COMMERCIAL LEASE AGREEMENT OF COLDSMOKE FARMS, LLC

This Commercial Lease Agreement (***"Lease"***) is dated June _____, 2022, by and between Michael Welch, an individual whose address is 34669 Commerce Street, Soldotna, Alaska 99669 (***"Lessor"***), and Coldsmoke Farms, LLC, an Alaska Limited Liability Company (***"Lessee"***). The parties agree as follows:

PREMISES. The Lessor, in consideration of the lease payments provided in this Lease, leases to the Lessee (the ***"Premises"***) the building and associated parking, located at 34669 Commerce Street, Soldotna, Alaska 99669.

TERM. The Lease is to commence upon the AMCO effectuated date of license # 15190 transfer to Coldsmoke Farms, LLC and shall be a three (3) year term (***"Initial Term")***. Either party may terminate the Lease upon substantial breach of this Agreement and prior to written notice to the other party giving a thirty (30) day notice to cure the defect to avoid the termination.

RENT. Lessee shall pay to Lessor monthly installments of Fifteen Hundred Dollars ($1,500.00) starting upon 1st day of each Month of occupation of the Premises. Lessee shall pay to Lessor a deposit in the amount of $0 to Lessor upon execution of Lease. A late charge of $20.00 per day thereafter will be charged. Lessor shall give Lessee written notice of the past due lease payment. On the 15th, the Lessor may give notice of breach, as stated above and Lessee shall agree to vacate the premise if the breach is not remedied within ten (10) days.

DEPOSIT. Lessee shall pay $0 for a deposit; Lessor is waiving any deposit requirement for Lessee.

USE OF PREMISES. Lessee may use the Premises only for licensed cultivation of commercial marijuana and marijuana products and all legal endeavors as prescribed in state and local law. The Premises may be used for any other purpose only with the prior written consent of the Lessor, which shall not be unreasonably withheld.

Lessee shall notify Lessor of any anticipated extended absence of ten (10) days or more from the Premises not later than the first day of the extended absence.

UTILITIES AND SERVICES. Lessee shall be responsible for its pro rata share of the utilities and services in connection with its usage at the Premises. For clarity, pro rata share shall mean Lessee is to pay its pro rata share of insurance, property taxes, utilities, intent and a share of the common area expenses attracted to Lessee's business use. Landlord's residence is on the same property and shares utility connections, therefore any and all portion of real property tax, insurance and utilities that are associate with or relate to the residential use of the property shall be solely Lessor's reasonability. Lessor shall be responsible for providing documentation to Lessee to demonstrate that it is properly deducting residential use, expenses and properly calculating the amounts that are Lessor's obligation and Lessee's obligation.

TAXES. Taxes attributable to the Premises or the use of the Premises shall be allocated as follows:

Real Estate Taxes. Lessee shall pay its pro rata share of the property's real estate taxes, as discussed supra, in relation and in proportion to its use of the leased Premises. Lessor

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shall disclose to Lessee and justify the manner in which it calculates Lessee's portion of the total real property taxes.

Personal Taxes. Lessee shall pay all personal taxes and any other charges which may be levied against the Premises and which are attributable to Lessee's use of the Premises, along with all sales and/or use taxes (if any) that may be due in connection with lease payments.

DEFAULTS. Lessee shall be in default of this Lease if Lessee fails to fulfill any lease obligation or term by which Lessee is bound. Subject to any governing provisions of law to the contrary, if Lessee fails to cure any financial obligation within 15 days (or any other obligation within 30 days) after written notice of such default is provided by Lessor to Lessee, Lessor may take possession of the Premises without further notice (to the extent permitted by law), and without prejudicing Lessor's rights to damages. In the alternative, Lessor may elect to cure any default and the cost of such action shall be added to Lessee's financial obligations under this Lease. All sums of money or charges required to be paid by Lessee under this Lease shall be additional rent, whether or not such sums or charges are designated as "additional rent". The rights provided by this paragraph are cumulative in nature and are in addition to any other rights afforded by law. In the event of a default by Lessee, *Lessor shall not take into its possession any marijuana products 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.*

HOLDOVER. If Lessee maintains possession of the Premises for any period after the termination of this Lease (***"Holdover Period"***), Lessee shall pay to Lessor lease payment(s) during the Holdover Period at a rate equal to the most recent rate preceding the Holdover Period. Such holdover shall constitute a month-to-month extension of this Lease.

