LEASE AGREEMENT

THIS LEASE made May 13, 2022, by and between East End Mini Storage LLC, (herein called Lessor), and Jesse Sherwood and Amanda Piaskowski dba Kachemak Cannabis LLC (herein called Lessee):

1. **PREMISES:** Lessor does hereby lease to Lessee, those certain premises commonly known as 3585 East End Road, unit 3, Homer, Alaska 99603 (herein called Premises)

2. **TERM: The term of this Lease shall be for thirteen and a half months commencing the sixteenth (16) day of May 2022 and shall terminate the thirtieth (30) day of June 2023.**

3. **RENT: Lessee covenants and agrees to pay Lessor, by mail at 3585 East End Rd #12, Homer, AK 99603, monthly rent in the amount of Seven Hundred Fifty and no/100 Dollars ($750.00) plus applicable sales tax (currently $39.25), in advance, on the 1st day of each month for the months of May 2022 through October 2022. Lessee covenants and agrees to pay Lessor, by mail at 3585 East End Rd #12, Homer, AK 99603, monthly rent in the amount of Nine Hundred Fifty and no/100 Dollars ($950.00) plus applicable sales tax (currently $39.25), in advance, on the 1st day of each month for the months of November 2022 through June 2023. If Lessee is in possession of the premises for a portion of a month, the monthly rent shall be prorated for the number of days of Lessee's possession during that month. If the Lessee fails to pay rent in its entirety by the 10th of the month for which it is due, Lessee shall also pay a penalty of 5% of the rental amount due and owing. This penalty, which may be waived by Lessor, shall not limit the remedies of Lessor upon default by Lessee as described elsewhere in this lease.**

4. **UTILITIES AND FEES: Lessee agrees to pay all charges for electricity, heat and any other utilities during the full term of this lease. Lessee agrees to establish accounts with HEA and Enstar Gas for unit A3 who will bill him directly for electricity and gas Water charges are included in the monthly rent.**

5. **REPAIRS AND MAINTENANCE:** Lessee will keep the common entrances to the store neat and clean and will cooperate with the Lessor in maintaining these areas. The Lessor and Lessee will ensure that this area shall not be used for the posting of announcements and will be kept free of obstacles. Lessee will use the premises in accordance with applicable laws, ordinances, rules, regulations and requirements of governmental authorities. Lessor agrees to pay for reasonable upkeep of building, including, but not limited to snow removal and sanding of parking lot. Lessee will keep sidewalk area and entryway immediately in front of his leased premises free from snow. In the event damage of building occurs through Lessor's negligence, costs of repair to be borne by Lessor. Lessee agrees to notify Lessor of damage done within 20 days of said damage. Lessor agrees to repair said damage within a reasonable time period. Lessee shall be responsible for providing and replacing light bulbs in the leased premises.

6. **SIGNS:** All signs or symbols placed by Lessee in the windows and doors of the premises, or upon any exterior part of the building, signposts or anywhere on the Lessor's property shall be subject to Lessor's prior written approval. Lessor may demand removal of signs that are not so approved, and Lessee's failure to comply with said request within forty-eight (48) hours will constitute a breach of this paragraph and will entitle Lessor to terminate Lease or, in Lieu thereof, to cause the sign to be removed and the building repaired at the sole expense of the Lessee. At the termination of this Lease, Lessee will remove all signs placed by it upon premises, and will repair any damage caused by such removal. All signs must comply with sign ordinances and be placed in accordance with required permits.

7. **ALTERATIONS:** After prior written consent of Lessor, Lessee may make alterations, additions and improvements in said premises, at Lessee's sole cost and expense. In the performance of such work, Lessee agrees to comply with all laws, ordinances, rules and regulations of any proper public authority, and to save Lessor harmless from damage, loss or expense. This does not include alterations and improvements that are agreed to be the responsibility of Lessor. Upon termination of this Lease and upon Lessor's request, or Lessor's approval, Lessee shall remove such improvements and restore the premises to its original condition not later than the termination date, at Lessee's sole cost and expense. Any improvements not so

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removed shall be removed at Lessee's expense provided that Lessee shall pay for any damage caused by such removal.

8. CONDEMNATION: In the event a substantial part of the premises is taken or damaged by the right of eminent domain, or purchased by the condemner, in lieu thereof, so as to render the remaining premises economically untenantable, then this Lease shall be canceled as of the time of taking at the option of either party. In the event of a partial taking which does not render the premises economically untenantable, the rent shall be reduced in direct proportion to the leased property taken. Nothing herein shall prevent the Lessee from its entitlement to negotiate for its own moving costs and its household improvements.

