Conditional Lease Agreement

29686 South David Street, Talkeetna Alaska 99676

This is a Conditional Lease Agreement for Part of Building herein after referred to as "Lease".
Lease is herein entered on this 1st day of December in the year 2017, by and between:
David C Towne at 29686 South David Street, Talkeetna Alaska 99676, hereinafter referred to as "Owner";

and:

David C Towne - Licensee, herein after referred to as "Lessee".

Owners and Lessee shall be bound by the following Terms and Conditions:

Leased Premises & Common Area Description:
Physical Location: Address: 29686 South David Street, Talkeetna, Alaska 99676,
Legal Description: Township 25N Range 4W Section 19 Lot D11.
Global Positioning System DD Coordinates: Lat 62.235493 N x Long -150.077361 W,
Section of Building under Lease herein after referred to as "Premises" and shall be defined by CAD or Line Drawing in Exhibit A. As part of Lease, Lessee and Lessee's employees and clients may use in common with Owners and Owner's invitees: Driveway, Gate, Living Space, Entry, and Parking Areas hereinafter referred to as "Common Area", together shall be herein after referred to as "Leased Premises". Lessee shall have no unnecessary vehicles, storage, and/or items in Common Area/Leased Premises.

Lease Term, Conditions & Payments for Leased Premises:

1. Lessee recognizes and acknowledges, without limiting the generality of any terms and/or provisions of Lease, that it is the intent of the parties hereto that any and all rentals in Lease provided shall be paid by Lessee to Owners, including any and all expenses incurred in connection with Common Area, Premises, and/or in connection with the operations thereon, including any and all taxes, assessments, license fees, utility bills, management and/or administrative fees, costs of repair, maintenance and/or operation of Common Area, Premises, and other improvements comprised therein, together with the appurtenance thereto.

2. Lease begins on the 1st day of December, in the year 2017 and ends on the 1st day of October, in the year 2045.
   (a). Lessee shall pay Owners the amount of $1.00 (one US Dollar), for the aforementioned lease term plus an agreed upon monthly variable rate starting at: $1500 (fifteen hundred US Dollars) not to exceed $9,000 (nine thousand US Dollars) per month, to begin approximately December 31st, 2018.
   (b). The monthly amount due shall be paid by Lessee to Owners by the 15th of each calendar month thereafter.
   (c). Owners shall have no access to Lessee's business and/or records for any reason.
   (d). Amount shall be paid to Owners by Lessee, only if Lessee is capable of doing so without jeopardizing any of Lessee's operating expenses.

5. Owners grants Lessee the option to extend this Lease, at the discretion of Owners.
   (a). To exercise this option, Lessee must give Owners written notice of intent to depart or renew Lease on or before February 1st of 2045.
   (b). Lessee may exercise this option only if Lessee is in substantial compliance with the terms of this Lease.
   (c). Lessee will Lease Premises on the same terms as in Lease, unless Lessee requests a larger portion of Premises.

6. Owners shall grant Lessee first option to purchase or lease the building and/or Premises in whole, under Owners's Terms and Conditions at Lessee's request.

7. Lessee shall pay a security deposit of $9,000.00 (nine thousand US Dollars) to Owners upon the first month of profits available to do so. Security deposit shall be considered Lessee's business expense and/or obligation.
   (a). This deposit shall be held as security for Lessee's performance of the Lease at Lease Commencement.
   (b). Owners will refund Security Deposit to Lessee within Fourteen (14) days following the end of Lease, only if Lessee:
      1. departs Premises with proper written notification;
      2. returns Premises to Owners in broom clean, white box condition, including drywall and paint;
      3. has paid Owners all sums due under this Lease.

8. Lessee shall pay or cause to be paid, prior to delinquency, any and all taxes and/or assessments levied upon all trade fixtures, inventories and other real or personal property placed or installed in and upon Premises by Lessee. If any such taxes on Lessee's personal property or trade fixtures are levied against Owners or Owners's property or if the assessed value of Premises is increased by the inclusion therein of a value placed upon such real or personal property or trade fixtures of Lessee, and/or if Owners pays the taxes based upon such increased assessment, Lessee shall, upon demand, repay to Owners the taxes so levied from such increase in the assessment plus a compensation fee of $500.00 (five hundred dollars) for paying the taxes on Lessee's behalf.

