LEASE AGREEMENT

THIS LEASE AGREEMENT (the "**Lease**") is made this 11 day of MAY, 2016, by and between John G. Pattee ("**Landlord**"), SEU, LLC, Susan Nowland and Anthony Mann (collectively the "**Tenant**").

For and in consideration of the covenants, rents, and demises, and upon the terms and conditions hereinafter set forth, the parties agree as follows:

1. Premises. Landlord for and in consideration of the rents, covenants and conditions hereinafter specified to be paid, performed and observed by Tenant, does hereby let, lease and demise to Tenant approximately 2,856 square feet of improved real estate (the "**Premises**") within a commercial building (the "**Building**") located at 715 W. 4th Avenue, Anchorage, Alaska, legally described as follows:

> A portion of that certain building located on Lot Ten "A" (10-A), Block Twenty-Eight (28), ORIGINAL TOWNSITE, located in Anchorage, Alaska, in the Anchorage Recording District, Third Judicial District, State of Alaska.

Tenant, upon paying the rents, and performing all of the terms and covenants on its part to be performed, shall peaceably and quietly enjoy the leased Premises.

2. Term of Lease. The initial term of this Lease (the "**Initial Term**") shall commence on July 1, 2016 ("**Commencement Date**"), and shall continue for a period of five (5) years until June 30, 2021 ("**Termination Date**"), unless sooner terminated as provided herein. This Lease is not subject to government approval of Tenant's application for any "marijuana establishment license" as that term is defined by AS 17.38.900.

Tenant shall have two (2) five (5) year options to extend the Lease beyond the expiration of the Initial Term. To exercise the option, Tenant must not be in default under this Lease and must deliver written notice of its exercise of such option to Landlord not less than six (6) months prior to the expiration of the then current term. If written notice of the election to extend is not given within the required time period, the option shall terminate and be null and void. All of the terms and conditions of this Lease shall apply during any extended term, except that (1) the rent rate under **Section** 3 below, shall be negotiated at the time of extension and shall under no circumstances have a lower rental adjustment rate than three percent (3%) per annum, and (2) no additional option to extend shall be created by Tenant's election to extend this Lease. The Initial Term and any subsequent extended term shall be collectively referred to as the "Term" in this Lease.

3. Rent. In consideration for this Lease, Tenant shall pay Landlord monthly rent installments ("**Monthly Base Rent**") as follows:

Effective Date			Rental Amount*
July 1, 2016	through	June 30, 2018	
July 1, 2018	through	June 30, 2019	
July 1, 2019	through	June 30, 2020	
July 1, 2020	through	June 30, 2021	

*The Monthly Base Rent rate may increase subject to the consumption provisions under Section 7.A.

Rent shall be paid in advance on the first day of each calendar month. All rent to be paid by Tenant to Landlord shall be in lawful money of the United States of America and shall be paid without deduction or offset and without prior notice or demand to Landlord at 721 West 4th Avenue, Anchorage, Alaska, 99501, unless and until otherwise directed in writing by Landlord. Any rent payment not paid within ten (10) days of its due date shall be subject to a five percent (5%) late charge. Additionally, all delinquent rent and other sums Tenant owes Landlord under this Lease shall bear interest at the then legal rate as established by Alaska law, currently ten and a half percent (10.5%), and Tenant shall pay such interest to Landlord.

3.A Security Deposit.

A Security Deposit of seven thousand dollars ($7,000.00) shall be paid to Landlord upon execution of this lease agreement. If Tenant defaults with respect to any provision of this Lease, including but not limited to the provisions relating to the payment of rent, upon ten (10) days written notice and Tenant's failure to cure default, 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. If any portion of said deposit is so used or applied, Tenant shall, within ten (10) days after written demand therefor, deposit cash with Landlord in an amount sufficient to restore the security deposit to its original amount, and Tenant's failure to do so shall be a default under this Lease. Landlord shall not be required to keep this security deposit separate from its general funds, and Tenant shall not be entitled to interest on such deposit. If Tenant shall fully and faithfully comply with this Lease, the security deposit or any balance thereof shall be returned to Tenant within thirty (30) days following expiration or termination of the Lease term. In the event of termination of Landlord's interest in this Lease, Landlord shall transfer said deposit to Landlord's successor in interest.

4. Utilities. Landlord shall furnish gas and electric utilities for the leased Premises; provided, however, Tenant shall reimburse Landlord for eighty-five percent (85%) of the cost of such utilities. Should Tenant's use of the Premises cause the utility expenses to increase more than forty percent (40%) in any six month period from the average cost of utilities over that same period during the years of 2014-2016, Landlord reserves the right to require Tenant to reimburse Landlord for up to ninety-five percent (95%) of the cost of such utilities. Tenant understands and agrees that the gas and electric utilities are currently metered on a combined meter that includes approximately 800 square feet of storage space used by another tenant of the Building. These utilities cannot be separately metered at this time. In the future, if the utilities can be

separately metered, Tenant shall be responsible for and shall pay the cost of gas and electric utilities to the Premises. Landlord shall also pay for general refuse service, however Tenant shall reimburse Landlord for twenty percent (20%) of the cost for the monthly refuse service. Should Tenant's use of the Premises cause the monthly refuse service cost to increase more than forty percent (40%) in any six month period from the average cost of monthly refuse service over that same period during the years of 2014-2016, Tenant shall reimburse Landlord for a higher percentage rate, which shall reasonable reflect Tenant's actual usage of the refuse service. Landlord shall not be responsible for any additional costs incurred relating to any regulated marijuana waste disposal.

Tenant shall be responsible for and shall pay the cost of all water and sewer, phone, IT, internet or cable services for the Premises. Tenant expenses as described in this **Section 4** are considered additional rent, due and payable within ten (10) days of Landlord's delivery of invoices to Tenant.

Unless Landlord fails to pay the utility providers, Landlord shall not be liable for any loss or damage caused by or resulting from any variation, interruption or failure of said utilities or services, arising from any cause, condition or event; and no variation, interruption, or failure of such utilities and services incident to the making of repairs, alterations, or improvements, or arising from any accident, strike, condition, cause or event in whole or in part beyond the reasonable control of Landlord shall be deemed an eviction of Tenant or relieve Tenant from any obligation hereunder.

