COMMERCIAL PROPERTY SUBLEASE AGREEMENT

THIS COMMERCIAL PROPERTY SUBLEASE AGREEMENT (herein "Sublease Agreement") is made this 16 day of April, 2021, by and between Jason Kolanko and Lorraine Kolanko of Ketchikan, Alaska, herein called "Sublessor," and JLG LLC d/b/a Rainforest Cannabis of Ketchikan, Alaska, herein called "Sublessee," WITNESSETH:

RECITALS

A. Sublessor is the "Lessee" under that Commercial Property Lease Agreement ("Master Lease") dated January 14, 2021 between the Sublessor herein and Capistrano Properties LLC, as Lessor, an Alaska limited liability company of that developed commercial property described hereinbelow, and Sublessor desires to sublease the "Leased Premised" to Sublessee as a location for Sublessee's marijuana retail business.

B. This Sublease Agreement is of all the Leased Premises described in **Appendix A** and are subleased subject to all the terms, conditions and obligations of the Master Lease, and the right of occupancy thereunder.

C. Sublessee desires to sublease from Sublessor the property herein described under the terms and conditions set forth in the Master Lease, which is incorporated and by this reference made a part of this Sublease.

NOW THEREFORE, in consideration of the mutual representations and covenants contained herein, the parties agree as follows:

1. Leased Premises. Sublessor subleases to Sublessee the real property, or real and personal property, which is the subject of the Master Lease, which is described in **Appendix A**, and which is hereinafter referred to as the "Leased Premises." The Leased Premises are subleased to Sublessee subject to all the terms, conditions and obligations of the Master Lease and the right of occupancy thereunder.

2. Termination of Sublease Agreement. The conditions governing the termination of this Sublease Agreement are subject to all the terms, conditions and obligations of the Master Lease, such that this Sublease Agreement shall terminate upon the termination of the Master Lease.

3. Condition and Use of the Leased Premises. The parties' responsibilities as to the condition of the Leased Premises during the term of this Sublease Agreement are as follows:

(a) Sublessee has been offered and has had an adequate opportunity to inspect the Leased Premises. **THE LEASED PREMISES ARE BEING SUBLEASED "AS IS" IN THEIR PRESENT CONDITION AND STATE OF REPAIR, WITH NO EXPRESS OR IMPLIED REPRESENTATIONS, STATEMENTS, OR WARRANTIES BY THE SUBLESSOR AS TO PHYSICAL CONDITIONS, QUALITY OF CONSTRUCTION, WORKMANSHIP, STATE OF REPAIR, OR FITNESS FOR ANY PARTICULAR PURPOSE ALL OF WHICH ARE SPECIFICALLY DISCLAIMED BY SUBLESSOR.**

(b) Sublessee is responsible for maintaining the entire Leased Premises in their present condition and at Sublessee's own expense, which shall include, but not be limited to, all of Sublessee's signage (whether interior or exterior), electrical, heating, and plumbing maintenance.

Received by AMCO 4/19/2021

Should Sublessor incur costs for interior electrical or plumbing work that is determined to be the fault of the Lessee, as opposed to ordinary wear and tear, Lessee shall immediately reimburse Sublessor or be deemed to be in default of this Sublease. For purposes of this provision the term "interior electrical and plumbing" shall mean those systems, fixtures, conduit and piping within the Leased Premises extending from the walls into the interior. In addition, Sublessor shall not be responsible for any repair, replacement or maintenance of interior lighting. Sublessee is also responsible for replacing light bulbs in all existing lighting. Sublessee also is required to provide any and all security codes and/or access to the Leased Premises for emergency situations/repairs. Sublessee understands and agrees to be liable for any and all damages resulting from delays in Sublessor's ability to access the Leased Premises in any emergency situation.

(c) No remodeling or structural alterations of the Leased Premises may be undertaken without Sublessee first having obtained Lessor's written consent, which consent shall not be unreasonably withheld. All such undertakings shall be performed and completed in a workmanlike manner by a licensed and bonded contractor and in compliance with all applicable building and zoning codes. Sublessee is to bear the costs of any and all leasehold improvements and alterations. Diagrammed plans of any remodeling or alteration shall be submitted by Sublessee for Sublessor's consideration as to whether consent may be given. Sublessee agrees not to commence any work or business without first obtaining the necessary approvals from all building, zoning and fire code officials and providing copies of the same to Sublessor. In the event of a dispute between Sublessee and Sublessee's contractor, Sublessee agrees to discharge any liens upon the premises by posting a bond (or otherwise), within fourteen (14) days of the lien(s) being recorded regardless of which party may be at fault or in breach. Sublessee agrees not to paint the sprinkler heads and to open and insulate all wall cavities before installing sheetrock. If any alterations by Sublessee trigger obligations under the Americans with Disabilities Act (42 U.S.C. 12101) to remove barriers in the path of travel to the altered area, Sublessee, at Sublessee's sole expense, shall be responsible for any such barrier removal.

(d) In connection with any maintenance or repair of furnace heating systems, the obligation for the payment of same shall be that of Sublessee as to normal wear and tear and that of Lessor as to permanent fixture replacement needs, except that Sublessee is responsible for damage to and replacement of any heating units located in the Leased Premises, which damages are caused by Sublessee (Lessor under the Master Lease owns a Monitor Stove located within the Leased Premises).

(e) Lessee is to make the Leased Premises available to Lessor, or Lessor's agents, at reasonable times in order to permit inspection of the condition and state of repair of the Leased Premises and compliance with all State and local laws. Any entry into the Leased Premises by Sublessor for purposes of inspection shall at all times be consistent with AMCO statutes and regulations. Sublessee may accommodate Sublessor in any inspections and Sublessor is entitled to take photographs and/or video during any such inspections. Sublessor acknowledges that except in the event of an emergency, Sublessor shall not enter the Leased Premises for purposes of inspection with the consent of Sublessee, during which Sublessee or an agent/employee of Sublessee shall accompany Sublessor.

(f) Sublessee is responsible for the repair or replacement and the maintaining of lighting (i.e. fixtures and light bulbs), utilized in connection with Sublessee's occupation of the Leased Premises. Sublessor will repair water pipes and related fixtures so long as any such damages are not caused by or the fault of the Sublessee (i.e. water pipe freezing due to Lessee's failure to maintain heat within the Leased Premises is Sublessee's responsibility to repair). If damages are caused by

Received by AMCO 4/19/2021

the Sublessee, Sublessee must immediately repair and/or reimburse Sublessor's costs in making repairs.

(g) Sublessee is responsible for and shall erect and maintain only those signs which are suitable to Sublessor and in order to advertise Lessee's business operation on the Leased Premises, and Lessee shall obtain Sublessor's written approval of any such signs prior to erecting any such signs, other than those signs presently existing.

(h) Sublessee is responsible for repair, replacement, maintenance, and keeping clean all door and window glass whether interior or exterior that are part of the Leased Premises.

(i) Sublessee shall be responsible for removal of snow and ice from the sidewalks, stairs, walkways, and parking areas in and about the Leased Premises.

(j) Sublessee shall use the Leased Premises exclusively as a retail marijuana store and neither the Leased Premises nor any part thereof shall be used by the Sublessor at any time during the term of this Sublease for any purpose other than as a retail marijuana store without Sublessor's written consent, which consent shall not be unreasonably withheld. Sublessee shall comply with all state and local laws, ordinances, rules and restrictions of appropriate governmental authorities, including but not limited to state and local marijuana licensing and program rules. Sublessee shall also comply with all applicable federal laws, to the extent such laws are not inconsistent with the tenant's right to use the Leased Premises to operate a retail marijuana store. Lessee shall comply with all provisions of state law, including Alaska Administrative Code Section 3AAC 306.715 regarding security and loitering.

