# *COMMERCIAL LEASE*

This Lease Agreement (this "Lease") is dated as of June 01, 2018, by and between Koenig Real Estate LLC ("Landlord"), and Kreative Konfections LLC ("Tenant"). The parties acknowledge that the kitchen building is leased from a third party and concerning that portion this is a SUBLEASE and all requirements of the original lease apply. The parties agree also as follows:

**PREMISES.** Landlord, in consideration of the lease payments provided in this Lease, leases to Tenant Commercial Kitchen, Class 1 Division 1 Facility, and associated equipment (the "Premises") located at 2301 S Knik-Goose Bay Rd, #5, Wasilla, AK 99654.

**TERM.** The lease term will begin on June 01, 2018 and will terminate on May 31, 2025. Tenant acknowledges that requested improvements may not be fully completed until Dec 31, 2018.

**LEASE PAYMENTS.** Tenant shall pay to Landlord monthly installments of $13,000.00, payable in advance on the first day of each month. Lease payments shall be made to the Landlord at 3251 N Eureka Cir, Wasilla, Alaska 99654. The payment address may be changed from time to time by the Landlord. Lease payments due before Tenant receives their Marijuana Manufacturing License may be delayed and paid in installments over the course of the following 12 months.

**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.

**PROPERTY INSURANCE.** Tenant shall maintain casualty insurance on the Premises in an amount not less than $1,000,000.00. Landlord and land owner 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. 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.

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

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

PERSONAL TAXES. Landlord 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.

**TERMINATION UPON SALE OF PREMISES.** Notwithstanding any other provision of this Lease, Landlord may terminate this lease upon 30 days' written notice to Tenant that the Premises have been sold.

**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 5 days (or any other obligation 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. In the event of default, State of Alaska AMCO shall be notified, and the Landlord shall not remove any marijuana or marijuana products.

**LATE PAYMENTS.** Starting one month after Tenant is granted a Marijuana Manufacturing license, for any payment that is not paid within 1 days after its due date, Tenant shall pay a late fee of $250.00.

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

**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. At the end of the lease term, Tenant shall be entitled to remove (or at the request of Landlord shall remove) such fixtures, and shall restore the Premises to substantially the same condition of the Premises at the commencement of this Lease.

**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

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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.

**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. Landlord understands Tenant will be operating a Marijuana Manufacturing Facility licensed with the State of Alaska.

**COMPLIANCE WITH REGULATIONS.** Tenant shall promptly comply with all laws, ordinances, requirements and regulations of the 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.

**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.

**NOTICE.** Notices under this Lease shall not be deemed valid unless given or served in writing and forwarded by mail, postage prepaid, addressed as follows:

**LANDLORD:**
Koenig Real Estate LLC
3251 N Eureka Cir
Anchorage, Alaska 99654

**TENANT:**
Kreative Konfections LLC
3060 N. Lazy Eight Ct, Ste 2, PMB 403
Wasilla, Alaska 99654

Such addresses may be changed from time to time by any 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

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be modified or amended in writing, if the writing is signed by the party obligated under the amendment.

**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.

**LANDLORD:**
**Koenig Real Estate LLC**

By: Jenny Koenig Date: March 30, 2018

Jenny Koenig,
Owner

**TENANT:**
**Kreative Konfections LLC**

By: _____ Date: MAR. 30, 2018

Matthew Koenig,
Owner

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# *COMMERCIAL REAL ESTATE LEASE*

*SECTION 1:*

| | |
|---|---|
| **LEASE DATE:** | March 20, 2018 |
| **LANDLORD:** | Andrea E. Kretschek |
| **ADDRESS:** | 189 East Nelson Avenue, Suite 265, Wasilla, AK 99654 |
| **PHONE NUMBER:** | (907) 310-0801 |
| **TENANT(S):** | Koenig Real Estate LLC |
| **TRADE NAME:** | Koenig Real Estate LLC |
| **CONTACT PERSON:** | Jenny Koenig |
| **PHONE NUMBER:** | (907) 529-5047 |
| **E-MAIL ADDRESS:** | mattjenkoenig@gci.net |
| **RESIDENCE ADDRESS:** | |
| **LIABILTY INSURANCE CO:** | |
| **POLICY NUMBER:** | |
| **EXPIRATION:** | |
| **PREMISES:** | 2301 South Knik-Goose Bay Road, #5, Wasilla, AK 99654 |
| **LEASE TYPE:** | Commercial Gross Lease |
| **LEASE COMMENCEMENT:** | March 20, 2018 |
| **LEASE TERMINATION:** | March 31, 2025 |
| **UTILITY COMMENCEMENT:** | June 1, 2018 |
| **RENT COMMENCEMENT:** | June 1, 2018 |
| **MONTHLY INSTALLMENT:** | $3,500.00 |
| **DISCOUNT AMOUNT:** | $1,000.00 |
| **SECURITY DEPOSIT:** | $3,500.00 (or the greater amount required to restore premises to pre-demise) |
| **LAST MONTHS RENT:** | $3,500.00 |
| **FIRST MONTH'S RENT:** | $3,500.00 |
| **LATE PAYMENT:** | $210 (After the 1st day of the month) |
| **USE OF PREMISES:** | Marijuana Manufacturing Facility |

