**L & J Ventures, Inc.**
**COMMERCIAL LEASE**

**THIS LEASE** is made this 26 day of FEBRUARY, 2018, between: McCallister Investment Group, LLC (hereafter referred to as "Landlord"); and L & J Ventures, Inc. (hereafter referred to as "Tenant"). Tenant and Landlord collectively referred to as the "Parties." This Agreement to Lease is referred to throughout the Agreement to Lease as "Lease" and/or "Agreement."

1. **Premises.** Landlord Hereby leases to Tenant and Tenant hereby leases from Landlord the "Premises" commonly known as 266 S McCallister Dr., Suites 1, 2 and 3 which consists of land and a building containing approximately 6,400 square feet of warehouse space and associated parking.

2. **Term.**

2.1 **Term.** The term of this Lease shall be sixty (60) months from July 1, 2018(the "Lease Commencement Date") through July 1, 2023 with options to renew as provided below. If Tenant is in compliance with its obligations arising pursuant to the terms of this Lease, possession of the Premises shall be provided to Tenant on the Lease Commencement Date.

2.2 **Option to Renew.** If Tenant is not in default hereunder, Tenant, at its option may obtain two (2) renewal "Extension Term" of this Lease each for a further term of three (3) years and upon the terms and conditions herein stated, except for the amount of the Monthly Rent. Tenant shall exercise this option to renew by giving Landlord written notice of intention to renew not less than 90 days prior to the expiration of the original term. The Monthly Rent for the renewal period shall be the fair rental value of the Premises at the time the renewal period is to commence. If the parties cannot agree upon the fair rental value at such time, then it shall be determined by binding arbitration in accordance with this agreement. However, in no event shall the renewal term Monthly Rent be less than the Monthly Rent in effect immediately preceding the commencement of the renewal period.

2.3 **Early Termination.** In the event Tenant, despite best efforts and at no fault of its own, is unable to obtain the necessary Alaska state license and Mat Su Borough use permit approvals to operate a marijuana manufacturing establishment, marijuana retail establishment, and a marijuana cultivation facility [or there are changes in Alaska state or borough law that make the business of Tenant illegal], Tenant may, at Tenant's election, be released from the terms of the Lease. In such event Landlord shall retain as liquidated damages all payments and deposits paid by or on behalf of Tenant. Landlord and Tenant acknowledge that Landlord's damages in such an event are difficult to precisely measure, but that said sum is a reasonable approximation of those damages. This release and liquidated damages provision is not applicable in any circumstances other than those expressly set forth in this paragraph.



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**3. Rent.**

**3.1** **Monthly Rent.** During the term and any Extension Term of this Lease, Tenant shall pay to the Landlord at Landlord's address specified below, or at such other place as the Landlord may hereinafter designate, within 10 days after the end of each calendar quarter Percentage Rent as follows:

> Fifteen Percent (15.0%) of gross sales which are generated by the wholesale sales of marijuana cultivation and manufacturing operations that are sold to a retail, manufacturer, or cultivation licenses that is not located on the Premises. And 15% of the total gross retail sales that are sold from the Premises under the retail marijuana license, during the calendar month.
>
> Definition of Gross Sales for Purposes of Subsection 3.1: For Purposes of this Lease and this subsection 3.1, gross sales shall mean the gross sales received by tenant, minus any applicable state excise tax levied on the wholesale producer. For Gross retail sales shall mean the gross sales received by Tenant, minus any retail sales tax that may be imposed by the Mat Su Borough.

Tenant shall provide Landlord Sale records for Tenant to ensure the Tenant's reported Gross Monthly Sales are consistent with Tenant's business records. Calculation of Gross Monthly Sales, unless otherwise provided for in this agreement, shall be governed by generally accepted accounting principles (hereinafter, GAAP). Tenant shall include a signed affidavit with each month's payment evidencing the amount being paid to Landlord, as determined herein.

**3.2** **Late Payment.** Tenant acknowledges that late payment by Tenant will cause Landlord to incur costs not contemplated by this lease, the exact amount of which will be extremely difficult to ascertain. Such cost includes, but are not limited to, processing and accounting charges, legal feed, and late charges which may be imposed upon Landlord by terms of any deed of trust covering the lease premises. Accordingly, if any installment of rent or any sum due from Tenant shall not be received by landlord within ten days (10) days from the due date, Tenant shall pay to Landlord a late charge equal to five (5) percent of the due amount.

Any failure by Tenant to make a rental payment then due within ten (10) days after the date due and after Landlord has provided Tenant notice of non-payment, shall constitute a material default under this Lease and the Landlord shall have all the rights and remedies specified in this Lease.

