# BUSINESS LEASE

This Lease is executed on June 27, 2016, by and between WILLIAM A. LUTH, PO Box 428, Willow, AK 99688, ("Lessor") and AK Restorations, LLC & AK Slow Burn Cannabis Outlet, LLC ("Lessee").

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

1. Description of Premises. Lessor leases to Lessee the premises located at 2042 E. 3rd Avenue Unit A, Anchorage, Alaska, 99501 and described more particularly as follows:

> Suite number two (2), Lot One (1), Block Twenty-Six B (26B), Fourth Addition to the Townsite of Anchorage, according to plat C-43, Anchorage Recording District, Third Judicial District, State of Alaska.

2. Term. The term of this Lease is 36 months, beginning on July 1, 2016, and terminating on June 30, 2019 at 11:59 o'clock P.M

3. Rent. The total rent due under the Term of this lease is approximately $108,060 (See Note below table). Lessee shall pay Lessor during the term of this lease a minimum monthly rental in the following sums:

**Rental Payment Schedule**

| | Dates | Monthly rent | TTL Lease |
|---|---|---|---|
| 01 - 03 | July 1 – Sept 30, 2016 | $0 | $0 |
| 04 – 36 (33 payments) | October 1, 2016 - June 30, 2019 | $2,820 | $ 93,060 |

**Bonus Payment Schedule**

| | | |
|---|---|---|
| Upon Tenant receiving licensing | $5,000 | TBD |
| On each annual anniversary of tenant licensing. | $5,000 | TBD |

*NOTE: Tenant expects to receive licensing in 2017. Tenant expects that the scenario will be as such: Tenant will begin and continue paying rent. Tenant will receive licensing in 2017. Tenant will pay $5,000 bonus upon receiving licensing, and annually tenant will pay $5,000 thereafter. As this lease, not considering probable extensions and/or renewals, has a term to June 30, 2019, the most likely scenario (but not guaranteed scenario) are that the Tenant will pay three $5,000 Bonus Payments, with each being prior to June 30 of each of the next three years (i.e., prior to 6-30-17, 6-30-18, and 6-30-19.)

Lessee covenants and agrees to pay on or before the first day of each month of the term of this Lease, monthly rent in the sum outlined above. Upon execution of this Lease, Lessee shall pay $2,820 for October 2016 rent due, and a security deposit equal to $3,000 as described below. Beginning November 2016 $2,820 shall be paid according to the above rent schedule.

Payments shall be made to Lessor at the address set forth on the last page of this Lease. Lessee agrees that on default in the payment of any installment of rent due hereunder, Lessee shall pay Lessor as additional rent a late charge of 10% of any outstanding remaining balance on any installment not made on or before the seven (7) days after the day of the month when it due.

4. SECURITY DEPOSIT. An essential inducement to Lessor from Lessee for this Lease is a security deposit by Lessee in the amount of Three thousand dollars even **($3,000.00),** receipt of which by Lessor is hereby acknowledged. Said deposit is partial security for the full and faithful performance by the Lessee of all the covenants and terms of this Lease required to be performed by Lessee. Such security deposit shall be returned to the Lessee after the expiration of this Lease if Lessee has fully and faithfully carried out all of its covenants and terms. If Lessee does not fully and faithfully perform the covenants and terms of this Lease, Lessor may apply the aforementioned security deposit against damages resulting from breaches of Lessee. In the event all or part of the security deposit is so applied, Lessee shall upon demand, promptly pay to Lessor such amount as may be necessary to replenish the security deposit to its original amount. In the event of a bona fide sale of the property of which the leased premises are a part, the Lessor shall have the right to transfer such security deposit to Purchaser to be held under the terms of this Lease, and in that event the Lessor shall be released from all liability for the return of such security deposit to the Lessee. The Lessee may not assign or encumber the money deposited as security, and neither the Lessor nor its successors or assigns shall be bound by any such assignment or encumbrances.

5. Protective Covenants. Lessee as a condition precedent to, and as a condition of occupancy of the above described premises, hereby acknowledges having reviewed the protective covenants pertaining to said premises and by entering into the agreement contained herein, hereby agrees to abide by the same.