5. Alteration of Premises.

i. Tenant shall not make any alterations, additions or improvements in or to the leased Premises (**"Alterations"**) without the prior written consent of Landlord, which consent may be subject to such conditions as Landlord may deem appropriate and reasonable; however Tenant may install non-structural walls and/or make cosmetic upgrades without Landlord's consent, provided such alterations are otherwise made in accordance with the provisions of **Section 5**. If any alterations involve any structural changes to the Building, Tenant shall deliver to Landlord two complete sets of construction plans and specifications for such Alterations, prepared by a licensed architect or engineer. If approved, Landlord shall notify Tenant of its approval, in writing, within thirty (30) days from receipt of such plans. If Landlord does not approve of such plans, Landlord shall, within thirty (30) days from the receipt of such plans, notify Tenant of its reasons for not approving such plans. Landlord's approval of any Alteration shall not be a representation by Landlord that the Alteration complies with applicable laws, including marijuana regulations, or will be adequate for Tenant's use. By approving any alteration request, Landlord assumes no liability or responsibility therefore, or for any defect in any Alteration.

ii. Upon approval of any such plans and prior to construction, Tenant shall secure and provide Landlord with copies of all necessary permits and approvals, including those required by any governmental agency regulating the marijuana industry; evidence that contractor and all subcontractors are bonded and insured in amounts reasonably required by Landlord; and any security for performance that is reasonably required by Landlord including,

but not limited to, evidence acceptable to Landlord that Tenant has adequate funds available, through an approved loan or other means, to complete the Alterations. Any changes to the plans and specifications shall be submitted to Landlord for its approval.

iii. Any such Alteration consented to by Landlord shall be made at Tenant's sole cost and expense. Alterations shall be constructed in a good and workmanlike manner using materials of a good and workmanlike, professional quality, as determined by the Landlord. Landlord may designate reasonable rules, regulations and procedures for the performance of work in the Building and, to the extent reasonably necessary to avoid disruption to the other occupants of the Building, shall have the right to reasonably designate the time when Alterations may be performed. Upon completion of the Alterations, Tenant shall furnish "as-built" plans, completion affidavits, full and final waivers of lien and receipted bills covering all labor and materials. Tenant shall assure that the Alterations comply with all insurance requirements, law, and municipal building codes.

iv. Tenant shall indemnify, defend and hold Landlord harmless from any and all liens, liability, claims, costs, damages, expenses (including the payment of attorney's fees) for injury to or death of persons or loss of or damage to property arising by reason of such Alterations.

v. All Alterations (expressly including all light fixtures and floor coverings) except trade fixtures, appliances and equipment which do not become a part of the Premises, shall immediately become the property of Landlord without any obligation to pay therefore. Upon the expiration or sooner termination of the term hereof, Tenant shall, upon written notice by Landlord, given at least thirty (30) days prior to the end of the term, at Tenant's sole cost and expense, forthwith and with all due diligence, remove any alterations, additions or improvements made by Tenant, designated by Landlord to be removed, and Tenant shall forthwith and with all due diligence at its sole cost and expense, repair any damage to the Premises caused by the installation, operation, or removal of such item.

vi. Tenant shall not, and will not authorize any person to, go onto the roof of the Building without the prior written consent of Landlord. Said consent will be given only upon Landlord's satisfaction that any repairs necessitated as a result of Tenant's action will be made by Tenant at Tenant's expense and will be made in such a manner so as not to invalidate any guarantee relating to the roof.

vii. Tenant shall be permitted to post a sign on the Premises identifying Tenant. The sign design shall be approved by Landlord prior to installation, whose approval shall not be unreasonably withheld. The sign shall be in accordance with municipal codes and requirements and subject to state and local marijuana signage and advertising requirements. Tenant shall be responsible for the cost of the sign, and any permitting, designs, installation, maintenance, repairs, and removal. Except for the identification sign, Tenant shall not post, place, or display in any manner, any sign, notice, picture, placard, or poster or any advertising that is visible outside the Building without first obtaining Landlord's written consent.

6. Liens. Tenant shall not permit any mechanics', laborers' or materialmen's liens to stand against the Premises, the Building or any Alterations for any labor or materials furnished to Tenant or claimed to have been furnished to Tenant or to Tenant's agents, contractors, or sublessees, in connection with work of any character performed or claimed to have been performed on the Premises or Alterations by or at the direction or sufferance of Tenant; provided, however, that Tenant shall have the right to contest the validity or amount of any such lien or claimed lien. In the event of such contest, Tenant shall give to Landlord reasonable security as may be demanded by Landlord to insure payment thereof and prevent any sale, foreclosure or forfeiture of the Premises or improvements by reason of such nonpayment. Such security need not exceed one and one-half times the amount of such lien or such claim of lien or Tenant may record the bond contemplated by Alaska Statute 34.35.072. Tenant shall immediately pay any judgment rendered with all proper costs and charges and shall have such lien released or judgment satisfied at Tenant's own expense. Without limitation of other rights, Landlord intends to exercise its right to post notices of non-responsibility under AS 34.35.065 ensuring that any lien does not attach to the underlying real property. The foregoing provisions respecting liens shall apply to all liens of any kind or nature asserted against the leased Premises or improvements thereon, including liens arising out of, incident to, or connected with the use and occupation of the lease Premises by Tenant.

7. Use of Premises. The leased Premises shall be used for the operation of a "retail marijuana store" and/or a "marijuana product manufacturing facility" as those terms are defined in AS 17.38.900; Tenant may also sell items relating to the use and consumption of marijuana, including "marijuana accessories", as defined in AS 17.38.900; or use the space for any legal, non-marijuana retail or food industry purpose; but for no other purpose without the prior written consent of the Landlord. Consumption, as defined by AS 17.38.900, shall be permitted subject to applicable state and municipal law in accordance with the provisions of **Section 7.A.** The Landlord makes no representation as to the suitability of the location or zoning for the uses intended by Tenant and this Lease is not subject to approval of any marijuana establishment license by any regulatory entity. It is the obligation of the Tenant to confirm that its intended use is acceptable with the current zoning and location of the Premises.

