COMMERCIAL LEASE AGREEMENT

THIS LEASE AGREEMENT is made and entered into this 1st day of Sep 2017, by and between KGM LLC whose address is 607 Old Steese Highway, Fairbanks, Alaska, 99712 (hereinafter referred to as "Landlord") and Fox Creek LLC (hereinafter referred to as "Tenant"). It is understood that Fox Creek LLC is represented by its Agent GRANT ANDERSON who resides at 302 Cowles St, Fairbanks, Alaska, 99701. (253-310-5127) And that KGM LLC is represented by its agent Miguel Espinosa

ARTICLE I -GRANT OF LEASE

Landlord in consideration of the rents to be paid and the covenants and agreements to be performed and observed by the tenant, does hereby lease to the Tenant and the Tenant does hereby lease and take from the Landlord the property described below, together with, as part of the parcel, all improvements located thereon:

2304 Old Elliott Highway, Fairbanks, AK, 99712.
PAN-0227463 TL-3103 SECTION 31 T2N-R1E

ARTICLE II – LEASE TERM

Section I. Total Term of Lease. The Term of this Lease Shall Begin on the commencement date as defined in Section 2 of this Article (II), and shall terminate on ~~[illegible]~~ 1Sep2019

Section 2. Commencement Date. The commencement date is immediately following the signing of this document by both parties on 1Sep2017

ARTICLE III – EXTENSIONS

Tennant retains the Right to Renew this lease for two, 3 year terms with not more than a fifty percent increase in rents for each of those terms and dependent on the tenants and landlord satisfactorily fulfillment of the terms of this lease . No verbal extensions will be made or considered valid.

ARTICLE IV – USE OF PREMISES

The premises shall be used by the Tenant to carry out the lawful cultivation of cannabis and limited extraction and manufacturing of products in accordance with the laws and regulations of the State of Alaska for purposes thereof for the sole use of the cultivation, extraction, and product manufacturing of cannabis plants and derived products as set forth in 3AAC 306.400 -306.408 and 3AAC 306.700 – 306.755 and for no other purposes.

Nothing herein shall give the Tenant the right to use the property for any other purpose or to sublease, assign, or license the use of the property to any sub-lessee, assignee, or licensee, which or who shall use the property for any other purpose.

ARTICLE V- COMPLIANCE WITH LAWS

The parties acknowledge that myriad regulations and local, state and federal laws and private persons shall govern the operation of Tenants use and that Tenant alone will be responsible for the compliance with all mandate and the requirements of any nature.

ARTICLE VI – TENANTS DUTY TO COMPLY tenants FOREGOING OBLIGATION SHALL ENCOMPASS (I) all state and local laws and regulations form any government authority with jurisdiction over the Tenants use, including the but not limited to 3AAC 306.400-480 and 3AAC 306.700-755 and local zoning ordinances; and (ii) all federal laws to the extent those laws are not inconsistent with local and State laws allowing the Tenant to sue the Leased Premises for the permitted use specified in article VI above. The covenant to comply encompasses all applicable laws that become effective before and during the lease term as may be extended (collectively the "Mandates"), regardless of the cost of such compliance. Tenants inability to comply with the Mandates shall be grounds for termination of lease.

ARTICLE VII – DETERMINATION OF RENT

Monthly Rent for the Term of the lease shall be one thousand five hundred dollars (1500) Paid on the first day of each and every calendar month during the term hereof. Rent shall be paid in cash

A late fee in the amount one hundred and fifty dollars (150.00) shall be assessed if the payment is not received by the Landlord on or before the tenth day of each month.

ARTICLE VIII – SECURITY DEPOSIT

The Tenant has deposited with the landlord the sum of one thousand dollars (1000.00) as security for the full and faithful performance by the Tenant of all of the terms of this lease required to be performed by the Tenant. Such sum shall be returned to the Tenant after the expiration of the lease, provided the Tenant has fully and faithfully carried out all of its terms. In the event of a bonna fide sale or transfer of the Leased Premises the Landlord shall have the right to transfer the security deposit to be held under the terms of this lease, and the Landlord shall be released form any liability for the return of the security deposit.

ARTICLE IX – TAXES

The Tenant is solely responsible for payment of all taxes associated with the leasehold interest of the Tenant or personal property and trade fixtures owned or placed by the Tenant in or on the leased Premises including specifically all of the taxes levied against the cultivation and production of products listed in Article IV herein.