(k) Sublessee shall prevent employees and customers from consuming marijuana and marijuana related products on or about the Leased Premises. Should onsite consumption become permitted under State and local law, Sublessor shall allow onsite consumption, provided that such consumption is in compliance with all State and Local laws. Sublessee shall also use adequate ventilation or other mechanical devices or systems to minimize odors and keep them from disturbing other Building tenants. If necessary, at Sublessor's request, Sublessee shall also implement measures to prevent any customer loitering and to assure appropriate disposal of any retail marijuana sale related waste products in compliance with Alaska Administrative Code section 3 AAC 306.715.

(l) Sublessor will not remove marijuana, or any marijuana products from the Leased Premises, and the applicable State of Alaska agencies (AMCO) will be contacted should Sublessor be required to repossess the Leased Premises from the Sublessee.

4. Rent. Sublessee shall timely pay all rent according to the terms and conditions of the Master Lease, including rent, sales taxes and other monetary obligations of the Lessee under the Master Lease, which Sublessee shall pay directly to the Sublessor; and, upon receipt of which Sublessor shall timely pay the Lessor under the terms of the Master Lease the rents and other charges due under that Master Lease and agrees to indemnify and hold Sublessee harmless therefrom.

5. Liability for Loss. The Sublessor is not responsible to Sublessee for any loss by Sublessee of personal property maintained on the Leased Premises as a result of fire, water damage, vandalism, or other casualty.

Received by AMCO 4/19/2021

6. Damage Responsibility. Sublessor shall not be liable for any damage occasioned by the negligence or fault of the Sublessee, or for any damage resulting from the act or negligence of co-tenants or other occupants of the same building or any owners or occupants of adjacent or contiguous property, or the acts or negligence of any third party, or for damages to Sublessee's property as a result of vandalism, flooding, fire, or casualty.

7. Insurance. Sublessee shall obtain and maintain all required insurance in the amounts and as provided in the Master Lease and shall name Sublessor and Capistrano Properties LLC as an additional insured consistent with the terms and provision of the Master Lease.

8. Hold Harmless. The use of the Leased Premises by Sublessee, its officers, agents, employees, contractors, customers, and guests shall be at their own risk. Sublessee will defend, indemnify and hold the Sublessor harmless from all judgments, liabilities, expenses, costs and attorney fees arising from any act, omission, or neglect of the Sublessee, Sublessee's agents or employees, or of any person permitted by Sublessee to be upon or about the Leased Premises, as well as from all judgments, liabilities, expenses, costs and attorney fees incurred or paid by the Sublessor in defending against any action at law, suit in equity or statutory proceeding brought by or at the instance, or in the name of any governmental body, or any public authority in which it shall be attempted to subject the Sublessor or the Leased Premises, or any portion thereof, to any damages, costs, injunctions, restrictions or regulations, by reason of any claim that there shall have been any such act, omission or neglect in any of the respects aforesaid. All claims of which Sublessor has knowledge shall be promptly communicated to Sublessee who has the right and obligation to thereupon defend the same.

9. Duties and Obligations. Except as otherwise specifically provided hereinabove, Sublessee shall perform all duties and obligations of the Lessee as provided under the terms and conditions of the Master Lease and shall hold Sublessor harmless therefrom.

10. Insurance Recovery Waiver. Sublessor and Sublessee, and all parties claiming under them, hereby mutually release and discharge each other from all claims and liabilities arising from or caused by any hazard covered by insurance on the Leased Premises, or covered by insurance in connection with property or activities conducted on the Leased Premises, regardless of the cause of the damage or loss and to the extent of any recovery collectible under such insurance. Sublessor and Sublessee agree to notify fire and extended coverage insurance companies of these conditions and have insurance policies appropriately endorsed in order to preclude insurance coverage invalidity.

11. Notice. Notice to either party will be sufficient if hand delivered with a written notation of receipt or mailed, via certified mail, to the following addresses:

SUBLESSOR
Jason Kolanko
Lorraine Kolanko
4975 Rex Allen Drive
Ketchikan, Alaska 99901

SUBLESSEE
JLG LLC dba Rainforest Cannabis
4975 Rex Allen Drive
Ketchikan, Alaska 99901

Received by AMCO 4/19/2021

Or at such other address as may be designated in writing by either party.

12. Miscellaneous. This Sublease Agreement shall not be modified except in writing signed by or on behalf of each of the parties hereto. Except as provided above, neither party may assign its rights or obligations under this Sublease Agreement without the express prior written consent of the other party. Failure of either party to require strict performance by the other party of any of the provisions, warranties, terms or conditions of this Sublease Agreement will not be deemed a waiver or diminishment of any right of such party to demand strict performance of the agreement thereafter. This Sublease Agreement shall be construed binding upon each party and its successors and assigns. If, at any time, either party shall employ counsel in connection with the enforcement of its rights under the terms of this Sublease Agreement, the prevailing party shall be entitled to recover attorney fees and costs incurred with respect to pursuing such rights. Time is made of the essence of this Sublease Agreement. Each party warrants to the other that this Sublease Agreement and the transactions contemplated hereby have been or will be duly authorized, executed and delivered and that the agreement and any related documents constitute valid and legally binding obligations of each party and are enforceable against them in accordance with their respective terms. Each party agrees to execute such additional documents as the other party may reasonably deem necessary to complete the transaction contemplated by this Sublease Agreement. The Recitals hereinabove set forth are incorporated herein by reference for all purposes and this Sublease Agreement shall be construed accordingly.

13. Entire Agreement. This Sublease Agreement, together with the other documents executed contemporaneously herewith, is a final and complete expression of all the terms and conditions of the agreement between the parties hereto and shall supersede all previous communications, representations or agreements, either verbal or written. No representations, warranties, promises, guarantees, or agreements, oral or written, expressed or implied, are made by either party hereto, except as expressly provided herein. No modification or amendments to this Sublease Agreement shall be made unless made in writing and duly signed by the parties.

IN WITNESS WHEREOF, the Sublessor and Sublessee have hereunto set their hands effective as of the date first above written.

SUBLESSOR

By: Jason Kolanko
Jason Kolanko

By: Lorraine Kolanko
Lorraine Kolanko

SUBLESSEE
JLG LLC d.b.a. Rainforest Cannabis

By: Jason Kolanko
Jason Kolanko, Manager and Member

Received by AMCO 4/19/2021

ACKNOWLEDGEMENTS

STATE OF ALASKA)
) ss:
FIRST JUDICIAL DISTRICT)

THIS IS TO CERTIFY that on the 16th day of April 2021, before me, the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and sworn, personally appeared **Jason Kolanko**, to me known to be the person who executed the above and foregoing instrument; and who on oath stated that he was duly authorized to execute said instrument; and who acknowledged to me that he signed and sealed the same freely and voluntarily for the uses and purposes therein mentioned.

WITNESS my hand and official seal the day and year in this certificate first above written.

EMILY M. DELL
Notary Public
State of Alaska
My Commission Expires May 31, 2023

Emily Dell
Notary Public for Alaska
Commission expires: 5/31/2023

STATE OF ALASKA)
) ss:
FIRST JUDICIAL DISTRICT)

THIS IS TO CERTIFY that on the 16th day of April 2021, before me, the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and sworn, personally appeared **Lorraine Kolanko**, to me known to be the person who executed the above and foregoing instrument; and who on oath stated that she was duly authorized to execute said instrument; and who acknowledged to me that she signed and sealed the same freely and voluntarily for the uses and purposes therein mentioned.