9. Lessee shall pay or cause to be paid in full, prior to delinquency Matanuska Susitna Borough Property Taxes associated with the Property Description in Lease at the office of the Borough 350 East Dahlia Avenue, Palmer, Alaska, account 25N04W19D011 for each calendar year Lessee holds active Lease.

10. Lessee shall pay or cause to be paid in full by the 31st of each month, the Electric Bill associated with Premises. This may be paid to Owners or directly to Matanuska Electric Company at 1401 South Seward Meridian Parkway, Wasillla, Alaska.

11. In addition to the aforementioned Lease Term, Condition & Payments which Lessee is required to pay Owners herein, Lessee shall pay Owners all transaction privilege, sales, rental and/or other taxes or licenses levied upon or assessed against Owners by any governmental authority having jurisdiction. Relating to the Cultivation of Marijuana and Lease. The amount required to be paid by Lessee to Owners pursuant to the immediately preceding sentence shall be due immediately and paid within 5 (five) days this includes a compensation fee not to exceed $4000.00 (four thousand US Dollars) over the actual tax expense.

12. Lessee shall give prompt notice to Owners and appropriate emergency response officials if Lessee is or becomes aware of fire or accidents in Leased Premises and/or any other portion of Property in which Premises resides.

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Licensed Marijuana Cultivation Establishment Compliance for Leased Premises:

1. Lessee acknowledges that neither the Owners nor Owners's representatives have made any oral or written representations or warranties whatsoever concerning the suitability or zoning of the property with respect to its potential use as a Marijuana Cultivation Facility, and that it is the sole responsibility of the Lessee to investigate and to satisfy itself concerning the suitability of the property for such use.

2. Lessee understands and agrees that Lessee, and not Owners, shall be solely responsible at the Lessee's own expense for full compliance with all state and local laws, rules, regulations and ordinances pertaining to the maintenance and/or operation of a Marijuana Cultivation Facility.

3. Lessee warrants and represents that it is eligible and qualified to operate a Marijuana Cultivation Facility in Premises under all applicable state and local laws, rules, regulations, and ordinances. Lessee further warrants Lessee has obtained all legally required licenses, permits, and approvals to do so before commencing operations in Premises.

4. Lessee shall indemnify, defend and hold harmless Owners, its trustees, agents, employees, and/or lenders from and against all damages, liabilities, judgments, claims, expenses, penalties, attorney, and/or consultant fees arising out of or connected in any way to Lessee's activities at Premises, and/or violation and/or alleged violation of any federal, state, and/or local law, rule, regulation and/or ordinance, whether or not litigation or prosecution actually commences against Owners, its trustees, agents, employees and/or lenders.

5. Lessee shall provide notice to Owners immediately in the event of the revocation, suspension, expiration, transfer, or surrender of Lessee's lawful authority to operate a Marijuana Cultivation Facility. Such revocation, suspension, expiration, transfer and/or surrender, and/or Lessee's failure to provide immediate notice thereof to Owners, shall constitute an incurable Breach of Lease entitling Owners at its sole discretion to terminate Lease effective immediately.

6. In the event that the Owners is specifically advised in writing by any federal, state or local government that Owners is subject to seizure of its property, if it does not terminate Lessee's right to cultivate marijuana upon Premises, or if any other rule or regulation is modified to prohibit sale, cultivation, and/or possession of marijuana upon Premises, Owners may terminate Lease effective immediately, at Owners's sole discretion.

7. Owner shall not have access to, remove, and/or take possession of any marijuana and/or marijuana product from the proposed premises.
   a. Should owner succeed in removing any unauthorized product from the facility, AMCO enforcement shall be notified within 24 hours.