6. Use of Premises. Lessee shall have the right to use the property for retail and processing sales (excludes growth & wholesale) only of cannabis business and all reasonable and legal related business activities, subject to only the constraint that such activities are consistent with the intended use and quality of the property, and with the provisions and requirements of the Municipality of Anchorage Zoning Laws and any specific limitations that may be set forth and incorporated herein. Lessee shall comply with all municipal, state, federal and other governmental laws, statutes, ordinances, rules and regulations, whether they be of legislative, administrative or judicial origin. No act shall be done in or around the premises which shall increase the existing rate of insurance on the building or surrounding areas under the control of the Lessor.

7. Rules and Regulations. Lessee shall observe the rules and regulations which the Lessor may from time to time promulgate and distribute. Lessor reserves the right to make reasonable amendments or changes thereto as in his judgment may from time to time be necessary or desirable.

8. Parking. Lessee agrees not to overburden the parking facilities and agrees to cooperate with Lessor and other Lessees in the use of parking facilities. Lessor reserves the right in his absolute discretion to determine whether parking facilities are becoming overcrowded and in such event to more specifically allocate parking spaces among the Lessees. Landlord will work with tenant to form an acceptable parking plan that complies with municipal requirements for retail use within the boundaries of the property.

9. Delay in Delivering Possession. This Lease shall not be rendered void or void able by the inability of Lessor to deliver possession to Lessee on the date set forth above, and Lessor shall not be liable to lessee for any loss or damage suffered by reason of such a delay provided, however, that Lessor does deliver possession no later than July 1, 2016 at 5:00 P.M In the event of a delay in delivering possession, the rent for the period of such delay will be deducted from the total rent due under the Lease. No extension of the Lease shall result from a delay in delivering possession.

10. Utilities and Services. Lessee shall pay for electrical, gas and refuse associated with its use of the lease premises by way of arrangements made with adjoining occupant. Lessee acknowledges that city water and sewer serve the building and shall be paid for by Lessor. Lessor shall not be liable for any loss or damage caused by or resulting from any variation, interruption, or failure of said utilities or services, arising from any cause, condition, or event; and no variation, interruption, or failure of such utilities and services incident to the making of repairs, alternations, or improvements, or arising from any accident, strike, condition, cause, or event in whole or in part beyond the reasonable control of Lessor shall be deemed an eviction of Lessee or relieve Lessee from any obligation hereunder. Lessee shall arrange and pay for all services furnished to the leased premises for the term of this Lease, including any telephone and internet service and snow removal service. Lessee shall provide, at its option, janitorial service for its leased premises.

11. Acceptance of the Premises. By execution of this agreement, Lessee acknowledges that it has examined the leased premises and accepts the same as being in the condition called for by this Lease.

12. Alterations and Mechanics Liens. Alterations to the leased premises may not be made without the prior written consent of the Lessor. Lessee shall return the leased premises upon the termination of this Lease in the same condition as when rented to Lessee, reasonable wear and tear, and approved improvements excepted. Lessee shall keep the leased premises, the building and the property in which the leased premises are situated free from any liens arising out of any work performed for, material furnished to or obligations incurred by Lessee. At Lessor's option, Lessee shall at its own expense when surrendering the leased premises remove there from all partitions, counters, and other improvements installed by Lessee.

13. Insurance.

A) Liability Insurance. Lessee shall procure and maintain in force at Lessee's expense during the term of this Lease and any extension thereof, general liability insurance with insurers and brokers approved by Lessor. Such coverage shall be in a minimum amount of One Million Dollars ($1,000,000.00) per occurrence. The insurance policies shall name Lessor as an additional insured. Lessee shall deliver a certificate or copy of such policy, together with evidence of payment of all premiums, to the Lessor prior to the commencement date of this Lease. Lessee shall maintain a written obligation from the insurers to notify Lessor in writing at least thirty (30) days prior to cancellation or refusal to renew any policy. If the insurance coverage is not kept in force during the entire term of this Lease or any extension thereof, Lessor may provide the necessary insurance and pay the premium therefore, and the premium shall be repaid to Lessor as an additional rent installment for the month following the date in which the premiums were paid by Lessor.

B) Fire and Extended Coverage Insurance. Lessor's obligation to maintain fire and extended coverage insurance is limited to the structure and do not extend coverage to Lessee, its personal property, or other property in or on the Premises. If the insurance premium on the Building of which the Premises are a part shall be increased because of the use or occupancy by Lessee, then in that event, upon written notice from Lessor, Lessee may elect to abate the use which has caused the increase of premium or shall thereupon and thereafter reimburse Lessor for the amount of increase in the premium.

