# COMMERCIAL LEASE

**THIS LEASE** is made the date indicated below by and between Finnlanders, LLC, an Alaska limited liability company, ("Landlord") and The Green Pearl, LLC, an Alaska limited liability company ("Tenant").

**1.** **Premises.** Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the "Premises" commonly known 3678 S. Wolverine Drive, Big Lake, Alaska, 99652 which consists of land and a building containing approximately 1,200 square feet.

The Premises include, without limitation, the building and all improvements situated thereon.

**2.** **Term.**

**2.1** **Term.** The term of this Lease shall be sixty (60) months from February 1, 2017 (the "Lease Commencement Date") through December 31, 2022, with an option to renew as provided below. Provided that Tenant is in compliance with its obligations arising pursuant to the terms of this Lease, possession of the Premises shall be provided to Tenant on the Lease Commencement Date.

**2.2** **Option to Renew.** If Tenant is not in default hereunder, Tenant, at its option, may obtain three (3) renewals "Extension Term" of this Lease each for a further term of five (5) years each and upon the terms and conditions herein stated, except for the amount of the monthly. Tenant shall exercise this option to renew by giving Landlord written notice of intention to renew not less than 180 days prior to the expiration of the original term. The montly rent for the renewal period shall be the fair rental value of the Premises at the time the renewal period is to commence. If the parties cannot agree upon the fair rental value at such time, then it shall be determined by binding arbitration in accordance with this agreement. However, in no event shall the renewal term monthly rent be less than the monthly rent in effect immediately preceding the commencement of the renewal period.

**2.3** **Early Termination.** In the event Tenant, despite best efforts and at no fault of its own, is unable to obtain an Alaska state license and municipal use permit approvals for cannabis cultivation [or there are changes in Alaska state or municipal law that make the business of Tenant illegal], Tenant may, at Tenant's election, be released from the terms of the Lease. In such event Landlord shall retain, as liquidated damages all payments and deposits paid by or on behalf of Tenant. Landlord and Tenant acknowledge that Landlord's damages in such an event are difficult to precisely measure, but that said sum is a reasonable approximation of those damages. This release and liquidated damages provision is not applicable in any circumstances other than those expressly set forth in this paragraph.

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**3.** **Rent.**

**3.1** **Monthly Rent.** The Tenant shall pay to the Landlord at Landlord's address specified below, or at such other place as the Landlord may hereinafter designate, on or before the twenty-fifth (25th) day of each month preceding the month for which such rent is paid, commencing on the twenty-fifth (25th) day of month preceding the Lease Commencement Date, without offset or deduction $4,500.00 (Four Thousand Five Hundred dollars and 00/100).

**3.4** **Late Charges.** In addition to all other remedies available for nonpayment, if the amount due from the Tenant is not received by the Landlord on or before the 10th day following the date upon which such amount is due and payable, a late charge of $75.00 per day shall become due and payable as additional rent hereunder, which represents a fair and reasonable estimate of the processing and accounting costs that Landlord will incur by reason of such late payment.

**4.** **Security Deposit.** Contemporaneously with the Tenant's execution of this Lease, Tenant has deposited with Landlord a security deposit of N/A. On September If Tenant fails to pay rent or other charges due hereunder, or otherwise defaults with respect to any provision of this Lease, Landlord may use, apply or retain all or any portion of said deposit for the payment of any rent or other charge in default or for the payment of any other sum to which Landlord may become obligated by reason of Tenant's default, or to compensate Landlord for any loss or damage which Landlord may suffer thereby.

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**5.** **Landlord's Title — Quiet Enjoyment.**

**5.1** **Landlord's Authority.** Landlord represents and warrants to Tenant that it has the power and authority to execute and deliver this Lease and to carry out and perform all covenants to be performed by it hereunder.

**5.2** **Quiet Enjoyment.** Landlord covenants that Tenant, upon paying the rent and all other charges herein provided for and observing and keeping all covenants, agreements and conditions of this Lease on its part to be kept, shall quietly have and enjoy the Premises during the term of this Lease.

**5.3** **Memorandum Lease.** Landlord and Tenant shall, upon request by either, simultaneously with execution of this Lease, execute a Memorandum of this Lease which may be recorded by either party immediately after execution at the expense of the party requesting the recording. Tenant may not record this Lease.

