Alcohol & Marijuana Control Office
550 W 7th Avenue, Suite 1600
Anchorage, AK 99501
marijuana.licensing@alaska.gov
https://www.commerce.alaska.gov/web/amco
Phone: 907.269.0350

Alaska Marijuana Control Board

Cover Sheet for Marijuana Establishment Applications

What is this form?

This cover sheet **must** be completed and submitted any time a document, payment, or other marijuana establishment application item is emailed, mailed, or hand-delivered to AMCO's main office.

Items that are submitted without this page will be returned in the manner in which they were received.

Section 1 – Establishment Information

Enter information for the business seeking to be licensed, as identified on the license application.

Licensee:	AlaskaSense, LLC	**License Number:**	10237		
License Type:	Standard Marijuana Cultivation Facility				
Doing Business As:	ALASKASENSE, LLC.				
Physical Address:	521 W. Tudor Road, Unit 202				
City:	Anchorage	**State:**	AK	**Zip Code:**	99503
Designated Owner:	Smadar Warden				
Email Address:	Smadiwarden@yahoo.com				

Section 2 – Attached Items

List all documents, payments, and other items that are being submitted along with this page.

Attached Items:	1- Proof of Possession of Proposed Premises.

OFFICE USE ONLY					
Received Date:		Payment Submitted Y/N:		Transaction #:	

LEASE

This Lease is made and entered into on May 01, 2016 by and between SMJ (EHESE Investments) Company a business organized under the laws of the State of Alaska and having its principal place of business at 6161 A Street, Anchorage, Alaska 99518, hereinafter referred to as Landlord, and Alaska Sense LLC (Smadar Warden) 521 West Tudor Road Suite 202 Anchorage, Alaska 99503, with an From hereinafter Alaska Sense LLC (Smadar Warden) is referred as the tenant.

1
PREMISES

Landlord hereby leases to Tenant and Tenant hereby rents from Landlord, in accordance with the provisions set forth herein, the premises located at 521 West Tudor Suite 202 Anchorage Alaska 99503. Occupancy usage will be at #5500 Square Feet at $1.65 per Square Foot for Alaska Sense LLC (Smardar Warden) and tenant agrees to $9,075.00 for occupancy per month.

Tenant shall also have the non-exclusive right to use the parking area provided by Landlord for all tenants. Tenant's right to use the parking area shall be for the normally required parking for the operative vehicles of its employees and invitees and for parking for business use with limited parking space available

2
TERM OF LEASE

A. TERM. The term of this Lease shall be commencing on May 1st 2016, and ending on April 30, 2021, unless extended or sooner terminated pursuant to any provision herein. If Landlord is unable to deliver possession of the premises by the date specified for the commencement of the term of this Lease as a result of causes beyond its reasonable control, Landlord shall not be liable for any damage caused by failing to deliver possession, and this Lease shall not be void or voidable. Tenant shall not be liable for rent until Landlord delivers possession of the premises to Tenant, but the term of this Lease shall not be extended by the delay. The lease shall be in accordance with the terms and provisions of this lease and shall have increase of (5%) yearly.

B. EXTENSION OF TERM. Tenant shall have the option to extend the Lease term for one (2) additional period of 5 years periods ("Extension") provided that: (1) Tenant is not in default under this Lease both at the time that it exercises its option for, and at the time it commences, the Extension; and (2) Tenant notifies Landlord in writing of its unconditional exercise of its option for the Extension not later than sixty (60) days prior the scheduled expiration of the Lease term. The Extension shall be in accordance with the terms and provisions of this Lease except that the minimum yearly rent shall be increased by (5%) each year thereafter.

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C. HOLDING OVER. If Tenant holds over at the end of the Lease term or at the end of the Extension, the minimum monthly rent in effect immediately before the holdover period shall increase by 150 percent from the minimum monthly rent in effect immediately before the holdover period. Tenant shall be bound by all other provisions of this Lease during any holdover period. Notwithstanding the foregoing, Tenant shall have no continued right of occupancy as a result of holding over and shall be in material default of the Lease as a result of the holding over. Tenant expressly acknowledges that it has no right at any time to hold over, that Landlord will suffer substantial economic and other damage as the result of any holding over by Tenant, and that Landlord may, without further requirement of notice to Tenant, take any and all actions necessary in Landlord's sole discretion to secure Tenant's removal from the premises.

3
RENT

A. MINIMUM MONTHLY RENT. The minimum monthly rent due under this Lease shall be $9075.00 which is due and payable on the first day of each month of the Lease term along with all other amounts due to Landlord under this Lease. Tenant shall pay SMJ (EHESE) Investments Company at 6161 A Street Anchorage Alaska 99518. Tenant may pay the minimum monthly rent and other amounts due Landlord without penalty by the fifth day of the month in which the rent and other amounts are due. The minimum monthly rent due under this Lease shall be subject to adjustment one (1) year from the commencement date of the term of this Lease and annually thereafter by an increase of five (5%) from the minimum monthly rent due for the preceding year. Landlord shall furnish Tenant with a monthly statement showing the other amounts due for the next month on or about five days prior to the end of the preceding month. Landlord's failure to furnish this statement at any time shall not excuse Tenant from the requirement to pay timely the minimum monthly rent amount set forth above and to further pay promptly any additional amount due following Tenant's receipt of the statement. Tenant shall make payment to Landlord of all amounts due under this Lease, without demand or notice at the principal place of business of Landlord or at such place as Landlord my from time to time designate in writing.