C) Waiver of Subrogation. So long as the following does not impair the coverage required under this Lease, Lessor and Lessee each release the other and waive its entire right of recovery against the other for loss or damage arising out of or against and to the perils described in standard fire insurance policies and all perils described in the extended coverage insurance endorsed and approved by the State of Alaska which occurs in, on or about the Premises whether due to the negligence by the party, their agents, invitees, contractors, or employees or otherwise. The parties hereto shall, upon obtaining the policies of insurance mentioned herein, give notice to the insurance carrier or carriers that the foregoing mutual waiver of subrogation is contained in this Lease. The obligations of Lessee under this Section arising by reason of any occurrence taking place during the term shall survive any termination of this Lease.

Lessee agrees to indemnify and hold Lessor harmless from and against any and all claims arising from any breach of this Lease by acts, omissions or negligence of Lessee, its contractors, licensees, agents, invitees, or employees or arising from any accident, injury, or damage whatsoever caused to any person or property occurring in, on or about the Premises or any part of them and from and against all costs, expenses and liability incurred in or in connection with any such claim or proceeding. Lessee further agrees to indemnify Lessor from any claim brought by any persons, including without limitation, the employees of Lessee with respect to any obligation under applicable laws or acts pertaining to the Premises. The above indemnities do not apply to those claims arising out of or caused or contributed by the Lessor's negligence or breach of Lessor's obligations under this Lease. This provision shall survive termination of the Lease.

14. Fire and Extended Coverage Insurance. Lessor's obligation to maintain fire and extended coverage insurance is limited to the structure and does not extend coverage to Lessees, their personal property, or other property in or on the premises. If the insurance premium on the building of which the leased premises are a part shall be increased because of the use or occupancy by Lessee, then in that event, upon written notice from Lessor, Lessee may elect to abate the use which has caused the increase of premium or shall thereupon and thereafter reimburse to the Lessor the amount of increase in the premium.

Lessor and Lessee each herewith and hereby release and relieve the other and waive its entire right of recovery against the other for loss or damage arising out of or against and to the perils described in standard fire insurance policies and all perils described in the extended coverage insurance endorsed and approved by the State of Alaska which occurs in, on or about the premises whether due to the negligence by the party, their agents or employees or otherwise The parties hereto shall, upon obtaining the policies of insurance mentioned herein, shall give notice to the insurance carrier or carriers that the foregoing mutual waiver of subrogation is contained in this Lease. The obligations of Lessee under this Section arising by reason of any occurrence taking place during the leased term shall survive any termination of this Lease.

15. Repairs. Lessee shall at its sole expense keep and maintain the leased premises, appurtenances and every part thereof, including boiler, windows, interior walls, doors and hardware of the leased premises. Lessor agrees to repair exterior walls and roofs when necessary. Lessee agrees to keep its leased premises in good and sanitary order, condition and repair. Lessee shall at its sole expense keep and maintain all utilities, fixtures and mechanical equipment used by Lessee in good order, condition and repair. Lessee expressly waives all right to make repairs at the expense of Lessor, absent the written consent of Lessor. Lessor warrants that all lighting, the HVAC, electrical, water and sewer systems at the initiation of this lease are all in good working order.

16. Signs and Landscaping. Lessor shall have the right to control landscaping and approve the placing of signs and the size and quality of same with such approval not unreasonably withheld. Lessee shall make no alterations or additions to the leased premises, building or landscaping, and shall place no exterior signs on the leased premises without the prior written consent of Lessor. Lessee shall remove signs, displays, advertisements, or decorations it has placed on the premises that, in the opinion of Lessor, are offensive or otherwise objectionable. If Lessee fails to remove such signs, displays, advertisements or decorations within ten (10) days after receiving written notice from Lessor to remove them, Lessor reserves the right to enter the premises and remove them at the expense of Lessee. Lessor has approved signage submitted as Attachment A.

17. Entry by Lessor. Lessee shall permit Lessor and Lessor's agents to enter the leased premises at all reasonable times for the purpose of inspecting the premises or for the purpose of maintaining the building, or for the purpose of making repairs, alterations or additions to any portion of the building including the erection and maintenance of such scaffolding, canopies, fences and props as may be required, or for the purpose of posting notices of non-responsibility for alterations, additions, or repairs, or for the purpose of placing upon the building any usual or ordinary For Sale or For Rent signs, without any abatement of rent and without any liability to the Lessee for any loss of occupation and client enjoyment of the leased premises thereby occasioned. Lessee shall permit Lessor at any time within thirty (30) days prior to the expiration of this Lease to place upon the premises any usual or ordinary "For Rent" signs. Lessee shall give Lessor notice in writing five (5) days prior to employing any laborer or contractor to perform work resulting in alteration to the leased premises so that Lessor may post such notices as are necessary in Lessor's discretion.

