**COMMERCIAL LEASE AGREEMENT**

In consideration of the Landlord's leasing of the premises to the Tenant, the Tenant's leasing from the landlord of the premises, and the mutual benefits and obligations conferred by this lease on the Parties, and in recognition of the receipt and sufficiency of said consideration, the Parties hereby agree to the following terms and conditions:

**1. The Parties.**

The landlord is the owner of land and improvements commonly known and 1000 Water Street, Craig, Alaska 99921 and legally describes as follows Lot 6A Block 22-A ATS 212 (Craig Tidelands Addition)

Lease agreement is between Lessor under the individual/entity (hereinafter known as the "landlord") known as Kraft Enterprises, LLC. And the Lessee under the individual/entity (hereinafter referred to as the "tenant") known as Thee Treasure Chest, LLC.

The Landlord makes available a portion of the property known as the "premises."

**2. The Premises.**

The space/property being leased shall be described as 590 square ft. of the property within the 1000 Water Street Property (hereinafter referred to as the "premises").

**3. Space Rented.**

The space described equals: Approx. 590 (SF) square feet.

**4. Term.**

The term of the lease shall be twelve years beginning on the 1st day of September, 2019 and ending on the 1st day of September, 2031.

**5. Rent.**

Rent shall be paid on the 1st of every month in the amount of One thousand and three hundred dollars ($1,300.00). Each year, the Rent of the lease shall be increased on each January by the increase in Consumer Price Index published by the Bureau of Labor Statistics (CPI) over the Base Index. After 3 years of operation we will revisit lease agreement and compare to current market value and adjust accordingly.

**6. Renewals.**

Provided Tenant is not in default in the performance of the Lease, Tenant shall have the option to renew the Lease for twelve addition years term commencing on the expiration of the initial Lease Term. All of the terms and conditions of the Lease shall apply during each renewal term.

The option shall be exercised by written notice given to Landlord not less than 30 days prior to the expiration of the prior Lease Term. If notice is not given in the manner provided herein within the tie specified, this option shall lapse and expire.

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7. Use.

Tenant shall use and occupy the premises for the commercial purpose of a retail marijuana store under a license issued by the State of Alaska. The premises shall be used for no other purpose without the advance written consent of Landlord. Tenant shall comply with all laws, ordinances, and regulations of the Federal, State, County, Municipal and other authorities and the fire insurance underwriters. Tenant shall remain in compliance with the Marijuana Control Board regulations.

**8. Maintenance, Repairs, and Remodeling.**

All maintenance, repairs, or replacements relating to the Premises which are not the obligation of Landlord shall be the obligation of Tenant and shall be made by Tenant at Tenant's sole cost and expense. Tenant shall keep and maintain the Premises in good repair at all times. All maintenance, repairs and remodeling shall be made by licensed and bonded contractors in those instances where International Building codes and Alaska State Fire Marshall require it.

Tenant, at Tenant's expense, shall have the right following Landlord's consent to remodel, redecorate, and make additions, improvements and replacements of and to all or any part of the Leased Premises from time to time as Tenant may deem desirable, provided the same are made in a workmanlike manner and utilizing good quality materials. Tenant shall have the right to place and install personal property, trade fixtures, equipment and other temporary installations in and upon the Leased Premises.

All personal property, equipment, trade fixtures, and temporary installations shall have the right to remove the same at any time during the Lease provided that all damage to the Leased Premises caused by such removal shall be repaired by Tenant at Tenant's expense.

**9. Utilities.**

Tenant shall pay all charges for electricity, heating oil, telephone, Internet and other services and utilities used by Tenant on the Leased Premises during the term of this Lease unless otherwise expressly agreed in writing by Landlord. In turn, the landlord will be responsible for water, sewer and garbage.

**10. Quiet Possession.**

Landlord covenants and warrants that upon performance by Tenant of its obligations hereunder, Landlord will keep and maintain Tenant in exclusive, quiet, peaceable and undisturbed and uninterrupted possession of the Leased Premises during the term of this Lease.

**11. Signs.**

Following Landlord's consent, Tenant shall have the right to place on the Leased Premises, at locations selected by Tenant, any signs which are permitted by State of Alaska marijuana regulations.

**12. Entry.**

Landlord shall have the right to enter upon the leased premises at reasonable hours, provided the landlord does not unreasonably interfere with tenant's business.

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Landlord shall comply with Thee Treasure Chest, LLC. Visitor policies.

**13. Condition Upon Move-In.**

The Tenant agrees to take tenancy of the property on an "as is" basis, willing to make all fit---ups (if needed) on the Premises at the expense of the Tenant.

**14. Improvements during Lease Term.**

The Tenant, with written approval of the Landlord that may not be unreasonably withheld, shall be able to make any type of improvement to the Premises.

**15. Landlord's Representations.**

At the time of lease signing, the Premises shall be properly zoned for the Tenant's stated use as stated in Section 7 and will be in compliance with all applicable state and federal laws and regulations. The Premises shall not have been used for the storage or disposal of any toxic or hazardous substances, and the Landlord has received no notice from any governmental authority concerning removal of any toxic or hazardous substances from the property.

