ASSIGNMENT AND ASSUMPTION OF LEASE

THIS ASSIGNMENT AND ASSUMPTION OF LEASE (this "Assignment") is effective this 24th day of April, 2017, by and among Michael Morgan and Buffie Jones, individual residents of Alaska ("Assignor"), and Old School & Buffie, LLC, an Alaska limited liability company ("Assignee").

RECITALS

A. Assignor desires to assign that that certain Lease Agreement dated July 1, 2016 (the "Lease Agreement"), by and between John W. Clark and Cassandra M. Shea ("Lessor"), and Assignor, pertaining to Unit #5 of that certain warehouse, consisting of approximately 1250 square feet more or less, and located at that real property legally described as (the "Leased Premises"):

> Lot 4 S2, Wilson Subdivision, Unit #5 filed in the Anchorage Recording District, Third Judicial District, State of Alaska.

B. Assignee desires to acquire and assume all obligations under, and Assignor desires to assign to Assignee, all of Assignor's right, title and interest in and to, the Leased Premises, pursuant to and in compliance with the terms and conditions set forth in Section 8 of the Lease Agreement and this Assignment.

C. Lessor has consented to the Assignment contemplated herein, pursuant to the terms and conditions set forth in Section 8 of the Lease Agreement and this Assignment.

AGREEMENT

NOW THEREFORE, in consideration for the following promises, covenants, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. **Assignment of Lease.** Assignor hereby grants, transfers, and assigns to Assignee all of Assignor's right, title, and interest in and to the Lease Agreement. Assignor represents and warrants that the Lease Agreement is in full force and effect, and it is in good standing under the terms such lease.

2. **Assumption of Lease Obligations.** As of the date of this Assignment, Assignee hereby assumes the covenants, agreements, and obligations of Assignor under the Lease Agreement.

3. **Personal Guarantee.** In order to induce Lessor to consent to the Assignment contemplated herein, Michael Morgan agrees to personally guarantee the performance of the obligations of Assignee under terms of the Lease Agreement, and any amendments thereto, by executing the Personal Guarantee in the form attached hereto as Exhibit A.

4. **Counterparts.** This Assignment may be signed in any number of counterparts required for the convenience of the parties, all of which when taken together shall form one and the same Assignment.

5. **Governing Law.** This Agreement is made and executed under and in all respects is to be governed and construed under the laws of the State of Alaska.

Dated this 25 day of April, 2017.

ASSIGNOR:

Michael Morgan, Individually

Buffie Jones, Individually

ASSIGNIEE:

Old School & Buffie, LLC

Michael Morgan, Sole Member

The above Assignment is hereby approved by Lessor this 24th day of April, 2017.

LESSOR:

John W. Clark

Cassandra Shea

Cassandra M. Shea

PERSONAL GUARANTEE

In consideration of John W. Clark and Cassandra M. Shea ("Lessor") consenting to the assignment and assumption of that certain Lease Agreement dated July 1, 2016, and any amendments thereto (the "Lease Agreement"), by and among Lessor and Michael Morgan and Buffie Jones, individual residents of Alaska ("Lessee"), to Old School & Buffie, LLC, which is to the benefit of the undersigned ("Guarantor"), Guarantor, hereby irrevocably, absolutely and unconditionally guarantees all of the payment and performance obligations of Old School & Buffie, LLC, under the Lease Agreement. Guarantor shall be personally liable under this Personal Guarantee as primary obligor for the payment and performance of all of Old School & Buffie, LLC's obligations under the Lease Agreement. Guarantor hereby waives any requirement that Lessor exhaust any right or take any action against Old School & Buffie, LLC, before making a claim against a Guarantor.

Dated this 25 day of April, 2017.

GUARANTOR:

Michael Morgan, Individually

STATE OF ALASKA)
) ss.
THIRD JUDICIAL DISTRICT)

Subscribed, sworn to and executed before me this 25th day of April, 2017, by Michael Morgan, an individual resident of Alaska.

SANDON M. FISHER NOTARY PUBLIC STATE OF ALASKA

Notary Public for Alaska
My commission expires: 2/19/2020

FIRST AMENDMENT TO LEASE

THIS FIRST AMENDMENT TO LEASE ("First Amendment") is made and entered into as of this 24th day of April, 2017, by and between John W. Clark and Cassandra M. Shea, individual residents of Alaska ("Lessor"), and Old School & Buffie LLC, an Alaska limited liability company, located at 4129 Lana Ct., Anchorage, AK, 99507 ("Lessee").

WHEREAS, Lessor and Buffie Jones and Michael Morgan, individually, (the "Initial Lessors") entered into that certain Lease Agreement dated July 1, 2016 (the "Lease") for the rent and use of the property commonly known as 10263 Nigh Road Unit #5, Anchorage, AK 99515, and legally described as:

> Lot 4 S2, Wilson Subdivision, Unit # 5 filed in the Anchorage Recording District, Third Judicial District, State of Alaska (the "Leased Premises").

WHEREAS, the Initial Lessors assigned all of their right, title and interest in and to the Lease to Old School and Buffie, LLC, also referred to herein as "Lessee," pursuant to Section 8 of the Lease and that certain Assignment and Assumption of Lease, dated April 24, 2017 (the "Assignment") and entered into by the Initial Lessors and the current Lessee.

WHEREAS, Lessor consented to the Assignment as required by Section 8 of the Lease and subject to the terms and conditions of the Assignment.

WHEREAS, the State of Alaska, Alcohol & Marijuana Control Office ("AMCO"), has requested that the parties make certain amendments to the Lease.

WHEREAS, Lessor and Lessee desire to amend certain provisions of the Lease to comply with AMCO's requested amendments.

NOW THEREFORE, in consideration of the premises and mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Parties agree as follows:

1. Description of Leased Premises.

   a. The address of Leased Premises is commonly known as:

      10263 Nigh Road, Unit #5
      Anchorage, AK 99515

   b. The location of the Leased Premises is legally described as:

      Lot 4 S2, Wilson Subdivision, Unit # 5 filed in the Anchorage Recording District, Third Judicial District, State of Alaska.

2. Acknowledgement of Lessee's Use of Leased Premises. Lessor hereby acknowledges that Lessee intends to operate a marijuana establishment from the Leased Premises.

3. No Right to Possession of Marijuana. Notwithstanding any other provision contained in the Lease, Lessor shall not remove nor take possession of any marijuana or related products, and shall contact AMCO enforcement in the event of a Default under this Lease.

4. Remaining Provisions in Force. Except as otherwise provided by this First Amendment, all provisions of the Lease remain in full force and effect.

IN WITNESS WHEREOF, this Amendment has been executed and delivered as of the date first written above.

LESSEE:

Old School & Buffie, LLC

Dated: 4/25/17

Michael Morgan, Sole Member

LESSOR:

Dated: April 24, 2017

John W. Clark

Dated: April 24, 2017

Cassandra M. Shea

LEASE

THIS LEASE is entered into effective this 1st day of July, 2016 (the "**Lease**") by and between John W. Clark and Cassandra M. Shea ("**Lessor**"), and Michael Morgan and Buffie Jones, whose address for all purposes herein is 4129 Lana Court, Anchorage, Alaska 99508 ("**Lessee**").