**5.4** **Covenant of Use.** Landlord makes no representations or warranties to Tenant as to the suitability of the Premises for Tenant's intended purposes. Tenant is responsible for confirming that Tenant's intended use is authorized by applicable law; covenants, conditions, restrictions and easements affecting title, which may appear in the public record, including those shown on any recorded plat or survey. With regard to all such matters, Tenant is relying on its own investigations and such inspections and studies as it chooses to conduct.

**6.** **Utilities.** Landlord shall pay promptly when due all charges for water, sewer, garbage disposal, electricity, heat, gas, power, and any other utilities or services and like charges, furnished to or consumed upon the leased Premises. Landlord shall not be liable for any failure or interruption of utilities or other services to the Premises, unless such failure is caused by the

sole negligence of Landlord, or Landlord's agents or employees.

7. **Taxes and Assessments.**

7.1 **Real Estate Taxes and Assessments.** Landlord shall pay all real estate taxes and assessments on the Premises prior to their due date. Upon demand by Tenant, Landlord shall provide proof of payment of such taxes and assessments.

If Landlord fails to pay real property taxes and assessments when due, Tenant may, at its option, pay the same, and the amount paid by Tenant, including any interest and penalties thereon, shall immediately be due and payable, with interest at 1.5% per month, or the maximum legal rate if applicable. Such payment by Tenant shall be in addition to all other remedies which may be available to Tenant for the default by Landlord.

8. **Repairs, Maintenance and Condition of Premises.**

8.1 **Condition of Premises.** Tenant acknowledges that it has inspected the leased Premises and that the leased Premises are in good condition and suitable for Tenant's intended use. Tenant accepts the Premises "as is" in their current condition. No warranties or representations concerning the condition or suitability of the Premises for intended uses have been made. Landlord will provide the Premises to Tenant "broom clean" and free of debris.

8.2 **Maintenance and Repair.** Landlord shall be responsible for maintaining the structural integrity of the building, the roof, and the existing heating system. Landlord has no other maintenance or repair obligations.

Tenant shall, at its own expense, at all times keep all other aspects of the Premises and all other systems in good order and repair, maintained, and, upon termination of this Lease, Tenant shall deliver the leased Premises to Landlord in as good a condition as when delivered to Tenant. Tenant shall be responsible for snow and ice removal, sanding, and maintaining landscaping. If the Tenant does not make such repairs promptly and adequately, or fails to maintain the Premises in good repair, Landlord may (but is not required to) make repairs on ten (10) days' notice to the Tenant, and Tenant shall pay promptly the cost thereof, as additional rent, on the next rent date thereafter. The right of Landlord to make such repairs shall be without prejudice to any rights it may have because of Tenant's failure to make such repairs.

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8.4 **Alterations.** Tenant, at its sole cost and expense, may make alterations, additions, and improvements to the Premises (including without limitation upgrades to the power service) with Landlord's prior written consent, which shall not be unreasonably withheld. Tenant shall submit all plans to Landlord for written approval prior to submitting applications for permits. Landlord shall review and return Tenant's proposed plans within five (5) business days after actual receipt of the proposed plans from Tenant.

In the performance of such work, Tenant shall hold Landlord harmless from any damage, loss or expense, and shall comply with all laws, ordinance, rules and regulations of any public authority, obtaining all necessary permits, approvals or authorizations. All such alterations, additions and improvements to the Premises (except trade fixtures and Tenant's installed heating and cooling systems) shall be the property of Landlord, and shall be surrendered with the

Premises upon termination of the Lease. However, if Landlord indicated in writing at the time that it consented to any particular alteration, addition or improvement, that Landlord would require removal of such alteration, addition or improvement at the time of termination of the Lease, then upon demand by Landlord given at least thirty (30) days prior to the end of the Lease term, Tenant shall remove any alterations, additions or improvements made by Tenant, designated by Landlord to be removed, at Tenant's sole cost and expense. In such event, Tenant shall repair any damage to the Premises caused by such removal, and as far as possible, return the Premises to their condition prior to making of any such alterations, improvements or additions.

Notwithstanding the above, if Tenant has fully performed this Lease and is not in default, then prior to the end of the term of this Lease, Tenant shall have the right to remove all trade fixtures, including, without limitation, heating and cooling systems located on the Premises which were installed by the Tenant. However, in such event, Tenant shall repair all damage caused to the Premises by such removal, returning the Premises, as far as possible, to their condition prior to installation of such trade fixtures.

Further, trade fixtures shall not be deemed to include any building structures, ventilation, plumbing or electrical equipment installed on the premises. Trade fixtures shall also not be deemed to include any fixtures relating primarily to general usage of the building or premises, as opposed to fixtures specifically used for the operation of the tenant's particular type of business.