Tenant shall make a monthly rent payment for the lease of the Premises and shall not be required to make any additional monthly payments, except for late charges, which are considered additional rent. Rent is due on the 1st day of each month and is payable at Landlord's address.

**MONTHLY PAYMENTS UNDER LEASE AGREEMENT:**

| PERIOD | MIN. RENT | EXT. CAMS | INT. CAMS | UTILITIES | TOTAL |
|---|---|---|---|---|---|
| 03/20/2018 – 05/31/2018 | $0 | LANDLORD | TENANT | TENANT | $0 |
| 06/01/2018 – 03/31/2025 | $3,500.00 | LANDLORD | TENANT | TENANT | $3,500.00 |



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*SECTION 2:*

This Lease Agreement (this "Lease") by and between Landlord and Tenant is a commercial lease agreement and NOT subject to the Alaska Statute (AS 34.03.) Uniform Residential Landlord and Tenant Act. This lease will supersede any other lease agreement between the parties. The parties agree as follows:

**PREMISES.** Landlord, in consideration of the lease payments provided in this Lease, leases to Tenant the commercial property set-forth in SECTION 1 (the "Premises").

**TERM.** The lease term will be as set-forth in SECTION 1 (the "Term").

**LEASE PAYMENTS.** Tenant shall pay to Landlord monthly installments, payable in advance on or before the first day of each month. Lease payments shall be made to the Landlord as set-forth in SECTION 1, which address may be changed from time to time by the Landlord.

**DISCOUNTS APPLIED.** Any discounts applied are forfeited upon early termination of lease and Tenant's security deposit will be used to reimburse Landlord.

**SECURITY DEPOSIT.** At the time of the signing of this Lease, Tenant shall pay to Landlord, in trust, a security deposit to be held and disbursed for Tenant damages to the Premises (if any), late fees, utilities, or any other Tenant financial obligation. Tenant's security cannot be used to pay for any months rent. Tenant's remaining security deposit will be refunded within 14 days of all repairs being completed by Landlord or 60 days after Tenant surrenders possession; whichever comes first. A $500 fee will be charged for changing any locks on premises. Landlord will re-key locks at no charge if Tenant desires once per lease term. An additional security deposit will be required to reinstate the premises to "move-in" condition for any modifications made to the premises before modifications are made.

**LATE PAYMENTS.** For any payment that is not paid on or before its due date, Tenant shall pay a late fee. Tenant shall be in default of lease until all late fees are paid. A Tenant who is late two consecutive months or four months during a twelve month period shall be in default and may be given 7 days notice to vacate, at Landlord's discretion.

**POSSESSION.** Tenant shall be entitled to possession on the first day of the term of this Lease provided accounts for gas and electric utilities have been established in Tenants name, 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. Failure to yield possession of the Premises at the expiration of the term or upon Notice to Quit will result in Tenants contents being put into storage by Landlord. Storage fees will accrue at $50 per day.

**USE OF PREMISES.** Tenant may use the Premises only for the purposes set-forth in SECTION1. The Premises may not be used for any other purpose without the prior written consent of Landlord. Residential use of premises is forbidden. All residential appliances are forbidden other than a microwave or compact refrigerator. Tenant shall notify Landlord of any anticipated extended absence from the Premises not later than the first day of the extended absence.

**STORAGE.** Tenant shall be entitled to store items of personal property in the commercial space being leased as described herein. Additional storage outside is not permitted except for vehicles used for the daily operations of Tenant's business as described herein and is limited to one vehicle per employee plus two additional vehicles. The premises may not be used to store non-running or personal vehicles. Landlord shall not be liable for loss of, or damage to, such stored items. Items stored outside are subject to immediate removal at Tenants expense without prior Landlord approval.