1. **Leased Premises.** Lessor, for and in consideration of the Rent (as defined herein), covenants and conditions hereinafter specified to be paid, performed and observed by Lessee, which are independent, does hereby let, lease and demise to Lessee, who hereby agrees to take Unit 5 known warehouse, consisting of approximately 1250 square feet more or less, located in that certain real property more particularly described as:

> Lot 4 S2, Wilson Subdivision, Unit #5 filed in the Anchorage Recording District, Third Judicial District, State of Alaska, which is referred to hereinafter as the "**Leased Premises**".

Attached hereto as Exhibit A is a line drawing of the Leased Premises.

2. **Rent.** The Lessee shall pay in advance, on or before the 1st day of each month, except the first month which shall be paid upon execution of this Lease, rent during the term of this Lease as follows:

(a) Rent is in the amount of Two Thousand Dollars and No Cents ($2,000.00) for each calendar month during the Initial Term of the Lease (the "**Rent**"). Except for the Rent for the first month (which is due and payable upon execution of this Lease), Rent is payable in advance and is due on or before the 1st day of each and every month.

(b) Rent is payable to **DIRECT DEPOSIT ONLY** at Wells Fargo; account 3085857492.

(c) Lessee acknowledges that late payment by Lessee to Lessor of Rent or other sums due hereunder will cause Lessor to incur costs not contemplated by this Lease, the exact amount of which would be extremely difficult and impractical to ascertain. Such costs include, but are not limited to processing and accounting charges and late charges that may be imposed on Lessor by the terms of any mortgage or trust deed covering the Leased Premises. Therefore, in the event Lessee should fail to pay any installment of Rent or any other sum due hereunder within five (5) days after the date that such amount is due, Lessee shall pay to Lessor as additional Rent a one-time per late installment late charge equal to five percent (5%) of the installment or the sum of $75.00 (Seventy Five Dollars), whichever is lesser.

(d) All applications and connections for utility services on the Leased Premises shall be made in the name of the Lessee only, and Lessee shall be solely liable

for utility charges as they become due, including those for water, sewage, gas, electricity, and telephone services.

(e) No temporary interruption or failure of such utilities incident to the making of repairs, alterations or improvements, or due to accident or strike, or to maintenance or conditions or events beyond Lessor's control shall be deemed an eviction of Lessee or relieve Lessee from any of Lessee's obligations hereunder.

3. **Term and Term Extension.** The Initial Term of the Lease shall be one (1) year beginning on the 1st day of July, 2016 and ending on 30th day of June, 2017 (the "**Initial Term**"). Possession shall be given by Lessor to the Lessee not later than on the close of business (4:00 p.m.) on the 1st day of July, 2016. Lessee may obtain possession prior to the scheduled commencement date at its discretion, but no earlier than the date of this Lease. In such event, Rent will be prorated per day based on a 30 day month.

(a) The Lessor hereby grants the Lessee one renewal option to extend the Lease for an additional three (3) year term at the following rental rates:

(i) Commencing with the 1st day of July, 2017 and ending on 30th day of June, 2018, Rent is in the amount of Two Thousand Sixty-Two Dollars and Fifty Cents ($2,062.50) for each calendar month during the first year of the extended Lease.

(ii) Commencing with the 1st day of July, 2018 and ending on 30th day of June, 2019, Rent is in the amount of Two Thousand One Hundred Twenty-Five Dollars and No Cents ($2,125.00) for each calendar month during the second year of the extended Lease.

(iii) Commencing with the 1st day of July, 2019 and ending on 30th day of June, 2020, Rent is in the amount of Two Thousand One Hundred Eighty-Seven Dollars and Fifty Cents ($2,187.50) for each calendar month during the third year of the extended Lease.

Rent paid during the three (3) year extended term remains due on or before the 1st day of each and every month.

(b) If the Lessee wishes to extend the lease for the additional three (3) year term described in Section 3(a) above, the Lessee shall give the Lessor written notice by December 31, 2016, six (6) months before the expiration of the Initial Term. If Lessee is in breach of any of its obligations pursuant to this Lease, or a default exists under this Lease, Lessee may not extend the Lease. Lessor may, in its sole discretion, require Lessee to execute an estoppel certificate ("**Estoppel Certificate**") as a condition precedent to the validity of any Lease extension desired by Lessee. The Estoppel Certificate shall be in a form acceptable to Lessor and may include provisions whereby Lessee certifies that Lessor is not in breach of its obligations under the Lease and that Lessee waives any claims for damages, liability, or otherwise which it has or may be able to assert against Lessor.

(c) The terms and provisions of this Lease shall continue in full force and effect during any renewal term except as expressly modified by the Lessor and Lessee in a signed writing.

4. **Security Deposit.** There shall be a security deposit of $2,000.00 (Two Thousand Dollars and No Cents) to be paid by the Lessee upon execution of this Lease. In the event the Lessee performs each and every obligation set forth herein, within thirty (30) days of the end of the lease term, the deposit shall be returned to the Lessee without interest.

5. **Tenant Improvements.** The Lessor shall prepare, at the Lessor's expense, the Leased Premises as described in Exhibit B appended hereto. Notwithstanding the foregoing, Lessee shall be responsible for the cost of installing, and for installing the video surveillance equipment required by applicable laws and regulations.

6. **Use.** The Leased Premises shall be used only for the business of the Lessee which generally consists of a warehouse and for no other use unless such use is approved in writing by Lessor. All uses by Lessee shall be in a safe, careful and proper manner. All uses by Lessee shall comply with all requirements of all valid laws, ordinances, rules and regulations of all governmental authorities pertaining to the conduct of Lessee's business, provided that an exception will be made for the Controlled Substances Act, 21 U.S.C. Section 800 et seq. (the "**CSA**") with respect to the CSA's provisions concerning marijuana.

7. **Control of Common Areas.** All automobile parking areas, driveways, entrances and exits thereto, and other facilities furnished by Lessor in or near the main building, including parking areas, vehicle driveways, loading areas, pedestrian sidewalks and ramps, landscaped areas and other areas and improvements provided by Lessor for the general use, in common, of Lessees and customers shall at all times be subject to the exclusive control and management of the Lessor which shall have the right from time to time to establish, modify and enforce reasonable rules and regulations with respect to all facilities and areas mentioned in this paragraph. The Lessor shall have the right to construct, maintain and operate lighting facilities on all said areas and, from time to time, make changes to the area, location and arrangement of parking areas and other facilities; to restrict parking by Lessee and its employees to employee parking areas; to close temporarily all or any portion of the parking areas; to discourage non-customer parking; and to do and perform such other acts in and to said areas as, in the use of good business judgment, the Lessor shall determine to be advisable, provided that in no event shall Lessee's rights to customer parking in the immediate vicinity of the Leased Premises be adversely affected.

The Lessor shall operate and maintain the common facilities referred to above in such manner as the Lessor, in its sole discretion shall determine from time to time. Without limiting the scope of such discretion, the Lessor has the full right and authority to employ all personnel and to make all rules and regulations pertaining to and necessary for the proper operation and maintenance of the common areas and facilities.

(c) The terms and provisions of this Lease shall continue in full force and effect during any renewal term except as expressly modified by the Lessor and Lessee in a signed writing.

4. **Security Deposit.** There shall be a security deposit of $2,000.00 (Two Thousand Dollars and No Cents) to be paid by the Lessee upon execution of this Lease. In the event the Lessee performs each and every obligation set forth herein, within thirty (30) days of the end of the lease term, the deposit shall be returned to the Lessee without interest.

