COMMERCIAL LEASE AGREEMENT

THIS LEASE (this "Lease") dated this 24th day of May, 2017

BETWEEN:

Capella Enterprises LLC of PO Box 974, Kasilof, Alaska, 99610
Telephone: (907) 252-3230 Fax: _____
(the "Landlord")

OF THE FIRST PART

- AND -

Alaska Harvest Company LLC of 24900 Orion Unit B, Kasilof , Alaska, 99610
Telephone: (907) 252-3230
(the "Tenant")

OF THE SECOND PART

IN CONSIDERATION OF the Landlord leasing certain premises to the Tenant, the Tenant leasing those premises from the Landlord and the mutual benefits and obligations set forth in this Lease, the receipt and sufficiency of which consideration is hereby acknowledged, the Parties to this Lease (the "Parties") agree as follows:

Definitions

1. When used in this Lease, the following expressions will have the meanings indicated:

    a. "Additional Rent" means all amounts payable by the Tenant under this Lease except Base Rent, whether or not specifically designated as Additional Rent elsewhere in this Lease;

    b. "Building" means the Lands together with all buildings, improvements, equipment, fixtures, property and facilities from time to time thereon, as from time to time altered, expanded or reduced by the Landlord in its sole discretion;

c. "Common Areas and Facilities" mean:

i. those portions of the Building areas, buildings, improvements, facilities, utilities, equipment and installations in or forming part of the Building which from time to time are not designated or intended by the Landlord to be leased to tenants of the Building including, without limitation, exterior weather walls, roofs, entrances and exits, parking areas, driveways, loading docks and area, storage, mechanical and electrical rooms, areas above and below leasable premises and not included within leasable premises, security and alarm equipment, grassed and landscaped areas, retaining walls and maintenance, cleaning and operating equipment serving the Building; and

ii. those lands, areas, buildings, improvements, facilities, utilities, equipment and installations which serve or are for the useful benefit of the Building, the tenants of the Building or the Landlord and those having business with them, whether or not located within, adjacent to or near the Building and which are designated from time to time by the Landlord as part of the Common Areas and Facilities;

d. "Lands" means the land legally described as:

i. T 3N R 11W SEC 20 SEWARD MERIDIAN KN 083001 STAR TRACTS DANIELS ADDN TRACT K;

e. "Leasable Area" means with respect to any rentable premises, the area expressed in square feet of all floor space including floor space of mezzanines, if any, determined, calculated and certified by the Landlord and measured from the exterior face of all exterior walls, doors and windows, including walls, doors and windows separating the rentable premises from enclosed Common Areas and Facilities, if any, and from the center line of all interior walls separating the rentable premises from adjoining rentable premises. There will be no deduction or exclusion for any space occupied by or used for columns, ducts or other structural elements;

f. "Premises" means the building at B, 24900 Orion Street, Kasilof , AK, 99610 which is located approximately as shown in red on Schedule 'A' attached to and incorporated in the Lease and comprises a Leasable Area of 3486 square feet.

g. "Rent" means the total of Base Rent and Additional Rent.

Leased Premises

2. The Landlord agrees to rent to the Tenant the building municipally described as B, 24900 Orion Street, Kasilof , AK, 99610, (the "Premises") which is located approximately as shown in red on Schedule "A" attached to and incorporated in the Lease and comprises a Leasable Area of 3486 square feet. The Premises are more particularly described as follows:
ALASKA HARVEST COMPANY LLC WILL HAVE ACCESS TO THE NW 1/4 OF STAR TRACT DANIELS TRACT K WHICH WILL CONSIST OF APPROXIMATLY OF 150' X 150' LAND AND UNIT B. UNIT B WILL BE THE 49' X 64' BUILDING LOCATED ON THE PROPERTY AT 24900 ORION ST. KASILOF, AK 99610. The Premises will be used for only the following permitted use (the "Permitted Use"):
Lawful Indoor cultivation use of the facility as submitted to the Alaska AMCO Board.
Neither the Premises nor any part of the Premises will be used at any time during the Term by Tenant for any purpose other than the Permitted Use.