7.A Consumption. Tenant may permit on-site "consumption" as that term is defined in AS 17.38.900, but only if permissible under state and municipal law and conducted in strict compliance with such laws and the provisions of this **Section 7.A.** Consumption will only be permitted once proper Alterations to the Premises, including but not limited to ventilation and security measures, are addressed to Landlord's standards, which may be more stringent than those required under law, but not unreasonably so. Alterations are subject to **Section 5** and this this **Section 7.A.** If consumption is permitted the Monthly Base Rent shall increase by one thousand dollars ($1,000.00) per month.

7.B Disturbance. The lawful manufacturing, sale, and consumption of marijuana shall not in and of itself be considered a disturbance or nuisance; however such activities must be conducted in a responsible manner in compliance with all regulatory laws. Tenant shall not use the Premises in a manner that presents a safety or other liability risk or detracts from the neighborhood or the value of the leased Premises. Tenant shall

not commit or allow to be committed any waste upon the Premises, or any public or private nuisance or other act or thing which disturbs the quiet enjoyment of any other tenant or neighbor. If any of Tenant's machines or equipment disturb any other tenant or neighbor, then Tenant shall provide adequate insulation, or take such other action as may be necessary to eliminate the noise, odors or other disturbance, at Tenant's sole cost. Tenant shall not, without Landlord's prior written consent, use, operate or install any electrical or mechanical equipment, machinery or mechanical devices in the Premises, except in compliance with the highest standards applicable to the use, operation or installation of such equipment, machinery or devices, generally recognized by the profession or industry in which Tenant is engaged, nor shall Tenant use the Premises, or any machinery or equipment therein, in such a manner as to cause substantial noise or vibration or unreasonable disturbance to others. Tenant agrees that Tenant, together with all other persons entering and/or occupying the Premises at Tenant's request or with Tenant's permission, will abide by, keep and observe all reasonable rules and regulations which Landlord may make from time to time for the management, safety, care and cleanliness of the Building, and the preservation of good order therein, and for the use of any parking areas adjacent to the Building. The violation of any such rules and regulations shall be deemed a material breach of the Lease by Tenant.

7.C Legal Compliance. Tenant warrants that the operation of its business shall be conducted in strict compliance with all applicable federal, state and local environmental, safety and other pertinent laws, rules, regulations and ordinances and that any alterations necessary to the Premises by reason of such covenants, conditions, restrictions, laws, rules, regulations and ordinances, including, without limitation, The Americans With Disabilities Act, shall be at Tenant's sole cost and expense; subject only to the exceptions stated in **Section 7.D**. Tenant warrants that the Tenant represents and warrants to Landlord that there is no unreasonable risk to Tenant, Tenant's visitors and others using the Premises arising from Tenant's operations. Tenant shall indemnify, defend and hold harmless Landlord from and against any claim, liability, expense, lawsuit, loss or other damage, including reasonable attorneys' fees, arising from or relating to Tenant's use of the Premises or Tenant's activities within the Project or any violations of the Americans with Disabilities Act due to the use of the Premises by Tenant, its employees, subtenants, agents, guests or invitees.

7.D. Marijuana Specific Law. Tenant also warrants that the operation of its business shall be conducted in strict compliance with all applicable governmental laws relating to the regulation and legalization of marijuana and marijuana establishments. Landlord and Tenant recognize marijuana remains an illegal substance under the federal Controlled Substances Act and Tenant expressly agrees to indemnify, defend and hold harmless Landlord from and against any claim, liability, expense, lawsuit, loss or other damage, including reasonable attorneys' fees, arising from or relating to Tenant's use of the Premises or Tenant's activities or any violations of federal law, at Tenant's sole cost and expense. Should Tenant's use of the Premises endanger in any way the Landlord's ownership, title, or right to possess the Premises, including through official warnings to cease and desist, warnings by Lenders, or the threat of seizure, Landlord shall be entitled to terminate this Lease, in its sole discretion, effectively immediately upon notice to the Tenant. Landlord may, in its sole discretion, elect not to terminate the Lease and instead permit Tenant to remain in possession; however, Tenant may not continue to use the Premises to operate a marijuana establishment or for any purpose that threatens Landlord's

ownership, title, or right to possess the Premises. The Tenant recognizes that the marijuana industry is a highly regulated industry, subject to change; in the event that regulatory law requires the Premises be altered for compliance purposes, Tenant agrees to make all Alterations at its own cost and subject to the provisions of **Section 5**. If Tenant cannot make sufficient Alterations to the Premises to achieve compliance, Landlord, in its sole discretion, may elect to terminate the Lease.

8. Taxes. Tenant shall pay any and all taxes levied on personal property and trade or other fixtures in the Premises (and that portion of the real property taxes attributable to the Tenant's personal property) and any license and excise fees and occupation taxes covering business conducted on the Premises, and, as additional rent, an amount equal to any sales taxes on rentals payable hereunder. Landlord shall pay any real property taxes payable on the Building and the realty described, except that Tenant shall pay to Landlord, as additional rent, Tenant's pro rata share of real property taxes and any assessments, current and future, pro-rated based on the Lease Commencement Date of July 1, 2016, for the Building within ten (10) days after receipt of an invoice from Landlord setting forth such amount. Tenant's pro rata share of such taxes and assessments shall be thirty-eight percent (38%). Landlord agrees to provide the tax information and assessments, with any adjustments, promptly after such information is received from the Municipality of Anchorage. Tenant need only pay installments of special benefit assessments coming due during the term of this Lease or any extended term.

9. Tax on Rentals. If any governmental authority shall in any manner levy a tax on rental payable under this Lease or rentals accruing from use of the Premises, or a tax in any form against Landlord measured by income derived from the leasing or rental of the Premises, such tax shall be paid by Tenant either directly or through Landlord; provided, however, that Tenant shall not be liable to pay any net income tax imposed on Landlord.

