SUB-LEASE

This Sub-Lease (hereinafter referred to as "Sub-Lease", "Agreement" or "Lease" interchangeably) made Nov 29 2016 between R. Bruce Burnett, an individual, having his Principal place of business at 4240 Old Seward Hwy. Suite#13, Anchorage, State of Alaska, (herein referred to as "Landlord,") and GREEN GO LLC, an Alaska limited liability company, (herein referred to as "Tenant").

In consideration of the mutual covenants contained herein, the parties agree as follows:

1

PREMISES

Landlord hereby Sub-Leases to Tenant and Tenant hereby rents from Landlord for the Term hereinafter provided, the premises located at 101 Post Road, Anchorage, Alaska and described more particularly as:

Five Thousand +/- (5,000+/-) square feet of a certain structure, known as and numbered 101 Post Road, Anchorage, Alaska 99501, as shown on a plan attached hereto and incorporated herein as Exhibit A, and hereafter, referred to as the "Premises." The Building, the Land and all other parking lots and other improvements located thereon and appurtenances thereto are referred to collectively herein as the "Property."

2

TERM OF SUB-LEASE

The term of this Sub-Lease shall be for FIVE (5) Years to commence on, June 1, 2016 *AND CONTINUE* to conclude May 31, 2021, unless sooner terminated by a breach of the terms and condition of this Sub-Lease by the Tenant, by the Landlord, or by mutual agreement of the parties.

3

OPTION TO EXTEND

Tenant shall have the option to renew this Sub-Lease for TWO (2) additional FIVE (5) year term only if Tenant is operating a current and state and local government licensed marijuana license(s). If Tenant is not operating a marijuana license(s) and Tenant desires to exercise its option to renew, Tenant may do so only at the approval of Landlord

To exercise these options to renew, Tenant must give Landlord written notice by registered mail intention to do so at least thirty days before this Sub-Lease expires. If the Tenant elects to exercise this option to renew, the Tenant and the Landlord agree the Base rental rate during the Option Term, will be current Base rent rate, plus CPI, in addition to the Percentage Rent defined in Section 4 of this Sub-Lease.

This option, however, shall be void if the Tenant is not in possession of the premises under this Sub-Lease at the time of giving said notice or if the Tenant does not exercise the option in writing at least thirty days before the expiration of the current period sought to be renewed, unless otherwise agreed by the Parties in writing.

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BASE AND PERCENTAGE RENT

Tenant covenants to and shall pay to Landlord at 4240 Old Seward Hwy.. Suite #13, Anchorage, AK 99503, or at such other place as Landlord may designate, in advance, on the first day of each calendar month during the term hereof, monthly rent as follows:

Base Rental Rate: Shall mean $6000.00 a Month plus Triple Net Sub-Lease expenses, which include real estate taxes, building insurance, and maintenance, plus the cost of Alaska Railroad Sub-Lease payment that will commence upon Tenant receiving a Condition of Occupancy ("C.O.") by Municipality of Anchorage.

Percentage Rent: In addition to the Base Rent above, the Percentage Rent shall be payable at the same time as the Base Rent and shall consist of Fifty Percent (50%) of the Profit of any marijuana business located on the premises. For the purpose of calculating "Pre-Tax Profit" for this specific Sub-Lease Agreement, the Pre-Tax Profit shall mean the total revenue of the business(s) less all operating expenses, less the State of Alaska cultivator Excise Tax. All other taxes due to governmental agencies are not to be deducted from the Pre-Tax Profit. Tenant shall act in good faith and shall not use "bonuses" and high salaries for employees and owners to unfairly reduce the amount of Pre-Tax Profit to undermine the intent of this Sub-Lease. Landlord shall have full access to the books of the business twice (2) a year and shall have the option at Landlord's expense to have an independent audit conducted of the business(s) books to ensure the intent of this agreement is not being undermined.

Base Rent and Percentage Rent shall be collectively referred to as "rent" throughout this Agreement.

Nothing in this Sub-Lease or Agreement is meant to create a joint-venture or business relationship other than a Landlord-Tenant relationship. Landlord is not responsible, and Tenant shall indemnify and hold Landlord harmless from, any federal or state actions relating to Tenant's tax obligations from either governmental body.

5

USE OF PREMISES

A. PERMITTED USES: The premises are to be used for the purpose of operating a **Marijuana Cultivation for Wholesale/Retail Sales.** Tenant shall not use nor permit or suffer the use of the premises for any business or purpose other than the one set forth above, without the prior written consent of Landlord, which consent may be subject to such conditions as Landlord reasonably deems appropriate.

B. USES PROHIBITED: Tenant shall not do, or permit anything to be done, in or about the premises nor bring nor keep anything therein which will in any way increase the existing rate of, or affect any, liability, fire, or other insurances upon the Premises, Shopping Center or the building of which the Premises is a part; or cause a cancellation of any insurance policy covering said premises, the building or any part thereof or any of its contents; unless, with the Landlord's reasonable consent the Tenant pays for such increases in the insurance premiums as additional rent. Tenant shall not do,

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permit, or suffer anything to be done in or about the premises which will in any way obstruct or interfere with the rights of other Tenants or occupants of the Building or injure or annoy them; nor shall the Tenant use, or allow the premises to be used for any improper, immoral, unlawful, or objectionable or offensive purpose, nor shall Tenant cause, maintain, or suffer any nuisance in, on, or about the Premises. Tenant shall not commit or allow to be committed any waste in or upon the Premises and shall refrain from using or permitting the use of the Premises or any portion thereof as residential living quarters, sleeping quarters, including the lodging of persons for commercial purposes. Landlord shall have the option to terminate this Sub-Lease in the event law prohibits Tenant's permitted continual use.

C. COMPLIANCE WITH LAWS. Tenant shall, at its sole cost and expense, promptly comply with all local, state, or federal laws, statutes ordinances and governmental rules, regulations or requirements now in force or which may hereinafter be in force with respect to the Tenant's use and occupancy of the Premises, and the Tenant's business conducted thereon and with the requirements of any board of fire underwriters or other similar bodies now or hereafter constituted relating to or affecting the condition, use or occupancy of the Premises, (Excluding structural changes not related to or affected by Tenant's improvements, acts, or changes for which Landlord is reasonable hereunder). The judgment of any court of competent jurisdiction or the admission of Tenant in any action against Tenant, whether Landlord is a party thereto or not that Tenant has violated any law, statute, ordinance or government rule, regulation or requirement, shall be conclusive of that fact as between the Landlord and Tenant.

6
PARKING

Parking for the Sub-Leased space is not to be restricted in any manner.

7
DEFAULT OF PAYMENT

If the Tenant shall be in default of the payment of rent more than ten (10) days, Landlord at his option shall have the right to give written notice to the Tenant that Tenant shall vacate the Sub-Leased premises. If payment is accepted after the tenth (10th) day, an 9% penalty shall be incurred.

8
ALTERATIONS

Costs to remodel building at 101 Post Road, from a retail warehouse use, to marijuana cultivation facility, is to be split equally between Tenant and Landlord. However, Tenant shall provide Landlord with a detailed Improvement Plan and cost estimates of the same. Landlord shall approve each improvement, plan for improvement, and cost for improvement in Landlord's sole discretion. Tenant shall ensure and obtain Landlord's consent for all contractors used to do the work to improve the building.

A. ACCEPTANCE OF PREMISES. Upon delivery of the Premises to Tenant, Tenant shall acknowledge to Landlord in writing within ten (10) business days from delivery, that Tenant has inspected the Premises and accepts them in their then condition as noted. The Landlord's obligation and/or liability to Tenant for deficiencies shall be strictly limited to thecorrection of the noted deficiencies.

C. ALTERATIONS BY TENANT. Tenant shall not make any alterations, additions, or improvements in or to the premises without the prior written consent of Landlord, which consent may be subject to such conditions as Landlord may deem reasonably appropriate. Any such alterations, additions, or improvements

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consented to by Landlord for the initial improvements to transform the building into a cultivation facility shall be equally split between Landlord and Tenant as detailed above. Any improvements thereafter shall be approved by Landlord prior to improvement being made and shall be made at Tenant's sole cost and expense. Tenant shall provide its own trash container or containers for construction debris; shall use service entrances to the Premises, if any; will conduct no core drilling during business hours; and will disrupt other Tenants as little as possible. Tenant shall secure any and all governmental permits, approvals or authorizations required in connection with any such work, and, absent of Landlord's negligence, shall hold Landlord harmless from any and all liability, costs damages, expenses (excluding reasonable attorney's fees), and any and all liens resulting there from. All alterations, additions and improvements (and 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.

All improvements shall remain affixed to the property upon the expiration or sooner termination of the Term, unless otherwise agreed to in writing by both Parties.

9

UTILITIES

The Landlord hereby agrees, that in addition to providing the space agreed to. Landlord would furnish water and sewer, parking lot maintenance, snow removal, heating equipment, and exterior building maintenance. Tenant hereby agrees to provide electric, natural gas, telephone, fire extinguishers, sidewalk snow and ice removal, and interior building maintenance attributable to the Sub-Leased Premises. Tenant shall provide other services or utilities used in, upon or about the Premises by Tenant.

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ENTRY ON PREMISES BY LESSOR

Landlord will comply with the Marijuana Control Board ("MCB") regulations relating to Restricted Access Areas and Visitor Policy. Landlord will ensure that any agent of Landlord will understands the MCB regulations relating to entry of the cultivation facility or retail facility, ensure any agent is over the age of 21 and has a valid state or military issued identification card. Landlord, upon proper notification to and prior approval by the Alaska Marijuana Control Office ("AMCO") reserves the right to enter on the Premises at reasonable times after notice to inspect them, to perform required maintenance and repairs, or to make additions, alterations, or modifications to any part of the building in which the Premises are located, and Tenant shall permit Landlord to do so. Landlord may erect scaffolding, fences, and similar structures, post relevant alterations or additions repairs, all without incurring liability to Tenant for disturbance of quiet enjoyment of the Premises, or loss of occupation thereof, provided Landlord is not negligent and uses best efforts not to interfere with Tenants business.

11

MAINTENANCE OF PREMISES

A. MAINTENANCE AND REPAIR BY TENANT. Tenant shall at all times throughout the Sub-Lease term at its sole cost and expense, keep the Premises (Including exterior doors and entrances, all windows and molding, and trim of all doors and windows), and all partitions, door fixtures, equipment and appurtenances thereof, (Including lighting and air conditioning systems and water heater), in good order, condition and repair, (Including damage from burglary or attempted burglary of the Premises). Tenant shall pay the cost of any such repairs. Tenant shall provide for their unit, an appropriate Fire Extinguisher, and maintain regular maintenance on said extinguisher. If there is an air conditioning system serving the Premises, Landlord will contract for preventative maintenance checks, filter changes, repairs, replacement, and service. Without limiting the generalities thereof, Tenant shall keep the glass of all windows, doors, and showcases clean and presentable, replace

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immediately all broken glass in the Premises, at reasonable intervals paint or refinish the interior of the Premises including entrances as determined by Landlord; make any necessary repairs to, or replacement of, all door closure apparatuses and mechanisms, keep all plumbing clean and in good state of repair including pipes, drains, toilets, basins, and those portions of the exposed heating system within the walls of the Premises; remove all snow and ice from the sidewalk in front of the Premises; and keep all utilities inside the Premises in good repair.

B. FAILURE TO MAINTAIN. If after twenty (20), days written notice, Tenant fails to keep and preserve the Premises as set forth in Section A. above, Landlord may, at its option, put or cause the same to be put in the state and condition of repair agreed upon, and in such case, upon receipt of written statements from Landlord, Tenant shall promptly pay the entire reasonable cost thereof as additional rent. Landlord will comply with the MCB regulations relating to Restricted Access Areas and Visitor Policy. Landlord will ensure that any agent of Landlord will understands the MCB regulations relating to entry of the cultivation facility or retail facility, ensure any agent is over the age of 21 and has a valid state or military issued identification card. Landlord, upon proper notification to and prior approval by the Alaska Marijuana Control Office ("AMCO") 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 after twenty (20) days written notice.

C. REPAIRS BY LANDLORD. Landlord shall keep the roof, exterior walls, foundations and building structure of the Premises in a good state of repair, and shall accomplish such repairs as may be needed promptly after receipt of written notice from Tenant. Should such repairs be required by reason of Tenant's negligent acts, or failure to act, Tenant shall promptly pay Landlord for the reasonable costs thereof as additional rent. Tenant shall immediately inform Landlord of any necessary repairs and Tenant shall make no such repairs without Landlord's prior written consent. Landlord shall not be liable for 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 interference with Tenants business arising from the making of any repairs, alterations, or improvements in or to fixtures appurtenances and equipment therein to
the extent that Landlord is not negligent and uses best efforts not to interfere with Lessee's business.

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SIGNS AWNINGS AND MARQUEES INSTALLED BY TENANT

Tenant shall not construct or place signs, awnings, marquees, or other structures projecting from the exterior of the Premises without the written reasonable consent of the Landlord. The Landlord shall reasonably approve the size and type of sign. The Tenant may use a portable sign for the first thirty, days of occupancy. Tenant shall remove signs, displays, advertisements or decorations it had placed on the Premises

that, in the reasonable opinion of Landlord, are offensive or otherwise objectionable. If Tenant fails to remove such signs, displays, advertisements, decorations within fifteen (15) days of receiving written notice to remove them, Landlord reserves the right to enter the Premises to remove them at the reasonable expense of the Tenant. Pole signs and the overhead panels are the property of the Landlord.

13

NONLIABILITY OF LANDLORD FOR DAMAGES

Landlord shall not be liable for liability or damage claims or for injury to persons or property

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from any cause relating to the occupancy of the Premises by Tenant. Tenant shall indemnify Landlord from all liability, loss, or other damage claims or obligations resulting from any injuries or losses of this nature. The Tenant shall be responsible for, broken windows and doors during the term of the Sub-Lease.

14

Liability INSURANCE AND INDEMNITY

A. INDEMNIFICATION. It is understood and agreed that Landlord shall not be liable for injury to any person, or for the loss or damage to any property (Including property of Tenant), occurring in or about the Premises from any cause whatsoever, except for the Landlord's negligence or willful misconduct. Tenant hereby indemnifies and holds Landlord harmless from and against and agrees to defend Landlord against any and all claims, charges liabilities, penalties, causes of action, liens, damages, costs, and expenses (Including attorney's fees), arising, claimed, charged, or incurred against or by Landlord from any matter or thing arising from Tenant's use of the Premises, the conduct of it's business or from any activity, work or other thing done, permitted and suffered by the Tenant in or about the Premises whether prior or subsequent to the commencement of the term of this Sub-Lease, or arising from any act or negligence of the Tenant, or any officer, contractor, agent, employee, guest, licensee or invitee of the Tenant, and from all costs, attorney's fee, and liabilities incurred in or about the defense of any such claim (Including appeals), or any action or proceeding brought thereon and in case any action be brought against Landlord by reason of such claim. Tenant upon notice from Landlord shall defend the same at Tenant's expense by council reasonably satisfactory to Landlord. Tenant as a material part of the consideration to Landlord, hereby assumes all risk of damages to property, or injury to persons in, upon or about the Premises, from any cause other than Landlord's gross negligence, or willful misconduct, and Tenant hereby waives all claims in respect thereof against Landlord. The indemnification provided for in this section shall survive any termination or expiration of this Sub-Lease. Landlord and its agents shall not be liable for any loss or damage to persons or property resulting from fire, explosion, falling plaster, steam, gas, electricity, water or rain which may leak from any part of the Premises or from pipes, appliances or plumbing works therein, or from the roof street or subsurface or from any other place resulting from dampness or any other cause whatsoever unless caused by or due to the negligence of Landlord, its agents, servants or employees. Landlord and its agents shall not be liable for interference with the light, air or for any latent defect on the Premises. Tenant shall give prompt notice to Landlord in case of casualty or accidents on or about the Premises. Each party shall defend and indemnify the other for its own negligence. Each party shall name the other as an additional insured on its insurance policy with a waiver of subrogation.

