MTLBCG

DOCUMENT ANALYSIS REPORT

Report

Signable with three amendments - cap the personal guarantee, limit operating-cost increases, and add relocation protection before you commit.

Contents

DOCUMENT ANALYSIS

Commercial Lease Agreement - Northwind Logistics Inc. (Unit 4B, Dorval)

Prepared for Northwind Logistics Inc. | 2026-07-15 | Source: Lease-Agreement-Unit-4B.pdf (2.4 MB)

ASSESSMENT	DOCUMENT TYPE	PREPARED FOR
NEEDS REVIEW	**Commercial Net Lease (5-Year Term)**	**Northwind Logistics Inc.**

DOCUMENT OVERVIEW

This is a five-year commercial net lease between Riverside Property Holdings Inc. (landlord) and Northwind Logistics Inc. (tenant) for a 12,400 sq ft warehouse unit at 4B Chemin Herron, Dorval, commencing March 1, 2026. Base rent is $14.50/sq ft/year with fixed annual increases, and the tenant carries operating costs, property taxes and insurance on a proportionate basis.

EXECUTIVE SUMMARY

This is a landlord-favourable net lease that is workable but carries three terms a tenant should not accept without amendment. Base rent runs $14.50/sq ft in year one ($179,800/year) rising 3% annually, with the tenant responsible for its 18.6% proportionate share of operating costs, realty taxes and building insurance on top. The lease requires an unconditional personal guarantee from a principal, exposes the tenant to uncapped operating-cost escalations, and grants the landlord a demolition/relocation clause on twelve months notice. Against those, the lease offers a fixed renewal option and a fit-out allowance that are genuinely favourable. The total first-year cash cost is approximately $233,000 including additional rent, with a $44,950 deposit due on signing. The security package and assignment restrictions are standard, but the guarantee and demolition clause materially shift risk to the tenant. None of the concerns are unusual for this market, and each is a normal point of negotiation rather than a dealbreaker.

YOUR QUESTIONS, ANSWERED

Q. Can we get out early if the business needs to relocate?
Not without cost. There is no tenant break option; early exit requires either assigning the lease (landlord consent, not to be unreasonably withheld) or subletting, and you remain liable if the assignee defaults. The only early-termination right in the document belongs to the landlord, via the demolition clause.

Q. Is the personal guarantee really necessary?
It is requested, not legally required. Because Northwind is a relatively new entity the landlord is seeking a full personal guarantee, but this is negotiable - a capped guarantee (e.g. limited to 12 months rent) or one that burns off after two years of on-time payment is a common and reasonable compromise to ask for.

KEY FINDINGS

- Five-year term commencing March 1, 2026, no tenant break option
- Base rent $14.50/sq ft/year (12,400 sq ft = $179,800/year), increasing 3% each year
- Net lease: tenant pays 18.6% proportionate share of operating costs, taxes and insurance
- Full personal guarantee required from a company principal
- Landlord demolition/relocation clause on 12 months written notice
- One 5-year renewal option at fixed 3% annual increases
- Landlord fit-out allowance of $18/sq ft toward tenant improvements
- Security deposit of $44,950 (equivalent to three months gross rent) due on signing

KEY DATA POINTS

TENANT	Northwind Logistics Inc.
LANDLORD	Riverside Property Holdings Inc.
PREMISES	Unit 4B, 4B Chemin Herron, Dorval - 12,400 sq ft
COMMENCEMENT	March 1, 2026
TERM	5 years + one 5-year renewal option
BASE RENT (YEAR 1)	$14.50/sq ft = $179,800/year
ANNUAL ESCALATION	3% per year, compounding
PROPORTIONATE SHARE	18.6% of operating costs, taxes, insurance
SECURITY DEPOSIT	$44,950 (3 months gross rent)
FIT-OUT ALLOWANCE	$18/sq ft ($223,200 total)
PERSONAL GUARANTEE	Full, unconditional (negotiable)

FINANCIAL IMPACT

First-year cash cost is approximately $233,000: base rent of $179,800 plus an estimated $53,000 in additional rent (proportionate operating costs, realty taxes and insurance), before utilities. A $44,950 deposit is due on signing. The 3% compounding escalation lifts base rent to roughly $202,400 by year five, and because operating-cost escalations are uncapped, the additional rent could rise faster than that if building expenses climb. The $223,200 fit-out allowance materially offsets first-year improvement costs and is one of the stronger financial terms in the tenant's favour.