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The Lessor shall operate and maintain the common facilities referred to above in such manner as the Lessor, in its sole discretion shall determine from time to time. Without limiting the scope of such discretion, the Lessor has the full right and authority to employ all personnel and to make all rules and regulations pertaining to and necessary for the proper operation and maintenance of the common areas and facilities.

There are three parking spaces designated for this unit; one in front of the office door, and two in front of the overhead door. If additional parking space is necessary, Lessee may lease extra space in the yard by contacting the Lessor.

8. **Assignment and Subletting.** Except upon the prior written consent of the Lessor (which Lessor may grant or deny in its sole discretion), Lessee may not hypothecate, assign or sublease the Leased Premises. Upon the prior written consent of Lessor, Lessee may hypothecate, assign this Lease, or sublet the Leased Premises subject to the following:

(a) All hypothecations, assignments and sublettings shall be in writing and duly executed by both parties. An executed original shall be delivered to Lessor.

(b) All assignment and subletting instruments shall include language whereby assignee or sub lessee expressly assumes and agrees to pay the obligations of Lessee under this Lease. No assignment or subletting shall release or diminish the obligations of Lessee for performance of Lessee's obligations hereunder and Lessee shall remain liable as if no assignment or subletting were made; that is, Lessee and assignee or sub-lessee will be jointly and severally liable for such obligations unless the Lessor specifically in writing allows the release of the Lessee.

(c) All assignment and subletting instruments shall provide that the sublease is subject to all of the terms, covenants and conditions of this Lease and shall authorize Lessor, at Lessor's option, to collect rent from sub-lessee or assignee and apply it against the obligations of Lessee under this Lease, without waiver of Lessor's rights and remedies hereunder.

Consent to one hypothecation, assignment, or subletting shall not be deemed consent to any subsequent hypothecation, assignment or subletting.

Lessor may assign this Lease without permission by Lessee. Such assignment shall, effective beginning as of the date of such assignment, terminate Lessor's rights and obligations under this Lease provided that the assignee and successor-in-interest to Lessor assumes all of Lessor's obligations hereunder and shall be deemed to have actual knowledge of all representations, warranties and covenants made by the Lessor hereunder.

9. **Encumbrances.** The Leased Premises are leased subject to any: easements, restrictions, reservations, conditions and covenants of record or appearing on the plat of the "Land" located at Lot 4 S2, Wilson Subdivision, filed in the Anchorage Recording District, Third Judicial District, State of Alaska, any mortgages, deeds of trust and other security devices now or hereafter existing, governmental regulations, ordinances and statutes in effect now or in the future, and all other encumbrances of record.

10. **Subordination.** This Lease is subject and subordinate to all mortgages, deeds of trust and other security devices now existing or hereafter placed against all or any part of the land and improvements of which the premises are a part, and to any and all advances made or to be made thereunder, interest thereon, and all renewals, replacements or extensions thereof. This

paragraph shall be self-operative and no further instrument of subordination, no disturber or attornment shall be necessary.

11. **Rules and Regulations.** The Lessee agrees to comply with all reasonable rules and regulations applicable to the Leased Premises promulgated by the Lessor, upon notice to Lessee from Lessor.

12. **Compliance with Laws.** Lessee shall promptly and continually comply in all respects with all laws, statutes, ordinances, rules, orders, regulations and requirements of all governmental bodies applicable to Lessee's operation of its business on the Leased Premises, provided that an exception will be made for the Controlled Substances Act, 21 U.S.C. Section 800 et seq. (the "**CSA**") with respect to the CSA's provisions concerning marijuana. Subject to the foregoing, Lessee shall comply in all respects with all requirements relative to the legal operation of the Leased Premises, including without limitation compliance with all health and safety codes and laws intended to protect the public. Without limiting the foregoing, the Lessee shall comply with Chapter 3 of the Alaska Administrative Code, section 306.705.

13. **Quiet Enjoyment.** Subject to the terms and provisions herein set forth, Lessor does hereby covenant and agree that the Lessee shall have and enjoy the Leased Premises during the term hereof, free from adverse claims of any other persons whomsoever.

14. **Indemnification.** The Lessee shall save, protect, hold harmless, indemnify and defend Lessor of, from and against any and all claims, loss, liability, damages, costs or expenses, including attorney's fees, arising from: (a) Lessee's use of the Leased Premises; (b) the conduct of Lessee's business; (c) from any activity, work or things done, permitted or suffered by Lessee or of any of Lessee's officers, contractors, licensees, agents, servants, employees, guests, invitees or visitors of Lessee, on or about the Leased Premises; (d) arising from any accident, injury, death or damage, however and by whomsoever caused, to any person or property, occurring in or about the Leased Premises; or (e) any violation of laws, statutes, ordinances, rules, orders, regulations and requirements of all governmental bodies applicable to Lessee, including without limitation the CSA. The foregoing provision shall not be construed to make Lessee responsible for loss, damage, liability or expense resulting from injuries to third parties caused by the sole negligence of Lessor.

Lessee assumes all risk of damage to property and injury or death of persons on or about the Leased Premises from any cause. Lessee hereby waives all claims in respect thereof against Lessor, excepting where said damage arises solely out of the negligence of Lessor. By way of example (and not limitation), Lessor shall not be liable for any loss or damage to person or property sustained by Lessee or other person which may be caused by the building or the premises, or any appurtenances thereto, being out of repair, including but not limited to incidents, circumstances, or events relating to the carpeting, or by the bursting or leakage of any water, gas, sewer or steam pipe, or by any act or neglect of any other Lessee or occupant of the building.

paragraph shall be self-operative and no further instrument of subordination, no disturber or attornment shall be necessary.

11. **Rules and Regulations.** The Lessee agrees to comply with all reasonable rules and regulations applicable to the Leased Premises promulgated by the Lessor, upon notice to Lessee from Lessor.

12. **Compliance with Laws.** Lessee shall promptly and continually comply in all respects with all laws, statutes, ordinances, rules, orders, regulations and requirements of all governmental bodies applicable to Lessee's operation of its business on the Leased Premises, provided that an exception will be made for the Controlled Substances Act, 21 U.S.C. Section 800 et seq. (the "CSA") with respect to the CSA's provisions concerning marijuana. Subject to the foregoing, Lessee shall comply in all respects with all requirements relative to the legal operation of the Leased Premises, including without limitation compliance with all health and safety codes and laws intended to protect the public. Without limiting the foregoing, the Lessee shall comply with Chapter 3 of the Alaska Administrative Code, section 306.705.

13. **Quiet Enjoyment.** Subject to the terms and provisions herein set forth, Lessor does hereby covenant and agree that the Lessee shall have and enjoy the Leased Premises during the term hereof, free from adverse claims of any other persons whomsoever.

14. **Indemnification.** The Lessee shall save, protect, hold harmless, indemnify and defend Lessor of, from and against any and all claims, loss, liability, damages, costs or expenses, including attorney's fees, arising from: (a) Lessee's use of the Leased Premises; (b) the conduct of Lessee's business; (c) from any activity, work or things done, permitted or suffered by Lessee or of any of Lessee's officers, contractors, licensees, agents, servants, employees, guests, invitees or visitors of Lessee, on or about the Leased Premises; (d) arising from any accident, injury, death or damage, however and by whomsoever caused, to any person or property, occurring in or about the Leased Premises; or (e) any violation of laws, statutes, ordinances, rules, orders, regulations and requirements of all governmental bodies applicable to Lessee, including without limitation the CSA. The foregoing provision shall not be construed to make Lessee responsible for loss, damage, liability or expense resulting from injuries to third parties caused by the sole negligence of Lessor.