WITNESS my hand and official seal the day and year in this certificate first above written.

EMILY M. DELL
Notary Public
State of Alaska
My Commission Expires May 31, 2023

Emily Dell
Notary Public for Alaska
Commission expires: 5/31/2023

Received by AMCO 4/19/2021

STATE OF ALASKA)
) ss:
FIRST JUDICIAL DISTRICT)

THIS IS TO CERTIFY that on this 16th day of April, 2021, before me, the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and sworn, personally appeared **Jason Kolanko** to me known to be the **Manager** of **JLG LLC dba Rainforest Cannabis**, an Alaska limited liability company, the company which executed the above and foregoing instrument; and who on oath stated that he was duly authorized to execute said instrument and affix the company seal thereto on behalf of said company, and that the seal affixed thereto is the company seal thereof; and who acknowledged to me that he signed and sealed the same freely and voluntarily for the uses and purposes therein mentioned.

WITNESS my hand and official seal the day and year in this certificate first above written.

EMILY M. DELL
Notary Public
State of Alaska
My Commission Expires May 31, 2023

Emily Dell
Notary Public for Alaska
Commission expires: 5/31/2023

Received by AMCO 4/19/2021

APPENDIX A

to Commercial Property Sublease Agreement

Leased Premises:

A retail unit on the ground floor of the commercial building, addressed as 726 Water Street and consisting of approximately 1,700 square feet, more or less.

Legal Description:

Lots 7 & 8, Block 9-B, Tidelands Addition to U.S. Survey 437, according to the plat thereof recorded February 28, 1964 as Plat No. 107, Ketchikan Recording District, First Judicial District, State of Alaska.

Fixtures:

Security System (cameras and related electronic equipment), Lighting fixtures/appliances within the Leased Premises, Large Desk; excluded therefrom the cameras and video recording, system, installed and paid for by Lessee.

Received by AMCO 4/19/2021

COMMERCIAL PROPERTY LEASE AGREEMENT

THIS COMMERCIAL PROPERTY LEASE AGREEMENT (herein, "Lease Agreement" or "Lease") is made this 14 day of January 2021, by and between **CAPISTRANO PROPERTIES LLC**, an Alaska limited liability company of Ketchikan, Alaska, herein called "Lessor," and JASON KOLANKO AND LORRAINE KOLANKO, individually and together, doing business as Rainforest Cannabis (Alaska Business License #2120270 & 2120449), with a mailing address of 4975 Rex Allen Drive in Ketchikan, Alaska, herein called "Lessee," or "Kolankos," WITNESSETH:

RECITALS

A. Lessor is the owner of the developed commercial property described herein below, and Lessor desires to lease a portion of the property to Lessee as a location for the limited purpose of operating a retail marijuana business.

B. Lessee desires to lease from Lessor the property herein described.

NOW THEREFORE, in consideration of the mutual representations and covenants contained herein, the parties agree as follows:

1. Leased Premises and Equipment. Lessor leases to Lessee the real property, which is the subject of this Lease Agreement, and which is hereinafter referred to as "Leased Premises," and which is more particularly described as follows:

> **Leased Premises**: A retail unit on the ground floor of the commercial building, addressed as 726 Water Street and consisting of approximately 1,700 square feet, more or less; and,
>
> **Fixtures**: As is particularly described in **Appendix A**, which is attached hereto and by this reference made a part of this Lease Agreement.

The parties, as an express condition of this Lease Agreement upon which default can be taken, agree that the sole use to which the Leased Premises will be put by Lessee shall be exclusively as a retail marijuana store, which use includes the sale of marijuana paraphernalia, including apparel, pipes, CBD oils and similar commodities.

JK LK
Initials

Received by AMCO 4/19/2021

2. Lease Rental Terms. Lessee is granted the lease of the Leased Premises and Equipment in accordance with the following conditions as to occupancy and possession:

(a) The term of this Lease Agreement is for a period of three (3) years and commences on the 1st day of January, 2021 (herein, "Commencement Date").

(b) The term of this Lease Agreement is to expire at midnight on the 31st day of December, 2024; the period from the Commencement Date to the December 31, 2024 expiration date of this Lease is herein referred to as the "Lease Term."

(c) The minimum total amount due under this Lease Agreement for the thirty six (36) month term is Two Hundred Ninety Seven Thousand Dollars ($297,000.00), **plus** City and Borough, and any other applicable state or federal sales taxes, payable as follows:

(i) For the three year, thirty-six-month term of this Lease Agreement, Lessee shall pay monthly installment payments of rent in the amount of Eight Thousand Two Hundred Fifty Dollars ($8,250.00), plus any and all applicable sales taxes, which shall be paid to and received by Lessor on or before the 1st day of each month (herein, "Rental Due Date"). Tax is currently 6.5% of monthly rent up to $2,000.00 (= $130.00/month).

(ii) Lessee has previously advanced to Lessor a refundable security/damage deposit in the amount of One Thousand Dollars ($1,000), which is to remain on account with Lessor. The deposit will be held by Lessor as security for the full and timely performance by Lessee of the terms and conditions of this Lease Agreement and for the payment of any final judgment that may be rendered against Lessee for the breach of those terms and conditions. No interest shall be paid on the deposit.

(iii) The rights of Lessor against Lessee for a breach of this Lease Agreement shall in no way be limited or restricted by the payment of the security/damage deposit made by Lessee. Lessor shall have the absolute right to pursue any available remedy to protect its interests. The security deposit shall be returned to the Lessee at the expiration of this Lease

Received by AMCO 4/19/2021

Agreement, provided that all the terms and conditions contained in this Lease Agreement have been fully performed by Lessee.

(iv) All other charges, costs, and expenses which Lessee is required to pay hereunder, together with all interest and penalties that may accrue thereon, in the event of Lessee 's failure to pay such amounts, and all damages, costs and expenses which Lessor may incur by reason of any default of Lessee on Lessee's part to comply with the terms of this lease, shall be deemed to be additional rent and, in the event of nonpayment by Lessee, Lessor shall have all the rights and remedies with respect thereto as Lessor has for the nonpayment of the monthly rent.

(v) The failure of Lessee to pay the rent called for herein within five (5) calendar days of the first day of each calendar month, or the failure to pay any other amounts due hereunder when due or within five (5) calendar days thereafter, shall subject Lessee to a late charge of One Hundred Dollars ($100.00) plus another late charge accruing per month that rent remains due and outstanding, which shall be treated as additional rent for the month in which Lessee fails to make the rental or other payment timely.

(d) Lessee shall pay to Lessor such additional amounts which Lessor may be required by law to collect from Lessee for City or Borough, or any other applicable State or Federal sales taxes.

(e) This Lease Agreement is not assignable and is not transferable in whole or in part and Lessee may not sublet all or any portion of the Leased Premises without Lessor's consent thereto in writing, which consent will not be unreasonably withheld. Lessor will agree to a sublease between Kolankos and JLG LLC upon written request from Kolankos, following transfer of Lessee's Marijuana Establishment License No. 10883 to JLG LLC; however, under no circumstances will Lessor's consent to a sublease relieve Kolankos of their obligations under this Lease. The sublease from Kolankos to JLG LLC shall provide language similar to that in Section 9.(b)., below, that prohibits

JK DK
Initials

Received by AMCO 4/19/2021

either Kolankos, as the sublessor, and, Capistrano Properties, LLC, as Lessor/owner, from taking possession of or removing marijuana, or marijuana containing products, from the Leased Premises, except upon explicit permission and direction from AMCO; and that in the event of default, the Kolankos and Capistrano as the sublessor and Lessor, respectively, will first contact AMCO before entering the Leased Premises.