Improvements, Maintenance and Repairs to Leased Premises:

1. Owners shall deliver Leased Premises in "As-Is" condition, Lessee at Lessee's expense may make and/or cause to be made alterations, improvements, and/or install any trade fixtures, and/or furniture, herein after referred to as "Items" in/on/to Premises in order to accommodate Lessee's specific needs; Provided that such Items are installed and are removable without damage to the structure of Premises including, but not limited to: damage to drywall, doors, door frames, and floors.
   (a). Written consent necessary for any exterior alterations and/or improvements, any improvements made without written consent and Owners may remove or replace Items at Lessee's sole expense.
   (b). Owners reserves the right to approve or disapprove of any interior improvements, which are visible from outside Premises.
   (c). At any time before Lease ends, Lessee may remove any of Lessee's alterations and/or improvements, so long as Lessee repairs any damage caused by attaching Items to and/or removing Items from Premises.
   (d). Premises shall be left in broom clean "white box" condition, which includes drywall and paint.
   (e). Items shall remain Lessee's property and shall be maintained in good condition while on Premises and removed by Lessee upon the expiration or earlier termination of Lease.
   (f). As a covenant which shall survive the expiration or earlier termination of Lease by 30 days,: Lessee shall repair, at Lessee's sole expense, or at Owner's election, reimburse Owners for the cost to repair damage caused by the installation or removal of Items, and/or the use of Premises by Lessee.
   (g). If Lessee fails to remove any Items required by Owners prior to or upon the expiration or earlier termination of Lease, Owners, at its option and without liability to Lessee for loss thereof, may keep and use Items or *remove* any and/or all of Items and cause Items to be stored and/or sold in accordance with applicable state law.
      (1). Lessee shall, upon demand of Owners, pay to Owners all costs and expenses incurred by Owners in so storing and/or selling Items.
      (2). In the event any Items of Lessee are sold by Owners, the proceeds of such sale shall be applied as follows:
         (A). to all expenses of Owners incurred in connection with storage and sale of Items.
         (B). to any amounts owed by Lessee to Lessor under Lease or otherwise;
         (C). the remainder, if any, shall be paid to Lessee.

2. All repairs, alterations, additions, and/or improvements by Lessee hereinafter required or permitted shall be done in a good and workmanlike manner, and:
   (a). shall be in compliance with the plans and specifications approved by Owners;
   (b). in compliance with all applicable laws, ordinances, building codes, bylaws, regulations and/or orders of any state, borough, municipal and/or other public authority, and of the insurers of Premises.

3. Lessee shall, at Lessee's sole expense, keep, maintain and, to the extent reasonably required, replace the entire Premises, including but not limited to: all interior walls, doors, ceiling, fixtures, furnishings, drapes, specialty lamps, light bulbs used for lighting, subfloors, floor coverings, ventilation, and air conditioning within Premises to the extent serving the Premises exclusively, in good repair, and in a clean and safe condition.
   (a). Lessor shall have the right to perform such work on behalf of Lessee in which event Lessee shall reimburse Owners for the cost thereof promptly upon demand by Owners.
   (b). Lessee shall have the right to make routine repairs that are reasonably necessary for the day-to-day operation of Premises without requiring prior approval from Owners.
   (c). If any repair or maintenance is necessary or prudent as a result of an act and/or omission of Lessee and/or its agents, employees and/or contractors, Lessee shall reimburse Owners for the entire cost of any such repair or maintenance immediately upon written demand.

4. Owners shall not expressly or implicitly covenant or warrant that any plans or specifications submitted by Lessee are accurate, safe, sufficient, and/or comply with any applicable laws, ordinances, and/or building codes. Further, Lessee shall indemnify, protect, defend and hold Owners and Owners's agents, employees, contractors, Leased Premises, and/or Real Property in connection with Leased Premises, harmless from and against any loss, damage, liability, claims, expense, including but not limited to attorneys' fees/costs incurred as a result of any defects in design, materials, workmanship, and/or compliance or lack thereof resulting from Lessee's alterations, additions and/or improvements to Premises.

5. Lessee shall promptly file and/or record, as applicable, all notices of completion provided for by law, and shall pay and discharge all claims for work and/or labor completed on/to Leased Premises, supplies furnished and/or services rendered at the request of Lessee or at the request of Owners on behalf of Lessee, and shall keep Leased Premises, and Property free and clear of all liens including but not limited to: contractor's, mechanics', and/or worker's liens.

6. As-built plans and specifications of any alterations, repairs, and/or improvements shall be provided to Owners by Lessee upon completion of the work.

7. Owners shall at Lessee's expense, maintain the driveway and yard.
   (a). Owners shall not allow snow to build up beyond 2 inches without proper plowing and/or snow removal.
   (b). fee for snow removal shall depend on amount of snow on the ground, fee shall be a minimum of $500 per removal.