The Landlord remains responsible for all property taxes.

ARTICLE X – UTILITIES

The Tennant shall pay for any and all utilities and expenses associated with the Leases premises and any activities associated with operation of said premises as covered in Article IV herein including but not limited to security guards, water, electricity, heat, etc.

ARTICLE XI – IMPROVEMENTS

The parties Acknowledge that improvements to the property must continue in order to improve its ability to function as a business covered in article IV herein.

a. Tenant shall at its sole expense but with the good faith and reasonable cooperation continue to secure all permits and other approvals required to make such alterations.
b. Tenant is not entitled to reimbursement for any alterations or improvements to the property unless such reimbursement is agreed upon by the landlord in writing.
c. Landlord Agrees to reimburse the Tennant for the installation of a functional sceptic system to be (a) reimburse over the course of the lease term as reduced monthly payments and (b) all work must be completed by a licensed and bonded contractor and (c) any expenses incurred that exceed 8,000 dollars will be the sole responsibility of the tenant
d. The Tenant must remove at its sole expense any and all alterations that Landlord designates for removal at the end of the lease term.

All alteration plans must be approved by Landlord prior to implementation. During its implementation, Tenant must keep in effect, at its sole cost, a policy of builder's risk and liability insurance in a sum equal to three times the amount expended on construction. All risk or damage to the alterations during the course of construction shall be on the Tennant and be payable to the Landlord.

Tennant shall cause all contracts for alterations to be fully and completely performed in a good and workmanlike manner, all to the effect that the alterations shell be fully and completely constructed and installed in accordance with good engineering and construction practice and shall ensure no liens exist against such alterations at the time of completion. Tennant shall indemnify and hold the Landlord harmless for all costs and expenses including attorney's fees associated with any liens placed against the construction of said alterations and such costs and expenses shall be payable by the Tenant with the months regular monthly rent as additional reimbursable expenses to the Landlord by Tennant.

ARTICLE XII – REPAIRS

Tenant shall repair and maintain the leased premises in good order and condition except for the reasonable wear and tear. The Tenant shall have the right, at its sole expense, from time to time, to redecorate the leased premises and to make such non-structural alterations and changes in such parts thereof as the Tenant shall deem expedient or necessary for its purposes; provided however, that such alterations and changes shall neither impair the structural soundness nor diminish the value of the leased premises and that such alterations will be removed and the leased premises returned to its original state at the time of the termination of the lease.

ARTICLE XIII – DAMAGE TO PROPERTY

NOTWITHSTANDING AND CONTRARY PROVISIONS OF THIS LEASE, Landlord shall not be responsible for any loss of or damage to the property of tenant or of others located on the leased premises except where caused by the willful act of omission or negligence of the Landlord, or the landlords agents, employees, or contractors.

Article XIV – Inspection of Premises

Landlord will be afforded the opportunity, within reason, to inspect the facilities and the conduct of business installed by the Tenant in order to ensure to his own piece of mind that business is being conducted in good faith. Landlord must be escorted at all times while on the premises in order to comply with State regulations.

ARTICLE XV – INSURANCE

With respect to the leased premises, Tenant shall maintain at all times and at its sole expense liability insurance with limits of not less than one million dollars for injury or death from one accident and 150,000 property damage insurance, insuring landlord and Tenant against injury to persons or damage

to property as a result of accident, fire, theft, criminal mischief, etc., on or about leased premises. A copy of this policy or a certificate of insurance shall be delivered to landlord on or before the commencement date and no such policy shall be cancelled during the term of this lease.

In the event of damage to or destruction of the leased premises, tenant shall adjust the loss and settle all claims with the insurance companies issuing such policies. The parties hereto do irrevocably assign the proceeds from such insurance policies for the purpose s hereinafter stated to any institutional first mortgages or to landlord and tenant jointly if no institutional mortgage company holds an interest in the leased premises. All proceeds shall be placed into a trust for the repair, replacement, or restoration or any combination thereof, of the leased premises or of the improvements in the leased premises.

In the event of total damage or destruction the settled funds from insurance claims will go to the Landlord

ARTICLE XVI – REPAIR AND RESTORATION

It shall be solely the Landlords option to rebuild or restore the leased premises should catastrophic damage or destruction occur as a result of an insurance claim event. Should the landlord elect not to rebuild or restore the leased premises, this lease shall terminate and the tenant shall be entitled to reimbursement of the security deposit.