(f) Monthly installments are to be paid to Lessor by mail at 1626 Water Street, Ketchikan, Alaska 99901, or such other address as Lessor may from time to time designate in writing. Lessor acknowledges that Lessee is afforded a five-day grace period from the rental due date stated herein within which to assure payment of rent to Lessor.

(g) Lessee expressly acknowledges and agrees that the Lease Term shall not be subject to a right to renew or otherwise extend the duration of the term of this Lease after the expiration of the Lease Term on December 31, 2024.

3. Fixtures. Lessee agrees that at the expiration or termination of this Lease, an inventory (herein, "Fixture Inventory"), shall be taken of the items of Fixtures stated on **Appendix A**, hereto. Lessee further agrees, that during the Lease Term, Lessee shall be responsible for the repair or replacement, at Lessee's sole expense, of any item of Fixture as described on Appendix A, that is damaged or lost. Any Fixture missing or unaccounted for at the time the Fixture Inventory is taken, shall be replaced with an item in new condition, at Lessee's sole expense. Lessee is responsible during the Lease for the care and maintenance of the Fixtures (including all lighting, security/surveillance cameras and related apparatus or electronic materials), and shall maintain and keep the Fixtures in good, safe condition and repair during the Lease Term. Without limiting the generality of the foregoing, the term Fixtures shall not include the security/surveillance cameras installed by Lessee, together with the network video recorder, which Lessee shall be entitled to remove upon the expiration or termination of the Lease. Lessee acknowledges and agrees that removal of the security/surveillance cameras and network video recorder Lessee installed shall not

JK / BK / Initials

Received by AMCO 4/19/2021

include the wiring and conduit installation related to the cameras and video recorder Lessee installed.

4. Liability for Taxes. The responsibilities of the Lessees for taxes which may become due or owing as a result of this Lease Agreement are as follows:

(a) Taxes upon personal property owned by Lessee or being acquired by Lessee, such as for furniture, equipment, and merchandise used or to be utilized by Lessee are to be paid for by Lessee; and personal property tax levied on the Fixtures. Should a personal property tax be levied on the Fixtures, Lessor shall provide Lessee with the notice of tax assessment levied on the Fixtures, and Lessee shall pay the amount of the tax due each year on or before the payment due date of the tax.

(b) License taxes, sales taxes, or other taxes attributable to Lessee's occupation of the Leased Premises are to be paid by Lessee.

(c) Real Property taxes and assessments for public improvements are to be paid by Lessor.

(d) Ketchikan Municipal Code provides for Marijuana Sales taxes, currently at five percent (5%) are to be exclusively paid by Lessee.

5. Use/Maintenance of the Premises. The parties' responsibilities as to the condition of the Leased Premises during the term of this Lease Agreement are as follows:

(a) Lessee has been offered and has had an adequate opportunity to inspect the Leased Premises. **THE LEASED PREMISES ARE BEING LEASED "AS IS" IN THEIR PRESENT CONDITION AND STATE OF REPAIR, WITH NO EXPRESS OR IMPLIED REPRESENTATIONS, STATEMENTS, OR WARRANTIES BY LESSOR AS TO PHYSICAL CONDITIONS, QUALITY OF CONSTRUCTION, WORKMANSHIP, STATE OF REPAIR, OR FITNESS FOR ANY PARTICULAR PURPOSE ALL OF WHICH ARE SPECIFICALLY DISCLAIMED BY LESSOR.** Lessor acknowledges the Leased Premises are supported by a piling system, and that a portion of the floor within the Leased Premises is sagging. Lessor further acknowledges that it intends to replace or

JK / JK / Initials

Received by AMCO 4/19/2021

repair support piling and/or piling caps under the Leased Premises which is expected to prevent further sagging of a portion of the floor within the Leased Premises. In the event the work to replace or repair piling and/or piling caps beneath the Leased Premises requires Lessee to vacate the Leased Premises, rent owed to Lessor under this Lease will be abated for each day that Lessee is unable to occupy and do business within the Leased Premises.

(b) Lessee is responsible for maintaining the entire Leased Premises in their present condition and at Lessee's own expense, which shall include, but not be limited to, all of Lessee's signage (whether interior or exterior), electrical, heating, and plumbing maintenance. Should Lessor incur costs for interior electrical or plumbing work that is determined to be the fault of the Lessee, as opposed to ordinary wear and tear, Lessee shall immediately reimburse Lessor or be deemed to be in default of this Lease. For purposes of this provision the term "interior electrical and plumbing" shall mean those systems, fixtures, conduit and piping within the Leased Premises extending from the paint/sheetrock into the interior, except in the case of freezing pipes due to Lessee's failure to maintain heat within the Premises, as addressed below. In addition, Lessor shall not be responsible for any repair, replacement or maintenance of interior lighting. Lessee is also responsible for replacing light bulbs in all existing lighting. Lessee also is required to provide any and all security codes and/or access to the Premises for emergency situations/repairs. Lessee understands and agrees to be liable for any and all damages resulting from delays in Lessor's ability to access the Leased Premises in any emergency situation.

(c) No remodeling or structural alterations of the Leased Premises may be undertaken without Lessee first having obtained Lessor's written consent, which consent shall not be unreasonably withheld. All such undertakings shall be performed and completed in a workmanlike manner by a licensed and bonded contractor and in compliance with all applicable building and zoning codes. Lessee is to bear the costs of any and all leasehold improvements and alterations. Diagrammed plans of any remodeling or alteration shall be submitted by Lessee for Lessor's

JK / DK / Initials

Received by AMCO 4/19/2021

consideration as to whether consent may be given. Lessee agrees not to commence any work or business without first obtaining the necessary approvals from all building, zoning and fire code officials and providing copies of the same to Lessor. Lessee shall display in a conspicuous location where the work will occur a Notice of Non-Responsibility under AS 34.35.065. In the event of a dispute between Lessee and Lessee's contractor, Lessee agrees to discharge any liens placed upon the Leased Premises within fourteen (14) days of the lien/s being recorded regardless of which party may be at fault or in breach. Lessee agrees not to paint the sprinkler heads and to open and insulate all wall cavities before installing sheetrock. If any alterations by Lessee trigger obligations under the Americans with Disabilities Act (42 U.S.C. 12101) to remove barriers in the path of travel to the altered area, Lessee, at Lessee's sole expense, shall be responsible for any such barrier removal.

(d) In connection with any maintenance or repair of furnace heating systems, the obligation for the payment of same shall be that of Lessee as to normal wear and tear and that of Lessor as to permanent fixture replacement and repair needs, except that Lessee is responsible for damage to and replacement of any heating units located in the Leased Premises, which damages are caused by Lessee (Lessor owns a Monitor Stove located within the Leased Premises).

(e) Lessee is to make the Leased Premises available to Lessor, or Lessor's agents, at reasonable times in order to permit inspection of the condition and state of repair of the Leased Premises and compliance with all State and local laws. Any entry into the Leased Premises by Lessor for purposes of inspection shall at all times be consistent with and conform to AMCO statutes and regulations. Lessee may accompany Lessor in any inspections and Lessor is entitled to take photographs and/or video during any such inspections. Lessor acknowledges that except in the event of an emergency, Lessor shall not enter the Leased Premises for purposes of inspection, upon less than twenty-four hours' notice to the Lessee, without the consent of Lessee, during which Lessee or an agent/employee of Lessee shall be entitled to accompany Lessor during the inspection.