**8.5** **Entry and Inspection.** Upon no less than twenty-four hours notice, Tenant will permit Landlord or its agents to enter the Premises during business hours, hereinafter defined as from 7:00 a.m. to 6:00 p.m. on weekdays and from 8:00 a.m. to 1:00 p.m. on Saturdays, excluding legal holidays to inspect, clean, repair, alter, or improve the Premises, or to show the Premises to prospective Purchasers or tenants. In exercising its rights under this section, Landlord will not unreasonably interfere with the conduct of Tenant's business.

**8.6** **Americans with Disabilities Act.** During the term of this Lease, it is the sole responsibility of the Tenant to manage and operate the Premises in compliance with all applicable Americans with Disabilities Act ["ADA"] requirements. Landlord is specifically, and in all ways, to be indemnified, defended, and held harmless by Lessee in regard to any ADA non-compliance claims, issues, building modifications or mitigation required to the Premises as the result of the Americans with Disabilities Act.

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**9.** **Use of Premises.**

**9.1** **Nature of Use.** Tenant shall use the Premises for production and processing of Cannabis and other directly related products and purposes performed in accordance with Alaska State law and the Municipality of Anchorage Municipal Code, and for no other uses except as Landlord may approve in writing. Tenant shall not make or permit any use of the Premises which may be dangerous to persons or property, or which may increase the premium costs or invalidate any policy of insurance covering the Premises or its contents. In case of any such increase in premium resulting from Tenant making or permitting any such use, Tenant shall pay the amount thereof, without prejudice to any other right or remedy of Landlord.

**9.2** **Hazardous Substances.**

**9.2.1** **Presence and Use of Hazardous Substances.** Unless otherwise set forth in this Section 9.2, Tenant shall not, without Landlord's prior written consent, keep on or around the Premises or Common Areas, for use, handling, disposal, treatment, generation, storage or sale, any "Hazardous Substance" hereinafter defined as any "Permitted Hazardous Substances" as defined below, which are hazardous or toxic substance, or waste, regulated pursuant to any federal, state or local environmental law, including without limitation, the Clean Air Act, the Clean Water Act, the Toxic Substances Control Act, the Comprehensive Environmental Response Compensation and Liability Act, the Resource Conservation and Recovery Act, the Federal Insecticide, Fungicide, Rodenticide Act, the Safe Drinking Water Act, and the Occupational Safety and Health Act due to its potential harm to health, safety or welfare of humans or the environment.). With respect to any such Hazardous Substance, Tenant shall;

**9.2.1.1** Comply promptly, timely, and completely with all governmental requirements for reporting, keeping and submitting manifests, and obtaining and keeping current identification numbers;

**9.2.1.2** Within five (5) days of Landlord's request, submit written reports to Landlord regarding Tenant's use, handling, storage, treatment, transportation, generation, disposal or sale of Hazardous Substances and provide evidence satisfactory to Landlord of Tenant's compliance with the applicable government regulations;

**9.2.1.3** Allow Landlord or Landlord's agent or representative to come on the Premises during business hours and upon reasonable notice to check Tenant's compliance with all applicable governmental regulations regarding Hazardous Substances;

**9.2.1.4** Comply with minimum levels, standards or other performance standards or requirements which may be set forth or established for certain Hazardous Substances (if minimum standards or levels are applicable to Hazardous Substances present on the Premises, such levels or standards shall be established by an on-site inspection by the appropriate governmental authorities and shall be set forth in an addendum to this Lease); and

**9.2.1.5** Comply with all applicable governmental statutes, ordinances, rules, regulations, management plans and requirements regarding the proper and lawful use, handling, sale, transportation, generation, treatment, and disposal of Hazardous Substances.

**9.2.1.6** Tenant may store and use any hazardous, toxic, infectious or dangerous substances lawfully permitted and generally recognized as necessary and appropriate for the Permitted Use as (i) such storage and use is in the ordinary course of operating a Permitted Use; and (ii) such storage and use is performed in compliance with all applicable laws, rules, or regulations, and in compliance with commercially reasonable standards prevailing in the industry for storage and use of such substances ("Permitted Hazardous Substances"). In addition to the foregoing, Tenant will comply with any inspection requirement required by any federal, state or local regulatory agencies because of the Tenant's use of such Permitted Hazardous Substances. Tenant acknowledges the use of the following "Permitted Hazardous Substances" as part of Tenant's Permitted Use include: fertilizers and other nutrients for the production and growing of marijuana and Co2 for use in growing and processing cannabis. Tenant hereby agrees not to add to or materially alter the type or quality of the items on the list for Permitted Hazardous Substances, without notifying Landlord of such additions or material alterations.