**16. Insurance.**

Landlord agrees to carry fire and hazard related coverage insurance for the Premises. Tenant agrees to carry public liability insurance that includes the Landlord as an insured party for personal injury.

Landlord shall maintain fire and extended hazard related coverage insurance on the Building and the Leased Premises in such amounts as Landlord shall deem appropriate. Tenant shall be responsible, at its expense, for fire and extended coverage insurance on all of its personal property, including removable trade fixtures, located in the Leased Premises. This agreement automatically releases the Landlord and Tenant from each other in reference to liability for property, loss, damage, personal injury, or anything else covered by the insurance plan.

**17. Subletting.**

The Tenant does not have the right to sublet the Premises.

**18. Successors.**

The provisions of this Lease shall extend to and be binding upon Landlord and Tenant and their legal representatives, successors and assigns.

**19. Consent.**

Landlord shall not unreasonably withhold or delay its consent with respect to any matter for which Landlord's consent is required or desirable under this Lease.

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**20. Compliance with Law.**

Tenant shall comply with all laws, orders, ordinances and other public requirement now or hereafter pertaining to Tenant's use of the Leased Premises. Landlord shall comply with all laws, orders, ordinances and other public requirements now or hereafter affecting the Leased Premises.

**21. Final Agreement.**

This Agreement terminated and superseded all prior understandings or agreements on the subject matter hereof. This Agreement may be modified only by a further writing that is duly executed by both parties.

**22. Governing Law.**

This Agreement shall be governed, construed and interpreted by, through and under the Laws of the State of Alaska.

**23. Real Property Tax.**

Real Property Tax shall be paid is the responsibility of the Landlord.

**24. Damage to the Premises.**

The Tenant may terminate the lease agreement if necessary repairs to the Premises due to fire, flood, or any natural catastrophe keep the Tenant from being open for over ninety (90) days.

**25. Holding Over.**

If the Tenant remains in possession of the Premises after the lease agreement ends, the tenancy shall continue on a month---to---month, or "Tenancy at Will," basis unless the Landlord gives notice for the Tenant to vacate.

**26. Default.**

With respect to default as a licensed premises, and the Tenant abandons the property, the Landlord shall not take control of the premise and will not remove from the premise or take possession of marijuana or marijuana products. The Landlord agrees to immediately contact AMCO enforcement to obtain guidance on how to handle any marijuana and marijuana product left on the premises. Any inspection by Landlord must comply with Tenant's visitor policy which meet the requirements of the Alaska Marijuana Control Board regulations relating to visitors in a restricted access area and licensed premises.

**27. Notices.**

All notices given under this Agreement must be in writing. A notice is effective upon receipt and shall be either delivered to Landlord and Tenant at the address as specified in Section 29 of this Lease, or to such other addresses which a party may designate in writing delivered to the other party for such purpose. Date of service of a notice served by mail shall be one business day following the date on which such notice is deposited in a post office box of the United States Postal Service.

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**28. Disagreements during the Lease Period.**

If a disagreement arises during the lease period, the following actions shall take place:

Mediation with Possible Litigation -- If there is a dispute between the Landlord and Tenant, all parties agree to attempt to come to an agreement through the use of an agreed upon mediator. It is agreed that the cost(s) involved in hiring the mediator shall be shared equally and that each party shall cooperate in a good faith attempt to reach a resolution. Both parties agree that they shall allow the mediator thirty (30) days from the first (1st) meeting to reach a compromise before going to court.

The Landlord shall not have to attend the mediation or arbitration process unless Tenant is current with the rental payments, either submitting to the Landlord directly or depositing the funds in an escrow account.

**29. Notices.**

All Notices in relation to the Premises or this Lease agreement shall be in writing and delivered to the following address below via Certified Mail with Return Receipt:

**Landlord:** Kraft Enterprises, L.L.C.
POB 446
Craig, AK 99921

**Tenant:** Thee Treasure Chest
POB 446
Craig, AK 99921

**30. Waiver.**

If either Landlord or Tenant waives any term or provision of this lease at any time, that waiver will be effective only for the specific instance and specific purpose for which the waiver was given. If either party fails to exercise or delays exercising any of its rights or remedies under this lease, that party retains the right to enforce that term or provision at a later time.

**31. Severability.**

If any court determines that any provision of this lease is invalid or unenforceable, any invalidity or unenforceability will affect only that provision. It will not make any other provision of this lease invalid or unenforceable, and shall be modified, amended, or limited only to the extent necessary to render it valid and enforceable.

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31. Entire Agreement.

The foregoing constitutes the entire agreement between the parties and may be modified only by a writing signed by both parties.

Signed this 1st day of September, 2019.

LESSOR:

Kraft Enterprises, LLC

By: Kit Kraft

Kit Kraft, President

LESSEE:

Thee Treasure Chest

By: [illegible]

Eric VanVeen, Licensee

* Contingent upon AMCO Approval

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