# COMMERCIAL LEASE

THIS COMMERCIAL LEASE AGREEMENT ("Lease", or "Agreement") sets forth the current terms and conditions of the Lease as follows:

The parties to this Lease are **AK RED, LLC,** whose address is 6020 Maximilian Drive, Anchorage, AK 99507 (hereinafter referred to as "Landlord"), and **Axion Enterprises, LLC,** whose address is 726 E. 15th Avenue, Anchorage, Alaska 99501 (hereinafter referred to as "Tenant").

## WITNESSETH:

1. PREMISES AND TERM. In consideration of the obligation of Tenant to make payment as herein provided, and in consideration of the other terms, provisions and covenants hereof, Landlord hereby demises and leases to Tenant, and Tenant hereby takes from Landlord certain Premises situated at 726 E. 15th Avenue, within Anchorage, Alaska (the "Premises"), with the Premises identified on the attached map. The Premises include appurtenances such as the parking area, roadways, means of ingress and egress and service areas.

TO HAVE AND TO HOLD the same for a term commencing on May 10, 2017 and ending on December 31, 2018.

2. RENT. Tenant agrees to pay Landlord rent, without deduction or set off, in monthly installments of Thirty Thousand and No/100 Dollars ($30,000.00), plus such add-ons as noted below, commencing on December 1, 2017 and on the first day of each succeeding calendar month through December 1, 2018.

3. USE. The demised Premises shall be used by Tenant only for the purpose of growing, processing (including what is referred to as “manufacturing”), and selling commercially produced marijuana.

Tenant agrees to maintain the Premises and adjacent parking area and driveways in a clean and orderly condition and to store any garbage or trash in covered metal containers inside the Premises, or, if permitted by Landlord, in metal containers outside the Premises at a location designated by Landlord. At the termination of this Agreement, Tenant shall leave the Premises in a "broom clean" condition and in the same condition as at the commencement of this Lease, reasonable wear and tear excepted. Absent written consent by Landlord, Tenant agrees not to store in or about the Premises any gasoline, distillates, or other petroleum products or any other substance or material of an explosive, inflammable or radiological nature which may endanger any part of the Premises or its occupants, business patrons or invitees, or present any unusual fire, explosion or other damaging or dangerous hazard, nor use acetylene torches on, in or about the Premises. Tenant agrees to refrain from causing any objectionable odors or sounds; from causing any public or private nuisance or act or thing which may disturb the quiet enjoyment of any other tenants or adjacent landowners; from causing any obstructions of any type on the driveway and parking areas other than when in the process of loading or unloading and in the parking of vehicles in the locations designated by Landlord.

Tenant will not at any time, during the term of this Lease, carry any stock of goods or do anything in or about the Premises which will in any way tend to increase the insurance rates upon the building of which the premise are a part nor shall any use be made or permitted of the Premises or any part thereof, nor do any acts which will violate, make inoperative, or increase the existing rate of any insurance policy at any time held by or in any way for the benefit of Landlord pursuant to any provisions of this Lease. Tenant agrees to pay to the Landlord forthwith upon demand the amount of any increase in premiums for insurance that may be charged during the term of this Lease in the amount of insurance to be carried by Landlord on the Premises resulting from the foregoing or from Tenant doing any act in or about said Premises which does so increase the insurance rates, whether or not the Landlord shall have consented to such act on the part of Tenant. If Tenant installs upon the Premises any electrical equipment which constitutes an overload on the electrical lines of the Premises, Tenant shall at its own expense make whatever charges are necessary to comply with the requirements of the insurance underwriters, any governmental authority having jurisdiction thereover and the Landlord, but nothing herein contained shall be deemed to constitute Landlord's consent to such overloading.

Tenant shall at its own cost and expense obtain any and all licenses and permits necessary for any such use. Tenant shall comply with all governmental laws, ordinances

and regulations applicable to the Use of the Premises, including, but not limited to, local fire codes, zoning regulations, and occupancy codes; provided, however, that federal laws and regulations prohibiting the production of marijuana and industrial hemp are expressly excluded from the legal requirements with which Tenant is required to comply herein. Tenant will promptly provide to Landlord copies of all communications to or from any government entity that relate to the Use or Tenant's noncompliance or alleged noncompliance with any laws or other government requirements (including federal laws) impacting the Premises. Tenant shall promptly comply with all governmental orders and directives for the correction, prevention, and abatement of nuisances in, upon, or connected with the Premises, all at Tenant's sole expense.

4. TAXES AND ASSESSMENTS.

(A) Landlord agrees to pay before they become delinquent all taxes (both general and special), assessments or governmental charges (hereinafter collectively referred to as "taxes") lawfully levied or assessed against the Premises or any part thereof for the taxable year in which this Lease commences hereinafter referred to as the "commencement year", and a like sum towards the payment of said taxes and assessments levied each and every year thereafter during the term of this Lease; provided, however, Landlord may, at its sole cost and expense (in its own name or in the name of both, as it may deem appropriate) dispute and contest the same, and in such case, such disputed item need not be paid until finally adjudged to be valid. At the conclusion of such contest, Landlord shall pay the items contested to the extent that they are held valid together with all items, court costs, interest and penalties relating thereto. As additional rent, Tenant shall pay to Landlord a sum equal to fifty percent (50%) of the difference in the amount paid by Landlord and the total amount of said taxes thereafter levied against the leased Premises or any part thereof for each and every taxable year during the Term, which payment shall be made by Tenant on the due date of the next rental payment required under the terms hereof following presentation by Landlord to Tenant of an authenticated statement setting forth the computation of said additional payment necessitated by any increase in taxes or assessments for all taxable years after the commencement year of this Lease.

(B) Tenant shall pay all taxes, assessments, license fees and public charges levied upon its business operation, trade fixtures, leasehold improvements, merchandise and other personal property in or about the Premises. In the event any such items of property are assessed with property of the Landlord, such assessment shall be equitably divided between Landlord and Tenant to the end that Tenant shall pay only its equitable proportion of such assessment.

