

## TITLE TO REAL ESTATE

(2) A sum equal to two per cent (2%) of the Tenant's aggregate gross sales in excess of Five Hundred Thousand Dollars (\$500,000) for each lease year.

(3) It is contemplated by the Landlord and Tenant that the Tenant may acquire by lease other property in Greenville, South Carolina, situate on and adjacent to the southerly side of the premises hereinabove described fronting 27.5 feet on the west side of North Main Street and 36.45 feet on the east side of North Laurens Street, as shown on plat made by Dalton and Neves in May, 1940, referred to in this lease as the Davenport property. The percentage rental hereinabove specified shall be payable from the aggregate gross sales of the Tenant made from both the premises hereby leased and the adjoining premises known as the Davenport property. No percentage rental shall be payable by the Tenant to the Landlord for any lease year unless the Tenant's aggregate gross sales in and from said leased premises, together with the aggregate gross sales done in the adjoining premises known as the Davenport property for that lease year shall exceed Three Hundred Sixty Thousand Dollars (\$360,000); and if same exceeds Three Hundred Sixty Thousand Dollars (\$360,000), then said percentage rental at the rates above set forth shall be computed only on the amount over and in excess of Three Hundred Sixty Thousand Dollars (\$360,000).

In the event the Tenant is unable to open the leased premises and the Davenport property for business on the first day of the first lease year, the percentage rental shall be calculated and paid from the time said leased premises and the Davenport property are opened for business to the end of the first calendar year, to-wit: December 31, 1942, and thereafter said percentage rental shall be calculated and paid according to the calendar year, which is the same as the lease year. In the event the term of this lease shall end at a time other than the end of the lease year, the aggregate gross sales done in the leased premises and the Davenport property shall be prorated accordingly for the purpose of calculating whether or not there is any percentage rental due under the terms of this lease for such portion of a lease year.

The Tenant agrees that within sixty days after the end of each lease year, it will deliver to the Landlord a written statement, verified and certified to be true, accurate and complete by one of its officers, showing therein the total amount of the gross sales from the leased premises and from the adjoining premises known as the Davenport property also to be occupied by the Tenant during the preceding lease year, and to pay to the Landlord the aforesaid percentage rental, if any, for the preceding lease year as above set forth.

The Tenant further agrees that it will keep a true and accurate separate account of the daily gross sales made by it from the leased premises and from the Davenport property and agrees to deliver to the Landlord at the time of each annual payment of percentage rental, if any, a statement of such gross sales from said leased premises and the Davenport property for the period covered by such payment. In the event that no payment of percentage rental is due by the Tenant to the Landlord for the next preceding lease year, the Tenant shall deliver to the Landlord within sixty days after the end of said lease year a statement of its daily gross sales showing that no percentage rental is payable under the terms hereof. The Landlord agrees to keep such information in respect to sales and business of Tenant confidential so far as possible consistent with the enforcement of the Landlord's rights hereunder.

The term "gross sales" as used herein shall include receipts from the sale of all merchandise or services sold by the Tenant or by any concession therein or from or in the adjoining Davenport property without distinction as to the properties, whether for cash or credit, paid or unpaid, collected or uncollected, less allowances or refunds for returned or defective merchandise, exchanges, discounts, and other credits of a similar nature. For the purpose hereof, all sales shall be considered completed on the delivery of the merchandise or the performance of the services, irrespective of the terms of payment. The term gross sales shall not include credits for returned merchandise or the transfer of merchandise from the leased premises and the adjoining Davenport property to another store or premises of the Tenant, not transferred for the purpose of making delivery under a sale made on the leased premises or the adjoining Davenport property, nor shall said term include money or credit received resulting from claims for loss or damage to merchandise in transit, merchandise returned for credit to factories or jobbers and allowances, premiums, or free merchandise to the trade, nor shall it include the amount of any sales tax applicable to any transaction in or from the leased premises or the adjoining Davenport property under any law or ordinance now existing or hereafter enacted and payable by and/or collected from the Tenant's customers.

Notwithstanding anything hereinabove stipulated in the next preceding paragraph, the Landlord agrees to allow the Tenant a credit as against the percentage rental for the balance due on unpaid accounts for goods sold on credit and not paid for, said credit to be allowed when said accounts have been charged off the books of the Tenant as bad debts.

BOOKS OF TENANT AND EXAMINATION

4. The Tenant agrees that it will keep the records hereinabove referred to, showing its daily gross sales in or from the demised premises or in or from the adjoining Davenport pro-