# ASSIGNMENT OF REAL ESTATE LEASE

This ASSIGNMENT OF REAL ESTATE LEASE ("Assignment") is made and entered into this 31st day of August 2018, by and between CACTUS RANCH LAND AND CATTLE CO. LLC, ("Landlord"), GREAT NORTHERN CANNABIS, INC. ("Tenant"), and GREAT NORTHERN CULTIVATION, INC. (Assignee).

## Recitals

WHEREAS, Landlord and Tenant entered into that certain Real Estate Lease agreement ("Lease") dated May 19, 2016, as amended by that certain Amendment to Real Estate Lease dated July 7, 2018, for leasing real property commonly known as 2341 Cinnabar Loop, Anchorage, Alaska 99507 ("Premises"), on a Lease term to expire on May 31, 2021;

WHEREAS, Tenant is in the process of transferring Standard Marijuana Cultivation Facility License #10747 to Assignee, a wholly-owned subsidiary company of Tenant, and Assignee wishes to continue to operate under said License at the Premises;

WHERAS, assignment of the Lease to Assignee will establish that Assignee has sole possession of the Premises, a condition of the license transfer process;

WHEREAS, Tenant is willing to assign their interest in the Lease to Assignee;

WHEREAS, Assignee desires to assume the remaining term of the existing Lease between Landlord and Tenant;

WHEREAS, Landlord is willing to accept and consent to the assignment of the Lease to Assignee, subject to the terms and provisions set out hereafter.

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

1. Assignment and Effective Date. The Lease is hereby assigned to Assignee effective as of the date the Alaska Marijuana Control Board approves the transfer of Standard Marijuana Cultivation Facility License #10747 to Assignee ("Assignment Effective Date").

2. Tenant's Acknowledgement. Tenant hereby agrees to the assignment of the Lease to Assignee and hereby relinquishes all rights, title, and interest to the leasehold estate and the Premises to Assignee as of the Assignment Effective Date and to remain responsible for the timely payment of all sums due and performance by the Tenant under the Lease through the Assignment Effective Date. Tenant acknowledges that consent by Landlord of the Assignment under the Lease does not in any way relinquish Landlord's right to collect sums due or enforce the provisions of the Lease against Tenant up to and through the Assignment Effective Date. Tenant agrees to defend, indemnify, and hold Assignee harmless from any obligations accruing under the



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Lease prior to the Assignment Effective Date. Tenant warrants that, as of the Assignment Effective Date, the Lease will be current and no matter that could be declared a default shall exist.

3. Acceptance of Assignment. Assignee acknowledges that they have read and understand the Lease and all Amendments thereto, receipt of a copy of which is hereby acknowledged, and hereby covenants and agrees to faithfully fulfill and be bound by all obligations, provisions, and covenants of the Tenant in the Lease, and to the terms, conditions, provisions, and restrictions contained in the Lease as of the Assignment Effective Date. Assignee agrees to defend, indemnify, and hold Tenant harmless from any obligation accruing under the Lease from the Assignment Effective Date forward.

4. Landlord's Consent. Landlord hereby consents to this Assignment of Real Estate Lease and acknowledges that Tenant shall be obligated to the Lease until the Assignment Effective Date. Landlord acknowledges that the Lease has not been modified except as provided herein and that the Lease is in full force and effect.

*Signature Page Follows*



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LANDLORD:

CACTUS RANCH LAND AND CATTLE CO. LLC

By: Raymond Huot

TENANT:

GREAT NORTHERN CANNABIS, INC.

By: Stephen A. Brasher

Its: CEO

ASSIGNEE:

GREAT NORTHERN CULTIVATION, INC.

By: Stephen A. Brasher

Its: president

## AMENDMENT TO REAL ESTATE LEASE

This AMENDMENT TO REAL ESTATE LEASE ("Amendment") is made and entered into this 7th day of July 2018, by and between CACTUS RANCH LAND AND CATTLE CO. LLC, ("Landlord") and GREAT NORTHERN CANNABIS, INC. ("Tenant").

