Commercial Lease Agreement
3780 Leasure Street, Unit A, Fairbanks, AK 99701

1. **PARTIES.** This Commercial Lease Agreement (this "Lease") dated December ____ 2020 is made by and between Alfred Hagen, ("Landlord") and North Star Fire, LLC ("Tenant").

Tenant and Landlord collectively are referred to as the "Parties". The Parties intend for this Lease to govern their respective agreements and obligations regarding the real piece of property (referred to herein as the "Premises") commonly known as 3780 Leasure Street, Fairbanks, Alaska 99701.

2. **PREMISES.** Landlord hereby leases to the Tenant the Premises to Tenant and Tenant hereby leases the Premises from Landlord.

3. **TERM.**

3.1 **INITIAL TERM.** The Lease term shall commence upon effectuated transfer of marijuana license #18493 by AMCO and the Marijuana Control Board and shall continue for five (5) years to _____, 2025.

3.2 **OPTION TO RENEW.** The Tenant shall have two (2) options to renew the Lease for an additional period of Five (5) years term each, so long as Tenant shall provide Landlord with written notice of their election to renew at least thirty (30) days prior to the expiration of the term hereof and so long as Tenant is current as to all obligations contained herein and is not in default under the terms and conditions set out within this Lease. *The lease rates for the renewal period may increase no more than _____% each term.*

4. **RENT & Utilities.**

4.1 **Commencement of Rent.** Rental payment under this lease shall commence upon effectuation of license #18493 transfer. Tenant shall pay to landlord monthly rent of $ 4v700.00

The said monthly rent shall be payable in advance, on the first (1st) day of each calendar month. Rent for any period which is for less than one (1) month shall be a prorate portion of the monthly installment.

4.2 **Utilities & Taxes.** Tenant shall pay for electrical, gas, and refuse associated with its use of the Premises. Tenant shall arrange for and pay for any other utility services furnished to the Premises, including and not limited to any telephone, internet, and snow removal services. Tenant shall pay all personal property taxes and any taxes on activities conducted on the premises by any federal, state, or local taxing authority, including but not limited to business, occupation, sales, and use taxes. Landlord shall pay for real property taxes associated with the Premises.

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4.3 **Security Deposit.** Tenant agrees to pay $ 5,000.00 to Landlord for Tenant's Security Deposit, to be held in trust by Landlord. Said sum shall be held by Landlord as security for the faithful performance by Tenant of all the terms, covenants and conditions of this Lease to be kept and performed by Tenant during the term hereof. If Tenant defaults with respect to any provision of this Lease, including but not limited to the provisions relating to the payment of rent, Landlord may (but shall not be required to) use, apply or retain all or any part of the Security Deposit for the payment of any rent or any other sum in default or for the payment of any amount which Landlord may spend or become obligated to spend by reason of Tenant's default.

4.4 **Late Charge.** If any payment is not paid within five (5) days of the due date, then the Landlord may charge an additional amount of equal to five percent (5%) of the delinquent payment for the month or portion thereof after the date it was due, provided, however, if such sum and late charges are not paid in full on or before the tenth (10th) day of the month, such sum shall commence to bear interest at the rate of ten and one-half percent (10.5%) per annum until paid in full.

4.5 **Payment of Rent.** All rent payments shall be sent to Landlord at the following address payable to: Alfred Hagen, 2207 State Rd. Bensalem, PA 19020, or as agreed upon between the parties.

5. **USE.** The Premises shall be used and occupied for the purpose of a commercial marijuana product manufacturing facility and any other lawful purpose. Tenant has and shall continue remodel the premises in a manner to modify the premises to suite its needs but shall use good workmanship. Tenant shall comply with all laws relating to its use of the Premises and shall observe such reasonable rules and regulations as may be adopted and published by Landlord for the safety, care and cleanliness of not only the Premises but also the Building and for the preservation of good order therein.

6. MAINTENANCE, REPAIRS AND ALTERATIONS.

6.1 **Landlord's Obligations.** Landlord, at Landlord's expense, shall keep in good order, condition and repair the foundation and structural portions of the exterior walls and exterior roof of the building, along with the exterior doors and windows of the building. Landlord shall also be responsible for replacement of mechanical, plumbing, electrical, hot water and HVAC systems, except where failure is resulting from damage, negligence or lack of proper maintenance by tenant, it's employee's, invitees, contractors or customers.