B. INSURANCE. During the entire Sub-Lease Term, and at any time prior to the Sub-Lease Term commencing with the day on which the Tenant is given possession of the Premises for any reason, the Tenant shall, at its own expense, maintain adequate liability insurance with a reputable company or companies with minimum amounts of $500,000.00 combined single limit for personal injuries and property damage, to indemnify both Landlord and Tenant against any such claims, demands, losses, damages, liabilities and expenses. Landlord and the management company, if any, employed by the Landlord with respect to the Shopping Center shall be named additional insured and shall be furnished with a certificate of such insurance, which shall bear an endorsement that the same shall not be cancelled except upon not less than thirty (30), days prior written notice to Landlord. Tenant shall also at its own expense maintain, during the Sub-Lease Term and at any time prior to the Sub-Lease Term commencing with the date on which the Tenant is given possession of the Premises for any reason, insurance covering its furniture, fixtures, equipment, all Sub-Leasehold

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improvements and inventory in an amount equal to not less than 100% of the full replacement value thereof and insuring against fire and all risk perils coverage as provided by a standard all risk coverage endorsement, and the plate glass and all other glass is the responsibility of the Tenant in the event of breakage from any cause. Tenant shall at its sole cost and expense obtains and maintains builder's risk perils coverage from any cause. Tenant shall at its sole cost and expense maintain builder's risk insurance as the Landlord may require and covering any work, which Tenant may undertake, or have undertaken on Tenant's behalf, with respect to the Premises. Tenant shall provide Landlord with copies of the insurance certificates thereof. If Tenant fails to maintain such insurance, Landlord may maintain the same on behalf of the Tenant. Any premiums paid by Landlord shall be deemed additional rent and shall be due on the payment date of the next installment of Minimum Rent hereunder.

15

ASSIGNMENT, SUBSUB-LEASE, OR LICENSE

The Landlord has relied on the identity and/or special skills of the Tenant. Therefore, Tenant shall not assign or sub-lease the Premises, or any right or privilege connected therewith, or allow any other person except agents and employees of Tenant to occupy the Premises or any part thereof without first obtaining the written consent of the Landlord, which Landlord may deny consent for any reason or for no reason at all given that Landlord has relied on the special skill set of Tenant, Tenant's business plan, and Tenant's identify in negotiating and engaging in this Sub-Lease. . The Landlord reserves the right to void any assignment to a person or entity, in which the named Tenant retains no management or control powers, or to any entity, which is not financially responsible. Consent by Tenant shall not be consent to a subsequent assignment, sub-lease. or occupation by other persons. An unauthorized assignment, sub-lease, or license to occupy by Tenant shall be void and shall terminate the Sub-Lease at the option of Landlord. The interest of Tenant in this Sub-Lease is not assignable by operation of law without the written consent of Landlord.

16

PARTIAL DESTRU CTION OF PREMISES

Partial destruction of the Sub-Leased Premises shall not render this Sub-Lease void or voidable, nor terminate it except as herein provided. If the Premises are partially destroyed during the term of this Sub-Lease, Landlord shall repair them when such repairs can be made in conformity with governmental laws and regulations, within thirty, (30) days of the partial destruction. Written notice of the intention of Landlord to repair shall be given to Tenant within fifteen (15) days after any partial destruction. Rent will be reduced proportionately to the extent to which the repair operations interfere with the business conducted on the Premises by Tenant. If the repairs cannot be made within thirty, days, Landlord shall have the option to make them within a reasonable time and continue this Sub-Lease in effect with proportional rebate to Tenant as provided herein. If the repairs cannot be made within 120 days, and if the Landlord does not elect to make them within a reasonable time, either party shall have the option to terminate this Sub-Lease.

17

TENANT'S DEFAUL T

17.1 DEFAULT. The occurrence of any one or more of the following events shall constitute a default and breach of this Sub-Lease by Tenant:

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A. VACATING THE PREMISES. The vacating or abandonment of the Premises by Tenant, or the failure of Tenant to be open for business, without written notice to resume at a later date (except in the event of damage or destruction of the Premises which prevents Lessee from conducting any business thereon).

B. FAILURE TO PAY RENT. The failure by Tenant to make any payment of minimum rent (check original) payments required to be made by Tenant hereunder, as and when due, where such failure shall continue for a period of three (3) days after written notice thereof by Landlord to Tenant.

C. FAILURE TO PERFORM. The failure of the Tenant to observe or perform any of the covenants, conditions, or provisions of this Sub-Lease *to* be observed or performed by Lessee, other than described in Section 17.1 (B) above. where such failure shall continue for a period of thirty (30) days after written notice thereof by Landlord to Tenant; provided, however, that if the days are reasonably required for its cure, then the Tenant shall not be deemed to be in default, if Tenant commences such cure within said thirty (30) day period and thereafter prosecutes such cure to completion.

D. Failure to maintain and operate and state and municipal licensed marijuana business(s)

E. BANKRUPTCY. The making by Tenant of any general assignment or general arrangement for the benefit of creditors; or by the filing by or against Tenant of a petition to have Tenant adjudged a bankrupt, or a petition, or reorganization, or arrangement under any law relating to bankruptcy, unless, (In the case of a petition filed against the Lessee, the same is dismissed within sixty (60) days of filing); or the appointment of a trustee or a receiver to take possession of substantially all of Tenant's interest in this Sub-Lease, where such seizure is not discharged in thirty (30) days after appointment of said trustee or receiver, or the filing of a petition for the appointment of the same, whichever shall first occur.

17.2 REMEDIES IN DEFAULT. In the event of any such 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 a right or remedy, which Landlord may have by reason of such default or breach:

A. TERMINATE SUB-LEASE. Terminate Tenant's right to possession of the Premises by any lawful means, in which case this Sub-Lease shall terminate and Tenant shall immediately surrender possession of the Premises to Landlord. In such event, Landlord shall be entitled to recover from the Tenant all past due rents, adjustments and other charges; the expenses of re-letting the Premises, including necessary reasonable renovation and alteration of the Premises, reasonable attorney's fees; the worth at the time of award by the court having jurisdiction thereof the amount by for herein for the balance of the Sub-Lease Term after the time of that Tenant proves could be reasonably avoided: and that portion of any reasonable leasing commission paid by Landlord and applicable to the unexpired Sub-Lease Term of this Sub-Lease. Unpaid installments of rent or other sums shall bear interest from the date due at the rate of ten percent (10%) per annum; (Landlord shall use reasonable efforts to re-let) or,

B. CONTINUE THE SUB-LEASE. Maintain Tenant's right to possession, in which case this Sub-Lease shall continue in effect whether or not Tenant shall have abandoned the Premises. In such event landlord shall be entitled to enforce all Landlord's rights and remedies under this Sub-

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Lease, including the right to recover Minimum Rent and any other charges and Adjustments as may become due hereunder; or.

C. OTHER REMEDIES. Pursue any other remedy now or hereafter available under the laws or judicial decisions of the State in which the Premises are located, including but not limited to the right to assess against the Lessee an amount equal to reasonable attorneys' fees incurred by Landlord in collecting any rent or other payment due hereunder, which amount shall be due in full within ten (10) days of Tenant's receipt of assessment by Landlord.

17.3 REMEDIES CUMULATIVE-WAIVER. It is understood and agreed that the Landlord's remedies hereunder are cumulative and the Landlord's exercise of any right or remedy due to a default or breach by Tenant shall not be deemed a waiver of, or alter affected or prejudice any right or remedy which Landlord may have under this Sub-Lease or by law or in equity. Neither the acceptance of Minimum or Percentage Rent nor any other acts or omission of land at any time or times after the happening of any event authorizing the cancellation or forfeiture of this Sub-Lease, shall operate as a waiver of any past or future violation, breach or failure to keep or perform any covenant, agreement, term or condition hereof or to deprive Landlord of its right to cancel or forfeit this Sub-Lease upon the written notice provided for herein, at any time that cause for cancellation or forfeiture may exist, or be construed so as at any time to stop Landlord from promptly exercising any other option, right or remedy that it may have under any term or provision of this Sub-Lease, at law or in equity.

17.4 ACCEPTANCE OF PAYMENT. It is specifically understood and agreed that the Landlord's acceptance of any sum, whether as Base Rent, Percentage Rent, adjustments or otherwise, which is less than the amount claimed as due by the Landlord, shall not act as, or be deemed to be, a waiver of such claimed amount or a compromise or accord and satisfaction of the amount claimed as due, by Landlord.

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DEFAULT BYLANDLORD

18.1 DEFAULT BY LANDLORD. Landlord shall not be in default unless Landlord fails to perform obligations required by Landlord within a reasonable time, but in no event later than thirty (30) days after written notice by Tenant to Landlord and to the holder of any first mortgage deed of trust covering the Premises whose name and address shall have heretofore been furnished to Tenant in writing. Said notice shall specify wherein Landlord has failed to perform such obligation; 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 thirty (30) day period and thereafter diligently prosecutes the same to complete. Tenant further agrees not to invoke any of its remedies under this Sub-Lease until said thirty, (30), days have elapsed, except in emergencies. In no event shall Tenant have the right to terminate this Sub-Lease as a result of Landlord's default and Tenant's remedies shall be limited to damages and/or injunction.

18.2 COSTS UPON DEFAULT. In the event the Tenant or Landlord shall be in default in the performance of any of their obligations under this Sub-Lease and an action be brought for the enforcement thereof, the Landlord or Tenant shall pay to the other all the expenses incurred therein, including a reasonable attorney's fee. In the event either party shall without fault on its part be made a party of any litigation commenced by, or against the other party, then such other party shall pay all costs and reasonable attorney's fees incurred or paid by such party in connection with such litigation.

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SUCCESSORS IN INTEREST

Each and every clause and provision contained herein shall be binding upon and inure to the benefit of the successors, heirs, devises and assigns of the parties hereto and cannot be changed or terminated except by a written instrument subsequently executed by the parties hereto. Upon payment of the rent as above specified and the

performance of the covenants to be kept and performed by the Tenant, the Tenant shall peaceably hold and enjoy the Sub-Leased premises during the full term herein specified, and if any default be made in the keeping of the covenants agreed to be kept by the Tenant, then it shall be lawful for the Landlord, at its option, and in compliance with MCB regulations, to terminate this Sub-Lease and re-enter upon said premises and the whole thereof and to remove all persons there from.

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APPLICABLE LAW

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

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NOTICE

All notices to be given with respect to this Sub-Lease shall be in writing. Each notice shall be sent by registered or certified mail, postage pre-paid and return receipt requested, to other addresses as either party may from time to time designate in writing. The Mailing Address of the Landlord is: 4240 Old Seward Hwy. Suite #13, Anchorage, AK 99503, and the address of the Tenant is:
Phone: _____

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SUBORDINATION AND ATTORNMENT; MORTGAGEE PROTECTION

SUBORDINATION NOTICE TO MORTGAGEE. At the request of the Landlord, Tenant shall promptly execute, acknowledge, and deliver, all instruments which may be required to subordinate this Sub-Lease to any existing or future mortgages, deeds of trust, and/or other security documents on or encumbering the property or on the Sub-Leasehold interest held by Landlord, and to any extensions, renewals or replacements thereof; provided that the mortgage or beneficiary, as the case may be, shall agree to recognize this Sub-Lease in the event of foreclosure if Tenant is not in default at such time.

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ENVIRONMENTAL

A. As a condition precedent to Tenant's obligation to take Possession of the Premises, Tenant shall have forty-five (45) days from the effective date to conduct its own environmental assessment (ESA) of the Premises to evaluate the environmental conditions of the Premises, (The "Environmental Inspection Period,"). If the ESA discloses environmental conditions which Tenant determines are unacceptable, Tenant

shall have the option of terminating this Sub-Lease by tendering a termination notice upon the Landlord within ten (10) days after the termination of the Environmental Inspection Period or postponing the Sub-Lease until Landlord corrects or remedies the environmental conditions and obtains a No Further Action (NFA) letter, or its equivalent from the appropriate governmental environmental agency indicating that no further remedial actions are required or recommended.

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B. Tenant hereby agrees to defend, indemnify, and hold Harmless Landlord from and against any Environmental Liabilities and Costs arising out of: Any damage or threat of damage caused by Hazardous Materials at or from the Premises caused by Tenant's operation during the term of the Sub-Lease; and any violations of Environmental Laws that are caused by Tenant's operation during the term of the Sub-Lease. This indemnity shall survive the termination of this Sub-Lease.

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BROKERS

Landlord and Tenant warrant that they have had no dealings with any real estate broker or agent in connection with the negotiation of this Sub-Lease and that they know no real estate brokers or agents who are or claim to be entitled to a commission in connection with this Sub-Lease.

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NO RECORDING

This Sub-Lease shall not be recorded.

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SEVERABILITY

If any provision of this Sub-Lease or the application thereof to any person or circumstances shall be invalid or unenforceable to any extent, the application of such provisions to other persons or circumstances and the remainder of this Sub-Lease shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

In witness whereof, the parties represent and warrant that they have the authority to enter into a binding agreement and have executed this Sub-Lease as of the day and year first above written.

Tenant:
Green Go LLC.

Troy Millhouse

Sole Member of Green Go, LLC
Troy Millhouse

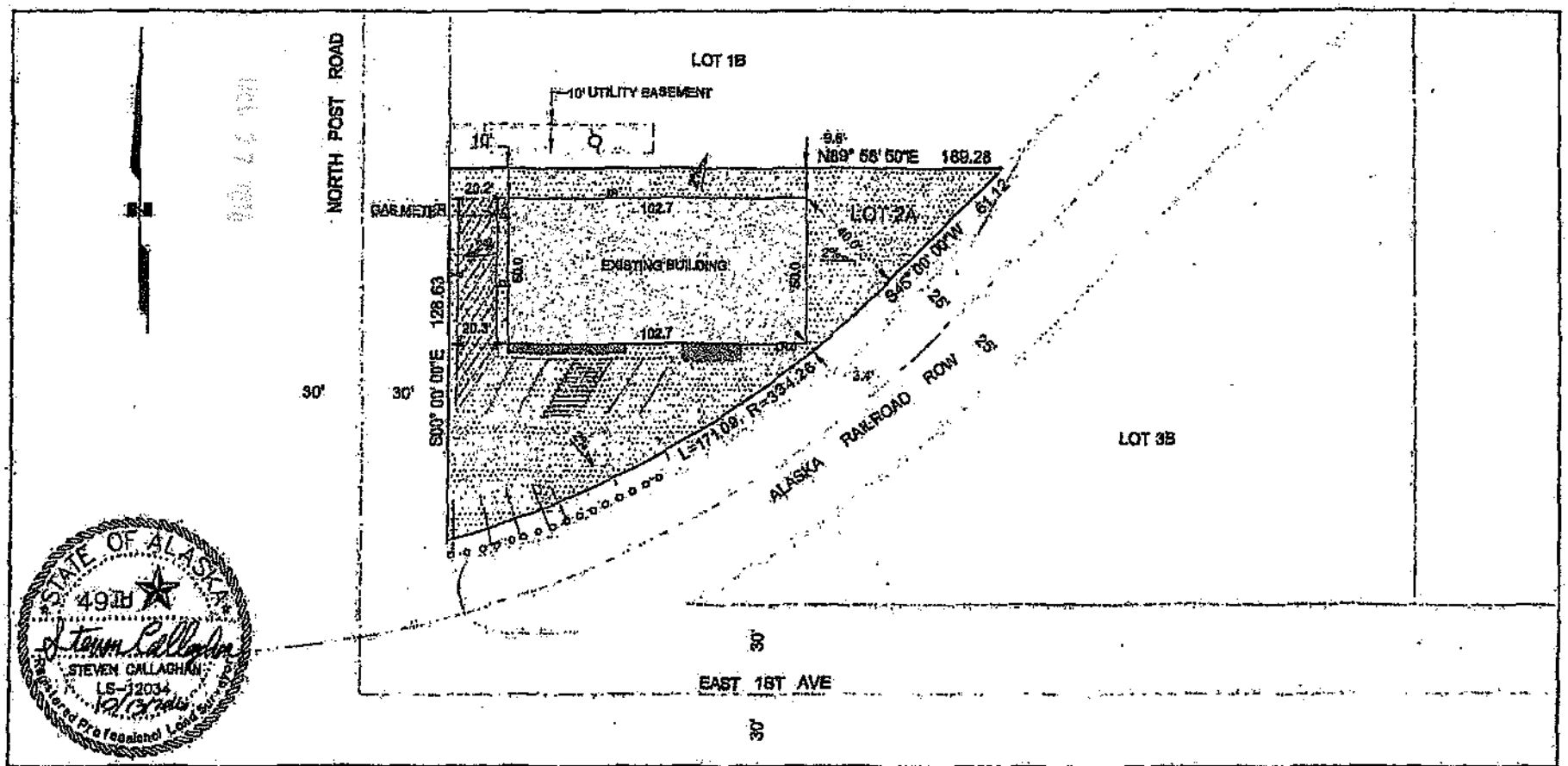
Landlord:
R. Bruce Burnett.