10. Landlord Insurance. Landlord 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 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 Alaska in effect at the time when the policies are obtained. Tenant's use of the Premises is anticipated to increase the Landlord's existing rate of insurance covering the Premises. After the initial adjustment Tenant shall not perform any act in or about the Premises that will increase the rate of insurance further. Tenant shall pay to Landlord, as additional rent, Tenant's pro rata share of insurance costs for the Building, which shall be thirty-eight percent (38%). Said insurance is not intended to substitute for Tenant's personal property insurance and Tenant shall obtain its own coverage. In the event of a breach of this covenant, Tenant shall pay to Landlord any and all increases in insurance premiums resulting from such breach upon demand, and Landlord shall have all additional remedies provided for herein to redress such breach. If Tenant's use of the Premises causes an increase in the premiums for Landlord's hazard insurance, Tenant shall, on demand, reimburse Landlord for the full amount of any such increase.

If Tenant desires hazard insurance coverage of Tenant's interest in the Premises and coverage of Tenant's personal property and fixtures and the personal property of others located on the Premises, Tenant shall be responsible for procuring and maintaining such

ALP

insurance coverage at Tenant's sole cost and expense. Landlord shall not be liable for any loss or damage to person or property sustained by Tenant, or other persons, which may be caused by the Building or the Premises, or any appurtenances thereto, being out of repair, or by the bursting or leaking of any water, gas, sewer or steam pipe, or by theft, or by any act or neglect of any Tenant or occupant of the Building, or of any other person, or by any other cause of whatsoever nature, unless caused by the negligence of Landlord.

11. Maintenance and Repairs. Tenant accepts the Premises "as is; where is" in its current condition. Tenant shall at all times throughout the Lease term at its sole cost maintain and keep in first-class, clean condition and repair, the interior of the Premises, including but not limited to such items as floors, ceilings, walls, partitions, doors, glass, plumbing, paint, heating, lighting and ballasts, bathrooms, ventilating and air conditioning vents, fixtures, electrical equipment, wires, and electrical fixtures, equipment and appurtenances thereof; as well as exterior doors and entrances, all windows and moldings and trim of all doors and windows. Damage by unavoidable casualty excepted, but not excluding damage from burglary or attempted burglary of the Premises. Without limiting the generalities thereof, Tenant shall keep the glass of all windows and doors clean and presentable, replace immediately all broken glass in the Premises; keep all plumbing clean and in good state of repair including pipes, drains, toilets, basins and remove all snow and ice from the sidewalk in front of the Premises and the rear entry area and keep all utilities within the Premises in a good state of repair. Tenant shall give Landlord prompt written notice of any defects or breakage in the structure, equipment, fixtures, or of any unsafe condition upon or within the Premises.

If Tenant fails to keep and preserve the Premises as set forth above, Landlord may, after providing a ten (10) day written notice to cure to Tenant, at its option, put or cause the same to be put in the condition and state of repair agreed upon. In such case, upon receipt of written statements from Landlord, Tenant shall promptly pay the entire cost thereof as additional rent. Landlord shall have the right, without liability, to enter the Premises for the purpose of making such repairs upon the failure of Tenant to do so. Tenant shall conduct its business in such a manner as to cooperate with the Landlord when the Landlord is conducting the repairs required by the terms of this lease so that access may be obtained at all reasonable times for such purposes.

Landlord shall keep the roof, exterior walls, heating system, foundations and building structure of the Premises in a good state of repair, and shall accomplish such repairs as may be needed promptly (so as to not unreasonably interrupt the Tenant's business) after receipt of written notice from Tenant. Should such repairs be required by reason of Tenant's intentional or negligent acts or failure to act, Tenant shall promptly pay to the Landlord for the cost thereof as additional rent. Tenant shall immediately inform Landlord of any necessary repairs and Tenant shall make none of such repairs without Landlord's prior written consent, unless such repairs are of an emergency nature and the Tenant is unable to contact the Landlord in time to avoid additional damage to the Premises. Landlord shall not be liable for any failure to make any such repairs or to perform any maintenance required of Landlord hereunder unless such failure shall persist for an unreasonable time after written notice of the need of such repairs or maintenance is given to Landlord by Tenant. Except as otherwise specifically provided herein, there shall be no abatement of rent and no liability of Landlord by reason of any injury to or

N.P.

interference with Tenant's business or property arising from the making of any repairs, alterations or improvements in or to any portion of the Premises or building of which the Premises is a part or in or to fixtures, appurtenances and equipment therein.

Tenant hereby agrees that Landlord and its agents shall not be liable for injury to Tenant's business or any loss of income there from or for damage to the goods, wares, merchandise, or other property of Tenant, Tenant's employees, invitees, customers, or any other person in or about the Premises, nor shall Landlord be liable for injury to the person of Tenant, Tenant's employees, agents or contractors, whether such damage or injury is caused by or results from fire, steam, electricity, gas, water or rain, or from the breakage, leakage, obstruction, or other defects of pipes, sprinklers, wires, appliances, plumbing, air conditioning or light fixtures, or from any other cause whether said damage or injury results from conditions arising upon the Premises or upon other portions of the building of which the Premises are a part, or from other sources or places, and regardless of whether the cause of such damage or injury or the means of repairing the same is inaccessible to Tenant. Landlord shall not be liable for any damages arising from any act or neglect of any other tenant, if any, of the building in which the Premises are located.

12. Americans With Disabilities Act. Landlord and Tenant agree that as allowed by 28 C.F.R. 36.201(b), Tenant shall be responsible for all compliance responsibility under the Americans with Disabilities Act (42 U.S.C. 12101 et. seq.) related to Tenant's use and occupancy of the Premises. Tenant agrees to indemnify and hold Landlord harmless from any claim, demand, action or liability, either by a private person or a governmental entity, under said Act due to failure to comply with the terms of said Act. The provisions of this paragraph shall survive termination of this Lease.