Lessee assumes all risk of damage to property and injury or death of persons on or about the Leased Premises from any cause. Lessee hereby waives all claims in respect thereof against Lessor, excepting where said damage arises solely out of the negligence of Lessor. By way of example (and not limitation), Lessor shall not be liable for any loss or damage to person or property sustained by Lessee or other person which may be caused by the building or the premises, or any appurtenances thereto, being out of repair, including but not limited to incidents, circumstances, or events relating to the carpeting, or by the bursting or leakage of any water, gas, sewer or steam pipe, or by any act or neglect of any other Lessee or occupant of the building.

15. Care of the Leased Premises. At all times during the term hereof, Lessee shall:

(a) keep the Leased Premises clean, safe and orderly;

(b) provide all equipment needed for the operation of its business conducted on the Leased Premises;

(c) conduct activities upon and generally maintain the Leased Premises in such a manner and with such care that injury to persons and damage to property does not result therefrom;

(d) not use the Leased Premises in such manner that will increase the rate of fire and extended coverage insurance or which will cause cancellation of the insurance or will make coverage unavailable;

(e) make no alterations or improvements in the Leased Premises or incorporate fixtures therein without the written consent of the Lessor;

(f) not damage the Leased Premises or the building while moving equipment to and from the Leased Premises;

(g) not use any plumbing facilities in the building except for their intended purposes;

(h) not use or permit any part of the Leased Premises to be used for any unlawful or unauthorized purpose;

(i) comply with Municipal, State, Federal and other governmental laws, statutes, ordinances, rules and regulations of whatever type and nature including, but not limited to, zoning ordinances, health, fire, safety and environmental regulations;

(j) not cause or permit any waste, damage or injury to the Leased Premises; and

(k) keep the Leased Premises as now or hereafter constituted with all improvements made thereto.

During the term of this Lease it is the sole responsibility of the Lessee to manage and operate the Leased Premises in compliance with all applicable Americans with Disabilities Act ("**ADA**") requirements. Lessor 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 as the result of Lessee failing to manage, maintain and operate the Leased Premises in compliance with the Americans with Disabilities Act.

16. Repairs and Maintenance. During the term of this Lease, the Lessor shall be responsible for repairs and maintenance of the structure, the roof, the heating and ventilation, the

plumbing system and the electrical systems, unless a repair is required because of the actions of the Lessee, its guests or invitees. The Lessor shall not be responsible for any repairs or maintenance to the plumbing inside of the Leased Premises or used by the Lessee which shall be the responsibility of the Lessee, unless a repair is required because of the actions or inactions of the Lessor. The Lessee shall be responsible for all repairs and maintenance to windows and the interior of the premises (including, but not limited to, light bulb replacement) not specifically delegated to the Lessor.

17. **Access.** Lessor, its agents, employees and designees shall have the right to enter the Leased Premises upon no less than twenty-four (24) hours' notice to Lessee to examine the same, and to show it to prospective purchasers or lenders or prospective tenants, and to make such repairs to the Leased Premises or repairs, alterations, improvements, additions or improvements to the Leased Premises as Lessor may reasonably deem necessary or desirable and Lessee agrees to make available an employee or other agent with proper identification to escort the Lessor on the Leased Premises, in accordance with applicable laws and regulations.

Both parties acknowledge and appreciate that the Lessee intends primarily to use the Leased Premises to manufacture, process and/or own and operate a marijuana cultivation facility in compliance with Chapter 3 of the Alaska Administrative Code ("**AAC**"), and all other applicable state, federal and local laws. AAC section 306.710 requires non-employee visitors to restricted areas designated by a marijuana licensee to the Alcohol & Marijuana Control Office ("**AMCO**") to be by escort only. In an emergency or perceived emergency or to provide normal maintenance services to the Leased Premises, Lessor agrees to make reasonable efforts to provide advance notice to Lessee and coordinate escorted access. Such advance notice will be made in person to the Lessee, or to any emergency contact phone numbers designated by the Lessee in writing to the Lessor. Otherwise, no advance notice shall be required.

The Leased Premises are located in a multi-tenant building. Access to the building is available to all tenants seven days per week 24 hours per day. The public entrances to the building have keys which are issued to each tenant.

Under no circumstances are keys to be provided to anyone other than the Lessee and its employees. The number of keys provided by the Lessor to the Lessee shall be two (2).

18. **Lessee's Default and Lessor's Remedies.** The occurrence of any one or more of the following events shall constitute a material default and breach of this Lease by Lessee:

(a) Abandonment of the Leased Premises without payment of Rent;

(b) Failure by Lessee to make payment of Rent for a period of five (5) days after written notice from Lessor that such Rent is due;

(c) Failure by Lessee to make any payment other than rent payments as and when due where such failure shall continue for a period of ten (10) days after written notice from Lessor;

(d) Failure by Lessee to observe or perform any of the covenants, conditions, or provisions of this Lease, other than making of any payment, where such failure shall

plumbing system and the electrical systems, unless a repair is required because of the actions of the Lessee, its guests or invitees. The Lessor shall not be responsible for any repairs or maintenance to the plumbing inside of the Leased Premises or used by the Lessee which shall be the responsibility of the Lessee, unless a repair is required because of the actions or inactions of the Lessor. The Lessee shall be responsible for all repairs and maintenance to windows and the interior of the premises (including, but not limited to, light bulb replacement) not specifically delegated to the Lessor.

17. **Access.** Lessor, its agents, employees and designees shall have the right to enter the Leased Premises upon no less than twenty-four (24) hours' notice to Lessee to examine the same, and to show it to prospective purchasers or lenders or prospective tenants, and to make such repairs to the Leased Premises or repairs, alterations, improvements, additions or improvements to the Leased Premises as Lessor may reasonably deem necessary or desirable and Lessee agrees to make available an employee or other agent with proper identification to escort the Lessor on the Leased Premises, in accordance with applicable laws and regulations.

Both parties acknowledge and appreciate that the Lessee intends primarily to use the Leased Premises to manufacture, process and/or own and operate a marijuana cultivation facility in compliance with Chapter 3 of the Alaska Administrative Code ("**AAC**"), and all other applicable state, federal and local laws. AAC section 306.710 requires non-employee visitors to restricted areas designated by a marijuana licensee to the Alcohol & Marijuana Control Office ("**AMCO**") to be by escort only. In an emergency or perceived emergency or to provide normal maintenance services to the Leased Premises, Lessor agrees to make reasonable efforts to provide advance notice to Lessee and coordinate escorted access. Such advance notice will be made in person to the Lessee, or to any emergency contact phone numbers designated by the Lessee in writing to the Lessor. Otherwise, no advance notice shall be required.

The Leased Premises are located in a multi-tenant building. Access to the building is available to all tenants seven days per week 24 hours per day. The public entrances to the building have keys which are issued to each tenant.

Under no circumstances are keys to be provided to anyone other than the Lessee and its employees. The number of keys provided by the Lessor to the Lessee shall be two (2).