Bruce Burnett

R. Bruce Burnett

DEC 27 2016

Exhibit A



LCG Lantech Inc
architecture · engineering · surveying

250 H Street
Anchorage, Alaska 99501

Survey Department
Phone 562-5291
Mainline
Phone 243-6985

ORDERED BY: BRUCE BURNETT

LEGAL DESCRIPTION:

AS-BUILT
LOT 2A, BLOCK 41D, EAST ADDITION

DRAWN DATE: 8/14/2016	WORK ORDER: 1121.01
DRAWN BY: AP	PLAT: 63-78
CHECKED BY: SC	GRID: SW1232
SCALE: 1"=40'	FB/PG: 203/45-47

PARCEL #: 003-064-19-000

ADDRESS: 101 N POST ROAD

LEGEND:
POWER POLE:
ELECTRIC METER:
CLEAN OUT:
WATER VALVE:
BOLLARD:
PARKING LOT STRIPES:
GAS METER:
SIGN:
Asphalt
Concrete
Overlaps

SURVEY CERTIFICATION: LCG LANTECH, INC HAS CONDUCTED A PHYSICAL SURVEY OF THIS PROPERTY AS SHOWN ON THIS DRAWING AND CERTIFIES THAT THE IMPROVEMENTS SITUATED THEREON ARE WITHIN THE PROPERTY LINES AND NO ENCROACHMENTS EXIST OTHER THAN NOTED.

EXCLUSIONARY NOTE: IT IS THE OWNERS' RESPONSIBILITY TO DETERMINE THE EXISTENCE OF ANY EASEMENTS, COVENANTS, RESTRICTIONS OR RIGHT-OF-WAY TAKINGS WHICH DO NOT APPEAR ON THE RECORDED SUBDIVISION PLAT. UNDER NO CIRCUMSTANCES SHOULD ANY DATA HEREON BE USED FOR CONSTRUCTION, FOR ESTABLISHING PROPERTY LINES, OR FOR PLOT-PLAN PURPOSES.

ALASKA
RAILROAD

Real Estate Department
Telephone: (907)265-2325
Fax Number: (907)265-2450
Email: ealume@akrr.com

January 16, 2017

Robert B. Burnett
4240 Old Seward Hwy., #13
Anchorage, AK 99503

Re: Alaska Railroad Corporation (ARRC) Ground Lease, Contract No. 8258
Bruce Burnett
Non-objection to Sublease Agreement

Dear Mr. Burnett:

The Alaska Railroad Corporation ("ARRC") received information indicating your intention to enter into a proposed Sublease Agreement between Robert B. Burnett., an individual ("Lessee") and Green Go LLC, an Alaska limited liability company ("Subtenant"). Please accept this letter of non-objection to the Sublease Agreement, subject to the conditions listed below.

- The Sublease Agreement is subject to and subordinate to all the terms and provisions of that certain lease dated February 19, 1998 between the Alaska Railroad Corporation, as lessor, and Technic Services, Inc., as lessee, and originally designated as ARRC Contract No. 7357 (the "Ground Lease"). The Ground Lease was subsequently assigned twice, most recently to Lessee, as lessee, under that certain Assignment of Lease (With Consent) dated September 27, 2001, and thereafter administered as ARRC Contract No. 8258. In the event of any inconsistency between the provisions of the Ground Lease and the Sublease Agreement, the Ground Lease shall control.

- If the Ground Lease is terminated by reason of a default by Lessee under the Ground Lease, or for any other reason, Subtenant, upon notice of such termination, shall then attorn to ARRC and shall recognize ARRC as its direct contracting party under the Sublease Agreement; provided, however, that ARRC may elect upon such termination of the Ground Lease to terminate the Sublease Agreement and Subtenant's right to possession of the property. Subtenant shall execute and deliver, at any time after termination of the Ground Lease and upon the request of ARRC, any instrument necessary or appropriate to evidence such attornment.

- ARRC's non-objection is conditioned on Subtenant conforming to the terms and conditions of the Ground Lease, which terms and conditions ARRC shall enforce upon Lessee. No agreement entered by Lessee with Subtenant, including but not limited to the proposed Sublease Agreement, shall be binding upon ARRC and in no event will ARRC be liable for any obligations of Lessee under any such agreement.

- Subtenant shall indemnify, defend and hold harmless ARRC and its employees, agents and contractors from any and all claims an/or judgments for monetary damages, injunctive relief,

employment liens, materialmen's liens, and costs and attorney fees, which may be asserted against ARRC in any administrative or judicial forum and which are alleged to have arisen out of Subtenant's occupancy under the Sublease Agreement, which shall include any claim for property damage, bodily injury or death, emotional or other non-physical injury, or violation of employment, environmental, or public safety laws, ordinances or codes by Subtenant or by any of its contractors or subcontractors using the premises for any activity, whether within or outside the scope of activities authorized by Lessee. The provisions contained in this paragraph shall not be given effect if the active negligence of ARRC or its employees is the sole proximate cause of any injury or damage done to the party asserting the claim.

- Subtenant shall name the Alaska Railroad Corporation as an additional insured on any insurance coverage provided to Lessee by Subtenant. Such insurance coverage shall include liability insurance protecting against liability for property damage and personal injury with respect to the subleased premises and the activities of Subtenant conducted thereon or elsewhere on ARRC property under the Sublease Agreement, including but not limited to the cultivation of marijuana for wholesale and retail sale.

Occupants authorized by this letter are:

Green Go, LLC

Please have Green Go, LLC indicate its understanding of and commitment to adhere to the above-stated conditions by signing a copy of this letter and returning it to the undersigned.

If you have any questions, please call me at 907.265.2325.

Sincerely,

Erin E. Ealum

Erin E. Ealum
Leasing Manager, Real Estate

Agreement to be Bound:

By authorized signature hereto, the undersigned acknowledges the above-listed conditions are binding upon Green Go, LLC.

GREEN GO LLC

Dated: 1-16-17

By: [illegible]

Its: Managing member

Supplement No. 2 to
ARRC Contract No. 8258

SUPPLEMENT

THIS SUPPLEMENT is made on the day executed by the last signatory hereto, by and between the **ALASKA RAILROAD CORPORATION** ("Lessor"), a public corporation created pursuant to AS 42.40, whose mailing address is P.O. Box 107500, Anchorage, Alaska 99510-7500, and **ROBERT B. BURNETT** ("Lessee"), an Individual, whose mailing address is 4640 Sandy Beach Drive, Anchorage, AK 99502.

Recitals

A. Lessor is the lessor of real property located in the Anchorage Recording District, Third Judicial District, State of Alaska, as shown on the attached Schedule 1 (Revised 11/08/2016) ("Leased Premises") under that certain lease, originally ARRC Contract No. 7357, dated February 19, 1998, between Lessor and Technic Services, Inc. (the "Lease"), as more particularly described in that certain memorandum of lease which was recorded March 9, 1998, at Book 3207, Pages 440-444 in the records of said recording district.

B. The Lease was subsequently assigned to Josef F. Boehm, d/b/a Commercial Development, under that certain Assignment of Lease (With Consent), Supplement No. 2 to Contract No. 7357, dated July 3, 2001, and thereafter administered as ARRC Contract No. 8211. Said Assignment of Lease was recorded July 5, 2001, at Book 3884, Pages 315-318 in the records of said recording district.

C. The Lease was subsequently assigned to Lessee under that certain Assignment of Lease (With Consent), Supplement No. 1 to ARRC Contract No. 8211, dated September 27, 2001, and thereafter administered as ARRC Contract No. 8258. Said Assignment of Lease was recorded September 28, 2001, as Instrument No. 2001-065342-0 in the records of said recording district.

D. On February 14, 2014, Lessor tendered to Lessee a proposed Supplement No. 2 to ARRC Contract No. 8258, which was never executed, which would have revised the rent adjustment provisions of subparagraphs 2.01.D through 2.01.G of the Lease to reflect ARRC Board Rule 11, Lessor's Long-Term Lease Policy.

E. The parties desire to amend the Lease by means of this Supplement to amend the Lease to (i) revise the legal description of the Leased Premises; (ii) revise the rent adjustment provisions of subparagraphs 2.01.D through 2.01.G of the Lease; and (iii) revise Paragraph

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ALCOHOL MARIJUANA CONTROL OFFICE

4.01 of the Lease to reflect a change in the use of the Leased Premises to be allowed under the Lease.

Agreement

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the parties agree that the Lease be amended as follows:

1. Schedule 1, referred to in Paragraph 1.01 of the Lease, is hereby deleted in its entirety and the attached "Schedule 1 (Revised 11/08/2016)" inserted in place thereof. Any references in the Lease to "Schedule 1" shall henceforth be deemed to refer to "Schedule 1 (Revised 11/08/2016)".

2. Subparagraphs 2.01.D through 2.01.G of the Lease are hereby deleted in their entirety and the following inserted in place thereof:

D. Lease years 16-20 inclusive, annual Basic Rents will be Ten Thousand, Nine Hundred Eighty-Two and no/100 dollars ($10,982.00).

E. Lease years 21-25 inclusive, Basic Rents will be at "fair market value" as determined by appraisal under paragraph 2.02 of this Lease. However, the annual Basic Rents for lease years 21-25 inclusive shall not (i) exceed 135% of the annual Basic Rents as determined for lease years 16-20 inclusive, or (ii) be reduced to less than 65% of the annual Basic rents as determined for lease years 16-20 inclusive.

F. Lease years 26-30 inclusive, Basic Rents will be at "fair market value" as determined by appraisal under paragraph 2.02 of this Lease. However, the annual Basic Rents for lease years 26-30 inclusive shall not (i) exceed 135% of the annual Basic Rents as determined for lease years 21-25 inclusive, or (ii) be reduced to less than 65% of the annual Basic Rents as determined for lease years 21-25 inclusive.

G. Lease years 31-35 inclusive, Basic Rents will be at "fair market value" as determined by appraisal under paragraph 2.02 of this Lease. However, the annual Basic Rents for lease years 31-35 inclusive, shall not (i) exceed 135% of the annual Basic Rents as determined for lease years 26-30 inclusive, or (ii) be reduced to less than 65% of the annual Basic Rents as determined for lease years 26-30 inclusive.

3. Paragraph 4.01 of the Lease is hereby deleted in its entirety and the following inserted in place thereof:

4.01 Use of Leased Premises. Lessee specifically agrees that for the term of this Lease, it shall use the Leased Premises for no other purposes other than (i) warehouse and wholesale distribution; and/or (ii) marijuana cultivation and wholesale

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sales of marijuana allowed under 3 AAC 306.405. Any change in use will require prior written approval of Lessor.

EXCEPT AS HEREIN AMENDED, all other terms and conditions of the aforesaid lease shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, the parties have executed this Supplement as of the dates set out below.

ALASKA RAILROAD CORPORATION

Dated: 11/23/2016

By: James W. Kubitz
James W. Kubitz
Vice President, Corporate Planning & Real Estate

ROBERT B. BURNETT

Dated: 11/23/16

By: Robert B Burnett
Title: Owner

STATE OF ALASKA)
)ss.
THIRD JUDICIAL DISTRICT)

The foregoing instrument was acknowledged before me this 23rd day of November 2016, by James W. Kubitz, Vice President of Corporate Planning & Real Estate of the Alaska Railroad Corporation, a public corporation created by Alaska Statute 42.40, on behalf of the corporation.

Notary Public
KELLYAN TAYLOR
State of Alaska
My Commission Expires Nov. 7, 2017

Kellyan Taylor
Notary Public in and for Alaska
My Commission expires: Nov. 7, 2017

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after recording return to

ALASKA RAILROAD CORPORATION

Corporate Address: P.O. Box 107500, Anchorage, Alaska 99510
327 W. Ship Creek Avenue, Anchorage, Alaska 99501

0106174 - DJW

Supplement No. 1
ARRC Contract No. 8258

CONSENT TO
LIMITED ASSIGNMENT FOR SECURITY PURPOSES

The **ALASKA RAILROAD CORPORATION** ("LESSOR"), a public corporation created pursuant to AS 42.40, whose mailing address is P.O. Box 107500, Anchorage, Alaska 99510-7500, under that certain lease (the "Lease") dated February 19, 1998, with TECHNIC SERVICES, INC., subsequently assigned under an Assignment of Lease (With Consent) dated July 3, 2001, to JOSEF F. BOEHM, and again assigned under an Assignment of Lease (With Consent) dated September 25, 2001 to **ROBERT B. BURNETT** (ASSIGNOR), whose mailing address is 4640 Sandy Beach Drive, Anchorage, Alaska 99502 of the following real property:

> Lot 2-A of Block 41-D, East Addition to the Anchorage Townsite, in Section 17, Township 13 North, Range 3 West, Seward Meridian, according to the official Plat No. 63-75 recorded in the office of the Anchorage Recording Precinct, Anchorage, Alaska, containing approximately 14,080 square feet.

hereby consents to the assignment of the Lease by ASSIGNOR to **NORTHRIM BANK** ("ASSIGNEE").

The purpose of this consent is to allow ASSIGNOR to secure a loan, the total proceeds of which are to be used for leasehold development and/or operations on the property described above.

1. Possession by Assignee. ASSIGNEE may take possession of the leased premises and vest in the interest of ASSIGNOR in the Lease upon the performance of the following conditions:

a) The payment to LESSOR of any and all sums due to LESSOR under the lease, including but not limited to accrued unpaid rent.

b) The sending of a written notice to LESSOR and ASSIGNOR of ASSIGNEE's intent to take possession of the premises and assume the Lease.

c) The curing of all defaults not remediable by the payment of money within an additional thirty (30) days of the date upon which such default was required to be cured by the lessee under the terms of the Lease.

2. No Liability of Assignee Without Possession. ASSIGNEE shall have no liability or obligation under the Lease pursuant to this Consent unless and until it sends to LESSOR the written notice described in paragraph 1 (b) above. Nothing in this consent nor in the taking of possession of the leased premises and assumption of the Lease by ASSIGNEE or a subsequent assignee shall relieve ASSIGNOR of any duty or liability to LESSOR under the Lease.

3. Notice of Default and Opportunity to Cure. Upon any default of any of the terms of the Lease by ASSIGNOR, LESSOR, in addition to notifying ASSIGNOR (the lessee) pursuant to the terms of the Lease, shall also notify ASSIGNEE of such default. Upon receipt of a written notice of default, ASSIGNEE and/or ASSIGNOR shall have 30 days, or the length of time as set forth in the Lease, whichever is longer, to cure the default. If the event of default cannot be cured by the payment of money to LESSOR or a third party, the Lease will not be terminated if, ASSIGNEE and/or ASSIGNOR have promptly and diligently commenced to cure and complete the cure within 60 days of notice.

