

STATE OF NORTH CAROLINA  
COUNTY OF BUNCOMBE

THIS LEASE AGREEMENT, made and entered into as of this 1st day of October, 2020 (the "Effective Date"), by and between **610 EASTSIDE DRIVE, LLC**, a North Carolina limited liability company (hereinafter called "Landlord"), and **OAK & GRIST DISTILLING COMPANY, LLC**, a North Carolina limited liability company (hereinafter called "Tenant"), the Landlord and Tenant being sometimes hereinafter collectively referred to as the "Parties" and singularly as a "Party".

WITNESSETH:

In consideration of the rents hereinafter agreed to be paid and in consideration of the mutual covenants and agreements hereinafter recited, Landlord does hereby lease and demise unto Tenant and Tenant does hereby lease and take as Tenant from Landlord those certain Premises with improvements thereon containing approximately 3,700 square feet (the "Premises") within the Building consisting of a total of 5,500 square feet ("Building") and located at 610 Eastside Drive, Black Mountain, in Buncombe County, North Carolina (the "Property") as more particularly depicted or described on Exhibit A attached hereto and incorporated herein by reference.

TO HAVE AND TO HOLD the said Premises unto the Tenant upon the following terms and conditions:

1. Term. This Second Term of this Lease shall be for a period of ten (10) years to commence on October 1, 2020 (the "Commencement Date"), and terminate on September 30th, 2030, at 11:59 P.M. As used herein, the term "Lease Year" shall mean the twelve month period beginning on the 1st day of October of one year and ending on the 30th day of September of the following year. Provided Tenant is not then in default hereunder, Tenant shall have option to renew this Lease for one (1) additional term of ten (10) years (the "Renewal Term") on the same terms and conditions herein except as may be set forth in Section 2 below, and contingent upon the parties' ability to agree upon the applicable Rent due to Landlord during the Renewal Term. If Tenant elects to exercise such option, written notice shall be given at least 120 days prior to the expiration of the Second Term, and wherever herein the designation "Term" appears, it shall include the Initial Term, Second Term, and Renewal Term if any, for which the aforesaid option for renewal has been exercised. As used herein, the term "Lease Year" shall mean the twelve month period beginning on the 1st day of October of one year and ending on the 30th day of September of the following year and shall include the Renewal Term.

2. Rent; Temporary Abatement. During the Second Term, Tenant shall pay Rent to Landlord, without demand therefore or offset therefrom, at a rate of \$7.00 per square foot, in the sum of \$25,900.00 per Lease Year, payable in advance in monthly Rent installments of \$2,159.00.

Notwithstanding the above stated Rent, during the First and Second Term hereunder, Tenant's Rent shall be abated (the "Abated Rent") until further notice. Accordingly, Tenant shall pay the Abated Rent to Landlord at a rate and date to be later determined by Landlord.

Rent during any Renewal Term shall be determined by Landlord and shall be consistent with the fair market value of the Premises at the time of expiration of the Initial Term.

In the event any Rent is not paid on or before the fifth (5th) day of the month throughout the Term, a late fee in the amount of 5% of the then current monthly Rent shall be due and owing to Landlord in addition to the regular monthly Rent. In the event the Rent is not paid on or before the twentieth day of the month throughout the Lease, then a late fee in the amount of 10% of the monthly Rent due shall be due and owing in addition to the regular monthly Rent.

3. Surrender of Premises. At the termination of this Lease, Tenant shall surrender the Premises and all keys, if any, to the Landlord. The Premises must be in the same condition as existed at the Commencement Date, permitted improvements, normal wear and tear and loss from insured casualty excepted. Tenant must remove all its property from the Premises prior to the expiration of the Term or Landlord may elect to treat such property as having been abandoned.

4. Use of Premises. The Premises may be used for production, distilling and storage of alcohol, as well as a retail space and tasting room, and other purposes directly related to same.