(f) Lessee is responsible for the repair or replacement and the maintaining of

Initials

Received by AMCO 4/19/2021

water pipes and all water fixtures, from the paint in, utilized in connection with Lessee's occupation of the Leased Premises. Lessee is also responsible for the repair, replacement maintenance of lighting system within the Leased Premises (i.e. fixtures and light bulbs). Lessor will repair water pipes and related fixtures so long as any such damages is not caused by or the fault of the Lessee (i.e. water pipe freezing due to Lessee's failure to maintain heat at 50 degrees Fahrenheit or higher within the Leased Premises is Lessee's responsibility to repair). If damages are caused by the Lessee, Lessee must immediately repair and/or reimburse Lessor's costs in making repairs.

(g) Lessee is responsible for and shall erect and maintain only those signs which are suitable to Lessor and in order to advertise Lessee's business operation on the Leased Premises, and Lessee shall obtain Lessor's written approval of any such signs prior to erecting any such signs, other than those signs presently existing. Lessor's written approval for proposed signage shall not be unreasonably withheld by Lessor provided the proposed signage complies with the Ketchikan Gateway Borough Ordinance, Section 18.25.050, and such other applicable law, ordinance or regulation.

(h) Lessee is responsible for repair, replacement, maintenance, and keeping clean all door and window glass whether interior or exterior that are part of the Leased Premises.

(i) Lessee shall be responsible for removal of snow and ice from the public sidewalks adjacent to the Leased Premises abutting Water Street.

(j) Lessee shall use the Leased Premises exclusively as a retail marijuana store and neither the Leased Premises nor any part thereof shall be used by the Lessor at any time during the term of this Lease for any purpose other than as a retail marijuana store, inclusive such ancillary uses provided in Paragraph 1, above, without Lessor's written consent, which consent shall not be unreasonably withheld. Lessee shall not permit anyone other than the named Lessee to use the Leased Premises. Lessee shall comply with all state and local laws, ordinances, rules and restrictions of appropriate governmental authorities, including but not limited to state and local

JK BK /
Initials

Received by AMCO 4/19/2021

marijuana licensing and program rules. Lessee shall also comply with all applicable federal laws, to the extent such laws are not inconsistent with the tenant's right to use the Leased Premises to operate a retail marijuana store. Lessee shall comply with all provisions of state law, including Alaska Administrative Code Section 3AAC 306.715 regarding security and loitering.

(k) Lessee shall prevent employees and customers from consuming marijuana and marijuana related products on or about the Leased Premises. Should onsite consumption become permitted under State and local law, Lessor shall allow onsite consumption, provided that such consumption is in compliance with all State and Local laws. Lessee shall also use adequate ventilation or other mechanical devices or systems to minimize odors and keep them from disturbing other Building tenants. If necessary, at Lessor's request, Lessee shall also implement measures to prevent any customer loitering and to assure appropriate disposal of any retail marijuana sale related waste products in compliance with Alaska Administrative Code Section 3 AAC 306.715.

(l) Lessor will not remove marijuana, or any marijuana products from the Leased Premises, and the applicable State of Alaska agencies, including the Alcohol Marijuana Control Office (AMCO) will be contacted should Lessor be entitled to repossess the Leased Premises from the Lessor resulting from a material breach of the Lease.

(m) As a material term of this Lease, Lessee will install, at Lessee's sole expense, a fan powered charcoal filter in the back room where product is being packaged with an exit through the floor as the odors emanating therefrom negatively affects other areas of the building. Lessor agrees that this will be installed (with prior approval of written plans by the Lessor) no later than February 28, 2021. Lessor's current understanding is that the fan is round unit that stands approximately five (5) feet high with associated temporary piping that will not require cutting of holes in the building or permanent alterations of the Premises. In addition, Lessor will install within sixty days from the effective date of this Lease, at Lessor's sole expense, an electric heat pump to the Leased Premises that will replace the diesel furnace that now serves as the sole heat source for the Leased Premises.

JK / DK / _____
Initials

Received by AMCO 4/19/2021

Lessor plans to leave the diesel furnace installed as a backup heat source; if and when Lessor intends to remove the diesel furnace, Lessor shall be responsible for the cost incurred to remove and dispose of the furnace/heater presently serving as the heat source to the Leased Premises. The heat pump Lessor will install within the Leased Premises will provide adequate and sufficient heat to the entire Leased Premise.

6. Utilities and Service Charges. Those expenses which are incurred from day to day in connection with Lessee's occupation of the Leased Premises shall be apportioned as follows:

(a) The obligation of payment and the expense of supplying heat and water to the Leased Premises and garbage and sewage (fees per KPU) disposal in an adequate manner shall be the responsibility of Lessee. Lessee shall arrange, at Lessee's expense, for adequate garbage collection services so as to preclude any unsightliness as a result of garbage or litter on the surrounding area.

(b) The obligation of payment and the expense of all other utility and local government service charges, including, but not limited to, electricity, hot water, telephones, fax and cleaning service shall be that of Lessee. Lessee shall be responsible for opening an account with a fuel oil distributor on a "**keep full**" basis and making all payments thereon and at all times maintain heat in the premises at a temperature of not less than 50 degrees Fahrenheit to prevent freezing of pipes and/or other damage to the Leased Premises. At no time, particularly in the winter months, shall Lessor allow the Premises to become or remain unheated, or to allow the interior temperature to fall below fifty (50) degrees Fahrenheit. If pipes freeze or any other damage occurs to the Premises as a result of Lessee's failure to maintain an adequate interior temperature, Lessee shall be solely responsible for repairs, which shall be completed in a timely manner so as to prevent any resulting damages to Lessor. In such event the Leased Premises become untenable as a result of frozen pipes, not due to the failure of Lessee to maintain heat within the Leased Premises of at least 50 degrees Fahrenheit, rent shall be abated for each day the Leased Premises is untenable.

JKIAKI
Initials

Received by AMCO 4/19/2021

7. Termination of the Lease. The conditions governing the termination of this Lease Agreement and Lessee's departure from the possession of the Leased Premises are as follows:

(a) Both Lessee and Lessor shall each have the right to terminate this Lease in its entirety should Lessee's use of the Leased Premises be restricted by action of the federal government, or any department or agency thereof, or by the State of Alaska, or any agency thereof for any period that does not result because of Lessee's violation of a federal, state or local law. However, without prejudice to the rights of Lessee or Lessor to terminate as above provided, Lessor and Lessee may mutually agree to an abatement of the rent, and continuation of this Lease.

(b) Lessor shall have the right to immediately terminate this Lease should any of the following events occur:

(i) Lessor is convicted of a drug related crime including the conspiracy to sell, produce, or transport an illegal drug;

(ii) Seizure and forfeiture of Lessee's property for violation of federal drug trafficking laws;

(c) Lessor and Lessee shall cooperate in resolving any of the following issues, including equally sharing any costs in resolving any of the following:

(iii) The filing of any allegation or claim for smoke, odors, loiterers, or other potential matter in any way related to the operation of a retail marijuana store;

(iv) Any action by Lessor's bank asserting a violation of any mortgage clauses by leasing to a federally unlawful marijuana business;

(v) Action by another Tenant of Lessor's commercial building to withhold rent or vacate the building due to the operation of a retail marijuana store in the same building. Shall share in the defense costs against any cause of action.