4. Notice: For purposes of the notice set forth in paragraph 3, the address for ASSIGNEE is: P.O. Box 241489, Anchorage, Alaska 99524-1489, unless LESSOR is subsequently advised in writing of a more current address.

5. No Other Change. Except as otherwise expressly stated herein, nothing in this consent to assignment is intended to amend or alter any of the terms and conditions of the Lease or any amendments thereto previously executed by LESSOR and ASSIGNOR, or any predecessor in interest to either of them, all of which terms and conditions remain in full force and effect. In the event of any conflict among any provisions of this consent, the Lease as amended, and any provisions of any security agreements including assignments of lease and deeds of trust, the provisions of this consent and the Lease as amended shall govern the rights of LESSOR.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

3 of 5
2001-066346-0

STATE OF ALASKA)
)ss.
THIRD JUDICIAL DISTRICT)

The foregoing instrument was acknowledged before me this 27th day of September, 2001, by Steven Street, the Vice President of Northrim Bank, on behalf of the same.

Notary Public in and for Alaska
My Commission expires: 1-22-2005

STATE OF ALASKA)
)ss.
THIRD JUDICIAL DISTRICT)

The foregoing instrument was acknowledged before me this 27th day of September, 2001, by Robert B. Burnett.

Notary Public in and for Alaska
My Commission expires: 1-22-2005

6. No Future Consent. Nothing in this consent is to be construed as a consent by LESSOR to any subsequent assignment.

ALASKA RAILROAD CORPORATION

Dated: 9/25/01

By: Karen J. Morrissey
Karen J. Morrissey
Director, Real Estate

NORTHRIM BANK (ASSIGNEE)

Dated: 9/

By: Stephen S. Street
Stephen S. Street
Its: Vice President

Dated: 9/27/01

Robert B Burnett
ROBERT B. BURNETT (ASSIGNOR)

STATE OF ALASKA)
)ss.
THIRD JUDICIAL DISTRICT)

The foregoing instrument was acknowledged before me this 25th day of Sept., 2001, by Karen J. Morrissey, Director, Real Estate of the Alaska Railroad Corporation, a public corporation created by Alaska Statute 42.40, on behalf of the corporation.

KATHLEEN A. LEWIS NOTARY PUBLIC STATE OF ALASKA

Kathleen A. Lewis
Notary Public in and for Alaska
My Commission expires: 12-11-2004

4 of 5
2001-066346-0

20 1-065346-0

Recording Dist: 301 - Anchorage
9/28/2001 9:44 AM Pages: 1 of 5

A L A S K A

THIS COVER SHEET HAS BEEN ADDED TO THIS DOCUMENT TO PROVIDE SPACE FOR RECORDING DATA. THIS COVER SHEET APPEARS AS THE FIRST PAGE OF THE DOCUMENT IN THE OFFICIAL PUBLIC RECORD.

DO NOT DETACH

ALASKA
RAILROAD

REAL ESTATE DEPARTMENT
TEL 907-265-2617
FAX 907-265-2450
E-MAIL donovana@akrr.com

October 21, 2016

Mr. Robert B. Burnett
4640 Sandy Beach Drive
Anchorage, AK 99502

Re: Alaska Railroad Corporation (ARRC) Ground Lease Contract No. 8258
Letter of Non-objection for Nonconforming Determination - 101 N. Post Road, Anchorage, AK 99501

Dear Mr. Burnett:

ARRC is the ground lessor of the parcel of land commonly known as Lot 2A Block 41-D, East Addition to the Anchorage Townsite located within the Alaska Railroad Anchorage Reserve, with a physical address of 101 N. Post Road, Anchorage, AK 99501.

ARRC has no objection to Robert B. Burnett, lessee of the above-referenced parcel and owner of the building thereon, engaging Wallace Swanson, AIA of LCG Lantech, Inc. to submit an application to the Municipality of Anchorage for a Nonconforming Determination related to the above-referenced parcel, specifically pertaining to separation between parking and the building, room for turning and maneuvering, snow storage, sidewalks, lack of landscaping and encroachment of the building into the side yard setback.

Sincerely,

Andrew Donovan
Director of Real Estate

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STATE OF ALASKA)
)ss.
THIRD JUDICIAL DISTRICT)

The foregoing instrument was acknowledged before me this 23rd day of November, 2016, by Robert B. Burnett, an Individual, on behalf of the same.

Kristen E. McDonald
Notary Public in and for Alaska
My Commission expires: 3/26/2019

State of Alaska
NOTARY PUBLIC
Kristen E. McDonald
My Commission Expires Mar 26, 2019

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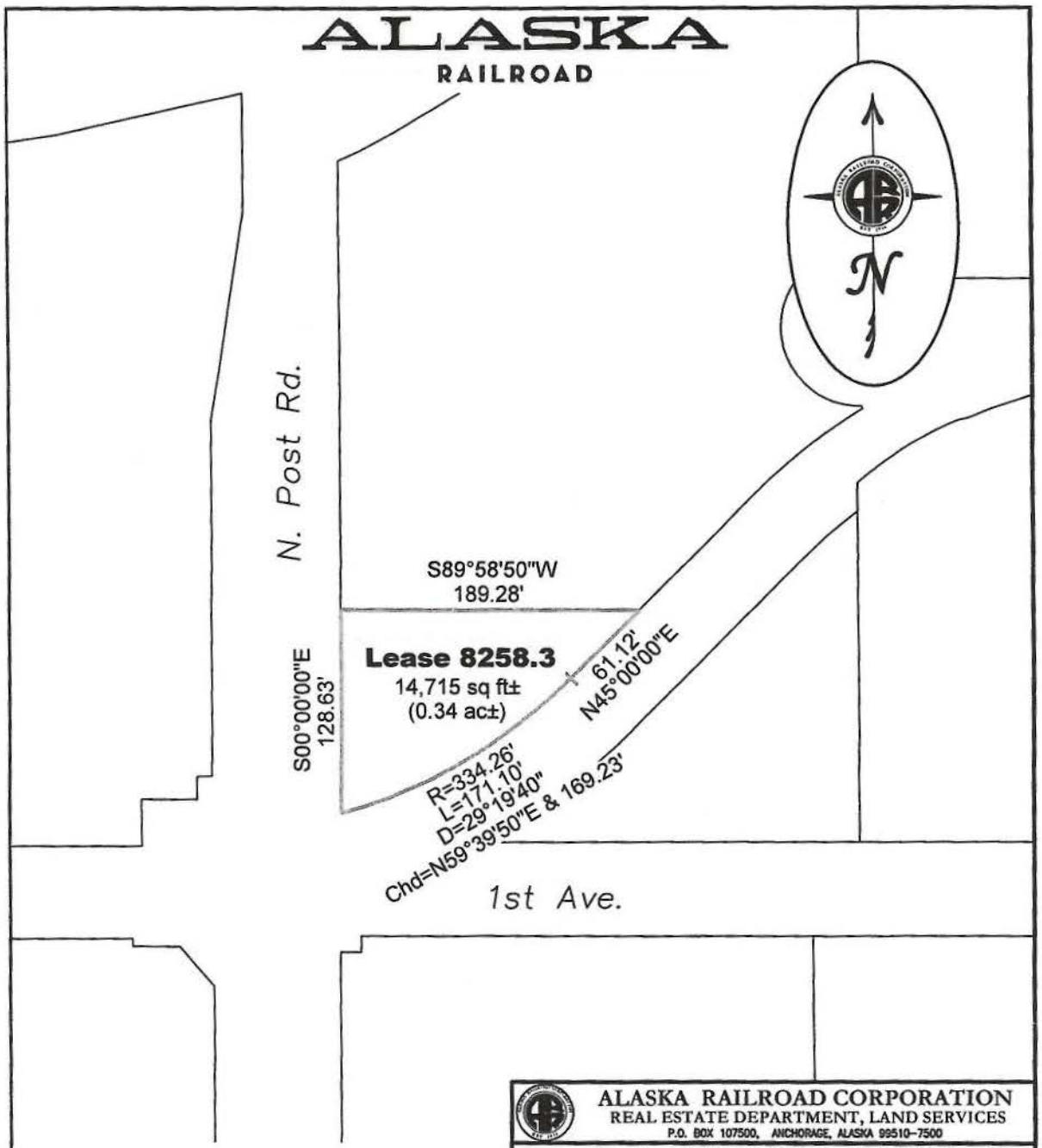
STATE OF ALASKA



0 50 100 200

1 Inch = 100 Feet

For indexing purposes this property is located in the NW1/4 Sec. 17 T13N R3W S.M.

ALASKA RAILROAD CORPORATION
REAL ESTATE DEPARTMENT, LAND SERVICES
P.O. BOX 107500, ANCHORAGE, ALASKA 99510-7500

Contract No. 8258.3 - Exhibit A
Robert B. Burnett
Area = 14,715 sq ft± (0.34 ac±)
Plat 63-75, Lot 2A, Block 41D

ARRC title - Patent 50-2016-0049 - USS 408 Block 41D

DRAWN BY:	AMB	SCALE: 1" = 100'	DATE: 2016-11-08
CHECKED BY:	DAS	**Anchorage Terminal Reserve**	
APPROVED BY:	DAS		

R:\00 RED\LEASES\ANC\8258.3-L.dwg

AlaskaRailroad.com

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Robert B. Burnett
Lease Contract No. 8258

SCHEDULE 1
(Revised 11/08/2016)

LEGAL DESCRIPTION

A parcel of land located within the Alaska Railroad Anchorage Reserve situated in the Anchorage Recording District, Third Judicial District, State of Alaska and further described as follows:

Lot 2-A of Block 41-D, East Addition to the Anchorage Townsite, in Section 17, Township 13 North, Range 3 West, Seward Meridian, according to the official Plat No. 63-75 recorded in the office of the Anchorage Recording Precinct, Anchorage, Alaska, containing approximately 14,715 square feet, as shown on the attached drawing.

In the event of any inconsistency between the attached drawing and the foregoing legal description, the latter shall govern for purposes of this Lease.

RECORDERS OFFICE RETURN TO:

ALASKA RAILROAD CORPORATION
ATTN: REAL ESTATE
P.O. BOX 107500
ANCHORAGE, AK 99510-7500
STATE BUSINESS—NO CHARGE

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GROUND LEASE

Between

ALASKA RAILROAD CORPORATION

and

TECHNIC SERVICES, INC.

CONTRACT NO. 7357

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STATE OF ALASKA

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STATE OF ALASKA

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ALCOHOL MARIJUANA CONTROL OFFICE
STATE OF ALASKA

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ALCOHOL BEVERAGE CONTROL OFFICE
STATE OF ALASKA

GROUND LEASE

THIS GROUND LEASE (herein called "this Lease") is made on the day executed by the last signatory hereto, by and between the **ALASKA RAILROAD CORPORATION** (herein called "Lessor"), a public corporation created pursuant to AS 42.40, whose mailing address is P.O. Box 107500, Anchorage, Alaska 99510-7500, and **TECHNIC SERVICES, INC.**, an Alaska corporation (herein called "Lessee"), whose mailing address is 101 N. Post Road, Anchorage, Alaska 99501.

RECITALS

A. The Lessor has agreed to lease to Lessee a parcel of land commonly known as Lot 2-A, Block 41-D, East Addition to the Anchorage Townsite located within the Alaska Railroad Anchorage Reserve and more specifically described on Schedule 1 attached to and for all purposes made a part of this Lease.

B. The property has been under a long-term lease, ARRC Contract No. 5664 dated July 1, 1984, between the federally owned Alaska Railroad and Commercial Development, a general partnership. Commercial Development is selling its leasehold improvements to Lessee and by this document it is the desire of the Lessor and Lessee to obtain a long-term ground lease making it consistent with Lessor's current Long-Term Lease Policy. Concurrent with the effective date of this Lease, Commercial Development is terminating its interest in the premises under said Contract No. 5664.

C. The rental rate to be multiplied against the fee simple value as determined in accordance with paragraph 2.02 is eight percent (8%) and is to remain constant throughout the original lease term of thirty-five (35) years.

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ALCOHOL AND MARIJUANA CONTROL OFFICE
STATE OF ALASKA

ARTICLE 1

LEASED PREMISES AND TERM

1.01 Leased Premises. Lessor, for and in consideration of the rents, covenants and conditions hereinafter specified to be paid, performed and observed by Lessee, hereby leases to Lessee, and Lessee hereby leases from Lessor, the vacant, unimproved (except as noted in paragraph 1.03 below) land situated in the Anchorage Recording District, Third Judicial District, State of Alaska, more particularly described on Schedule 1 attached to and for all purposes made a part of this Lease, together with all rights, easements, privileges, both subterranean and vertical, and appurtenances attaching or belonging to the described land, but subject to the reservation contained in paragraph 1.02 hereof (herein called the "Leased Premises"). **This lease terminates all rights, if any, Lessee and any of Lessee's subtenants has respecting the Leased Premises as a holdover tenant or subtenant under that certain lease between the parties or their predecessors in interest dated July 1, 1984 , known as Lease Contract No. 5664.**

1.02 Reservation of Minerals. All oil, gas, coal, geothermal resources and minerals of whatever nature in or under the above-described land are excluded from the Leased Premises and reserved to Lessor. Notwithstanding the foregoing, Lessee shall have the right, subject to the terms

of this Lease, to use earth materials on or in the above-described land to a depth not to exceed twenty (20) feet below the surface, and to move and recontour such materials on the Leased Premises. During the term of this Lease, Lessor shall not have the right to enter on the surface of the Leased Premises, without Lessee's prior consent, for the purpose of mining and/or extracting such oil, gas, coal, geothermal resources, or other minerals and shall not mine and/or extract the same by any means at a depth less than twenty-five (25) feet below the surface of the Leased Premises. If Lessor mines and/or extracts such oil, gas, coal, geothermal resources, or other minerals, the mining and/or extraction shall not interfere with Lessee's business and activities on the Leased Premises, parking or access to the Leased Premises.

1.03 Improvements Owned by Lessor. The following described improvements ("Lessor's Improvements") are situated on and are a part of the Leased Premises and are and shall remain throughout the term of this Lease the property of the Lessor:

> All fill, retaining walls, berms, earth contours, and all other below-surface improvements situated on the Leased Premises on the date of this Lease; excepting however, any utility service connections and any underground storage tank(s) on the Leased Premises or appurtenances to such tank(s).

Any subsurface improvements to the Leased Premises during the Lease Term shall become the property of Lessor (and included within the term "Lessor's Improvements") immediately upon installation, except underground storage tank(s) (and their appurtenances) and utility service connections, which shall be and remain the sole property of Lessee.

1.04 Improvements Owned by Lessee. The following described improvements ("Lessee's Improvements") are situated on and are a part of the Leased Premises and are and shall remain throughout the term of this Lease the property of the Lessee: One story metal retail/warehouse.

Lessee's Improvements shall also include any additional above surface improvement constructed or placed on the Leased Premises by Lessee during the term of this Lease.

1.05 Lease Term. This Lease shall be and continue in full force and effect for a term of thirty-five (35) years (the "Lease Term") commencing as of October 1, 1997, and expiring September 30, 2032, unless earlier terminated as provided in this Lease.