13. Fire and Other Casualty. Should the Premises be damaged by fire or other casualty, Landlord shall have no obligation to repair or rebuild the Premises. In such event, Landlord shall have the option to terminate this Lease, and Landlord shall advise Tenant within thirty (30) days after the happening of any such damage whether Landlord has elected to continue this Lease in effect or to terminate it. If Landlord shall elect to continue this Lease in effect, it shall commence and pursue with reasonable diligence any work necessary to restore and repair the leased Premises. If Landlord fails to notify Tenant of its election within said thirty-day period, or has not commenced the restoration or repair work within said period, Landlord shall be deemed to have elected to terminate this Lease, and the Lease shall thereafter automatically terminate. The commencement by Landlord of repair work shall be deemed to constitute notice that Landlord has elected to restore or repair the leased Premises. For the period from the occurrence of any damage to the leased Premises to the date of the completion of the repairs (or to the date of the termination of the Lease if Landlord elects not to restore the leased Premises), the Monthly Base Rent shall be abated in the same proportion as the untenantable portion of the leased Premises bears to the whole thereof. However, there shall be no abatement if restoration or repair is delayed by acts or omissions of Tenant, or the fire or damage is caused by the carelessness, negligence or improper conduct of Tenant.

If the Landlord, in its discretion, shall decide within thirty (30) days after the occurrence of any fire or other casualty in the Building, even though the lease Premises may not

have been affected by such fire or other casualty, to demolish, rebuild or otherwise replace or alter the Building containing the leased Premises, then upon written notice given by Landlord to Tenant, this Lease shall terminate on a date specified in such notice, but no sooner than thirty (30) days from the date of such notice, as if that date had been originally fixed as the expiration date of the term herein leased. Tenant and Landlord hereby mutually release each other from liability and waive all right of recovery against each other for any loss from perils insured against under their respective fire insurance policies, if any, including any extended coverage or endorsements thereto; provided, however, that this paragraph shall be inapplicable if it would have the effect of invalidating any insurance coverage of Landlord or Tenant.

Restoration or repair work conducted in the common areas, or the noise or interference arising therefrom, shall not be deemed an eviction of Tenant, or a breach of this Lease, but Tenant's obligation to pay rent shall be abated during such period of time as Tenant is unable to conduct business at the leased Premises by reason of actual physical interference with use of the leased Premises as a result of such restoration or repair work.

14. Eminent Domain. If the entire leased Premises shall be taken by any public or governmental authority under the power of eminent domain, the term of this Lease shall cease as of the date of possession is taken by such authority and the rent shall be paid up to that date. If only a part of the leased Premises or the Building shall be taken and the remainder remains tenable for the purposes for which Tenant has been using the leased Premises, then this Lease shall continue in effect, except that the rental shall be reduced in proportion to the amount of the floor area (in terms of square feet) of the Building on the leased Premises taken, and Landlord at its expense shall make all necessary repairs and alterations to the leased Premises required by such taking. All damages awarded for such taking may be retained by Landlord whether such damage is awarded as compensation for diminution in the value of the leasehold or to the fee of the leased Premises, but Landlord shall not be entitled to any portion of the award made to Tenant for cost of removal of stock and fixtures. The term "eminent domain" as used herein shall include the exercise of any similar governmental power and any purchase or other acquisition in lieu thereof.

15. Indemnification. Tenant shall indemnify, defend and hold Landlord harmless from and against all claims, demands, suits, costs, damages, injuries to persons or property, expenses and attorney's fees arising out of or caused in part or entirely by any act or omission related to the condition of the Premises or the use of the Premises by Tenant or by any of its agents, employees, invitees, or guests. This indemnification includes, but is not limited to any negligent, wrongful, intentional, or malicious acts or omission of Tenant, its agents, employees, invitees, or guests. Tenant specifically acknowledges that the operation of a marijuana establishment bears inherent risks, both known and unanticipated, including an increased risk of the occurrence of criminal behavior. These risks could result in physical injury, death, emotional injury, or other damage, to Tenant, Tenant's property, or third parties. Tenant understands that these risks include but are not limited to risks from: skill level and familiarity with operating a marijuana establishment, crowd management, compliance with any required security plan, customer service, Tenant's own actions or omissions; the actions or omissions of other individuals present in and around the Premises, the actions or omissions of Landlord; and defects, both hidden and apparent, in space leased by Tenant. Tenant expressly agrees to assume and accept all of these

M.P

risks and indemnify Landlord, except for acts caused by the sole negligence of Landlord and/or its agent and the intentional acts of Landlord and/or its agent. Tenant hereby voluntarily releases, forever discharges, and agrees to hold harmless and indemnify Landlord from any liability, claims, demands, actions or rights of actions, which are related to, arise out of, or are in any way connected with this Lease including specifically but not limited to, the acts or omissions of Landlord and all other persons or entities, including negligent acts or omissions, for any and all injury, death, and damage to Tenant, Tenant's property, and third parties.

Notwithstanding any of the foregoing releases, Landlord shall indemnify, defend and hold Tenant harmless from and against any and all claims, causes of action, liability, damages, costs and expenses (including all attorney's fees and costs), for injury to or death of persons or loss of or damage to property occurring on or about the leased Premises, or in any manner arising out of Landlord's use and occupation of the Premises, or the condition thereof, during the term of this Lease.

16. Liability Insurance. Tenant shall procure and maintain public liability insurance coverage, naming Landlord as an additional insured, which coverage, pertaining to the leased Premises, shall not be less than $1,000,000.00 per person for bodily injury or death to any one person, $1,000,000.00 in the aggregate per accident or occurrence, and $500,000.00 for property damage. Such policy shall waive subrogation against Landlord and shall be primary and noncontributory with respect to any policy obtained by Landlord. Landlord may reasonably require, including at the request of their insurance company or lender, that these limits be increased during the term of this Lease in accordance with customary standards to adequately cover the risks involved for the type of business being operated on the Premises. The insurance policy shall be issued by companies authorized to do business in Alaska and shall be subject to Landlord's review and acceptance. The policy shall provide that it may not be cancelled or reduced without at least thirty (30) days prior written notice to Landlord. Tenant shall furnish copies of certificates evidencing insurance coverage of the Premises to Landlord annually and upon each renewal date.