(C) If at any time during the term of this Lease, the present method of taxation shall change so that in lieu of the whole or any part of any taxes, assessments, levies or charges levied, assessed or imposed on real estate or the improvements thereon there shall be levied, assessed or imposed on Landlord a capital levy or other tax directly on the rents received therefrom and/or a franchise tax, assessment, levy or charge measured by or based in whole or in part upon such rents for the present or any future building or buildings on the Premises, then all such taxes, assessments, levies or charges, or the part hereof so measured or based, shall be deemed to be included within the term "taxes" for the purposes hereof.

5. LANDLORD'S REPAIRS. Landlord agrees to maintain at its expense only

the roof, foundation and exterior walls (to the extent related to foundation and support) of the building in good repair, reasonable wear and tear excepted. Tenant understands that, effective upon execution of this Lease, it will be responsible for maintaining the heating equipment for the Premises, the exterior walls to the extent that the maintenance does not include issues related to the foundation or support of the building, and the portion of the parking lot which serves Tenant's Premises.

For any foundation or exterior work that needs to be addressed by Landlord, and which is not caused by tortuous conduct of Tenant or Tenant's customers, guests or invitees, Tenant shall immediately give Landlord written notice of defect or need for repairs, after which Landlord shall have reasonable opportunity to repair same or cure such defect. Landlord's liability hereunder shall be limited to the cost of such repairs or curing such defects.

(A) Snow Removal. Tenant shall be responsible for parking lot snow removal, sanding and spring lot sweeping.

6. TENANT'S REPAIRS. Tenant shall at its own cost and expense maintain and repair or replace all of the leased Premises, including but not limited to windows, glass and plate glass, all window sash, casement or frames, doors, pedestrian and overhead, door frames, locks and closing devices, any special store front, interior walls, finish work and insulation, floors and floor covering and lighting fixtures. Any exterior or interior graffiti on or to the leased Premises shall be immediately removed, or painted over, by Tenant. In addition, Tenant will be responsible for such other non-foundation related repairs that may be required to the exterior walls of the building to the extent they are encompassed by Tenant's leased Premises.

(A) Additional Maintenance. Tenant is responsible for the following additional maintenance during the term of this Lease:

(i) Maintenance of the heating system. The performance of any warranty work on the furnace is assigned to Tenant during the term of this Lease;

(ii) All interior and exterior maintenance on the building and Premises covered by this Lease to the extent not covered by Landlord's insurance for claims thereunder.

To the extent that work needs to be done under the foregoing, Tenant will advise Landlord to inquire as to whether the maintenance would be covered by insurance. Landlord agrees to reasonably cooperate with Tenant with respect to tender of any such claim, but ultimate responsibility for insuring that the leased Premises does not suffer any loss shall be the burden of Tenant.

7. ALTERATIONS. Tenant shall not make any alterations, additions, or improvements to the Premises without the prior written consent of Landlord. In no event shall Tenant make or cause to be made any penetration through the roof of the Premises, erect or increase the size of any mezzanine, or make any changes to the water, sewer, electrical, or gas systems without the written consent of the Landlord. At the termination of this Lease, Tenant shall, if Landlord so elects, remove all alterations, additions and partitions erected by Tenant and restore the Premises to their original condition; otherwise such improvements shall be delivered up to the Landlord with the Premises. All shelves, blinds, machinery and trade fixtures installed by Tenant may be removed by Tenant at the termination of this Lease if Tenant so elects, and shall be removed if required by Landlord. All such removals and restoration shall be accomplished in a good and workmanlike manner so as not to damage the primary structure or Premises.

8. SIGNS. Tenant shall have the right to install signs upon the exterior of said building only when first approved in writing by Landlord and subject to any applicable governmental laws, ordinance, regulations and other requirements. Tenant shall not place graphics or paint on the exterior of the building, nor place awnings, marquees, or other structures without the written consent of the Landlord. Tenant shall remove all such signs at the termination of this Lease. Such installations and removals shall be made in such manner as to avoid injury or defacement of the building and other improvements.

9. INSPECTION. Landlord and Landlord's agents and representatives shall have the right to enter and inspect the Premises at any time during reasonable business hours, for the purpose of ascertaining the condition of the Premises or in order to make such repairs as may be required to be made by the building owners under the terms of this Lease. All inspections shall be noticed to Tenant with reasonable notice and all agents, representatives of landlord shall be over the age of 21 and shall strictly adhere with the Tenant’s state of Alaska marijuana regulation required visitor policy. During the period that is three (3) months prior to the end of the term hereof, Landlord and Landlord's agents and representative shall have the right to enter the Premises at any time during reasonable business hours for the purpose of showing the Premises and shall have the right to erect on the Premises a suitable sign indicating the Premises are available.

10. UTILITIES. Tenant agrees to pay Landlord all of any sums billed to Landlord for gas heating expenses. Landlord shall make this information available to

Tenant on a monthly basis, with payment due within thirty (30) days.

Tenant is responsible for all other utilities including electric, water and wastewater, phone and refuse service.

Landlord shall not be liable in damages or otherwise for any failure or interruption of any utility service being furnished the Premises, unless Landlord fails to pay Landlord's costs for such service which is not separately metered and no such failure or interruption shall entitle Tenant to terminate this Lease. In the event Landlord elects to discontinue furnishing any such utility service to the Premises for reasons other than the nonpayment by Tenant of any utility charge or other rental payment required hereunder, Tenant shall have the right to use all existing conduits and facilities situated in the Premises.

