

LEASE AGREEMENT

THIS LEASE AGREEMENT (this “Lease”) is made to be effective as of June __, 2024 (the “Effective Date”) by and between the ESJ Towers Council of Co-Owners, (“Landlord”), and “Bar Bros ESJ, LLC” (“Tenant”).

ARTICLE I BASIC LEASE PROVISIONS

1.1 Basic Lease Provisions. The following basic provisions of this Lease (“Basic Lease Provisions”) constitute an integral part of this Lease and are set forth in this Section 1.1 for the convenience of the parties.

- (a) Leased Premises: A portion of the common area of ESJ Towers Condominium consisting of the bar and surrounding seating located in the Lobby.
- (b) Term: One (1) year Lease with an option to request one additional Term subject to Council approval, as provided for in Section 2.3 hereof.
- (c) Rent: \$2,000 monthly, as provided for in Article III hereof.
- (d) Tenant’s Use: Operation of a full-service bar in the building lobby and a small bar near the building’s beach entrance, as provided for in Article V, Section 5.1 hereof.
- (e) Tenant’s Trade Name: Bar Bros ESJ, LLC
- (f) Landlord’s Address: ESJ Towers Council of Co-Owners 6165 Isla Verde Ave
Carolina, PR 00979
- (g) Tenant’s Address: Cond ESJ Towers Unit 1463
6165 Isla Verde Ave
Carolina, PR 00979

ARTICLE II GRANT AND TERM

2.1 Leased Premises and Permitted Use. Landlord leases unto Tenant, and Tenant hereby takes and leases from Landlord, that certain premises comprising of a bar and surrounding open area seating located in the Lobby of the ESJ Towers Condominium located on 6165 Isla Verde Ave, Carolina, PR 00979, together with any and all improvements situated thereon; a small bar table area near the building’s beach entrance; and a designated space for storage, location of which to be determined by Landlord, which in any event shall be reasonably sufficient for Tenant to store its property in connection with the Permitted Use (hereinafter defined) (collectively, the “Leased Premises”).

Tenant shall have the right to use Leased Premises solely for the purposes of operating a full-service bar that provides liquor and other beverages to the condominium's titleholders and their tenants and guests (the "Permitted Use"). Tenant, at its option, may also provide food items. Said business will be legal in nature and will comply with all the federal, state and municipal laws and regulations applicable to the business it operates in the Leased Premises. At no time will Tenant use the Leased Premises for the operation of an illegal business or in a manner that will cause harm or affect other persons and entities as well as to the properties belonging to them. At all times relevant to this lease, Tenant further agrees that it will obtain all the necessary permits, licenses and/or approvals required by the Commonwealth, Federal and City Laws to operate the business of selling, trading and dealing with liquor products, including the corresponding permit to sell alcohol in the Leased Premises, which Tenant shall keep in full force and effect during the Term of this lease for the operation of their business.

2.2 Commencement Date and Expiration Date of Term. The "Term" of this Lease shall commence on June __, 2024, and shall terminate twelve (12) months thereafter (the "Initial Term"). Notwithstanding the foregoing, Tenant shall have access to the Leased Premises prior to the commencement of the Term for the sole purpose of making any necessary updates to the Leased Premises in preparation for the Permitted Use, provided, however, that Tenant maintains all insurance coverage as set forth in Article VIII hereunder and that any early access shall be deemed to be under all the terms, covenants, conditions and provisions of this Lease except the obligation to pay the Rent. Tenant shall also have the right to request a renewal, as set forth in Section 2.3 below.

2.3 Extension Options and Right of First Refusal. Provided Tenant shall not then be in material default hereunder, Landlord agrees to give Tenant the right to request one 12-month renewal term of the Lease under the same terms and conditions hereunder for one additional twelve-month Term (the "Renewal Term"), and Tenant shall give notice of its request to renew under such terms not less than 60 days prior to the expiration of the then-current Term. If the Tenant requests the renewal, then the Board shall convene an Extraordinary Meeting of the Council of Co-Owners of ESJ Towers Condominium within 10 days of receiving notice. If the Council approves a renewal of this lease under the same terms, then, during any renewal Term, any reference in this Lease to the Term shall mean the Initial Term and the Renewal Term as extended for such renewal term. If the Tenant does not request a renewal or the Council does not approve a renewal, then, if the Tenant does not vacate the premises upon the expiration of the Initial Term, then the Tenant shall pay a monthly penalty rate of \$3,000 until the premises are fully vacated and such monthly rate shall increase by \$1,000 after every 12-month-period that the Tenant continues holding over.