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Any and all costs incurred by Landlord and associated with Landlord's inspection of Tenant's Premises and Landlord's monitoring of Tenant's compliance with this Section, including Landlord's attorneys' fees and costs, shall be Additional Rent and shall be due and payable to Landlord immediately upon demand by Landlord.

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**9.2.2** **Cleanup Costs, Default and Indemnification.**

**9.2.2.1** Tenant shall be fully and completely liable to Landlord for any and all cleanup costs, and any and all other charges, fees, penalties (civil and criminal) imposed by any governmental authority with respect to Tenant's use, handling, disposal, transportation, generation and/or sale of Hazardous Substances, in or about the Premises, Common Areas, or the building of which the premises are a part.

**9.2.2.2** Tenant shall indemnify, defend and save Landlord harmless from any and all of the costs, fees, penalties and charges assessed against or imposed upon Landlord (as well as Landlord's attorneys' fees and costs) as a result of Tenant's use, handling, disposal, transportation, generation and/or sale of Hazardous Substances.

**9.2.2.3** Upon Tenant's default under this Section, in addition to the rights and remedies set forth elsewhere in this Lease, Landlord shall be entitled to the following rights and remedies:

(i) At Landlord's option, to terminate this Lease immediately;

(ii) To recover any and all damages associated with the default, including, but not limited to cleanup costs and charges, civil and criminal penalties and fees, loss of business and sales by Landlord, any and all damages and claims asserted by third parties and Landlord's attorneys' fees and costs.

**9.2.3** **Landlord Indemnification.** Landlord shall indemnify, defend and hold harmless the Tenant, its successors and assigns, from any and all claims, damages, fines, judgments, penalties, costs, liabilities or losses (including without limitation any and all sums paid for settlement, claims, attorneys' fees, consulting and expert fees) in connection with the presence or suspected presence of Hazardous Substances in or on the Premises, to the extent that the Hazardous Substances were present on the Premises prior to the commencement of the Lease term.

**9.3** **Disposal of Non-Hazardous Waste Materials.** All non-hazardous waste materials shall be disposed of by Tenant properly and in accordance with all applicable laws and regulations.

**9.4** **Compliance With Law.** Tenant shall not use the Premises or permit anything to be done in or about the Premises which will in any way conflict with any state law, statute, zoning restriction, ordinance or governmental rule or regulation or requirements of duly constituted public authorities now in force or which may hereafter be enacted or promulgated. Tenant shall at its sole cost and expense promptly comply with all state laws, statutes,

ordinances and governmental rules, regulations or requirements now in force or which may hereafter be in force and with the requirements of any board of fire underwriters or other similar body now or hereafter constituted relating to or affecting the condition, use or occupancy of the Premises. Notwithstanding the foregoing, Landlord understands and agrees that Tenant intends to use the property for the production and processing of cannabis and cannabis related products as allowed by Alaska State law and the regulations promulgated thereunder

**10.** Tenant, at its expense, shall maintain in effect policies of insurance covering (a) the Premises, leasehold improvements, fixtures and equipment located on the Premises, for the full replacement value, and providing protection against any peril included within the classification "Fire and Extended Coverage," together with insurance against sprinkler damage (if the building has a sprinkler system installed), vandalism and malicious mischief; and (b) all plate glass on the Premises. The proceeds of such insurance, so long as this Lease remains in effect, shall be used to repair or replace the Premises, leasehold improvements, fixtures, equipment and plate glass so insured.

**10.3** **Insurance Policies.** All insurance policies (except the fire and extended coverage insurance on Tenant's personal property ) shall name Landlord as additional insured.

**11.** **Signage.** Prior to opening for business, Tenant may install a permanent exterior sign on the building in conformance with all local ordinances and rules. The design and plan for installation of all signs on or exposed to the exterior of the building shall be subject to prior written approval of Landlord which approval shall not be unreasonably withheld or delayed.. In the event Tenant shall install any sign in violation of this Paragraph, Landlord shall have the right, upon five (5) days prior written notice to Tenant, to enter upon the Premises, remove and store the subject sign and repair all damage caused by the removal of the sign all at Tenant's cost and expense, all without liability to Landlord. Tenant shall remove immediately any interior or exterior signage, advertisement, decoration or similar thing which Landlord reasonably deems objectionable or offensive. If Tenant fails to do so, Landlord may enter upon the Premises and remove same at Tenant's cost and expense.