(d) On termination of this Lease Agreement, whether by breach or expiration of

Initials

Received by AMCO 4/19/2021

its term, Lessee agrees that Lessee will vacate and depart the Leased Premises leaving them in as good a condition and state of repair as when possession was taken except as to ordinary wear and tear.

(e) In the event of destruction by fire or other cause, or in the event of damage sufficient to make the Leased Premises untenable for a period in excess of one hundred twenty (120) days that is not caused by Lessee, then this Lease Agreement may be terminated by Lessor or Lessee. In the event of an untenable period of less than one hundred twenty (120) days, rent and other charges owed under this Lease by Lessee shall abated during said untenable period.

(f) Upon termination or expiration of the Lease, any carpeting or flooring, lighting fixtures, wall paneling, and other permanent fixtures or improvements which may have been installed by Lessee or at Lessee's direction become the property of Lessor without cost or expense to Lessor except as may otherwise be expressly provided herein. Without limitation, Lessee shall be entitled to retain as Lessee's property, those security cameras and recording system installed by Lessee during this Lease, as more particularly provided in Paragraph 3., above.

8. Default by Lessee. Lessee's default or breach of this Lease Agreement shall be deemed to have occurred in the event that one or more of the following conditions occur:

(a) Failure to make any payment as hereinabove required for a period in excess of ten (10) days

(b) Failure to perform any other obligation or condition required to be performed for a period of ten (10) days after receipt of written notice of the default of performance and failure to cure the default or fails to take steps in good faith to promptly rectify and remedy the condition or complete the required performance.

(c) The filing of a bankruptcy petition, the existence of a bankruptcy condition, or such condition that may arise as provided in Paragraph 18.

(d) The possession of the Leased Premises by any governmental officer or

JR BK /_____
Initials

Received by AMCO 4/19/2021

agency pursuant to statutory or judicial authority as a result of acts, omissions, or conduct on the part of Lessee.

(e) The vacation or abandonment of the Leased Premises by Lessee prior to termination of the Lease, or default in the performance of any conditions of contemporaneously executed security agreements. Vacation or abandonment shall mean discontinuation of business from the Leased Premises without cause or notification to Lessor for a period of twenty (20) consecutive days.

9. Lessor Default Remedies. In the event default has occurred, the following rights and remedies in addition to those provided by statute or otherwise, are available to Lessor, to-wit:

(a) The distraint for any and all rental payments due and accrued.

(b) Lessor shall not re-enter the Leased Premises for purposes of Lessee's default without first contacting AMCO before entering the Leased Premises; and, under no circumstances will Lessor take possession and remove marijuana or marijuana containing products from the Leased Premises, except upon explicit permission and direction from AMCO. Once AMCO is advised by Lessor of the Lessee's default and Lessor's intent to exercise Lessor's rights as provided in this Section 9, Lessor shall be entitled to enter the Leased Premises and remove and store all property on the Leased Premises at Lessee's cost, except for marijuana and marijuana containing products (unless given explicit permission and direction from AMCO to remove such products), without responsibility for loss or damage provided Lessee is given reasonable notice. Lessor's re-entry and retaking of possession of the Leased Premises shall not terminate this Lease Agreement unless Lessor gives written notice of such termination.

(c) The right to declare the lease term to have ended.

(d) The right to re-rent the Leased Premises for any sum which may be deemed the best available rental rate.

(e) The right to collect any rentals due or to become due from other occupants of

Initials

Received by AMCO 4/19/2021

the Leased Premises.

(f) The right to declare all rent due and owing in accordance with the amounts due set forth in Paragraph 2(c) hereof and the same shall be immediately due and payable.

(g) The right to declare all obligations due and payable and to enforce the payment thereof and the right to perfect all rights and interest to which Lessor shall be entitled.

(h) The right to recover damages against Lessee in accordance with the following:

(i) The cost of performing Lessee's obligations pursuant to the lease agreement.

(ii) The amount equal to the total due under this Lease Agreement pursuant to Paragraph 2(c), less payments made by Lessee or rent received by reason of Lessor's reletting the Leased Premises.

(iii) Interest at the rate of ten and one-half percent (10.5%) per annum from the date damage was incurred, or rental payments became due.

(iv) Actual attorneys' fees and costs computed in accordance with reasonable hourly rates and charges prevailing in the community.

10. Floor Loading. Lessee is responsible for the use of the floor of the Leased Premises, without damaging the same, and Lessee shall take adequate precautions to protect the floor from damage (i.e. in placing heavy objects, such as a safe).

11. Lien Indemnification. Lessee shall not allow the Leased Premises to become subject to any lien, charge, or encumbrance as a result of Lessee's acts or neglect, and Lessee shall indemnify Lessor against any such liens, charges, or encumbrances.

12. Quiet Enjoyment and Lease Renewal. During the term of this Lease Agreement and as to any renewals of said lease:

(a) Lessee is entitled to, and shall hold and enjoy, the Leased Premises without

JKIAK I
Initials

Received by AMCO 4/19/2021

interference from Lessor so long as Lessee promptly pays the monthly lease installments herein required and performs the covenants and abides by the conditions herein contained.

(b) All provisions hereof shall inure to the benefit of, extend to, and include, and be binding upon, the heirs, executors, administrators, successors, and assigns of Lessee and Lessor.

(c) This Lease is not renewable by Lessee, and any occupation of the Leased Premises by Lessee beyond the term of this Lease Agreement shall only be upon the basis of a month-to-month tenancy subject to all of the terms and conditions herein contained and not otherwise in conflict, and subject further to Lessor's right to charge whatever Lessor desires for such month-to-month tenancy. Lessor shall give Lessee thirty (30) days' written notice of any change in the rental rate.

13. Liability for Loss. Lessor is not responsible to Lessee for any loss by Lessee of personal property maintained on the Leased Premises as a result of fire, water damage, vandalism, or other casualty not caused by Lessor.

14. Damage Responsibility. Lessor shall not be liable for any damage occasioned by the negligence or fault of Lessee, or for any damage resulting from the act or negligence of co-tenants or other occupants of the same building or any owners or occupants of adjacent or contiguous property, or the acts or negligence of any third party, or for damages to Lessee's property as a result of vandalism, flooding, fire, or casualty not caused by Lessor.

15. Hold Harmless. The use of the Leased Premises by Lessee, its officers, agents, employees, contractors, customers, and guests shall be at their own risk. Lessee will defend, indemnify, and hold Lessor harmless from all judgments, liabilities, expenses, costs, and attorney fees arising from any act, omission, or neglect of Lessee, Lessee's agents or employees, or of any person permitted by Lessee to be upon or about the Leased Premises, as well as from all judgments, liabilities, expenses, costs, and attorney fees incurred or paid by Lessor in defending against any

JK / JKI
Initials

Received by AMCO 4/19/2021

action at law, suit in equity, or statutory proceeding brought by or at the instance, or in the name of any governmental body, or any public authority in which it shall be attempted to subject Lessor or the Leased Premises, or any portion thereof, to any damages, costs, injunctions, restrictions, or regulations, by reason of any claim that there shall have been any such act, omission, or neglect in any of the respects aforesaid. This hold harmless obligation does not apply to losses occurring by reason of affirmative negligence on the part of Lessor. All claims of which Lessor has knowledge shall be promptly communicated to Lessee who has the right and obligation to thereupon defend the same. Lessee shall also defend, indemnify and hold Lessor harmless for any damage done to the Building, common areas, and other tenant's premises as a result of any attempted robberies, break-ins, and burglaries related to the retail marijuana store operated by Lessee.

