ (**Rupees** _____ **Only**) will be paid accordingly.
- ii. The Security will be refundable on handing over physical possession of the demised premises from the Lessee to the Lessor at the time of expiration / termination of this Lease Agreement subject to adjustments, if any.

3.4 Taxes

- i. The tax, as required by law, will be deducted / withheld at source by the Lessee from the payment of the monthly rent in accordance with the Federal & Provincial Tax laws & the rates prevailing therein. The Lessee shall be responsible for providing the tax challans to the Lessor.
- ii. The Lessor shall be responsible for paying the Municipal, Government & any other rates, charges, levies, property tax & any other taxes, in respect of the commercial property, adjustments whereof are already covered in the flat rate of rent.

3.5 Rent Free Fit Out Period:

- i. There shall be rent free fit out period of **90-180 days** starting from the handing over the possession of the demised premises to lessee, for the renovation of the demised premises for making appropriate for commercial use by the lessee, during which neither the Lessor will charge nor the lessee will pay the monthly rent of the demised premises. Furthermore, the Lessor is bound to provide the supply of electricity at the demised premises so that the Lessee may carry out their renovation works.

4. HANDING OVER THE VACANT POSSESSION OF THE DEMISED PREMISES:

- 4.1 On execution of this Lease Agreement & receipt of above mentioned advance rent & security, the Lessor has granted lease of the "Demised Premises" under this Lease Agreement to the Lessee & shall handover the complete & exclusive physical, vacant & peaceful possession of the "Demised Premises" to the Lessee under a written acknowledgement of taking the possession of the demised premises signed by both the parties, which shall be considered as the integral part of the agreement.

4.2 The Lessor, before handing over the complete, exclusive physical, vacant & peaceful possession of the demised premises to Lessee, shall ensure & be bound to complete the following items:

- a. **Front Glass:** 8mm or 12mm Tempered
- b. **Floor Tile:** preparation of plain cement concrete base + installation of tiles as per the Lessee's approved sample
- c. **Stairs:** External main entrance stairs of concrete / steel structure + marble (?) + railing, internal stair structure + steps + railing
- d. **Transformer:** ? KV with installation & connection to 3-phase electric meters
- e. **Commercial Electric Meter(s):** ? Three-Phase Meter(s) of required capacity (# of meters as per Company's load requirements or as per regulations)
- f. **Main Electricity Cable:** boring & installation of main electric cable piping from the location of the electricity meters to the Lessee's DB location + installation of the electricity cable as per the load requirements of the Lessee
- g. **External Finishing** - as per the Company's approved sample
- h. **Washroom(s)** - for customer & staff use (as per the Company's specifications)
- i. **AC Outdoor Units:** location for placement of AC units
- j. **Front Shutter:** installation of front shutter
- k. **Generator:** space for placement of backup Generator of required capacity + construction of generator base
- l. **Parking Space:** space for customer parking with installation of parking pavers
- m. **Signage (External):** space for display of main front branding / signage
- n. **Documents:** Structural Stability Report, Completion Certificate & Commercialization Certificate to be presented to the Lessee

4.3 If the Lessor is unable to complete any of the said works listed in Clause 4.2 at the time of handover, the Lessee reserves the right to complete all pending items & deduct the amount(s) from the following months' rent.

4.4 If the Lessor fails to provide & install both the transformer & electricity meters within the rent free fit-out period or at the time of the Lessee's outlet opening date for business operations, whichever is earlier, the Lessee reserves the right to provide the required electrical load at the demised premises via generators and the Lessor shall be bound to share 50% of the generator's total operating cost, inclusive of fuel and maintenance, till the time that the installation & connection of the transformer and electricity meter has been successfully completed at the demised premises.

4.5 The lessor after completing all the works as per above clause 4.2 of the Agreement, shall handover the complete, vacant and peaceful possession of the demised premises to the Lessee.

4.6 The handing over of the complete, exclusive physical, vacant and peaceful possession of the demised premises to lessee shall be deemed to be valid only if duly notified, signed and acknowledged in writing by the both parties.

5. **OBLIGATIONS & WARRANTIES:**

5.1 **OBLIGATIONS OF THE LESSEE:**

The obligations of the Lessee shall be as follows:

- i. The Lessee shall pay all bills, charges & surcharges at the Demised Premises pertaining to use of telephone, electricity & water directly to the concerned authorities & / or departments from the date of possession of the Demised

Premises for the Lease Term. The Lessor acknowledges that there are no arrears in respect of the aforesaid & undertakes to clear the same & keep the Lessee indemnified there against.