**4.** **Security Deposit.** Contemporaneously with the Tenant's execution of this Lease, Tenant has deposited with Landlord a security deposit in the amount of Five Thousand Dollars ($5,000.00). If Tenant defaults with respects to any provision of this Lease, including but not limited to the provisions relating *to* the payment of rent, Landlord may use, apply, or retain all or any part of this security deposit for payment of any rent or any other sum in default, or for the payment of any amount which Landlord may spend or become obligated to spend by reasons of Tenant's default, or to compensate Landlord for any other loss or damage which Landlord may suffer by reasons of Tenant's default. Otherwise, Tenant shall be entitled to return of deposit, less any damages to the Premises beyond usual wear and tear at the end of this Lease.



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5. **Landlord's Title – Quite Enjoyment.**

5.1 **Landlord's Authority.** Landlord represents and warrants to Tenant that it has the power and authority to execute and deliver this Lease and to carry out and perform all covenants to be performed by it hereunder.

5.2 **Quiet Enjoyment.** Landlord covenants that Tenant, upon paying the rent and all other charges herein provided for and observing and keeping all covenants, agreements and conditions of this Lease on its part to be kept, shall quietly have and enjoy the Premises during the term of his Lease.

5.3 **Memorandum Lease.** Landlord and tenant shall, upon request by either, simultaneously with execution of this Lease, execute a Memorandum of this Lease which may be recorded by either party immediately after execution at the expense of the party requesting the recording. Tenant may not record this Lease.

5.4 **Covenant of Use.** Landlord makes no representations or warranties to Tenant as to the suitability of the Premises for Tenant's intended purposes. Tenant is responsible for confirming that Tenant's intended use is authorized by applicable law; covenants, conditions restrictions and easements affecting title, which may appear in the public record, including those shown on any recorded plat or survey; and the Mat Su Borough Code. With regard to all such matter, Tenant is relying on its own investigations and such inspections and studies as it chooses to conduct.

6. **Utilities and Services.** Tenant shall procure in its own name [and pay promptly when due all charges for] for its pro rata share of all property taxes, common area maintenance paid by Landlord, water sewer, garbage disposal, telephone, electricity, cable, heat, gas, power, and any other utilities, services, or operating expenses and like charges, including any fire protection or security charges, furnished to or consumed upon the Premises. Landlord shall not be liable for any failure or interruption of utilities or other services to the Premises, unless such failure is caused by the sole negligence of Landlord or Landlord's agents or employees.

7. **Taxes and Assessments.**

7.1 **Real Estate Taxes and Assessments.** Tenant shall pay all real estate taxes and assessments on the Premises prior to their due date. If Tenant late pays such real estate taxes or assessments, Tenant shall also pay any interest, fees and penalties arising as a result of the late payment. Real property taxes for the first and last calendar year of this Lease shall be prorated. Landlord agrees to ensure that Tenant receives all invoices or statements for taxes due at least fourteen (14) days prior to such taxes being due. Upon demand by Landlord, Tenant shall provide proof of payment of such taxes and assessments.

If Tenant fails to pay real property taxes ad assessments when de, Landlord may, at its option pay the same, and the amount paid by Landlord, including any interest and penalties thereon, shall immediately be due and payable, with interest at 1.5% per month, or the maximum legal rate



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if applicable. Such payment by Landlord shall be in addition to all other remedies which may be available to Landlord for the default by Tenant.

Landlord shall provide to Tenant, upon receipt, all documents and notices concerning change in value (for real estate tax purposes) of the Premises. Tenant, at Tenant's expense, may contest any such real property taxes or assessments in any manner permitted by law, in Tenant's name, and whenever necessary and required by law, in Landlord's name. Landlord shall cooperate with Tenant and execute any documents or pleadings requiem for such purposes, provided that Landlord shall be satisfied that the facts set forth in such documents or pleadings are accurate, and that such execution or cooperation does not impose any obligations, expense or liability on Landlord.

**7.2** **Additional Taxes.** Should there presently be in effect or should there be enacted during the term of this Lease any law, stature, or ordinance levying any tax (other than Federal or State income taxes) directly or indirectly, in whole or in part, upon rents or the income from real estate or rental property, or increasing any such tax, Tenant shall reimburse Landlord monthly, as additional rent, at the same time as minimum rental payments are due hereunder, for the actual amount of all such taxes paid. Tenant shall pay any and all license or excise fees and occupation taxes covering business conducted in, on or about the premises. Tenant shall pay any and all license or excise fees and occupation taxes covering businesses conducted in, on or about the premises.

## 8. Repairs, Maintenance and Condition of Premises.

**8.1** **Condition of Premises.** Landlord and Tenant shall tour Premises together and thereafter create a memorandum of acceptance that indicates the Premises is built to suite for Tenant's needs. Said Monthly Rent in Section 3.1 is consideration for Landlord's extensive contribution to the building of the Premises and the features of the Premises that are necessary for Tenant to use the Premises for the three business operations identified in this Agreement.