18. **Lessee's Default and Lessor's Remedies.** The occurrence of any one or more of the following events shall constitute a material default and breach of this Lease by Lessee:

(a) Abandonment of the Leased Premises without payment of Rent;

(b) Failure by Lessee to make payment of Rent for a period of five (5) days after written notice from Lessor that such Rent is due;

(c) Failure by Lessee to make any payment other than rent payments as and when due where such failure shall continue for a period of ten (10) days after written notice from Lessor;

(d) Failure by Lessee to observe or perform any of the covenants, conditions, or provisions of this Lease, other than making of any payment, where such failure shall

continue for a period of ten (10) days after written notice from Lessor (or if such failure cannot be reasonably cured within said 10-day period or does not thereafter in good faith diligently prosecute such curative efforts to completion within a reasonable period, depending on the nature of the default);

(e) The Alcohol & Marijuana Control Board of the State of Alaska ("**AMCO**") provides notice to Lessee or Lessor of Lessee's alleged violation of any law, statute, ordinance, rule, order, regulation or requirements;

(f) Any enforcement action is initiated by any governmental body applicable to Lessee's operation of its business on the Leased Premises, including, without limitation, any investigation or enforcement action taken by the federal government pursuant to the CSA; or

(g) (i) The making by Lessee of any general arrangement for the benefit of creditors; (ii) the filing by or against Lessee of a petition in bankruptcy, including reorganization or arrangement, unless, in the case of a petition filed against Lessee, the same is dismissed within sixty (60) days; or (iii) the appointment of a trustee or receiver to take possession of substantially all of Lessee's assets located at the Leased Premises or of Lessee's interest in the Lease.

Upon occurrence of a default or breach, Lessor, at any time with or without notice or demand, without waiving or limiting any other right or remedy, may choose, at its sole discretion, any one or more of the following remedies:

(a) Immediately re-enter and remove all persons and personal property from the Leased Premises, in accordance with and subject to applicable law and the provisions of this Lease. At Lessor's option, Lessor may arrange for storage of the property at Lessee's expense and without liability to the Lessor, subject to the provisions of this Lease.

(b) Rent the Leased Premises or any part thereof for the account of Lessee upon such terms and conditions and for such period as Lessor may consider advisable, either with or without any equipment that may be situated on the Leased Premises. Lessor shall apply the rents received from re-renting first to the reasonable expenses of re-renting, including any necessary renovation and alteration, reasonable attorney's fees, and any real estate commission actually paid. Lessor shall apply any remaining rent toward payment of all sums due or to become due to Lessor hereunder.

(c) Lessor's re-entry shall not terminate this Lease unless Lessor gives written notice of an intention to terminate to Lessee. Notwithstanding any such re-entry by Lessor, the liability of Lessee for the rent provided for herein, including any unrecovered rent, shall not be extinguished for the balance of the term of the Lease.

(d) Collect by legal proceedings rent or other sums as they become due.

(e) Enforce by legal proceedings or otherwise any covenant or condition or term of this Lease.

(f) Upon a default as described in Section 18 (c) of this Lease, Lessor may elect to immediately terminate the Lease. In addition, regardless of whether the Lessor elects to terminate the Lease, the Lessee will immediately, but in no event, in less than 48 hours from receipt of notice from the Lessee, vacate the Leased Premises. Notwithstanding the foregoing, Lessee will remain obligated to pay the Rent until AMCO's administrative review or other investigative process has been completed. If Lessor elects not to terminate the Lease after a default as described in Section 18(c), then, for so long as AMCO's administrative review process or other investigative process is ongoing, the Lessor will hold the Leased Premises for the benefit of Lessee so long as the term has not expired and so long as Lessee continues to timely make the monthly Rent payments.

(h) Exercise any other remedy permissible by law.

(i) Interest shall accrue on any unpaid monetary obligations of Lessee to Lessor that are not paid when due at the rate of 18% per annum, or at the highest rate allowed by law if that rate is less than 18%.

19. Termination Upon Adverse Governmental Action. If Lessor or Lessee is informed by any state or federal governmental authority (including, but not limited, to the Department of Justice, Drug Enforcement Agency, AMCO or any other federal, state or local governmental authority) that the manufacture, processing and/or cultivation of marijuana or any other activity conducted in connection with this Lease places Lessor's property rights or interests at risk and/or that Lessee is not in compliance with state or local rules regarding its procedures, licenses or use of the Leased Premises, or if any such governmental authority prohibits Lessee from operating its business at the Leased Premises, then Lessor may immediately terminate this Lease. Termination shall be effective upon the delivery of written notice, in which event the expiration date of this Lease shall be the date of delivery to such notice and all provisions regarding termination shall apply as of this date. Both parties acknowledge and appreciate that this termination provides extremely limited notice but is required to insure the compliance with state, federal and local laws.

20. Cure of Default by Lessor. The Lessor may, at the expense of Lessee, cure any default by Lessee hereunder, but shall not be required to do so. The Lessee shall reimburse Lessor for all amounts expended in connection therewith including attorney's fees and other incidental expenses. Such amounts, together with interest at the ten percent (10%) per annum (or the maximum allowable by law if it is less than 10% per annum), shall be deemed additional rent due and payable when the installment of rent next following such expenditure is due.

21. Status of Lease. Lessor and Lessee acknowledge that Lessee will operate a licensed marijuana business from the Leased Premises. Tenant acknowledges that Tenant will be required to have a license issued by AMCO in order to operate its business from the Leased Premises. Lessee agrees that regardless of the status of its license from AMCO, whether such license has been issued, is pending, or has been denied or revoked, Lessee shall be obligated to pay Rent as described in the Lease.

(f) Upon a default as described in Section 18 (c) of this Lease, Lessor may elect to immediately terminate the Lease. In addition, regardless of whether the Lessor elects to terminate the Lease, the Lessee will immediately, but in no event, in less than 48 hours from receipt of notice from the Lessee, vacate the Leased Premises. Notwithstanding the foregoing, Lessee will remain obligated to pay the Rent until AMCO's administrative review or other investigative process has been completed. If Lessor elects not to terminate the Lease after a default as described in Section 18(c), then, for so long as AMCO's administrative review process or other investigative process is ongoing, the Lessor will hold the Leased Premises for the benefit of Lessee so long as the term has not expired and so long as Lessee continues to timely make the monthly Rent payments.

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22. **Communication with AMCO; Notices from AMCO**. Lessor and Lessee agree that Lessor may contact and communicate with AMCO regarding the status of Lessee's application(s) with AMCO and that Lessor may also request a copy of Lessee's entire file and application with AMCO. Lessee further agrees that it shall provide to Lessor any notices or other written communications that Lessee receives from AMCO or that Lessee transmits to AMCO.

23. **Liability and Fire Insurance.** The Lessee shall, during the entire term hereof, at the Lessee's sole expense, keep in full force and effect a policy of public liability and property damage insurance with respect to the premises, its appurtenances and the business operated by Lessee on the premises with minimum limits in an amount of not less than One Hundred Thousand Dollars ($100,000.00) for bodily and personal injury or death to any one person; with minimum limits of not less than Five Hundred Thousand Dollars ($500,000.00) for bodily and personal injury or death to more than one person; and with limits of not less than Five Hundred Thousand Dollars ($500,000.00) with respect to damage to property. If Lessee does not maintain or procure this required insurance, Lessor may procure and obtain such insurance. The cost of any such insurance obtained by Lessor shall be additional rent which will be due and payable upon demand.

(a) This policy shall name Lessor, any person or entity designated by Lessor, and Lessee as "co-insureds". This policy shall contain a clause that the insurer will not cancel or change the insurance without first giving the Lessor ten (10) days prior written notice of cancellation or modification.