LEGAL & CONTRACTUAL CONCERNS

Unconditional personal guarantee

A principal is asked to guarantee the full lease personally, with no cap and no burn-off. This exposes personal assets to the entire remaining term on default.

Uncapped operating-cost escalations

Additional rent tracks actual building costs with no annual ceiling, so the tenant absorbs unlimited increases in taxes, insurance and management fees.

Demolition / relocation clause

The landlord may terminate on 12 months notice to redevelop, with no relocation assistance or penalty specified - a significant continuity risk for a logistics operation.

RISKS & RED FLAGS

HIGH

Personal guarantee with no limit

The guarantor is personally liable for the full remaining rent on any default, with no cap or expiry.

MEDIUM

Uncapped additional rent

Operating-cost increases pass through in full, making the true annual cost unpredictable over a five-year horizon.

MEDIUM

Landlord demolition right

A 12-month-notice redevelopment clause could force relocation mid-term with no compensation.

LOW

Assignment consent friction

Assignment needs landlord consent and the original tenant stays on the hook if the assignee defaults.

OPPORTUNITIES

- Fixed 3% renewal escalations give five more years of predictable rent if the location works out
- The $223,200 fit-out allowance can fund racking, office build-out and dock upgrades
- A new landlord seeking a signed tenant creates leverage to cap the guarantee and operating costs

NEGOTIATION POINTS

Cap or burn off the personal guarantee

Ask for a guarantee limited to 12 months rent, or one that expires after 24 months of on-time payment. This is the single most valuable amendment to pursue.

Cap annual operating-cost increases

Request a 4-5% annual ceiling on controllable operating costs so additional rent stays predictable.

Add relocation protection to the demolition clause

If the landlord keeps the demolition right, ask for 18 months notice plus reimbursement of moving and re-fit-out costs.

Secure a fixture-financing / early-access period

Request 30-60 days of rent-free early access to complete the fit-out before the rent commencement date.

OBLIGATIONS & ACTION ITEMS

- Pay base rent monthly in advance, plus estimated additional rent, reconciled annually
- Provide the $44,950 security deposit and signed personal guarantee on execution
- Carry commercial general liability insurance of at least $5M naming the landlord
- Maintain the premises and return them in the original condition, reasonable wear excepted
- Obtain landlord consent before any assignment, sublease or major alteration

RECOMMENDATIONS

- Do not sign until the personal guarantee is capped or given a burn-off - treat this as the priority amendment
- Request a 4-5% annual cap on controllable operating costs before agreeing to the net structure
- Negotiate relocation protection (longer notice + moving costs) into the demolition clause
- Confirm the fit-out allowance is paid on completion, not amortized back into rent
- Have a lawyer review the guarantee and insurance provisions before execution

OVERALL ASSESSMENT

This is a fundamentally workable lease at a market rent, let down by three landlord-friendly terms that a tenant should push back on before signing. The personal guarantee is the most important: uncapped and open-ended, it puts a principal's personal assets behind the entire term. The uncapped operating-cost escalations and the demolition clause add cost unpredictability and continuity risk respectively. None of these is unusual, and the fixed renewal option and generous fit-out allowance are real positives. With the guarantee capped, operating costs limited and relocation protection added, this becomes a solid five-year commitment; without those changes, the tenant carries more risk than the rent reflects.