5. Holding Over. In the event Tenant remains in possession after the expiration of the Term without the execution of a new lease, Tenant shall not acquire any right, title or interest in or to the Premises. In such event, Tenant shall occupy the Premises as a Tenant from month-to-month and shall otherwise be subject to all of the conditions, provisions and obligations of this Lease Agreement insofar as the same shall be applicable, and at a monthly rental equivalent to one hundred fifty percent (150%) of the monthly installments of Rent hereinabove provided for the Lease Term.

6. Assignment or Subletting. Tenant shall not have the right to assign this Lease or to sublet the Premises in whole or in part, without the prior written consent of Landlord. The passage of Tenant's control to parties other than those who presently control Tenant shall constitute an unpermitted assignment of this Lease.

7. Utilities. Landlord shall provide electricity, water, and heat utility services to the Premises. Tenant shall pay its proportionate share of all electricity, water, heat and other utilities consumed or used on the Premises. Tenant shall all utilities.

8. Repairs. Landlord shall maintain and repair in good condition and at Landlord's sole cost and expense the roof, structural portions of the Building, including the foundations, load bearing and exterior walls (excluding glass), and all subsurface conditions within the Property. Further, Landlord shall maintain, at Landlord's sole cost and expense, the exterior of the Building, all parking, landscaped areas, and other areas used in common with other

tenants within the Property, in good, clean and neat condition. Landlord shall deliver the Premises to Tenant with the electrical, plumbing, and HVAC equipment in good working order at the time of delivery. Tenant shall then keep the electrical, plumbing (excluding the sprinkler system), interior plumbing, as well as the remainder of the Premises, in good maintenance, condition, and repair. In addition to the foregoing, Tenant is responsible for all other interior repairs and for interior janitorial upkeep as well as trash collection. Tenant is responsible for light fixtures, and bulb replacement. All repairs and maintenance to be performed by Tenant shall be performed by Tenant in a prompt, workmanlike manner, using licensed technicians and professionals whenever possible, and the cost of said work shall be promptly paid for by Tenant, as no liens shall be allowed to attach to either the Premises or to Tenant's interest therein. All maintenance, repairs, and replacement to be performed by Landlord shall be performed by Landlord in a prompt, workmanlike manner, using licensed technicians and professionals whenever possible, following notice of the need thereof from Tenant, unless the need therefore is the result of Tenant's negligence, in which event, notwithstanding anything to the contrary herein, repairs shall be Tenant's sole obligation.

9. Inspections, Access. Landlord and/or its agents, without abatement of Rent and without being deemed guilty of an eviction of the Tenant, may enter the Premises at reasonable hours to inspect the Premises, to exhibit the same to prospective purchasers, mortgagees, and prospective Tenants, to make repairs required of Landlord, and to make repairs, alterations, or additions to adjoining space which Landlord shall deem necessary and to take upon the Premises all materials that may be required. Provided, however, that Landlord shall use its best efforts not to unreasonably interfere with the Tenant's business operations within the Premises.

10. Alterations, Improvements and Signs. So long as Tenant is not in default, Tenant, at its own expense, may from time to time during the term of this Lease make interior alterations, additions and improvements in and to the Premises which it may deem necessary or desirable and which do not adversely affect the structural integrity thereof, but any such alterations, additions and improvements shall be only made (a) in a good workmanlike manner, using licensed technicians and professionals; (b) in accordance with all valid requirements of municipal or other governmental authorities; and (c) after obtaining the prior written approval of the Landlord of all of the final plans and specifications for such proposed alterations, additions and improvements. All permanent structural improvements, including fixtures, shall belong to Landlord and become a part of the Premises upon termination or expiration of this Lease. Tenant may construct and build or install in said Premises any and all racks, counters, shelves, and other trade fixtures and equipment of every kind and nature as may be necessary or desirable in Tenant's business, which racks, counters, shelves, and other trade fixtures and equipment shall at all times remain the property of Tenant, and Tenant shall have the right to remove all or any part of the same from said Premises at any time, provided, Tenant shall repair or reimburse Landlord for the cost of repairing any damage to said Premises resulting from the installation or removal of such items owned by Tenant. Tenant shall not allow any liens to be placed on the Premises as a result of Tenant's work. Tenant shall not erect or install any signs on the Premises except those which are approved by Landlord in writing, which approval shall not be unreasonably withheld or delayed, and which signs must be in conformity with all applicable ordinances, regulations, and laws.

