MASTER REAL ESTATE
LEASE

This Real Estate Lease Agreement ("Lease") is dated May 08, 2019, by and between Timothy Thomas ("Landlord"), and Happy Valley, LLC, ("Tenant"). The parties agree as follows:

PREMISES. Landlord, in consideration of the lease payments provided in this Lease, leases to Tenant (the "Premises") the building located at LOT 12 BIG BOULDER CREEK SUB HAINES, AK 99827.

TERM. The Lease begins July, 1 2019 and shall be a two (2) year term, with an initial option ("Initial Option") to renew for an additional three (3) year term with notice provided to Landlord on or before July 1, 2021. The Initial Option may be exercised in Tenant's sole and absolute discretion and the lease terms of the Initial Option term shall be the same as provided herein. After the Initial Term, Tenant shall have two (2) additional options for two (2) additional three (3) year terms ("Renewal Terms"). The parties shall agree on monthly lease rate for the Renewal Terms. Either party may terminate the Lease upon substantial breach of this Agreement and prior to written notice to the other party giving a thirty (30) day notice to cure the defect to avoid the termination.

LEASE PAYMENTS. Tenant shall pay to Landlord monthly installments of $200.00 starting upon date of occupation of the Premises. Tenant shall pay to Landlord a deposit in the amount of $200.00 to Landlord upon execution of Lease. Payments to Landlord are to be mailed to HC 60 BOX 3407 HAINES, AK 99827 or any other location provided by Landlord. If payment is not received by the 7th day of the month a late charge of $25.00 per day beginning on the 5th and for each day thereafter will be charged. Landlord shall give Tenant written notice of the past due lease payment. On the 15th the Landlord may give notice of breach, as stated above and Tenant shall agree to vacate the premise if the breach is not remedied within ten (10) days.

DEPOSIT. Tenant shall pay $1000.00 for deposit that Landlord may deduct costs for damages caused by Tenant or professional cleaning, necessitated by Tenant's occupancy. If Landlord deducts any amounts from the Deposit, Landlord shall provide a detailed invoice to Tenant within 10 days of the deduction from the deposit.

USE OF PREMISES. Tenant may use the Premises only for the manufacturing of commercial marijuana and marijuana product and all legal endeavors as prescribed in state and local law. The Premises may be used for any other purpose only with the prior written consent of Landlord, which shall not be unreasonably withheld. Landlord agrees to Tenant subleasing Premises to all other entities formed by members of Happy Valley, LLC in conjunction with commercial marijuana licenses for the same use of Premises as stated herein.

Tenant shall notify Landlord of any anticipated extended absence of 5 days or more from the Premises not later than the first day of the extended absence.

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UTILITIES AND SERVICES

Tenant shall be responsible for the all utilities and services 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 pro-rata share of the property's real estate taxes and assessments for the Premises.

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.

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 15 days (or any other obligation within 30 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. In the event of a default by Tenant, *Landlord shall not take into its possession any marijuana product and shall contact the State of Alaska AMCO prior to any access to the licensed premises if Tenant cannot be reached, abandons the property, or similar event*

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 the most recent rate preceding the Holdover Period. Such holdover shall constitute a month-to-month extension of this Lease.

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 $25.00 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

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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. 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, 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 must abide by Tenant's visitor policy and ensure that no agent or prospective tenant of Landlord attempts to enter the property that is under the age of 21, presents a valid state or federal identification card, and remains in eyesight of a designated agent of Tenant's at all times.

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'S OBLIGATIONS. Landlord, at Landlord's expense, shall keep in good order, condition and repair the foundation and structural portions of the exterior walls and exterior roof of the building. Landlord shall also be responsible for replacement of mechanical, electrical and HVAC systems, except where failure is resulting from damage, negligence or lack of proper maintenance by tenant, it's employee's, invitees, contractors or customers.

PARKING. Tenant shall have sole and exclusive use of all parking spaces/parking lot on the parcel lot where the Premises sits. Tenant shall be solely responsible for the snow removal and/or provide for required snow storage for the parking lot. Tenant shall be responsible for general up keep of sidewalk, parking lot and entrance and shall keep the areas clean, tidy and free of dirt, ice, snow buildup, and debris. Tenant shall also be responsible for the general upkeep of any existing landscaping on the parcel lot.

TENANT's OBLIGATIONS. Tenant, at Tenant's expense, shall keep in good order, condition and repair the Premises and every part thereof, including but not limited to the light bulb replacement, plumbing, any mechanical or electrical apparatus, doors, window frames, hardware, glass and nonstructural ceilings and walls. Tenant shall, at the expiration or termination of this Lease, surrender and deliver up the Premises to Landlord in as good condition as when received by Tenant from Landlord or as thereafter improved, reasonable use, wear and tear excepted. Tenant shall repair any damage to the Premises, or the Building occasioned by its use thereof or

by the removal of Tenant's trade fixtures, furnishings and equipment, which repair shall include the patching and filling of holes and repair of structural damage.

NO LANDLORD SUBORDINATION. Given the type of business Tenant will be Subleasing this Premises to, its vital to the continuing of said business that this Premises not be encumbered by any financial institution. Therefore, the Parties agree that this lease is not subject to and is not subordinate to any deed of trust, mortgage, lien, encumbrance, lease, financing, loans, other arrangements by a financial institution.

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

ALTERATIONS/IMPROVEMENTS BY TENANT. Tenant may make commercially reasonable improvements to the Premises and shall request approval from Landlord for material improvements to Premises. Landlord shall not unreasonably withhold improvements and shall be deemed to have approved the improvements if no response to the contrary is noticed to Tenant after five (5) business days of Tenant's request for approval to Landlord.

INSPECTION REPORT. The parties shall complete, sign and date an inspection report at the beginning and at the end of Tenant's occupancy of the Premises.

INSURANCE. Tenant acknowledges that the Tenant's personal property is not insured by Landlord with any insurance and that Landlord has no liability in regard to Tenant's personal Property. Tenant shall insure the Tenant's personal property for the Tenant's own benefit. Tenant shall also insure the Property for damage for the benefit of the Parties and the Property with liability insurance for the benefit of the Parties. Upon issuance or renal of any insurance that Tenant is required to obtain under this Lease, Tenant shall provide proof of insurance to Landlord.

ACKNOWLEDGEMENT OF USE FOR MARIJAUNA COMMERICAL ACTIVITIES: Landlord is aware of and agrees this premise shall be used for marijuana state and local licensed commercial activities.

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.

ARBITRATION. Any controversy or claim relating to this contract, including the construction or application of this contract, will be settled by binding arbitration under the rules of the American Arbitration Association, and any judgment granted by the arbitrator(s) may be

enforced in any court of proper jurisdiction.

ATTORNEY FEES. In the event of any legal proceeding that commences due to a dispute under this lease, the unsuccessful party shall be responsible for paying the successful parties' attorney fees and expenses.

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:
Timothy Thomas
HC 60 BOX 3407
HAINES, AK 99827

TENANT:
Happy Valley, LLC
LOT 12 BIG BOULDER CREEK SUB
HAINES, AK 99827

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.

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.

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Landlord – Timothy Thomas

By: _____ Date: May 8, 2019
Timothy Thomas

Tenant – Happy Valley, LLC

By: _____ Date: May 8, 2019
Timothy Thomas – Member

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