- ii. The Lessee shall maintain & keep the interior of the Demised Premises in proper condition, provided that the Lessee shall not be responsible for fair wear & tear & any loss or damage caused by Acts of God, war, riots, civil commotions, terrorism, actions of armed forces, mob, irresistible force or any other elements over which the Lessee has no control.
- iii. The Lessee shall permit the Lessor or their designated personnel, with authorization in writing, to enter upon the Demised Premises, after normal working hours for inspection / repairs, provided that the Lessor has given the Lessee a prior written notice of at least **48 (Forty Eight) hours**. In carrying out any inspection or repairs by the Lessor, the Lessee's convenience & confidentiality of business shall be safeguarded at all times.
- iv. The Lessee shall hand-over the physical vacant possession of the Demised Premises to the Lessor upon the expiry of the Term, in the same condition as was received, subject to natural wear & tear.
- v. The Lessee shall not sub-let any part or portion of the Demised Premises to any other concern, organization, company, association, person, etc., without the prior written consent of the Lessor.

5.2 RIGHTS OF THE LESSEE:

The rights of the Lessee shall be as follows:

- i. The Lessor shall have no objections to the renovations, modifications & requisite alterations & works at the Demised Premises by the Lessee to meet their business needs & requirements after seeking consent from the Lessor.
- ii. The Lessee has the right to install Generator(s) of required capacity for the Demised Premises, so as to meet additional power requirements.
- iii. All fixtures, fittings, equipment, appliances, including, but not limited to, those mentioned herein that may be installed or provided by the Lessee shall always remain the property of the Lessee who shall have the right to remove, replace, repair & service the same from time to time. Upon termination of the lease, the Lessee shall have the right to remove all fixtures, fittings, equipment & appliances which have been installed by the Lessee.
- iv. The Lessee is entitled to erect, install, attach & display its signage at appropriate places on the inner & outer walls, external façade, etc., of the Demised Premises as it may deem fit without any let, hindrance or objection by the Lessor, provided that the Lessee shall pay the official government charges, if any, to the relevant & concerned authorities.
- v. Any signage installed or erected by or for the Lessee shall remain the Lessee's property & shall be removed by the Lessee on the expiry or earlier termination of this Lease. Furthermore, the Lessee shall be responsible for the repair of any damages caused by such removals.

5.3 COVENANTS OF THE LESSOR:

The Lessor covenants & represents as follows:

- i. That minimum ? **Three-phase** separate commercial electric meter for the Demised Premises shall be made available by the lessor for the Lessee's exclusive use. If required by the lessee the lessor shall be bound to increase the electricity load at the demised premises.
- ii. The Lessor will complete the Transformer's & Electric Meter(s) installation & connection as per Clauses 4.2 (d) & 4.2 (e) before the Lessee's shop's opening date for business. However, during the lease term, if the transformer or the electric meter(s) malfunction & / or require repairs / replacements due to excessive electrical loads by the Lessee's equipment at the demised premises, then the Lessee shall be responsible for restoring the transformer & /or electric meter(s) to their working conditions. For any & all other reasons, where the transformer or the electric meters malfunction & / or require repairs / replacements, then the Lessor shall be responsible for restoring them to their working conditions & all associated costs shall be borne by the Lessor.
- iii. That at the time of possession, the Demised Premises with its structure, columns, beams, roof, walls & all joints of the building sealed & water tight, in addition to, all fittings, water, electricity, plumbing, drainage & sewerage connections deemed in safe, sound & working condition. The Lessor hereby undertakes to show the **"Structural Stability Certificate"** issued by the competent authority to the Lessee **before handing over the possession of the Demised Premises**.
- iv. That the said property, inclusive of the Demised Premises, has been duly commercialized after obtaining all official approvals & completing all requisite legal formalities in order for the Lessee to conduct their business activities. The Lessor hereby undertakes to show a copy of the **"Commercialization Certificate"** to the Lessee **before handing over the possession of the Demised Premises**.
- v. That the entire Site, including the Demised Premises, has been constructed in accordance with the approved Building Plans & that there are no violations of any rules or regulations of any concerned authority. The Lessor undertakes to indemnify & keep the Lessee harmless from & against all losses, damages, costs & expenses that may be incurred or sustained by the Lessee due to any notices or proceedings resulting from any unauthorized or unlawful construction or commercialization of the Site. In case the Lessee suffers any loss or subjected to any fine or penalty on account of non-compliance with building rules & regulations, the Lessee would be entitled to either terminate the lease or deduct from the rent payable any such amount that might have been paid as fine or have been suffered or incurred as a loss or expense. The Lessor hereby undertakes to furnish a copy of the **"Completion Certificate"** stamped & signed by the **regulatory authority** to the Lessee **before handing over the possession of the Demised Premises**.

5.4 OBLIGATIONS OF THE LESSOR:

The obligations of the Lessor shall be as follows:

- i. The Lessor shall pay & discharge all existing & future federal, provincial, local & other rates/taxes, house or property taxes, assessments, demands & charges, including any arrears thereof, payable in respect of the Demised Premises except for water, electricity & telephone charges in respect of the Demised Premises

which shall be the responsibility of the Lessee. If the Lessor transfers title of the Demised Premises & / or the Site to any other person / organization, the Lessee shall automatically become the Lessee of the new Lessor on same terms & Conditions.