3. While the Tenant, or an assignee or subtenant approved by the Landlord, is using and occupying the Premises for the Permitted Use and is not in default under the Lease, the Landlord agrees not to Lease space in the Building to any tenant who will be conducting in such premises as its principal business, the services of: Lawful Indoor cultivation use of the facility as submitted to the Alaska AMCO Board.

4. Subject to the provisions of this Lease, the Tenant is entitled to the exclusive use of the following parking on or about the Premises: _____ ALASKA HARVEST COMPANY LLC WILL HAVE ACCESS TO THE NW 1/4 OF STAR TRACT DANIELS TRACT K WHICH WILL CONSIST OF 150' X 150' LAND AND UNIT B. UNIT B WILL BE THE 49' X 64' BUILDING LOCATED ON THE PROPERTY AT 24900 ORION ST. KASILOF, AK 99610. ALASKA HARVEST COMPANY CAN UTILISE ALL EXISTING PARKING AT THIS LOCATION. (the "Parking"). Only properly insured motor vehicles may be parked in the Tenant's space.

Term

5. The term of the Lease is a periodic tenancy commencing at 12:00 noon on June 1, 2017 and continuing on a month-to-month basis until the Landlord or the Tenant terminates the tenancy (the "Term").

6. Notwithstanding that the Term commences on June 1, 2017, the Tenant is entitled to possession of the Premises at 12:00 noon on May 31, 2017.

Rent

7. Subject to the provisions of this Lease, the Tenant will pay a base rent of $12,216.00, payable per month, for the Premises (the "Base Rent"). The Base Rent includes the following taxes: 3% SALES TAX OF RENTAL RATE. In addition to the Base Rent, the Tenant will pay the following taxes to the appropriate government agencies: ANY TAXES, LICENCE FEES, ETC RELATED TO DOING BUSINESS AS ALASKA HARVEST COMPANY .

8. The Tenant will pay the Base Rent on or before the First of each and every month of the Term to the Landlord at PO Box 974, Kasilof, AK, 99610, or at such other place as the Landlord may later designate.

Operating Costs

9. In addition to the Base Rent and as Additional Rent, without setoff, abatement or deduction, Tenant will pay all metered utilities, and operating costs.

10. The Tenant will pay to the lawful taxing authorities, or to the Landlord, as it may direct, as and when the same become due and payable, all taxes, rates, use fees, duties, assessments and other charges that are levied, rated, charged or assessed against or in respect of all improvements, equipment and facilities of the Tenant on or in default by the Tenant and in respect of any business carried on in the Premises or in respect of the use or occupancy of the Premises by the Tenant and every subtenant, licensee, concessionaire or other person doing business on or from the Premises or occupying any portion of the Premises.

11. For any rent review negotiation, the basic rent will be calculated as being the higher of the Base Rent payable immediately before the date of review and the Open Market Rent on the date of review.

Landlord's Estimate

12. The Landlord may, in respect of all taxes and Operating Costs and any other items of Additional Rent referred to in this Lease compute bona fide estimates of the amounts which are anticipated to accrue in the next following lease year, calendar year or fiscal year, or portion of such year, as the

Landlord may determine is most appropriate for each and of all items of Additional Rent, and the Landlord may provide the Tenant with written notice and a reasonable breakdown of the amount of any such estimate, and the Tenant, following receipt of such written notice of the estimated amount and breakdown will pay to the Landlord such amount, in equal consecutive monthly installment throughout the applicable period with the monthly installment of Base Rent. With respect to any item of Additional rent which the Landlord has not elected to estimate from time to time, the Tenant will pay to the Landlord the amount of such item of Additional Rent, determined under the applicable provisions of this Lease, immediately upon receipt of an invoice setting out such items of Additional Rent. Within one hundred and twenty (120) days of the conclusion of each year of the term or a portion of a year, as the case may be, calendar year or fiscal year, or portion of such year, as the case may be, for which the Landlord has estimated any item of Additional Rent, the Landlord will compute the actual amount of such item of Additional Rent, and make available to the Tenant for examination a statement providing the amount of such item of Additional Rent and the calculation of the Tenant's share of that Additional Rent for such year or portion of such year. If the actual amount of such items of Additional Rent, as set out in the any such statement, exceeds the aggregate amount of the installment paid by the Tenant in respect of such item, the Tenant will pay to the Landlord the amount of excess within fifteen (15) days of receipt of any such statement. If the contrary is the case, any such statement will be accompanied by a refund to the Tenant of any such overpayment without interest, provided that the Landlord may first deduct from such refund any rent which is then in arrears.