### Recitals

WHEREAS, Landlord and Tenant entered into a Real Estate Lease Agreement dated May 19, 2016, calling for the lease of real property commonly known as 2341 Cinnabar Loop, Anchorage, Alaska 99507 ("Premises"), on a Lease term to expire on May 31, 2021; and

WHEREAS, the Alaska Marijuana Control Board (MCB) requires commercial lease agreements for marijuana establishments to include disclaimers regarding Landlord access to the licensed premises, and restrictions on the ability of Landlords to take possession of, or remove, marijuana from the licensed premises;

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

1. Landlord acknowledges that, because the Premises is being utilized by Tenant as a marijuana cultivation facility, applicable laws and regulations require that a Tenant representative be present to serve as an escort to Landlord and Landlord's agents during any entry, and that Landlord will comply with Tenant's visitor policies at all times when accessing the Premises. In the event of any circumstances under which Landlord seeks to enter the premises and Tenant cannot be reached or does not provide access, Landlord shall contact the State of Alaska Alcohol and Marijuana Control Office (AMCO), or other relevant government authority, prior to any access of the Premises.

2. In the event of default by Tenant and any re-entry or re-possession of premises by Landlord, Landlord shall contact AMCO, or other relevant government authority, prior to any access of the Premises.

3. If Tenant abandons the Premises, is in default, or in the occurrence of any similar event causing Landlord to re-enter or take possession of the Premises, notwithstanding Landlord's right to remove personal property, Landlord shall not take into its possession or remove from the Premises any marijuana or marijuana product and shall contact AMCO, or other relevant government authority, for guidance.



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LANDLORD: CACTUS RANCH LAND AND CATTLE CO. LLC

By: Raymond Huot

TENANT: GREAT NORTHERN CANNABIS, INC.

By: Jordan C. Huss

Its: Vice-President



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# *REAL ESTATE LEASE*

This Lease Agreement (this "Lease") is dated May 15, 2016, by and between Cactus Ranch Land and Cattle Co. LLC ("Landlord"), and Great Northern Cannabis, Inc. ("Tenant"). The parties agree as follows:

**PREMISES.** Landlord, in consideration of the Lease payments provided in this Lease, leases to Tenant 5000 Square foot Warehouse and related yard/parking area (the "Premises") located at 2341 Cinnabar Loop, Anchorage, Alaska 99507.

**TERM.** The Lease term will begin on May 19, 2016 and will terminate on May 31, 2021. It is understood that Tenant must provide written notification to Landlord ninety (90) days in advance of intent to vacate the Premises. Termination must occur at the end of the calendar month. Upon vacating the Premises, Tenant hereby agrees to return same in as good repair and "Broom Cleaned" condition as of the commencement date of the Lease, acceptable to Landlord's designated representative.

**LEASE RENEWAL.** The Lease may be renewed, with six month notice, in 60 month increments. An increase of monthly payments equal to five percent per increment will be applied.

**TRIPLE NET LEASE.** This Lease is what is commonly referred to as a "Triple Net Lease", it being the intention of the parties that, other than repair or replacement of capital improvements, such as the structural elements of the Warehouse (roof, walls, foundation) or the asphalt yard/parking area, Landlord shall not have any responsibility of any kind or nature whatsoever to maintain, repair, improve, alter or in any way incur any expense in connection with the Property, and that the rent and any other payments to be made by Tenant to or on behalf of Landlord under the terms hereof, are to be free and clear of any impositions, expenses or setoffs of any kind or nature whatsoever, including without limitation, any taxes, charges or expenses in connection with the ownership, maintenance, repair and operation of the Property, all such expenses, charges and taxes to be paid by Tenant as provided herein.

Tenant shall pay for all water, gas, heat, light, power, telephone and other utilities and services supplied to the Premises, together with any taxes thereon and a proportionate share of real property taxes, all-risk and earthquake insurance, and common area maintenance expenses. If any such services are not separately metered to Tenant, Tenant shall pay a reasonable, proportionate share as determined by Landlord of all charges jointly metered with other Premises.

**LEASE PAYMENTS.** Tenant shall pay to Landlord monthly installments of $6,500.00, payable in advance on the first day of each month, for a total lease payment of $396,500.00. Lease payments shall be made to the Landlord at P.O. Box 231325, Anchorage, Alaska 99523, which address may be changed from time to time by the Landlord.