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ARTICLE 2

RENTS

2.01 Basic Rents. Lessee shall pay the following rents (herein called "Basic Rents") to Lessor in legal tender of the United States of America, without deduction and without notice or demand, net of all real property taxes, assessments, and other charges required to be paid by Lessee under this Lease with respect to the Leased Premises, and in equal quarterly installments in advance on or before the first day of each calendar quarter during the Lease Term, with partial periods prorated on a daily basis. The Basic Rents shall be as follows:

A. Lease years 1-5 inclusive, annual Basic Rents will be Four Thousand, Seven Hundred Eighty-Seven Dollars ($4,787.00) 97-02

B. Lease years 6-10 inclusive, Basic Rents will be at "fair market value" as determined by appraisal under paragraph 2.02. However, this annual rent is not to exceed $6,462.00, 135 % of the annual rent as determined for lease years 1-5 inclusive, or at a minimum drop below the rent determined in lease years 1-5 inclusive. 02-07

C. Lease years 11-15 inclusive, Basic Rents will be at "fair market value" as determined by appraisal under paragraph 2.02. However, this annual rent is not to exceed 135% of the rent as determined for lease years 6-10 inclusive, or at a minimum drop below the rent determined in lease years 6-10 inclusive. 07-12

D. Lease years 16-20 inclusive, Basic Rents will be at "fair market value" as determined by appraisal under paragraph 2.02. However, this annual rent is not to exceed 135% of the rent as determined for lease years 11-15 inclusive, or at a minimum drop below the rent determined in lease years 11-15 inclusive. 12-17

E. Lease years 21-25 inclusive, Basic Rents will be at "fair market value" as determined by appraisal under paragraph 2.02. However, this annual rent is not to exceed 135% of the rent as determined for lease years 16-20 inclusive, or at a minimum drop below the rent determined in lease years 16-20 inclusive. 17-22

F. Lease years 26-30 inclusive, Basic Rents will be at "fair market value" as determined by appraisal under paragraph 2.02. However, this annual rent is not to exceed 135% of the rent as determined for lease years 21-25 inclusive, or at a minimum drop below the rent determined in lease years 21-25 inclusive. 22-27

G. Lease years 31-35 inclusive, Basic Rents will be at "fair market value" as determined by appraisal under paragraph 2.02. However, this annual rent is not to exceed 135% of the rent as determined for lease years 26-30 inclusive, or at a minimum drop below the rent determined in lease years 26-30 inclusive. 27-32

2.02 Determination of Fair Market Value Rent. The fair market value rent upon which Lessee's obligation to pay Basic Rent under paragraph 2.01 above is based, shall be determined as follows:

A. Appraisal of Fair Market Value of Fee Simple Interest. Lessor shall select an appraiser from a list of qualified appraisers compiled by Lessor and kept available for public inspection at Lessor's office. The appraiser shall determine, as of a date within one hundred eighty (180) days before or after the beginning of the applicable rent period, the fair market value of the fee simple interest in the Leased Premises, unencumbered by this Lease, and including improvements owned by Lessor (identified in paragraph 1.03 of this Lease), and excluding improvements owned by Lessee (identified in paragraph 1.04 of this Lease). A copy of the appraisal report shall be provided by Lessor to Lessee at Lessee's request.

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B. Fair Market Value Rent. The fair market value rent shall be the product derived from multiplying the fair market value of the Leased Premises (established in accordance with subparagraph 2.02.A) by eight percent (8%).

C. Appeal and Arbitration of Rent Increases. In the event Lessee disagrees with an appraisal of fee simple value made by Lessor pursuant to subparagraph 2.02.A of this Lease, Lessee may appeal the value determined in such appraisal by notifying Lessor in writing of its demand for appeal within ten (10) days of receiving Lessor's notice of change in rent. Lessee's failure to give said notice will constitute a waiver of Lessee's right to appeal a change in rent based on such appraisal, and Lessee shall be bound by Lessor's determination of the fair market value rent.

In the event Lessee so appeals a change in rent, Lessee shall, at its own expense, obtain an appraisal of the fair market value of the fee simple interest in the Leased Premises, unencumbered by this Lease, and including Lessor's Improvements and excluding Lessee's Improvements, and provide the same to Lessor no later than sixty (60) days after receiving Lessor's notice of change in rent. Said appraisal shall be performed in accordance with Lessor's Standard Appraisal Instructions in effect at the time of appraisal. If within fifteen (15) days after Lessor receives Lessee's appraisal, the parties are unable to agree as to the fair market value of the fee simple interest, Lessee may, at its option, refer the matter to arbitration in accordance with the procedures contained in Article 8 of this Lease by notifying Lessor in writing of its demand for arbitration within ten (10) days after expiration of the 15-day period provided above. Otherwise, Lessee shall have no right to refer a rent dispute to arbitration and shall be bound by Lessor's determination of rent under this Lease.

Notwithstanding the foregoing, Lessee shall pay all rent at the new rate provided in Lessor's notice of change in rent until the issue of fair market value of the Leased Premises is resolved.

D. Retroactive Rent. Until a change in Basic Rent is determined, Lessee shall pay the same Basic Rent as in the previous year. When the adjusted Basic Rent has been determined, and Lessee notified, such Basic Rent as so determined shall be due and payable to Lessor retroactive to the commencement of the lease year for which such rent adjustment is made, and any deficiency resulting from such rent adjustment shall be payable within thirty (30) days after the giving of such notice to Lessee. However, at no time will the Lessee be responsible for more than ninety (90) days of unbilled retroactive rent at the increased level.

2.03 Absolutely Net Rent. When a Basic Rent becomes effective under this Lease, such rent shall not thereafter be reduced for any reason, except in the event of condemnation. It is the purpose and intent of Lessor and Lessee that the Basic Rents established under this Lease shall be absolutely net to Lessor so that this Lease shall yield, net to Lessor, the rent specified herein during the term of this Lease, and that all costs, expenses and obligations of every kind and nature whatsoever relating to the Leased Premises, which may arise or become due during the Lease Term, except as otherwise expressly provided in this Lease, and except costs, expenses, and obligations (other than those to be borne by Lessee as herein provided) incurred by Lessor in connection with the sale or mortgaging of the Leased Premises, shall be paid by Lessee, and that Lessor shall be indemnified and held harmless by Lessee from and against the same.

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ARTICLE 3

QUIET ENJOYMENT

Upon timely payment by Lessee of all of such rents and other payments required to be paid by Lessee under this Lease, and upon full and faithful observance and performance by Lessee of all of its covenants contained in this Lease, and so long as such observance and performance continues, Lessee shall peaceably hold and enjoy the Leased Premises during the Lease Term without hindrance or interruption by Lessor or anyone lawfully claiming by, through, or under Lessor.

ARTICLE 4

LESSEE'S COVENANTS

4.01 Use of Leased Premises. Lessee specifically agrees that for the term of this Lease, it shall use the Leased Premises for no other purpose other than general contracting and retail sales.

4.02 Taxes, Assessments and Charges.

A. Lessee shall pay, not less than ten (10) days before they become delinquent, all real property taxes, assessments, special assessments or other charges of every description for which the Leased Premises, or any improvement thereon or any use thereof, are now or during the Lease Term may be assessed or become liable, whether made by governmental authority or by any public utility or community service company, and whether assessed to or payable by Lessor or Lessee, subject to Lessee's option to pay in installments hereinafter provided. Such taxes and assessments include, but are not limited to, any increased real property tax resulting from any classification of the Leased Premises during the Lease Term to a higher use (other than a classification occurring at the initiative of Lessor or its agents), for which classification Lessee shall be deemed to be the petitioner and upon request by Lessor shall so notify the appropriate governmental authorities. Payments of real property taxes and assessments due during the first and last years of the Lease Term shall be prorated as of the dates the Lease Term begins and ends. Upon request by Lessor, Lessee shall promptly deposit with Lessor true and complete copies of receipts for such real property taxes and assessments evidencing their timely payment.

B. If at any time during the Lease Term any new or additional taxes (other than federal or state net income taxes or any other taxes existing on the effective date hereof) are assessed against the Leased Premises, or any improvement thereon, or any rents payable to Lessor under this Lease, or against Lessor with respect thereto, Lessee shall pay to the taxing authority or Lessor, not less than ten (10) days before they become delinquent and as additional rents, all of such new taxes.

C. Nothing contained in this Lease shall prevent Lessee from contesting in good faith the validity or the amount of such real property taxes or assessments by appropriate proceedings commenced before such real property taxes or assessments become delinquent; provided, however, that (1) Lessee shall not commence such proceedings without first giving written notice to Lessor of Lessee's intention to do so not less than ten (10) days before such real property taxes or

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assessments become delinquent; (2) concurrently with such written notice, Lessee shall provide and continue to provide Lessor with security approved by Lessor as to quality and quantity to assure full payment of all of such real property taxes or assessments and all interest and penalties which may accrue or be assessed thereon or with respect to such taxes; and (3) Lessor, as long as Lessee so provides Lessor with such security, shall not be entitled to pay such real property taxes or assessments for the account and at the expense of Lessee. Lessee shall not be deemed in default under this Lease because of its failure to pay any property taxes or assessments subject to a pending appeal of such taxes or assessments.

D. If there is an option given to pay assessments or special assessments in installments, Lessee may elect to pay for such installments as shall accrue during the term of this Lease and during any extended term. As to permitted installment payments for which at least the first installment fell due before commencement of the Lease Term, Lessee shall pay all installments falling due during the Lease Term.

E. Subject to the exception set out in subparagraph 4.02.C above, Lessor may elect, in its sole discretion and after giving written notice to Lessee and any Qualified Mortgagee (as defined in subparagraph 7.06.B, below), to pay any delinquent tax, assessment or charge for which Lessee is liable under this paragraph 4.02 for the account and at the expense of Lessee, and may further elect, upon such payment: (1) to terminate this Lease under Article 9, after giving thirty (30) days' written notice and allowing an opportunity for cure as provided therein, and bring an appropriate action against Lessee for recovery of the sum paid; (2) to continue this Lease in force and charge the Lessee with the payment as additional rent; or (3) to continue this Lease in force and bring an appropriate action against Lessee for recovery of the sum paid. The above-enumerated elections are not in derogation of, and do not limit, any other rights or remedies Lessor may have under this Lease or applicable law. Nothing in this subparagraph 4.02.E requires Lessor to pay any delinquent tax, assessment, or charge for which Lessee is liable.

4.03 Improvements Required by Law. Lessee, at Lessee's own expense, during the Lease Term and subject to the requirements of paragraph 4.06 of this Lease, shall make, build, maintain and repair all fences, sewers, drains, roads, road widening, driveways, sidewalks, water, underground electric and telephone lines, curbs, gutters and other installations which may be required by law to be made, built, maintained, or repaired upon, or adjoining and in connection with, or for use of the Leased Premises or any part of it, and regardless of whether the same were erected by Lessor or in existence at the inception of this Lease. In case any such installations required by law shall be made, built, maintained or repaired by Lessor, Lessee shall reimburse Lessor for the reasonable cost thereof plus fifteen percent (15%) to cover Lessor's overhead, upon presentation of a bill therefor, as additional rent.

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4.04 Construction or Removal of Improvements, Additions and Alterations.

A. "Significant Work," as used in this paragraph 4.04, means all work on the Leased Premises costing more than $25,000.00, or which will occur or have an effect within twenty (20) feet of the centerline of Lessor's railroad track, which (1) involves the excavation, filling, or other alteration of the grade or drainage of the Leased Premises, or (2) involves the construction, demolition, or removal on or from the Leased Premises of any improvement, any addition or alteration, or (3) if the fees or other charges therefor are not timely paid, will subject the Leased Premises or the interest of Lessor or Lessee therein to any lien or other encumbrance.

B. Lessee shall not begin any Significant Work without first obtaining the prior written approval of Lessor with respect to such work and to the preliminary plans for such work, if any, and to the final plans and specifications for such work. The preliminary plans and the final plans and specifications shall be prepared by a licensed architect or engineer and shall include, but not be limited to, a detailed plot plan, a landscaping plan, appropriate cross sections, elevations, and floor plans indicating building heights, bulk, density, functions, materials, and utility systems, an itemized estimate of the total cost of such work, and a timetable for completion. No approval by Lessor or by its architects or engineers of such preliminary plans or final plans and specifications shall be deemed a warranty or other representation by any of them that the improvements, additions, alterations, or other work contemplated thereby are legal, safe, or sound or constitute the highest and best use of the Leased Premises. All of such work by Lessee on the Leased Premises shall be supervised by a licensed architect or engineer. Lessee hereby acknowledges that, except as provided in paragraph 4.03 with respect to improvements required by law and paragraph 1.02 with respect to removal of improvements upon expiration of the Lease Term or earlier termination of this Lease, Lessor has not authorized or required and does not authorize or require Lessee to improve the Leased Premises in any manner that permits Lessor's interest in and title to the Leased Premises to become subject to the liens of Lessee's mechanics and materialmen.

4.05 Repair and Maintenance. Lessee shall, at Lessee's expense and without notice from Lessor at all times during the Lease Term, keep all improvements now or hereafter built on the Leased Premises (including but not limited to exterior building walls, windows, doors, fences, signs, landscaping and yard areas, refuse disposal equipment and facilities, pavement, curbs, gutters, exterior lighting, and drainage facilities), in good order, condition, maintenance, operability, and repair and of a neat, clean, and pleasing appearance satisfactory to Lessor.

4.06 Observance of Laws; Environmental Provisions.

A. General Compliance. Lessee, at all times during the Lease Term, at its own expense, and with all due diligence, shall observe and comply with all laws, ordinances, rules, and regulations which are now in effect or may later be adopted by any governmental authority, including the Alaska Railroad Corporation, and which may be applicable to the Leased Premises or any improvement on it or any use of it.

B. Environmental Laws. In furtherance and not in limitation of the foregoing paragraph, Lessee must, at its own expense, comply with all laws, ordinances, regulations and administrative agency or court orders relating to health, safety, noise, environmental protection,

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waste disposal, hazardous or toxic materials, and water and air quality. In the event any discharge, leakage, spillage, emission or pollution of any type occurs upon or from the Leased Premises during the Lease Term or any holdover thereafter, Lessee shall immediately notify Lessor and shall, at Lessee's own expense, clean and restore the Leased Premises to the satisfaction of Lessor and any governmental body or court having jurisdiction of the matter.

C. Hazardous Materials on Leased Premises. Lessee shall not cause or permit any Hazardous Material to be brought upon, kept or used in or about the Leased Premises by Lessee, its agents, employees, contractors or invitees without the prior written consent of Lessor, which Lessor shall not unreasonably withhold as long as Lessee demonstrates to Lessor's reasonable satisfaction that such Hazardous Material is necessary or useful to Lessee's business and will be used, kept and stored in a manner that complies with all laws regulating any such Hazardous Materials so brought upon or used or kept in or about the Leased Premises.

D. Disclosure. At the beginning of this Lease and on January 1 of each year thereafter and including January 1 of the year after termination of this Lease, Lessee shall disclose to Lessor the names and amounts of all Hazardous Materials or any combination thereof which were stored, used or disposed of on the Leased Premises, or which Lessee intends to store, use or dispose of on the Leased Premises.

E. Environmental Indemnity. Lessee agrees to indemnify, hold harmless and defend Lessor against all liability, cost and expense (including, without limitation, any fines, penalties, diminution in value of the Leased Premises, assessment and clean-up costs, judgments, litigation costs and attorneys' fees) incurred by or levied against Lessor as a result of Lessee's breach of this paragraph 4.06 or as a result of any discharge, leakage, spillage, emission or pollution on or discharged from the Leased Premises, without regard to whether such liability, cost or expense arises during or after the Lease Term of this Lease; provided, however, that Lessee shall not be required to indemnify Lessor under this paragraph if the parties agree or a court of competent jurisdiction determines that such liability, cost or expense is caused directly and solely by the active negligence of Lessor. The foregoing indemnity shall survive the expiration or earlier termination of this Lease.

F. "Hazardous Material". For purposes of this Lease, the term "Hazardous Material" means any hazardous or toxic substances, material or waste, including but not limited to those substances, materials and wastes listed in the U.S. Department of Transportation Hazardous Materials Table (49 CFR § 172.101) or by the U.S. Environmental Protection Agency as hazardous substances (40 CFR Part 302), and amendments thereto, or such substances, materials and wastes that are or become regulated under any applicable local, state or federal law.