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Property on Leased Premises:

1. Lessee assumes the risk of damage to any furniture, equipment, machinery, goods, supplies or fixtures which are or remain the property of Lessee or as to which Lessee retains the right of removal from Premises, except to the extent due to the negligent act or omission, or willful misconduct of Owners.

(a). Lessee shall not do or keep anything in or about Premises, which will in any way tend to increase insurance rates paid by Owners and maintained with respect to Premises unless Lessee pays directly to Owners the increase cost of the premiums.

2. In no event shall Lessee carry on any activities, which would invalidate any insurance coverage maintained by Owners.

(a). If Lessee's occupancy or business in, or on, Premises, whether or not Owners has consented to the same, results in any increase in premiums for the insurance carried by Owners with respect to Premises, Lessee shall pay any such increase in premiums as Additional Rent within ten (10) days after being billed therefore by Owners.

1. In determining whether increased premiums are a result of Lessee's use of Premises, a schedule issued by the organization computing the insurance rate on the Building and Property showing the various components of such rate shall be conclusive evidence of the several items and charges which make up such rate. Lessee shall promptly comply with all reasonable requirements of the insurance underwriters and/or any governmental authority having jurisdiction there over, necessary for the maintenance of reasonable fire and extended insurance for Premises.

Release of Liability to Owners and Leased Premises:

1. Lessee hereby indemnifies and agrees to defend and hold Owners, Owner's managing agent and/or Lender, and Premises harmless for, from and against any and all liability, penalties, losses, damages, costs and expenses, demands, causes of action, claims, judgments and/or appeals arising from any injury to any person or persons and/or any damage to any property resulting from Lessee's and/or Lessees' officers, employees, agents, assignees, concessionaires, licensees, contractors and/or invitees' use, maintenance, occupation, operation, control of, and/or entry upon Premises or into the Building during Term, and/or resulting from any breach or default in the performance of any obligation to be performed by Lessee hereunder and/or for which Lessee is responsible under the terms of Lease or pursuant to any governmental or insurance requirement, and/or to the extent arising from any act, neglect, fault or omission of Lessee or any of Lessee's officers, employees, agents, servants, concessionaires, licensees, contractors or invitees.

2. Lessee further agrees and hereby indemnifies and agrees to defend and hold Owners, Owner's employees, agents, lenders, and/or Premises harmless for, from and against any and all costs and charges, including reasonable attorneys' and other reasonable professional fees, incurred in and about any of such matters and the defense of any action arising out of the same or in discharging Premises, and/or any part thereof, from any and all liens, charges and/or judgments which may accrue or be placed thereon by reason of any act or omission of Lessee.

3. In no event shall Owners, its agents, employees and/or contractors shall be held liable for any personal injury and/or death, and/or property damage caused by/to Lessee's and/or Lessees' officers, employees, agents, assignees, concessionaires, licensees, contractors and/or invitees' and/or for consequential damages arising out of any loss of the use of Premises and/or any equipment or facilities therein by Lessee or any person claiming through and/or under Lessee.

4. Lessee also voluntarily releases & forever discharges Owners, their agents, employees, and/or lenders from any and all liabilities, claims, demands, actions or rights of actions, which are related to or are in any way connected with Lessee and/or Owner's use of Premises. Including, but not limited to:

(a). any damage to property entrusted to employees or security officers of Premises or the Property;

(b). loss or damage to any property by theft or otherwise;

(c). any injury or damage to persons or property including all third party claims. Lessee further agrees not to sue, maintain, or assert any claims against Owners, their agents, employees, and/or lenders. Lessee understands this is an agreement between Lessee and Owners it supersedes any other agreement, written or verbal. This agreement can not be modified in any way.

Signatures and Date below indicate both Lessee and Owners have read and understand this document in its entirety. Lessee and Owners agree to be bound by this documents Terms & Conditions.

Signed on this 9th day of Nov in the year 2018

David Towne

Lessee - David C Towne
29686 S. David Street, Talkeetna, Alaska 99676

David Towne

Owner - David C Towne
29686 S. David Street, Talkeetna, Alaska 99676

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