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**ADDITIONAL LEASE PAYMENTS, PERCENTAGE RENT.** For the purposes of this section, "Gross Sales" means the result of all monies or credits received for all sales of goods or services made upon the Leased Premises minus all sales or use taxes paid by Tenant. "Lease Month" means each calendar month during the term of the Lease, starting on the Commencement Date. Percentage Rent is the result of 3% of Gross Sales for each Lease Month. No later than 10 days after the end of the Lease Month, Tenant shall pay Landlord the Percentage Rent and provide either (1) copies of all monthly sales tax returns for the Lease Month or (2) a statement of all gross sales for the Lease Month signed by both Tenant and Tenant's bookkeeper or accountant. Tenant shall maintain complete records of its gross sales during the Lease Period. In order to verify any statement made pursuant to this subsection, Tenant shall allow Landlord to inspect during normal business hours all the records of Tenant's gross sales, including any reports to any governmental agency. No more frequently than once per Lease Year, Landlord may retain an independent certified public accountant to conduct an audit of Tenant's business records. If such audit results in a deviation in the gross sales amounts greater than 5% of Tenant's statements to Landlord, Tenant shall pay the cost of the audit, otherwise, Landlord shall pay the cost of the audit.

**ESTIMATED PAYMENTS.** Tenant shall be notified by Landlord of Estimated Payments for taxes, insurance, maintenance of the landscaping and parking lot, and landscaping and parking lot utilities and services from time to time. The Estimated Payments shall be paid by Tenant together with rent, on the first day of each month throughout the Term. The Estimated Payments may be increased or decreased by Landlord upon written notice to Tenant based upon statements received or charges incurred by Landlord, information available to Landlord as to the probable cost of expected charges and expenses, or the reasonable estimate of Landlord as to the probable amount of expected charges or expenses. Landlord shall be entitled to retain the monies received from such payments in its general fund pending payment of all such costs and charges. No more frequently than once each calendar quarter, the actual costs shall be determined by Landlord, and Tenant shall remit to Landlord on demand its unpaid pro rata share of the actual expense. In the event Tenant paid more than the actual expenses for such period of time, Landlord shall apply such overpayment towards the next Estimated Payments owing by Tenant. At the termination of this Lease, an accounting for such charges and expenses shall be made to the nearest practical accounting period, and Tenant shall pay to Landlord any balance due, or the Landlord shall refund to Tenant any excess amount paid.

**SECURITY DEPOSIT.** At the time of the signing of this Lease, Tenant shall pay to Landlord, in trust, a security deposit of $6,500.00 to be held and disbursed for Tenant damages to the Premises (if any) as provided by law. Tenant shall also pay First full months' rent and prorated rent from effective date of Lease.

**POSSESSION.** Tenant shall be entitled to possession on the first day of the term of this Lease, and shall yield possession to Landlord on the last day of the term of this Lease, unless otherwise agreed by both parties in writing. At the expiration of the term, Tenant shall remove its goods and effects and peaceably yield up the Premises to Landlord in as good a condition as when delivered to Tenant, ordinary wear and tear excepted.



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**USE OF PREMISES.** Tenant may use the Premises for Marijuana Cultivation. The Premises may be used for any other purpose only with the prior written consent of Landlord, which shall not be unreasonably withheld. Tenant shall notify Landlord of any anticipated extended absence from the Premises not later than the first day of the extended absence. Tenant understands the risk involved in licensing and is solely responsible to determine the suitability of the Premises for its intended use. Landlord makes no warranty or guaranty that the Premises will be suitable.

**ALTERATIONS.** Tenant accepts the Premises "as is". Tenant covenants and agrees that all alterations constructed on the property or work performed or caused to be performed by Tenant shall be in full compliance with all laws, rules, orders, ordinances, directions, codes, regulations and requirements of all governmental agencies, offices, departments, bureaus and boards having jurisdiction over the Property. Tenant shall provide Landlord with at least 30 days' notice prior to any demolition, having any construction materials delivered to the Property or commencing construction of any improvements, and shall reasonably cooperate with Landlord in the posting of a notice of non-responsibility.