B. LATE CHARGE AND INTEREST. A late charge of eight (8%) or $726.00 the current maximum legal late charge allowed by law, whichever is less, shall accrue on any minimum monthly rent not paid by the fifth day of the month. Interest of eighteen (18) percent per year or at the then current maximum legal rate of interest, whichever is less, shall accrue on all amounts not paid timely until payment in full is received. All payments received shall first be applied to late charges and interest and then to any other amounts due.

C. Tenant Will be Pay 1 Months' Rent and security Deposit. $ 18,150.00 (3/7/2016)

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4
SECURITY DEPOSIT

Prior to taking occupancy of the premises, Tenant shall pay to Landlord a security deposit in an amount equal to the first minimum monthly rent ("Deposit") for the amount of $9485.91 as security for Tenant's performance of all of its obligations under this Lease. Landlord is not required to pay interest on the Deposit and may commingle the Deposit with its other funds. Landlord is not holding the Deposit in trust for Tenant and the relationship of Landlord and Tenant with respect to the Deposit is that of debtor and creditor. The Deposit does not excuse Tenant from paying timely Landlord may apply all or any part of the Deposit to satisfy whatever damages, losses, and/or expenses Landlord may suffer or incur as a result of any breach of this Lease by Tenant. Landlord shall return the balance of the Deposit, if any, to Tenant within thirty (30) days after the termination of this Lease. Tenant has the option to pay the security deposit in increments up to six months.

5
USE OF PREMISES

A. PERMITTED USES. The Premises are to be used for any and all lawful commercial marijuana activities allowed in the state of Alaska to witch Alaska sense LLC. Has been licensed to conduct in the state of Alaska. Tenant shall not use nor permit or suffer the use of the premises for any business or purpose other than the one set forth above without Landlord's prior written consent, which consent may be subject to such conditions as Landlord reasonably deems appropriate.

B. COMPLIANCE WITH LAWS. At its sole cost and expense, Tenant shall comply promptly with all local, state, or federal laws, statutes, ordinances, and governmental rules, regulations, or requirements now in force or which may hereinafter be in force with respect to Tenant's use and occupancy of the premises, and Tenant's business conducted thereon and with the requirements of any board of fire underwriters or other similar bodies now or hereafter constituted relating to or affecting the condition, use, or occupancy of the premises (excluding structural changes not related to or affected by Tenant's improvements, acts, or changes and for which Landlord is reasonable under this Lease). The judgment of any court of competent jurisdiction or the admission of Tenant in any legal action or proceeding against Tenant, whether Landlord is a party thereto or not, that Tenant has violated any law, statute, ordinance, or government rule, regulation, or requirement, shall be conclusive of that violation as between Landlord and Tenant.

C. USES PROHIBITED: Tenant shall not do anything, or permit anything to be done, in or about the premises or bring into or keep anything therein which will in any way increase the existing rate of, or affect any, liability, fire, or other insurances upon the premises, the Shopping Center, or the building of which the Premises is a part or cause a cancellation of any insurance policy covering the premises, the Shopping Center, or the building, or any part thereof or any of its contents unless, with Landlord's reasonable consent, Tenant pays for any

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Shopping Center or the building or injure or annoy them. Tenant shall not use, or allow the premises to be used, for any improper, immoral, unlawful, or objectionable or offensive purpose. Tenant shall not cause, maintain, or suffer any nuisance in, on, or about the premises. Tenant shall not commit or allow to be committed any waste in or upon the premises. Tenant shall refrain from using or permitting the use of the premises or any portion thereof as residential living quarters or sleeping quarters, including the lodging of persons for commercial purposes.

D. AUCTIONS. Tenant shall not conduct, nor permit to be conducted, either voluntarily or involuntarily, any auction, fire sale, or bankruptcy sale upon the Premises without first having obtained Landlord's prior written consent. Notwithstanding anything to the contrary in this Lease, Landlord shall not be obligated to exercise any standard of reasonableness in determining whether to grant such consent.

6
CONDITION OF THE PREMISES

Tenant has examined and knows the condition of the premises and herby accepts the premises in its condition existing as of the commencement date of this Lease. Tenant acknowledges that neither Landlord nor Landlord's agent has made any representation or warranty as to the present or future suitability of the premises for the conduct of Tenant's business. Tenant accepts the premises in its present "as-is" condition. THE LANDLORD HAS NO LIABILITY TO TENANT FOR ACTUAL, SPECIAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES arising from or related to the leased premises or the condition of the leased premises. Tenant will pay at Tenant's sole cost and expense all tenant improvements, repairs, and maintenance of the premises except as otherwise provided herein. In addition, Tenant will be responsible solely for all other related costs, which might occur at this time or in the future, for Tenant to either open for business or continue in business. It is further understood and acknowledged that Landlord has not inspected the premises and does not warrant the condition of the premises or its contents.