11. ASSIGNMENT AND SUBLETTING. Tenant shall not have the right to assign this Lease or to sublet the whole or any part of the Premises without the prior written consent of Landlord; notwithstanding any permitted assignment or subletting, Tenant shall at all times remain fully responsible and liable for the payment of the rent herein specified and for compliance with all of its other obligations under the terms, provisions and covenants of this Lease. Upon the occurrence of an "event of default" as hereinafter defined, if the Premises or any part thereof are then assigned or sublet, Landlord, in addition to any other remedies herein provided, or provided by law, may at its option collect directly from such assignee or subtenant all rents becoming due to Tenant under such assignment or sublease and apply such rent against any sums due to it by Tenant hereunder, and so such collection shall not be construed to constitute a novation or a release of Tenant from the further performance of its obligations hereunder. Landlord shall have the right to assign any of its rights under this Lease.

12. FIRE AND CASUALTY DAMAGE.

(A) If the buildings situated on the Premises should be damaged or destroyed by fire or other casualty, Tenant shall give immediate written notice thereof to Landlord.

(B) If the buildings situated on the Premises should be totally destroyed by fire or other casualty, or if they should be so damaged that rebuilding or repairs cannot be completed within thirty (30) days after the date upon which Landlord is notified by Tenant of such damage, this Lease shall terminate and the rent shall be abated during the unexpired portion of this Lease, effective upon the date of the occurrence of such damage.

(C) If the buildings situated on the Premises should be damaged by fire or other casualty, but only to such extent that rebuilding or repairs can be completed within thirty (30) days after the date upon which Landlord is notified by Tenant of such damage, this Lease shall not terminate, but Landlord shall at its sole cost and expense proceed with reasonable diligence to rebuild and repair such buildings, to substantially the condition in which they existed prior to such damage, except that Landlord shall not be required to rebuild, repair or replace any part of the partitions, fixtures and other improvements which may have been placed on the Premises by Tenant. If the Premises are untenantable in whole or in part following such damage, the rent payable hereunder during the period in which they are untenantable shall be reduced to such extent as may be fair and reasonable under all of the circumstances. In the event that Landlord should fail to complete such repairs and rebuilding within thirty (30) days after the date upon which Landlord is notified by Tenant of such damage, Tenant may at its option terminate this Lease by delivering written notice of termination to Landlord as Tenant's exclusive remedy, whereupon all rights and obligations hereunder shall cease and determine.

(D) Notwithstanding anything herein to the contrary, in the event the holder of any indebtedness secured by a mortgage or deed of trust covering the Premises requires that the insurance proceeds be applied to such indebtedness, then Landlord shall have the right to terminate this Lease by delivering written notice of termination to Tenant, whereupon all rights and obligations hereunder shall cease and determine.

(E) Any insurance which may be carried by Landlord or Tenant against loss or damage to the buildings and other improvements situated on the Premises shall be for the sole benefit of the party carrying such insurance and under its sole control.

(F) Landlord and Tenant hereby release the other from any and all liability or responsibility to the other or anyone claiming through or under them by any of subrogation or otherwise for any loss or damage to property caused by fire or any of the extended coverage casualties covered by the insurance maintained hereunder, even if such fire or other casualty shall have been caused by the fault or negligence of the other party, or anyone for whom such party may be responsible; provided, however, that this release shall be applicable and in force and effect only with respect to loss or damage occurring during such time as the releasor's policies shall contain a clause or endorsement to the effect that any release shall not adversely affect or impair such policies or prejudice the right of the releasor to recover thereunder. Each of Landlord and Tenant agrees that it will request its insurance carriers to include in its policies such a clause or endorsement. If extra cost shall be charged therefore, each party shall advise the other thereof and of the amount of the extra cost, and the other party, at its election, may pay the same, but shall not be obligated to do so.

(G) Landlord covenants and agrees to maintain standard fire and extended coverage insurance covering the building on the Premises in an amount not less than

eighty per cent (80%) of the replacement cost thereof. Lessee agrees to pay fifty percent (50%) of any increase in the cost of said insurance after the date this Lease is commenced, within twenty (20) days after demand therefor. Landlord shall furnish Tenant a statement showing the computation of the amount due. The failure to pay such excess shall be treated in the same manner as a default in the payment of rent hereunder when due.

(H) Tenant shall maintain in full force on all of its fixtures and equipment in the leased Premises, a policy or policies of fire and extended coverage insurance to the extent of at least eighty percent (80%) of their insurable value. During the lease term, the proceeds from any such policy or policies of insurance shall be used for the repair and replacement of fixtures and equipment so insured. Landlord shall have no interest in the insurance upon Tenant's equipment and fixture and will sign all documents necessary or proper in connection with the settlement of any claim or loss by Tenant.

(I) Landlord may procure earthquake insurance effective as of the effective date of this Lease. If such insurance is procured, Tenant shall be responsible for one-half of any premium increase for this insurance, in subsequent years, as additional rent. Tenant shall be responsible for payment of this premium increase after Lease inception within thirty (30) days of invoicing. Failure to timely reimburse Landlord shall be considered a breach of this Lease Agreement pursuant to Section 17 below.

13. LIABILITY. Landlord shall not be liable to Tenant or Tenant's employees, agents, patrons, or visitors, or to any other person whomever, for any injury to person or damage to property on or about the Premises, caused by the negligence or misconduct of Tenant, its agents, servants or employees, or of any other person entering upon the Premises under express or implied invitation of Tenant, or caused by the building and improvements located on the Premises becoming out of repair, or due to any cause whatsoever, and Tenant agrees to indemnify Landlord and hold it harmless from any loss, expense or claims, including attorneys' fees, arising out of any such damage or injury, except that any injury to person or damage to property caused by the negligence of Landlord or by the failure of Landlord to repair and maintain that part of the Premises which Landlord is obligated to repair and maintain after the receipt of written notice from Tenant of needed repairs or of defects shall be the liability of Landlord and not of Tenant, and Landlord agrees to indemnify Tenant and hold it harmless from any and all loss, expense or claims, including attorneys' fees, arising out of such damage or injury. Tenant shall procure and maintain throughout the term of this Lease a policy or policies of insurance at its sole cost and expense, insuring both Landlord and Tenant against all claims, demands or actions arising out of or in connection with Tenant's use or occupancy of the Premises, or by the condition of the Premises, the limits of such policy or policies to be in an amount not less than $1,000,000.00 in respect of injuries to or death of any one person, and in an amount not less than $1,000,000.00 in respect of any one accident or disaster, and in an amount not less than $100,000.00 in respect of property damaged or destroyed, and to be written by insurance companies qualified to do business in the state

in which the Premises are located. Tenant shall furnish Landlord with a certificate of such policy and whenever required, shall satisfy Landlord that such policy is in full force and effect. Such policy shall name Landlord as an additional insured and shall be primary and non-contributing with and not in excess of any insurance carried by Landlord. The policy shall further provide that it shall not be cancelled or altered without thirty (30) days prior written notice to Landlord and renewals thereof as required shall be delivered to Landlord at least ten (10) days prior to the expiration of the respective policy terms.