Use and Occupation

13. The Tenant will use and occupy the Premises only for the Permitted Use and for no other purpose whatsoever. The Tenant will carry on business under the name of Alaska Harvest Company LLC and will not change such name without the prior written consent of the Landlord, such consent not to be unreasonably withheld. The Tenant will open the whole of the Premises for business to the public fully fixtured, stocked and staffed on the date of commencement of the term and throughout the term, will continuously occupy and utilize the entire Premises in the active conduct of its business in a reputable manner on such days and during such hours of business as may be determined from time to time by the Landlord.

14. The Tenant covenants that the Tenant will carry on and conduct its business from time to time carried on upon the Premises in such manner as to comply with all statutes, bylaws, rules and regulations of any federal, provincial, municipal or other competent authority and will not do anything on or in the Premises in contravention of any of them.

Quiet Enjoyment

15. The Landlord covenants that on paying the Rent and performing the covenants contained in this Lease, the Tenant will peacefully and quietly have, hold, and enjoy the Premises for the agreed term.

Distress

16. If and whenever the Tenant is in default in payment of any money, whether hereby expressly reserved or deemed as rent, or any part of the rent, the Landlord may, without notice or any form of legal process, enter upon the Premises and seize, remove and sell the Tenant's goods, chattels and equipment from the Premises or seize, remove and sell any goods, chattels and equipment at any place to which the Tenant or any other person may have removed them, in the same manner as if they had remained and been distrained upon the Premises, all notwithstanding any rule of law or equity to the contrary, and the Tenant hereby waives and renounces the benefit of any present or future statute or law limiting or eliminating the Landlord's right of distress.

17. If the Tenant continues to occupy the Premises without the written consent of the Landlord at the expiration or other termination of the term, then the Tenant will be a tenant at will and will pay to the Landlord, as liquidated damages and not as rent, an amount equal to twice the Base Rent plus any Additional Rent during the period of such occupancy, accruing from day to day and adjusted pro rata accordingly, and subject always to all the other provisions of this Lease insofar as they are applicable to a tenancy at will and a tenancy from month to month or from year to year will not be created by implication of law; provided that nothing in this clause contained will preclude the Landlord from taking action for recovery of possession of the Premises.

Inspections and Landlord's Right to Enter

18. The Landlord and the Tenant will complete, sign and date an inspection report at the beginning and at the end of this tenancy.

Signing Incentives

19. The Landlord will give, make or perform the following signing incentives: TENANT WILL RECIEVE A 1/2 PRICE REDUCTION ON RENT WHILE BUILDING IS UNDER CONSTRUCTION. FULL RENT WILL START WHEN TENANT HAS APPROVAL TO

OPERATE AS ALASKA HARVEST COMPANY OR BUILDING IS COMPLETE AND OPERATIONAL WHICH EVER COMES FIRST.

Tenant Improvements

20. The Tenant will obtain written permission from the Landlord before doing any of the following:

    a. painting, wallpapering, redecorating or in any way significantly altering the appearance of the Premises;

    b. removing or adding walls, or performing any structural alterations;

    c. changing the amount of heat or power normally used on the Premises as well as installing additional electrical wiring or heating units;

    d. subject to this Lease, placing or exposing or allowing to be placed or exposed anywhere inside or outside the Premises any placard, notice or sign for advertising or any other purpose;

    e. affixing to or erecting upon or near the Premises any radio or TV antenna or tower, or satellite dish; or

    f. installing or affixing upon or near the Premises any plan, equipment, machinery or apparatus without the Landlord's prior consent.