16. Liability Insurance. Lessee agrees at all times during the term hereof, at Lessee's own expense, to maintain, keep in effect, furnish, and deliver to Lessor evidence of liability insurance in form and with an insurer satisfactory to Lessor, insuring both Lessor and Lessee against all liability for damages to person or property in or about said Leased Premises; the amount of said liability insurance shall not be less than One Million Dollars ($1,000,000), inclusive of liability arising from personal injury and/or property damage. All such insurance shall name Lessor as an additional insured by policy endorsement and Lessee shall deliver a certificate of insurance evidencing such to Lessor on the effective date of this agreement. All such insurance will provide for thirty (30) days' written notice to Lessor prior to lapsing or cancellation. **ALL PUBLIC LIABILITY AND PROPERTY DAMAGE POLICIES SHALL CONTAIN A PROVISION THAT LESSOR, ALTHOUGH NAMED AS AN ADDITIONAL INSURED, SHALL NEVERTHELESS BE ENTITLED TO RECOVER UNDER SAID POLICIES FOR ANY LOSS OCCASIONED TO IT, ITS SERVANTS, AGENTS, AND EMPLOYEES BY REASON OF THE NEGLIGENCE OF LESSEE.** Insurance required hereunder shall be issued by companies rated A or better in "Bests" Insurance Guide or such other companies as approved by Lessor. Lessee shall also be responsible and pay for Lessee's own policy of

JK DK
Initials

Received by AMCO 4/19/2021

insurance covering Lessee's contents and inventory and in no event shall Lessor be responsible for loss or damage thereto from any cause whatsoever not caused by Lessor.

17. Insurance Increase. Any increases in insurance premiums incurred by Lessor relating to the Leased Premises, including, but not limited to, liability or fire insurance, and resulting from improvements, alteration, remodeling, or the use and occupancy by Lessee of the Leased Premises, shall be borne by Lessee. Lessor will bear any increase in insurance premiums resulting from improvements, alteration, or remodeling done to Leased Premises by Lessor.

18. Bankruptcy. In the event that Lessee becomes voluntarily or involuntarily bankrupt, if a receiver be appointed by a court for the business of Lessee, or in the event Lessee becomes delinquent in any taxes due the Internal Revenue Service during the unexpired term of this Lease Agreement from which the IRS would be entitled to exercise a right of sale under IRC 7043, or any other provision, then in such event this Lease Agreement shall automatically terminate upon the occurrence thereof without notice of the declaration of default having first been given to Lessee.

19. Condemnation. With reference to condemnation and any proceedings in regards thereto, the following shall apply:

(a) In the event title to all of the Leased Premises shall be acquired by anyone by exercise of right of eminent domain, this Lease Agreement shall cease and terminate upon the vesting of title and Lessee shall make all payments required to be made by Lessee hereunder pro rata to the date of such vesting of title, but Lessee shall be entitled to a pro rata refund of any rent paid in advance.

(b) In the event title to less than the whole of the Leased Premises but more than twenty percent (20%) of any floor area of the Leased Premises, or more than twenty percent (20%) of the Leased Premises shall be so acquired by eminent domain, or, as a result of exercise of such right of eminent domain, the part of the Leased Premises remaining shall not be one undivided whole, then Lessor shall immediately give to Lessee written notice of such acquisition and Lessee shall

JK / JK / ____
Initials

Received by AMCO 4/19/2021

have the option to terminate this Lease Agreement effective on a date to be specified in a written notice to be given by Lessee to Lessor, provided, however, that the date so specified in such notice shall be a date not more than sixty (60) days after the receipt by Lessee from Lessor of notice of such acquisition, and in such event Lessee shall make all payments required to be made by Lessee hereunder pro rata to the date of such termination, but Lessee shall be entitled to a pro rata refund of any rent paid in advance.

(c) In the event Lessee does not exercise Lessee's right of termination, then this Lease Agreement and all of the covenants, agreements, terms and conditions hereof shall continue in full force and effect as to the portion of the Leased Premises not taken by exercise of the right of eminent domain. If a portion of the Leased Premises shall have been so taken by exercise of the right of eminent domain without termination of this Lease Agreement, as aforesaid, Lessor shall repair and rebuild the portion of the Leased Premises not so taken in such manner as to render such remaining portion commercially useable for the purposes of Lessee, and Lessor shall restore such portion to a unit of substantially like quality and character as existed before such taking. Commencing with the date said portion of the Leased Premises is so taken, the monthly rental shall be reduced in proportion that the total square footage of the Leased Premises so taken shall bear to the total square footage of the Leased Premises prior to such taking.

(d) Any condemnation award with respect to the Leased Premises shall be the sole property of Lessor.

20. Waiver of Subrogation. Lessor and Lessee, and all parties claiming under them, hereby mutually release each other from liability and waive all right of recovery against each other for any loss in or about the Leased Premises, from perils insured against under their respective fire insurance contracts, including any and all risk endorsements thereof, whether due to negligence or any other cause; provided that this paragraph shall be inapplicable if it would have the effect, but only to the extent it would have the effect, of invalidating any insurance coverage of Lessor or Lessee.

JK / TAK / Initials

Received by AMCO 4/19/2021

Lessee shall, at the request of Lessor, execute and deliver to Lessor a form of Waiver of Subrogation in the form and content as required by Lessor's insurance carrier.

21. Acceleration. At the option of Lessor, upon any default by Lessee which constitute grounds for termination of this Lease, Lessor has the option to declare all rent due and owing in accordance with the amounts due set forth in Paragraph 2 herein, and the same shall be immediately due and payable.

22. Hazardous Substances. Lessee shall not, without Lessor's prior written consent, keep on or around the Leased Premises, for use, disposal, treatment, generation, storage, or sale, any substances designated as, or containing components designated as hazardous, dangerous, toxic, or harmful (collectively referred to as "Hazardous Substances"), and/or is subject to regulation by any federal, state, or local law, regulation, statute, or ordinance. With respect to any such Hazardous Substance, Lessee shall:

(a) Comply promptly, timely, and completely with all governmental requirements for reporting, keeping, and submitting manifests, and obtaining and keeping current identification numbers;

(b) Submit to Lessor true and correct copies of all reports, manifests, and identification numbers at the same time as they are required to be and/or are submitted to the appropriate governmental authorities;

(c) Within five (5) days of Lessor's request, submit written reports to Lessor regarding Lessee's use, storage, treatment, transportation, generation, disposal, or sale of Hazardous Substances and provide evidence satisfactory to Lessor of Lessee's compliance with the applicable government regulations;

(d) Allow Lessor or Lessor's agent or representative to come on the Leased Premises at all times to check Lessee's compliance with all applicable governmental regulations regarding Hazardous Substances;

JK IAK I
Initials

Received by AMCO 4/19/2021

(e) Comply with minimum levels, standards, or other performance standards or requirements which may be set forth or established for certain Hazardous Substances (if minimum standards or levels are applicable to Hazardous Substances present on the Leased Premise, such levels or standards shall be established by an on-site inspection by the appropriate governmental authorities and shall be set forth in an addendum to this Lease Agreement);

(f) Comply with all applicable governmental rules, regulations, and requirements regarding the proper and lawful use, sale, transportation, generation, treatment, and disposal of Hazardous Substances;

(g) Lessee shall be fully and completely liable to Lessor for any and all cleanup costs, and any and all other charges, fees, penalties (civil and criminal) imposed by any governmental authority with respect to Lessee's use, disposal, transportation, generation, and/or sale of Hazardous Substances, in or about the Leased Premises;

(h) Lessee shall indemnify and save Lessor harmless from any and all of the costs, fees, penalties, and charges assessed against or imposed upon Lessor (as well as Lessor's attorneys' fees and costs) as a result of Lessee's use, disposal, transportation, generation, and/or sale of Hazardous Substances;

(i) Upon Lessee's default under this paragraph, in addition to the rights and remedies set forth elsewhere in this Lease Agreement, Lessor shall be entitled to the following rights and remedies:

(i) At Lessor's option, to terminate this Lease Agreement immediately; and

(ii) To recover any and all damages associated with the default, including, but not limited to, cleanup costs and charges, civil and criminal penalties and fees, any and all damages and claims asserted by third parties and Lessor's attorneys' fees and costs, and

(j) All of Lessee's obligations under this paragraph shall survive termination of

JK / BK / _____
Initials

Received by AMCO 4/19/2021

the lease.

