Lease Agreement

THIS LEASE is made this 1st day of January, 2019, by and between: *ACG LLC,* a Alaska Limited Liability Company in good standing ("Owner") and *Red Run Cannabis Cultivators LLC,* an Alaska Limited Liability Company in good standing, ("Resident"),

1. Lease Term

In consideration of the covenants hereinafter contained on the part of the Resident to be kept and performed, Owner warrants he is the sole owner and thus has the unencumbered right to possess and lease the subject property, and does hereby lease to Resident, **SUITE A**, of the commercial premises located at 12516 Kenai Spur Hwy, in Kenai, Alaska, consisting of one unit, which is designated by "Suite A" in the address. The term of this lease shall commence on January 1, 2019 and expire at 11:59 p.m. on December 31, 2019.

2. Rental

Resident shall pay to Owner a total rental of $36,000.00 for the full term of this lease. Owner hereby acknowledges receipt of $1.00 simultaneously with the execution and delivery of this Lease, which sum shall be applied to the rental. The remainder of $35,999 shall be paid by Resident to Owner in two equal installments of $17,999.50 each, due and payable on January 1, 2019 and July 1, 2019. Resident shall pay the rent to Owner at 5455 Kenai Spur Hwy, or to such other address as Owner shall direct.

3. Security Deposit

Owner hereby acknowledges receipt from Resident of $1.00 as security for resident's full and faithful performance of each and every term, covenant and condition of this Lease. In the event that Resident shall default in the payment of any installment of rent when due, or shall fail to perform or observe any term, covenant or condition of this Lease on Resident's part to be kept. In the event that Resident shall fully and faithfully comply with all of the terms, provisions, covenants and conditions of the Lease, the security deposit (or any balance thereof) shall be returned to Resident within fourteen days after the expiration of the term of the lease and vacation of the premises, and Owner shall provide a written statement describing the basis for retaining any deposit.

4. Default

Resident covenants and agrees that if default shall be made in the payment of any installment of rent, or if Resident shall violate any of the terms, covenants, or conditions of this Lease, then Owner shall be entitled to re-enter and retake possession of the house and recover any and all resulting damages, including all costs and reasonable attorney's fees after a 3-day notice for late rent and a ten-day notice for any other breach of contract. Resident hereby acknowledges and agrees that in the event any statement made by Resident to Owner in connection with this Lease is subsequently determined to be false, Owner may, at its election, terminate this Lease after a ten day notice is provided.

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5. Miscellaneous Provisions

Resident, for themselves, their heirs, legal representative, successors and assigns, hereby covenant and agree that:

a) Resident shall pay all utilities for the subject property.

b) Use of the premises by Residents or others is at their own risk. Owner is not and shall not be deemed to be responsible for any damage to vehicles or to contents which are on the premises, or injuries that occur on the premises. Owner acknowledges that the premises will be used as a marijuana product manufacturing facility. Owner will not take possession of or remove marijuana from the premises, if the event that marijuana removal is necessary, the Owner will immediately contact AMCO (Alaska Marijuana Control Board).

c) Owner is not an insurer of Resident's person or personal property. Resident agrees that Owner, and its partners, agents and employees, shall not be liable for any damage to the person or property of Resident of any person occupying or visiting the premises for any reason whatsoever, including a commercial reason.

d) Resident shall have full authority to rent or sublet any portion of the commercial premises, without the prior written consent of Owner. Resident agrees to make no unlawful, improper or offensive use of the premises.

e) Resident agrees to comply with all state laws, orders and government regulations which affect the premises as the same may be amended from time to time.

f) Resident may make alterations, additions or improvements to the house without Owner's prior written consent.

g) Owner or any of its agents shall have the right to enter the house during all reasonable hours to make inspections, repairs, additions, or alterations as may be deemed reasonable necessary for the safety, comfort or preservation thereof, or of the building after providing a statutory two day notice. However, owner or any of its agents may enter the house at any time for emergency repairs necessary for the protection of any person.

h) Resident must maintain premise-liability insurance on the premises, unless Resident leases the property to another tenant and ensures the tenant maintains such insurance.

i) If any provisions of this Lease, or the application of any provision of this Lease to any person or circumstances shall be invalid or unenforceable to any extent, the remainder of the Lease, or the application of such provision to persons or circumstances other than those to which it is invalid or unenforceable, shall not be affected thereby; and each provision of their Lease shall be valid and enforced to the fullest extent permitted by law.

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j) Resident has examined the house before signing this Lease and agrees that the premises are in good and satisfactory condition.

k) If a conditional use permit must be obtained, the city of Kenai must issue the CUP before any commercial activity on the premises.

l) Should any action of contest by Resident or lessor that may lead to arbitration or legal action, Owner will not be liable for any court fees and will be paid of any monetary loss or damage from court appearances and arbitration expenses.

m) Both parties acknowledge and accept the title search done on or about Jan 1, 2019, demonstrating clear title to the subject premises is held by ACG LLC, business.

6. Acknowledgements

IN WITNESS WHEREOF, the parties hereto have executed this Lease in several counterparts, each of which shall be deemed an original, as of the day, month, and year first above written.

On behalf of Red Run Cultivators, LLC:

Marc Theiler
Agent of *Resident*

1/15/19
Dated

On behalf of ACG LLC:

Marc Theiler
Owner

1/15/19
Dated

Both signatures witnessed by:

Tammy Sutton

1/15/2019
Dated

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