The parties acknowledge that (1) the Premises are not currently built out to accommodate Tenant's permitted use; (2) that alterations will have to be implemented to render the Premises fit for Tenant's intended use; (3) that, as part of this agreement, Landlord is furnishing Tenant with certain plans that Tenant can use to make the necessary alterations to the Premises; and (4) that:
a. Tenant shall, at its sole expense but with the good faith and reasonable cooperation of Landlord, secure all licenses, permits, and other approvals required to make such alterations;
b. Tenant is not entitled to reimbursement from Landlord for making any alterations or improvements that are unique to the operation of a Marijuana business and provide no residual value to a subsequent Tenant; and
c. Tenant must remove, at its sole expense, any and all alterations that Landlord designates for removal at the end of the Lease term.

**COST OF ALTERATIONS.** Tenant shall pay all costs of constructing any such alterations approved by Landlord including but not limited to fees and costs charged by architects, engineers, the general contractor, subcontractors, and laborers and material men, and shall not permit any mechanic's or materialmen's lien to be filed against the Property in connection therewith.

**PROPERTY INSURANCE.** Tenant shall maintain casualty property insurance on the Premises and all improvements against loss or damage by fire and lightning and against loss or damage by other risks in an amount not less than 100% of the full replacement value. Landlord shall be named as an additional insured in such policies. Tenant shall deliver appropriate evidence to Landlord as proof that adequate insurance is in force issued by companies reasonably satisfactory to Landlord. Landlord shall receive advance written notice from the insurer prior to any termination of such insurance policies. All insurance proceeds payable by the occurrence of any covered loss shall be payable to Landlord, and Tenant shall have no right or claim to any such insurance proceeds payable with respect to the Improvements, excluding, however, any such proceeds that may be payable with respect to Tenant's personal property or trade fixtures.



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Tenant shall also maintain any other insurance which Landlord may reasonably require for the protection of Landlord's interest in the Premises. Tenant is responsible for maintaining casualty insurance on its own property.

**LIABILITY INSURANCE.** Tenant shall maintain liability insurance on the Premises in a total aggregate sum of at least $1,000,000.00. Tenant shall deliver appropriate evidence to Landlord as proof that adequate insurance is in force issued by companies reasonably satisfactory to Landlord. Landlord shall receive advance written notice from the insurer prior to any termination of such insurance policies.

**MAINTENANCE.** Tenant shall have the responsibility to maintain the Premises in good repair at all times during the term of this Lease.

**UTILITIES AND SERVICES.** Tenant shall be responsible for all utilities and services incurred in connection with the Premises.

**TAXES.** Taxes attributable to the Premises or the use of the Premises shall be allocated as follows:

REAL ESTATE TAXES. Tenant shall pay all real estate taxes and assessments which are assessed against the Premises during the time of this Lease. "Real Property Taxes" shall include any form of assessment, license, fee, rent, tax, levy, penalty or tax imposed by any authority having the direct or indirect power to tax, including any improvement district, as against any legal or equitable interest of Landlord in the Premises or as against Landlord-'s business of renting the Premises. Tenant-'s share of Real Property Taxes shall be equitably prorated to cover only the period of time within the fiscal tax year during which this Lease is in effect. With respect to any assessments which may be levied against or upon the Premises, and which may be paid in annual installments, only the amount of such annual installments (with appropriate proration for any partial year) and interest due thereon shall be included within the computation of the annual Real Property Taxes. Landlord represents that, to the best of his knowledge, there are no assessment or improvement districts being planned which would affect the Premises other than as in effect as of the date of this Lease.

PERSONAL TAXES. Tenant shall pay all personal taxes and any other charges which may be levied against the Premises and which are attributable to Tenant's use of the Premises, along with all sales and/or use taxes (if any) that may be due in connection with Lease payments. Accordingly, Tenant shall pay before delinquency all taxes levied or assessed on Tenant's fixtures, improvements, furnishings, merchandise, equipment and personal property in and on the Premises, whether or not affixed to the real property. If Tenant in good faith contests the validity of any such personal property taxes, then Tenant shall at its sole expense defend itself and Landlord against the same and shall pay and satisfy any adverse determination or judgment that may be rendered thereon and shall furnish Landlord with a surety bond satisfactory to Landlord in an amount equal to 150% of such contested taxes. Tenant shall indemnify Landlord against liability for any such taxes and/or any liens placed on the Premises in connection with such taxes. If at any time after any tax or assessment has become due or payable Tenant or its legal representative neglects to pay



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such tax or assessment, Landlord shall be entitled, but not obligated, to pay the same at any time thereafter and such amount so paid by Landlord shall be repaid by Tenant to Landlord with Tenant-'s next rent installment together with interest at the highest rate allowable by law.