7
MAINENTENANCE, REPAIRS, AND ALTERATIONS

A. MAINTENANCE AND REPAIR BY TENANT. At its sole cost and expense, Tenant shall at all times throughout the lease term keep the premises including exterior doors and entrances, all windows and molding, and trim of all doors and windows and all partitions, door fixtures, equipment, and appurtenances thereof including lighting and air conditioning systems in good order, condition, and repair including repair of damage from burglary or attempted burglary of the premises. Without limiting the foregoing, Tenant shall keep the glass of all windows, doors, and showcases clean and presentable; replace immediately all broken glass in the premises; at reasonable intervals as determined by Landlord, paint or refinish the interior of the premises including entrances; make any necessary repairs to, or replacement of, all door closure apparatuses and mechanisms; keep all plumbing clean and in a good state of repair including pipes, drains, toilets, and basins; keep all portions of the exposed heating system within the walls of the premises clean and in a good state of repair;

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remove all snow and ice from the sidewalk in front of the premises; and keep all utilities inside the premises in good repair. Tenant shall not suffer or permit anyone, except in an emergency, to go upon the roof of the premises.

B. FAILURE TO MAINTAIN. If after twenty (20) days written notice, Tenant fails to keep and preserve the premises in a good state of repair, Landlord may, at its option, put or cause the premises to be put in the state and condition of repair agreed upon, and in such case, Tenant shall promptly pay the entire reasonable cost thereof as other amounts due Landlord upon receipt of written statements from Landlord. Landlord shall have the right without liability to Tenant to enter the premises for the purpose of making such repairs upon the failure of Tenant to do so.

C. MAINTENANCE AND REPAIRS BY LANDLORD. Landlord shall keep the roof, exterior walls, foundations, and building structure of the premises in a good state of repair, and shall accomplish repairs thereto as may be needed promptly after receipt of a written notice from Tenant. Should such repairs be required by reason of Tenant's negligent acts, or failure to act, Tenant shall pay Landlord promptly for the reasonable costs thereof as other amounts due Landlord. Tenant shall inform Landlord immediately of any necessary repairs required of Landlord. Tenant shall make no such repairs without Landlord's prior written consent. Landlord shall not be liable for damages for any maintenance required of Landlord hereunder unless the Landlord's failure to maintain or repair shall persist for an unreasonable time after written notice of the need of such repairs or maintenance is given to Landlord by Tenant Except as otherwise specifically provided herein, there shall be no abatement of rent and no liability of Landlord by reason of any injury to or interference with Tenant's business arising from the making of any repairs, alterations, or improvements in or to the premises.

D. ALTERATIONS BY TENANT. Tenant shall not make any alterations, additions, or improvements in or to the premises without Landlord's prior written consent, which consent may be subject to such conditions as Landlord may deem reasonably appropriate. Any such alterations, additions, or improvements consented to by Landlord shall be made at Tenant's sole cost and expense. For the alterations, additions, and improvements, Tenant shall provide its own trash container or containers for construction debris; shall use service entrances, if any, to the premises; shall conduct no core drilling during business hours; and shall not disrupt other tenants any more than necessary to perform the work. Tenant shall secure any and all governmental permits, approvals, or authorizations required in connection with any such work, and shall defend, indemnify, and hold harmless Landlord from any and all claims, liability, costs, damages, and expenses including full reasonable attorney's fees arising out of, related to, or in any way associated with the alterations, additions, or improvements or any and all liens resulting therefrom. All Tenant alterations, additions and improvements (and expressly including all light fixtures and floor coverings), except trade fixtures, appliances, and equipment, which do not become a part of the premises, shall immediately become the property of Landlord without any obligation to pay Tenant for the cost or expense of the alterations, additions, or improvements.

E. REMOVAL OF TENANT ALTERATIONS. Upon the expiration or sooner termination of the Lease, Tenant shall, upon written demand by Landlord given at least thirty

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(30) days prior to the end of the Lease term, at Tenant's sole cost and expense, forthwith and with all due diligence, remove any alterations, additions, or improvements made by Tenant and designated by Landlord to be removed. Tenant shall forthwith and with all due diligence, at its sole cost and expense, repair any damages to the premises caused by such removal.

8
ENTRY ON PREMISES BY LANDLORD

Landlord reserves the right to enter on the premises at reasonable times after notice to inspect them, to perform required maintenance and repairs, or to make additions, alterations, or modifications to any part of the building in which the premises are located and Tenant shall permit Landlord to do so. Landlord may erect scaffolding, fences, and similar structures and post notice of relevant alterations, additions, or repairs without incurring liability to Tenant for disturbance of quiet enjoyment of the premises, or loss of use thereof.

9
SIGNS, AWNINGS, AND MARQUEES INSTALLED BY TENANT

Tenant shall not construct or place signs, awnings, marquees, or other structures projecting from the exterior of the premises without the written reasonable consent of Landlord. Landlord shall approve reasonably the size and type of any sign. Tenant may use a portable sign for the first thirty (30) days of occupancy. Tenant shall remove signs, displays, advertisements, or decorations it placed on the premises when, in the reasonable opinion of Landlord, those signs, displays, advertisements, or decorations are offensive or otherwise objectionable. If Tenant fails to remove such signs, displays, advertisements, or decorations within fifteen (15) days of receiving written notice to remove them, Landlord reserves the right to enter the premises to remove signs, displays, advertisements, or decorations at Tenant's expense. Any pole signs and overhead panels placed on the premises by Tenant with the consent of Landlord shall become the property of the Landlord at the end of the Lease term.