**8.2** **Maintenance and Repair.** Landlord shall be responsible for maintaining the structural integrity of the building (other than the windows and glass), of the roof, and all mechanical portions of the Premises now existing (heating plumbing, electrical, etc.) Landlord the Premises and all other systems in good order and repair, maintained, and shall provide monthly updates and invoices of costs to replace, fix, or install improvements requested by Tenant and Tenant shall promptly pay Landlord for said replacements, improvements and fixes that are commercially reasonable and done with good workmanship. Landlord shall be responsible for snow and ice removal, sanding, and maintaining any landscaping and shall invoice Tenant for those services. Tenant shall pay all invoices within 30 days of receipt.

**8.3** **Alterations, Additions, and Improvements.** Tenant, at its sole cost and expense, shall request Landlord to make alterations, additions, and improvements to the Premises (including without limitation upgrades to the power service) with Landlord's prior written consent, which shall not be unreasonably withheld. Landlord shall submit all plans to Tenant for written approval prior to submitting applications for permits. Tenant shall accept or reject proposed plans within fifteen (15) business days after actual receipt of the proposed plans from Landlord. Tenant will be invoiced for the services, costs, and materials incurred by Landlord under this section 8.3.



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**8.4** **Entry and Inspection.** Upon no less than twenty-four hours' notice, and compliance with Tenant's marijuana visitor log policy, Tenant will permit Landlord or its agents to enter the Premises during business hours, hereinafter defined as from 9:00 a.m. to 6:00 p.m. on weekdays and from 8:00 a.m. to 1:00 p.m. on Saturdays, excluding legal holidays to inspect, clean, repair, alter, or improve the Premises, or to show the Premises to prospective Purchasers or tenants. In exercising its rights under this section, Landlord will not unreasonably interfere with the conduct of Tenant's business.

## 9. Use of Premises.

**9.1** **Nature of Use.** Tenant shall use the Premises for any legally permitted use performed in accordance with Alaska State law and the Matanuska Susitna Borough Code, and for no other uses except as Landlord may approve in writing. Tenant shall not make or permit any use of the Premises which may be dangerous to persons or property, or which may increase the premium costs or invalidate any policy of insurance covering the Premises or its contents. In case of any such increase in premium resulting from Tenant making or permitting any such use, Tenant shall pay the amount thereof, without prejudice to any other right or remedy of Landlord.

Landlord is aware and agrees that Tenant shall use the property for marijuana retail, cultivation and manufacturing establishments.

**9.2** **Hazardous Substances.**

**9.2.1** **Presence and Use of Hazardous Substances.** Unless otherwise set forth in this Section 9.2, Tenant shall not, without Landlord's prior written consent, keep on or around the Premises or Common Areas, for use, handling, disposal, treatment, generation, storage, or sale, and "Hazardous Substance" hereinafter defined as any "Permitted Hazardous Substances" as defined below, which are hazardous or toxic substance, or waste, regulated pursuant to any federal, state or local environmental law, including without limitation, the Clean Air Act, the Clean Water Act, the Toxic Substances Control Act, the Comprehensive Environmental Response Compensation and Liability Act, the Resource Conservation and Recovery Act, the Federal Insecticide, Fungicide, Rodenticide Act, the Safe Drinking Water Act, and the Occupational Safety and Health Act due to its potential harm to health, safety, or welfare of humans or the environment. With respect to any such Hazardous Substance, Tenant shall;

**9.2.1.1** Comply promptly, timely, and completely with all governmental requirements for reporting, keeping and submitting manifests, and obtaining and keeping current identification numbers;

**9.2.1.2** Submit to Landlord true and correct copies of all reports, manifests and identification numbers at the same time as they are required to be and/or are submitted to the appropriate governmental authorities;

**9.2.1.3** Within five (5) days of Landlord's request, submit written reports to Landlord regarding Tenant's use, handling, storage, treatment, transportation, generation, disposal or sale of Hazardous Substances and provide evidence satisfactory to Landlord of Tenant's compliance with the applicable government regulations;



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**9.2.1.4** Allow Landlord or Landlord's agent or representative to come on the Premises during business hours and upon reasonable notice to check Tenant's compliance with all applicable governmental regulations regarding Hazardous Substances;

**9.2.1.5** Comply with minimum levels, standards or other performance standard or requirements which may be set forth or established for certain Hazardous Substances (if minimum standards or levels are applicable to Hazardous Substances present on the Premises, such levels or standards shall be established by an on-site inspection by the appropriate governmental authorities and shall be set forth in an addendum to this Lease); and

**9.2.1.6** Comply with all applicable governmental statutes, ordinances, rules, regulations, management plans and requirements regarding the proper and lawful use, handling sale, transportation, generation, treatment, and disposal of Hazardous Substances.

