

[REDACTED] S CORP.  
LEASE AGREEMENT

This lease made this **26th day of February 2019** between

[REDACTED]  
25th Street, 5<sup>th</sup> Floor  
New York, NY 10001  
Account #: 12352

(the "Lessor"), said Lessor being the owner or authorized agent of the premises known as

[REDACTED] 46th Street  
New York, NY 10017

with a total of **179** residential units (The "Building") and **HERCULES CORP.**, a New York corporation, 550 W. John Street, Hicksville, LI, N.Y. 11801 (the "Lessee").

**WITNESSETH:**

**1. PREMISES.** (a) Lessor hereby leases to Lessee or its assigns, the sole and exclusive use and occupancy of certain defined space known as the laundry room(s) (the "Premises") in the Building. Lessor warrants and represents there is a Certificate of Occupancy covering the leased Premises, and if none exists and is required to prevent an adverse effect on Lessee's operations in the Premises, Lessor will obtain one at its own cost and expense. (b) subject to the terms of this lease, Lessor covenants to provide Lessee with the exclusive and quiet use, possession and enjoyment of the Premises during the term of this lease, (c) and in connection therewith, Lessor will hereby provide Lessee with the key to the premises.

**2. TERM.** The term of this lease shall be for eight (8) years from Date of Installation of the Equipment. Thereafter, this Lease shall convert to a month to month tenancy, terminable by either party upon thirty (30) days written notice to the other party. All of the other terms and conditions hereof shall remain in effect during any month to month tenancy.

**3. RENT.** (a) Lessee shall pay to Lessor \$4,250.00 each month or 70% of the gross receipts collected, whichever is greater, adjusted annually, and increased to the greater of \$4,600.00 or 70% of the gross receipts collected each month for Years 4-8 of the term. Lessee shall pay the flat monthly rent and adjust at the end of the year accordingly, provided that in no event shall such adjustments occur and any excess rent paid to Lessor later than March 21 of each year (Gross receipts are all the income from the value added to the Smart Cards by the residents less card sales and refunds made to the residents and/or building management personnel usage, if any). On or before March 31 of each year, Lessee shall deliver a month to month collections report for the prior calendar year. Said rental is effective March 1, 2019 pending the receipt of a fully executed Agreement. Said rental will be paid by check monthly, in advance, to the office of the Lessor, to be received by the 1<sup>st</sup> of the month. (b) In the event Lessee fails to furnish in a timely manner to Lessor any report required hereunder, Lessor shall have the right (but shall not be obligated), during regular business hours, upon ten (10) days written notice to Lessee, to conduct an audit of Lessee's books and records. (c) Throughout the term of this lease and for three (3) years following the expiration or earlier termination hereof, Lessee shall prepare and keep full, complete and proper books, records and accounts of gross receipts collected for each month of the lease term. Said books, records and accounts shall be open to inspection by Lessor at Lessee's offices, during regular business hours, Lessor's auditor or other authorized representative or agent at the Premises upon Lessor's demand. For these purposes, business records include all records reasonably required to be kept in Lessee's business for state sales tax reporting purposes and to document gross receipts collected to Lessor's reasonable satisfaction. If any business records are destroyed, damaged or lost, gross receipts collected for the time period covered by such destroyed, damaged or lost business records shall be presumed to have been at the same level for a comparable period of time most recently last reported by Lessee and accepted by Lessor. (d) At its option and expense, Lessor may, at any reasonable time upon ten (10) days' prior written notice to Lessee, cause a complete audit to be made of Lessee's entire records relating to the Premises for any portion of the term of this lease. If (i) such audit discloses that any of gross receipts collected are understated to the extent of five percent (5%) or more or (ii) Lessee fails to maintain sufficient records of its gross receipts collected to enable Lessor to perform such audit in accordance with generally accepted auditing standards, then Lessee shall promptly pay to Lessor the cost of the audit, which shall be payable as additional rent and within ten (10) days following demand therefor. If gross receipts collected shown by Lessee's statement for any three (3) years shall be found to have been understated by more than five percent (5%) in each instance, or for any single year shall be found to have been understated by more than ten percent (10%), then Lessor, in addition to all other remedies available at law or in equity or pursuant to the other provisions of this lease, shall have the right to terminate this lease upon notice to Lessee. Such examination and audit may be made by Lessor's agent or employees or by any accountant designated by Lessor from time to time.

**4. USE.** (a) Lessee shall use the Premises for the purpose of installing and operating card-metered laundry equipment for the benefit of the residential tenants of the Premises only. Lessor shall at lessor's sole cost and expense, provide to Lessee for the operation of said equipment the necessary electricity, heat, gas, water (hot and cold) and venting outlets. Lessee shall have the right to connect said equipment through the electric, water, gas, venting outlets and sewer lines serving the Building. Lessee shall supply, if required, at no cost to Lessor a sprinkler system within the laundry room(s). No charge shall be made to Lessee for water, gas, electricity or use of sewer lines. (b) Lessor shall not provide any services for pick-up and delivery of resident's laundry in the premises or any services for persons and/or entities outside of the premises, and shall, at its own expense, maintain the Premises in a clean condition, cause prompt removal of rubbish, and keep the Premises available for use during the hours of 6 A.M. to 12 A.M. daily (the "Hours of Operation"). (c) If, at any time after commencement of the Term, Lessor grants permission to individual units to install laundry equipment or provides laundry hookups for the installation of laundry equipment in individual units ("In-Unit Hookups"), Lessor shall pay to Lessee, on a monthly basis, the sum of \$25.00 per In-Unit Hookup ("In-Unit Hookup Fee"), commencing on the date of the In-Unit Hookups. The In-Unit Hookup Fee shall be based on Lessee's good faith estimate of the number of In-Unit Hookups, which good faith estimate shall be provided to Lessor in writing, either by facsimile or email, together with notice of Lessee's intention to collect the In-Unit Hookup Fee. Notwithstanding the foregoing, Lessor always reserves the right, upon receiving Lessee's good faith estimate, to provide Lessee with documentary proof of the actual number of In-Unit Hookups, which proof shall then serve as the basis for calculation of the In-Unit Hookup Fee. Upon receipt of such documentary proof, Lessee shall pay to Lessor any In-Unit Hookup Fee incorrectly collected by Lessee. Lessor may elect to pay the In-Unit Hookup Fee by authorizing Lessee to deduct the In-Unit Hookup Fee from the monthly rental payment.

**5. INSTALLATION AND MAINTENANCE OF EQUIPMENT.** (a) Lessee will, at its own cost and expense, supply, install, operate and maintain such card-metered laundry equipment as it may deem advisable in its commercially reasonable discretion during the term of this Lease, provided it is available for use during the Hours of Operation. Title to all equipment, but excluding