ARTICLE III RENT

3.1 Rent. The rental fees to be paid by Tenant for the Leased Premises (the "Rent"); including Electricity, Water and One Parking Space, shall be \$24,000 per year, payable in equal monthly installments of \$2,000 on the first day of each and every month of the Initial Term. Landlord is currently in the process of requesting the installation of separate water and electricity meters

from the Puerto Rico Electric Power Authority and the Puerto Rico Aqueduct and Sewers Authority. Therefore, electricity and water will only be included during the Initial Term (of one-year). If the Council approves the Tenant's request for renewal of the Lease for one additional twelve-month term, Tenant will open its own electricity and water service accounts for the Leased Premises during the renewal term. If the Tenant does not request a renewal or the Council does not approve a renewal, then, if the Tenant does not vacate the premises upon the expiration of the Initial Term, then the Tenant shall pay a monthly penalty rate of \$3,000 until the premises are fully vacated and such monthly rate increase by \$1,000 after every 12-month-period continues holding over.

ARTICLE IV CONDITION; PLANS; CONSTRUCTION

4.1 Condition of Leased Premises. Subsequent to the Effective Date, Tenant shall neither commit or permit to be committed any waste nor cause or suffer to be caused any material adverse change to the Leased Premises.

4.2 Landlord's Constructions Obligations. Landlord shall deliver the Leased Premises to Tenant in "As Is" condition and Tenant shall bear and all expenses in connection with the maintenance and repairs to the Leased Premises.

ARTICLE V CONDUCT OF BUSINESS BY TENANT

5.1 Permitted Use of the Premises. Tenant shall use, occupy and operate a full-service bar on the Leased Premises and for no other purpose or purposes. Tenant shall operate the business in the Leased Premises in accordance with all applicable codes, regulations, statutes and ordinances applicable to the Leased Premises and Tenant's business, and shall indemnify Landlord against all costs or damages which Landlord may incur as a breach of this section herein. Tenant acknowledges and agrees that ESJ Towers Condominium is not open to the general public, only to titleholders of units in the condominium and their tenants and guests.

5.2 Exclusivity. Landlord grants Tenant an exclusive right to operate a full-service bar in the Lobby of the building and a small bar table near the building's beach entrance. For the avoidance of doubt, such exclusive right is solely applicable to the operation of a full bar, and shall not preclude the sale of alcohol in other locations in the building, for example the coffee shop, the pool or pool bar, or any other future restaurants or food establishments which may be opened in the building by any other tenant.

5.3 Compliance with Law. Tenant shall promptly comply with all federal, state and local laws and ordinances and lawful orders and regulations affecting the Leased Premises, and the health, cleanliness, safety, occupancy and use of same. Tenant is obligated to have and maintain a legally valid liquor license from the corresponding government agencies for the operation of a full-service bar on the Leased Premises. Except in such minute quantities used in the ordinary course of business in compliance with applicable law, Tenant shall not cause or permit the use,

generation, storage, or disposal in, on or about the Leased Premises of any substance, materials or wastes in violation of any federal, state or local laws from time to time in effect concerning hazardous, toxic or radioactive materials (“Hazardous Substances”). Tenant shall also comply with the applicable statutes and regulations that regulate music and noise levels, including the Puerto Rico Environmental Quality Board’s Regulation No. 2809, known as the *Regulation of the Environmental Quality Board for the Control of Noise Pollution Amended Version*, as such regulation may be further amended from time to time, and, since there are residences directly overhead the leased premises, after 6pm, Tenant shall not exceed a Zone IV nighttime Noise Level Limit of 45 dB(A) so as to not disturb the residents and guests resting overnight in the ESJ Towers Condominium.