**9.2.1.7** Tenant may store and use any hazardous, toxic, infectious or dangerous substances lawfully permitted and generally recognized as necessary and appropriate for the Permitted Use as (i) such storage and use is in the ordinary course of operating a Permitted Use; and (ii) such storage and use is performed in compliance with all applicable laws, rules, or regulations, and in compliance with commercially reasonable standards prevailing in the industry for storage and use of such substances ("Permitted Hazardous Substances"). In addition to the foregoing, Tenant will comply with any inspection requirement required by any federal, state or local regulatory agencies because of the Tenant's use of such Permitted Hazardous Substances. Tenant hereby agrees not to add to or materially alter the type or quality of the items on the list for Permitted Hazardous Substances, without notifying Landlord of such additions or material alterations

Any and all costs incurred by Landlord and associated with Landlord's inspection of Tenant's Premises and Landlord's monitoring of Tenant's compliance with the Section, including Landlord's attorneys' fees and costs, shall be Additional Rent and shall be due and payable to Landlord immediately upon demand by Landlord.

**9.2.2 <u>Cleanup Costs, Default and Indemnification.</u>**

**9.2.2.1** Tenant shall be fully and completely liable to Landlord for any and all cleanup costs, and any and all other charges, fees, penalties (civil and criminal) imposed by any governmental authority with respect to Tenant's use, handling, disposal, transportation, generation and/or sale of Hazardous Substances, in or about the Premises, Common Areas, or the building of which the Premises are a part.

**9.2.2.2** Tenant shall indemnify, defend and save Landlord harmless from any and all of the costs, fees, penalties and charges assessed against or imposed upon Landlord (as well as Landlord's attorneys' fees and costs) as a result of Tenant's use, handling disposal, transportation, generation and/or sale of Hazardous Substances.

**9.2.2.3** Upon Tenant's default under this Section, in addition to the rights and remedies set forth elsewhere in the Lease, Landlord shall be entitled to the following rights and remedies:

**(i)** At Landlord's option, to terminate this Lease immediately;



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(ii) To recover any and all damages associated with the default, including, but not limited to cleanup costs and charges, civil and criminal penalties and fees, loss of business and sales by Landlord, any and all damages and claims asserted by third parties and Landlord's attorneys' fees and costs.

**9.2.3 Landlord Indemnification.** Landlord shall in indemnify, defend and hold harmless the Tenant, its successors and assigns, from any and all claims, damages, fines, judgments, penalties, costs, liabilities or losses (including without limitation any and all sums paid for settlement, claims, attorneys' fees, consulting and expert fees) in connection with the presence or suspected presence of Hazardous Substances in or on the Premises, to the extent that the Hazardous Substances were present in or on the Premises prior to the commencement of the Lease term.

**9.3 Disposal of Non-Hazardous Waste Materials.** All non-hazardous waste materials shall be disposed of by Tenant properly and in accordance with all applicable laws and regulations.

**9.4 Compliance with Law.** Tenant shall not use the Premises or permit anything to be done in or about the Premises which will in any way conflict with any state law, stature, zoning restriction, ordinance or governmental rule or regulation or requirements of duly constituted public authorities now in force or which may hereafter be enacted or promulgated. Tenant shall at its sole cost and expense promptly comply with all state laws, statures, ordinances and governmental rules, regulations or requirements now in force or which may hereafter be in force and with the requirements of any board of fire underwrites or other similar body now or hereafter constituted relating to or affecting the condition, use of occupancy of the Premises.

## 10. Insurance; Indemnity.

**10.1 General Liability Insurance.** Tenant, at its own expense, shall procure and maintain in effect comprehensive General liability insurance coverage with limits of not less than One Million Dollars ($1,000,000.00) for bodily and personal injury or death to any one person; with minimum limits of not less than One Million Dollars ($1,000,000.00) for bodily and personal injury or death to more than one person; and with limits of not less than Five Hundred Thousand Dollars ($500,000.00) with respect to damage to property. In no event shall the limits of said policies be considered as limiting the liabilities of Tenant under this Lease. The above-state minimum policy limits shall be subject to periodic review by the Landlord.

**10.2 Casualty Insurance.** Tenant, at its expense shall maintain in effect the policies of insurance covering (a) the Premises, leasehold improvements, fixture and equipment located on the Premises, for the full replacement value, and providing protection against any peril included within the classification "Fire and Extended Coverage," together with insurance against sprinkler damage (if the building has a sprinkler system installed), vandalism and malicious mischief; and (b) all plate glass on the Premises. The proceeds of such insurance, so long as this Lease remains in effect, shall be used to repair or replace the Premises, leasehold improvements, fixtures, equipment and plate glass so insured.

**10.3 Worker's Compensation Insurance.** Worker's Compensation insurance to at least statutory requirements.



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**10.4** **Insurance Policies.** All insurance policies (except the worker's compensation insurance and fire and extended coverage insurance on Tenant's personal property) shall name Landlord as an additional insured and shall be with companies and with loss-payable clauses satisfactory to Landlord, and copies of policies or certificates evidencing such insurance shall be delivered to Landlord by Tenant. No such policy shall be cancelable or amendable except after thirty (30) days' written notice to Landlord.

Whenever in Landlord's reasonable business judgement, good practice and changing conditions indicate a need for additional and/or different types of insurance coverage, Tenant shall obtain such insurance at its expense upon request from Landlord.

