CAPISTRANO PROPERTIES, LLC
PO BOX 9597
KETCHIKAN, AK 99901

PROPERTY LEASE AGREEMENT

This agreement made this 23rd day of August, 2016, is between Capistrano Properties, LLC (hereinafter called Lessor), and Jason Kolanko, Gary Croy & Lorraine Kolanko (hereinafter called Lessee)

The Lessor leases to the Lessee the real property **AS IS**, which is hereinafter referred to as "Leased Premises" which is a 1000 square ft. commercial unit located at **726 Water St.** to be leased as a Marijuana Dispensary under the following conditions: JK

The Landlord will not remove Marijuana or any Marijuana products and that The State of Alaska – AMCO will be contacted in case the premises get repossessed. JK

DURATION: The term of this agreement shall last 12 months except that either party may terminate this agreement upon thirty (30) days prior written notice or substantial breach of this agreement with prior written notice to each party at the addresses above. The Lessee shall notify the Lessor in writing of any anticipated extended absence from the Premises in excess of thirty (30) days, with out prior written consent from the Lessor, shall be deemed an abandonment by the Lessee of said Premises and the Lessor may enter the Premises may make reasonable efforts to lease the Premises at a fair rental value. If the Lessor rents said Premises for a term beginning before the expiration of the lease agreement, this agreement is considered terminated on the date of the new tenancy begins. By re-entering the Premises the Lessor does not waive his rights to seek damages from the Lessee for all sums owed for the balance of the lease term and for all damages to the Premises.

RENT: The Lessee shall pay the Lessor total rent in the amount of $22,200 including sales tax, payable as follows: Monthly payments of $1,850, including Gateway Borough and City of Ketchikan sales tax and Federal sales tax, if applicable. Such payments are due on or before the 1st of every month and there will be a $75.00 late charge if paid after the 15th of the month.

All payments are to be made payable to:

Capistrano Properties, LLC
PO Box 9597
Ketchikan, Alaska 99901

SECURITY DEPOSIT: The Lessor acknowledges receipt of $ 1,000 for damage and cleaning deposit given by the Lessee to ensure that the Premises will be left in good order. **This security deposit may not be used as any portion of the last month's rent**. The deposit will be returned to the Lessee within fourteen (14) days after vacancy of the Premises, provided that the premises are left clean and in good condition (ready to rent) and all agreements herein have been kept.

SUBLET: The Lessee **may not sublet** commercial unit or reassign this lease agreement to anyone without written consent of The Lessor.

LANDLORD LIEN: To secure the payment of rent and Lessee's other obligations herein should the Lessee be found in default and after following the provision for Lessee Recovery found herein, the Lessor shall have the option of placing a landlord's lien on all personal property and fixtures on the Leased Premises, including, but not limited to, inventory and equipment, said lien to commence after all efforts for Lessee Recovery found herein have been exhausted.

PROPERTY AND LIABILITY INSURANCE: Lessee shall be responsible and pay for Lessee's own policy of insurance covering the Lessee's contents and inventory and in no event shall the Lessor be responsible for loss or damage thereto from any cause whatsoever. The Lessee agrees at all times during the time hereof, at the Lessee's own expense, to maintain, keep in effect, furnish, and deliver to the Lessor evidence of liability insurance in a form and with an insurer satisfactory to the Lessor, insuring both the Lessor and the Lessee against all liability for damages to persons or property in or about said Leased Premises. The amount of said liability insurance shall not be less than One Million Dollars ($1,000,000.00) inclusive of liability arising from personal injury and/or property damage. All such insurance shall name the Lessor as an additional insured by policy endorsement and the Lessee shall deliver a certificate of insurance evidencing such to the Lessor on the effective date of this agreement. All such insurance shall provide for a minimum of ten (10) days written notice to the Lessor prior to lapsing or cancellation.

HOLD HARMLESS: As a material part of the considerations rendered herein, the Lessee agrees that the Lessor may not be held liable or accountable to anyone for or on account of any injury or injuries sustained, or for any loss or damage incurred, to commercial/personal property in, upon or about the Premises, or any part thereof, during the term of this lease. The Lessee, as a material part of the consideration to be rendered to the Lessor, waives all claims against the Lessor for damages to goods in upon, or about the Premises, and for injuries to persons in or about said Premises, arising at any time for any cause and the Lessee shall indemnify, defend and hold the Lessor exempt and harmless from any claims or lawsuits for damage to property or injury to or death of any persons permitted by the Lessee to be on or about the Premises.

UTILITIES: The Lessee agrees to pay all heat and utilities for the leased premises. The Lessee must have all utilities and heat in their name before September

NOTICE: Notice to either party shall be sufficient if mailed, postage prepaid, to the following address:

Lessor's Address: **Capistrano Properties, LLC**
PO Box 9597
Ketchikan, AK 99901

Lessee's Address:
726 Water Street
Ketchikan, Alaska 99901

WHEREFORE, the parties bind themselves hereto by their signatures below and agree to all terms herein above written.

Thomas Tang 10-26-2016
Management/Lessor Date

Jason Kolanko Lorraine Kolanko 10/26/16
Tenant /Lessee Gayle Cox Date