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UTILITIES

Tenant shall pay for all telephone, trash removal, snow and ice removal, and other utilities (Gas, Electrical, Water) and services supplied to the premises or to the parking lot of the premises together with any taxes thereon, tenant will not be responsible for any (Gas, Electrical, or Water Utilities).

If any such services are not separately metered or provided to Tenant, at the sole and absolute discretion of Landlord, Tenant shall pay as other amounts due Landlord a reasonable proportion of the total amount of such services determined by Landlord from all charges jointly metered with other premises. Tenant hereby acknowledges that the minimum monthly rent and other amounts due to Landlord hereunder do not include the cost of guard service or other security measures for the premises or the Shopping Center and that Landlord shall have no obligation whatsoever to provide the same. Tenant assumes all responsibility for the protection of Tenant, its agents, customers, and invitees from acts of third parties.

11
TAXES AND ASSESSMENTS

Tenant shall pay promptly all taxes, assessments, license fees, and public charges levied upon its business operation, trade fixtures, leasehold improvements, merchandise, and other personal property in or about the premises. In the event any such items of property are assessed with property of the Landlord, such assessment shall be divided equitably between Landlord and Tenant to the end that Tenant shall pay only its equitable proportion of such assessment. Tenant shall not permit any such amount due of any sort or description to become a lien on the leased premises.

12
NONLIABILITHY OF LANDLORD AND INDEMNITY

A. NONLIABILITY OF LANDLORD. Landlord shall not be liable to Tenant or Tenant's employees, agents, patrons, or visitors, or to any other person for any injury to person or damage to property on or about the premises including the loss of use thereof and including property of Tenant from any cause whatsoever. As a material part of the consideration to Landlord for this Lease, Tenant hereby assumes all risk of damages to property or injury to persons in, upon, or about the premises or the parking lot from any cause whatsoever and Tenant

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hereby waives all claims in respect thereof against Landlord. Landlord shall not be liable to Tenant for any interference with the light or air on the premises. Tenant shall give prompt notice to Landlord in case of casualty or accidents on or about the premises.

B. INDEMNIFICATION. Tenant hereby agrees to defend, indemnify, and hold harmless Landlord from and against any and all claims, charges, liabilities, penalties, causes of action, liens, damages, releases or threatened releases of hazardous materials, any violations of environmental laws, costs, and expenses including attorney's fees alleged, asserted, or brought against or by Landlord and arising from or related to Tenant's use of the premises or the parking lot; the conduct of Tenant's business; any activity, work or other thing done, permitted and suffered by the Tenant in or about the premises whether prior or subsequent to the commencement of the term of this Lease; or any act or negligence of the Tenant, or any officer, contractor, agent, employee, guest, licensee, or invitee of the Tenant. Tenant's defense of Landlord relative to any matter subject to this indemnification obligation shall be by legal counsel selected by Landlord. The indemnification obligation provided for in this section shall survive any termination or expiration of this Lease.

13
INSURANCE

A. LIABILITY INSURANCE. During the entire Lease term, and at any time prior to the Lease term commencing with the day on which the Tenant is given possession of the Premises for any reason, the Tenant shall maintain, at its own expense, adequate broad form commercial liability insurance coverage which includes coverage for (i) blanket contractual liability for all risks assumed by Tenant under this Lease, (ii) property damage, (iii) independent contractor's protection, (iv) personal injury with employee exclusion deleted, and (v) premises and operations. All such insurance shall be placed with a reputable company or companies with single limits coverage of at least $1,000,000 per occurrence and in the aggregate for personal injuries and property damage, to indemnify both Landlord and Tenant against any claims, demands, losses, damages, liabilities and expenses arising from or related to Tenant's use of the premises, Tenant's obligations under this Lease, and the use of the parking lot by Tenant by Tenant's invitees and customers. Landlord and the management company, if any, employed by Landlord with respect to the premises shall be named as additional insureds under the Tenant's commercial liability insurance policy and the policy shall be primary and non-contributing with and not in excess of any insurance carried by Landlord. Tenant's liability insurance policy shall not be cancelled or altered without less than thirty (30) days prior written notice to Landlord. Tenant shall furnish Landlord with a certificate of such insurance.

B. PROPERTY INSURANCE. At its own expense during the Lease term and at all relevant times prior thereto if Tenant is given possession of the premises for any reason, Tenant shall also maintain insurance covering its furniture, fixtures, equipment, and all leasehold improvements and inventory in an amount equal to not less than 100% of the full replacement value thereof and insuring against fire and all risk perils coverage as provided by a standard all risk coverage endorsement. At its sole cost and expense, Tenant shall maintain builder's risk insurance as the Landlord may require for any work which Tenant may undertake, or have

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undertaken on Tenant's behalf, with respect to the premises. Tenant shall provide Landlord with copies of the insurance certificates thereof.