If Tenant does not maintain or procure required insurance, after 10 days written notice to Tenant, Landlord may [but is not require to] procure and obtain such insurance. The cost of any such insurance obtained by Landlord shall be additional rent which will be due and payable upon demand.

**10.5** **Waiver of Subrogation.** Landlord and Tenant mutually agree to waive their right of recovery against each other, and their respective officers, employees or agents, for losses or damages occurring to the Premises, improvements, contents, other property of the waiving party or under its control, or business interruptions related to the loss or damage to such property. However, the parties agree that this waiver applies only to losses covered by valid and collectible insurance, and only to the extent that such insurance applies, and not in excess of the amount collectible from such insurance. The waiver shall not apply to damages in excess of the amount collectible from such insurance. Permission to grant this waiver is to be included in the provisions of the insurance policies now carried by both Landlord and Tenant. The continuation of this mutual waiver of subrogation is subject to the insurance continuing to grant this option on renewal policies.

**10.6** **Indemnification of Landlord.** Landlord shall not be liable for any loss, injury or death to person or damage to property, in or about the Premises, from any cause, which at any time be suffered by Tenant or by its invitees or employees or agents, except to the extent caused by the sole negligence or willful misconduct of Landlord, its employees, agents and contractors. The Tenant agrees to indemnify, defend and save Landlord, its employees and its agents, harmless from any and all claims and expenses, including reasonable attorney's fees and costs, and litigation-related expenses arising out of such injury, death, or damage, however occurring, on or about the Premises.

**10.7** **Landlord Liability.** Lessee shall store its property in and shall occupy the Premises at its own risk, and releases Landlord, to the full extent permitted by law, from all claims of every kind resulting in loss of life, personal or bodily injury or property damage. Landlord shall not be responsible or liable at any time for any loss or damages to Lessee's equipment, fixtures or other personal property of Lessee or to Lessee's business. Landlord shall not be responsible or liable to Lessee or to those claiming by, through or under Lessee for any loss or damages to either the person or property of Lessee that may be occasioned by or through the acts or omissions of person occupying adjacent, connecting or adjoining premises. Landlord shall not be responsible or liable for any defect, latent or otherwise, in the Premises, or any of the improvements, equipment, machinery, utilities, appliances or apparatus thereon. Landlord shall also not be responsible or liable for any injury, loss or damage to any person or to any property of Lessee or other person caused by or resulting from bursting, breakage or by or from leakage, seam or snow or ice, running or the overflow of water or sewage in any part of said Premises or for any injury or damage cause by or resulting from acts of God or the elements, or for any injury or damage caused by or resulting



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from any defect in the occupancy, construction, operation or use of any of said Premises, improvements, machinery, apparatus, or equipment by any person or by or from the acts or negligence of any occupant of the Premises.

**11. Reconstruction and Restoration.**

**11.1 Minor Damage.** If during the term hereof, the Premises are damaged by fire or other perils covered by the fire and extended coverage insurance on the Premises, and such damage is not "substantial," Landlord shall promptly repair such damage at Landlord's expense after the application of all insurance proceeds, and this Lease shall continue in full force and effect.

**11.2 Substantial Damage.** If during the term hereof, the Premises are destroyed or damaged by fire or other perils covered by the insurance, and if such damage is "substantial," Landlord may at its option either (a) promptly repair such damage at Landlord's expense after the application of all insurance proceeds, in which event this Lease shall continue in full force and effect, or (b) cancel this Lease as of the date of such damage, by giving Tenant written notice of its election within thirty (30) days after the date Tenant notifies the Landlord of such damage.

**11.3 Abatement of Rent.**

**11.3.1** If the Premises are destroyed or damaged and Landlord repairs or restores them under this section, Tenant shall continue the operation of this business in the Premises to the extent reasonably practicable, and the rent payable hereunder for the period during which

such damage, repair or restoration continues shall be abated in proportion to the proportion of usable Premises space compared to the total Premises space. The Tenant shall have no claim against Landlord for any damage suffered by Tenant by reason of such damage, destruction, repair or restoration.

**11.3.2** If Landlord shall be obligated to repair or restore the Premises under this Section and shall not commence such repair or restoration within ninety (90) days after such obligation shall accrue, or if the estimated repair time is greater than 180 days, Tenant may at its option cancel this Lease as of the date of occurrence of such damage by giving landlord notice of its election to do so at any time prior to the commencement of such repair or restoration and/or sue for damages cause Tenant by Landlord's breach, and/or obtain an order specifically enforcing Landlord's obligations to repair and restore. All of said remedies shall be cumulative.

**11.4 Definition of "Substantial."** For the purpose of this Section 11, "substantial" damage to the Premises shall mean damage to the Premises the estimated cost of repair of which exceeds fifty percent (50%) of the then estimated replacement cost of the improvements to the Premises, or uninsured or underinsured damage exceeds six (6) months monthly rent in effect. The good faith determination by Landlord of the estimated cost of repair and replacement cost shall be prima facie evidence for the purpose of this Section.