(b) This insurance shall be with an insurance company qualified to do business in the State of Alaska. A certificate of insurance shall be delivered to Lessor prior to the Lessee's occupancy and each time such policy is renewed.

(c) The Lessor shall obtain, at Lessor's sole expense, a policy of fire and extended coverage insurance for the building, but not for the Lessee's property located in the building.

(d) The Lessee shall be responsible for any and all loss to the property of Lessee. All risk of loss as to such personal property shall be borne by the Lessee.

24. **Waiver of Subrogation.** The Lessor and Lessee hereby grant to each other, on behalf of the insurer providing fire and extended coverage insurance to either of them covering the premises, the improvements therein and contents thereof, a waiver of any right of subrogation that any such insured of any one party may acquire against the other party by virtue of payment of such loss under such coverage if allowed by insurer.

25. **Notice by Lessee.** The Lessee shall give immediate notice to Lessor in case of fire or accidents in the Leased Premises or in the building of which the Leased Premises are a part or of defects therein or in any fixtures or equipment.

26. **Damage or Destruction.** If the Leased Premises shall be destroyed or rendered untenantable, either wholly or in part, by fire or other unavoidable casualty, Lessor may, at his option, restore the Leased Premises to its previous condition and in the meantime the monthly Rent shall be abated in the same proportion as the untenantable portion of the Leased Premises bears to the whole thereof. If Lessor does not, within thirty (30) days after the happening of any such casualty, notify Lessee of its election to so restore the Leased Premises, this Lease shall thereupon terminate.

27. **Condemnation.** If all of the Leased Premises or such portions of the building as may be required for the reasonable use of the Leased Premises are taken by eminent domain, this Lease shall automatically terminate as of the date Lessee is required to vacate the Leased Premises and all rent shall be paid to that date. Lessor reserves all rights to all compensation for any taking of eminent domain. Lessee hereby assigns to Lessor any rights Lessee may have to such compensation. Lessee shall make no claim against Lessor for damages for termination of the lease or interference with Lessee's business. Lessee shall have the right, however, to claim and recover from the condemning authority, compensation for any loss to which Lessee may be put for Lessee's moving expenses and for the interruption of or damage to Lessee's business.

28. **Acceptance of Premises.** The Lessee shall, after the Lessor has completed the tenant improvements or repairs described in the "Offer To Lease", inspect the Leased Premises and, if unsatisfactory, shall advise Lessor in writing within 48 hours of taking possession of the specific item(s) or matter(s) which are unsatisfactory to Lessee.

29. **Alterations.** The Lessee shall not make any alterations, additions, changes or improvements to the Leased Premises without the prior written consent of the Lessor and then only in accordance with plans and specifications approved by Lessor and subject to the following conditions:

(a) No change, alteration, improvement or renovation shall at any time be made which shall impair the structural soundness or diminish the value of the demised premises.

(b) No change, alteration, improvement or renovation shall be made without the written consent of the Lessor, which consent shall not unreasonably be withheld. As a condition precedent to such consent, the Lessee shall deliver to Lessor written plans and specifications for all such work.

(c) No change, alteration, improvement or renovation shall be undertaken until Lessee shall have procured and paid for all required municipal and other governmental permits and authorizations of the various municipal departments.

(d) All work done in connection with any change, alteration, improvement or renovation shall be done in a good and workmanlike manner and in compliance with the building and zoning laws, and with all other laws, ordinances, orders, rules, regulations and requirements of all federal, state and municipal governments and the appropriate departments, commissions, boards and officers thereof, including, without limitation,

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AMCO. Lessee shall procure certificates of occupancy and other certificates as required by law.

(e) At all times when any change, alteration, improvement or renovation is in progress, there shall be maintained, at Lessee's expense, worker's compensation insurance in accordance with law covering all persons employed in connection with the change or alteration, and general liability insurance for the mutual benefit of Lessee and Lessor, expressly covering the additional hazards due to the change or alteration.

(f) At the end of the term of this Lease, Lessee shall have neither the right nor the obligation to remove any additions, fixtures, renovations or alterations or to restore the demised premises to the condition in which they were at the time of the commencement of this lease. Said alterations, fixtures and improvements, such as carpet, light fixtures, stud walls, doors, cabinets, counters, sinks, toilets and all other Lessee improvements, fixtures and alterations will, at the expiration or earlier termination of this Lease, become the property of the Lessor except where Lessor has otherwise agreed in writing.

(g) All workmanship involved and material used shall be of a quality consistent with the construction of the premises at the start of the lease term. All contractors involved in such alterations shall be approved by Lessor prior to commencing work.

30. **Liens.** The Lessee shall keep the land, building and any part thereof free from liens, security interests or encumbrances for labor or materials ordered or supplied upon the express or implied request of Lessee. Should any such lien be recorded or should a lien be recorded by reason of a claim against Lessee, or acts or omissions of Lessee, Lessee shall forthwith, and within ten (10) days of learning of such recording, cause the same to be cancelled and discharged of record. Alternatively, Lessee shall provide Lessor with written proof of the existence of an appropriate surety bond in accordance with AS 34.35.072 written by a corporate surety qualified to do business in the State of Alaska, in an amount equal to not less than 150% of the amount of the claim of lien. Such surety bond shall be in favor of Lessor or the lien claimant. Lessee shall take all steps necessary to have such lien released or judgment resulting therefrom satisfied at Lessee' own expense.

31. **Surrender of Premises.** The Lessee, on the last day of the Initial Term, or on the last day of a renewal or extension term, or upon earlier termination of this Lease, shall peaceably and quietly leave and surrender the Leased Premises in as good condition as on commencement of the term, ordinary wear and tear and damage that Lessor has been fully compensated for by insurance proceeds, excepted.

(a) The Lessee may remove any furniture and equipment which it placed on the Leased Premises during the term of this Lease, but all fixtures, including cabinets, counters, sinks and the like shall remain on the premises as the property of the Lessor.

(b) The Lessee will repair any damage caused by the removal of any furniture or equipment.

(c) At termination of the Lease, Lessee is required to return all keys to unit to Lessor; or Lessee will be charged $100.00 as a change of lock fee.

32. **Holding Over.** In the event Lessee remains in possession of the Leased Premises after the expiration of this Lease and without the execution of a new lease, Lessee shall be deemed to be occupying the Leased Premises as a tenant from month to month at a rental equal to one hundred and fifty percent (150%) of the monthly rental provided for herein and otherwise subject to all the conditions, provisions and obligations of this Lease insofar as they are applicable to month to month tenancy.

33. **Notices.** Any notice or demand which under the terms of this Lease or any statute may or must be given or made by either party to the other, shall be in writing and made or given by mailing the same by certified mail, return receipt requested, postage prepaid, addressed to the other party as herein below provided. When so mailed the notice or demand shall be effective four (4) days after the mailing date. Any demand or notice by or from Lessor shall be effective when personally delivered to any officer of Lessee or to the person who is in charge of the premises for Lessee. The addresses of the parties are:

Lessor: John W. Clark
14400 Prator Street
Anchorage, Alaska 99516

Lessee: Michael Morgan and Buffie Jones
4129 Lana Court
Anchorage, Alaska 99508

Either party may designate in writing such new or other address to which such notice or demand shall thereafter be given, made or mailed, furthermore, when for purposes of demand or notice, Lessor uses the address at which it customarily communicates with Lessee, such demand or notice shall be effective.