**TERMINATION CLAUSE.** Tenant may, upon 90 days' written notice to Landlord, terminate this Lease without cause provided that the Tenant pays a termination charge equal to 3 months' rent or the maximum allowable by law, whichever is less. Termination will be effective as of the last day of the calendar month following the end of the 90 day notice period. Termination charge will be in addition to all rent due up to the termination day.
Landlord shall have the right upon Landlord's sole election, upon five days prior written notice to Tenant or, if sooner, upon the effective date of any court order, to terminate this Lease in the event any of these causes ("Early Termination Causes") arise:
a. The seizure by any governmental authority seeking forfeiture of the building housing the Premises, whether or not the court proceeding has actually commenced;
b. The entry of judgment (whether final or not) that has the effect (whether by restraining order, injunction, declaration, or otherwise) of establishing the Tenant's use of the Premises or Common Areas constitutes a public or private nuisance;
c. The commencement of an action under any federal, state, or local law (ordinance) or regulation seeking remediation of the Premises or any portion of the building housing the Premises as a result of a violation by the Tenant of any mandate pertaining to environmental sensitivity or commission of waste, irrespective of Tenant's intent and course of action following its commencement;
d. A final, appealable judgment having the effect of establishing that Tenant's operation violates Landlord's contractual obligations (i) pursuant to any private covenants of record restricting Landlord's building housing the Premises, (ii) good faith and fair dealing to any third party, including other tenants of the building housing the Premises or occupants or owners of any other building within the Project, or (iii) pursuant to its obligations under its mortgage agreement with Landlord's bank;
e. An event that (i) requires closure of the building for more than 180 consecutive days for remediation of materially adverse circumstances created by Tenant's use of the Premises, or for more than 210 nonconsecutive calendar days within a 360 consecutive day period, or (ii) causes Landlord's insurance carrier to cancel all coverage on the building housing the Premises (the "Building") unless the Tenant procures coverage for the entire Building within five calendar days thereafter, and commences and thereafter continues to pay any premium cost in excess of the premium (pre-cancellation) paid by Landlord without credit or offset against the rent reserved under this Lease. This shall not include fire and other natural calamity events, unless the source of any such event is directly related to Tenant's operation, such as a heat lamp-related fire in any cannabis cultivation site.

Tenant's covenant to comply with all applicable Mandates (defined herein) shall apply equally to dismantling Tenant's operations at the end of the term and surrender of the Premises.

**DEFAULTS.** Tenant shall be in default of this Lease if Tenant fails to fulfill any Lease obligation or term by which Tenant is bound. Subject to any governing provisions of law to the contrary, if Tenant fails to cure any financial obligation within 10 days (or any other obligation



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within 10 days) after written notice of such default is provided by Landlord to Tenant, Landlord may take possession of the Premises without further notice (to the extent permitted by law), and without prejudicing Landlord's rights to damages. In the alternative, Landlord may elect to cure any default and the cost of such action shall be added to Tenant's financial obligations under this Lease. Tenant shall pay all costs, damages, and expenses (including reasonable attorney fees and expenses) suffered by Landlord by reason of Tenant's defaults. All sums of money or charges required to be paid by Tenant under this Lease shall be additional rent, whether or not such sums or charges are designated as "additional rent". The rights provided by this paragraph are cumulative in nature and are in addition to any other rights afforded by law.

**LATE PAYMENTS.** For each payment that is not paid within 10 days after its due date, Tenant shall pay a late fee equal to 10 % of the required payment.

**CUMULATIVE RIGHTS.** The rights of the parties under this Lease are cumulative, and shall not be construed as exclusive unless otherwise required by law.

**NON-SUFFICIENT FUNDS.** Tenant shall be charged $100.00 for each check that is returned to Landlord for lack of sufficient funds.