**12. Assignment and Subletting.** Tenant may not, without prior notice and written approval from Landlord, sublease the premises or portion of the premises.



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Tenant shall not either voluntarily or by operation of law assign, sell, or otherwise transfer this Lease or any of Tenant's rights hereunder, or sublet the Premises or any portion thereof without Landlord's written consent in each instance, which shall not be unreasonably denied or delayed. The sale or assignment of any stock or interest in Tenant (for other than security purposes) in the aggregate in excess of forty-five (45%) in any two-year period, shall be deemed an assignment within the meaning and provisions of this Section. Tenant agrees to reimburse Landlord for Landlord's reasonable costs and attorneys' fees incurred with the documentation of such assignment, subletting or other transfer of this Lease or Tenant's interest in and to the Premises.

**13. Condemnation.**

**13.1 Entire or Substantial Taking.** If the entire Premises, or so much thereof as to make the balance not reasonably adequate for the conduct of Tenant's business (notwithstanding restoration by Landlord as herein provided) shall be taken under the power of eminent domain, the Lease shall automatically terminate on the date the condemning authority takes possession,

**13.2 Partial Taking.** In the event of any taking under the power of eminent domain which does not so result in a termination of this Lease, the monthly rental payable hereunder shall be reduced, effective on the date the condemning authority takes possession, in the same portion as the value of the Premises after the taking relates to the value of the Premises prior to the taking. Landlord shall promptly, at its sole expense, restore the portion of the Premises not taken to as near its former condition as is reasonably possible and this Lease shall continue in full force and effect.

**13.3 Awards.** Any award for taking of all or any part of the Premises under the power of eminent domain shall be the property of the Landlord, whether such award shall be made as compensation for diminution in value of the leasehold or for taking of the fee. Nothing herein, however, shall be deemed to preclude Tenant form obtaining, or to give Landlord any interest in, any award to Tenant for loss of or damage to or cost of removal of Tenant's trade fixtures and removable personal property, or for damages for cessation or interruption of Tenant's business.

**14. Liens and Encumbrances.** Tenant agrees that it will pay all costs for work done or caused to be done by it on the Premises, and Tenant will keep the Premises free and clear of all mechanic's and other liens on account of work done for Tenant or persons claiming under Tenant. Should any claim of lien be filed against the Premises or any action affecting the title to such property be commenced, the party receiving notice of such lien or action shall promptly give the other party written notice thereof. In the event a dispute between Tenant and a third party having lien rights arising from work performed for Tenant, results in litigation to enforce such lien right in which Landlord or any party deriving rights from Landlord is named a party defendant, defense of such action shall, at Landlord's option immediately be assumed by Tenant. Tenant shall appear and defend Landlord and any parties deriving interest through Landlord or shall pay any costs or attorneys' fees incurred by Landlord or parties deriving interest through Landlord in respect to their own defenses to such action and shall indemnify and hold Landlord and parties deriving interest through Landlord harmless from any judgement arising out of such litigation.



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## 15. Surrender or Premises.

**15.1 Surrender of Premises.** Tenant shall promptly surrender possession of the Premises to Landlord upon the expiration or prior termination of the Lease. The Premises shall be surrendered in the same condition as they were at the commencement of the Lease term, normal wear and tear excepted, damages covered by insurance excepted, and acts of God or the elements excepted.

**15.2 Holding Over.** Any holding over by Tenant after the expiration or termination of the Lease shall be construed to be a tenancy for a month-to-month, on all of the terms and conditions set forth herein, to the extent not inconsistent with a month-to-month tenancy. During such tenancy, the Tenant agrees to pay the Monthly Rental in effect immediately prior to commencement of the holding over, times 125%.

**15.3 Sub-Tenancies.** The voluntary or other surrender of this Lease by Tenant, or a mutual cancellation thereof, terminate all and any existing sub-tenancies, or may, at the option of Landlord, operate as an assignment to it of any and all such sub-tenancies.

## 16. Default by Tenant.

**16.1 Default.** The occurrence of any one or more of the following events shall constitute breach of this Lease by Tenant.

**16.1.1 Failure to Pay Rent.** The failure by Tenant to make any payment of Rent or any other payment required to be made by Tenant hereunder, as and when due, where such failure shall continue for a period of ten (10) business days after written notice thereof by Landlord is received by Tenant.

**16.1.2 Failure to Perform.** The failure by Tenant to observe or perform any of the covenants, conditions or provisions of this Lease to be observed or performed by the Tenant, other than payment of rent, where such failure shall continue for a period of thirty (30) days after written notice thereof by Landlord is received by Tenant; provided, however, that if the nature of Tenant's default is such that more than thirty (30) days are reasonably required for its cure, then Tenant shall not be deemed to be in default if Tenant commences such cure within said thirty (30) day period and there after diligently prosecutes such cure to completion.