6.2 **Tenant's Obligations.** Tenant, at Tenant's expense, shall keep in good order, condition and repair the Premises and every part thereof, including but not limited to the light bulb replacement, any mechanical or electrical apparatus tenant has installed, interior doors, interior window frames, hardware, glass and nonstructural ceilings and walls. Tenant shall, at the expiration or termination of this Lease, surrender and deliver up the Premises to Landlord in as good condition as when received by Tenant from Landlord or as thereafter improved, reasonable use, wear and tear excepted. Tenant shall repair any damage to the Premises or the Building

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occasioned by its use thereof or by the removal of Tenant's trade fixtures, furnishings and equipment, which repair shall include the patching and filling of holes and repair of structural damage.

6.3 **Landlord's Rights.** If Tenant fails to perform Tenant's obligations under this Section 6.2, Landlord may (but shall not be required to) enter upon the Premises after 30 days prior written notice to Tenant, and put the same in good order, condition and repair or otherwise cure the default, and the cost of such action plus four percent (4%) thereof shall become due and payable as additional rent to Landlord together with Tenant's next rental installment.

7. INSURANCE: INDEMNITY.

7.1 **Liability Insurance.** Tenant shall maintain in force during the term of this Lease a policy of comprehensive public liability insurance issued by a company acceptable to Landlord and insuring Tenant and Landlord against any liability, including without limitation damage to other portions of the Building, arising out of the ownership, use, occupancy or maintenance of the Premises and all areas appurtenant thereto, such insurance shall be in an amount of not less than One Million Dollars ($1,000,000.00) General Aggregate and Five Hundred Thousand Dollars ($500,000.00) for each occurrence and Fifty Thousand Dollars ($50,000.00) for property damage. The limits of said insurance shall limit the liability of Tenant hereunder. Such policies shall name Landlord and Landlord's agents as additional insured and shall provide that they may not be cancelled without thirty (30) days prior written notice to Landlord. Landlord shall be furnished with a certificate evidencing issuance of such policy of liability insurance, and such certificate shall recite that said policy may not be cancelled without thirty (30) days prior written notice to Landlord. If Tenant shall fail to maintain said insurance, Landlord may but shall not be required to procure and maintain the same, at the expense of Tenant. Tenant shall provide Landlord with such certificate prior to entering the Premises or starting tenant improvement work.

7.2 **Property Insurance.** Tenant shall maintain in force during the term of this Lease, a policy of insurance issued by a company authorized to engage in the insurance business in the State of Alaska, insuring the Building against damage or destruction by fire and/or by perils covered by the standard form of extended coverage endorsements to fire insurance policies in the State of Alaska in effect at the time when the policies are obtained to include limits that cover the full replacement of the building.

7.3 **Fire Insurance.** Landlord will during said term keep all improvements now or hereafter erected on real estate insured against loss or damage by fire and any hazards, casualty, or contingency for which insurance is procurable which Landlord may be able to insure with an insurance company or companies, in the name of the Landlord in an amount equal to the full replacement cost of said improvements, and will pay all premiums thereon at the time and place the same are payable. Annually, Landlord shall review the amount of insurance coverage to assure the improvements are insured for the full replacement cost. Every policy shall be made payable in case of loss or damage to the parties as their interest may appear, and all compensation, indemnity or other monies paid on account of any loss or damage, other than rental value insurance, shall with all convenient speed be laid out in rebuilding, repairing, or otherwise reinstating the same improvements in a good and substantial manner according to the plan and elevation of the

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improvements so destroyed or damaged, or according to such modified plan as shall be previously approved by the Landlord in writing. In the event such insurance proceeds are inadequate to accomplish the foregoing, Landlord has the option to cancel the Lease by giving Tenant written notice within thirty (30) days of the casualty and Tenant will assign any interest in said insurance proceeds to the Landlord and such proceeds shall be applied by the Landlord, at its sole option, to rebuilding or repairing of loss, destruction or damage, over the reduction of any indebtedness by Tenant to Landlord, or may be retained by Landlord as payment for damages incurred to the leasehold.

7.4 **Waiver of Subrogation.** As long as their respective insurers so permit, Landlord and Tenant hereby mutually waive their respective rights of recovery against each other for any loss insured by fire, extended coverage and other property insurance policies existing for the benefit of the respective parties. Each party shall apply to its insurers to obtain said waivers. Each party shall obtain any special endorsements, if required by its insurer, to evidence compliance with the aforementioned waiver.