34. **Personal Property Taxes.** The Lessee shall pay prior to delinquency, all personal property taxes payable with respect to all property of Lessee located in the premises or the building and shall provide promptly, upon request of Lessor, written proof of such payment.

35. **Business Expenses.** The Lessee shall pay any and all expenses associated with the operation of its business including, without limitation, employee salaries and all taxes and contributions associated therewith, equipment payments, worker's compensation insurance as required by law for all employees, inventory purchases, the public liability and property damage and fire insurance required by this Lease.

36. **Governmental Fees, Taxes, Assessments and Other Expenses.** All governmental fees and taxes due the Anchorage Municipality, State of Alaska or other

(b) The Lessee will repair any damage caused by the removal of any furniture or equipment.

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Lessor: John W. Clark
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36. **Governmental Fees, Taxes, Assessments and Other Expenses.** All governmental fees and taxes due the Anchorage Municipality, State of Alaska or other

governmental agencies on account of inspections made upon said leased premises by any officer thereof as a result of the operation by the Lessee or any other similar taxes, fees or assessment, shall be paid, when and as due, by the Lessee. If a sales tax is instituted which taxes the rent paid by Lessee or received by Lessor under this Lease, Lessee shall pay such sales tax to Lessor as additional rent if it the tax obligation imposed by the taxing authority is levied against Lessor.

37. **Advertising.** The Lessee shall not inscribe or post, place, or in any manner display any sign, notice, picture, placard or poster, or any advertising matter whatsoever, anywhere in or about the premises or the building at places visible (either directly or indirectly as an outline or shadow on a glass pane) from anywhere outside the premises without first obtaining Lessor's written consent thereto. Any such consent by Lessor shall be upon the understanding and condition that Lessee will comply with all municipal ordinances and will remove the same at the expiration or sooner termination of this Lease and repair any damage to the premises or the building caused thereby and such other conditions as the Lessor may reasonably impose.

Lessor hereby consents to the installation of a signage outside of the Lessee's premises that conforms with existing signage of other tenants in the building. The signage shall be located above leased area. The sign will be prepared and installed at the Lessee's expense. The appearance of the sign shall be subject to final approval by the Lessor once the Lessee has designed the same.

38. **Lessor and Lessee Not Partners.** Neither this Lease nor any one or more other agreements set forth herein is intended, nor shall the same ever be construed so as to create a partnership or joint venture by and between the Lessor and the Lessee. Nor does this Lease make either party in any way responsible for the debts and/or losses of the other party.

39. **General.**

(a) All prior negotiations representations and understandings are merged into this Lease and the Agreement and related documents which contain the entire agreement between the parties. Any agreement hereafter made shall be ineffective to change, modify or discharge the Lease in whole or in part unless such agreement is in writing and signed by the party against whom enforcement of the change, modification or discharge is sought. The submission of any unexecuted copy of this Lease shall not constitute an offer to be legally bound by any provision of the document submitted either currently or in the future: and no party shall be bound by this Lease until it is fully executed and delivered by both parties.

(b) The failure of the Lessor or Lessee to enforce any of the rights given to it under this Lease by reason of the violation of any of the covenants in this Lease to be performed by Lessor or Lessee shall not be construed as a waiver of the rights of the Lessor or Lessee to exercise any such rights as to any subsequent violations of such covenants, or as a waiver of any of the rights given to the Lessor or Lessee by reason of the violation of any of the other covenants of this Lease.

(c) Time shall be of the essence for the performance of the obligations of this Lease by Lessee.

(d) If any term or provision of this Lease or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term or provision to persons whose circumstances are other than those as to which it is held invalid or unenforceable, shall not be affected thereby.

(e) No consent by Lessor to an act or omission by Lessee shall constitute consent to any other act or omission or to a like act or omission on a future occasion.

(f) The Lessee shall not record this Lease without the written consent of the Lessor.

(g) Each party acknowledges that it has relied upon its own examination of this Lease and the provisions hereof, as well as the representations of its own counsel. The parties acknowledge that this Lease has been prepared by a joint effort of both parties and therefore, there shall be no presumption in favor of either the Lessor or Lessee, and this Lease shall not be construed against either party.

(h) This Lease shall be governed by the laws of the State of Alaska.

(i) No right or remedy herein conferred upon or reserved to Lessor is intended to be exclusive of any other right or remedy. Each and every right and remedy shall be cumulative.

(j) Words of any gender used in this Lease shall be held to include any other gender, and words in the singular number shall be held to include the plural, when the sense requires. Wherever used herein, the words "Lessor" and "Lessee" shall be deemed to include the heirs, personal representatives, legal representatives, successors, sub lessees and assigns of said parties, unless the context excludes such construction.

(k) It is understood and agreed that the headings are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope or intent of this Lease, nor in any way affect this Lease.

40. **Attorneys Fees.** In the event that either party requires the services of any attorney in connection with enforcing the terms of this Lease or in the event suit is brought for the recovery of any rent due under this Lease or for the breach of any covenant or condition of this Lease or for the restitution of said Leased Premises to Lessor and/or eviction of the Lessee during said term or after the expiration thereof, the prevailing party will be entitled to actual reasonable attorney's fees, witness fees, and court costs.

38. **Estoppel Certificates.** At any time and from time to time upon the written request of either of the parties hereto Lessor or Lessee, shall deliver to the party requesting the

(c) Time shall be of the essence for the performance of the obligations of this Lease by Lessee.

(d) If any term or provision of this Lease or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term or provision to persons whose circumstances are other than those as to which it is held invalid or unenforceable, shall not be affected thereby.

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(h) This Lease shall be governed by the laws of the State of Alaska.

(i) No right or remedy herein conferred upon or reserved to Lessor is intended to be exclusive of any other right or remedy. Each and every right and remedy shall be cumulative.

(j) Words of any gender used in this Lease shall be held to include any other gender, and words in the singular number shall be held to include the plural, when the sense requires. Wherever used herein, the words "Lessor" and "Lessee" shall be deemed to include the heirs, personal representatives, legal representatives, successors, sub lessees and assigns of said parties, unless the context excludes such construction.

(k) It is understood and agreed that the headings are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope or intent of this Lease, nor in any way affect this Lease.

40. **Attorneys Fees.** In the event that either party requires the services of any attorney in connection with enforcing the terms of this Lease or in the event suit is brought for the recovery of any rent due under this Lease or for the breach of any covenant or condition of this Lease or for the restitution of said Leased Premises to Lessor and/or eviction of the Lessee during said term or after the expiration thereof, the prevailing party will be entitled to actual reasonable attorney's fees, witness fees, and court costs.

38. **Estoppel Certificates.** At any time and from time to time upon the written request of either of the parties hereto Lessor or Lessee, shall deliver to the party requesting the

same a certificate executed in recordable form stating (i) whether or not this Lease is in full force and effect, (ii) whether or not any rights to renew the term of this Lease have been exercised and the date on which this Lease will terminate, (iii) whether or not this Lease has been modified or amended in any way and attaching a copy of such modification or amendment, (iv) whether or not there are any existing defaults under this Lease to the knowledge of the party executing the certificate, and specifying the nature of such defaults, if any, (v) the status of rent payments and (vi) any other facts regarding the operation of the Lease which the requesting party may reasonably request.