Utilities and Other Costs

21. The Tenant is responsible for the direct payment of the following utilities and other charges in relation to the Premises: electricity, natural gas, water, sewer, telephone, Internet and cable.

Insurance

22. The Tenant is hereby advised and understands that the personal property of the Tenant is not insured by the Landlord for either damage or loss, and the Landlord assumes no liability for any such loss. The Tenant is advised that, if insurance coverage is desired by the Tenant, the Tenant should inquire of Tenant's insurance agent regarding a Tenant's Policy of Insurance.

23. The Tenant is not responsible for insuring the Landlord's contents and furnishings in or about the Premises for either damage and loss, and the Tenant assumes no liability for any such loss.

24. The Tenant is not responsible for insuring the Premises for either damage and loss to the structure, mechanical or improvements to the Building on the Premises, and the Tenant assumes no liability for any such loss.

25. The Tenant is responsible for insuring the Premises for liability insurance for the benefit of the Tenant and the Landlord.

26. The Tenant will provide proof of such insurance to the Landlord upon request.

Abandonment

27. If at any time during the Term, the Tenant abandons the Premises or any part of the Premises, the Landlord may, at its option, enter the Premises by any means without being liable for any prosecution for such entering, and without becoming liable to the Tenant for damages or for any payment of any kind whatever, and may, at the Landlord's discretion, as agent for the Tenant, relet the Premises, or any part of the Premises, for the whole or any part of the then unexpired term, and may receive and collect all rent payable by virtue of such reletting, and, at the Landlord's option, hold the Tenant liable for any difference between the Rent that would have been payable under this Lease during the balance of the unexpired term, if this Lease had continued in force, and the net rent for such period realized by the Landlord by means of the reletting. If the Landlord's right of reentry is exercised following abandonment of the premises by the Tenant, then the Landlord may consider any personal property belonging to the Tenant and left on the Premises to also have been abandoned, in which case the Landlord may dispose of all such personal property in any manner the Landlord will deem proper and is relieved of all liability for doing so.

Governing Law

28. It is the intention of the Parties to this Lease that the tenancy created by this Lease and the performance under this Lease, and all suits and special proceedings under this Lease, be construed in accordance with and governed, to the exclusion of the law of any other forum, by the laws of the State of Alaska, without regard to the jurisdiction in which any action or special proceeding may be instituted.

Severability

29. If there is a conflict between any provision of this Lease and the applicable legislation of the State of Alaska (the 'Act'), the Act will prevail and such provisions of the Lease will be amended or deleted as necessary in order to comply with the Act. Further, any provisions that are required by the Act are incorporated into this Lease.

Assignment and Subletting

30. The Tenant will not assign this Lease, or sublet or grant any concession or license to use the Premises or any part of the Premises. An assignment, subletting, concession, or license, whether by operation of law or otherwise, will be void and will, at Landlord's option, terminate this Lease.

Additional Provisions

31. CAPELLA ENTERPRISES LLC WILL HAVE THE RIGHT TO RAISE RENTS AS IT RELATES TO FAIR MARKET VALUE FOR THE SERVICES RENDERED OR ANY STATE OR LOCAL TAX INCREASES.

Care and Use of Premises

32. The Tenant will promptly notify the Landlord of any damage, or of any situation that may significantly interfere with the normal use of the Premises.

33. Vehicles which the Landlord reasonably considers unsightly, noisy, dangerous, improperly insured, inoperable or unlicensed are not permitted in the Tenant's parking stall(s), and such vehicles may be towed away at the Tenant's expense. Parking facilities are provided at the Tenant's own risk. The Tenant is required to park in only the space allotted to them.

34. The Tenant will not make (or allow to be made) any noise or nuisance which, in the reasonable opinion of the Landlord, disturbs the comfort or convenience of other tenants.

35. The Tenant will not engage in any illegal trade or activity on or about the Premises.

36. The Landlord and Tenant will comply with standards of health, sanitation, fire, housing and safety as required by law.

Surrender of Premises

37. At the expiration of the lease term, the Tenant will quit and surrender the Premises in as good a state and condition as they were at the commencement of this Lease, reasonable use and wear and damages by the elements excepted.