**REMODELING OR STRUCTURAL IMPROVEMENTS.** Tenant shall have the obligation to conduct any construction or remodeling (at Tenant's expense) that may be required to use the Premises as specified above. Tenant may also construct such fixtures on the Premises (at Tenant's expense) that appropriately facilitate its use for such purposes. Such construction shall be undertaken and such fixtures may be erected only with the prior written consent of the Landlord which shall not be unreasonably withheld. Tenant shall not install awnings or advertisements on any part of the Premises without Landlord's prior written consent.

**ACCESS BY LANDLORD TO PREMISES.** Subject to Tenant's consent (which shall not be unreasonably withheld), Landlord shall have the right to enter the Premises to make inspections, provide necessary services, or show the unit to prospective buyers, mortgagees, tenants or workers. However, Landlord does not assume any liability for the care or supervision of the Premises. As provided by law, in the case of an emergency, Landlord may enter the Premises without Tenant's consent. During the last three months of this Lease, or any extension of this Lease, Landlord shall be allowed to display the usual "To Let" signs and show the Premises to prospective tenants. Landlord acknowledges that, because the Premises is being utilized by Tenant in connection with a Marijuana Cultivation business, applicable laws require that a Tenant representative be present to serve as an escort to Landlord and Landlord's agents during any entry.

**INDEMNITY REGARDING USE OF PREMISES.** To the extent permitted by law, Tenant agrees to indemnify, hold harmless, and defend Landlord from and against any and all losses, claims, liabilities, and expenses, including reasonable attorney fees, if any, which Landlord may suffer or incur in connection with Tenant's possession, use or misuse of the Premises, except Landlord's act or negligence.



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**DANGEROUS MATERIALS.** Tenant shall not keep or have on the Premises any article or thing of a dangerous, flammable, or explosive character that might substantially increase the danger of fire on the Premises, or that might be considered hazardous by a responsible insurance company, unless the prior written consent of Landlord is obtained and proof of adequate insurance protection is provided by Tenant to Landlord. However, Tenant shall be entitled to use and store only those Hazardous Materials, that are necessary for Tenant 's business, provided that such usage and storage is in full compliance with all applicable local, state and federal statutes, orders, ordinances, rules and regulations (as interpreted by judicial and administrative decisions). Tenant shall not keep or store on the Premises chemicals in quantities, amounts, concentrations or type which are in excess of those permitted by local, state or federal laws, regulations or ordinances. Notwithstanding the foregoing, nothing contained herein respecting compliance with federal law shall preclude Tenant from engaging in any activities on the Premises that are inherent to the business of Marijuana Cultivation.

Tenant shall give to Landlord immediate verbal and follow-up written notice of any spills, releases or discharges of Hazardous Materials on the Premises, or in any common areas or parking lots (if not considered part of the Premises), caused by the acts or omissions of Tenant, or its agents, employees, representatives, invitees, licensees, subtenants, customers or contractors. Tenant covenants to investigate, clean up and otherwise remediate any spill, release or discharge of Hazardous Materials caused by the acts or omissions of Tenant, or its agents, employees, representatives, invitees, licensees, subtenants, customers or contractors at Tenant 's cost and expense; such investigation, clean up and remediation to be performed after Tenant has obtained Landlord 's written consent, which shall not be unreasonably withheld; provided, however, that Tenant shall be entitled to respond immediately to an emergency without first obtaining Landlord 's written consent. Tenant shall indemnify, defend and hold Landlord harmless from and against any and all claims, judgments, damages, penalties, fines, liabilities, losses, suits, administrative proceedings and costs (including, but not limited to, attorneys' and consultant fees) arising from or related to the use, presence, transportation, storage, disposal, spill, release or discharge of Hazardous Materials on or about the Premises caused by the acts or omissions of Tenant, its agents, employees, representatives, invitees, licensees, subtenants, customers or contractors. Tenant shall not be entitled to install any tanks under, on or about the Premises for the storage of Hazardous Materials without the express written consent of Landlord, which may be given or withheld in Landlords sole discretion.

