# LEASE

This lease is entered into between Town and Country I, an LLP partnership ("Lessor") and, Alternative Distributors, Inc. ("Lessee"), and by Jill Williams and Jeffrey Benkert, beneficial owners of the Lessee entity, as Guarantors of the Lessee's obligations under this lease. *Lessee is presently in lawful possession and occupancy of the premises under an existing lease which expires Sept. 30, 2023, at which time this lease will be go into effect.*

1) Premises. The Lessor leases to Lessee the following improved real estate, located at 570 E. Benson Blvd., Anchorage, AK 99503.

    a. Retail Units 20, 17,and 19, part of Tract B, Highline Subdivision, Addn. No 1, consisting of approximately 7300 square feet (gross).

2) Term. The term of this lease shall be from October 1, 2023 thru September 30, 2033.

3) Usage. The lessee shall be entitled to use the premises only for the following purposes and functions, and no others without the written consent of the Lessor:

    a. for Unit 20: cannabis retail dispensary licensed by the State of Alaska (AMCO), and such other products and services as Lessee may choose to sell therein

    b. for Units 17 and 19: retail products including clothing, tobacco and tobacco accessories, glassware body piercing, tattooing services and adult recreational products.

4) Lessee shall keep the premises in a safe and clean condition. Lessee shall not abandon the premises or leave them vacant. Lessee shall not allow the premises to be used in a way that will create a nuisance to other tenants or neighboring properties and businesses. Lessee shall abide by all rules established by the Lessor hereafter with respect to common areas, improvements, signage and sidewalks.

5) Lessee shall reimburse Lessor for any increase in casualty or hazard insurance on the mall premises caused by the Lessee's activities, lawful or otherwise.

6) Lessee shall repair any damage to the premises or to adjoining premises which arise out of or are specific to Lessee's activities or occupancy, including damages caused by third persons such as vandals or burglars entering the premises, against which risks the Lessee shall maintain adequate insurance,which policies shall name the Lessor as an "additional insured".

7) Parking. When requested by Lessor, Lessee shall cause its employees to park only in designated spaces in the parking lot which serves the mall.

Autos which are parked in violation of instructed designation will be subject to towing and impounding at the expense of the Lessee. Lessor will use its right of designation to maximize the convenience of parking for mall customers.

8) Rent. Lessee shall pay *the total* of the following sums as rent:

   a. From Oct. 1, 2023 through September 1, 2033, the sum of $9000.00 per month; *provided* that this sum ($9000.00) shall be increased or decreased on October 1 every odd-numbered year (i.e. 2025, 2027, 2029, and 2031) by the cumulative change in in the federal Consumer Price Index(U) for Anchorage since October 1, 2023

      *AND, in addition:*

   b. 4% of the dollar value of cannabis products sold during the preceding calendar month, as shown by the METRC (or any successor entity) tabulation of cannabis sales, which METRC report shall be provided to the Lessor along with the rents payable for that month, *provided, however*, that the "4% of the dollar value" language in this clause shall be changed to "5% of the dollar value" for any month during the term of this lease that Section 280 of the Internal Revenue Code is not applicable to Lessee's cannabis operations,

   c. A*ND provided, further,* that for the month of January, 2024, and each month thereafter, the Lessee shall pay the *greater* of the rent required under this subparagraph ---(8(b)) --- or $3000.00, which rent obligation is in addition to the rent required under Paragraph 8(a).

   The rents shall be paid by check or direct deposit (NOT cash) by the 7th business day of each month, mailed to Joe Shimek, P.O. Box 93890, Anchorage, AK 99509, *at least 3 days prior to the due date*. Lessee agrees that rent checks which are returned Not Sufficient Funds or otherwise "not good" will be subject to a $75.00 re-deposit charge. Rent payments which are late by more than three business days shall include a late payment penalty of $100.00. Rent payments which are more than seven business days late shall include a late payment penalty of $200.00. (Business days are Monday thru Friday, excluding bank holidays.)

9) Security Deposit: Lessee has previously provided a security deposit of $2400.00. The security deposit may be applied to unpaid rents or any other breach of this lease. The deposit shall be repaid to Lessee at the end of the lease, without interest, if the Lessee has met all obligations herein.

10) Common Areas. Lessor is owner of and responsible for all common areas of the mall, except as otherwise provided herein, *except* that Lessee shall be responsible for clearing snow and debris on the sidewalk fronting the leased spaces, and the first 3 feet of the parking area adjacent to that sidewalk, *AND further* that Lessee shall be responsible for the cleaning and supplying of the southern-most public use bathrooms in the common area corridor providing access to those bathrooms. Repairs, upgrading and replacement of bathroom fixtures, walls, floors and ceilings will remain the responsibility of the Lessee.

11) Utilities. Lessee is responsible for its own utilities and phone/internet services, except for heat, water, sewage and garbage collections. Lessee is responsible for maintaining that portion, if any, of the water, sewage or electric systems which are physically within the leased premises, or which it alters or constructs.

12) Alterations. Lessee will secure the written permission of the Lessor before undertaking any alterations or improvements to the premises. Lessee will obtain any required work permits for such work and shall cause such work to be done in conformity with applicable safety and construction codes. Lessee shall be responsible for all costs of such alterations or improvements.

