

## LEASE AGREEMENT

THIS AGREEMENT is entered into on this date by and between CLIKEMAN INVESTMENTS LIMITED PARTNERSHIP, a Wyoming partnership ("Lessor") and BIG LOST MEADERY LLC, a Wyoming limited liability company ("Lessee").

### RECITALS

- A. The Lessor is the owner of the property at 106 South Gillette Avenue located in Gillette, WY as described in Exhibit "A" attached hereto.
  - B. The Lessor desires to lease property mentioned above to Lessee and the parties do wish to set forth the terms and conditions of their agreement.
- NOW THEREFORE, for and in consideration of the mutual promises and covenants as contained herein, the parties agree as follows:

I

### LEASE PREMISES

1.1 The Lessor, for and in consideration of the rents, covenants and agreements hereinafter mentioned to be made, kept and performed by the Lessee, does hereby lease and let unto the Lessee those certain real properties and improvements as commonly described on Exhibit "A" attached hereto, including the buildings and related improvements on said real property in accordance with the provisions of this lease agreement as provided hereinafter with all of the rights, privileges, easements and appurtenances thereto. All of the properties described on Exhibit "A" shall hereafter collectively be referred to as the "Premises" or "Properties".

II

### TERM

2.1 The term of this lease shall commence on the 1st day of February 2014 and terminate on the 31st day of January, 2019 ("Primary Term").

2.2 The Lessee shall have the exclusive option, but not the obligation, to renew this lease for an additional period of five (5) years commencing at the expiration of the term on this lease ("Renewal Term"). In the event the Lessee should elect to exercise its option to renew this lease for an additional five (5) year period, the Lessee shall notify the Lessor, in writing, of its intent at least sixty (60) days prior to the expiration of the Primary Term of this lease.

III

### LEASE PAYMENTS

3.1 Upon commencement of this lease agreement, and on the 1<sup>st</sup> day of each month thereafter until the first anniversary date of this lease, the Lessee shall pay to the Lessor the total sum of \$2,000.00 each month ("Monthly Rent"), provided Lessee requested renovations do not exceed \$120,000.00. In the event Lessee renovations exceed \$120,000.00, Monthly Rent will be increased by .833% of the renovation costs greater than \$120,000.00.

3.2 Monthly Rent as set forth above shall increase on an annual basis in increments of two percent (2%) each year commencing with the lease payment due on January 1, 2016. Each annual percentage increase shall be calculated on the prior year's Monthly Rent and added to said prior year's Monthly Rent.

3.3 If this lease is renewed as provided in paragraph 2.2 above, the Monthly Rent during the renewal term shall continue as set forth above unless the parties otherwise agree, in writing.

3.4 All rent and other charges payable to Lessor shall be paid to Lessor at the address specified in Article XII hereof, or such other place or places as Lessor may from time to time designate in writing.

3.5 In the event Lessee requests construction of permanent improvements to the Property and Lessor agrees to pay the costs associated with such construction, then the parties agree that the monthly rental payment shall be adjusted upward in an amount to be agreed upon by the parties based upon the costs of such improvements.

#### IV

##### UTILITIES AND TAXES

4.1 Lessee shall pay when due during the period for which rent is due hereunder: (i) all charges for utilities incurred at the Premises; (ii) all real estate taxes imposed on the premises and the annual assessments due under any general or special assessments; (iii) all sales and use taxes imposed as the result of Lessee's business conducted on the Premises; and (iv) all personal property taxes assessed against Lessor's and Lessee's personal property situated thereon which is used in the business of operating on the Property.

4.2 Lessee shall have the right, at its expense, in Lessor's or Lessee's name, to contest any taxes or assessments, and until such tax or assessment shall become final, Lessor shall not pay or discharge the tax or assessment so contested. Lessee may pay such tax or assessment under protest. Lessor will join in any contest or protest at Lessee's sole cost and expense upon Lessee's request.

4.3 Except as otherwise provided herein, nothing herein shall be deemed or construed to require Lessee to pay or discharge any tax which may be levied upon the income, profits or business of Lessor nor any personal property, franchise, inheritance or estate taxes which may be levied against Lessor (nor any tax of the same nature as any tax heretofore mentioned in this sentence), even though such taxes may become a lien against the Premises. If any lien is placed upon the Premises as result of the foregoing, the Lessor shall promptly discharge said lien provided the Lessor shall have the right to contest the same in good faith in accordance with established procedures.