9. PARKING: Lessee understands that parking is apportioned in conformity with controlling zoning ordinances and that Lessor shall have the right to make such regulations as Lessor deems desirable for the control of parking on the real property at 3585 East End Road, Homer, Alaska, or property under Lessor's control, including the right to designate certain areas for parking of the Lessee, employees of Lessee, its customers and other Lessees of said buildings. Lessee shall not park or store any vans, trailers or other vehicles in front of building or elsewhere on Lessor's property without prior approval from Lessor.

10. LIENS AND INSOLVENCY: Lessee shall keep the premises free from any liens arising out of any work performed for, materials furnished to, or obligations incurred by Lessee and shall hold Lessor harmless against the same. In the event Lessee becomes insolvent, bankrupt, or if a receiver, assignee or other liquidating officer is appointed for the business of Lessee, Lessor may cancel this Lease at its option.

11. SUBLETTING OR ASSIGNMENT: Lessee shall not sublet the whole or any part of the premises, nor assign this Lease without the written consent of Lessor, which will not be unreasonably withheld. This Lease shall not be assignable by operation of law.

12. ACCESS: Lessor shall have the right to enter the premises at all reasonable times for the purpose of inspection or of making repairs, additions or alterations, and with prior notice, to show the premises to prospective tenants for sixty (60) days prior to the expiration of Lease term.

13. POSSESSION: Lessee may move in on or before May 16, 2022 provided that first month's pro-rated rent of $417.48, last month's rent of $989.25 and a security deposit of $950.00 for a total of $2,356.73 is paid and Lessee puts utilities in his name. Security Deposit is not to be used as last month's rent.

14. DAMAGE OR DESTRUCTION: In the event the premises are rendered untenantable in whole or in part by fire, the elements, or other casualty, Lessor may elect, at his option, not to restore or rebuild the premises and shall so notify Lessee, in which event Lessee shall vacate the premises and lease shall be terminated: or, in the alternative, Lessor shall notify Lessee, within thirty (30) days after the notice of such casualty, that Lessor will undertake to rebuild or restore the premises, and that such work can be completed within one hundred eighty (180) days from date of such notice of intent, and Lessee may elect, at its option, to terminate this Lease. If Lessor is unable to restore or rebuild the premises within the said one hundred eighty (180) days, and Lessee did not earlier elect to terminate, then the Lease may be terminated at Lessee's option by written ten (10) day notice to Lessor. During the period of untenantability, rent shall abate in the same ratio as the portion of the premises rendered untenantable bears to the whole of the premises.

15. TAXES AND INSURANCE: Lessee shall be responsible for all personal property taxes assessed against their portion of the premise. Lessee agrees to carry Commercial General Liability insurance with regard to the premises with a combined single limit for personal or bodily injury and property damage of not less than $500,000 primary limits. These limits must be in excess of all defense costs and expenses. Lessee shall defend, indemnify, and hold Lessor harmless from all claims (except those caused solely by Lessor's negligence) which occur as a result of the operation of the Lessee's business. Lessee shall furnish Lessor with a certificate indicating that the insurance policy is in full force and effect, the Lessor has been named as an additional insured, and that the policy may not be canceled unless (10) days prior written notice of cancellation has been given to Lessor.

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16. **SUBROGATION WAIVER:** Lessor and Lessee each herewith and hereby releases and relieves the other and waives its entire right of recovery against the other for loss or damage arising out of or incident to their perils described in standard fire insurance policies and all perils described in the "Extended Coverage" insurance endorsement approved for use in the state where the premises are located, which occurs in, on or about the Premises, unless due to the negligence of either party, their agents, employees or otherwise.

17. **DEFAULT AND RE-ENTRY:** If the Lessee defaults in the payment of any rent on the date it is due and payable, or if Lessee fails to perform any covenant or promise under this lease, Lessor may, without terminating this lease, issue a notice to quit. If a notice to quit is issued for failure to pay rent when due, within seven (7) days of delivery of the notice to quit, Lessee shall either cure the default, or remove all personal property from the premises and peaceably surrender same to Lessor. Lessee's failure to pay rent gives the Lessor the right to re-enter and take possession of the premises in accordance with A.S. 09.45.690. If a notice to quit is issued for Lessee intentionally inflicting physical damage to the premises, Lessee shall cure the default to Lessor's satisfaction within 24 hours, or surrender the premises. If a notice to quit is issued for any other reason, Lessee shall cure the default to Lessor's satisfaction within ten (10) days, or surrender the premises. If the Lessee holds the premises, or any portion thereof after the surrender date, Lessee shall be deemed guilty of Unlawful Holding by Force under A.S. 09.45.090, and Lessor shall be entitled to re-enter and take possession of the premises and/or pursue all available legal remedies against Lessee. Surrender of the premises by Lessee shall not terminate this lease or Lessee's obligation to pay rent as required herein. Property left in the premises may be sold on conditions as favorable as the market will allow, with the proceeds of such sale going to offset any deficiency owing to Lessor. Any default by Lessee shall entitle Lessor, at his sole discretion, to terminate the lease. Lessor may, without terminating this lease, re-let the premises with Lessee to pay all costs incurred by Lessor in so doing. If Lessor re-lets the premises, Lessee shall pay any deficiency between the monthly rent actually received by Lessor, and the amount of rent which the Lessee promised to pay under the terms of this lease. Lessee agrees that Lessor may seek a judgement for any deficiency or other damages owing under the lease in small claims court pursuant to A.S. 22.15.040 and District Court Civil Rule 8. Lessee shall pay all costs and attorneys' fees incurred by Lessor as a result of a default by Lessee.