Tenant's obligation to procure and maintain public liability insurance is not in derogation of, or in substitution for, Tenant's obligation to protect, defend, indemnify, and save Landlord harmless under this Lease, it being understood that Tenant's obligation is not dependent upon or limited to the amount or availability of insurance proceeds. Tenant's failure to procure and maintain insurance as provided herein shall be a material breach of this Lease.

17. Default; Remedies.

17.A Tenant Default.

The occurrence of anyone or more of the following events shall constitute a material default and breach of this Lease by Tenant regardless of the pendency of any bankruptcy, reorganization, receivership, insolvency or other proceedings, in law, in equity or before any administrative tribunal, which have or might have the effect of preventing Tenant from complying with the terms of this Lease:

M.P

i. The vacating or abandonment of the Premises by Tenant.

ii. The failure by Tenant to make any payment of Monthly Base Rent, Additional Rent, or any other payment required to be made by Tenant hereunder within ten (10) days of the date when due.

iii. The failure by Tenant to observe or perform any of the covenants, conditions or provisions of this Lease to be observed or performed by Tenant, other than described in **Section 17.A(ii)** above, where such failure shall continue for a period of thirty (30) days after written notice from Landlord to Tenant.

iv. (a) The making by Tenant of any general assignment or general arrangement for the benefit of creditors; (b) the filing by or against Tenant of a petition to have Tenant adjudged a bankrupt or a petition for reorganization or arrangement under any law relating to bankruptcy (unless, in the case of a petition filed against Tenant, the same is dismissed within sixty (60) days); (c) the appointment of a trustee or receiver to take possession of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where possession is not restored to Tenant within thirty (30) days; or (d) the attachment, execution, or other judicial seizure of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where such seizure is not discharged within thirty (30) days.

v. The chronic delinquency by Tenant in the payment of Monthly Base Rent, or any other periodic payment required to be paid by Tenant under this Lease. "Chronic delinquency" shall mean failure by Tenant to pay monthly rental, or any other periodic payment required to be paid by Tenant under this Lease, within ten (10) days for any three (3) months (consecutive or nonconsecutive) during any twelve (12) month period. In the event of the chronic delinquency, at Landlord's option, Landlord shall have the additional right to require that monthly rental be paid by Tenant quarter-annually, in advance, for the remainder of the Term.

vi. The failure to maintain compliance with state and municipal marijuana regulations. Should the federal government legalize the recreational use of marijuana, Tenant must remain or become in compliance with federal regulations.

17.B. Landlord Remedies.

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

i. Terminate this Lease by any lawful means, in which case Tenant shall immediately surrender to Landlord, peaceably and quietly, the Premises and all structures, buildings, improvements, and equipment located thereon, and to execute and deliver

ALP

to Landlord such instrument or instruments, as shall be required by Landlord as will properly evidence termination of Tenant's rights hereunder or its interest therein. 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; the cost of storing any property left at the Premises; expenses of reletting, including necessary renovation and alteration of the Premises, reasonable attorneys' fees, and any real estate commission actually paid; the "worth at the time of award" established by the court having jurisdiction thereof of the amount by which the unpaid rent and other charges due for the balance of the Term after the time of Tenant's default exceeds the amount of such rental loss for the same period that Tenant proves could have been reasonably avoided; and that portion of the leasing commission paid by Landlord applicable to the unexpired term of this Lease. Unpaid installments of Monthly Base Rent or other sums shall bear interest from the date due at the rate of ten percent (10%) per annum. For purposes of this **Section 17.B(i)**, "Worth at the time of award" of the amount referred to above shall be computed by discounting each amount by a rate equal to the prime rate (or its equivalent) of as set in the Wall Street Journal at the time of the award, but in no event more than an annual rate of ten percent (10%). Reasonably efforts by Landlord to mitigate any default through re-letting shall not require Landlord to re-let the space to another marijuana establishment.

ii. Enter the Premises, without terminating this Lease, and remove any property from the Premises (storing the same for a reasonable amount of time at Tenant's expense), in which case Landlord shall be entitled to enforce all of Landlord's rights and remedies under this Lease, including the right to recover the rent and all other amounts due hereunder as they become due. No re-entry or taking possession of the Premises by Landlord pursuant to this **Section 17.B(ii)** or other action on Landlords part shall be construed as an election to terminate the Lease unless a written notice of such intention is given to Tenant or unless the termination thereof is decreed by a court of competent jurisdiction. Landlord's election not to terminate this Lease pursuant to this **Section 17.B (ii)** or pursuant to any other provision of this Lease shall not preclude Landlord from subsequently electing to terminate this Lease or pursuing any of its other remedies.

iii. 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 have the right to cure Tenant's defaults at Tenant's expense and shall be entitled to enforce all of Landlord's rights and remedies under this Lease, including the right to recover the rent and all other amounts due hereunder as they become due.

iv. Pursue any other or additional remedy now or hereafter available to Landlord under the laws or judicial decisions of the State of Alaska, including, without limitation, the imposition of a landlord's lien against any property located within the Premises.

The remedies set forth herein shall be deemed cumulative and not exclusive.

MP

17.C. Default by Landlord.

Landlord shall not be deemed in default unless Landlord fails to perform obligations required of Landlord within a reasonable time, but in no event later than thirty (30) days after written notice by Tenant to Landlord and Landlord's lender covering the Premises whose name and address shall have theretofore been furnished to Tenant in writing specifying wherein Landlord has failed to perform such obligations; provided, however, that if the nature of Landlord's obligation is such that more than thirty (30) days are required for performance, then Landlord shall not be in default if Landlord commences performance within such 30-day period and thereafter diligently prosecutes the same to completion; further, provided, however, that if Landlord's failure to perform is by reason of delay caused by force majeure, then the performance of that obligation shall be excused for the period of the delay. If Landlord does not perform, Landlord's mortgagee may perform in Landlords place and Tenant must accept such performance. In no event shall Tenant have the right to terminate this Lease as a result of Landlord's default, and Tenant's remedies shall be limited to damages and/ or an injunction.