G. Environmental Testing. Lessee agrees that it shall be solely responsible for all costs and expenses associated with the performance of environmental testing of the Leased Premises, which may be required at Lessor's sole discretion, upon the expiration or other termination of this Lease. Such environmental testing, conducted by a recognized engineering or environmental consulting firm acceptable to Lessor at Lessor's sole discretion, shall be the basis for determining the extent of any environmental impairment caused by the Lessee's use and occupancy of the Leased Premises.

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In the event Lessor shall make any expenditures or incur any obligations for the payment of money in connection with this paragraph 4.06 including, but not limited to, attorneys' fees for instituting, prosecuting or defending any action or proceeding, such sums paid, obligations incurred and costs, all with interest at the rate of ten and one-half percent (10½%) per annum, shall be deemed to be additional rent due hereunder and shall be paid by Lessee to Lessor within ten (10) days of the rendering of a bill or statement to Lessee therefor.

4.07 Inspection and Repair by Lessor. Lessee shall repair, maintain and make good all conditions required under the provisions of this Lease to be repaired or maintained within (1) three (3) days from the date of written notice from Lessor with regard to removal of trash or debris, landscape or yard maintenance, pavement or sidewalk sweeping, snow removal or cleaning, or parking lot lighting replacement and repair, and (2) thirty (30) days from the date of written notice from Lessor with regard to all other matters. If Lessee refuses or neglects to repair or maintain the Leased Premises as required under the terms of this Lease to the reasonable satisfaction of Lessor after written demand, then Lessor, without prejudice to any other right or remedy it has under this Lease or otherwise, may perform such maintenance work or make such repairs without liability to Lessee for any loss or damage that may accrue to Lessee's merchandise or other property or Lessee's business by reason thereof. Upon completion of any such repair or maintenance, and no later than ten (10) days after presentation of a bill therefor, Lessee shall pay as additional rent Lessor's costs for making such repairs or performing such maintenance plus fifteen percent (15%) to cover its overhead.

4.08 Waste and Wrongful Use. Lessee shall not commit or suffer any strip or waste of the Leased Premises or any unlawful, unsafe, improper, or offensive use thereof or any public or private nuisance thereon.

4.09 Setback. Lessee shall observe all setback lines applicable to the Leased Premises and shall not construct or maintain any building or other structure whatever between any street boundary of the Leased Premises and any setback along such boundary, except for fences or walls approved by Lessor.

4.10 Liens. Lessee shall not commit or suffer any act or neglect whereby the Leased Premises or the interest of Lessor or Lessee therein at any time during the Lease Term may become subject to any attachment, execution, lien, charge, or other encumbrance, other than a statutory lien for nondelinquent real property taxes or assessments or a mortgage approved by Lessor, and shall indemnify and hold Lessor harmless against all losses, costs, and expenses, including reasonable attorneys' fees, paid or incurred by Lessor in connection therewith. Lessee shall not incur any cost or expense with respect to the Leased Premises which, if not timely paid, may subject the Leased Premises or the interest of Lessor or Lessee therein to any lien or other encumbrance, without first complying with the requirements of paragraph 7.06 of this Lease.

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4.11 Indemnification.

A. Lessee shall indemnify and hold Lessor harmless from and against any and all claims arising from (1) Lessee's use of the Leased Premises, or from the conduct of Lessee's business, or from any activity, work or things done, permitted or suffered by Lessee in or about the Leased Premises or elsewhere; (2) any breach or default in the performance of any obligation on Lessee's part to be performed under the terms of this Lease; (3) any negligence of Lessee, or any of Lessee's agents, contractors, customers, employees, or any person claiming by, through or under Lessee; and (4) any accident on or in connection with the Leased Premises, or any fire thereon, or any nuisance made or suffered thereon. Lessee shall further indemnify and hold Lessor harmless from and against all costs, attorneys' fees, expenses and liabilities incurred in the defense of any proceeding brought against Lessor by reason of any such claim. Lessee, upon notice from Lessor, shall defend any of the above-described claims at Lessee's expense by counsel satisfactory to Lessor. Lessee, as a material part of the consideration to Lessor, hereby assumes all risk of damage to property or injury to persons, in, upon or about the Leased Premises, arising from any cause and Lessee hereby waives all claims in respect thereof against Lessor. The provisions of this subparagraph 4.11.A shall not apply if the parties agree or a court of competent jurisdiction determines that such claims or liabilities are caused by the sole negligence of Lessor.

B. Lessee acknowledges that, before entering this Lease, it has fully inspected or been provided with an opportunity to fully inspect the Leased Premises and all documents in the possession of Lessor relating to the condition of the Leased Premises, and to test or examine all conditions of or on the Leased Premises. Lessee further acknowledges that, at the time this Lease is entered into and on the basis of the foregoing inspection or opportunity to inspect, Lessee is as knowledgeable about the physical condition of the Leased Premises as Lessor and, on that basis, assumes all risks relating to the condition of the Leased Premises, including but not limited to latent defects that may be unknown both to Lessee and Lessor at the time this Lease is entered into. Lessor represents and warrants that it has provided Lessee with an opportunity to inspect all documentation maintained by Lessor in its records concerning the condition of the Leased Premises.

4.12 Costs and Expenses of Lessor. Lessee shall forthwith pay to Lessor all costs and expenses, including reasonable attorneys' fees, which are (1) paid or incurred by Lessor but are required to be paid by Lessee under any provision of this Lease; (2) paid or incurred by Lessor in enforcing any covenant of Lessee contained in this Lease, in protecting itself against or remedying any breach thereof, in recovering possession of the Leased Premises or any part thereof, or in collecting or causing to be paid any delinquent rents, real property taxes, assessments, or rates; (3) incurred by Lessor in reviewing any matter for which Lessor's approval is sought and in processing such approval; or (4) incurred by Lessor in connection with any action in any respect related to this Lease, the Leased Premises, or Lessee's actions or omissions on the Leased Premises, other than a condemnation action filed by or against Lessee, to and in which Lessor is made a party but not adjudicated to be at fault. The term "costs and expenses" as used in this Lease shall include but not be limited to all of Lessor's out-of-pocket expenditures attributable to the matter involved. Except as otherwise expressly provided herein, all costs and expenses of Lessor shall be payable by Lessee to Lessor forthwith after mailing or personal delivery of statements therefor to Lessee and shall bear interest from the date which is ten (10) days after the date of such mailing or personal delivery at the

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rate of ten and one-half percent (10 ½%) per annum. Such obligations and interest shall constitute additional rents.

4.13 Holdover. If Lessee remains in possession of the Leased Premises after expiration of the Lease Term without the execution of a new lease or of an extension of this Lease, and in such a manner as to create a valid holdover tenancy, and if no notice of termination has been delivered by Lessor to Lessee, Lessee shall be deemed to occupy the Leased Premises only as a tenant at will from month-to-month, upon and subject to all of the provisions of this Lease which may be applicable to a month-to-month tenancy, including but not limited to the provisions of Article 2 and of paragraph 11.02 of this Lease.

4.14 Lessee's Improvements as Security for Obligations to Lessor. Lessor and Lessee covenant and agree that all of Lessee's Improvements, as identified in paragraph 1.04 of this Lease, in any way affixed or attached to the Leased Premises or to a structure thereon (including, but not limited to, buildings, fill, drains, walls, fences, pavement, roadways, signs, and machinery) are real property. Lessee hereby grants to Lessor a security interest in all improvements and fixtures owned by Lessee and in any way affixed or attached, whether now or later, to the Leased Premises. Such security interest is granted and made as security for the payment of rent and all other payments of whatever nature for which Lessee may be or become obligated to Lessor under the terms of this Lease, without regard to whether such obligation arises before or after the termination of this Lease. The security interest shall expire and be released only (1) upon recordation of Lessor's release of such interest to Lessee or a person claiming under Lessee, or (2) removal of such improvements and fixtures from the Leased Premises upon termination of the Lease with the prior consent of Lessor.

4.15 Permits from Corps of Engineers and Others.

A. Lessee shall obtain all necessary permits from the Corps of Engineers and any other governmental entity with authority over the occupancy or construction of improvements on or adjacent to navigable waters and tidelands or wetlands. Lessee shall give Lessor notice of its proposed application for any such permit thirty (30) days before submission of the application to the governmental entity and obtain Lessor's approval of the proposed work as provided in paragraph 4.04 of this Lease. If Lessor fails to respond to the notice of proposed application given by Lessee within the thirty (30) day period, it shall be deemed to have approved the proposed work.

B. Any application to the State of Alaska or other governmental entity for water rights appurtenant to the Leased Premises shall be made by Lessee on behalf and in the name of Lessor. Lessee shall give Lessor notice of its proposed application for such water rights thirty (30) days before submission of the application and obtain Lessor's approval. Lessee shall bear the costs associated with such application and shall have the rights accruing from such application, if granted, for the entire Lease Term, without payment of additional compensation to Lessor.

4.16 Responsibility Upon Damage to or Destruction of Property. In the event a building or improvement situated on the Leased Premises is destroyed or damaged by fire or other casualty, Lessee shall comply in full with one of the following conditions within ninety (90) days of such destruction or damage (or within such other time period as is mutually agreed to in writing):

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A. Lessee may repair, rebuild, or otherwise reinstate the damaged improvement(s) in a good and substantial manner and in substantially the same form as it previously existed. In such event, the Lease shall continue in full force and effect without abatement of rental.

B. Lessee may repair, rebuild or otherwise reinstate the damaged improvement(s) in a manner and style different from the previously existing improvement, so long as the plans therefor are previously approved by Lessor if required under paragraph 4.04 of this Lease. In such event, the Lease shall continue in full force and effect without abatement of rental.

C. Lessee may remove the damaged improvement(s) in which event Lessee must also restore the Leased Premises to the condition specified in Article 11 of this Lease. In such event, the Lease shall continue in full force and effect without abatement of rental.

D. Lessee may elect to terminate the Lease by performing each of the following:

1. Giving written notice to Lessor of its intention to terminate,

2. Removing the damaged improvement(s) and restoring the Leased Premises to the condition specified in Article 11, and

3. Tendering to Lessor the total amount of rents to come due during the remaining term of the Lease, applying the rental rate then in effect to the remainder of the Lease Term, and discounting the total at the Federal discount rate in effect on the date of notice.

ARTICLE 5

INSURANCE

5.01 Liability Insurance. During the entire Lease Term, and during any holdover thereafter, whether or not authorized by Lessor, Lessee shall keep in full force and effect a policy or policies of general liability insurance which includes bodily injury, property damage, and personal injury acceptable to Lessor with respect to the Leased Premises and the business operated by Lessee in which the limits for each shall be not less than One Million Dollars ($1,000,000) per occurrence and Two Million Dollars ($2,000,000) aggregate or such higher limits as Lessor may specify from time to time consistent with prudent business practice then prevailing in the State of Alaska; provided, however, that no such limit shall in any way limit Lessee's liability or be construed as a representation of sufficiency to fully protect Lessee or Lessor. The policy or policies purchased pursuant to this paragraph shall name both Lessor and Lessee as insureds, with respect to the Leased Premises and the business operated by Lessee on the Leased Premises.

5.02 Property Insurance. During the Lease Term and any holdover thereafter, whether or not authorized by Lessor, Lessee shall keep all improvements now or hereafter erected or placed on the Leased Premises insured against loss or damage on an all risk basis in an amount equal to the full replacement cost of all such improvements and shall pay all premiums thereon at the time and place the same are payable. Every policy shall be made payable in case of loss or damage to the Lessee

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and Lessor jointly and shall be distributed according to their interests in the improvements unless otherwise specified by this paragraph. All compensation, indemnity or other monies paid on account of any loss or damage, other than rental value insurance, shall with all convenient speed be paid out in rebuilding, repairing or otherwise reinstating the same improvements or in constructing different improvements unless Lessee exercises its option not to rebuild under paragraph 4.16 of this Lease.

5.03 Policy Provisions. Each policy of comprehensive general liability or property insurance described in paragraphs 5.01 and 5.02 of this Lease shall:

A. Provide that the liability of the insurer thereunder shall not be affected by, and that the insurer shall not claim, any right of setoff, counterclaim, apportionment, proration, or contribution by reason of any other insurance obtained by or for Lessor, Lessee, or any person claiming by, through, or under any of them;

B. Provide that such policy requires thirty (30) days notice to Lessor of any proposed cancellation, expiration, or change in material terms thereof and that such policy may not be canceled, whether or not requested by Lessee, unless the insurer first gives not less than thirty (30) days' prior written notice thereof to Lessor; and

C. Contain a waiver by the insurer of any right of subrogation to proceed against Lessor or against any person claiming by, through, or under Lessor.

5.04 Proof of Insurance. Lessee shall deliver to Lessor certificates of insurance on or before the effective date of this Lease or at such other date as agreed to in writing by Lessor. Additionally, Lessee shall deliver to Lessor photocopies of the policy or policies of insurance, certificates of insurance, or copies of endorsements as requested by the Lessor from time to time.

ARTICLE 6

EMINENT DOMAIN

6.01 Effect of Eminent Domain on Lease.

A. The terms "taking" and "to take" (in any of its forms) as used in this paragraph refer to any competent authority's acquisition by the power of eminent domain, including inverse condemnation, of all or any part of the Leased Premises or an interest therein, at any time during the Lease Term. The transfer of title effecting the taking may be either a transfer resulting from the recording of a final order in condemnation or a voluntary transfer or conveyance to the condemning agency or entity under threat of condemnation in avoidance of an exercise of eminent domain, made before or while condemnation proceedings are pending. The time of taking shall be determined by application of the law of the State of Alaska.

B. In the event of a taking of all or materially all of the Leased Premises, this Lease shall terminate on the earlier of vesting of title in, or the taking of possession by, the condemner.

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C. Subject to the exception set out in subparagraph 6.01.D below, if less than materially all of the Leased Premises are taken (herein called a "partial taking"), this Lease shall continue in effect except as to the portion so taken or condemned, but the rent to be paid by Lessee shall thereafter be reduced by the same ratio as the value of the portion of the Leased Premises so taken bears to the value of the Leased Premises before taking. If no portion of the net usable area of the Leased Premises is taken, or if the portion thereof so taken is subterranean or aerial and does not interfere with the use of the surface, then Lessee shall not be entitled to any adjustment of rent hereunder. If Lessor and Lessee disagree as to whether a taking is a partial taking, either of them may submit the matter to arbitration under Article 8.

D. If a partial taking renders the remaining Leased Premises unsuitable for the purposes for which Lessee's improvements were designed or occurs during the last five (5) years of the term of this Lease or any extension thereof, then Lessee, upon sixty (60) days' written notice to Lessor and compliance with Article 11 of this Lease, and subject to the rights of any Qualified Mortgagee, may terminate this Lease after vesting of title in the condemnor or taking of possession by the condemner. If Lessee does so, the rent and other charges under this Lease shall be apportioned as of the date of termination.

6.02 Disposition of Proceeds.

A. Total Taking. In the event of a total taking, the rights of Lessor and Lessee to share in the net proceeds of any and all awards for land, building, improvements and damages shall be in the following order of priority:

1. To Lessor, a sum equal to the fair market value of the fee simple interest in the Leased Premises unencumbered by this Lease or any sublease, and including Lessor's Improvements and excluding Lessee's Improvements.

2. To Lessee, a sum representing the fair market value of Lessee's Improvements. In no event shall Lessee be entitled to any claim for its leasehold interest, and any compensation therefor is hereby assigned to Lessor.

3. To Lessor, the balance of the award, excluding interest. Interest shall be allocated between the parties in proportion to their respective shares of the total award provided above. If the value of such respective interests of Lessor and Lessee have been separately determined in such condemnation proceeding, the values so determined shall be conclusive upon Lessor and Lessee. If such values have not been so determined, they may be fixed by agreement between Lessor and Lessee, or if the parties cannot agree, then by arbitration under Article 8 of this Lease.