7.5 **Hold Harmless.** Tenant shall indemnify, defend and hold Landlord harmless from and against any and all claims arising from Tenant's use of the Premises or from the conduct of its business or from any activity, work or thing which may be permitted or suffered by Tenant in or about the Premises and shall further indemnify, defend and hold Landlord harmless from and against any and all claims arising from any breach or default in the performance of any obligation on Tenant's part to be performed under the provisions of this Lease or arising from any negligence of Tenant or any of its agents, contractors, employees or invitees and from any and all costs, attorneys' fees, expenses and liabilities incurred in the defense of any such claim or any action or proceeding brought thereon. Tenant hereby assumes all risk of damage to property or injury to persons in or about the Premises from any cause, and Tenant hereby waives all claims in respect thereof against Landlord, except where said damage arises solely out of the negligence of Landlord.

8. **DAMAGE OR DESTRUCTION.** If the Leased Premises are totally or partially destroyed during the term of this Lease, then Landlord may elect to either terminate this Lease or restore the destroyed premises. If Landlord elects to restore the premises, then Lease shall not be terminated, and Tenant shall continue paying rent adjusted downward by a percentage equal to the percentage of square feet of the Leased Premises rendered unusable by destruction. Upon completion of restoration, the rent shall be calculated against as if there were not destruction. Tenant may elect to cancel the Lease with no further obligations to either party if the Premise is substantially damaged, absent negligent acts by Tenant that caused the Damages.

9. **ADVERTISING AND WINDOWS.** Tenant has permission to install regulatory compliant signage and business advertising on and around the Premise.

10. **LIENS AND INSOLVENCY.** Tenant shall keep the leased property premises and the building free from any liens arising out of any work performed, materials ordered, or obligations incurred by Tenant. Tenant shall have no authority, express or implied, to create or place any lien or encumbrance of any kind or nature on, or in any manner bind, the interest of Landlord in the premises or to charge the rentals payable under this lease agreement for any claim

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in favor of any person dealing with Tenant, including those who may furnish materials or perform labor for any construction or repairs. Each such claim shall affect and each such lien shall attach to, if at all, only the leasehold interest granted to Tenant under this lease agreement.

11. **RULES AND REGULATIONS.** Tenant shall faithfully observe and comply with the rules and regulations as may be adopted and published which Landlord may from time to time promulgate and/or modify. Landlord shall not be responsible to Tenant for the nonperformance of any of said rules and regulations by any other tenants or occupants.

12. **NO LANDLORD SUBORDINATION.** Given the type of business Tenant will be Subleasing this Premises to, its vital to the continuing of said business that this Premises not be encumbered by any financial institution. Therefore, the Parties agree that this lease is not subject to and is not subordinate to any deed of trust, mortgage, lien, encumbrance, lease, financing, loans, other arrangements by a financial institution.

13. **INSPECTION.** Landlord and Landlord's agents and representatives shall have the right to enter and inspect the Premises at any time during reasonable business hours, for the purpose of ascertaining the condition of the Premises or in order to make such repairs as may be required to be made by the building owners under the terms of this Lease. All inspections shall be noticed to Tenant with reasonable notice and all agents, representatives of landlord shall be over the age of 21 and shall strictly adhere with the Tenant's state of Alaska marijuana regulation required visitor policy. During the period that is three (3) months prior to the end of the term hereof, Landlord and Landlord's agents and representative shall have the right to enter the Premises at any time during reasonable business hours for the purpose of showing the Premises and shall have the right to erect on the Premises a suitable sign indicating the Premises are available.

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

14.1 **Vacation of Premises.** The vacating or abandonment of the Premises by Tenant for more than 30 business days. Landlord shall not take into its possession any marijuana or marijuana product and shall contact the State of Alaska AMCO prior to any access into or around the license premises if Tenant cannot be reached, abandons the property, or similar type of event.

14.2 **Failure to Provide Rent.** The failure by Tenant to provide rent as described herein any other payment required to be made by Tenant hereunder as and when due, where such failure shall continue for a period of ten (10) days after written notice thereof by Landlord to Tenant:

15. **REMEDIES IN DEFAULT.** If Tenant shall fail to pay any installment of rent or any additional rent or other charges as and when the same shall become due and payable, and if

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such default shall continue for a period of ten (10) days after payment shall be due (and within five (5) days of notification by Landlord) or if Tenant shall default in the performance of any of the other items, covenants and conditions of this lease, and if such default shall continue for a period of thirty (30) days after notice in writing specifying the matter claimed to be in default is given by Landlord to Tenant; Landlord shall have the right, at Landlord's option, to terminate this lease and the term hereof, as well as the right, title and interest of Tenant hereunder, unless (except for a default of nonpayment of rent) Tenant shall then diligently be engaged in prosecuting the work necessary to remove said cause or taking the steps necessary to remedy said default, and Landlord may re-enter the Property, using such force as may be necessary, and repossess itself thereof and remove all persons and property from the Property. If Landlord exercises its right of re-entry, Landlord may change the locks to the demised Property without having to provide Lessee with a copy of such key. Notwithstanding any such re-entry, the liability of Tenant for the full rental provided for herein shall not be extinguished for the balance of this lease, and Tenant shall make good such deficiency arising from any re-letting of the Property and reasonable attorney's fees. Landlord will also have the rights of Landlord distrait.