42. Hazardous Wastes And Materials.

(a) 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, waste disposal, hazardous or toxic materials, and water and air quality. In the event any discharge, leakage, spillage, emission or pollution of any type, or other release of hazardous materials occurs upon or from the Leased Premises during the Lease term or any holdover thereafter which is deemed attributable to Lessee's use and occupancy of the Leased Premises during Lessee's Lease term, but which shall not include discharge, leakage, spillage, emission, or pollution of any type or other release of hazardous material from unknown sources or sources unrelated to Lessee's use and occupancy of the Property, such as from adjacent parcels of land. Lessee shall immediately notify Lessor, and Lessee 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.

(b) Hazardous Materials on Leased Premises. Lessee shall not cause or permit any hazardous materials to be brought upon, kept or used in or about the Leased Premises by Lessee, its agents, employees, contractors or invites without the prior written consent of Lessor, and then only in compliance with all applicable laws and regulations. Lessor shall not unreasonably withhold consent as long as Lessee demonstrates to the reasonable satisfaction of Lessor 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.

(c) 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 any of the Leased Premises, assessment and clean-up costs, judgments, litigation costs and attorney's fees incurred by or levied against Lessor as a result of Lessee's breach of these environmental provisions or as a result of any discharge, leakage, spillage, emission or pollution on or discharged from the Property as a result of Lessee's use and occupancy of the Leased Property during this lease term, without regard to whether such liability, cost or expense arises during or after the Lease term; 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 negligence of: Lessor: or

acts or omissions of other users or occupiers of the property which occurred prior or subsequent to the term of this Lease. The foregoing indemnity shall survive the expiration or earlier termination of this Lease. The foregoing indemnity shall not apply to any discharge, leakage, spillage, emission or pollution which is caused by a person who occupies the Leased Premises after the termination of this Lease.

(d) 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 or defined as such in federal, state, or local law, regulation or ordinance, including but not limited to, in the following: U.S. Department of Transportation Hazardous Materials Table (49 C.F.R. § 172.101); regulations of the U.S. Environmental Protection Agency (including 40 C.F.R. Part 302; the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601 et seq. and its implementing regulations; the Solid Waste Disposal Act of 1984; 18 Alaska Administrative Code § 2601 et seq.; the Resource Conservation and Recovery Act, 42 U.S.C. § 6901, et seq.); and as a petroleum product or oil as defined in 33 U.S.C. § 1321.

IN WITNESS WHEREOF, the parties have executed this Lease effective the day and year first above written.

LESSOR:

John W. Clark

Cassandra Shea

Cassandra M. Shea

LESSEE:

Michael Morgan

Buffie Jones

acts or omissions of other users or occupiers of the property which occurred prior or subsequent to the term of this Lease. The foregoing indemnity shall survive the expiration or earlier termination of this Lease. The foregoing indemnity shall not apply to any discharge, leakage, spillage, emission or pollution which is caused by a person who occupies the Leased Premises after the termination of this Lease.

(d) 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 or defined as such in federal, state, or local law, regulation or ordinance, including but not limited to, in the following: U.S. Department of Transportation Hazardous Materials Table (49 C.F.R. § 172.101); regulations of the U.S. Environmental Protection Agency (including 40 C.F.R. Part 302; the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601 et seq. and its implementing regulations; the Solid Waste Disposal Act of 1984; 18 Alaska Administrative Code § 2601 et seq.; the Resource Conservation and Recovery Act, 42 U.S.C. § 6901, et seq.); and as a petroleum product or oil as defined in 33 U.S.C. § 1321.

IN WITNESS WHEREOF, the parties have executed this Lease effective the day and year first above written.

LESSOR:

John W. Clark

Cassandra Shea

Cassandra M. Shea

LESSEE:

Michael Morgan

Buffie Jones

LETTER OF AUTHORIZATION

APPLICATION FOR ZONING/LAND USE ENTITLEMENTS

PropertyAddress:10263 Nigh Road #5, Anchorage, AK 99515

LegalAddress: Lot 4, Wilson Subdivision, Unit #5

I/We, the owner(s) of the above described property, authorize Michael Morgan and Buffie Jones whose address is 4129 Lana Court, Anchorage, AK, 99508 its employees, representatives, agents, and/or consultants, to act as an agent on my/our behalf for the sole purpose of consummating any building and land-use permit applications, or any other entitlements necessary for the purpose of constructing and operating a cannabis business. I/We understand that any application may be denied, modified, or approved with conditions, and that such conditions or modifications must be complied with prior to issuance of building permits.

I/We further understand that signing of this authorization in no way creates an obligation of any kind.

Owner(s):

John W. Clark Date: 8/9/16

Cassandra Shea Date: 8/9/2016
Cassandra M. Shea

State of Alaska)
) SS.
Borough of Anchorage)

On this, the 9 day of August, 2016, before me, Brittaney Griffith Notary Public, personally appeared John W. Clark and Cassandra M. Shea

personally known to me proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity on behalf of which the person(s) acted, executed the instrument.

Witness my hand and official seal:

BRITTANEY GRIFFITH NOTARY PUBLIC MY COMMISSION EXPIRES MAY 11, 2019 STATE OF ALASKA

Notary Public - Commission
Brittaney Griffith
05/11/2019

LEASE

THIS LEASE is entered into effective this 1st day of July, 2016 (the "**Lease**") by and between John W. Clark and Cassandra M. Shea ("**Lessor**"), and Michael Morgan and Buffie Jones, whose address for all purposes herein is 4129 Lana Court, Anchorage, Alaska 99508 ("**Lessee**").

1. **Leased Premises.** Lessor, for and in consideration of the Rent (as defined herein), covenants and conditions hereinafter specified to be paid, performed and observed by Lessee, which are independent, does hereby let, lease and demise to Lessee, who hereby agrees to take Unit 5 known warehouse, consisting of approximately 1250 square feet more or less, located in that certain real property more particularly described as:

> Lot 4 S2, Wilson Subdivision, Unit #5 filed in the Anchorage Recording District, Third Judicial District, State of Alaska, which is referred to hereinafter as the "**Leased Premises**".

Attached hereto as Exhibit A is a line drawing of the Leased Premises.

2. **Rent.** The Lessee shall pay in advance, on or before the 1st day of each month, except the first month which shall be paid upon execution of this Lease, rent during the term of this Lease as follows:

(a) Rent is in the amount of Two Thousand Dollars and No Cents ($2,000.00) for each calendar month during the Initial Term of the Lease (the "**Rent**"). Except for the Rent for the first month (which is due and payable upon execution of this Lease), Rent is payable in advance and is due on or before the 1st day of each and every month.

(b) Rent is payable to **DIRECT DEPOSIT ONLY** at Wells Fargo; account 3085857492.

(c) Lessee acknowledges that late payment by Lessee to Lessor of Rent or other sums due hereunder will cause Lessor to incur costs not contemplated by this Lease, the exact amount of which would be extremely difficult and impractical to ascertain. Such costs include, but are not limited to processing and accounting charges and late charges that may be imposed on Lessor by the terms of any mortgage or trust deed covering the Leased Premises. Therefore, in the event Lessee should fail to pay any installment of Rent or any other sum due hereunder within five (5) days after the date that such amount is due, Lessee shall pay to Lessor as additional Rent a one-time per late installment late charge equal to five percent (5%) of the installment or the sum of $75.00 (Seventy Five Dollars), whichever is lesser.

(d) All applications and connections for utility services on the Leased Premises shall be made in the name of the Lessee only, and Lessee shall be solely liable