18. **REMOVAL OF PROPERTY:** In the event Lessor lawfully re-enters the premises as provided herein, Lessor shall have the right, but not the obligation, to remove all the personal property located therein and to place such property in storage at the expense and risk of Lessee.

19. **COSTS AND ATTORNEY'S FEES:** If, by reason of any default or breach on the part of either party in the performance of any of the provisions of this Lease, a legal action is instituted, the losing party agrees to pay all reasonable costs and attorney;s fees in connection therewith. It is agreed that the venue of any legal action brought under the terms of this Lease may be in the county in which the premises are situated.

20. **SUBORDINATION:** Lessee agrees that this Lease shall be subordinate to any mortgages or deeds of trust, placed on the property described, provided that in the event of foreclosure, Lessee is not then in default and agrees to attorn to the mortgagee or beneficiary under deed of trust, such mortgagee or beneficiary shall recognize Lessee's right of possession for the term of this Lease.

21. **NO WAIVER OF COVENANTS:** Any waiver by either party of any breach hereof by the other shall not be construed a waiver of any future similar breach. This Lease contains all the agreements between the parties: and there shall be no modification of the agreements contained herein except by written instrument.

22. **SURRENDER OF PREMISES:** Lessee agrees, upon termination of this Lease, to peacefully quit and surrender the premises without notice, leave the premises neat and clean and to deliver all keys to the premises to Lessor.

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23. HOLDING OVER: If Lessee, with the implied or express consent of Lessor, shall hold over after the expiration of the term of this Lease, Lessee shall be bound by all the covenants and agreements herein, except that the tenancy shall be month to month.

24. USE: Lessee shall use the premises for the purposes of a marijuana dispensary and for no other purposes, without written consent of Lessor. Lessee shall not grow marijuana on the premises and shall insure that there are no "pungent odors" emanating from the premises that might impact any of the other tenants. Lessee shall obtain all permits and licenses from government authorities and will be solely responsible for being in compliance with said authorities. Lessee agrees not to offer services that would compete with any existing businesses in the East Village. In the interest of maintaining a clean environment, Lessee agrees not to operate loud or, industrial equipment on the premises such as welders, planers, etc. or to use premises for auto repair nor shall Lessee dispose of any petroleum products or hazardous waste on the premises. **ABSOLUTELY NO SMOKING OR PETS PERMITTED ON THE PREMISES.**

25. NOTICE: Any notice required to be given by either party to the other shall be deposited on the United States mail, postage prepaid, addressed to the Lessor at 3585 East End Road Suite 12, Homer, AK 99603 or to the Lessee at PO Box 3226, Homer, AK 99603, (907) 299-2986 or at ceo@smfak.com or at such address as either party may designate to the other in writing from time to time.

IN WITNESS WHEREOF, the parties hereunto set their hands the date first above written.

LESSOR: _____
Douglas or Johanna Frainan
East End Mini Storage LLC

LESSEE: _____
Jesse Sherwood dba ~~Sherwood Magic Forest LLC~~
Kachemak Cannabis LLC

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AMENDMENT TO LEASE AGREEMENT

THIS AMENDMENT is entered into between Lessor and Lessee effective as of the 7 day of July 2022 under that certain Lease originally dated May 13, 2022, related to the property commonly known as 3585 East End Road, Unit 3, Homer, Alaska 99503.

NOW, THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION, RECEIPT OF WHICH IS ACKNOWLEDGED BY BOTH LANDLORD AND TENANT, THE PARTIES HEREBY AGREE THAT THE LEASE IS AMENDED AS FOLLOWS.

1. **Default**: Lessor shall not take into its possession any marijuana or marijuana product and shall contact the State of Alaska AMCO prior to any access to the licensed premises if Lessee cannot be reached, abandons the property, or similar event.

Except to the extent that the terms and conditions of this Lease Amendment are to the contrary, all other terms and conditions of the original Lease Agreement and any amendments thereto remain in full force and effect.

DATED effective as of the year and date above set forth.

Lessor:
East End Mini Storage, LLC

By: _____

Lessee:
Kachemak Cannabis, LLC

By: _____

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