18. Notices. Any and all notices required or permitted under this Lease, unless otherwise specified in writing by the party whose address is changed, shall be mailed, certified or registered mail, or delivered, to the following addresses:

Landlord:	John G. Pattee 721 West 4th Avenue Anchorage, Alaska 99501
Tenant:	Susan Nowland and Anthony Mann 715 West 4th Avenue Anchorage, Alaska 99501

Any such notices shall be deemed effective on the date of delivery.

19. Attorney's Fees. If either party brings an action to enforce the terms hereof or declare rights hereunder, the prevailing party shall be entitled to its reasonable attorneys' fees in any such action, on trial or appeal, to be paid by as fixed by the court.

20. Rights or Remedies. Except insofar as this is inconsistent with or contrary to any provision of this Lease, no right or remedy herein conferred upon or reserved to Landlord is intended to be exclusive of any other right or remedy, and each and every right and remedy shall be cumulative and in addition to any other right or remedy given hereunder, or now or hereafter existing at law or in equity or by statute.

21. Waiver and Forbearance. Except to the extent that Landlord may have otherwise agreed in writing, no waiver by Landlord of any breach by Tenant of any of its obligations, agreements or covenants hereunder shall be deemed to be a waiver of any subsequent breach of the same or any other covenant, agreement or obligation. Nor shall any forbearance by Landlord to seek a remedy for any breach of Tenant be deemed a waiver by Landlord of its rights or remedies with respect to such breach.

22. Cumulative Remedies. No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity.

23. Covenants and Conditions. Each provision of this Lease performable by Tenant shall be deemed both a covenant and a condition.

24. Right to Enter. Landlord shall at all reasonable times during Tenant's business hours have access to the Premises for the purpose of inspection and shall have access at any time in the event of a suspected emergency. Landlord shall also be entitled to put "to lease" or "for lease" signs in and about the leased Premises, and to show the leased Premises to prospective tenants, during the last sixty (60) days of the Term, and during any period of time after Landlord has given Tenant a notice of intention to terminate under **Section 17** of this Lease. Landlord may enter the Premises at any time for the purpose of posting notices of nonresponsibility.

25. Successors in Interest. This Lease shall be binding upon and inure to the benefit of the respective heirs, successors and assigns of the parties hereto.

26. Subletting and Assignment. Tenant shall not voluntarily or by operation of law, assign, transfer, mortgage, sublet, or otherwise transfer or encumber all or any part of Tenant's interest in this Lease or in the Premises to any marijuana establishment as that term is defined by AS 17.38.900, unless such assignment is to an entity wholly owned by Tenant. Tenant shall not voluntarily or by operation of law, assign, transfer, mortgage, sublet, or otherwise transfer or encumber all or any part of Tenant's interest in this Lease or in the Premises to any non-marijuana establishment, without Landlord's prior written consent, which consent shall not be unreasonably withheld. Any attempted assignment, transfer, mortgage, encumbrance, or subletting without such consent shall be void, and shall constitute a breach of this Lease.

27. Holding Over. In the event that the Tenant holds over without Landlord permission at or after the end of the term, the tenancy shall be deemed a month-to-month tenancy commencing on the first day of the hold-over period and the rent during the holdover period shall be one hundred and twenty-five percent (125%) of the rent being charged at the end of the lease term.

28. Memorandum of Lease. Tenant agrees that Tenant will not record this Lease. At the request of either Landlord or Tenant, the parties shall execute a memorandum of lease for recording purpose in lieu of recording this Lease, in such form as may be satisfactory to their respective attorneys.

29. Commission. Marc Dunne of Jack White Commercial Real Estate is the designated licensee for the Tenant and shall be paid commission by Landlord. Landlord and Tenant each warrant and represent to the other that neither party has employed any other real estate broker or agent in connection with this Lease. Each party agrees to indemnify and hold the other harmless from any loss or cost suffered or incurred by it as a result of the other's representation herein being inaccurate.

MP

30. Estoppel Certificates. Tenant shall, at any time, and from time to time upon not less than fifteen (15) days prior request by Landlord execute, acknowledge and deliver to Landlord a statement in writing certifying that this Lease is in full force and effect and unmodified (or in full force and effect and modified and stating the modifications), the dates to which the rent(s) and any other charges have been paid in advance, the date Tenant entered into occupancy of the leased Premises and the date the Lease term expires, the nature and amount of any claims of Tenant against Landlord arising as a result of this Lease, and the existence and nature of any defenses or offsets claimed by Tenant against enforcement of this Lease by Landlord; it being intended that any such statement delivered pursuant to this paragraph may be relied upon by any prospective purchaser or encumbrancer of the Premises. If Tenant shall fail to respond within fifteen (15) days after receipt by Tenant of a written request from Landlord as herein provided, Tenant shall be deemed to have certified and admitted the accuracy of information submitted by Landlord in good faith to any prospective purchaser or encumbrancer in respect to this Lease.

31. Excuse for Nonperformance. Either party hereto shall be excused from performing any or all of its obligations hereunder with respect to any repair and construction work required under the terms of this Lease for such times the performance of any such obligation is prevented or delayed by an act of God, floods, explosion, the elements, war, invasion, insurrection, riot, mob violence, sabotage, inability to procure labor, equipment, facilities, materials or supplies in the open market, failure of transportation, strikes, lockouts, action by labor unions, or laws or orders of governmental agencies, or any other cause whether similar or dissimilar to the foregoing which is not within the reasonable control of such party.

32. Parking Area. Landlord controls the parking areas behind the leased Premises, and grants to the Tenant a license to use one (1) parking space designated by Landlord in the parking area; provided, however, Landlord shall have no obligation to provide parking if the Municipality of Anchorage or any other governmental entity, rule or regulation restricts parking for the Building or Landlord's ability to provide parking near the Premises. Tenant must cooperate in the use of the parking area with other tenants in the Building, and should the Tenant fail to cooperate with other Building tenants in the use of the parking facility, then the Landlord may revoke this parking license at any time during the term of this Lease. Landlord shall keep the parking area free of snow and ice, however Tenant shall pay to Landlord as additional rent forty dollars ($40) per month from October through March ($240.00 per year) for the cost of snow removal.