Landlord shall be responsible for causing a demising wall to be constructed, in order to separate the Premises from the remainder of the Building. Landlord shall also be responsible for upgrading the bathrooms on the property.

11. Tenant's property. All property placed on the Premises by, at the direction of, or with the consent of Tenant, its employees, agents, licensees, or invitees, shall be at the risk of Tenant or the owner thereof, and Landlord shall not be liable for any loss of or damage to said property resulting from any cause whatsoever unless such loss or damage is the result of Landlord's grossly negligent or willful acts or omissions.

12. Insurance. Landlord shall carry at Landlord's expense fire insurance with extended coverage insuring against loss or damage to the Building and/or to the Premises in the amounts and in companies as Landlord in its discretion chooses.

Tenant shall carry comprehensive general liability insurance in the minimum amount of \$1,000,000 for bodily injury per occurrence and \$2,000,000 aggregate damage coverage, with a 30-day notice of cancellation provision, and naming Landlord as an additional insured thereunder. Tenant shall deliver to Landlord memorandum policies of such coverage upon Landlord's request. Tenant shall carry at Tenant's expense fire insurance with extended coverage insuring against loss or damage to Tenant's furnishings, fixtures, trade fixtures, inventory, equipment and other property or improvements made by Tenant which are situated or placed upon, in, or about the Premises in such amounts, companies, and deductibles as Tenant shall determine, in the discretion of Tenant. In no event shall Landlord be liable to Tenant for any damage sustained to Tenant's furnishings, fixtures, trade fixtures, inventory, equipment, and other property or improvements situated or placed in or about the Premises.

13. Indemnification. Tenant shall indemnify and hold Landlord harmless from the claims of any and all persons, firms, partnerships, associations, and corporations for personal injury or damage to property or both arising out of or in connection with Tenant's use and/or occupancy of the Premises. Landlord agrees to indemnify and save Tenant harmless except in the event of gross negligence on the part of Tenant, its employees or agents, for all claims, demands, damages, costs and expenses, including reasonable attorney's fees for the defense thereof, arising from or out of any occurrence in, upon or at the Property (other than the Premises), or from any act of negligence of Landlord, its agents, contractors, servants, employees, subtenants, concessionaires or licensees in or about the Premises or the Property.

14. Fire and Other Casualty. In the event the Premises shall be partially or totally destroyed by fire, explosion or other casualty, so as to render the Premises partially or totally untenable, the same shall be repaired as speedily as possible at the expense of Landlord, to the extent of insurance proceeds actually received by Landlord, unless Landlord shall elect not to rebuild or repair the damage, as hereinafter provided. A portion of the Rent in proportion to the portion of the Premises which are rendered untenable shall be abated until so repaired, but only if the fire or other casualty was not caused by the negligence of

the Tenant, its contractors, invitees, licensees, agents or employees. Otherwise, Rent shall not be abated. In the event that the Premises shall be damaged by fire or other casualty so as to render untenable more than fifty percent (50%) of the Premises or more than fifty percent (50%) of the floor area of the Building, or if Landlord's insurance proceeds are not adequate to repair the damage and render the Premises in as good a condition as before the casualty and therefore untenable, or if damage occurs in the last year of the Term, then either Landlord or Tenant may, by notice in writing within sixty (60) days after such destruction or damage, terminate this Lease. Any such termination shall be effective on the date specified therefore in such notice. In the event of the termination of this Lease under the provisions contained in this Section, all Rent shall be adjusted to the date of such damage or destruction and all liabilities and obligations under this Lease shall be immediately terminated except such provisions that by their nature and context are intended to survive termination.