Hazardous Materials

38. The Tenant will not keep or have on the Premises any article or thing of a dangerous, flammable, or explosive character that might unreasonably increase the danger of fire on the Premises or that might be considered hazardous by any responsible insurance company.

Rules and Regulations

39. The Tenant will obey all rules and regulations posted by the Landlord regarding the use and care of the Building, parking lot and other common facilities that are provided for the use of the Tenant in and around the Building on the Premises.

General Provisions

40. Any waiver by the Landlord of any failure by the Tenant to perform or observe the provisions of this Lease will not operate as a waiver of the Landlord's rights under this Lease in respect of any subsequent defaults, breaches or nonperformance and will not defeat or affect in any way the Landlord's rights in respect of any subsequent default or breach.

41. This Lease will extend to and be binding upon and inure to the benefit of the respective heirs, executors, administrators, successors and assigns, as the case may be, of each party to this Lease. All covenants are to be construed as conditions of this Lease.

42. All sums payable by the Tenant to the Landlord pursuant to any provision of this Lease will be deemed to be Additional Rent and will be recoverable by the Landlord as rental arrears.

43. Where there is more than one Tenant executing this Lease, all Tenants are jointly and severally liable for each other's acts, omissions and liabilities pursuant to this Lease.

44. Time is of the essence in this Lease.

45. This Lease will constitute the entire agreement between the Landlord and the Tenant. Any prior understanding or representation of any kind preceding the date of this Lease will not be binding on either party to this Lease except to the extent incorporated in this Lease. In particular, no warranties of the Landlord not expressed in this Lease are to be implied.

IN WITNESS WHEREOF the Parties to this Lease have duly affixed their signatures under hand and seal, or by a duly authorized officer under seal, on this 24th day of May, 2017.

_____
(Witness)

Capella Enterprises LLC (Landlord)

Per: _____(SEAL)

_____
(Witness)

Alaska Harvest Company LLC (Tenant)

Per: _____(SEAL)

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WELLS FARGO

Acknowledgment by Individual

State of Alaska

County of Kenai Peninsula

On this 24th day of May, 2017, before me, Dan Van Vleet
Name of Notary Public

the undersigned Notary Public, personally appeared
Dean Bush

Name of Signer(s)

- ○ Proved to me on the oath of _____
- ○ Personally known to me
- ☒ Proved to me on the basis of satisfactory evidence AK ID exp 10/3/2020
(Description of ID)

to be the person(s) whose name(s) is/are subscribed to the within instrument, and acknowledged that he/she/they executed it.

WITNESS my hand and official seal.

DAN VAN VLEET
NOTARY PUBLIC
MY COMMISSION EXPIRES JULY 19, 2020
STATE OF ALASKA

Notary Seal

(Signature of Notary Public)