33. Construction of Lease. This Lease shall be governed by and construed in accordance with the laws of the State of Alaska. The invalidity of any provision of this Lease as determined by a court of competent jurisdiction, shall in no way affect the validity of any other provision hereof. Words of gender used in this Lease shall mean and include any other gender, and singular shall mean and include the plural and the plural the singular, where applicable, and when the sense requires. Section and paragraph captions are not a part hereof.

34. Time is of the Essence. Time is of the Essence.

35. No Accord or Satisfaction. No payment by Tenant or receipt by Landlord of a lesser amount than the monthly rent and other sums due hereunder shall be deemed to be other than on account of the earliest rent or other sums due, nor shall any endorsement or statement on any check or accompanying any check or payment be deemed an accord and satisfaction; and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such rent or other sum or pursue any other remedy provided in this Lease.

36. Acceptance. This Lease shall only become effective and binding upon full execution hereof by Landlord and delivery of a fully executed copy to Tenant.

37. Incorporation of Prior Agreements; Amendments. This Lease contains all agreements of the parties with respect to any matter mentioned herein. No prior agreement or understanding pertaining to any such matter shall be effective. This Lease may be modified in writing only, signed by the parties in interest at the time of the modification.

Signatures to follow.

IN WITNESS WHEREOF, the parties have executed this agreement on the day and year first hereinabove written.

LANDLORD:

Date: 5-11-16

John G. Pattee

STATE OF ALASKA)
) ss.
THIRD JUDICIAL DISTRICT)

The foregoing instrument was acknowledged before me this 11 day of May, 2016 by John G. Pattee.

State of Alaska
Notary Public
Jill C. Hall
My Commission Expires: 4-16-19

Jill C. Hall
NOTARY PUBLIC in and for Alaska
My Commission expires: 4-16-19

TENANT:

Date: 5/11/16

Susan Nowiandi

STATE OF ALASKA)
) ss.
THIRD JUDICIAL DISTRICT)

The foregoing instrument was acknowledged before me this 11 day of May, 2016 by Susan Nowiandi.

NOTARY PUBLIC in and for Alaska
My Commission expires: 5/20/17

Date: 5/11/16

Anthony Mann

STATE OF ALASKA)
) ss.
THIRD JUDICIAL DISTRICT)

The foregoing instrument was acknowledged before me this 11 day of May, 2016 by Anthony Mann.

NOTARY PUBLIC in and for Alaska
My Commission expires: 5/20/17

Date: May 11, 2016

SEU, LLC

By:

Its: Member

{11365-002-00332453;5}

STATE OF ALASKA)
) ss.
THIRD JUDICIAL DISTRICT)

The foregoing instrument was acknowledged before me this 11 day of May, 2016 by Susan Newland member of Sun Lake

NOTARY PUBLIC in and for AK
My Commission expires: 5/2/17

MARCI N. CARTIER
My Commission Expires
NOTARY PUBLIC
May 20, 2017
STATE OF ALASKA

FIRST LEASE AMENDMENT

Is dated July 29, 2016 and is to be attached to and form part of that certain Lease Agreement dated May 11, 2016 ("Lease") by John G. Pattee ("Landlord"), and SEU LLC, Susan Nowland and Anthony Mann (collectively, the"Tenant") governing the property at 715 West 4th Avenue, Anchorage, Alaska ("Premises").

WHEREAS it is the intent of both Landlord and Tenant to amend said Lease;

NOW THEREFORE Landlord and Tenant hereby amend Lease as follows:

1. Paragraph 17.B(ii) is amended to exlcude Landlord's ability to remove marijuana and marijuana products ("Products") from the Premises, and if those Products must be removed pursuant to Tenant default, then Landlord will contact AMCO Enforcement and notify that the Products should be removed.

All other terms and conditions contained in the Lease shall remain in effect and unchanged.

IN WITNESS WHEREOF, the parties have executed this agreement on the day and year first hereinabove written.

LANDLORD: John G. Pattee

Date: 7-29-16

John G. Pattee

STATE OF ALASKA)
) ss.
THIRD JUDICIAL DISTRICT)

The foregoing instrument was acknowledged before me this 29th day of July, 2016 by John G. Pattee.

STATE OF ALASKA
NOTARY PUBLIC
MARCI N. CARTIER
My Commission Expires May 20, 2017.

NOTARY PUBLIC in and for Alaska
My Commission expires: 5/20/17

TENANT: Susan Nowland

Date: 8-3-2016

Susan Nowland

STATE OF ALASKA)
) ss.
THIRD JUDICIAL DISTRICT)

The foregoing instrument was acknowledged before me this 3rd day of Aug, 2016 by Susan Nowland.

NOTARY PUBLIC in and for Alaska
My Commission expires: 5/20/17

STATE OF ALASKA
NOTARY PUBLIC
MARCI N. CARTIER
My Commission Expires May 20, 2017.

TENANT: Anthony Mann

TENANT: Anthony Mann

Date: 7/29/16

Anthony Mann

STATE OF ALASKA)
) ss.
THIRD JUDICIAL DISTRICT)

The foregoing instrument was acknowledged before me this 29th day of JULY, 2016 by ANTHONY CARL MANN.

NOTARY PUBLIC in and for Alaska
My Commission expires: JANUARY 28, 2020

DIANNE L. KIANA
NOTARY PUBLIC
STATE OF ALASKA
My Commission Expires: January 28, 2020

TENANT: SEU, LLC

Date: 8-3-2016

Susan Nowland
Its: Managing Member

STATE OF ALASKA)
) ss.
THIRD JUDICIAL DISTRICT)

The foregoing instrument was acknowledged before me this 3rd day of Aug, 2016 by Susan Nowland.

NOTARY PUBLIC in and for Alaska
My Commission expires: 5/20/17

STATE OF ALASKA
NOTARY PUBLIC
MARCI N. CARTIER
My Commission Expires May 20, 2017.