ARTICLE VI ALTERATIONS AND TENANT’S PROPERTY

6.1 Alterations by Tenant. Tenant shall notify Landlord of the intention to make any alterations, additions, and improvements to the Leased Premises. With the consent of Landlord, Tenant may make such alterations, additions and/or improvements provided Tenant shall remove any such alterations, additions and/or improvements upon Landlord written request. Landlord shall not unreasonably withhold consent for interior non-structural alterations, additions or improvements.

6.2 Removal by Tenant. Tenant shall remove, unless otherwise in default under the Lease, Tenant’s goods, wares, inventory, merchandise, trade fixtures, furniture, accessories, and signage located on or within the Lease Premises (“Tenant’s Property”) not later than the expiration of the Term or termination of this Lease. The Premises shall be delivered clean in at the very least, the same conditions in which it was delivered by Landlord. Title to any of Tenant’s Property remaining in or on the Leased Premises or the improvements after such date shall be vested in Landlord without further act or instrument. At Landlord’s option, upon expiration of the Term or termination of this Lease, Tenant may be required to remove and level all improvements on the Leased Premises.

ARTICLE VII MAINTENANCE OF AND REPAIRS TO THE LEASED PREMISES AND THE IMPROVEMENTS

7.1 Obligations for Maintenance.

- (a) During the Term of this Lease, Tenant, at Tenant’s expense, shall keep and maintain the Leased Premises and the improvements and all furnishings, fixtures and equipment which Tenant brings, constructs or places in or on the Leased Premises in good condition. Tenant shall not cause any nuisance, allow objectionable odors to emanate, or be dispelled from the Leased Premises, or cause or permit any waste or allow any trash to accumulate on the Leased Premises. Tenant may use dumpsters provided by Landlord for the disposal of trash and shall keep the areas surrounding the Leased Premises cleared of trash, debris and inventory and shall maintain all areas in the Leased

Premises in good working condition or notify Landlord promptly should any structural repairs or maintenance become necessary. Landlord shall be responsible for the maintenance of any common areas surrounding the Leased Premises, common area systems servicing the Leased Premises, any structural repairs and any repairs that are not the Tenant's obligation under this Lease or not caused by Tenant's negligence, misuse, or breach of any of the terms of this Lease.

- (b) Tenant shall keep the Leased Premises free from any and all liens arising out of any work performed, materials furnished or obligations incurred by or for Tenant, and agrees to bond against or discharge any mechanic's or materialmen's liens filed against the Leased Premises, the improvements, or Tenant for acts or omissions of Tenant, or its contractors, within sixty (60) days after written request therefor by Landlord. Tenant shall reimburse Landlord for any and all reasonable costs and expenses which may be incurred by Landlord by reason of the filing of any such liens and/or the removal of same, such reimbursement to be made within thirty (30) days after receipt by Tenant from Landlord of a statement setting forth the amount of such costs and expenses.

ARTICLE VIII INSURANCE AND INDEMNITY

8.1 Tenant's Insurance.

- (a) Tenant shall, at its sole cost and expense, during the Term hereof, keep in full force and effect an all-risk property insurance policy covering fire and all other damage included in a standard All-Risk form, commercial public liability, and property damage insurance coverage with respect to the Leased Premises, and Tenant's Permitted Use, with limits of \$1,000,000 per occurrence for personal injury and property damage. Landlord shall be an additional named insured in such policy. Tenant shall deliver to Landlord a certificate of such insurance which shall also contain a 30-day prior written notice of cancellation provision.
- (b) Tenant shall, at its sole cost and expense, during the entire term hereof, keep in full force and effect a policy from the Puerto Rico State Insurance Fund. Tenant shall hold Landlord harmless against all claims, damages, suits, penalties and liabilities for injury or death to himself, his employees, or Contractors for any work-related incidents at the Leased Premises covered by the State Insurance Fund Policy.
- (c) Tenant shall also maintain liquor liability or "dram shop" insurance with limits of no less than \$500,000 and any other insurance that is required by law.