23. Attorney Representation. The law firm of Chupka Currall LLC is representing solely the interests of Lessor. Lessor and Lessee shall be responsible for their own and separate attorneys' fees incurred in the preparation and completion of this Lease Agreement indenture.

24. Notice. Notice to either party will be sufficient if mailed, postage prepaid, to the following addresses:

Lessor: Capistrano Properties, LLC
1626 Water Street
Ketchikan, Alaska 99901

Lessee: Rainforest Cannabis
c/o Jason Kolanko, Lorraine Kolanko
4975 Rex Allen Drive
Ketchikan, Alaska 99901

Or at such other address as may be designated in writing by either party.

25. Counterparts. This Lease Agreement may be executed in counterparts, any one of which need not contain the signatures of more than one party, but all such counterparts taken together will constitute one and the same instrument. Signatures may be exchanged by electronic scan or facsimile, with original signatures to follow. Each party to this Lease Agreement agrees that it will be bound by its own electronic scan or facsimiled signature and that it accepts the electronic scan or facsimile signatures of the other parties to this Lease Agreement.

26. Miscellaneous. This Lease Agreement shall not be modified except in writing signed by or on behalf of each of the parties hereto. Failure of Lessor to require strict performance by Lessees of any of the provisions, terms, or conditions of this Lease Agreement will not be deemed a waiver or diminishment of any right of the Lessor to demand strict performance of the agreement thereafter. This Lease Agreement shall be construed binding upon each party and its successors and assigns. If, at any time, either party shall employ counsel in connection with the enforcement of its rights under the terms of this Lease Agreement, the prevailing party shall be entitled to recover attorney fees and costs incurred with respect to pursuing such rights. Time is made of the essence

JCL / JKL / ____
Initials

Received by AMCO 4/19/2021

of this Lease Agreement. Each party warrants to the other that this Lease Agreement and the transactions contemplated hereby have been or will be duly authorized, executed, and delivered and that the agreement and any related documents constitute valid and legally binding obligations of each party and are enforceable against them in accordance with their respective terms.

27. Construction. This Lease Agreement is to be governed and construed in accordance with the laws of the State of Alaska. Jurisdiction and venue for any action relating to this Agreement shall be in the Superior or District Court for the State of Alaska, First Judicial District, at Ketchikan. Should any provision of this Agreement need additional interpretation, it is agreed that the Court interpreting and construing the same shall not apply a presumption that this Agreement shall be more strictly construed against one party by reason of the rule of construction that a document is to be construed more strictly against the person who, by himself or through his agent, prepared the same.

28. Entire Agreement. This Lease Agreement is a final and complete expression of all the terms and conditions of the agreement between the parties hereto. No representations, warranties (including any warranties of suitability of the Leased Premises), promises, guarantees, or agreements, oral or written, expressed or implied, have been made by either party hereto, except as expressly provided herein. No modification or amendments to this Lease Agreement shall be made unless made in writing and duly signed by the parties.

IN WITNESS WHEREOF, Lessor and Lessee have hereunto set their hands effective as of the date first above written.

LESSOR
Capistrano Properties, LLC

1/14/21
Date

Thomas Ferry, Member

LESSEE

Date:

Jason Kolanko

TF/____/____
Initials

Received by AMCO 4/19/2021

of this Lease Agreement. Each party warrants to the other that this Lease Agreement and the transactions contemplated hereby have been or will be duly authorized, executed, and delivered and that the agreement and any related documents constitute valid and legally binding obligations of each party and are enforceable against them in accordance with their respective terms.

27. Construction. This Lease Agreement is to be governed and construed in accordance with the laws of the State of Alaska. Jurisdiction and venue for any action relating to this Agreement shall be in the Superior or District Court for the State of Alaska, First Judicial District, at Ketchikan. Should any provision of this Agreement need additional interpretation, it is agreed that the Court interpreting and construing the same shall not apply a presumption that this Agreement shall be more strictly construed against one party by reason of the rule of construction that a document is to be construed more strictly against the person who, by himself or through his agent, prepared the same.

28. Entire Agreement. This Lease Agreement is a final and complete expression of all the terms and conditions of the agreement between the parties hereto. No representations, warranties (including any warranties of suitability of the Leased Premises), promises, guarantees, or agreements, oral or written, expressed or implied, have been made by either party hereto, except as expressly provided herein. No modification or amendments to this Lease Agreement shall be made unless made in writing and duly signed by the parties.

IN WITNESS WHEREOF, Lessor and Lessee have hereunto set their hands effective as of the date first above written.

LESSOR
Capistrano Properties, LLC

Date

Thomas Ferry, Member

LESSEE

1/14/21
Date:

Jason Kolanko

Initials

Received by AMCO 4/19/2021

LESSEE

1/14/2020
Date:

Lorraine Kolanko
Lorraine Kolanko

ACKNOWLEDGMENTS

STATE OF ALASKA)
) ss:
First Judicial District)

THIS IS TO CERTIFY that on this _____ day of January 2021, before me, the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and sworn, personally appeared Thomas Ferry, to me known to be the duly appointed and authorized Member of **Capistrano Properties, LLC**, an Alaska limited liability company, the company which executed the above and foregoing and instrument; and who on oath stated that he was duly authorized to execute said instrument and affix the company seal thereto on behalf of said company, and that the seal affixed thereto is the company seal thereof; and who acknowledged to me that he signed and sealed the same freely and voluntarily for the uses and purposes therein mentioned.

WITNESS my hand and official seal the day and year in this certificate first above written.

_____
Notary Public for Alaska
Commission expires: _____

STATE OF ALASKA)
) ss:
First Judicial District)

THIS IS TO CERTIFY that on this 14th day of January 2021, before me, the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and sworn, personally appeared **Jason and Lorraine Kolanko** to me known to be the persons which executed the above and foregoing and instrument; and who on oath stated that they were duly authorized to execute said instrument; and who acknowledged to me that they signed and sealed the same freely and voluntarily for the uses and purposes therein mentioned.

WITNESS my hand and official seal the day and year in this certificate first above written.

EMILY M. DELL
Notary Public
State of Alaska
My Commission Expires May 31, 2023

Emily Dell
Notary Public for Alaska
Commission expires: 5/31/2023

JK / JK /
Initials

Received by AMCO 4/19/2021

APPENDIX A

to Commercial Property Lease Agreement

-- Equipment --

Security System (cameras and related electronic equipment)

Lighting fixtures/appliances within the Leased Premises

Large Desk

Excluded therefrom - the cameras and video recording system, installed and paid for by Lessee.

Initials

Received by AMCO 4/19/2021