**PROPERTY INSURANCE.** Tenant shall maintain casualty insurance on the Premises 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. 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.



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Proof of insurance must be provided to Landlord within 7 days of lease execution or Tenant is subject to a $1000 annual fee which will be with held from Tenant's security deposit or Landlord's may elect to void this lease immediately.

**LIABILITY INSURANCE.** Tenant shall maintain liability insurance on the Premises in a total aggregate sum of at least $1,000,000.00. Tenant shall maintain fire insurance in the sum of $100,000 and accident insurance in the sum of $5,000. 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. Tenant shall identify Landlord as an additional insured. Proof of insurance must be provided to Landlord within 7 days of lease execution or Tenant is subject to a $1000 annual fee which will be with held from Tenant's security deposit or Landlord's may elect to void this lease immediately.

**RENEWAL TERMS.** This Lease shall automatically renew for an additional period of month to month per renewal term, unless Tenant gives written notice of termination no later than ninety days days prior to the end of the term or renewal term or Landlord gives written notice of termination no later than thirty days days prior to the end of the term or renewal term. The lease terms during any such renewal term shall be the same as those contained in this Lease.

**RENT ESCALATION.** Any rent increases under this Lease shall commence no earlier than one (1) year after the date of the commencement of this Lease. The maximum amount that the rent may be increased in any one year (starting in the second year of this Lease) shall be 4% over the beginning base rent under this Lease, discounts excluded.

**EARLY TERMINATION.** If Tenant sells business to new owners; this Lease may be terminated with written notice of termination no later than ninety days days prior to yielding possession to Landlord and upon refunding to Landlord any discounts applied, broker fees paid, and forfeiting any deposits plus nine months rent. In the event of bankruptcy; all terms apply plus six months rent. Landlord will honor this lease in its' entirety upon sale of the tenants business. The lease terms during any such renewal term shall be the same as those contained in this Lease. Early termination for any other reason will result in Tenant paying to Landlord remaining rent(s) due, refunding any discounts applied, broker fees paid, and forfeiting any deposits or pre-paids.

**MAINTENANCE.**

Maintenance and Repair by Landlord:

- the roof, outside walls, and other structural parts of the building.
- the parking lot, driveways, and sidewalks, including snow and ice removal.
- the pre-demise plumbing, electrical, & heating systems.

Maintenance and Repair by Tenant:

Tenant shall at all times throughout the Lease Term at its sole cost and expense keep the Premises (including exterior doors and entrances, all windows, floor coverings, sills, door closures and moldings and trim of all doors and windows) and all partitions, door surfaces, fixtures, equipment and appurtenances thereof (including lighting, and plumbing fixtures ) in good order, condition and repair (including damage from burglary or attempted burglary of the Premises). The costs of any such repairs shall be billed directly to, and paid by Tenant. If there is an air conditioning system serving the Premises, Landlord will contract for preventive maintenance checks, filter changes, repairs and replacement, and service and Tenant agrees the cost of such preventive maintenance calls, filter changes, repairs and replacements on or for the units serving Tenant's Premises are not included in the exterior common area maintenance expenses to be borne by Landlord. Without limiting the generalities thereof, Tenant shall keep the glass of all windows, doors, and showcases clean and presentable; replace immediately all broken glass in the Premises; at reasonable intervals paint or refinish the interior of the Premises, including entrances as determined by Landlord; make any necessary repairs to, or replacements of, all door closure apparatuses and mechanisms; keep all plumbing clean and in good state of repair including pipes, drains, toilets, basins, water heaters and those portions of the heating systems within the walls of the Premises; and keep all utilities, including circuit breaker and panel box and the Tenant's meters, within the Premises in a good state of repair.

Failure to Maintain.

If Tenant fails to keep and preserve the Premises as set forth in above, Landlord may, at its option, put or cause the same to be put in the condition and state of repair agreed upon, and in such case, upon receipt of written statements from Landlord, Tenant shall promptly pay the entire cost thereof as additional rent. Landlord shall have the right, without liability, to enter the Premises for the purpose of making such repairs upon the failure of Tenant to do so.