In the event of any such default or breach by Tenant, Landlord may, at any time thereafter, in its sole discretion, with or without notice or demand and without limiting Landlord in the exercise of a right or remedy which Landlord may have by reason of such default or breach:

15.1 **Termination.** Terminate Tenant's right to possession of the Premises by any lawful means, in which case this Lease shall terminate, and Tenant shall immediately surrender possession of the Premises to Landlord. In such event, Landlord shall be entitled to recover from Tenant all damages incurred by Landlord by reason of Tenant's default, including but not limited to the cost of recovering possession of the Premises; expenses of reletting, including necessary renovation and alteration of the Premises;

15.2 **Enforce Rights.** Maintain Tenant's right to possession, in which case this Lease shall continue in effect whether or not Tenant shall have abandoned the Premises. In such event, Landlord shall be entitled to enforce all of Landlord's rights and remedies under this Lease, including the right to recover the rent and any other charges and Additional Charges as may become due hereunder; or

15.3 **Other Remedies.** Pursue any other remedy now or hereafter available to Landlord under the laws or judicial decisions of the state in which the Premises are located.

16. **CONDEMNATION.** If all of the Premises or any portion of the Building as may be required for the reasonable use of the Premises shall be taken by eminent domain (or by a voluntary conveyance made in lieu of a taking by eminent domain), this Lease shall automatically terminate as of the date Tenant is required to vacate or will be deprived of the reasonable use of the Premises, and all rentals shall be paid to that date. In the case of taking of a part of the Premises, Tenant may, at its election, terminate this Lease by notice in writing to Landlord within (10) days after the receipt by Tenant of written notice of the proposed taking, and with any such notice by Tenant to Landlord to be effective on a date which shall be specified by Tenant in the notice but shall be no later than thirty (30) days after the date of the giving of notice. If within said thirty (30) day period Tenant does not exercise its right to terminate this Lease because of a taking of a

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part of the Premises this Lease shall continue in full force and effect. and the rental shall be equitably reduced based on the proportion by which the floor area of the Premises is reduced. such rent reduction to be effective as of the date when possession of such portion is delivered to the condemning authority. Landlord reserves all rights to damages to the Premises for any taking by eminent domain. and Tenant hereby assigns to Landlord any right Tenant may have to such damages or award, and Tenant shall make no claim against Landlord for damages for termination of the leasehold interest or for interference with Tenant's business. Tenant shall have the right, however, to claim and recover from the condemning authority compensation for any loss to Tenant's trade fixtures and personal property, Tenant's moving expenses and for the interruption of or damage to Tenant's business.

17. **PARKING AND COMMON AREAS.** Tenant shall have access to the parking area for staff and customer usage.

18. **ASSIGNMENT AND SUBLETTING.** Landlord Agrees to Tenant subleasing this Premise in whole or in party to any entity.

19. **NOTICES.** All notices under this Lease shall be in writing and delivered in person or sent by registered mail, return receipt requested, to Landlord at the same place rent payments are made and to Tenant at the Premises or to such other respective addresses as may hereafter be designated by either party in writing. Notices mailed as aforesaid shall be deemed given on the date of such mailing.

If to LANDLORD: Alfred Hagen, 2207 State Rd, Bensalem, PA 19020

If to TENANT: North Star Fire. LLC, 3780 Leasure Street. Fairbanks. Alaska 99701.

20. **COSTS AND ATTORNEYS' FEES.** The non-prevailing party in a dispute relating to this Agreement shall bear attorney costs and fees.

21. **LANDLORD'S RIGHT TO INSPECT PREMISES.** Landlord or Landlord's agents, employees or representatives shall have the right to show the Leased Premises during the Term. with a minimum of 24 hours written notice provided to Tenant. Landlord or Landlord's agents. employees or other representatives shall have the right to place notices on any parts of the Leased Premises offering the Leased Premises for lease at any time during the Term. offering the Leased Premises for sale and Tenant shall permit the signs to remain without hindrance or disturbance. During any entry by Landlord or its agents on the premises. Landlord's agents or employees shall be over the age of 21. Additionally, Landlord will ensure that it and any of its employees or agents. will respect and adhere to the Tenant's visitor policy, provide government issued ID ensuring that any agent or employee of Landlord is over the age of 21. sign in and out of the visitor log provided by Tenant. wear the Tenant's visitor badge. and remain in direct eyesight of designated Tenant agent.