CUMULATIVE RIGHTS. The rights of the parties under this Lease are cumulative and shall not be construed as exclusive unless otherwise required by law.

NON-SUFFICIENT FUNDS. Lessee shall be charged $100.00 for each check that is returned to Lessor for lack of sufficient funds.

REMODELING OR STRUCTURAL IMPROVEMENTS. Lessee shall have the obligation to conduct any construction or remodeling (at Lessee's expense) that may be required to use the Premises as specified above. Lessee may also construct such fixtures on the Premises (at Lessee's expense) that appropriately facilitate its use for such purposes. Such construction shall be undertaken in a manner that does not negatively impact the structural integrity of the Premises and shall be done in good workmanlike quality, with proper design professionals involved in the design and implementation of the design. At the end of the lease term, Lessee shall be entitled to remove (or at the request of Lessor at the end of the Lease shall remove) such fixtures and shall restore the Premises to substantially the same condition of the Premises at the commencement of this Lease.

ACCESS BY LESSOR TO PREMISES. Subject to Lessee's consent (which shall not be unreasonably withheld), Lessor shall have the right to enter the Premises to make inspections, provide necessary services, or show the unit to prospective buyers, Lessees, or workers. However, Lessor does not assume any liability for the care or supervision of the Premises. As provided by

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law, in the case of an emergency, Lessor may enter the Premises without Lessee's consent. During the last three months of this Lease, or any extension of this Lease, Lessor shall be allowed to display the usual "To Let" signs and show the Premises to prospective Lessees. Lessor must abide by Lessee's visitor policy and ensure that no agent or prospective Lessee of Lessor attempts to enter the property that is under the age of 21, presents a valid state or federal identification card, and remains in eyesight of a designated agent of Lessee's at all times. Lessor may not bring more than 5 persons at a time per supervising licensee/employee into the facility.

LESSOR'S OBLIGATIONS. Lessor, at Lessor's expense, shall keep in good order, and condition, and repair the foundation and structural portions of the exterior walls, plumbing, electrical systems, windows, doors, and exterior roof of the building.

PARKING. Lessee shall have sole and exclusive use of all parking spaces/parking lot on the parcel lot where the Premises sits. Lessor shall be solely responsible for the snow removal and/or provide for required snow storage for the parking lot. Lessor shall be responsible for general upkeep of the sidewalk, parking lot, and entrance and shall keep the areas clean, tidy, and free of dirt, ice, snow buildup, and debris. Lessor shall also be responsible for the general upkeep of any existing landscaping on the parcel lot.

LESSEE'S OBLIGATIONS. Lessee shall, at the expiration or termination of this Lease, surrender and deliver up the Premises to Lessor in as good condition as when received by Lessee from Lessor or as thereafter improved, reasonable use, wear and tear excepted. Lessee shall repair any damage to the Premises, or the Building occasioned by its use thereof or by the removal of Lessee's trade fixtures, furnishings, and equipment, which repair shall include the patching and filling of holes and repair of structural damage.

NO LESSOR SUBORDINATION. Given the type of business, Lessee will be Subleasing these Premises to, its vital to the continuing of said businesses that these Premises is not 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, or other arrangements by a financial institution.

COMPLIANCE WITH REGULATIONS. Lessee shall promptly comply with all laws, ordinances, requirements, and regulations of the state, county, municipal and other authorities. However, Lessee shall not by this provision be required to make alterations to the exterior of the building or alterations of a structural nature.