18. Abandonment. Lessee shall not vacate nor abandon the leased premises at any time during the lease term nor permit the leased premises to remain unoccupied for a period longer than ten (10) consecutive days during the lease term. If Lessee shall abandon, vacate, or surrender the leased premises or be dispossessed by process of law or otherwise, any personal property belonging to Lessee and left on the leased premises shall at the action of the Lessor be deemed abandoned. Absence from the premises for longer than ten (10) days while an installment of rent is due and owing shall be deemed abandonment, unless prior written approval is obtained from the Lessor

19. Destruction of the Premises. In the event of either a partial destruction of the leased premises or the building during the leased term which requires repairs either to the leased premises or the building, or in the event that the leased premises or the building are declared unfit for occupancy by any authorized public authority for any reason other than the Lessee's acts, omissions to act, use or occupancy, which declaration requires repairs either to the leased premises or the building, Lessor agrees that to the extent that cost thereof is covered by fire or extended coverage insurance to forthwith repair same. This Lease shall remain in full force

and effect except that Lessee shall be entitled to a proportionate reduction of rent while such repairs are being made based on the extent to which the making of such repairs shall interfere with the business carried on by Lessee on the leased premises

In the event the leased premises are damaged or require repairs, or the building requires repairs, as above referenced, and the same are not covered by fire or extended coverage insurance, then Lessor, at its option, may either undertake such repairs and restoration with this Lease continuing in full force and effect with the rental to be proportionately reduced as hereinabove provided, or Lessor may give notice to Lessee at any time within thirty (30) days after such event and such notice shall, at the option of Lessor, terminate this Lease as of the date specified in such notice, which termination shall not be less than thirty (30) days nor more than sixty (60) days after the giving of such notice. In the event that giving of such notice, this Lease shall expire and all interest of Lessee in the leased premises shall terminate on the date so specified in such notice and the rental shall be reduced by any proportionate reduction based on the extent, if any, to which such damage interferes with the business carried on by Lessee in the leased premises provided that Lessee's rent shall be current at the date of such termination.

20. Condemnation. Eminent domain proceedings resulting in the condemnation of a part of the premises leased herein, but leaving the remaining premises usable by Lessee for the purpose of its business, will not terminate this Lease unless Lessor, at its option, terminates the Lease by giving thirty (30) days written Notice of Termination to Lessee. The effect of any condemnation, where the option to terminate is not exercised, will be to terminate the Lease as to the portion of the premises condemned, and the Lease of the remainder of the leased premises shall remain intact. The rental for the remainder of the leased term shall be reduced by the amount that the usefulness of the premises has been reduced for the business purposes of Lessee. Lessee hereby assigns and transfers to Lessor any claim he may have to compensation for damages as a result of any condemnation.

21. Assignment, Sublease, or License. Lessee shall not assign or sublease the premises, or any right or privilege connected therewith, or allow any other person except agents and employees of Lessee to occupy the premises or any part thereof without first obtaining the written consent of Lessor. Consent by Lessor shall not be consent to a subsequent assignment, sublease, or occupation by other persons. An unauthorized assignment, sublease, or license to occupy by Lessee shall be void and shall terminate the Lease at the option of Lessor. Termination under this Article shall be made in further accordance with Article 23. The interest of Lessee in this Lease is not assignable by operation of law without the written consent of Lessor.

22. Default of Breach. Each of the following events shall constitute a default or breach of this Lease by Lessee:

A) If Lessee, or any successor assignee of Lessee while in possession shall file a Petition in Bankruptcy or insolvency or for reorganization under any Bankruptcy Act, or shall voluntarily take advantage of such act by answer or otherwise, or shall make an assignment for the benefit of creditors.

B) If voluntary proceedings under any Bankruptcy Law or Insolvency Act shall be instituted against Lessee, or the receiver or Trustee shall be appointed for all or substantially all of the property of Lessee, and such proceedings shall not be dismissed or the receivership or trusteeship vacated within thirty (30) days after the institution or

appointment.

C) If Lessee shall fail to pay Lessor any rent or additional rent when the rent shall become due and shall not make the payment within ten (10) days after written notice thereof by Lessor to Lessee.