If the Landlord elects to repair said damage, then the Landlord shall within said sixty (60) day period, give Tenant notice in writing of its intention to do so and proceed with the rebuilding and restoration as promptly as possible, as provided above, and Tenant shall be solely responsible for the repair or replacement of its merchandise, trade fixtures, furnishings and equipment. Should the Premises remain untenable one hundred twenty (120) days from the date of the casualty, Tenant has the right to cancel this Lease.

There shall be absolutely no smoking in the building.

15. Condemnation. If the entire Premises or any portion thereof are taken or condemned for a public or quasi-public use (or any transfer is made under threat of condemnation), then this Lease shall terminate at the later of the vesting of title in the condemning authority or the acquisition of possession thereby. Rent shall be apportioned as of that date and Tenant shall not be entitled to any portion of the award whether for loss of leasehold, loss of value of the remaining period, loss of fixtures or otherwise. Tenant shall have no claim against Landlord in connection with any condemnation proceeding.

16. Covenant of Title and Quiet Enjoyment. Landlord covenants and warrants to Tenant that Landlord has full right and lawful authority to enter into this Lease for the Term hereof, and that provided Tenant is not in material default hereunder, Tenant shall at all times during the Term peacefully and quietly have and enjoy possession of the Premises, subject to the terms hereof.

17. Notices and written Consents. All notices and written consents required under this Lease shall be in writing and shall be deemed properly served when posted by overnight carrier, such as Federal Express, or by certified United States mail, postage prepaid, return receipt requested, addressed to the Party to whom directed at the following address or at such other address as may be from time to time designated in writing.

To Landlord:                   610 Eastside Drive LLC  
  37 Aplin Way

Putney, Vermont 05346

To Tenant: Oak & Grist Distilling Company, LLC  
1556 Grovestone Road  
Black Mountain, NC 28711

18. Rent Payments. All Rent payments, until otherwise designated in writing, shall be made to Landlord at its offices at 610 Eastside Drive LLC, 37 Aplin Way, Putney, Vermont 05346.

19. Binding Effect and Complete Terms. The terms, covenants, conditions, and agreements herein contained shall be binding upon and inure to the benefit of and shall be enforceable by Landlord and Tenant and by their respective heirs, successors, and assigns. All negotiations and agreements of Landlord and Tenant are merged herein. No modification hereof or other purported agreement of the parties shall be enforceable unless the same is in writing and signed by the Landlord and Tenant.

20. Easements, Restrictions, and Rights of Way. The Premises are demised subject to all easements, restrictions and rights of way legally affecting the Premises. However, no such easement, restriction, or right of way shall prohibit or substantially impair the use of the Premises as intended pursuant to Paragraph 4 above.

21. Law Applicable. This Lease is entered into in North Carolina and shall be construed under the laws, statutes, and ordinances of such jurisdiction.

22. Waiver. No failure by either Party to exercise any rights hereunder to which it may be entitled shall be deemed a waiver of such Party's rights to subsequently exercise same. Neither Party shall gain rights nor become vested with any power to remain in default under the terms hereof by virtue of the other Party's failure to timely assert its rights. No acceleration of Rent, regardless of how often occurring, which Landlord chooses to ignore by thereafter accepting payment of Rent or other performance by Tenant shall constitute a waiver of the right to thereafter accelerate Rent.

23. Default.

- A. Each and every one and all of the following events shall constitute an Event of Default:
1. if Tenant files a petition in bankruptcy or insolvency, or for reorganization under any bankruptcy act, or voluntarily takes advantage of any such act or makes an assignment for the benefit of creditors;
  2. if involuntary proceedings under any bankruptcy law, insolvency, or receivership action shall be instituted against Tenant, or if a receiver or trustee shall be appointed for all or substantially all of the property of Tenant and such proceedings are not dismissed, or the receivership

or trusteeship vacated within ten (10) days after the institution or appointment;

3. if Tenant fails to pay any sum due from it in strict accordance with the provisions of this Lease, and does not make the payment within five (5) days after written notice thereof. For the purposes hereof, all sums due from Tenant shall constitute rentals whether denominated as Rent or otherwise herein, and Tenant has absolutely no right of offset;
4. if Tenant fails to fully perform and comply with each condition and covenant of this Lease Agreement, and such failure of performance continues for a period of thirty (30) days after notice thereof;
5. if Tenant vacates or abandons the Premises;
6. if the interest of Tenant is transferred, levied upon, or assigned to any other person, firm, or corporation whether voluntarily or involuntarily except as herein permitted.