ARTICLE XVII – SURRENDER AND DISPOSAL

tenants covenant to comply with all applicable mandates shall apply equally to dismantling tenant operations at the end of the term and surrender of the leased premises. tenant hereby covenants to dispose, according to mandates, all unused inventory, refuse, and scrap materials and thereafter to clean to commercially acceptable standards (including sterilization of impermeable surfaces, all to wall and ceiling to floor) all floors, walls, immovable fixtures, and air ducts serving the premises. Landlord shall not return the Security Deposit to Tenant until an inspection of the Leased Premises discloses that that the above leaning and disposal and removal of alteration required in Section XVII above have been completed.

ARTICLE XVIX – EARLY TERMINATION

landlord shall have the right upon landlords sole election, upon five days prior written notice to Tenant or, if sooner, upon the effective date of court order, to terminate this lease in the event of any of the following early termination causes.

- The seizure by any government authority seeking forfeiture of the building housing the premises; weather of not the court proceeding has actually commenced.
- The entry of judgement whether final or not that has the effect of establishing the tenants use of the leased premises or common area constitutes a public or private nascence.
- Commencement of an action under any federal, state, or local law or regulation seeking remediation of the leased premises or any portion of the building housing the leased premises as a result of a violation by the tenant off any mandate pertaining to environmental sensitivity or commission of waste, irrespective of tenant's intent and course of action following commencement.
- A final appealable judgement having the effect of establishing that tenant's operation violates landlord's contractual obligations(i) pursuant to any private covenants of record restricting the landlords building housing the leased premises (ii) good faith and fair dealing to any third party including other tenant or of any other projects in the leased premises (iii) pursuant to its obligation under the mortgage agreement with the landlord's bank.
- An event that (i) requires closure of the building for more than 180 consecutive days for remediation of materially adverse circumstances created by the Tenants use of the leased premises or for more the 210 consecutive calendar days within a 360-consecutive day period or (ii) causes tenants insurance carrier to cancel all coverage on the building housing the leased premises.

ARTICLE XX – INDEMNIFICATION

Tenant shall indemnify and hold the landlord harmless from and against all claims arising from or in connection with the conduct or management of the lease of the premises or of any business therein, or any work or thing whatsoever done, or any condition created other than by the landlord in or about the leased premises during the term of the lease. (B) any act, omission, or negligence of tenant or any of its employees or contractors;(C) any accident, injury or damage whatsoever occurring in, at, upon, or immediately surrounding the leased premises; and (D) any breach or default by the tenant in the full and prompt payment and performance of the tenant's obligations under the lease. Further tenant shall indemnify and hold the landlord harmless form any damage done to the building, common areas and surrounding premises as a result of robberies, break ins, and burglaries; criminal prosecution, forfeiture, seizures, and other events cause as a direct result of the use of the premises as outlines in Article IV above.

In addition to the above, tenant agrees to indemnify and hold the landlord from and against damages and losses landlord incurs as a result of an early termination event.

Additionally, Tennant accepts sole responsibility for any determinations of damage or injury resulting from the operation of the premises as a cannabis cultivation facility beyond the expiration of the lease and settling of debts if it is found that such damage or injury is a result of said use. These damages can include but are not limited to, Fire from electrical upgrades, Injury from facility upgrades, and/or damage to property such as groundwater contamination, Hazardous waste, etc.

ARTICLE XXII – ENTIRE AGGREEMENT

This instrument carries the entire and only agreement between the parties, and no oral statements or representations or prior written matter not contained in this instrument shall have any force and effect. This Lease shall not be modified in any way except by a writing executed and signed by both parties.

Miguel Espinosa

Miguel Espinosa
Agent, KGM LLC

Grant Anderson
Agent, Fox Creek LLC

LEASE ADDENDUM FOR FOX CREEK LLC

This addendum is made this day the 27th of December, 2017 by and between Fox Creek LLC represented by Grant Anderson as Tenants and KGM LLC represented by Miguel Espinosa as Landlord. This addendum amends the lease signed on 1 sep 2017. The lease is amended as follows;

The Landlord attests that under no circumstances will he ever receive, remove, or take possession of any marijuana or marijuana products from Tenant and that he will notify AMCO Enforcement immediately of any adverse action such as abandonment, eviction, default, repossession, etc which may lead to Landlord taking possession of the leased premises.

Miguel Espinosa (KGM LLC)

12/27/17

Grant Anderson (Fox Creek LLC)

27 Dec 17