D) If Lessee shall fail to perform or comply with any of the conditions of this Lease and if the non-performance shall continue for a period of thirty (30) days after written notice thereof by Lessor to Lessee, or if the performance cannot be reasonably had within the thirty (30) day period, or if Lessee shall not in good faith have commenced performance within the thirty (30) day period and shall not diligently proceed to completion of performance.

E) If Lessee shall vacate or abandon the leased premises

F) If this Lease or the estate of Lessee hereunder shall be transferred to or shall pass to or devolve on any other person or party, except in the manner herein permitted.

G) If Lessee fails to take possession of the leased premises on the term commencement date or within fifteen (15) days after notice that the leased premises are available for occupancy, if the term commencement date is not fixed herein or shall be deferred as herein provided.

23. Remedies. In the event of any such material default or breach by Lessee, Lessor shall have the following rights and remedies, all in addition to any rights and remedies the Lessor may have by statute, ordinance, law or otherwise, which rights and remedies Lessor may exercise at any time thereafter, without notice or demand, as follows:

A) Lessor shall have the right to cancel and terminate this Lease, as well as all of the right, title and interest of Lessee hereunder by giving to Lessee not less than fifteen (15) days written notice of the cancellation and termination. On expiration of the time fixed in the notice, this Lease and the right, title and interest of Lessee hereunder, shall terminate in the same manner and with the same force and effect, except as to Lessee's liability, as if the date fixed in the Notice of Cancellation and Termination were the end of the term herein originally determined.

B) Distrain for rent due.

C) Lessor may elect, but shall not be obligated, to make any payment required of Lessee herein or comply with any agreement, term, or condition required to be performed by Lessee, and Lessor shall have the right to enter the leased premises for the purpose of correcting or remedying any such default and to remain until the default has been corrected or remedied, but any expenditure for the correction by Lessor shall not be deemed to waive or release the default of Lessee or the right of Lessor to take any action as may be otherwise permissible hereunder in the case of any default.

D) Lessor may re-enter the premises immediately and remove the property and personnel of Lessee, and store the property in a public warehouse or at a place selected by Lessor, at the expense of Lessee. After re-entry, Lessor may terminate the Lease on giving fifteen (15)

days written notice of termination to Lessee Without the notice, re-entry will not terminate the Lease. On termination, Lessor may recover from Lessee all damages proximately resulting from the breach, including the cost of recovering the premises, and the worth of the balance of this Lease over the reasonable rental value of the premises for the remainder of the lease term, which sums shall be immediately due Lessor from Lessee.

E) After re-entry, Lessor may relet the premises or any part thereof for any term without terminating the Lease, at the rent and on the terms as Lessor may choose. Lessor may make alterations and repairs to the premises. The duties and liabilities of the parties if the premises are relet as provided herein shall be as follows:

i. In addition to Lessee's liability to Lessor for breach of the Lease, Lessee shall be liable for all expenses of the reletting, for the alterations and repairs made, and for the difference between the rent received by Lessor under the new Lease Agreement and the rent installments that are due for the same period under this Lease.

ii. Lessor shall have the right, but shall not be required, to apply the rent received from the reletting (1) to reduce the indebtedness of Lessee to Lessor under this Lease, not including indebtedness for rent (2) to expenses of the reletting and alterations and repairs made, (3) to past rent due under this Lease, or (4) to payment of future rent under this Lease as it becomes due.

iii. If the new Lessee does not pay a rent installment promptly to Lessor, and the rent installment has been credited in advance of payment to the indebtedness of Lessee other than rent, or if rentals to the new Lessee have been otherwise applied by Lessor as provided for herein and during any rent installment period are less than the rent payable for the corresponding installment period under this Lease, Lessee shall pay Lessor the deficiency separately for each installment deficiency, and before the end of that period. Lessor may at any time after a reletting terminate the Lease for the breach on which Lessor had based the re-entry and subsequently relet the premises.

iv. After re-entry, Lessor may procure the appointment of a receiver to take possession and collect rents and profits of the business of Lessee, if necessary to collect the rents and profits. The receiver may carry on the business of Lessee and take possession of the personal property used in the business of Lessee, including inventory, trade fixtures, and furnishings, and use them in the business without compensating Lessee. Proceedings for appointment of a receiver by Lessor, or the appointment of receiver and the conduct of the business of Lessee by receiver, shall not terminate and forfeit this Lease unless Lessor has given written notice of termination to Lessee as provided herein.