14. CONDEMNATION.

(A) If the whole or any substantial part of the Premises should be taken for any public or quasi-public use under governmental law, ordinance or regulation, or by right of eminent domain, or by private purchase in lieu thereof, this lease shall terminate and the rent shall be abated during the unexpired portion of this Lease, effective when the physical taking of said Premises shall occur.

(B) If less than a substantial part of the Premises shall be taken for any public or quasi-public use under any governmental law, ordinance or regulation, or by right of eminent domain, or by private purchase in lieu thereof, this Lease shall not terminate, but the rent payable hereunder during the unexpired portion of this Lease shall be reduced to such extent as may be fair and reasonable under all of the circumstances.

(C) In the event of any such taking or private purchase in lieu thereof, Landlord and Tenant shall each be entitled to receive and retain such separate awards and/or portion of lump sum awards as may be allocated to their respective interests in any condemnation proceedings.

15. HOLDING OVER. Should Tenant, or any of its successors in interest, hold over the Premises or any part thereof, after the expiration of the term of this Lease, unless otherwise agreed in writing, such holding over shall constitute and be construed as tenancy from month to month only, at a rental equal to the rental payable for the last month of the term of this lease plus twenty per cent (20%) of such amount. The inclusion of the preceding sentence shall not be construed as Landlord's permission for Tenant to hold over.

16. QUIET ENJOYMENT. Landlord represents and warrants that it has full right and authority to enter into this Lease and that Tenant, upon paying the rental herein set forth and performing its other covenants and agreements herein set forth, shall peaceably and quietly have, hold and enjoy the Premises for the term hereof without hindrance or molestation from Landlord, subject to terms and provisions of this Lease.

17. EVENTS OF DEFAULT. The following events shall be deemed to be events of default by Tenant under this Lease.

(A) Tenant shall fail to pay any installment of the rent or the security deposit (if any) hereby reserved when due, and such failure shall continue for a period of ten (10) days from the date such installment was due.

(B) Tenant shall become insolvent, or shall make a transfer in fraud to creditors, or shall make an assignment for the benefit of creditors.

(C) Tenant shall file a petition under any section or chapter of the National Bankruptcy Act, as amended, or under any similar law or statute of the United States or any State thereof; or Tenant shall be adjudged bankrupt or insolvent in proceedings filed against Tenant thereunder.

(D) A receiver or trustee shall be appointed for all or substantially all of the assets of Tenant.

(E) Tenant shall desert or vacate any substantial portion of the Premises.

(F) Tenant shall fail to comply with any term, provision or covenant of this Lease, and shall not cure such failure within twenty (20) days after written notice thereof to Tenant.

18. REMEDIES. Upon the occurrence of any of such events of default described above, Landlord shall have the option to pursue any one or more of the following remedies without any notice or demand whatsoever:

(A) Terminate this Lease, in which event Tenant shall immediately surrender the Premises to Landlord, and if Tenant fails to do so Landlord may, without prejudice to any other remedy which it may have for possession or arrearages in rent, enter upon and take possession of the Premises and expel or remove Tenant and any other person who may be occupying such Premises or any part thereof, by force, if necessary, without being liable for prosecution or any claim of damages therefore and Tenant agrees to pay to Landlord on demand the amount of all loss and damage which Landlord may suffer by reason of such termination, whether through inability to relet the Premises on satisfactory terms or otherwise.

(B) Enter upon and take possession of the Premises and expel or remove Tenant and any other person who may be occupying such Premises or any part thereof, by force if necessary, without being liable for prosecution or any claim for damages therefore and relet the Premises and receive the rent therefore and Tenant agrees to pay to the Landlord on demand any deficiency that may arise by reason of such reletting.

(C) Enter upon the Premises by force if necessary without being liable for prosecution of any claim for damages therefore and do whatever Tenant is obligated to do under the terms of this Lease; and Tenant agrees to reimburse Landlord on demand for any expenses which Landlord may incur in thus effecting compliance with Tenant's obligations under this Lease, and Tenant further agrees that Landlord shall not be liable for any damages resulting to the Tenant from such action, whether caused by negligence of Landlord or otherwise.

In the event of any entry in, or taking possession of, the leased Premises as aforesaid, the Landlord shall have the right, but not the obligation, to remove from the leased Premises all personal property located therein, and may store the same in any place selected by Landlord, including but not limited to a public warehouse, at the expense and risk of the owners thereof, and with the right to sell such stored property, without notice to Tenant. After it has been stored for a period of thirty (30) days or more, the proceeds of such sale to be applied first to the cost of such sale, second to the payment of the charges for storage, if any, and third to the payment of any other sums of money which may then be due from Tenant to Landlord under any of the terms hereof, the balance, if any, to be paid to Tenant. Tenant hereby expresses consent for Landlord to re-enter in the event of default without resorting to the remedies provided in the unlawful detainer statutes.

In the event Tenant fails to pay any installment of rent hereunder as and when such installment is due, Tenant shall pay to Landlord on demand a late charge in an amount of Thirty and No/100 Dollars ($30.00) per day; and the failure to pay such amount within ten (10) days after demand therefore shall be an event of default hereunder. The provision for such late charge shall be in addition to all of Landlord's other rights and remedies hereunder or at Law and shall not be construed as liquidated damages or as limiting Landlord's remedies in any manner.