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**UTILITIES AND SERVICES.**

Landlord shall be responsible for the following utilities and services in connection with the Premises:
- water and sewer
- snow plowing
- garbage and trash disposal

Tenant shall be responsible for the following utilities and services in connection with the Premises:

| | | |
|---|---|---|
| - electricity | - **M.E.A.:** | **907.761.9300** |
| - gas | - **Enstar:** | **907.376.7979** |
| - heating | | |
| - janitorial services | | |
| - telephone service | | |
| - as required | | |

Tenant acknowledges that Landlord has fully explained to Tenant the utility rates, charges and services for which Tenant will be required to pay to Landlord (if any), other than those to be paid directly to the third-party provider.

Tenant acknowledges that failure to pay and keep utility accounts in good standing will result in the accounts (and their financial responsibility) reverting into Landlord's name. Accounts reverting into Landlord's name are subject to immediate shut off and Tenant will be required to pay a deposit of $400 for electricity and $400 for gas upon demand by and to Landlord.

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

REAL ESTATE TAXES. Landlord shall pay all real estate taxes and assessments for the Premises.

PERSONAL TAXES. Landlord 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.

**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 7 days (or 5 days for unpaid utilities or any other event that result in the Landlord assuming financial responsibility of utilities provided by a third party) and (any other obligation 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.

**HOLDOVER.** If Tenant maintains possession of the Premises for any period after the termination of this Lease ("Holdover Period"), Tenant shall pay to Landlord lease payment(s) during the Holdover Period at a rate equal to base rent or $3.00 per square foot, whichever is greater.

**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 $50.00 for each check that is returned to Landlord for lack of sufficient funds.



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**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. Landlord will provide 24 hour notice if access is required during business hours and 2 hour notice after hours. 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 or during remodeling, 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 at will without Tenant's consent. A property inspection will be performed every 30 days by Landlord.

**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.

**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.

**COMPLIANCE WITH REGULATIONS.** Tenant shall, at its sole costs and expense, promptly comply with all local, state or federal laws, statutes, ordinances and governmental rules, regulations or requirements now in force or which may hereafter be in force with respect to the Tenants' use and occupancy of the Premises and the Tenants business conducted thereon and with the requirements of any board of fire underwriters or other similar bodies now or hereafter constituted relating to or affecting the condition, use or occupancy of the Premises (excluding structural changes not related to or affected by Tenant's improvements or acts). The judgment of any court of competent jurisdiction or the admission of Tenant in any action against Tenant, whether Landlord be a party thereto or not, that Tenant has violated any law, statute, ordinance or governmental rule, regulation or requirement, shall be conclusive of that fact as between the Landlord and Tenant. Tenant shall promptly notify Landlord of any non-compliance issues including any law enforcement interactions with their company or its employees, contractors and, or assigns. However, Tenant shall not by this provision be required to make alterations to the exterior of the building or alterations of a structural nature.

**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 constitutes 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 that are necessary in order to keep the premises free of all liens resulting from construction done by or for the Tenant.

**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.

**BUILDING IMPROVEMENTS.** All building improvements or modifications must be requested by Tenant and approved by Landlord in writing prior to any work being started. Improvements or modifications that alter the "move-in" state of the premises must be accompanied by a security deposit equal to the amount required to return the premises to "move-in" state. Tenant is responsible for obtaining all federal, state, and local permits and contracting with licensed, insured, and bonded trades people. Any improvements made to the building or property by the Tenant become fixtures of the building and property and shall remain intact permanently. Improvements include, but are not limited to, anything attached or bolted to the interior or exterior of the building and property as a whole. Any such costs are to be born solely by the Tenant.



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**NOTICE.** Notices under this Lease shall not be deemed valid unless given or served in writing and forwarded by mail, postage prepaid, addressed as follows:

**LANDLORD:** Andrea E. Kretschek
189 East Nelson Avenue, Suite 265
Wasilla, AK 99654

**TENANT:** Koenig Real Estate LLC
2301 South Knik-Goose Bay Road, #5,
Wasilla, AK 99654

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.

**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 insure to the benefit of both parties and their respective legal representatives, successors and assigns.

**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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## *SECTION 3: LEASE ADDENDUM*

Any conditions set forth in the lease are superseded by the following addendum's:

TERM:
The term of the lease is conditional upon local and state government laws and regulations permitting the continued operation of a marijuana licensed business as set forth in Alaska Marijuana Regulations 3 AAC Chapter 306. Any laws or regulations preventing the legal operation of such a business will release Tenant of any further obligation set forth in this lease and are subject to the terms of early termination. Landlord's will have 180 days to remedy any action preventing the legal operation of a marijuana licensed business OR the date set-forth for public or governmental vote to address the continued legal operation OR immediate release from any further obligation at the sole discretion of the Landlord.