B. Upon the occurrence of any Event of Default as set forth above, Landlord shall have the right, at its option, to utilize any one or more of the following rights:

1. to cancel and terminate this Lease Agreement and all interests of the Tenant hereunder by giving notice of such cancellation and termination not less than ten (10) days prior to the effective date of such termination. Upon the expiration of said ten (10) day period, the Tenant shall have no further rights under the Lease Agreement (but such cancellation shall not serve to release or discharge the damages Tenant owes to Landlord); and/or
2. to make any payment required of Tenant herein or correct any condition required to be corrected by Tenant, and Landlord shall have the right to enter the Premises for the purpose of correcting any such condition and to remain on the Premises until the complete correction of such condition. However, no expenditure by Landlord on behalf of Tenant shall be deemed to waive or release Tenant's breach hereof and Landlord shall retain all rights to proceed against Tenant as set forth herein; and/or
3. to reenter the Premises immediately, with or without order of court, and without being guilty of trespass, remove the property and personnel of Tenant and store such property in a public warehouse or other such location selected by Landlord, all at the expense of Tenant. After such reentry, Landlord shall have the right to terminate this Lease Agreement, by giving ten (10) days' notice of termination to Tenant, but without such notice, the reentry by Landlord shall not

terminate this Lease Agreement. On termination, Landlord may recover from Tenant all damages resulting from Tenant's breach, including (a) the cost of recovery of the Premises and placing it in satisfactory condition, and (b) the value of the balance of this Lease over the reasonable rental value of the Premises for the remainder of the Term, all of which sums shall be immediately payable to Landlord from Tenant; and/or

4. to relet the Premises or any part thereof for any term without terminating the Lease, and at such rentals and on such other terms as Landlord may elect, including the right to grant free rental and to alter and repair the Premises as Landlord deems necessary. Should Landlord relet the Premises, Tenant shall pay all expenses of reletting including brokers' or finders' fee and such reasonable attorney's fees as Landlord may incur. Landlord shall apply the rent received from reletting in the following order:
  - a. to expenses of reletting incurred by Landlord;
  - b. to sums due from Tenant other than sums denominated herein as Rent;
  - c. to sums denominated as Rent herein;
  - d. to sums which were to become due in the future; and/or
5. to accelerate the rentals with or without entry; and/or
6. to all other rights and remedies provided by law to a Landlord with a defaulting Tenant including all such money damages as Landlord shall be entitled to pursuant to the law.

C. In the event of any conflict between any of the provisions hereof regarding the amount of time that must elapse without cure after notice of breach before the same constitutes an Event of Default, then the provisions establishing the least amount of time to cure after notice shall prevail.

D. Upon any breach hereof, regardless of whether such breach is or becomes an Event of Default, Landlord shall be reimbursed by Tenant for any attorney's fees incurred by Landlord in the connection with such breach.

24. Subordination to Mortgages. This Lease Agreement and the rights of Tenant shall automatically be subordinate to the lien of any mortgage or deed of trust placed upon the Premises or Building at any time by Landlord or Landlord's successors (hereinafter called "Mortgage"), provided that the mortgage lender, or its successors, shall, provided Tenant is not in default, respect Tenant's right to occupy the Premises pursuant to the terms hereof. Tenant shall at all times upon request of Landlord promptly furnish documents stating, so long as the same be true, that this Lease is in full force and effect, that no defaults of the Landlord exist, and such other matters as are customarily contained in what is known as an "estoppel letter" or a "good standing letter".