**COMPLIANCE WITH REGULATIONS.** Tenant shall promptly comply with all laws, ordinances, requirements and regulations of the federal, state, county, municipal and other authorities, and the fire insurance underwriters. However, Tenant shall not by this provision be required to make alterations to the exterior of the building or alterations of a structural nature.

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

Tenant's foregoing obligation shall encompass (i) all state and local laws and regulations from any governmental authority with jurisdiction over Tenant's use, including but not limited to Alaska Marijuana cultivation laws and regulations and local zoning ordinances; and (ii) all



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federal laws to the extent those laws are not inconsistent with state and local laws allowing the Tenant to use the Premises for the permitted uses specified in Section 2 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. Tenant's inability to comply with the Mandates shall be grounds for termination of this Lease.

**MECHANICS LIENS.** Neither the Tenant nor anyone claiming through the Tenant shall have the right to file mechanics liens or any other kind of lien on the Premises and the filing of this Lease constitute notice that such liens are invalid. Further, Tenant agrees to (1) give actual advance notice to any contractors, subcontractors or suppliers of goods, labor, or services that such liens will not be valid, and (2) take whatever additional steps necessary in order to keep the premises free of all liens resulting from construction done by or for the Tenant.

**DISPUTE RESOLUTION.** The parties will attempt to resolve any dispute arising out of or relating to this Agreement through friendly negotiations amongst the parties. If the matter is not resolved by negotiation, the parties will resolve the dispute using the below Alternative Dispute Resolution (ADR) procedure.

Any controversies or disputes arising out of or relating to this Agreement will be submitted to mediation in accordance with any statutory rules of mediation. If mediation is not successful in resolving the entire dispute or is unavailable, any outstanding issues will be submitted to final and binding arbitration under the rules of the American Arbitration Association. The arbitrator's award will be final, and judgment may be entered upon it by any court having proper jurisdiction.

**SUBORDINATION OF LEASE.** This Lease is subordinate to any mortgage that now exists, or may be given later by Landlord, with respect to the Premises.

**ASSIGNABILITY/SUBLETTING.** Tenant may not assign or sublease any interest in the Premises, nor effect a change in the majority ownership of the Tenant (from the ownership existing at the inception of this Lease), nor assign, mortgage or pledge this Lease, without the prior written consent of Landlord, which shall not be unreasonably withheld.

Such addresses may be changed from time to time by either party by providing notice as set forth above. Notices mailed in accordance with the above provisions shall be deemed received on the third day after posting.

**GOVERNING LAW.** This Lease shall be construed in accordance with the laws of the State of Alaska.

**ENTIRE AGREEMENT/AMENDMENT.** This Lease Agreement contains the entire agreement of the parties and there are no other promises, conditions, understandings or other agreements, whether oral or written, relating to the subject matter of this Lease. This Lease may be modified or amended in writing, if the writing is signed by the party obligated under the amendment.



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**SEVERABILITY.** If any portion of this Lease shall be held to be invalid or unenforceable for any reason, the remaining provisions shall continue to be valid and enforceable. If a court finds that any provision of this Lease is invalid or unenforceable, but that by limiting such provision, it would become valid and enforceable, then such provision shall be deemed to be written, construed, and enforced as so limited.

**WAIVER.** The failure of either party to enforce any provisions of this Lease shall not be construed as a waiver or limitation of that party's right to subsequently enforce and compel strict compliance with every provision of this Lease.

**BINDING EFFECT.** The provisions of this Lease shall be binding upon and inure to the benefit of both parties and their respective legal representatives, successors and assigns.

**SIGNATURES AND NOTICE.** This Lease shall be signed by the following parties. No notice under this Lease shall be deemed valid unless given or served in writing and forwarded by mail, postage prepaid, addressed to the parties below:

**LANDLORD:**

Cactus Ranch Land and Cattle Co. LLC
Raymond Huot
P.O. Box 231325
Anchorage, Alaska 99523

**TENANT:**

Great Northern Cannabis, Inc.
Steve Brashear
2341Cinnabar Loop
Anchorage, AK 99507

**LANDLORD:**
**Cactus Ranch Land and Cattle Co. LLC**

By: _____ Date: 5/19/2016
Raymond Huot

**TENANT:**
**Great Northern Cannabis, Inc.**

By: _____ Date: 05/19/2016
Steve Brashear

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