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**12.** **Miscellaneous.**

**12.1** **Waivers.** No waiver by either party of any provision of this Lease shall be deemed to be a waiver of any other provision hereof or of any subsequent breach by the breaching party of the same or any other provision. Landlord's consent to or approval of any act by Tenant requiring Landlord's consent or approval shall not be deemed to render unnecessary the obtaining of landlord's consent to or approval of any subsequent act by Tenant, whether or not similar to the act so consented to or approved.

**12.2** **Notices.** All notices under this Lease shall be in writing and delivered in person or deposited in the United States mail, certified and postage prepaid and addressed to the address of Tenant or Landlord shown below or at such other address as may be designated by either party in writing.

LANDLORD'S ADDRESS:

Finnlanders, LLC

P.O. Box 520012

Big Lake, Alaska 99652

TENANT'S ADDRESS:

PLF, LLC
7801 King Street
Anchorage, Alaska 99518

**12.3** **Interest on Past Due Obligations.** Any amount due from Tenant to Landlord hereunder which is not paid when due shall bear interest at the rate of ten percent (10%) per annum from the date due until paid, but the payment of such interest shall not excuse or cure any default by Tenant.

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**12.4** **Construction.**

**12.4.1** This Lease shall be construed and governed by the laws of the State of Alaska;

**12.4.2** The invalidity or unenforceability of any provision hereof shall not affect or impair any other provisions hereof;

**12.4.3** The Lease constitutes the entire agreement of the parties and supersedes all prior agreements or understandings between the parties with respect to the subject matter hereof;

**12.4.4** This Lease may not be modified or amended except by written agreement signed and acknowledged by both parties;

**12.4.5** Time is of the essence of this Lease in each and every provisions thereof; and

**12.4.6** Nothing contained herein shall create the relationship of principal and agent or of partnership or of joint venture between the parties hereto and no provisions contained herein shall be deemed to create any relationship other than that of landlord and tenant.

**12.4.7** Tenant has had the opportunity to have this document reviewed by counsel of its choice. Tenant agrees that no interpretation or construction shall be made with respect to this document based on which party drafted the document.

**12.5** **Successor.** Subject to any limitations on assignments herein, all of the provisions of this Lease shall inure to the benefit of and be binding upon the successors and assigns of the parties hereto.

**12.4.7** Tenant has had the opportunity to have this document reviewed by counsel of its choice. Tenant agrees that no interpretation or construction shall be made with respect to this document based on which party drafted the document.

**12.5** **Successor.** Subject to any limitations on assignments herein, all of the provisions of this Lease shall inure to the benefit of and be binding upon the successors and assigns of the parties hereto.

**12.6** **Costs and Attorneys' Fees.** If by reason of any breach or default on the part of either party hereto it becomes necessary for the other party hereto to employ an attorney, then the non-breaching party shall have and recover against the other party in addition to costs allowed by law, reasonable attorneys' fees and litigation-related expenses. The non-breaching party shall be entitled to recover reasonable actual attorneys' fees and costs and expenses, as provided above, regardless of whether litigation is actually commenced.

**12.7** **Jurisdiction and Venue.** The parties hereto do hereby consent to jurisdiction and venue of the state of Alaska.

**12.8** **Counterparts; Electronically Transmitted Signatures.** This Lease may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument. Each party agrees to promptly deliver an executed original of this Lease with its actual signature to the other party, but a failure to do so shall not affect the enforceability of this Lease, it being expressly agreed that each party to this Lease shall be bound by its own electronically transmitted signature and shall accept the electronically transmitted signature of the other party to this Lease.

**12.9** **Entire Agreement.** This Lease constitutes and embodies the entire understanding and agreement of the parties hereto relating to the subject matter hereof and there are no other agreements or understandings, written or oral, in effect between the parties relating to such subject matter except as expressly referred to herein.

DATED this 31 day of January, 2017

**LANDLORD:**
**Finnlanders, LLC, an Alaska limited liability company**

By: Sanford BOWLES / ROGER TISCHNER
Title: Member and Authorized Representative

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**TENANT:**
**The Green Pearl, LLC, an Alaska limited liability company**

SANFORD BOWLES / ROGER TISCHNER