**16.1.3 Bankruptcy.** The making by Tenant of any general assignment or general arrangement for the benefit of creditors; or by the filing by or against Tenant of a petition to have Tenant adjudged bankrupt, or a petition or reorganization or arrangement under any law relating to bankruptcy (unless, in the case of a petition filed against Tenant, the same is dismissed within sixty (60) days filing); or the appointment of a trustee or a receiver to take possession of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where such seizure is not discharged in thirty (30) days after appointment of said trustee or receiver, or the filing of a petition for the appointment of the same, whichever shall first occur.

**16.2 Remedies in Default.** In the event of any such default or breach by Tenant, Landlord may at any time thereafter, with or without notice or demand and without limiting Landlord in the exercise of a right or remedy which Landlord may have by reason of such default or breach:



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**16.2.1 Terminate Lease.** Terminate Tenant's right to possession of the Premises by any lawful means in which case this Lease shall terminate, and Tenant shall immediately surrender possession of the Premises to Landlord. In such event Landlord shall be entitled to recover from the Tenant all past due rents and other charges; the expenses of reletting the Premises, including necessary renovation and alteration of the Premises, reasonable attorneys' fees and costs; the worth at the time of award by the court having jurisdiction thereof of the amount by which the unpaid rent and other charges called for herein for the balance of the Lease Term after the time of such award exceeds the amount of such loss for the same period that Tenant proves could be reasonably avoided; and that portion of any leasing commission paid by Landlord and applicable to the unexpired Lease Term of this Lease. Unpaid installments of rent or other sums shall bear interest from the date due at the rate of ten percent (10%) per annum; or

**16.2.2 Continue the Lease.** Maintain Tenant's right to possession, in which case this Lease shall continue in effect whether or not Tenant shall have abandoned or vacated the Premises. In such event Landlord shall be entitled to enforce all Landlord's right and remedies under this Lease, including the right to recover past due rents and other charges, the rent and any other charges as may become due hereunder, and at Landlord's option, to recover the worth at the time of the award by the court having jurisdiction thereof of the amount by which the unpaid rent and other charges called for herein for the balance of the Lease Term after the time of such award exceeds the amount of such loss for the same period that Tenant proves could be reasonably avoided.

**16.2.3 Other Remedies.** Pursue any other remedy now or hereafter available to Landlord under the laws or judicial decisions of the State in which the Premises are located, including but not limited to the right to assess against Tenant an amount equal to the reasonable attorneys' fees incurred by Landlord in collecting any rent or other payment due hereunder, which amount shall be due in full within ten (10) days of Tenant's receipt of the assessment by Landlord.

**17. Default by Landlord.** If Landlord shall be in default for more than thirty (30) days after receipt of Tenant's notice specifying such default, Tenant may incur any expense necessary to perform any obligation of Landlord specified in such notice and deduct such expense from any sums payable by Tenant under this Lease thereafter to become due or pursue any other remedy available at law, equity or by statute, including, but not limited to, damages and/or the right to terminate said Lease. Provided, however, if Landlord's obligation is such that more than thirty (30) days are required for its performance, Landlord shall not be deemed in default if it commences such performance within such thirty (30) day period and diligently prosecutes the same to completion.

Irrespective of anything contained in this Section 17, Tenant may not deduct any expenses against any sums payable by Tenant to Landlord under this Lease unless Tenant gave Landlord at least thirty (30) days' notice in writing of the default and Tenant's intention to incur expense to cure said default. In any event, Tenant may only deduct the reasonable cost of curing said default. Provided, further, Tenant's inability to deduct said expense against any sums payable by Tenant to Landlord under this Lease shall not affect any other right or remedy of Tenant. In no event shall Tenant have the right to terminate this Lease as a result of Landlord's default.



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18. **Signage.** Prior to opening for business, Tenant may install permanent exterior signs on the building in conformance with all local ordinances and rules.

19. **Miscellaneous.**

19.1 **Waivers.** No waiver by either party of any provision of this Lease shall be deemed to be a waiver of any other provision hereof or of any subsequent breach by the breaching party of the same or any other provision. Landlord's consent to or approval of any act by Tenant requiring Landlord's consent or approval shall not be deemed to render unnecessary the obtaining of Landlord's consent or approval of any subsequent act by Tenant, whether or not similar to the act so consented to or approved.

19.2 **Notices.** All notices under this Lese shall be in writing and delivered in person or deposited in the United States mail, certified and postage prepaid and addressed to the address of Tenant or Landlord shown below or at such other address as may be designated by either party in writing.

19.3 **General Provisions:** Landlord shall not take into its possession any marijuana and shall contact the State of Alaska AMCO prior to any access to the licensed premises if Tenant cannot be reached, abandons the property, or similar event.

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.