B. Partial Taking. In the event of a partial taking, rental shall be abated as provided in subparagraph 6.01.C, and the net proceeds of the award shall be divided between Lessor and Lessee as follows:

1. To Lessor, a sum representing the fair market value of the fee simple interest of the part or parts of the Leased Premises so taken, unencumbered by this Lease, including Lessor's

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Improvements and excluding Lessee's Improvements; plus an amount representing consequential damages to the part or parts of the land remaining after such taking, considered as if vacant and unimproved.

2. To Lessee, the balance of the award, which shall be applied by Lessee first to restoration of Lessee's Improvements as nearly as reasonably possible to their condition before such taking, unless Lessee terminates this Lease as provided in subparagraph 6.01.D above.

C. Rights on Termination. Notwithstanding anything in this Lease to the contrary, if Lessee exercises its right to terminate the Lease under subparagraph 6.01.D, above, the award balance attributable to Lessee's Improvements other than the principal balance, if any, and other proper charges of a Qualified Mortgagee shall belong to Lessor free of any claim of Lessee. In no event shall Lessee be entitled to any compensation for its improvements if the taking occurs after expiration of the Lease Term or termination of this Lease.

6.03 Temporary Taking. If the whole or any part of the Leased Premises, or of Lessee's interest under this Lease, is taken by any competent authority for its temporary use or occupancy, this Lease shall not terminate by reason thereof and Lessee shall continue to pay all rental payments and other charges payable by Lessee hereunder, and to perform all other terms, covenants, and conditions contained herein, except to the extent Lessee is prevented from so doing by the terms of the order of the taking authority. In the event of a temporary taking, Lessee shall be entitled to receive the entire amount of the award and shall be obligated, at its sole expense, to restore the Leased Premises as nearly as may be reasonably possible to the condition in which they existed immediately prior to such taking; provided, however, that if the period of temporary use or occupancy extends beyond the expiration of the Lease Term, the award shall be apportioned between Lessor and Lessee as of said date of expiration, after Lessor shall have received the entire portion of the award attributable to physical damage to the Leased Premises (excluding Lessee's Improvements) and to the restoration thereof to the condition existing immediately prior to the taking or condemnation. Upon expiration of the temporary taking, Lessee shall have the rights and obligations provided in Article 11, including but not limited to removal of Lessee's Improvements within a reasonable time to be negotiated by Lessor and Lessee.

ARTICLE 7

ASSIGNMENTS, MORTGAGES, SUBLEASES AND SUBDIVISION

7.01 Limitations on Assignment. Lessee shall not voluntarily or by operation of law assign, transfer, mortgage, sublet, or otherwise transfer or encumber all or any part of Lessee's interest in this Lease or in the Leased Premises, except in strict compliance with this Article 7. Any attempted assignment, transfer, mortgage, encumbrance or subletting without such compliance shall be void, and shall constitute a breach of this Lease.

7.02 Lessee's Right to Assign. Lessee shall have the right to assign or otherwise transfer Lessee's interest in this Lease and the estate created by this Lease to a Qualified Assignee, upon

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compliance with the provisions of paragraph 7.03 below and only upon the written consent of the Lessor.

A Qualified Assignee is any person or entity, including a corporate successor of Lessee, whose net worth on the date of assignment is equal to or greater than the Lessee's net worth at the commencement of this Lease or who can otherwise demonstrate to Lessor, in the exercise of prudent business judgment, that he or it is financially capable of meeting Lessee's obligations under this Lease. Net worth shall mean the amount by which the total of all assets of the person or entity exceeds the total of all his or its liabilities as determined by an independent, certified public accountant, in accordance with generally accepted accounting principles. For the purposes of this paragraph, the sale, assignment, transfer, or other disposition of any of the issued and outstanding capital stock of the Lessee, or of the interest of a general partner or joint venturer or syndicate member or co-tenant, if Lessee is a partnership or joint venture or syndicate or co-tenancy, which shall result in changing the control of Lessee, shall be construed as an assignment of this Lease. Control, in the provisions of this Lease relating to assignment, means fifty percent (50%) or more of the voting power of the entity.

7.03 Conditions Precedent to Assignment. The following are conditions precedent to Lessee's right of assignment:

A. Lessee shall give Lessor reasonable notice of the proposed assignment with appropriate documentation as evidence that the proposed assignee qualifies as a Qualified Assignee. Such documentation shall include, at the request of Lessor, a certified financial statement prepared independently and in accordance with generally accepted accounting principles fairly representing the existing financial condition of the proposed assignee. Prior years' income tax returns may be an acceptable substitute for the certified financial statement.

B. The proposed assignee shall, in recordable form, expressly assume all the covenants and conditions of this Lease.

C. Lessee shall pay Lessor the sum of Two Hundred Dollars ($200.00) to enable Lessor adequately to investigate the proposed assignee's qualifications as a Qualified Assignee. Lessor shall not be required to account for the use of the sum paid.

D. Lessee shall not be in default on any obligation owed to Lessor under this Lease.

7.04 Lessee's Nonliability after Assignment. Upon an assignment made in accordance with the provisions and conditions of this Lease, Lessee shall have no further obligation under this Lease and, as between Lessor and Lessee, shall be considered to have assigned to the Qualified Assignee all claims against Lessor arising under this Lease; provided, however, that an assignment does not release Lessee of any obligations that may have arisen or accrued or be based on events which occurred before the assignment, including but not limited to, an obligation to pay delinquent rent or an obligation to pay all costs associated with cleaning up any environmental contamination, unless Lessor expressly releases Lessee from the same in writing. Upon assignment, the Qualified Assignee shall assume all rights and obligations of Lessee under this Lease, including unsatisfied obligations to cure any delinquency in rent or other charges under this Lease or to perform any repairs or other

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work or action required by Lessor before the assignment. The Qualified Assignee's satisfaction of any of Lessee's obligations to Lessor that accrued prior to assignment shall subrogate the Qualified Assignee to Lessor's cause of action against Lessee with respect to such satisfied obligation.

7.05 Lessor's Disapproval of Assignment. The effective date of the assignment shall be sixty (60) days after Lessee's notice of the proposed assignment, unless, within that time, Lessor gives notice of a valid objection that a proposed assignee is not a Qualified Assignee. Lessor's failure to give notice within that time shall constitute a waiver of objection to the assignment.

7.06 Mortgage of Leasehold Interest. Lessee shall have the right at any time, and from time to time, to subject the leasehold estate and any or all of Lessee's Improvements situated on the Leased Premises to one or more mortgages or assignments as security for a loan or loans or other obligation of Lessee (each of which instruments is herein called a "Leasehold Mortgage"), provided that:

A. Subordinate to Lease. The Leasehold Mortgage and all rights acquired under it shall be subject and subordinate to each and all the covenants, conditions, and restrictions stated in this Lease, and to all rights and interests of Lessor except as otherwise provided in this Lease.

B. Notice to Lessor. Lessee shall give Lessor prior notice of any such Leasehold Mortgage, and shall accompany the notice with a true copy of the note and the Leasehold Mortgage as proposed for execution. Upon Lessor's written consent to the Leasehold Mortgage and upon execution of the Leasehold Mortgage by all parties, the mortgagee shall become a Qualified Mortgagee as that term is used in this Lease.

C. Notice of Default and Opportunity to Cure. Upon any default on any of the terms of the Lease by Lessee, Lessor, in addition to notifying Lessee pursuant to paragraph 9.02 below, shall also notify each Qualified Mortgagee of such default. Upon receipt of a written notice of default, any such Qualified Mortgagee shall have the length of time set forth in paragraph 9.02.C of this Lease to cure the default.

D. Possession by Mortgagee. A Qualified Mortgagee may take possession of the Leased Premises and vest in the interest of Lessee in the Lease upon the performance of the following conditions:

1. The payment to Lessor of any and all sums due to Lessor under the Lease, including but not limited to accrued unpaid rent.

2. The sending of a written notice to Lessor and Lessee of the Qualified Mortgagee's intent to take possession of the Leased Premises and assume the Lease.

3. The curing of all defaults not remediable by the payment of money within an additional thirty (30) days of the date upon which such default was required to be cured by the Lessee under the terms of this Lease.

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E. No Liability of Mortgagee Without Possession. A qualified Mortgagee shall have no liability or obligation under the Lease unless and until it sends to Lessor the written notice described in paragraph 7.06.D.2 above. Nothing in this Lease nor in the taking of possession of the Leased Premises and assumption of the Lease by a Qualified Mortgagee or a subsequent assignee shall relieve Lessee of any duty or liability to Lessor under the Lease.

F. In the event the Qualified Mortgagee forecloses the Leasehold Mortgage, any subsequent assignee or transferee of the leasehold estate proposed by the Qualified Mortgagee must be approved by Lessor, whose discretion in the matter shall be complete.

7.07 Right to Sublet. Lessee shall have the right during the Lease Term to sublet all or any part or parts of the Leased Premises or the improvements, or both, and to assign, encumber, extend, or renew any sublease, providing the following provisions are complied with:

A. Each sublease shall contain a provision satisfactory to Lessor requiring the sublessee to attorn to Lessor if Lessee defaults under this Lease and if the sublessee is notified of Lessee's default and is instructed to make sublessee's rental payments to Lessor.

B. Prior to execution of each sublease, Lessee shall notify Lessor of the name and mailing addresses of the proposed sublessee and provide Lessor with photocopies of the proposed sublease. Lessee shall not execute any such sublease until it has received the written consent of Lessor, which shall not be unreasonably withheld. Promptly after execution, Lessee shall provide Lessor with a photocopy of the executed sublease.

C. Lessee shall not accept, directly or indirectly, more than three (3) months' prepaid rent from any sublessee.

D. A Qualified Subtenant is a subtenant in possession under an existing sublease as to which the foregoing conditions have been met and as to which Lessor has given its written consent.

No sublease shall relieve Lessee of any of its covenants or obligations under this Lease, and any provision of a sublease purporting to do so shall be deemed a nullity as between Lessor and Lessee notwithstanding Lessor's failure to object to the sublease.

7.08 Subdivision of Leased Premises. Lessee shall not, under any circumstances whatsoever, subdivide the Leased Premises or any part thereof.

ARTICLE 8

ARBITRATION AND APPRAISAL PROCESS

8.01 Appointment of Arbitrators and Conduct of Arbitration. If Lessor and Lessee fail to agree upon (1) the appraisal of a fee simple interest under Article 2; or (2) the value of the respective interests of Lessor and Lessee in a condemnation action under Article 6; the matter of disagreement, upon the election of either of them, shall be submitted to and determined by a single arbitrator, mutually appointed by them, whose decision and award shall be final, conclusive, and binding upon both of them. If Lessor and Lessee fail to mutually appoint a single arbitrator, the matter shall be submitted to and determined by three (3) arbitrators, in which event either Lessor or Lessee may give to the other written notice of election to have the matter of disagreement so arbitrated and shall appoint therein one of the arbitrators. The other party shall, within twenty (20) days after the receipt of such written notice, appoint a second arbitrator. If he fails to do so, the party who has already appointed an arbitrator may have the second arbitrator appointed by any judge of the Superior Court of Alaska resident in the district where the Leased Premises are situated. The two arbitrators so appointed in either manner shall appoint the third arbitrator, and if the first two arbitrators fail to appoint a third arbitrator within twenty (20) days after the appointment of the second arbitrator, either Lessor or Lessee may have the third arbitrator appointed by any judge of the Superior Court of Alaska resident in the district where the Leased Premises are situated. Each of the arbitrators appointed under this paragraph shall possess the professional qualifications provided in paragraph 8.02 hereof.

The three arbitrators so appointed shall thereupon proceed to arbitrate the matter of disagreement, upon such rules of procedure as they may adopt, and shall render a written decision containing their findings and conclusions. The Lessor and Lessee shall share equally the costs associated with the arbitration.

8.02 Special Qualifications of Arbitrators. Each arbitrator appointed pursuant to paragraph 8.01 shall be a person who (1) has not less than five (5) years appraisal experience in the State of Alaska prior to his appointment; (2) has appraised similar classes of property throughout the State of Alaska; and (3) is a member (MAI [but not RM]) of the American Institute of Real Estate Appraisers, a Senior Real Estate Analyst (SREA), or a Senior Real Property Appraiser (SRPA) of the Society of Real Estate Appraisers. It is understood and agreed that if any of such institutes or societies is merged or otherwise consolidated with another duly qualified appraisal or counseling organization, and thereby loses its name or designation, the arbitrator may be appointed from among the members of such other organization.

8.03 Judicial Review of Arbitration Decision. The decision of the arbitrator or arbitrators shall be final and unreviewable by any court, except to the extent authorized by Alaska Statutes 09.43.110, .120 and .130. If the court determines that the arbitration decision should be set aside on one of the grounds enumerated in such statutes, it may proceed to decide the merits of the matter at the instance of either party to the Lease and neither party shall be required to submit to rearbitration of the matter.

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ARTICLE 9

DEFAULT AND DEFEASANCE

9.01 Events of Default. Each of the following events shall be a default by Lessee and breach of this Lease:

A. Failure to Perform Lease Covenants. Lessee's abandonment or surrender of the Leased Premises or of the leasehold estate, or failure or refusal to pay when due any installment of rent or any other sum required by this Lease to be paid by Lessee, or to perform as required by any other covenant or condition of this Lease.

B. Appointment of Receiver. The appointment of a receiver or trustee to take possession of the Leased Premises or improvements or of the Lessee's interest in the leasehold estate or of Lessee's operations on the Leased Premises for any reason.

C. Insolvency, Bankruptcy. An assignment by Lessee for the benefit of creditors or the filing of a voluntary or involuntary petition by or against Lessee under any provision of the U. S. Bankruptcy Code.

9.02 Notice and Right to Cure.

A. Notices. As a precondition to pursuing any remedy for an alleged default by Lessee, Lessor shall, before pursuing any remedy, give notice of default to Lessee. Each notice of default shall state the alleged event of default and the intended remedy, but the identification of the intended remedy shall not limit Lessor's right to seek or use any other available remedy not identified in the notice.

B. Method of Giving Notice. Lessor shall give notice of default in accordance with subparagraph 9.02.A by personal delivery to each party required to receive it; or by (1) mailing by certified mail (return receipt requested) a copy of the notice to each party required to receive it at the last address provided by that party to Lessor and (2) mailing by first class mail a copy of the same notice to each such party at the same address. To be effective, personal delivery shall be documented by written acknowledgment of receipt by Lessee or by an affidavit of the personal delivery by Lessor's representative.

C. Lessee's Right to Cure Defaults.

1. If the alleged default is nonpayment of rent, taxes, or other sums to be paid by Lessee as provided in Articles 2 and 4 or elsewhere in this Lease directed to be paid as rent, Lessee shall have thirty (30) days after the notice is given to cure the default.

2. If, in the reasonable opinion of Lessor, the alleged default substantially endangers either the person or property of Lessor or a third party, or human health or the environment, Lessee shall commence curing the default immediately upon notice and complete the

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cure within such reasonable time period as is imposed by Lessor or any governmental body having jurisdiction in the matter.

3. For the cure of any other default, Lessee shall promptly and diligently after the notice commence curing the default and shall have sixty (60) days after notice is given to complete the cure.

9.03 Nonwaiver. Acceptance by Lessor or its agents of any rents, whether basic or additional, shall not be deemed to be a waiver by it of any breach by Lessee of any of its covenants contained in this Lease or of the right of Lessor to reenter the Leased Premises or to declare a forfeiture for any such breach. Waiver by Lessor of any breach by Lessee shall not operate to extinguish the covenant the breach of which is so waived, nor be deemed to be a waiver of the right of Lessor to declare a forfeiture for any other breach thereof or of any other covenant.

9.04 Right of Lessor to Protect Against Default. If Lessee fails to observe or perform any of its covenants contained herein, Lessor, at any time thereafter and without notice, shall have the right but not the obligation to observe or perform such covenant for the account and at the expense of Lessee, and shall not be liable to Lessee or anyone claiming by, through, or under it for any loss or damage by reason thereof to the occupancy, business, or property of any of them. All costs and expenses paid or incurred by Lessor in observing or performing such covenant shall constitute additional rents, which Lessee shall forthwith pay to Lessor upon statements therefor.