Pursuit to any of the foregoing remedies shall not preclude pursuit of any other remedies herein provided or any other remedies provided by law, nor shall pursuit of any remedy herein provided constitute a forfeiture or waiver of any rent due to Landlord hereunder or of any damages occurring to Landlord by reason of the violation of any of the terms, provisions and covenants herein contained. No waiver by Landlord or any violation or breach of any of the terms, provisions and covenants herein contained shall be deemed or construed to constitute a waiver of any other violation or breach of any of the terms, provisions and covenants herein contained. Landlord's acceptance of the payment of rental or other payments hereunder after the occurrence of an event of default shall not be construed as a waiver of such default, unless Landlord so notified Tenant in writing. Forbearance by Landlord to enforce one or more of the remedies herein provided upon an event of default shall not be deemed or construed to constitute a waiver of such default. If, on account of any breach or default by Tenant in Tenant's obligation

under the terms and conditions of this Lease, it shall become necessary or appropriate for Landlord to employ or consult with an attorney concerning or to enforce or defend any of Landlord's rights or remedies hereunder, Tenant agrees to pay any reasonable attorney's fees. No act or thing done by the Landlord or its agents during the term hereby granted shall be deemed an acceptance of the surrender of the Premises, and no agreement to accept a surrender of said Premises shall be valid unless in writing signed by Landlord. The receipt by Landlord of rent with knowledge of the breach of any covenant or other provision contained in this Lease shall not be deemed or construed to constitute a waiver of any other violation or breach of any of the terms, provisions and covenants contained herein.

Landlord shall not take into its possession any marijuana or marijuana product and shall contact the State of Alaska AMCO prior to any access into or around the license premises if Tenant cannot be reached, abandons the property, or similar type of event. Additionally, Landlord will ensure that it and any of its employees or agents, will respect and adhere to the Tenant's visitor policy, provide government issued ID ensuring that any agent or employee of Landlord is over the age of 21, sign in and out of the visitor log provided by Tenant, wear the Tenant's visitor badge, and remain in direct eye sight of designated Tenant agent.

19. LANDLORD'S LIEN. In addition to any statutory lien for rent in Landlord's favor, Landlord shall have and Tenant hereby grants to Landlord a continuing security interest for all rentals and other sums of money becoming due hereunder from Tenant upon all goods, wares, equipment, fixtures, furniture, inventory, accounts, contract right, chattel paper and other personal property of Tenant situated on the Premises, and such property shall not be removed therefrom without the consent of Landlord until arrearages in rent as well as any and all other sums of money then due to Landlord hereunder shall first have been paid and discharged. In the event of a default under this Lease, Landlord shall have, in addition to any other remedies herein or by law, all rights and remedies under the Uniform Commercial Code, including without limitation the right to sell the property described in this paragraph 19 at public or private sale without notice to Tenant. Tenant hereby agrees to execute such financing statements and other instruments necessary or desirable in Landlord's discretion to perfect the security interest hereby created. Any statutory lien for rent is not hereby waived, the express contractual lien herein granted being in addition and supplementary thereto. Landlord understands that the lien provided by this paragraph may be subordinate to Tenant's business inventory and/or fixture financing.

20. MORTGAGES. Tenant accepts this Lease subject and subordinate to any mortgage(s) and/or deed(s) of trust now or at any time hereafter constituting a lien or charge upon the Premises or the improvements situated thereon. Tenant shall at any time hereafter on demand execute any instruments releases or other documents which may be

required by any mortgagee for the purpose of subjecting and subordinating this Lease to the lien of any such mortgage. With respect to any mortgage(s) and/or deed(s) of trust at any time hereafter created which constitute a lien or charge upon the leased Premises or the improvements situated thereon, Landlord at its sole option shall have the right to waive the applicability of this paragraph so that this Lease would not be subject and subordinate to such mortgage(s) or the deed(s) of trust.

21. LANDLORD'S DEFAULT. In the event Landlord should become in default in any payments due on any such mortgage described in Paragraph 20 hereof or in the payment of taxes or any other items which might become a lien upon the Premises. and which Tenant is not obligated to pay under the term and provisions of this Lease, Tenant is authorized and empowered after giving Landlord five (5) days' prior written notice of such default and Landlord fails to cure such default, to pay any such items for and on behalf of Landlord, and the amount of any item so paid by Tenant for or on behalf of Landlord, together with any interest on penalty required to be paid in connection therewith, shall be payable on demand by Landlord to Tenant; provided, however that Tenant shall not be authorized and empowered to make any payment under the terms of this Paragraph 21, unless the item paid shall be superior to Tenant's interest hereunder. In the event Tenant pays any mortgage debt in full, in accordance with this paragraph, it shall, at its election, be entitled to the mortgage security by assignment or subrogation.

22. MECHANIC'S LIENS. Tenant shall have no authority, express or implied, to create or place any lien or encumbrance of any kind or nature whatsoever upon, or in any manner to bind, the interest of Landlord in the Premises or to charge the rentals payable hereunder for any claim in favor of any person dealing with Tenant, including those who may furnish materials or perform labor for any construction or repairs, and each such claim shall affect and each such lien shall attach to, if at all, only the leasehold interest granted to Tenant by this instrument. Tenant covenants and agrees that it will pay or cause to be paid all sums legally due and payable by it on account of any labor performed or materials furnished in connection with any work performed on the Premises on which any lien is or can be validly and legally asserted against its leasehold interest in the Premises or the improvements thereon and that it will save and hold Landlord harmless from any and all loss, cost or expense based on or arising out of asserted claims or liens against the leasehold estate or against the rights, titles and interest of the Landlord in the Premises or under the terms of this Lease.