8.2 Indemnity. Except for loss, injury or damage caused by the gross negligence, omissions or willful misconduct of Landlord, its employees, contractors, invitees or agents, Tenant covenants to indemnify Landlord, and save it harmless, from and against any and all claims, actions, damages, injuries, accidents, liability and expense, including reasonable attorneys' fees, in connection with or arising from, or occasioned wholly or in part by, any act or omission of Tenant, its agents, contractors, employees or invitees occurring at the Leased Premises.

ARTICLE IX
ASSIGNMENT AND SUBLETTING

9.1 Assignment and Subletting.

- (a) Except as expressly permitted herein, Tenant shall not assign, mortgage, encumber or in any manner transfer, in whole or in part, this Lease or any estate or interest therein, nor sublet the Leased Premises or any part thereof, without Landlord's written consent, which may be withheld by Landlord for any reason. Any attempted assignment, subletting, mortgage, hypothecation, encumbrance or transfer of any kind or character or other transfer herein without Landlord's prior written consent shall be void and confer no rights upon any third party. Consent by Landlord to one or more assignments of this Lease or to one or more subletting of the Leased Premises shall not operate to exhaust Landlord's rights under this Article 11. Subject to the foregoing, in the event that Tenant, with or without the previous consent of Landlord, does assign or in any manner transfer this Lease or any estate or interest therein or sublet the Leased Premises or any part thereof, Tenant shall not be released from any of its obligations under this Lease unless a release is given, in writing, by Landlord.

ARTICLE X
DEFAULT AND TERMINATION

10.1 Events of Default. The following events shall be deemed "Events of Default" by Tenant under this Lease:

- (a) any failure of Tenant to pay any Rent or other sums or charges due hereunder;
- (b) any failure of Tenant to comply with the noise level limits set forth in Section 5.3 above;
- (c) any failure to perform any other of the terms, conditions or covenants of this Lease;
- (d) the making by Tenant of any general assignment for the benefit of creditors; the filing by or against Tenant of the petition to have Tenant adjudged a bankrupt or of a petition for reorganization or arrangement under any law relating to bankruptcy; or the rejection of this lease as an executory contract within a bankruptcy;
- (e) Tenant shall do or permit to be done anything which creates a lien upon the Leased Premises and such lien is not released or "bonded around" to Landlord's reasonable satisfaction;
- (f) Tenant fails to continuously operate the Leased Premises or Tenant abandons the Leased Premises; or
- (g) Tenant fails to procure and maintain in full force and effect any insurance required to be maintained by this Lease.

Upon the Occurrence of any Event of Default in sections (a), (c) and (f) above, Landlord will send Tenant a notice of event for default and provide ten (10) days to cure said default. If Tenant does not cure the event of default within ten (10) days after written notice of such default shall have been received by Tenant, then the Lease shall be deemed terminated. The Occurrence of any Event of Default in sections (b), (d), (e) and (g) above shall not require a notice for an event of default to have occurred.

10.2 Remedies. Upon the occurrence of an Event of Default, Landlord shall have the option to pursue any one or more of the following remedies without any further notice or demand whatsoever:

- (a) Termination of the Lease. The lease shall be deemed terminated if Tenant does not cure events of default in section 10.1(a), (c) and/or (f) above within ten (10) days after written notice of such default shall have been received by Tenant or upon Landlord's notice of termination in the occurrence of events of default in section 10.1(c), (d), (e) or (f) above. Upon such termination of the lease, Tenant's right to possession of the Leased Premises shall terminate, and Tenant shall immediately surrender possession of the Leased Premises peaceably to Landlord. Even when the Lease is terminated, Tenant's obligations thereunder shall terminate on the date Tenant surrenders or vacates the leased premises.
- (b) As permitted under applicable law, Landlord will enter upon and take possession of the Leased Premises and expel and permanently exclude Tenant and any other person who may be occupying the Leased Premises (with or without terminating the Lease) and Tenant's obligations thereunder shall terminate on the date Tenant surrenders or vacates the leased premises and any holding over shall be subject to Section 12.1; or
- (c) As permitted under applicable law, Landlord may perform Tenant's obligations under this Lease (and enter upon the Leased Premises in connection therewith if necessary), in which case, in addition to Tenant's continued obligations under the Lease, Tenant agrees to reimburse Landlord upon demand for any reasonable expenses which Landlord may incur in thus effecting compliance with Tenant's obligations under this Lease, plus interest thereon at twelve percent (12%) per annum, not to exceed the maximum rate allowed by law. Landlord's pursuit of any remedy specified herein shall not preclude an election to pursue any other remedy available to Landlord at law or in equity and Landlord shall not be considered to have waived any such remedy if such remedy is not immediately exercised.