25. Waiver of Subrogation. Neither Landlord nor Tenant nor anyone claiming by, through, under, or in their behalf shall have any claim, right of action, or right of subrogation one against the other for or based upon any loss or damage caused by fire, explosion, or other insured casualty (not limited to the foregoing) relating to the Premises or to any property upon, in, or about the Premises, whether such fire, explosion, or other insured casualty shall arise from the negligence of Landlord or Tenant, their respective agents, representatives, or employees, or otherwise.

26. Acceptance of Premises. The Parties acknowledge and agree that the Landlord shall deliver possession of the Premises on or prior to the Commencement Date. Tenant acknowledges that the act of taking possession of the Premises on the Commencement Date shall constitute acceptance thereof and conclusive evidence that Tenant has inspected and examined the entire Premises and utility installations and that the same were, and are, in good and satisfactory condition.

27. Compliance with Legal Requirements. Tenant shall comply with all legal requirements of every nature, including those of all governmental or quasi-government bodies including City, County, State, or Federal boards having jurisdiction thereof, respecting any operation conducted or any equipment, installations, or other property placed upon or about the Premises. Tenant shall neither create nor permit the creation of any nuisance upon, or about the Premises, and Tenant shall not make any offensive use thereof.

28. Taxes and Assessments. Landlord shall timely pay all taxes assessed against the Building; provided, however, the Tenant shall timely list for taxes and pay all assessments of whatever kind or nature assessed against or on Tenant's furnishings, fixtures, inventory, equipment, leasehold improvements, and other property of Tenant situated or placed upon, in, or about the Premises. All taxes shall be paid prior to delinquency.

29. Landlord's Liability. Notwithstanding anything to the contrary contained herein, in the event of any breach hereof by Landlord or failure of Landlord to perform any of its obligations hereunder, none of the members or managers of Landlord shall have any personal liability therefore, as Tenant shall look solely to Landlord for satisfaction.

30. Construction of Lease. This Lease shall not be construed more strictly against either Party, as the Parties acknowledge that they have each had the opportunity to review this Lease with legal counsel prior to its execution.

31. Security Deposit. Tenant shall deliver to Landlord, upon Landlord's execution hereof, the sum equal to one month's Rent to serve as a further assurance of Tenant's performance hereunder. Landlord acknowledges that the sum of \$2,159.00 shall be deposited by Tenant with Landlord on or before the Commencement Date. So long as Tenant fully complies herewith, Landlord shall return such deposit to Tenant within thirty days of the end of the Term. Should Tenant breach this Lease, Landlord shall be solely entitled to retain such deposit. Landlord's taking of the deposit shall in no way limit Landlord's rights to proceed against Tenant. Landlord shall have no obligation to segregate the deposit. Any Interest earned on the deposit shall be the sole property of Landlord.

Landlord's rights to proceed against Tenant. Landlord shall have no obligation to segregate the deposit. Any Interest earned on the deposit shall be the sole property of Landlord.

32. Force Majeure. In the event that either Party shall be delayed or hindered in or prevented from the performance of any act required hereunder by reason of strikes, lock-outs, labor troubles, inability to procure materials, failure of power, restrictive governmental laws or regulations, rights, insurrection, war, or other reason of a like nature not the fault of such Party in performing work or doing acts required under the terms of this Lease, then performance of such act shall be excused for the period of the delay, and the period for the performance of any act shall be extended for a period equivalent to the period of such delay.

33. Parking and Common Access. Tenant will have the right to park in the parking area adjacent to the Building.

34. Signage. Tenant is responsible for the expense and maintenance of its own signage. All signage must comply with sign ordinances and must be approved by the Landlord in writing prior to Tenant's posting of same, and must conform with all signage on the Premises and all applicable ordinances regulating signage.

**IN WITNESS WHEREOF**, the Parties have executed this Lease Agreement by and through their duly authorized officers and managers as appropriate by context, to be effective the day and year first above written.

AS TO LANDLORD:

610 EASTSIDE DRIVE, LLC

By:   
Robert Goldberg  
Member

AS TO TENANT:

OAK & GRIST DISTILLING COMPANY, LLC

By:   
William Goldberg  
Managing Member