13) Condition of Premises. Lessee accepts the premises "as-is", and will be responsible for renovations, alterations, or re-construction necessary to make them suitable to Lessee's occupancy.

14) Surrender at End of Lease. Lessee shall surrender the premises at the end of the lease in as good shape and condition as when leased, normal wear and tear excepted. Lessee may remove trade fixtures which Lessee has paid for only if the removal is accomplished without injury to the structural elements of the building *and* if the premises are the restored by Lessee to their condition at the time of the commencement of the lease.

15) Damages to Person or Property. Lessee shall hold the Lessor harmless for injuries or damages, real or false, claimed to have arisen out of the Lessee's occupancy or business activities. Lessee shall maintain in force one or more policies of general liability I nsurance against such claims, and cause the Lessor to be named as an "additional insured" on such policies. Such policies shall provide coverage for not less than $500,000 in liability for personal injuries, and $100,000 in liability for property damages.

Certificates evidencing such policies shall be provided to Lessor upon commencement of this lease, and each year thereafter on the anniversary date of this lease.

16) Fire and Casualty. Lessee shall keep its inventory, windows, signs, personalty, equipment and tenant improvements insured against damage or loss due to fire or other casualty, in an amount sufficient to fully compensate Lessor for such losses. Lessee (for itself and for any entity claiming subrogation rights through Lessee) waives and disclaims any right to seek compensation for any casualty losses from the Lessor or any other tenant of the mall.

17) Liens. Lessee shall not allow any mechanics or materials lien to be asserted against the premises as a result of work or services provided to the Lessee. Should such liens be asserted Lessee shall secure a bond or deposit monies with the appropriate persons, including Lessor, as are reasonably necessary to eliminate any threat of foreclosure or seizure of assets.

18) Condemnation. In the event the mall becomes subject to condemnation or taking for public purposes, this lease shall terminate on the date the taking occurs. Lessee shall make no claim against Lessor arising out of such termination of this lease, or any claim which would reduce the damages otherwise due Lessor by reason of such condemnation or taking. Lessor will give notice of possible condemnation to Lessee immediately upon being notified by condemning authority of its intent to condemn.

19) Notices. Notices to Lessor and Lessee shall be delivered by certified mail by the party at the following addresses:

Town and Country I

Attn: Joe Shimek and/or Dave Shimek

P.O. Box 93890

Anchorage, AK 99509

Alternative Distributors, Inc.

Attn: Jill Williams

570 E. Benson Blvd. #20

Anchorage, AK 99503

**20)** Default by Lessee. If Lessee should fail to perform its obligations herein, or should become subject to any bankruptcy or receivership, Lessor may, if it chooses, terminate this lease upon ten days notice of the default and Lessor's election to terminate, unless cure is effected. Lessee may avoid termination by curing default within ten days of Lessor's notice of termination. Lessor shall be entitled to immediate possession of the premises, subject to restrictions pursuant to AMCO regulations then in effect. To effect immediate possession, Lessor may immediately change the door locks and otherwise secure the premises against any further entry by Lessee. Lessee hereby waives and releases any claim for damages arising out of such action by Lessor, unless such termination was unlawful. If termination is effected because Lessee has breached this lease and failed to timely cure the default, Lessor has the right to pursue all it legal rights under this lease and common law as if it had not been terminated, including collecting future rents not then accrued and damages flowing from the default of early termination of this lease. Should Lessor incur legal fees and costs collection in enforcing these rights and remedies, Lessee shall be liable for this in full. **Lessor will contact the Alaska Marijuana Control Office and ensure Enforcement for AMCO removes all marijuana and marijuana product from the facility.**

21) Inspection. Lessor shall have the right during Lessee's business hours to inspect the premises in their entirety.

22) Assignment. This lease is not assignable by Lessee without the written consent of the Lessor. Nor may Lessee sublet the premises or any portion of them without the written consent of the Lessor.

23) Special Provision. Lessee will pay annually, during the term of the lease, 20% of the amount by which municipal property taxes for the mall, mall casualty insurance and mall utilities for that year, exceed the amounts paid by Lessor for these same expense items for the year 2023. Lessor will provide and itemized bulling for the charge, should it become applicable.

24) Signage. Lessee shall not place or allow to be placed on the exterior wall or windows visible to the public, or upon the roof or other exterior surfaces of the mall, any awning, sign, canopy or marquee or other advertisement, without prior written consent of the Lessor.

25) Lessee is now the legal occupant of the premises under an existing lease which expires on Sept. 30, 2023. Lessor herewith consents to the Lessee operating a licensed and legal cannabis dispensary under the existing lease.

Wherefore the parties to this lease sign for themselves and for any entity party to this lease, with authority to bind such entity:

Lessor: Town & Country I, LLP

By: Joe Shimek, Partner

Dated: 3/4/23

Lessee: Alternative Distributors, Inc.

By: Jill Williams, authorized agent

By: Jill Williams, as Guarantor

By: Jeff Benkert, as Guarantor

Dated: 3/6/2023