23. NOTICES. Each provision of this instrument or of any applicable governmental laws, ordinances, regulations and other requirements with reference to the sending, mailing or delivery of any notice or the making of any payment by Landlord to Tenant or with reference to the sending, mailing or delivery of any notice or the making of any payment by Tenant to Landlord shall be deemed to be complied with when and if the following steps are taken:

(A) All rents and other payments required to be made by Tenant to Landlord hereunder shall be payable to Landlord at the address hereinbelow set forth or at such other address as Landlord may specify from time to time by written notice delivered in accordance herewith.

(B) All payments required to be made by Landlord to Tenant hereunder shall be payable to Tenant at the address hereinbelow set forth or at such other address as Tenant may specify from time to time by written notice delivered in accordance herewith.



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(C) Any notice or document required or permitted to be delivered hereunder may be hand delivered, which will be effective upon receipt or shall be deemed to be delivered whether actually received or not, 72 hours after deposited in the United States Mail, postage prepaid, Certified or Registered Mail, addressed to the parties hereto at the respective addressee set forth below, or at such other address as they have theretofore specified by written notice delivered in accordance herewith:

LANDLORD:
AK RED, LLC
6020 Maximilian Drive
Anchorage, AK 99507
E-Mail: jrthornton@live.com

TENANT:
Axion Enterprises, LLC
726 E. 15th Avenue
Anchorage, Alaska 99501
E-Mail: james@secretgardenak.com

As a matter of convenience, the parties may also communicate by e-mail, at the addresses set forth herein, however, hard copies of any formal notice are still required as set forth herein.

If and when included within the term "Landlord", as used in this instrument, there are more than one person, firm or corporation, all shall jointly arrange among themselves for their joint execution of such notice specifying some individual at some specific address for the receipt of notices and payments to Landlord; if and when included within the term "Tenant", as used in this instrument, there are more than one person, firm or corporation, all shall jointly arrange among themselves for their joint execution of such notice specifying some individual at some specific address within the continental United States for the receipt of notices and payments to Tenant. All parties included within the terms "Landlord" and "Tenant", respectively, shall be bound by notices given in accordance with the provisions of this paragraph to the same effect as if each had received such notice.

24. CONSTRUCTION. Tenant accepts the Premises in an "AS IS" condition.

25. MISCELLANEOUS.

(A) Time is of the essence of this Lease and all of the terms, provisions, covenants and conditions hereof.

(B) It is understood that there are no oral agreements between the parties hereto affecting this Lease, and this Lease supersedes and cancels any and all previous negotiations, arrangements, brochures, agreements and understandings, if any, between the parties hereto or displayed by Landlord to Tenant with respect to the subject matter thereof, and none thereof shall be used to interpret or construe this Lease.

(C) Words of any gender used in this Lease shall be held and construe to include any other gender, and words in the singular number shall be held to include the plural, unless the context otherwise requires.

(D) The terms, provisions and covenants and conditions contained in this Lease shall apply to, inure to the benefit of, and be binding upon, the parties hereto and upon their respective heirs, legal representatives, successors and permitted assigns, except as otherwise herein expressly provide

(E) The captions are inserted in this Lease for convenience only and in no way define, limit or describe the scope or intent of this Lease, or any provisions thereof, nor in any way affect the interpretation of this Lease.

(F) Tenant agrees within ten (10) days after request by Landlord to deliver to Landlord, or Landlord's designee, an estoppel certificate stating that this Lease is in full force and effect, the date to which rent has been paid, the unexpired term of this Lease and such other matters pertaining to this Lease as may be reasonably requested by Landlord.

(G) This Lease may not be altered, changed or amended except by an instrument in writing signed by Landlord and Tenant.

(H) Tenant and Landlord agree that during the term of this lease they shall have the heat in the leased Premises turned on and set at a minimum temperature of 55° during any cold weather where temperatures may drop below freezing.

If Tenant or Landlord fail to have the heat turned on in the leased Premises, and because of this failure there is any damage whatsoever caused by the freezing of water pipes and/or equipment, then Tenant or Landlord shall be responsible to the other for any damage done.

26. RENEWAL OPTION. No less than ninety (90) days before the expiration of the rental term, Tenant may give Landlord notice of its desire to extend the lease. Extension of the lease will be subject to the same terms and conditions set forth herein except that the term, rent and insurance requirements may be renegotiated and are subject to mutual approval. If agreement cannot be reached, this lease will terminate according to its existing terms.

EXECUTED the 10th of May 2017.

**LANDLORD:**

**AK RED, LLC**

By:

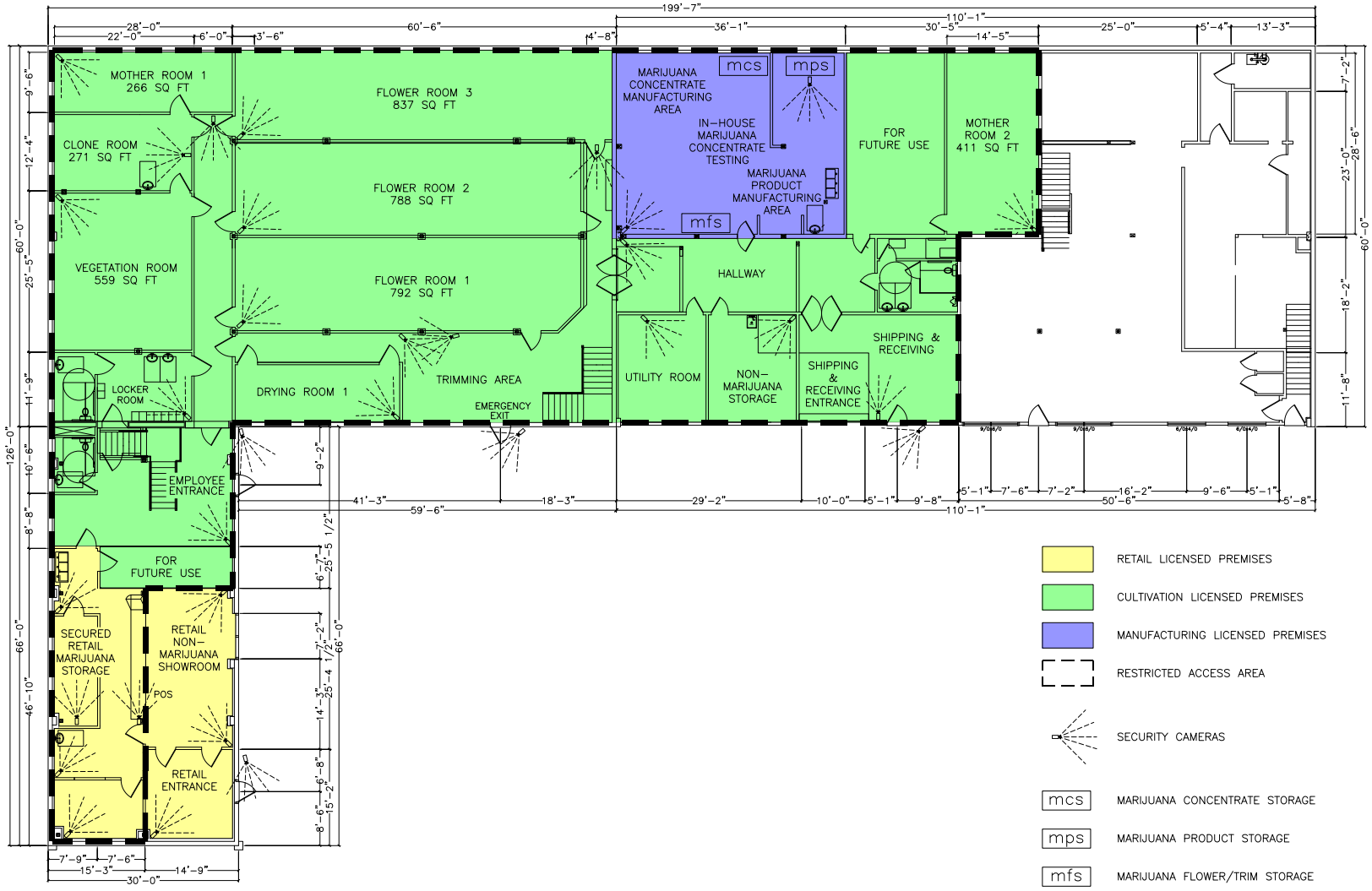
James R. Thornton

**TENANT:**

**Axion Enterprises, LLC**

By:

James M. Thornton

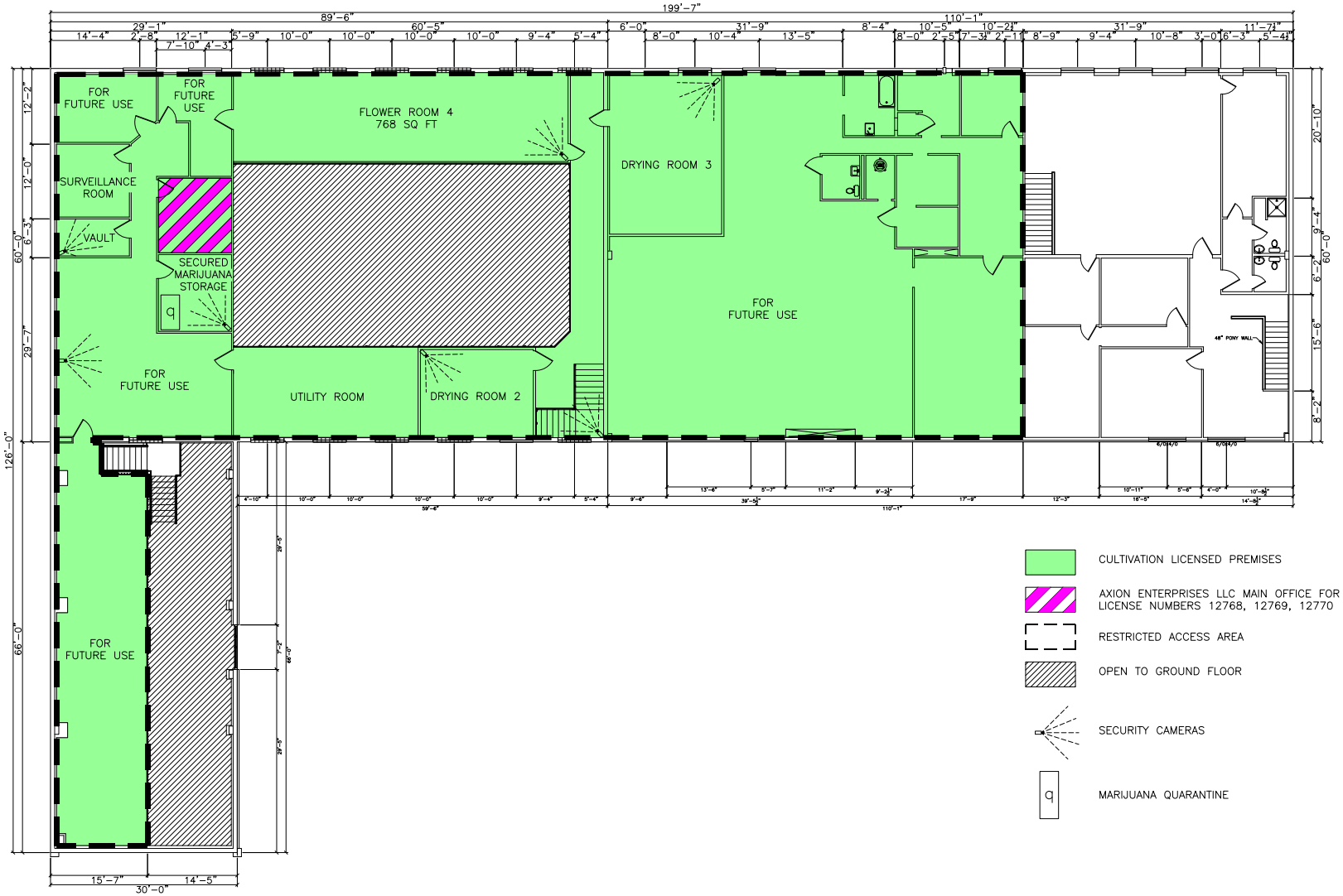



SECRET GARDEN CANNABIS
726 EAST 15TH AVENUE
MCB GROUND FLOOR LAYOUT

| NO. | REVISION | DATE |
|---|---|---|
| | REVISION 4 | 170511 |

726 E. 15TH AVENUE
ANCHORAGE, AK 99501
61°12'26.9"N
149°52'09.9"W

DRAWN BY: ALF THORNTON
DATE: 170509
FILE NAME:
SCALE: NOT TO SCALE
SHEET: 1/3

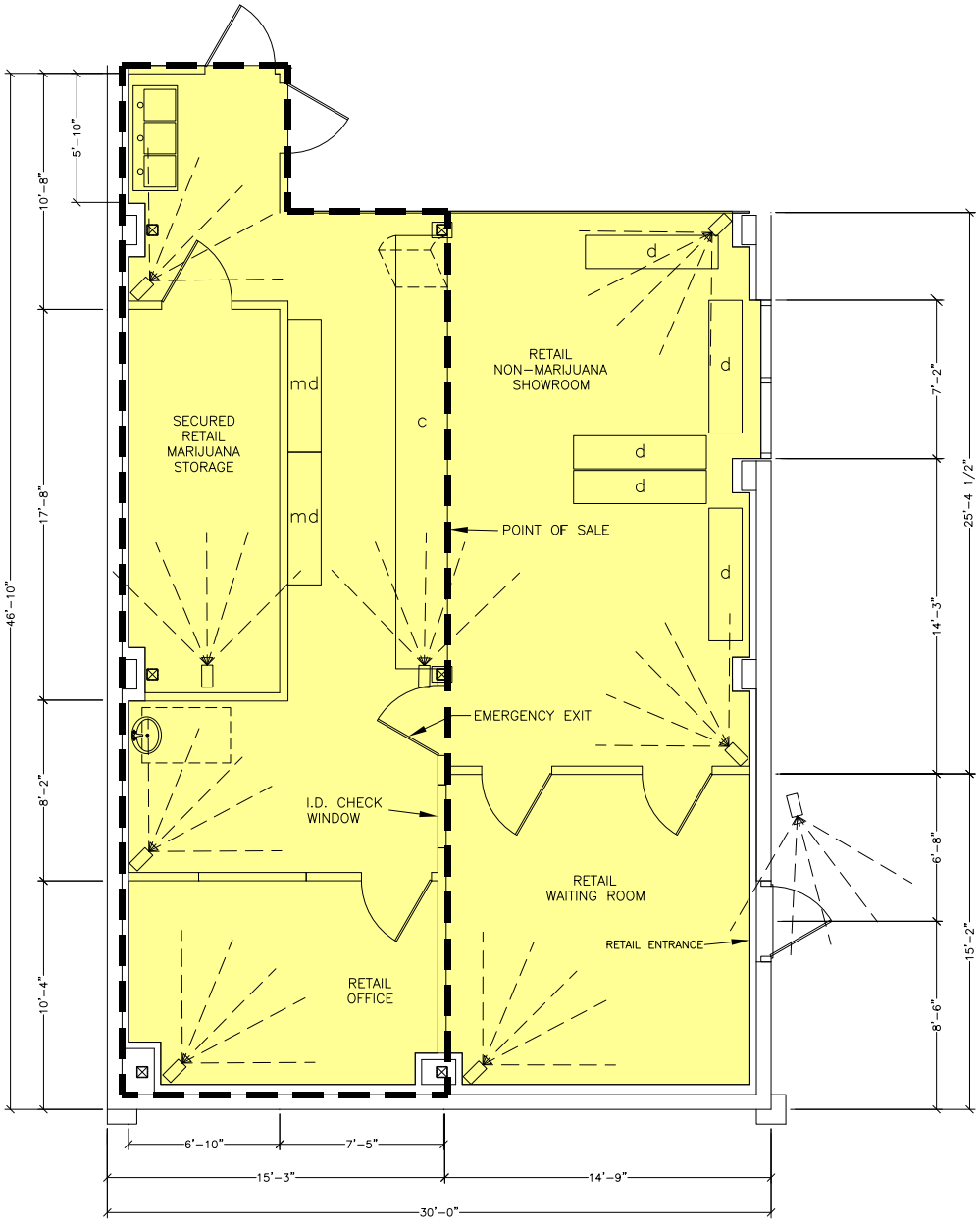



SECRET GARDEN CANNABIS
726 EAST 15TH AVENUE
MCB FLOOR 2 LAYOUT

| NO. | REVISION | DATE |
|---|---|---|
| | REVISION 4 | 170511 |

726 E. 15TH AVENUE
ANCHORAGE, AK 99501
61°12'26.9"N
149°52'09.9"W

DRAWN BY: ALF THORNTON
DATE: 170509
FILE NAME:
SCALE: NOT TO SCALE
SHEET: 2/3




RETAIL LICENSED PREMISES

RESTRICTED ACCESS AREA

SECURITY CAMERAS

c RETAIL COUNTER

d NON-MARIJUANA DISPLAY CASE

md MARIJUANA DISPLAY CASE

SECRET GARDEN CANNABIS
726 EAST 15TH AVENUE
MCB RETAIL LAYOUT

| NO. | REVISION | DATE |
|---|---|---|
| | REVISION 4 | 170511 |

726 E. 15TH AVENUE
ANCHORAGE, AK 99501
61°12'26.9"N
149°52'09.9"W

DRAWN BY: ALF THORNTON
DATE: 170509
FILE NAME:
SCALE: NOT TO SCALE
SHEET: 3/3