24. Notice. All notices to be given with respect to this Lease shall be in writing. Each notice shall be sent by registered or certified mail, postage prepaid and return receipt requested, to the party to be notified at the address set forth hereinafter, or at such other address as either party may from time to time designate in writing.

To Lessee, addressed to: AK Slow Burn Cannabis Outlet LLC, 2042 E. 3rd Avenue #2, Anchorage, Alaska 99501.

To Lessor, addressed to Lessor as follows: William A. Luth, P.O. Box 428, Willow, AK 99688; or at such other place as Lessor may from time to time designate by notice to Lessee.

Every notice shall be deemed to have been given at the time it shall be deposited in the United States mails in the manner prescribed herein. Nothing contained herein shall be construed to preclude personal service of any notice in the manner prescribed for personal service of a summons or other legal process.

25. Effect of Holding Over. If Lessee holds over after the expiration or earlier termination of the term hereof without the express written consent of Landlord, Tenant shall become a tenant at sufferance only, at a rental rate equal to one hundred fifty percent (150%) of the rent in effect upon the ate of such expiration (prorated on a daily basis), and otherwise subject to the terms, covenants and conditions herein specified, so far as applicable. Acceptance by Landlord of rent after such expiration or earlier termination shall not result in a renewal of this Lease nor affect Landlords right of reentry or any rights of Landlord hereunder or otherwise provided by law. If Tenant fails to surrender the premises upon the expiration of this Lease despite demand to do so by Landlord, Tenant shall indemnify and hold Landlord harmless from all loss or liability, including without limitation, any claim made by any succeeding Tenant founded on or resulting from such failure to surrender and together with interest, attorney's fees and costs

26. Waiver The waiver by Lessor of any breach of any term, covenant, or condition herein contained shall not be deemed to be a waiver of such term, covenant, or condition or subsequent breach of the same or any other term, covenant or condition herein contained. The subsequent acceptance of rent hereunder by Lessor shall not be deemed to be a waiver of any preceding breach by Lessee of any term, covenant or condition of this Lease other than the failure of Lessee to pay the particular rental amount so accepted, regardless of Lessor's knowledge of such preceding breach at the time of the acceptance of such rent.

27 Attorney's Fees. In the event that it becomes necessary for Lessor to employ legal counsel, or to obtain legal assistance, to enforce any of the provisions herein contained, Lessee agrees to pay as additional rent all attorneys' fees and court costs reasonably incurred thereby. In the event of any legal action or proceeding involving the parties hereto, reasonable attorney's fees and the expenses of the prevailing party incurred in any such action or proceeding may be added to the judgment rendered therein.

28. Lessor's Lien and Security Interest. Lessor shall have a lien on, and Lessee hereby grants Lessor a security interest in all goods, inventory, equipment, pictures and other personal property, which is or may be put on the premises, to secure the payment of the rent and additional rent reserved under this Lease. If Lessee shall default in the payment of such rent, Lessor may, at its option, without notice or demand, take possession of and sell such property in accordance with the Uniform Commercial Code of Alaska. Lessor shall apply the proceeds of such sale as follows:

First, to the expenses of sale including all costs, fees, and expenses of Lessor and Lessor's reasonable attorney's fees in connection with such sales;

Second, to the payment of such rent; and

Third, the surplus, if any, to Lessee.

29. Estoppel Certificates. Lessee shall at any time upon not less than ten (10) days prior written notice from Lessor execute, acknowledge and deliver to Lessor a statement in writing:

A) Certifying that this Lease is unmodified and in full force and effect, or, if modified, state the nature of such modification and certifying that this Lease as so modified is in full force and effect, and the date to which the rent and other charges are paid in advance, if any;

Acknowledging that there are not to Lessee's knowledge any unsecured defaults on the part of Lessor hereunder or specifying such defaults, if any are claimed Any such statement may be conclusively relied upon by any perspective purchaser or encumbrance of the premises.

B) Lessee's failure to deliver such statement within such time shall be conclusive proof upon Lessee:

i. That this Lease is in full force and effect without modification except as may be represented by Lessor;

ii. That there are no uncured defaults in Lessor's performance; and,

iii In the event of any sale or conveyance by Lessor of the building containing the leased premises, the sale or conveyance shall operate to release Lessor from any future liability upon any of the covenants or conditions express or implied herein contained in favor of Lessee and in such event Lessee agrees to look solely to the successor in interest of Lessor in and to this Lease to carry out the responsibilities of the Lessor hereunder. It is further agreed that the Lease may, at the option of the Lessor and any lender, be made subordinate to any ground or underlying leases, mortgages, or deeds of trust which may at present or hereafter affect the real property of which the leased premises form a part. Lessee or its successors in interest will execute and deliver upon demand of Lessor any and all instruments desired by Lessor subordinating in the manner requested by Lessor this Lease to such lease, mortgage or deed of trust.