#### V

##### USE OF PREMISES

5.1 Lessee shall use the Premises for any legally permissible business or commercial venture; but Lessee shall not use the Premises in such a manner as to violate any applicable law, rule, ordinance or regulation.



5.2 Lessor is aware that Lessee will be using the Premises for the manufacture and sale of alcoholic beverages, specifically wine and mead.

5.3 The Lessee covenants that it will not use nor permit the use of any portion of the leased Premises for any illegal or unlawful use. The Lessee covenants that at the expiration of this lease it shall surrender to the Lessor the Premises leased hereunder in good order and condition, ordinary wear, loss by fire or storm and depreciation accepted.

## VI

### INSURANCE AND LIABILITIES FOR DAMAGES

6.1 Lessee shall keep and maintain policies of fire and extended coverage insurance in an amount equal to the replacement cost of improvements on the Premises, (excluding excavation, footing and foundation costs) and shall pay the premiums thereon. The Lessee shall further procure and maintain public liability and property damage insurance with minimum policy limits of not less than \$1,000,000 for injury or death to any one person, \$1,000,000 for injury or death in one accident, and \$1,000,000 for damage or injury to property in which policy the Lessor shall be designated as insured parties. Evidence of such insurance shall be provided to the Lessor by the Lessee upon demand.

6.2 Lessee may bring its insurance obligations within the coverage of any so-called blanket policy or policies of insurance now or hereafter carried, by appropriate amendment, endorsement, or otherwise, provided Lessor's interests are as fully protected thereby as if Lessee obtained individual policies of insurance.

6.3 Said policies of insurance shall: (i) name Lessor as one of the insured thereunder; (ii) be maintained at Lessee's sole cost and expense; and (iii) contain a clause or endorsement to the effect that the policy may not be terminated or materially amended except after ten (10) days written notice thereof to Lessor.

6.4 In the event Lessee defaults in the payment of any premiums required in order to maintain insurance coverage which it is obligated hereunder to maintain, then Lessor shall have the right to make any payment or payments required to cure such default and any monies expended by Lessor for that purpose shall be repaid to Lessor with interest at ten percent (10%) per annum on demand.

## VII

### MAINTENANCE AND REPAIRS

7.1 The Lessee shall have the responsibility for all maintenance and repair of the building including, without limitation, the roof and exterior walls of the building and all interior components of the building, including all plumbing, electrical, air conditioning, heating, and other similar systems within the interior of the building.

7.2 The maintenance of all parking and storage areas, including snow and ice removal, shall be the responsibility of the Lessee.

7.3 Either party (whether Lessor or Lessee) agrees to discharge any mechanics, materialmen, or any other lien against the Premises arising out of performance of any work, labor,

services, materials or supplies claimed to have been furnished thereon provided that nothing contained herein shall be construed to prohibit either party from contesting, at its own expense, any such lien, encumbrance, charge or claim of any kind asserted against the Premises and neither party shall be deemed to be in default hereof during the proceedings of any such contest brought and maintained in good faith.

7.4 Should the building need any work performed (whether maintenance or repairs) and the party responsible for performing the same shall refuse to do so after reasonable notice (not less than 10 days, except in cases of emergency), the other party may proceed to perform any such work and the defaulting party shall be responsible for all costs, expenses, including reasonable attorney's fees, incurred by the party giving such notice.

7.5 Any alterations to the structural integrity of the building, including installation of equipment which may affect the structural integrity of the building, shall require the approval of Lessor, which approval shall not be unreasonably withheld. Any cost of such alterations shall be the responsibility of the Lessor.

## VIII

### ASSIGNMENT

8.1 Except as otherwise provided herein, the Lessee may not assign this lease or any part thereof without prior consent of the Lessor. Lessee may not sublet the Premises or any part thereof without prior consent of the Lessor, which consent shall not be unreasonably withheld.

## IX

### TITLE AND INDEMNIFICATION

9.1 The Lessor covenants that it has full and complete title to the Premises and has complete authority to make this lease and warrants to the Lessee that as long as it shall pay its rent and perform its covenants as contained herein, it shall and may at all times during the term of this lease peacefully and quietly have and enjoy the leased Premises.

9.2 The Lessee agrees to indemnify, defend and hold the Lessor harmless from any claim, demand, judgment or liability arising out of directly or indirectly, the use and occupation of the Premises by the Lessee except for such liabilities arising out of the negligence (whether omission or commission) by the Lessor, or its agents, employees, representatives or assigns.