MAINTENANCE:
Additionally, cultivation Tenant(s) must provide an HVAC system to provide:
- Air exchange to maintain the integrity of the building.
- Relative humidity remediation to maintain the integrity of the building.
- Air and odor pollution remediation.

Cultivation Tenant(s) must have a licensed and bonded environmental engineering provider test air and waste water quality and provide bi-monthly reports at their expense.

DEFAULTS:
In the event of default; State of Alaska AMCO will be notified and Landlord's will not remove any marijuana or marijuana products.

LICENSING:
Obtaining the required licenses for the operation of a marijuana business is the sole responsibility of the Tenant. By signing this lease, Tenant acknowledges they have read and understand the requirements to qualify and obtain licenses.

It will be the sole responsibility of the Tenant to prepare the premises to meet state and local regulations and to bear the cost to do so.

PURCHASE:
The Tenant may at any time exercise their right to purchase under the following terms:
1. 100% of rents paid may be applied toward the purchase price.
2. Property valuation will be based on net operating income at the time and a capitalization rate of 9%.
3. A 25% deposit may be made in installments at the time Tenant exercises their right to purchase with $100K down.
4. Ownership will be transferred when 25% of the purchase price has been paid.
5. Owner(s) will finance the remaining balance for a term of 30 years at 7% interest.
6. In the event of a vacancy, the average rents of all remain g units will be used to determine the income value of the vacant unit and the net operating income.
7. Tenant must exercise their right to purchase within 24 months of lease execution.

OTHER:
Any terms, conditions, requirements, or laws set forth in Statutes AS 17.38 and Regulations 3 AAC Chapter 306 will supersede any other terms set forth in the lease.

Landlord's have 180 days to provide "additional space" required by Tenant at a rate equal to existing space leased. In the event Tenant fails to notify Landlord's of requirement AND executes a lease with another Landlord; Tenant will be in default and will forfeit any discounts applied, broker fees paid, and deposits or pre-paids.



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IN WITNESS WHEREOF, the parties hereto have executed this Instrument as of the day and year first above set forth.

**LANDLORD:**

Andrea E. Kretschek — March 20, 2018

Landlord — Date

**TENANT:**

Jenny L. Koenig
Koenig Real Estate LLC — March 20, 2018

Authorized Agent of: — Date

COMPANY: Koenig Real Estate LLC

NAME: Jenny and Matthew Koenig
ADDRESS:
ADDRESS:
PHONE:
E-MAIL ADDRESS:
D.O.B.:
S.S. #:
DRIVERS LICENSE#:

NAME: Allen and Trista Koenig
ADDRESS:
ADDRESS:
PHONE:
E-MAIL ADDRESS:
D.O.B.:
S.S. #:
DRIVERS LICENSE#:

NAME:
ADDRESS:
ADDRESS:
PHONE:
E-MAIL ADDRESS:
D.O.B.:
S.S. #:
DRIVERS LICENSE#:



Initial: MK

AMCO Received 11/13/2018

# EXHIBIT "A"

## LANDLORD'S & TENANT'S WORK

LANDLORD'S WORK: Landlord's work is described as: To provide a clean space, to include walls, floors, ceiling tiles and all electrical, plumbing and mechanical in working order when applicable.

TENANT'S WORK: Tenant agrees to prepare, or cause to be prepared, and submit to Landlord, one set of fully dimensioned one-quarter (1/4") scale drawings showing the layout of the demised premises including store front, trade fixtures and other matters which would affect the construction design of the demised premises, within fifteen (15) days after this lease is fully executed.

Tenant shall provide, administer and pay for any and all work done to the demised premises other than that as so provided by Landlord in it's present "AS IS" condition. Tenant shall pay for any and all plans, drawings, permits, etc., necessary to do said work. Tenant shall provide Landlord a copy of the certificate of occupancy insured by the appropriate governmental agency. Unless otherwise approved by the Landlord's on-site manager, all work shall be done by a licensed contractor who provides the Landlord with a proper Certificate of Insurance prior to commencing the work.