30. Collection of Less Than Monthly Rent. No payment by Lessee or receipt by Lessor of an amount less than the monthly rent herein stipulated shall be deemed to be other than on account of the stipulated rent, nor shall any endorsement on any check or any accord and satisfaction, but Lessor may accept such rent payment without prejudice to his rights to collect the balance of such rent.

31. Collection of Rent From Others. If this Lease is assigned, or if the leased premises or any part thereof is underlet, sublet, or occupied by anyone other than Lessee, Lessor may collect rent from such assignee, under tenant, sub-lessee, or occupant and apply the net amount collected to the rent reserved herein, and no such collection shall be deemed a waiver of the covenant herein against assignment, underletting, or subletting or an acceptance of the assignee, under tenant, sub lessee, or occupant as Lessee, and in every such case Lessee shall perform and continue to

perform all of the covenants of this Lease on the part of Lessee to be performed.

32. Abandoned Property. If Lessee vacates or abandons the leased premises in violation of this Lease, any property that Lessee leaves on the premises shall be deemed to have been abandoned and may either be retained by Lessor as the property of Lessor or may be disposed of at public or private sale as Lessor sees fit. Any property of Lessee sold at public or private sale or retained by Lessor shall have the proceeds of any such sale, or the then current fair market value of such property as may be retained by the Lessor, shall be applied by the Lessor against (a) the expenses of Lessor for removal, storage, or sale of the personally (b) the arrears of rent or future rent payable under this Lease, and (c) any other damages to which Lessor may be entitled hereunder. The balance or such amounts if any shall be given to Lessee.

33. Nuisances. Lessee shall not, during the term hereof, maintain, commit, or permit the maintenance or permission of any nuisance on the leased premises. No smoking of any kind or use of any airborne substances will be allowed inside the building Lessee agrees to mitigate and remediate any and all odors or contaminates that are created by Lessee's use and occupancy, as deemed necessary by Landlord.

34. Storage of Explosives and Flammables. Lessee shall not, without Lessor's written consent, keep for use on the leased premises any explosive or flammable substances, beyond those quantities necessary for day to day operations.

35. Lessee's Business Sign. Lessee shall bear the cost of any business sign for leased premises, and shall adhere to any and all necessary municipal codes and restrictions.

36. Lessor's Services. Lessor shall furnish all light required in the outdoor areas of the leased premises.

37. Miscellaneous Provisions. Whenever the singular number is used in this Lease and when required by the context, the same shall include the plural, and the masculine gender shall include the feminine and neuter genders, and the word "person" shall include corporations, firms or associations. If there be more than one Lessee, the obligations imposed under this Lease upon Lessee shall be joint and several.

38. Termination. Following completion of the lease term, this lease may be terminated by either party hereto by giving to the other party Ninety (90) days prior written notice.

39. Agency/Broker Disclosure. Except as set forth below, Lessee represents and warrants to Lessor that Lessee has not engaged any broker, finder or other person who would be entitled to any commission or fees in respect of the negotiation, execution, or delivery of this Lease and Lessee agrees to indemnify, defend and hold Lessor harmless from and against any loss, cost, liability, or expense incurred by Landlord as a result of any claim asserted by any such broker, finder or other person on the basis of any arrangements or agreements made by or on behalf of Lessee.

For this transaction, Lessor and Lessee acknowledge that Laura Cantrell with Wiley Brooks Co., Inc. has acted as the exclusive agent representing the Lessor, and that Hugh Wade of Hoff & Leigh Alaska has acted as the exclusive agent representing the Lessee.

40. Entire Agreement. This instrument contains all of the agreements and conditions made and

existing between the parties to this Lease and may not be modified orally or in any other manner than by an agreement in writing signed by all of the parties to this Lease.

41. Successors and Assigns. The terms and provisions of this Lease shall be binding upon and inure to the benefit of the heirs, executors', administrators, successors and assigns of Lessor and Lessee.

42. Severability. If any portion of this Lease is held to be invalid or unenforceable for any reason, such holding shall not affect the validity or enforceability of the remaining portions of this Lease.