## X

### DAMAGE TO PREMISES

10.1 If the Premises shall be damaged by fire or other casualty as a result of Lessee's negligence, the Lessee shall use its best efforts to timely repair or replace said improvements to their condition immediately preceding the happening of such casualty. In the event Lessor is a named payee on any insurance proceeds, Lessor shall pay-over said insurance proceeds to Lessee for use in making such repairs, restoration or rebuilding. Should the cost of reconstruction, repair or restoration exceed the insurance proceeds, the parties shall negotiate as to the party responsible for such excess costs. If



the insurance proceeds exceed the cost of such reconstruction, restoration or rebuilding, such excess shall be retained by the Lessee.

## XI

### PERSONAL PROPERTY AND PERMANENT FIXTURES

11.1 With the execution of this lease agreement, the parties understand and acknowledge that the building located on the property being leased hereunder contain no personal property belonging to the Lessor. Accordingly, any repairs to existing permanent fixtures or other personal property within the Premises shall be the responsibility of Lessee.

11.2 The parties further contemplate that during the term of this lease, the Lessee may place on the Premises certain furniture, fixtures or equipment ("F, F, & E"). Regardless of the method in which the Lessee's F, F, & E are affixed to the Premises, any replacements or upgrades to the F, F, & E shall be and remain the personal property of the Lessee and may be removed by the Lessee at the expiration or sooner termination of this lease. The Lessee shall, at its expense, repair and damage to the building caused by such removal.

11.3 Notwithstanding the foregoing, any leasehold improvements constructed by Lessee which are permanently affixed to the Premises shall become the property of the Lessor at the termination of this lease agreement and Lessor shall not be required to compensate the Lessee for said improvements.

11.4 The fixtures and personal property provided for the Premises by Lessee may (initially or by way of refurbishment) be encumbered by mortgages, deeds of trust or purchase money liens, and such encumbrances shall not constitute a violation of this lien. Any party who owns or holds a lease, mortgage, deed of trust or purchase money lien on the fixtures and personal property shall have the right to remove the fixtures and personal property covered thereby in the event the Lessee defaults. The Lessor agrees to evidence said consent by executing such form of consent as may be deemed necessary or required by such equipment lessor or owner or holder of the encumbrance.

## XII

### NOTICES

12.1 All notices, demands or other writings in this lease provided to be given or made or sent, or which may be given, made or sent, by either party hereto to the other, shall be deemed to have been fully give, made or sent when made in writing and deposited in the United States mail, certified or registered and postage prepaid, and addressed as follows:

LESSEE:

Big Lost Meadery LLC

Attn.: Sam Clikeman

106 S. Gillette Avenue

Gillette, WY 82716

LESSOR:

Clikeman Investments Limited  
Partnership

Attn.: Jim Clikeman

1901 Sunridge Avenue

Gillette, WY 82718

The addresses to which the notice, demand or other writing may be given, made or sent to any party as above provided may be changed by written notice given by such party as above described.

### XIII

#### DEFAULT

13.1 If Lessee shall vacate the Premises or abandon the same during the life of this lease or any extension or renewal thereof, or in the event Lessee defaults in the payment of the rents due hereunder, or defaults in any of the covenants herein contained to be kept, observed and performed by it, and if such default or defaults shall continue for a period of thirty (30) days following written notice to Lessee specifying such default, Lessor may, at its option, terminate this lease, enter into said Premises, remove Lessee's property and relet the same for the account of the Lessee, for such reasonable rent and upon such reasonable terms as shall be satisfactory to the Lessor, without such reentry and reletting working a forfeiture of the rents to be paid and the covenants to be performed by Lessee during the full term of this lease; and for the purpose of such reletting, the Lessor is authorized to make any repairs to the leased Premises that may be necessary or convenient, and if a sum sufficient shall not be realized monthly from such reletting after payment of all the costs and expenses of the repairs and removal of Lessee's personal property, Lessee shall and will satisfy and pay such deficiency each month without further demand.

13.2 In the event of any breach hereof by Lessor, Lessee shall have the right, ten (10) days after Lessor's receipt of written notice specifying the breach, to take whatever action and expend such sums as may be necessary to cure the default and deduct the cost thereof from the next accruing rental payment or other payments due Lessor hereunder; or at Lessee's option, Lessee may declare the term ended, and no less than five (5) days after Lessor's receipt of written notice thereof, quit the Premises and have no further obligations to Lessor under this lease.