Should the Tenant request, in writing and the Landlord agrees in writing, to have Landlord's contractor perform any of the Tenant's work, it is agreed that Tenant shall pay for all costs of said work in accordance with Landlord contractor's requirements.

To be attached to and form a part of the Lease between Landlord and Tenant, Dated March 20, 2018.



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EXHIBIT "B"

DEMISING PLAN OF PREMISES



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# EXHIBIT "C"

## SIGN CRITERIA

This sign criteria has been established for the purpose of assuring a high quality office, retail building and for the mutual benefit of all existing and future tenants. Conformance will be strictly enforced. All nonconforming or unapproved signs must be brought into conformance at the expense of the tenant.

Tenant signs shall be governed by the following:

No sign shall be permitted on Commercial Property unless it is determined by the owners of Commercial Property to be in conformity with "sign specifications and locations" detailed below, and unless all necessary city permits have been obtained.

Landlord requires all sign manufacturers/installers to SUBMIT WITH DRAWINGS A CERTIFICATE OF INSURANCE FOR WORKMAN'S COMPENSATION AND LIABILITY. Minimum liability limit One Million and No/100 Dollars ($1,000,000.00). All shop drawings must show the names of the company manufacturing/installing the sign.

I) GENERAL CRITERIA:

A) Prior to the purchase of any sign in the center, the applicable tenant shall submit to landlord two (2) copies of a detailed shop drawing of its purposed sign, prepared by the sign contractor, indicating conformance with the criteria set forth herein. Such shop drawings shall include the building elevations to which the signs are attached, letter size, layout and color, electrical diagram, including all copy and graphics.

B) Prior to the installation of any sign, a sign permit shall be obtained from the City of Wasilla (if applicable).

C) The tenant shall pay for all signs and their installation and maintenance. The tenant shall also obtain all necessary permits and approvals.

D) All individual letters shall be placed on raceways. Exceptions may be made at the sole discretion of the owners.

E) All conductors, transformers and other equipment shall be concealed within the raceway.

F) All signs must bear the U.L. label and installation must comply with all applicable building, electrical and other governmental codes and requirements.

G) Tenant shall maintain the sign in good working order which shall include, but not be limited to, replacement of damaged letters and burned out neon tubing at tenant's expense. In the event landlord notifies tenant of an existing defect and tenant fails to cure said defect within ten (10) days after notification by landlord, landlord may cause the defect to be repaired. Tenant hereby agrees to reimburse landlord for the cost of any such repairs within ten (10) days after receipt of an invoice setting forth those costs incurred by landlord.

H) Upon termination or expiration of the lease, tenant agrees to remove its signs, secure the electrical leads in a safe manner and repair damages to the fascia at tenant's own expense.

I) Wording of any sign shall not include the product sold, except as a part of a tenant's customarily used trade names or insignia.

J) Painted lettering, banners and balloons are prohibited.

K) Flashing, moving or audible signs are prohibited.



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L) All penetrations of the building structure required for sign installation shall be neatly sealed in water tight condition.

M) Each sign contractor shall repair any damage to any other work caused by its work. Damage that is not repaired by a contractor shall become the tenant's responsibility to immediately correct.

N) Each tenant shall be fully responsible for the operation of the tenant's sign contractor, and shall indemnify, defend and hold landlord harmless from all damage, liability, costs, expenses, cause of action, mechanic's liens and stop notices on account thereof.

2) SIGN DESIGN:

A) Tenant's are permitted a 1 sign measuring 3 feet in height and 8 feet in length to be placed on the front of the building centered over their entrance way.

B) All letters to be 30" maximum and 12" minimum in height. In cases where a tenant cannot meet a 12" minimum letter height because of an unusually long business name, the owner/landlord may allow a reduced letter height.

C) Logos cannot exceed 24" in height or exceed 15 percent (15%) of sign area, which will be included in allowable signage.

D) Sign construction shall be individual .24GA. Electro-galvenized metal letters, 5" deep bronze returns and armourply backs.

E) Letter faces shall be 3/16" thick plexiglass as manufactured by Acrylite or Rohm & Haas with 3/4" trim cap edges.

F) Interior neon tubing will be 3" on center or less.

G) No labels visible on signs except U.L. label and governmental permit. All other labels must be on top of raceway. No sign company name to be visible from the ground.

H) All letters must be raceway mounted.

I) Sign shall be composed of individual script, serif, block or san serif letters, mounted on fascia.