My commission expires 7/19/2020

Optional: *A thumbprint is only needed if state statutes require a thumbprint.*

Right Thumbprint of Signer
Top of thumb here

Description of Attached Document

Type or Title of Document
Commercial Lease Agreement

Document Date
5/24/17

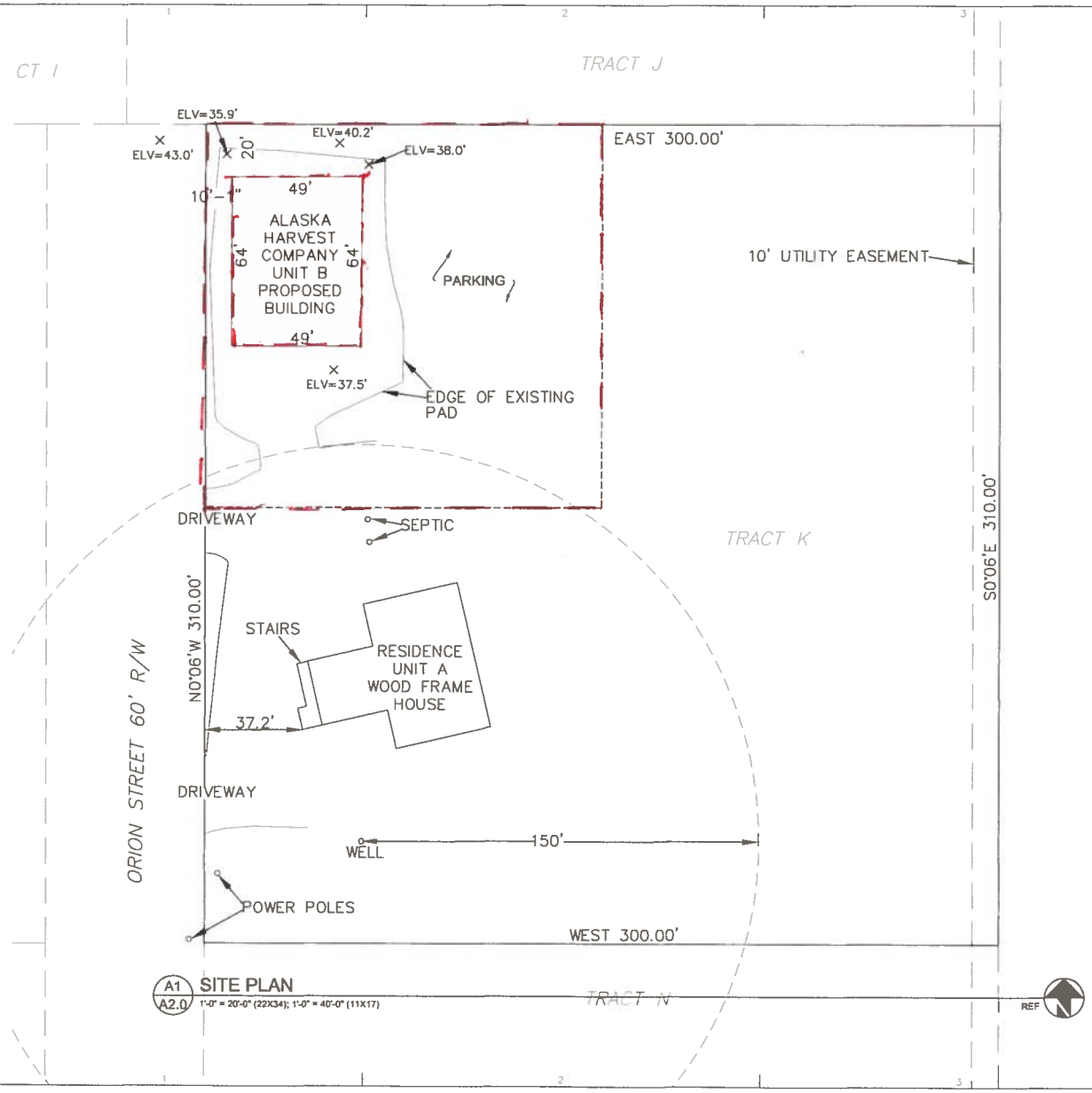
Number of Pages
11

Signer(s) Other Than Named Above
Witness N/A

Scanner Enabled Stores should scan this form
Manual Submission Route to Deposit Operations

DSG5350 (Rev01-01/15)

FO01-00000DSG5350-01



A1 / A2.0 SITE PLAN
1'-0" = 20'-0" (22X34); 1'-0" = 40'-0" (11X17)

FOR CONSTRUCTION

PLOTTED 1/2 SCALE

SCALE: AS SHOWN

AutoCAD FILE: 1648 a1.dwg

March 16,2017

PROJECT: ALASKA HARVEST COMPANY LLC
24900 ORION STREET
KASILOF, ALASKA 99610

CLIENT: DEAN BUSH
907 252 3230
SOLDOTNA, ALASKA

KLAUDER & COMPANY ARCHITECTS, INC.
606 Petersen Way
Kenai, Alaska 99611
Tel (907) 283-1919 : Fax (907) 283-0450
klauder@alaska.net

DESIGN BY: PK	
DRAWN: KO, EF	CHECKED: PK
JOB NO:	1648
DATE:	3/14/2017
REVISIONS:	

CATEGORY: A
SHEET: 1.0
SHEET CONTENTS: Site Plan