C. EMPLOYERS LIABILITY/WORKERS COMPENSATION INSURANCE. Tenant shall procure and maintain, at its expense in a form acceptable to the State of Alaska, employers' liability and workers' compensation insurance coverage for its activities and operations in, on, about, and with respect to the premises. The employers' liability insurance shall provide coverage in at least the amount of the liability insurance coverage required in Section A above and the workers compensation insurance shall provide coverage in at least the amount of the statutorily required limits.

D. TENANT'S FAILURE TO MAINTAIN INSURANCE. If Tenant fails to maintain any insurance required herein, Landlord may obtain the insurance on behalf of the Tenant. Any premiums paid by Landlord hereunder shall be deemed additional amounts due Landlord.

E. WAIVER OF SUBROGATION RIGHTS. Landlord and Tenant mutually release each other from all liabilities and claims and waive all right of recovery and remedies against each other for and to the extent of their respective insurance coverages for such liabilities and claims including any extended coverage and endorsements thereto provided, however, that this release and waiver shall be inapplicable if it would have the effect, but only to the extent that it would have the effect, of invalidating any insurance coverage of either Landlord or Tenant.

14
SALE, ASSIGNMENT, AND SUBLETTING

A. ASSIGNMENT AND SUBLETTING. Landlord has relied on the identity and/or special skills of Tenant in entering this Lease. Therefore, Tenant shall not assign or sublease the premises, or any right or privilege connected therewith, or allow any other person except agents and employees of Tenant to occupy the premises or any part thereof without first obtaining the written consent of the Landlord, whose consent shall not be unreasonably withheld, delayed, or conditioned. Consent by Landlord to a sublease or assignment shall not be consent to a subsequent assignment, sublease, or occupation by other persons. An unauthorized assignment, sublease, or license to occupy by Tenant shall be void and shall terminate this Lease at the option of Landlord. The interest of Tenant in this Lease is not assignable by operation of law without the written consent of Landlord. Notwithstanding any permitted assignment or subletting, Tenant shall at all times remain fully responsible and liable for the payment of the rent herein specified and for compliance with all of its other obligations under the terms, provisions and covenants of this Lease. Upon the occurrence of an "event of default" as hereinafter defined, if the premises or any part thereof are then assigned or sublet, Landlord, in addition to any other remedies herein provided, or provided by law, may at its option collect directly from such

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assignee or subtenant all rents becoming due to Tenant under such assignment or sublease and apply such rent against any sums due to it by Tenant hereunder, and such collection shall not be construed to constitute a novation or a release of Tenant from the further performance of its obligations hereunder. Landlord shall have the right to assign any of its rights under this Lease.

B. SALE/TRANSFER OF PREMISES. Nothing in this Lease shall prevent Landlord from selling or otherwise transferring or assigning its rights and interest at 521 West Tudor including the leased premises. Upon any such sale, transfer, or assignment, Landlord's obligations under this Lease shall cease and Tenant shall look to any purchaser, transferee, or assignee to enforce its rights and remedies under this Lease regardless of when any obligation or breach occurred and new Landlord shall have the option to cancel out all previous agreements.

15
FIRE AND CASUALTY DAMAGE

If the premises are damaged or destroyed by fire, earthquake, or other casualty, Tenant shall give immediate written notice thereof to Landlord. In the event that the premises are damaged or destroyed by fire, earthquake, or other casualty, Landlord shall have the option to forthwith repair such damages if the repairs can be made with ordinary efforts, not including overtime, within ninety (90) days after the damage occurs. Provided that any damage is not caused by Tenant's willful or negligent act or omission, there shall be a proportional abatement of Tenant's rent obligations based upon the extent to which Tenant's normal occupancy and use of the leased premises is curtailed or interfered with during the period when such repairs are being made; otherwise there shall be no rent abatement for such curtailment or interference. In the event that the leased premises are destroyed or repairs cannot be made within ninety (90) days with ordinary efforts not including overtime after the damages occur, Landlord and Tenant, if the damage is not caused by Tenant's willful or negligent act or omission, shall have the option to terminate this Lease provided that the party exercising the option gives written notice of its exercise of the option to the other party within thirty (30) days following the date that the casualty occurred. Notwithstanding anything to herein to the contrary, in the event the holder of any indebtedness secured by a mortgage or deed of trust covering the premises requires that the insurance proceeds from any damage or loss to the premises be applied to such indebtedness, then Landlord shall have the right to terminate this Lease by delivering written notice of termination to Tenant.

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CONDEMNATION

If the whole or any substantial part (meaning more than twenty five (25) percent) of the premises should be taken for any public or quasi-public use under governmental law, ordinance or regulation, or by right of eminent domain, or by private purchase in lieu thereof, this Lease shall terminate and the rent shall be abated during the unexpired portion of this Lease effective when the physical taking of said premises shall occur. If less than a substantial part (meaning twenty five (25) percent or less) of the premises shall be taken for any public or quasi-public use under any governmental law, ordinance, or regulation, or by right of eminent domain, or by private purchase in lieu thereof, this Lease shall not terminate, but the rent payable hereunder during the unexpired portion of this Lease shall be reduced proportionally by the percentage of the premises taken. In the event of any such taking or private purchase in lieu thereof, Landlord and Tenant shall each be entitled to receive and retain such separate awards and/or portion of lump sum awards as may be allocated to their respective interests in any condemnation proceedings.