J) All letters are to be centered on fascia within sign band.

3) MISCELLANEOUS REQUIREMENTS:

A) Each tenant will be permitted to place upon front entrance glass of its demised premises not more than 144 square inches of gold leaf or vinyl application lettering not to exceed two inches (2") in height, indicating hours of business, emergency telephone number and similar information.

B.) Temporary signs shall comply with the City of Wasilla sign ordinance (if applicable) and receive Landlord and City approval prior to installation.

4) REAR SERVICE DOOR:

A) Tenant may identify rear service door for delivery and emergency purposes only.

5) SIGN REVIEW BOARD:

A) All shop drawings will be reviewed by Landlord for total compliance with sign criteria prior to tenant purchasing their sign. Any substitutes must be approved by Landlord prior to application for permits.



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EXHIBIT "D"

LEASE APPLICATION

**TENANT(S):** Koenig Real Estate LLC
**TRADE NAME/DBA:** Koenig Real Estate LLC
BUSINESS ENTITY TYPE: _____
**ALASKA BUSINESS LICENSE#:** _____
**FEDERAL TAX ID:** _____
**CONTACT PERSON:** _____
**PHONE NUMBER:** _____
**FEDERAL TAX ID:** _____

**OWNERS/OFFICERS:**

NAME: _____
ADDRESS: _____
ADDRESS: _____
PHONE: _____
E-MAIL ADDRESS: _____
D.O.B.: _____
S.S. #: _____
DRIVERS LICENSE#: _____

NAME: _____
ADDRESS: _____
ADDRESS: _____
PHONE: _____
E-MAIL ADDRESS: _____
D.O.B.: _____
S.S. #: _____
DRIVERS LICENSE#: _____

NAME: _____
ADDRESS: _____
ADDRESS: _____
PHONE: _____
E-MAIL ADDRESS: _____
D.O.B.: _____
S.S. #: _____
DRIVERS LICENSE#: _____

**CREDIT REFERENCES:**

NAME: _____
ADDRESS: _____
PHONE: _____
E-MAIL ADDRESS: _____

NAME: _____
ADDRESS: _____
PHONE: _____
E-MAIL ADDRESS: _____



Initial: MK

AMCO Received 11/13/2018

EXHIBIT "E"

MARIJUANA LICENSEE COMMERCIAL LEASE

Landlord/Owner ANDREA KRETSCHEK allows SUBLEASE TENANT, Kreative Konfections LLC to operate a Marijuana Licensed Business at 2301 South Knik-Goose Bay Road, Unit #5, Wasilla, AK 99654, Latitude 61.556770, Longitude -149.485300, for the period of the signed lease from March 20, 2018 through March 31, 2025, and any continuation to said lease.

Any terms, conditions, requirements, or laws set forth in Statutes AS 17.38 and Regulations 3 AAC Chapter 306 will supersede any other terms set forth in the lease.

In the event of default; State of Alaska AMCO will be notified and Landlord's will not remove any marijuana or marijuana products.

IN WITNESS WHEREOF, the parties hereto have executed this Instrument as of the day and year first above set forth.

**LANDLORD:**

Andrea E. Kretschek — March 20, 2018

Landlord — Date

**TENANT:**

Jenny Koenig — March 20, 2018

Date

Authorized Agent of:

COMPANY: Koenig Real Estate LLC



Initial: AK

AMCO Received 11/13/2018

## *DEPOSIT RECEIPT*

RECEIVED from TENANT(S) named above, the sum of $7,000.00 DOLLARS in the form of (cash, cashier's check, other): _____, as a deposit which, upon acceptance of this lease by the LANDLORD, will be applied as follows:

| | **Total** | **Received** | **Due Date** |
|---|---|---|---|
| First Month's Rent: | $ 3,500.00 | $_____ | June 1, 2018 |
| Security Deposit: | $ 3,500.00 | $ 3,500.00 | Mar 20, 2018 |
| Last Month's Rent: | $ 3,500.00 | $ 3,500.00 | Mar 20, 2018 |
| TOTAL: | $ 10,500.00 | $_____ | _____ |

The total deposit received shall be refunded if this lease is not accepted by the LANDLORD within 3 days.

**LANDLORD:**

Andrea E. Ketcher  March 20, 2018

**Landlord**  **Date**

| | Enstar | M.E.A. |
|---|---|---|
| Unit 5: | 135824 | AO2020198 |



Initial: MK

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