- ii. In such an instance where the Demised Premises is sealed, by governing or any other regulatory authorities, or faces any legal implications due to any reason whatsoever, the Lessor shall be responsible to have the property restored with immediate effect. For the duration that the Lessee's business remains un-operational due to the aforesaid, the Lessee shall:
 - a. Not be charged Rent

5.5 WARRANTIES BY THE LESSOR:

- i. The Lessor warrants that the said Demised Premises & the Site are free & clear from all encumbrances, restrictions or limitations, qua ownership, title & possession which might prevent or interfere with his right to lease the Demised Premises & the Lessee paying the rent & performing the covenants herein shall peaceably hold & enjoy the Demised Premises without any interruption or eviction by the Lessor. The Lessor shall keep the Lessee fully indemnified, safe, secured & harmless against all losses, detriments, risks, damages occasioned to & sustained by the Lessee, owing to any defect in the title of the Lessor, or due to any defects in the permanent works or any other work completed by the Lessor or any actions, suits or demands preferred by any other person, in respect of the Demised Premises causing any interruption in the smooth business operations of the Lessee.
- ii. The Lessor will indemnify the Lessee against any loss caused to the Lessee's stock & / or other material, pursuant to defects in construction, i.e. cracks in slabs, seepage from the joints of the building, sewerage of rain water, or any installations in the Demised Premises by the Lessor, for reasons pertaining to due to the aforesaid defects. The Lessor shall not be held liable for any losses caused to the Lessee's stock & / or other material if the Lessee is found responsible & due to his negligence.
- iii. The Lessor will not charge rent for the time duration during which repairing activities are being conducted.

6. CLOSING / SHIFTING OF SHOP AT THE DEMISED PREMISES:

- i. The Lessee shall have the right to terminate this Lease Agreement during the lease term by serving a **02 (Two) months** prior written notice to Lessor.
- ii. The Lessor will have the right to terminate this lease agreement only if the Lessee fails to pay the monthly rent of the demised premises for **02 (Two) consecutive months** by serving a **02 (Two) months advance notice** in writing to the Lessee.
- iii. Furthermore, if the Lease Agreement is terminated by either party, the Lessor is obligated to refund the amount of security deposit and any unappropriated advance rent paid by the Lessee for the unexpired term of the lease, after deduction of any amounts due to the Lessor, in accordance with the terms of this Agreement, within **14 (Fourteen) days'** time.

7. FORCE MAJEURE:

- i. If during the initial Term of this Lease or any renewals thereof, the Demised Premises or the major portion of the building constructed at the Site shall be partially or substantially destroyed by fire, earthquakes, tempest, war, storm, civil commotion, riots, political disturbances or any other act of Force Majeure, the Lessee shall have the option to terminate the lease or to continue with the lease & shall have the right to require the Lessor to restore the Demised Premises to its former condition. If the Lessee decides to continue with the lease, the rent shall abate until the Demised Premises are properly restored to the complete satisfaction of the Lessee. The Lessee may terminate the lease if the restoration of the Demised Premises is not to its satisfaction. If the Lessee decides to terminate the lease, the Lessor shall refund the un-appropriated advance rent if any, to the Lessee within the time as requested by the Lessee. (Deterioration of premises by structural collapse due to deteriorating civil works or the age of the building)

8. WAIVER:

- i. A waiver of any right or remedy under this Agreement shall only be effective if it is in writing & any such waiver shall (unless the terms of the waiver expressly state otherwise) apply only to the party to whom the waiver is addressed & the circumstances for which it is given. The failure by a party to exercise any right or remedy permitted or authorized under the agreement, or by operation of law, or any delay by a party in so doing, shall not operate as a waiver by that party of such right or remedy, or other rights or remedies. No single or partial exercise of any right or remedy by a party will preclude or restrict the further exercise or enforcement by that party of any such right or remedy.

9. ENTIRE AGREEMENT:

- i. This Agreement sets forth all the covenants, promises, agreements, conditions & understandings between the Lessor and the Lessee concerning the Demised Premises & there are no oral covenants, promises, agreements, conditions or understandings between the parties other than as herein set forth. Except as otherwise provided in this Agreement, no subsequent alteration, amendment, change or addition to this lease shall be binding upon the Lessor or the Lessee unless made in writing and signed by each of them.

10. CONFIDENTIALITY:

- i. The terms of this Agreement shall be kept confidential by the parties & shall not be disclosed to any other person, legal entity or organization except when absolutely necessary, or where required by law.

11. COUNTERPARTS:

- i. This Agreement has been executed in two counterparts; one shall be retained by the Lessee and the other by the Lessor. Both counterparts so executed shall for all purposes constitute one agreement with same legal effect, binding on both the parties hereto.

IN WITNESS WHEREOF, THE PARTIES HAVE SET & SUBSCRIBED THEIR RESPECTIVE HANDS HEREUNTO ON THE DAY, MONTH & THE YEAR FIRST MENTIONED ABOVE.

Lessor

Lessee

WITNESS:

1. _____

2. _____