10.3 Landlord Termination. In the event Landlord elects to terminate this Lease by reason of an Event of Default, then, notwithstanding such termination, Tenant shall be liable for and shall pay to Landlord, at the address specified for notice to Landlord herein, the sum of all Rent and other amounts payable to Landlord pursuant to the terms of this Lease up to the date the premises are vacated, including any holdover rent, if applicable.

10.4 Legal Expenses. In case suit shall be brought for recovery of possession of the Leased Premises, for the recovery of Rent or any other amount due under the provisions of this Lease, or because of the breach of any other covenant herein contained on the part of either party to be kept or performed, and a breach shall be established, the losing party shall pay to the prevailing party all actual expenses incurred therefor, including reasonable attorneys' fees and court costs.

10.5 Tenant Right to Terminate. Tenant shall have the right to terminate this Lease upon thirty (30) days' written notice to Landlord. Upon the effective termination date, Tenant shall quit and deliver possession of the Leased Premises, including permanent improvements thereon.

ARTICLE XI
ACCESS BY LANDLORD

11.1 Right of Entry. The leased premises are located in the lobby of the Condominium and include lobby bar and lobby seating areas which are common areas of the condominium that are readily accessible to the titleholders of condominium units and their tenants and guests. Landlord will normally have access to such common areas, which may be inspected at any time without prior written notice. As to the leased areas that not readily accessible to such titleholders, tenants and guests, such as behind the bar and storage areas, Landlord or Landlord's agents shall have the right to enter the Leased Premises at reasonable times to examine the same upon at least forty-eight (48) hour's prior written notice (except in emergencies), provided Landlord shall not interfere with Tenant's use in making such entry and examinations.

ARTICLE XII
HOLDING OVER

12.1 Holding Over. Any holding over after the expiration of the Term or termination of this Lease shall be construed to be a tenancy from month-to-month with a rental fee of \$3,000 per month, payable on a monthly basis on the first of each month, and shall otherwise be on the same terms and conditions herein specified and the aforementioned holding over monthly rate shall increase by \$1,000 after every 12-month-period that the Tenant continues holding over.

ARTICLE XIII
MISCELLANEOUS

13.1 Notices. Any notice (any "Notice") to be given under this Lease shall be deemed given and received (a) on the date of delivery when delivered in person (with receipt for delivery), (b) two (2) days after deposit in the United States mail, when sent by United States certified mail, return receipt requested, postage prepaid, (c) on the next day following email transmission.

13.2 Governing Law. This Lease shall be governed by, and construed in accordance with, the laws of the Commonwealth of Puerto Rico, without resort to the principles of conflicts of laws thereof.

13.3 Effective Date. Provided payment of Rent is made in full, the "Effective Date" of this Lease shall be June __, 2024, which shall include the Initial Term that commences on May _____, 2024 and the early access period, as specified in section 2.1 herein.

IN WITNESS WHEREOF, the parties hereto have duly executed this Lease effective as of the dates below.

LANDLORD:
ESJ TOWERS CONDOMINIUM COUNCIL OF CO- OWNERS

Executed by Landlord effective as of the
_____ day of June, 2024

By:

Name: _____
Chana Cohen

Title: President of the Board of Directors

TENANT:

Executed by Tenant effective as of the
_____ day of June, 2024

By:

Name: _____

Title: Owner