

GROUND LEASE

THIS LEASE made effective as of the ____ day of _____, _____.

BETWEEN:

[LESSOR]
[address]
(the "Lessor")

OF THE FIRST PART

- and -

[LESSEE]
[address]
(the "Lessee")

OF THE SECOND PART

1. **WITNESSETH** that for and in consideration of the rents, covenants, agreements and conditions hereinafter reserved and contained on the part of the Lessee, to be respectively paid, kept, observed and performed, the Lessor **HATH DEMISED AND LEASED**, and by these presents **DOTH DEMISE AND LEASE**, unto the Lessee the whole of:

[legal description of lands being leased]

(the lands leased to the Lessee hereinafter referred to as "the lands"), together with all rights and appurtenances belonging or appertaining thereto.

2. **TO HAVE AND TO HOLD** the lands for and during a term of ninety-nine (99) years commencing on the earlier of the date of occupancy (as hereinafter defined) or the ____ day of _____, _____, subject however, to earlier termination as hereinafter provided.

Where used in this Lease, including the schedules thereto:

- (a) "annual net rentals" has the meaning ascribed to it in clause 4 hereof;
- (b) "Architect" means [architect] or any successor thereto engaged with respect to the Project, who shall be a member in good standing of the [architects' association having jurisdiction] and engaged in the practice of architecture;
- (c) "Building" means the ____ storey office and commercial building to be constructed by the Lessee on the lands;
- (d) "Completion Date" means that date when
 - (i) the Architect for the Project has certified that work on the Building is substantially complete; and
 - (ii) the City of [city] has issued a building occupancy permit certifying the Building as being available for occupancy for the commencement of construction of tenant's leasehold improvements;
- (e) "Improvements" means and includes the Building which the Lessee covenants to construct upon the lands pursuant to clause 7 hereof, and shall further include, where the context so requires, any and all alterations, additions and improvements thereto and any rebuilding thereof; and after any other rebuilding thereof or any redevelopment thereof, shall mean and include such rebuilt or redeveloped building; and shall include also any further or subsequent alteration, addition, rebuilding or redevelopment so as to embrace all improvements constructed on, under or above the lands from time to time, including without limitation, ancillary appurtenances and facilities such as landscaping and paving;
- (f) "Insurance Trustee" means the party from time to time designated by the Lessor and Lessee to hold the proceeds of insurance policies effected by the Lessee in respect of the Improvements;
- (g) "lands" or "Lands" means the lands leased by the Lessor to the Lessee located in the City of [city], in the State/Province of [state/province], as more particularly described in Schedule "A" hereto;
- (h) "Lease" means this Lease, as it may be amended from time to time;
- (i) "Lease Year" means each consecutive twelve (12) month period commencing on the ____ day of _____, _____ during the term hereof, the first such period commencing on the ____ day of _____, _____;
- (j) "Lessee" means [Lessee];
- (k) "Lessor" means [Lessor];

(l) "Prime Rate" means the most favorable lending rate published or declared by the [bank] from time to time for [currency] dollar commercial loans to its most creditworthy and substantial customers and commonly known and described as its prime rate;

(m) "Project" means the Lands and the Improvements.

3. **YIELDING AND PAYING** therefor unto the Lessor as rental for the use and occupancy of the lands a minimum annual rental calculated as follows:

(a) for each and every year of the first _____ years of the term hereby granted, the minimum annual rental shall be _____ (\$_____) Dollars per annum;

(b) for each and every year after the first _____ years of the term hereby granted, the minimum annual rental shall be the greater of:

(i) _____ (\$_____) Dollars; or

(ii) (____%) per cent of the annual net rentals received or receivable by the Lessee in respect of the Lands and the Improvements thereon for that lease year;

(c) the minimum annual rental shall be paid in advance in monthly installments of _____ (\$_____) Dollars on the first day of each and every month of the first ____ years of the term in this Lease commencing on the first day of the term, and thereafter the minimum annual rental shall be paid in advance in monthly installments equal to one-twelfth (1/12) of _____ (____%) per cent of the minimum annual rental for the immediately preceding year, which shall, notwithstanding sub-clause 3(a), be calculated by reference to sub-clause 3(b) in the ____ year;

(d) the Lessee shall within 60 days following the end of each lease year commencing at the end of the _____ year of the term provide the Lessor with a statement of the annual net rentals received or receivable in respect of the Lands and the Improvements thereon for that year, and shall thereupon pay to the Lessor the difference between the minimum annual rental that should have been paid to the Lessor in respect of that year less the amounts actually paid as rent to the Lessor in that year. The Lessor agrees that to the extent that the aforesaid statement of the Lessee indicates that the rental paid in advance is in excess of the rental actually payable by the Lessee under the Lease, the Lessor shall pay that excess amount to the Lessee forthwith upon receipt of the said statement.

4. **ANNUAL NET RENT**

In this lease "annual net rentals received or receivable by the Lessee in respect of the lands and improvements thereon" for any particular lease year shall mean the total of all amounts received or receivable by the Lessee in the lease year for the use of space on the land or in any building or buildings constructed on the land and, without limiting the generality of the foregoing, shall include all minimum rents, basic rents, or percentage rents payable in respect thereto.

For greater certainty there shall not be included in the calculation of the annual net rentals any of the following, and if any of the following are included in rental payments or other payments of any kind received by the Lessee under leases or subleases, the same shall be segregated and deducted from the amount received for the purposes of calculating annual net rentals, namely, amounts received or receivable as reimbursement in respect of amounts paid by the Lessee for taxes, licence fees, utilities, insurance premiums, janitor fees, snow removal, landscaping, repairs and maintenance, interest, heating or air conditioning, operating costs, and administration or management fees.

In addition to the minimum annual rental hereinbefore provided, the Lessee shall pay to the Lessor on the ____ day of _____, _____ a bonus calculated as follows, namely, the aggregate of:

A. the amount of _____ (\$_____) Dollars, plus

B. an amount equal to the actual costs incurred by the Lessor in carrying out the demolition of the improvements on the Lands from the ____ day of _____, _____, and for the clearing of the property, in each case prior to the ____ day of _____, _____, plus

C. any amount actually paid by the Lessor prior to the ____ day of _____, _____ to tenants of the existing improvements on the lands in order to induce said tenants to surrender the balance of the term of their leases including any renewals, and to deliver up possession thereof to the Lessor.

5. **USE OF LANDS**

The Lessee agrees that the lands shall be used and occupied in a lawful, careful, safe and proper manner and that no nuisance, or trade or occupation which is known in insurance as extra or especially hazardous, shall be permitted thereon. The lands are to be used for the purposes of a development of commercial buildings and the leasing of same to prospective users in all manners of business enterprise. The Lessee shall have the right, in connection with the construction of any Improvements, to:

THIS IS A 9-PAGE LEASE.