17
TENANT'S DEFAULT

A. DEFAULT. The occurrence of any one or more of the following events shall constitute a default and breach of this Lease by Tenant:

1. VACATING THE PREMISES. The vacating or abandonment of the premises by Tenant or the failure of Tenant to be open for business for more than three (3) consecutive days without written notice to Landlord to reopen at a later date except in the event of damage or destruction which prevents Tenant from conducting any business in the premises.

2. FAILURE TO PAY RENT. The failure by Tenant to make any payment of minimum monthly rent, other amounts due Landlord, or later charges and interest due hereunder, as and when due, where such failure shall continue for a period of three (3) days after written notice thereof by Landlord to Tenant.

3. FAILURE TO PERFORM. The failure of Tenant to observe or perform any of the covenants, conditions, or provisions of this Lease other than described in Section 2 above where such failure shall continue for a period of thirty (30) days after written notice thereof by Landlord to Tenant provided, however, that if more than thirty (30) days are required reasonably for cure of the failure, then Tenant shall not be deemed to be in default if Tenant commences such cure within the thirty (30) day period and thereafter prosecutes such cure to completion in a timely manner.

4. BANKRUPTCY. The making by Tenant of any general assignment or general arrangement for the benefit of creditors; or by the filing by or against Tenant of a petition to have Tenant adjudged a bankrupt, or a petition, or reorganization, or arrangement under any law relating to bankruptcy, unless, in the case of a bankruptcy petition filed against Tenant, the

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petition is dismissed within sixty (60) days of filing or unless in the case of the appointment of a trustee or a receiver to take possession of substantially all of Tenant's interest in this Lease, where such seizure is not discharged within thirty (30) days after appointment of the trustee or receiver or the filing of a petition for the appointment of the trustee or receiver, whichever shall first occur.

B. REMEDIES UPON DEFAULT. In the event of any default or breach by Tenant of this Lease, Landlord may at any time thereafter, with or without notice or demand and without limiting Landlord in the exercise of a right or remedy, which Landlord may have by reason of such default or breach:

1. TERMINATE LEASE. Terminate Tenant's right to possession of the premises by any lawful means in which case this Lease shall terminate and Tenant shall immediately surrender possession of the premises to Landlord. In such event, Landlord shall be entitled to recover from Tenant all past due rents, other amounts due under this Lease, and any late charges and interest; the expenses of re-letting the premises, including necessary reasonable renovation and alteration of the premises; full reasonable attorney's fees and expenses incurred by Landlord in connection with the Lease termination; the present value at the time of award by the court having jurisdiction thereof of the amount of the balance of the minimum monthly rent for the Lease term; and that portion of any reasonable leasing commission paid by Landlord and applicable to the unexpired term of this Lease; or,

2. ENTER UPON THE PREMISES. If Tenant fails to surrender immediately the premises to Landlord upon termination of this Lease, Landlord may, without prejudice to any other remedy which it may have for possession or arrearages in minimum monthly rent, other amounts due under this Lease, and any late charges and interest enter upon and take possession of the premises and expel or remove Tenant and any other person who may be occupying such premises or any part thereof by force, if necessary, without being liable for prosecution or any claim of damages therefore. Tenant hereby expresses consents for Landlord to re-enter the premises in the event of default without resorting to the remedies provided in the unlawful detainer statutes. In the event of any entry in, or taking possession of, the leased premises, Landlord shall have the right, but not the obligation, to remove from the leased premises all personal property located therein and may store the same in any place selected by Landlord, including, but not limited to, a public warehouse at the expense and risk of the owners thereof, and with the right to sell such stored property, without notice to Tenant. The proceeds of any such sale shall be applied first to the cost of the sale, second to the payment of the charges for storage, if any, and third to the payment of any other sums of money which may then be due from Tenant to Landlord under any of the terms of this Lease, and the balance, if any, to be paid to Tenant.

3. CONTINUE THE LEASE. Maintain Tenant's right to possession, in which case this Lease shall continue in effect whether or not Tenant shall have abandoned the premises. In such event, Landlord shall be entitled to enforce all Landlord's rights and remedies under this Lease, including the right to recover minimum monthly rent, other amounts due under this Lease, and any late charges and interest as may become due hereunder; or,

Initials: _____

4. OTHER REMEDIES. Pursue any other remedy now or hereafter available under the laws or judicial decisions of the State of Alaska, including, but not limited to, the right to assess against Tenant an amount equal to full reasonable attorney's fees and expenses incurred by Landlord in collecting any minimum monthly rent, other amounts due under this Lease, or any late charges and interest due hereunder. The amount of any such attorney's fees and expenses assessed by Landlord against Tenant shall be due in full within ten (10) days of Tenant's receipt of the assessment by Landlord.