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22. **SUCCESSORS.** All of the covenants, agreements, terms and conditions contained in this Lease shall apply to and be binding upon Landlord and Tenant and their respective heirs, executors, administrators, successors and assigns, except as expressly limited herein.

23. **ACCEPTANCE OF PREMISES.** Premises shall be delivered to Tenant in broom clean condition with all debris, lumber, and clutter removed from the Premise and the parcel.

24. **ENTIRE AGREEMENT.** This Lease sets forth the entire understanding and agreement of Landlord and Tenant with respect to the Premises and the Lease thereof, and all prior understandings or agreements are merged herein. This Lease may be amended or modified only in writing signed by both parties.

25. **FORUM SELECTION.** This Lease shall be construed in accordance with the laws of the State of Alaska. Should any legal proceeding be necessary under this Lease, the same shall be commenced in the Superior Court for the State of Alaska, Third Judicial District at Anchorage, Alaska. Tenants agree specifically that venue and jurisdiction in that court is proper, and further agree to submit themselves to the jurisdiction of that court. Tenants shall not claim that said forum is an inconvenient forum.

26. **EXECUTION AUTHORITY.** Landlord and Tenant, by their signatures below, warrant that they have read and understand this Lease and that the terms and conditions contained herein represent the full and complete agreement of the parties. If Tenant is a corporation or limited liability company, each individual executing this Lease on behalf of the corporation represents that they are duly authorized to execute and deliver this Lease on behalf of the corporation or limited liability company, in accordance with duly adopted resolutions of the board of directors of the corporation or limited liability company, that such action and execution is in accordance with the bylaws of the corporation or limited liability company, and that the Lease is binding upon the corporation or limited liability company in accordance with its terms. Landlord represents that she is in sole title to the Premises and has unchallenged authority to enter into this Lease and to be bound by the terms contained herein.

27. **SEVERABILITY.** If any portion of this Lease shall be held to be invalid or unenforceable for any reason, the remaining provisions shall continue to be valid and enforceable. If a court finds that any provision of this Lease is invalid or unenforceable, but that by limiting such provision, it would become valid and enforceable, then such provision shall be deemed to be written, construed and enforced as so limited.

28. **EARLY TERMINATION.** In the event that there are changes in Alaska state or municipal law that make the business of Tenant illegal, Tenant may, at Tenant's election, be released from the terms of the Lease. In such event Landlord shall retain, as liquidated damages, all payments and deposits paid or due by or on behalf of the Tenant at the time of delivery of written notification.

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29. **MISCELLANEOUS PROVISIONS:**

29.1 Time is of the essence of each provision of this Lease.

29.2 Whenever consent or approval of a party is required, that party shall not unreasonably withhold such consent or approval, however, Landlord may exercise its sole discretion in consenting or withholding consent to use or restriction in use of the Premises under the applicable paragraph of this Lease or consenting or withholding consent to assignment or subletting under the applicable paragraph of this Lease. Any such consent or approval must be in writing and signed by Landlord to be valid and must be given in advance.

29.3 This Lease and exhibits shall be binding on and inure to the benefit of the parties hereto and their respective successors and assigns, except as otherwise provided in this Lease.

29.4 This Lease shall be governed by and construed and enforced in accordance with the laws of the State of Alaska.

29.5 This Lease contains all the agreements of the parties and cannot be amended or modified except by a written agreement signed by the parties hereto.

29.6 All provisions contained in this Lease, whether covenants or conditions, on the part of Tenant shall be deemed to be both covenants and conditions.

29.7 If any provision of this Lease shall be held to be invalid, void or unenforceable, the remaining provisions shall not be affected or impaired, but shall remain in full force and effect.

29.8 Section headings in this Lease are provided for convenience only and do not affect the scope, meaning or intent of the Lease provisions.

29.9 In the event of variation or discrepancy, Lessor's original copy of this Lease shall control.

IN WITNESS WHEREOF, the parties hereto have executed this lease the day and year first above written.

LANDLORD:

Alfred Hagen

By: _____
Alfred Hagen

TENANT:

North Star Fire, LLC

By: _____
Kirsten Hagen
President

STATE OF ALASKA)
) SS.
FORTH JUDICIAL DISTRICT)

Suzanne E. Crain

Commonwealth of Pennsylvania - Notary Seal
Suzanne E. Crain, Notary Public
Bucks County
My commission expires March 01, 2022
Commission number 1187466

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