ALTERATIONS/IMPROVEMENTS BY LESSEE. Lessee may make commercially reasonable improvements to the Premises and shall request approval from Lessor for material improvements/structural alternations to Premises. Lessor shall not unreasonably withhold improvements and shall be deemed to have approved the improvements if no response to the contrary is noticed to Lessee after five (5) business days of Lessee's request for approval to Lessor.

INSURANCE. Lessee acknowledges that Lessee's personal property is not insured by Lessor with any insurance and that Lessor has no liability in regard to Lessee's Personal property. Lessee shall

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ensure the Lessee's personal property for the Lessee's own benefit. Lessee shall also ensure the Property for damage for the benefit of the Parties and the Property with liability insurance for the benefit of the Parties. Upon issuance or renal of any insurance that Lessee is required to obtain under this Lease, Lessee shall provide proof of insurance to Lessor. Lessor shall ensure Premises for its full replacement value and shall be obligated to re-build premises in event of Premises destruction.

ACKNOWLEDGEMENT OF USE FOR MARIJUANA COMMERCIAL ACTIVITIES AND WAIVER OF ANY DEFENSES OF ILLEGALITY DUE TO FEDERAL LAW OR VOID FOR PUBLIC POLICY. Lessor is aware of and agrees this premise shall be used for marijuana state and local licensed commercial activities. The parties are aware that marijuana sales are illegal under federal law and therefore waive all defenses of non-performance of this contract related to defenses such as void for public policy and illegality under federal law.

MECHANICS LIENS. Neither Lessee nor anyone claiming through Lessee shall have the right to file mechanics liens or any other kind of lien on the Premises and the filing of this Lease constitutes notice that such liens are invalid. Further, Lessee agrees to (1) give actual advance notice to any contractors, subcontractors, or suppliers of goods, labor, or services that such liens will not be valid, and (2) take whatever additional steps that are necessary in order to keep the premises free of all liens resulting from construction done by or for Lessee.

ARBITRATION. Any controversy or claim relating to this contract, including the construction or application of this contract, will be settled by binding arbitration under the rules of the American Arbitration Association, and any judgment granted by the arbitrator(s) may be enforced in any court of proper jurisdiction.

ATTORNEY FEES. In the event of any legal proceeding that commences due to a dispute under this Lease, the unsuccessful party shall be responsible for paying the successful parties' attorney fees and expenses.

NOTICE. Notices under this Lease shall not be deemed valid unless given or served in writing and forwarded by mail, postage prepaid, addressed as follows:

LESSOR:
Michael Welch
34669 Commerce Street
Soldotna, Alaska 99669

LESSEE:
Coldsmoke Farms, LLC
34669 Commerce Street
Soldotna, Alaska 99669

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Such addresses may be changed from time to time by either party by providing notice as set forth above. Notices mailed in accordance with the above provisions shall be deemed received on the third day after posting.

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GOVERNING LAW. This Lease shall be construed in accordance with the laws of the State of Alaska.

ENTIRE AGREEMENT/AMENDMENT. This Lease Agreement contains the entire agreement of the parties and there are no other promises, conditions, understandings, or other agreements, whether oral or written, relating to the subject matter of this Lease. This Lease may be modified or amended in writing if the writing is signed by the party obligated under the amendment.

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 will become valid and enforceable, then such provision shall be deemed to be written, construed, and enforced as so limited.

WAIVER. The failure of either party to enforce any provisions of this Lease shall not be construed as a waiver or limitation of that party's right to subsequently enforce and compel strict compliance with every provision of this Lease.

BINDING EFFECT. The provisions of this Lease shall be binding upon and inure to the benefit of both parties and their respective legal representatives, successors, and assigns.

Lessee – Coldsmoke Farms, LLC.

By: _____ **Date:** _____, **2022**
Christopher Woolley – Member

By: _____ **Date:** _____, **2022**
Michael Welch – Member

Lessor – Michael Welch

By: _____ **Date:** _____, **2022**
Michael Welch – Property Owner

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