C. REMEDIES CUMULATIVE/WAIVER. It is understood and agreed that Landlord's remedies hereunder are cumulative and Landlord's exercise of any right or remedy due to a default or breach by Tenant shall not be deemed a waiver of, or alter, affect, or prejudice any right or remedy which Landlord may have under this Lease or by law or in equity. Neither the acceptance of minimum monthly rent, other amounts due under this Lease, or any late charges and interest due hereunder nor any other acts or omission of Landlord at any time or times after the happening of any event authorizing the termination of this Lease, shall operate as a waiver of any past or future violation, breach or failure to keep or perform any covenant, agreement, term, or condition hereof or deprive Landlord of its right to terminate this Lease at any time that cause for termination may exist, or be construed so as at any time to prevent Landlord from exercising promptly any other option, right, or remedy that it may have under any term or provision of this Lease, at law, or in equity.

D. ACCEPTANCE OF PAYMENT. It is specifically understood and agreed that Landlord's acceptance of any sum, whether as minimum monthly rent, other amounts due under this Lease, or any late charges and interest, which is less than the amount claimed as due by Landlord, shall not act as, or be deemed to be, a waiver of the claimed amount or a compromise or accord and satisfaction of the amount claimed as due by Landlord.

18
DEFAULT BY LANDLORD

Landlord shall not be in default unless Landlord fails to perform obligations required of Landlord within a reasonable time, but in no event later than thirty (30) days after written notice by Tenant to Landlord and to the holder of any mortgage or deed of trust covering the premises and/or Shopping Center which name and address of the holder of any mortgage or deed of trust shall have theretofore been furnished to Tenant in writing. The notice shall specify wherein Landlord has failed to perform such obligation; provided, however, that if the nature of Landlord's obligation is such that more than thirty (30) days are required for performance, then Landlord shall not be in default if Landlord commences performance within such thirty (30) day period and thereafter diligently prosecutes the performance to completion. In no event shall Tenant have the right to terminate this Lease as a result of Landlord's default and Tenant's remedies shall be limited to damages and/or injunctive relief.

Initials: T

19
LANDLORD'S LIEN

Landlord shall have and Tenant hereby grants to Landlord a continuing security interest for all minimum monthly rents, other amounts due under this Lease, and any late charges and interest due hereunder from Tenant upon all goods, wares, equipment, fixtures, furniture, inventory, accounts, contract right, chattel paper, and other personal property of Tenant situated on the premises, and such property shall not be removed from the premises without the consent of Landlord until arrearages in rent as well as any and all other sums of money then due to Landlord hereunder shall first have been paid and discharged. In the event of a default under this Lease, Landlord shall have, in addition to any other remedies herein or by law, all rights and remedies under the Uniform Commercial Code, including without limitation the right to sell the property described in this paragraph 19 at public or private sale without notice to Tenant. Tenant hereby agrees to execute such financing statements and other instruments necessary or desirable in Landlord's discretion to perfect the security interest hereby created. The express contractual lien herein granted by Tenant to Landlord is in addition and supplementary to any statutory lien for rent.

20
NOTICES

All notices to be given with respect to this Lease shall be in writing. Each notice shall be sent by registered or certified mail, postage pre-paid, and return receipt requested, to the address or addresses that either party may from time to time designate in writing. The address of the Landlord is: 6161 A Street Anchorage, Alaska 99518. The address of the Tenant is 521 West Tudor Road Suite 202 Anchorage, AK 99503.

21
MORTGAGES

Tenant accepts this Lease subject and subordinate to any mortgage(s) and/or deed(s) of trust now or at any time hereafter constituting a lien or charge upon the premises or the improvements situated thereon. At the request of Landlord, Tenant shall promptly execute, acknowledge, and deliver all instruments which may be required to subordinate this Lease to any existing or future mortgages, deeds of trust, and/or other security documents on or encumbering the Shopping Center or on the leasehold interest held by Landlord, and to any extensions, renewals or replacements thereof.

Initials: _____

22
MECHANIC'S LIEN

Tenant shall have no authority, express or implied, to create or place any lien or encumbrance of any kind or nature whatsoever upon, or in any manner to bind, the interest of Landlord in the premises or to charge the money payable hereunder for any claim in favor of any person dealing with Tenant, including those who may furnish materials or perform labor for any construction or repairs, and each such claim shall affect and each such lien shall attach to, if at all, only the leasehold interest granted to Tenant by this instrument. Tenant covenants and agrees that it will pay or cause to be paid all sums legally due and payable by it on account of any labor performed or materials furnished in connection with any work performed on the premises on which any lien is or can be validly and legally asserted against its leasehold interest in the premises or the improvements thereon and that it will defend, indemnify, and hold harmless Landlord from any and all loss, cost, or expense based on or arising out of asserted claims or liens against Tenant's leasehold interest or against the rights, titles, and interest of the Landlord in the premises or under the terms of this Lease.