43 Option Term. Lessee will be granted two (2) options to renew their Lease for Sixty (60) months provided the Lessee is not in default of any provisions contained in the Lease, to include not more than two (2) delinquent rent payments. Lessee must give Lessor written notice sixty (60) days prior to the expiration of the initial term. The rent during the extended five (5) year terms shall be as follows:

| **Optional: Lease Renewal Rates** | |
|---|---|
| 1st Option | $2,950 |
| 2nd Option | $3,100 |

44. Right of First Refusal: Lessee is granted the option to purchase all, but not less than all of property located at 2042 E. 3rd Avenue, Anchorage for a purchase price to be determined but not less than the then market rate. Upon notice from Landlord, Lessee will have 60 days to respond, with closing of such purchase to occur within 30 days after the exercise of the option. The parties shall share all closing cost, including title, escrow, and recording fees equally.

45. Should Tenant not obtain full licensure from city and state, Tenant shall be able to terminate lease with 30 days' notice, and shall forfeit security deposit, prepaid rents, cash bonus payments and all interior and exterior improvements to Landlord, and shall be liable to reimburse any real estate un amortized commissions paid by Landlord.

Time is of the essence of each term and provision of this Lease

IN WITNESS WHEREOF, Lessor and Lessee have executed this Lease as of the day and year first above written.

LESSEES: AK Restorations, LLC
& AK Slow Burn Cannabis Outlet, LLC
2042 E 3rd Avenue Unit A
Anchorage, Alaska 99501
Lou Cell: 907 205 1705
E: Mail: louleaver@me.com

By: _____
Lou Weaver
Sole Managing member
of AK Restorations, LLC &
AK Slow Burn Cannabis
Outlet, LLC

LESSOR: William A. Luth
dba A-J-L Company
P.O. Box 428
Willow, AK 99688
907-495-5884
E-mail: winterparkcabins@alaska.net

By: Per William Luth
William A. Luth
Power of Attorney

## APPENDIX A

The Landlord hereby approves the following improvements to be completed by Lessee at its cost:

1. Tenant to do whatever necessary and within its best power to improve the premises and secure licensing. Lessee shall first obtain Landlords written permission prior to initiating improvements.
2. Tenant to paint and improve the exterior presentation of the building and display signage. Exterior finishes and signage are subject to review and final written approval by Landlord.

Lessee acknowledges that he/she shall not disturb, modify, or use the ceilings or roof in any manner, without written permission from Landlord.

## #3 AMENDMENT TO LEASE

THIS AMENDMENT is entered into between Landlord and Tenant effective as of the _08___ day of June, 2017 under that certain Lease Agreement originally dated June 27, 2016, related to the property commonly known as 2042 E. 3rd Avenue Unit A, Anchorage, Alaska 99501.

NOW, THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION, RECEIPT OF WHICH IS ACKNOWLEDGED BY BOTH LANDLORD AND TENANT, THE PARTIES HEREBY AGREE THAT THE LEASE IS AMENDED AS FOLLOWS.

1. **Access and Inspection.** During any entry by Landlord or its agents on the premises, Landlord's agents or employees shall be over the age of 21 and shall comply with Tenant's visitor policy, show government issued ID, wear a visitor badge, remain in eye sight of a designated Tenant agent, comply with and sign into the log in sheet and sign out when leaving the premises, as is required by the Alaska Marijuana Control Board Regulations. At no time shall Landlord have more than five persons enter the premises.

2. **Amendment to Section 16.2.3**: Is hereby amended to reflect that Landlord shall not take into its possession any marijuana or marijuana product and shall contact the State of Alaska AMCO prior to any access to the license premises if Tenant cannot be reached, abandons the property, or similar event.

3. Amendment to Section 6.0 Use of Premises – strike "excludes growth and wholesale" and insert "**includes growth & wholesale**"- Landlord specificly allows cultivation of commercial of marijuana and wholesales under this lease amendment.

Except to the extent that the terms and conditions of this Lease Amendment are to the contrary, all other terms and conditions of the original Lease Agreement and any amendments thereto remain in full force and effect.

DATED effective as of the year and date above set forth.

**LANDLORD:**
**William A. Luth,**

By: _____
William A. Luth: Facility Owner

**TENANT:**
**AK Restorations, LLC & AK Slow Burn Cannabis Outlet, LLC**

By: _____
Lou Weaver: Business Owner