13.3 The remedies herein recited shall not be exclusive of any other rights or remedies that either the Lessor or the Lessee may have in law or in equity.

### XIV

#### FIRST RIGHT OF REFUSAL

14.1 In consideration of the rentals to be paid hereunder, Lessor does hereby grant to Lessee the exclusive right of refusal to purchase the property as described on Exhibit "A" attached hereto pursuant to the terms hereafter.

14.2 In the event that Lessor shall elect to sell the Property, Lessor shall notify Lessee of such desire to sell said Property. Lessee shall have thirty (30) days in which to make an offer to purchase said Property. Lessor agrees to consider said offer, in good faith and shall notify of Lessee as to its acceptance or rejection of said offer within fifteen (15) days of receipt of Lessee's offer.

14.3 In the event that the Lessee's offer is rejected and Lessor proceeds to offer the Property for sale, Lessee shall continue to have the first right to purchase the Property should Lessor receive a bona fide offer from a third party. If Lessor receives a bona fide offer from a third party, Lessor shall notify Lessee, in writing of said offer and shall provide Lessee a copy of said purchase offer. Lessee shall have thirty (30) days to exercise its first right of refusal to purchase the Property upon the same terms



and conditions as set forth in the purchase offer. If Lessee fails to exercise its first right of refusal to purchase the Property by notifying Lessor within the time limits as provided above, then Lessee's first right of refusal to purchase as granted hereunder shall terminate as to the sale which Lessee was notified and Lessor shall be free to sell the property to such persons at the price and under the terms and conditions as set forth in Lessor's written notice to Lessee.

14.4 Notwithstanding the terms as provided in paragraph above, in the event that a sale to a third party fails to close and Lessor shall elect to sell the Lessor's Property at a price for less or terms more favorable than as offered to Lessee previously, Lessor shall again notify Lessee of such reduced price and/or altered terms and conditions and Lessee shall have thirty (30) days after receipt of written notice of such revised price and/or altered terms, in which to exercise its first right to purchase by notifying Lessor in writing.

14.5 It is the general intent of the parties that Lessee shall have the exclusive opportunity to purchase the Lessor's Property for the same price and the same terms and conditions as Lessor would be willing to sell to third parties and Lessee shall have thirty (30) days after receiving notice in which to exercise its exclusive first right to purchase the Property. All the terms and conditions and provisions of this agreement shall be interpreted in accordance with this general intent.

#### XV

#### MISCELLANEOUS

15.1 Should the parties come into disagreement with regard to any term or provision of this lease agreement or as to which party is responsible for performing any maintenance or repairs of any other obligation under this agreement, such disputed matters shall be submitted to arbitration in accordance with the Uniform Arbitration Act as enacted by the State of Wyoming. The costs and expenses of the prevailing party, including reasonable attorney's fees and cost of arbitration, shall be paid by the losing party.

15.2 It is further agreed that this lease and the covenants and agreements as contained herein shall be binding upon and inure to the benefits of each of the parties hereto and their respective heirs, personal representatives, successors and assigns.

15.3 Time and each of the terms, covenants and conditions of this lease agreement are hereby declared to be the essence of this agreement, and the acceptance by the Lessor of any rental payments due hereunder after the same are due shall not constitute a waiver by it of this or any other provision of this lease agreement.

15.4 The Lessee and the Lessor agree they shall execute any and all documents and instruments as may be necessary to carry out the full intent and purpose of this agreement.

15.5 Whenever by this lease, consent or approval of a party is required prior to any act, such party shall responds promptly to any request therefore from the other party and consent or approval shall in no case be unreasonably withheld.

15.6 If any term or provision of this lease or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this lease, or the

application of such term or provision to persons whose circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby.


15.7 No waivers, alterations or modifications of this lease or any agreements in connection therewith shall be valid unless in writing duly executed by both Lessor and Lessee.

15.8 This agreement and all matters related thereto shall be construed and interpreted according to the laws of the state of Wyoming.

DATED this 20<sup>th</sup> day of January 2014.

LESSOR:

Clikeman Investments Limited Partnership

By:   
Jim Clikeman, General Partner

LESSEE:

Big Lost Meadery LLC

By:   
Sam Clikeman, Member/Manager



**EXHIBIT "A" TO LEASE AGREEMENT**

Real property and improvements described as follows:

106 South Gillette Avenue located in Gillette, Campbell County, Wyoming.

Legal description: Subdivision- 1150, "Original Town"; Lot-3; House-106; Block-3; on .08 acres (the footprint of the building).