9.05 Lessor's Remedies. If any default by Lessee shall continue uncured, following notice of default as required by this Lease, for the period applicable to the default under paragraph 9.02 of this Lease, Lessor has the following remedies in addition to all other rights and remedies provided by law or equity or other provisions of this Lease, to which Lessor may resort cumulatively or in the alternative. The election of one remedy for any one default shall not foreclose an election of any other remedy for another default or for the same default at a later time.

A. Termination. Lessor may, at Lessor's election, terminate this Lease by giving Lessee notice of termination in accordance with the procedures specified in paragraph 9.02 of this Lease. On the giving of the notice, all Lessee's rights in the Leased Premises and in all improvements thereon shall terminate, unless Lessor expressly and in writing requires Lessee to remove specified improvements (in which event Lessee's rights shall continue in the improvements required to be removed). Promptly after notice of termination, Lessee shall surrender and vacate the Leased Premises and all improvements not required to be removed in a broom-clean condition, and Lessor may reenter and take possession of the Leased Premises and all remaining improvements and eject all parties in possession, or eject some and not others, or eject none. Termination under this paragraph shall not relieve Lessee, or any of its guarantors, insurers, or sureties, from the payment of any sum then due to Lessor or from any claim for damages previously accrued or then accruing against Lessee.

B. Re-entry Without Termination. Lessor may, at Lessor's election, reenter the Leased Premises, and, without terminating this Lease, at any time and from time to time relet the Leased Premises and improvements, or any part or parts of them, for the account and in the name of Lessee or otherwise. Lessor may, at Lessor's election, eject all persons or eject some and not

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others or eject none. Any reletting may be for the remainder of the Lease Term or for a longer or shorter term. Lessor may execute any leases made under this provision either in Lessor's name or in Lessee's name, and shall be entitled to all rents from the use, operation, or occupancy of the Leased Premises or improvements or both. Lessor shall apply all rents from reletting as provided in paragraph 9.07 of this Lease. Lessee shall nevertheless pay to Lessor on the due dates specified in this Lease, the equivalent of all sums required of Lessee under this Lease, plus Lessor's expenses, less the proceeds of any reletting. No act by or on behalf of Lessor under this provision shall constitute a termination of this Lease unless Lessor gives Lessee notice of termination.

C. Recovery of Rent. Lessor shall be entitled, at Lessor's election, to each installment of rent or to any combination of installments for any period before termination, plus interest at the rate of ten and one-half percent (10 ½%) per annum from the due date of each installment. If Lessor elects to relet the Leased Premises without terminating this Lease, the proceeds of such reletting shall be applied, when received, as provided in paragraph 9.07 of this Lease.

D. Lessee's Personal Property. Lessor may, at Lessor's election, use Lessee's personal property and trade fixtures on the Leased Premises, or any of such property and fixtures, without compensation and without liability for use or damage, or store them for the account and at the cost of Lessee.

E. Damages. Lessor shall also be entitled, at Lessor's election, to damages in the following sums: (1) all amounts that would have fallen due as rent between the time of termination and the time the property is relet; provided that Lessor shall exert reasonable efforts to relet the property at prevailing market value; and (2) the amount, if any, by which the Basic Rents under this Lease exceed the rents under any subsequent lease upon reletting calculated over the Lease Term; and (3) all administrative, marketing, brokerage, repair, cleaning and similar costs incurred by Lessor and necessary or useful to reletting the Leased Premises or placing it in good and marketable condition.

9.06 Assignment of Subrents. Lessee assigns to Lessor all subrents and other sums falling due from subtenants, licensees and concessionaires (referred to as "Subtenants" in this paragraph 9.06) during any period in which Lessor has the right under this Lease, whether exercised or not, to reenter the Leased Premises for Lessee's default, and Lessee shall not have any right to such sums during that period. Lessor may at Lessor's election reenter the Leased Premises and improvements with or without process of law, without terminating this Lease, and either, or both, collect these sums or bring action for the recovery of the sums directly from Subtenants. Lessor shall apply all such collected subrents as provided in paragraph 9.07. Lessee shall nevertheless pay to Lessor on the due dates specified in this Lease the equivalent of all sums required of Lessee under this Lease, plus Lessor's expenses, less the avails of the sums assigned and actually collected under this paragraph 9.06. Lessor may proceed to collect either the assigned sums or Lessee's balances, or both, or any installment or installments of them, either before or after expiration of the Lease Term, but the period of limitations shall not begin to run on Lessee's payments until the due date of the final installment to which Lessor is entitled under this Lease, nor shall it begin to run on the payments of the sums assigned under this paragraph 9.06 until the due date of the final installment due from the respective Subtenants.

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9.07 Application of Sums Collected by Lessor. Lessor shall apply all subrents and proceeds of reletting as follows: first, to the payment of reasonable expenses (including attorneys' fees and brokers' commissions or both) paid or incurred by or on behalf of Lessor in recovering possession, placing the Leased Premises and improvements in good condition, and preparing or altering the Leased Premises or improvements for reletting; second, to the reasonable expense of securing new lessees; third, to the fulfillment of Lessee's covenants to the end of the Lease Term; and fourth, to Lessee's uses and purposes.

ARTICLE 10

GENERAL PROVISIONS

10.01 Lessor's Right to Entry, Inspection and Repair. Lessor or its authorized agents may enter and inspect the Leased Premises at any time during regular business hours, with or without the presence of Lessee or its authorized representative, after giving twenty-four (24) hours' advance notice to Lessee of such inspection. Such inspections may include, but not be limited to, conducting tests for environmental contamination. All inspections will be conducted in a manner that does not unreasonably interfere with the operation of Lessee's business. If contamination is identified on the Leased Premises, Lessee shall be responsible for all resulting costs associated with cleanup as provided in paragraphs 4.06 and 4.11. In the event of an emergency, Lessor may enter and inspect the Leased Premises on reasonable notice (including no notice to Lessee if the circumstances warrant) and make such repairs or institute such measures, on the account and at the expense of Lessee, as may be necessary to avert or terminate the emergency. An emergency is any action, event, or condition, either extant or imminent, that threatens significant damage to property or injury to persons on or near the Leased Premises, and includes but is not limited to flood, fire, explosion, avalanche, earthquake, uncontrolled or dangerous discharge or release of water or other fluids, unauthorized or illegal placement of hazardous or toxic materials on the Leased Premises, and shifting, settling or loss of earth or support on the Leased Premises.

10.02 Notices. Any notice, other than notice of default under subparagraphs 9.02.A and 9.02.B of this Lease, or demand to Lessor or Lessee provided for in this Lease may be given sufficiently for all purposes in writing, mailed by registered or certified mail, return receipt requested, and addressed to such party or its agent at its mailing address specified herein or at the last such address specified by such party in writing to the other, or may be delivered personally within the State of Alaska to such party or its agent. Except as otherwise expressly provided herein, such notice shall be conclusively deemed to have been given on the date of such mailing or personal delivery. If at any time during the Lease Term Lessee is more than one person or entity, any notice given by Lessor to any of them shall constitute notice to all of them, and any agreement or approval with or in favor of Lessor made or given by any of them shall bind all of them.

10.03 Covenants and Conditions. Every provision in this Lease which imposes an obligation upon Lessee or invests an option, power, or right in Lessor shall be deemed to be a covenant of Lessee in favor of Lessor, and the time of observance and performance by Lessee of each such covenant shall be of the essence. Full and faithful observance and performance by Lessee of each of its covenants contained in this Lease shall be a condition hereof.

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10.04 Integration and Amendments. Except as otherwise expressly provided in this Lease and except for the provisions of the Memorandum of Lease, this Lease is a complete integration of every agreement and representation made by or on behalf of Lessor and Lessee with respect to the Leased Premises, and no implied covenant or prior oral or written agreement shall be held to vary the provisions of this Lease, any law or custom to the contrary notwithstanding. In the event of any conflict between this Lease and the Memorandum of Lease, the provisions of the Memorandum of Lease shall control. No amendment or other modification of the provisions of this Lease shall be effective unless incorporated in a written instrument duly executed and acknowledged by Lessor and Lessee.

10.05 Approvals of Lessor. Except as otherwise expressly provided in this Lease and except for amendments or modifications of this Lease, Lessor shall neither unreasonably, capriciously, nor arbitrarily withhold any approval required to be obtained by Lessee hereunder, nor require any consideration therefor as a condition thereof other than payment forthwith by Lessee to Lessor of all costs and expenses paid or incurred by Lessor in connection with the review of the matter for which such approval is sought and the processing of such approval.

10.06 Survival and Severability. The rights and obligations of Lessor and Lessee provided in paragraphs 4.06 and 4.11 through 4.15 of this Lease, and in the Memorandum of Lease, except to the extent expressly varied or superseded by a subsequent instrument executed by Lessor and Lessee, shall survive the expiration or earlier termination of this Lease. If any provision of this Lease is held to be void or otherwise unenforceable by any court or other tribunal of competent jurisdiction, other than at the initiative or with the support of Lessor, within thirty (30) days after receipt of written notice of such holding Lessor shall have the right and option, exercisable by written notice thereof to Lessee, to terminate this Lease effective as of the date of such written notice of exercise. It is understood and agreed that otherwise this Lease, except for such provision so held to be void or otherwise unenforceable, shall remain in full force and effect.

10.07 Binding Effect. This Lease shall be binding upon and shall inure to the benefit of Lessor and Lessee and their respective successors and assigns. The designations "Lessor" and "Lessee" include their respective successors and assigns and shall be so construed that the use of the singular number includes the plural number, and vice versa, and the use of any gender includes the other genders. If at any time during the Lease Term Lessee is more than one person or entity, including persons who are partners and operate Lessee as a partnership, their liability hereunder shall be joint and several.

10.08 Lessor's Authority to Convey Fee Title. Lessor retains the absolute and unconditional right to convey fee title in the Leased Premises, or an interest or estate therein, subject to this Lease and the interest of any Qualified Mortgagee or Subtenant under this Lease.

10.09 Powers of Lessor as Public Corporation. Nothing in this Lease restricts or limits the authority of Lessor, the Alaska Railroad Corporation, in the exercise of governmental authority delegated to it by the Alaska Railroad Corporation Act, AS 42.40, or by any other applicable law or regulation.

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10.10 Captions. The captions of the articles and paragraphs hereof are for convenience only, are not an operative part hereof, and neither limit nor amplify in any way the provisions hereof.

ARTICLE 11

DUTIES UPON TERMINATION OR EXPIRATION

11.01 Surrender of Leased Premises. Upon expiration or early termination of this Lease, Lessee shall surrender to Lessor the possession of the Leased Premises. Lessee shall leave the surrendered Leased Premises and any improvements in a broom-clean condition, as noted in paragraph 11.02. If Lessee fails to surrender the Leased Premises at expiration or termination, Lessee shall defend and indemnify Lessor from all liability and expense resulting from the delay or failure to surrender, including but not limited to claims made by any succeeding tenant founded on or resulting from Lessee's failure to surrender. In the event of failure or refusal of Lessee to surrender possession of the Leased Premises, Lessor shall have the right to reenter the Leased Premises and remove therefrom Lessee or any person, firm or corporation claiming by, through or under Lessee and to obtain damages for trespass from Lessee.

11.02 Removal of Improvements Upon Termination.

A. Upon the expiration or termination of this Lease or any extension thereof, including termination resulting from Lessee's breach ("termination"), Lessee shall leave the Leased Premises in a broom-clean and leasable condition, which shall include removal of all improvements, buildings, foundations and footings to buildings, personal property, trash, vehicles, and equipment, except as noted in subparagraphs 11.02.B, .C and .D below. Any excavation on the property, including excavation to remove Lessee's Improvements, shall be filled and compacted with material approved by Lessor.

B. Lessor may, at its option, allow Lessee to leave some or all of Lessee's Improvements on the Leased Premises upon termination. If Lessor so elects, such improvements shall become the property of Lessor upon termination.

C. Pursuant to the security interest granted under paragraph 4.14 of this Lease, Lessor may, at its option, require Lessee to leave some or all of Lessee's Improvements on the Leased Premises upon termination, with Lessor becoming the owner of such improvements, when at the time of termination, Lessee has failed to make all payments to Lessor required under this Lease.

D. Any improvements owned by Lessor and identified in paragraph 1.03, or added to the Leased Premises by Lessor after execution of this Lease, shall not be removed by Lessee.

11.03 Abandonment of Lessee's Property. All property that Lessee is not required or allowed to leave on the Leased Premises shall, on the tenth (10th) day following termination, be conclusively deemed abandoned. Abandoned property shall, at the election of Lessor, become the property of Lessor or be destroyed or removed by Lessor.

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11.04 Liability for Cleanup Expenses. Lessee shall be liable for all costs and expenses incurred by Lessor to remove or destroy abandoned property and improvements not required or allowed to be left on the Leased Premises, and for the removal of trash or other debris left thereon. In addition, nothing in this Lease shall relieve Lessee of any obligation or liability for removal of hazardous substances (including wastes) or inappropriate fill material placed on the Leased Premises during the term of the Lease, regardless of when such hazardous substance (including waste) or inappropriate fill material is discovered.

ARTICLE 12

EXECUTION AND MEMORANDUM OF LEASE

12.01 Execution and Counterparts. This Lease is executed in two or more counterparts, each of which shall be an original, and all of which shall constitute one and the same instrument.

12.02 Recordation of Memorandum of Lease. This Lease shall not be recorded. The parties shall execute in suitable form for recordation a memorandum of this Lease ("Memorandum of Lease"), which shall be recorded. The Memorandum of Lease shall be the Lessor's standard form Memorandum of Lease or, with the agreement of Lessor, a Memorandum of Lease in a form proposed by a title insurance company insuring Lessee's leasehold interest or the interest of any Qualified Mortgagee sufficient to give constructive notice of this Lease to subsequent purchasers and mortgagees.

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IN WITNESS WHEREOF, Lessor and Lessee have duly executed and acknowledged this Ground Lease.

ALASKA RAILROAD CORPORATION

Dated: 2-10-98

By: _____
William J. Sheffield
President and Chief Executive Officer

Dated: 2/10/98

By: Karen J Morrissey
Karen J. Morrissey
Manager, Real Estate Services

TECHNIC SERVICES, INC.

Dated: 2-19-98

By: _____

Its: Pres.

STATE OF ALASKA)
)ss.
THIRD JUDICIAL DISTRICT)

The foregoing instrument was acknowledged before me this 10th day of February, 1998, by William J. Sheffield, President and Chief Executive Officer of the Alaska Railroad Corporation, a public corporation created by Alaska Statute 42.40, on behalf of the corporation.

Kathleen A. Lewis
Notary Public in and for Alaska
My Commission expires: 12-11-2000

KATHLEEN A. LEWIS NOTARY PUBLIC STATE OF ALASKA

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STATE OF ALASKA

STATE OF ALASKA)
)ss.
THIRD JUDICIAL DISTRICT)

The foregoing instrument was acknowledged before me this 10th day of February, 1998, by Karen J. Morrissey, Manager, Real Estate Services of the Alaska Railroad Corporation, a public corporation created by Alaska Statute 42.40, on behalf of the corporation.

Kathleen A. Lewis

Notary Public in and for Alaska
My Commission expires: 12-11-2020

KATHLEEN A. LEWIS NOTARY PUBLIC STATE OF ALASKA

STATE OF ALASKA)
)ss.
THIRD JUDICIAL DISTRICT)

The foregoing instrument was acknowledged before me this 19th day of Feb, 1998, by Rick Rushing, the President of Technic Services, Inc., an Alaska corporation, on behalf of the corporation.

Notary Public in and for Alaska
My Commission expires:

DENIS M. LEBEL NOTARY PUBLIC STATE OF ALASKA MY COMMISSION EXPIRES MAY 31, 1999

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STATE OF ALASKA