LANDLORD'S ADDRESS: 1500 Bogard Rd
Wasilla, AK 99654

TENANT'S ADRESS: 266 S McCallister Dr
Wasilla, AK 99654

19.3 **Interest on Past Due Obligations.** Any amount due from Tenant to Landlord hereunder which is not paid when due shall bear interest at the rate of ten percent (10%) per annum from the date until paid, but the payment of such interest shall not excuse or cure any default by Tenant.



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**19.4 Construction.**

**19.4.1** This Lease shall be construed and governed by the laws of the State of Alaska;

**19.4.2** The invalidity or unenforceability of any provision hereof shall not affect or impair any other provisions hereof;

**19.4.3** The Lease constitutes the entire agreement of the parties and supersedes all prior agreements or understandings between the parties with respect to the subject matter hereof;

**19.4.4** This Lease may not be modified or amended except by written agreement signed and acknowledged by both parties;

**19.4.5** Time is of the essence of this Lease in each and every provisions thereof; and

**19.4.6** Nothing contained herein shall create the relationship of principal ad agent or of partnership or of joint venture between the parties hereto and no provision contained herein shall be deemed to create any relationship other than that of Landlord and Tenant.

**19.5 Successor.** Subject to any limitations on assignments herein, all of the provisions of this Lease shall inure to the benefit of and be binding upon the successors and assigns of the parties hereto.

**19.6 Costs and Attorneys' Fees.** If by reason of any breach or default on the part of either party hereto it becomes necessary for the other party hereto to employ an attorney, then thenon-b3eaching party shall have and recover against the other party in addition to costs allowed by law, reasonable attorneys' fees and litigation related expenses. The non-breaching party shall be entitled to recover reasonable actual attorneys' fees and costs and expenses, as provided above, regardless of whether litigation is actually commenced.

**19.7 Jurisdiction and Venue.** The parties hereto do hereby consent to jurisdiction and venue of the Superior Court in Anchorage, Alaska.

**19.8 Dispute Resolution.**

**19.8.1 Occasions for Arbitration.** In the event of disputes between the parties, related to this agreement or the transactions or relationships contemplated hereby, such disputes shall be resolved by arbitration in accordance with the provision of this Article, and the parties waive the right to proceed in courts of law or equity as to these matters.

**19.8.2 Procedure.** In the event of such dispute as described in the preceding section, the dispute shall be settled by arbitration administered by the American Arbitration Association under its Commercial Arbitration Rules, and judgement on the award rendered by the arbitrator(s) may be entered in nay court having jurisdiction thereof. All arbitration hearings shall be conducted in Anchorage, Alaska. Prior to instituting an arbitration proceeding, the parties agree to attempt to settle such dispute or claim through non-binding mediation presided over by a mutually-agreeable mediator. The decision of said arbitrator shall be final and binding, and no appeal may be taken therefrom. Arbitration shall be conducted under the laws of the state



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of Alaska. Said decision may be confirmed by a court of law, if necessary, in accordance with the provisions of Alaska law.

**19.8.3 Unlawful Detainer.** Notwithstanding the above arbitration clause, in the event of a failure to pay rent or other failure to perform hereunder by Tenant, Landlord shall be entitled to commence eviction proceedings under the unlawful detainer statute.

**19.9 Broker.** Real estate commissions due on the Lease will be paid on an annual basis. No commission will be paid on rents received as a percent of sales or for lease renewal.

**19.10 Authority.** Each individual executing this Lease on behalf of Tenant represents and warrants that he is duly authorized to execute and deliver this Lease on behalf of Tenant, in accordance with a duly adopted resolution of the Manager and Members of Tenant authorizing and consenting to this Lease; authorizing the specific individuals signing this Lease to execute, acknowledge and deliver the same without the consent of any other Member of Manager; resolving that such action and execution is in accordance with the Operating Agreement of Tenant; and resolving that this Lease is binding upon Tenant in accordance with its terms.

**19.11 Counterparts; Electronically Transmitted Signatures.** This Lease may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument. Each party agrees to promptly deliver an executed original to this Agreement with its actual signature to the other party, but a failure to do so shall not affect the enforceability of this Agreement, it being expressly agreed that each party to this Agreement shall be bound by its own electronically transmitted signature and shall accept the electronically transmitted signature of the other party to this Agreement.

**/signatures on next immediate page/**



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**19.12** **Entire Agreement.** This Lease constitutes and embodies the entire understanding and agreement of the parties hereto relating to the subject matter hereof – any amendments after the date of execution must be made in writing and signed by both parties.

DATED this 26 day of February, 2018

**LANDLORD:**

McCallister Investment Group, LLC

By: _____
Managing Member: JDC Investment Group, LLC
Cameron Johnson: Managing Member of JDC Investment Group, LLC

By: _____
Managing Member: JDC Investment Group, LLC
Daniel Hacker: Managing Member of JDC Investment Group, LLC

**TENANT:**

L & J Ventures, Inc.

By: _____
James Hacker – President

By: Lisa Hacker
Lisa Hacker - Secretary



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