23
ENVIRONMENTAL

Tenant, its agents, employees, or servants shall not produce, maintain, or otherwise permit or allow to be brought on the leased premises or other areas of the Shopping Center any hazardous substances or toxic waste of any kind absent the written consent of Landlord, furnished in advance, on such terms and conditions as Landlord might require in its sole discretion after Tenant provides full and complete written disclosure of the nature of the substance or waste involved and all other relevant facts and circumstances and after Tenant provides such assurances and security as Landlord, in its sole discretion, might require. At all times, Tenant shall defend, indemnify, and hold harmless Landlord from any act of Tenant and its agents, employees, or servants involving hazardous substances or toxic waste affecting or relating to the leased premises, the Shopping Center, Landlord's other tenants, Landlord's employees and agents, and patrons of and other persons at the Shopping Center. The furnishing by Landlord of any consent to Tenant in connection with hazardous substances or toxic waste shall not be deemed a waiver by Landlord of any rights that Landlord may have under this Lease. For reasonable cause and without prior notice, Landlord may revoke or suspend any consent furnished Tenant in connection with hazardous substances or toxic waste and Tenant expressly agrees and acknowledges that the furnishing by Landlord of any particular consent shall not create any right, vested or otherwise, or expectation that the consent will be continued or renewed at any future time or that other consents in connection with other hazardous substances or toxic waste will be furnished by Landlord at any future time.

Initials: SW

24
MISCELLANEOUS

A. TIME OF THE ESSENCE. Time is of the essence of this Lease and all of the terms, provisions, covenants, and conditions hereof.

B. NO ORAL AGREEMENTS. It is understood that there are no oral agreements between the parties hereto affecting this Lease, and this Lease supersedes and cancels any and all previous negotiations, arrangements, brochures, agreements, and understandings between the parties hereto or displayed by Landlord to Tenant with respect to the subject matter thereof, and none thereof shall be used to interpret or construe this Lease.

C. GENDER. Words of any gender used in this Lease shall be held and construed to include any other gender, and words in the singular number shall be held to include the plural unless the context otherwise requires.

D. BINDING EFFECT. The terms, provisions and covenants and conditions contained in this Lease shall apply to, inure to the benefit of, and be binding upon, the parties hereto and upon their respective heirs, legal representatives, successors and permitted assigns accept as otherwise herein expressly provided. In the event that there is a guarantor of this Lease, the guarantor shall have the same obligations as Tenant under this Lease.

E. HEADINGS. The captions are inserted in this Lease for convenience only and in no way define, limit or describe the scope or intent of this Lease, or any provisions thereof, or in any way affect the interpretation of this Lease.

F. ESTOPPEL CERTIFICATE. Tenant agrees within ten (10) days after request by Landlord to deliver to Landlord, or Landlord's designee, an estoppel certificate stating that this Lease, is in full force and effect, the date to which rent has been paid, the unexpired term of this Lease and such other matters pertaining to this Lease as may be reasonably requested by Landlord.

G. GOVERNING LAW. This Lease shall be governed by, construed, and enforced in accordance with the laws of the State of Alaska. This Lease is a commercial lease and is not subject to the Alaska Landlord Tenant Act.

H. VENUE. The exclusive venue for any action to enforce terms of this Lease or declare rights hereunder shall be the courts in the Third Judicial District for the State of Alaska or, alternatively, the United States District Court for the District of Alaska unless a non-waivable federal or state law should require to the contrary.

I. ATTORNEY'S FEES. If either party brings an action to enforce terms of this Lease or declare rights hereunder, the prevailing party in any such action, whether in the trial court or on appeal, shall be entitled to recovery of all expenses incurred including, but not limited to, its full reasonable attorney's fees and costs of litigation to be paid by the losing party as determined by the court.

Initials: _____

J. REALTORS OR BROKERS. Landlord and Tenant each hereby warrant that there are no realtors or brokers who may claim a commission with regard to this Lease.

K. DAYS. The word "days" as used in this Lease means calendar days unless otherwise provided herein.

L. RECORDING. At the request of Landlord or Tenant, a short form memorandum of this Lease acceptable for recording purposes shall be executed by the parties and may thereafter be recorded in the Anchorage Recording District in lieu of recording the Lease.

M. AUTHORITY. If Tenant is a corporation, trust, general or limited partnership, or limited liability Company, each individual executing this Lease on behalf of such entity represents and warrants the he is duly authorized to execute and deliver this Lease on behalf of the entity. If Tenant is a corporation, trust, general or limited partnership, or limited liability company, Tenant shall, within thirty (30) days after execution of this Lease, deliver to Landlord evidence of such authority in a form satisfactory to Landlord.

N. SEVERABILITY. In the event that any term or condition of this Lease is declared by a court of competent jurisdiction to be void or unenforceable, the remaining terms and conditions of this Lease shall nevertheless be valid and enforceable and such void or unenforceable term shall be modified to the minimum extent necessary to be valid and enforceable to the fullest extend permitted by applicable law and shall be enforceable as such.

O. MODIFICATION. This Lease may not be altered, changed, or amended except by an instrument in writing signed by Landlord and Tenant.

In witness hereof, the parties have executed this Lease at Anchorage, Alaska, the day and year first above written.

TENANT:

Smadar Warden

Print Name: Smadar Warden/Alaska sense,LLC

Title:

Owner

LANDLORD:

SMJ (EHESE) Investments Company

By:

Its:

Initials: 7