COMMERCIAL LEASE

THIS COMMERCIAL LEASE (the "Lease") is made by and between Don't Frighten the Horses, LLC (hereinafter called the "Lessor" or "Landlord") of 1300 Halibut Pt. Road, Sitka, AK 99835, and AKO Farms (hereinafter called the "Lessee" or "Tenant") of PO BOX 2426 / 1210 BEARDSLEE WAY SITKA AK, 99835, for the property known as: 4509 Halibut Pt. Road, Sitka, AK 99835

1. Property. In consideration of the mutual covenants contained herein, the Lessor hereby leases to the Lessee, and the Lessee hereby leases from the Lessor the "Lease Space" located at the above rental address of approximately 5,000 square feet, more fully described in Appendix A ("the Premises"). The Lessee has inspected and shall accept the Premises in its current condition.

2. 2 Year Term. The Lessee is to have and hold the Premises for a term of Twelve (12) months. The term shall commence on May 1, 2025 (the "commencement date") and shall expire on April 30, 2027 (the "expiration date").

3. Rental Amount.

(a) Monthly Base Rent. The Lessee shall pay to the Lessor monthly base rent (the "monthly base rent") on or before the first day of each calendar month in an amount equal to Ten Thousand Dollars ($10,000.00) per calendar month beginning on May 1, 2025 or on the date of available occupancy, whichever is later, for the months of May through October (six months). For November through April (off season 6 months), base rent shall be $1500 per month for dates to which Lessee is open for business or preparing to be open. All monthly base rent shall be paid to the Lessor at the address to which notices to the Lessor are given. Rent for any partial calendar month shall be pro-rated at a daily rate of one thirtieth (1/30) of the monthly base rent, which shall be the case in the event occupancy is not available on May 1, 2025 or during the off season 6 months.

(b) Sales Tax. In addition, the Lessee shall pay to the Lessor any applicable sales tax on the monthly base rent, in accordance with City of Sitka General Code.

(c) Property Tax & Owners Insurance. The Lessor shall pay all real property taxes levied upon the demised premises by the authorized taxing authority (presently the City and Borough of Sitka) that fall due during the term of this Lease, or any extensions. Lessor shall pay Commercial Property insurance on the Property during the term of this Lease and any extensions.

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(d) Late Penalty. Any rent or other sum required under this Lease to be paid that is not paid within five (5) days of the due date shall be assessed as a late charge of One Thousand Dollars ($1,000.00); such amount shall be considered liquidated damages and shall be due and payable as additional rent. In the event the late charge assessed above exceeds the maximum amount allowable by law, the amount assessed will be adjusted to the maximum amount allowable by law. To be paid, Lessor must have received the rent or other sum required under this Lease.

4. Utilities. The Lessee, at its costs, shall pay all costs for quantities of water, sewer, garbage, electricity, internet, cable, etc. and other utilities or services used or consumed on the Premises, or which become due and payable during the entire term of the Lease, including off season. Prior to taking possession of the Premises, the Lessee shall arrange with the City and Borough of Sitka to be the named persons responsible for all payments for utilities provided by the City and Borough of Juneau to the Premises. The Lessee shall be responsible for, shall arrange for delivery of, and shall pay for all fuel oil (diesel fuel #2), if any, required to operate the any utilities provided with the Premises. If applicable, the Lessor shall provide a full fuel tank when the Lessee takes possession. Likewise, if applicable, the Lessee shall leave a full fuel tank upon termination of the term or extended term of this Lease.

5. Maintenance and Repair. The Lessee, at its cost, shall: maintain the Premises in good condition; make all repairs of whatever kind and nature, foreseen and unforeseen, as may be necessary or appropriate to keep the Premises in good condition; and, remove from the Premises all debris and garbage, and provide all landscaping, gardening, and ice and snow removal. Lessee shall be responsible for making the premises suitable for its business and shall be solely responsible for security any necessary permits, licenses, and other approvals. The Lessee, at its cost, shall furnish all janitorial and cleaning services and supplies for the Premises.

Lessor shall make any major maintenance and repairs required to the heating and plumbing systems, electrical wiring, roof and foundation, as may be required to keep same in good, safe maintenance and repair, unless the damage is caused solely by Lessee's or Lessee's agents' negligent or non-negligent acts. Lessee shall permit Lessor and Lessors' agents to enter the leased premises at all reasonable hours for the purpose of carrying out such duties.

6. Improvements. Lessee may make improvements, alterations and repairs at Lessee's expense, with prior written authorization from Lessor, so long as work is performed by a licensed, bonded and insured contractor, and in a manner that is consistent with all local, state and federal law. Plans shall be provided to Lessor for approval prior to any work being performed. Lessee may not allow any liens to be recorded against the Property. All leasehold improvements shall remain on the Property at the time of termination of this lease.

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7. Insurance Requirements. The Lessee, at its cost, shall maintain a comprehensive general liability policy, with liability limits of not less than Two Million Dollars per occurrence, Five Million Dollars general aggregate, and no less than $150,000.00 property damage against all liability of the Lessee and its authorized representatives arising out of and in connection with the Lessees use or occupancy of the Premises. Such insurance policy shall name the Lessor as an additional insured with all rights of subrogation waived against Lessor. In addition, the Lessor may, from time to time, require the Lessee to increase the amount of coverage. All insurance shall insure the Lessee's performance of the indemnification provisions of this Lease.

8. Policies of Insurance. All insurance required to be provided by the Lessee under this Lease shall be issued by insurance companies authorized to do business in Alaska with a financial rating of at least an A status as rated in the most recent edition of Best's Insurance Reports and shall contain an endorsement requiring at least thirty (30) days' prior written notice of cancellation to the Lessor before the cancellation or change in coverage, scope, or amount of any policy. The Lessee shall deliver a certificate or copy of such policy, together with evidence of all premiums, to the Lessor within 30 days after commencement of this Lease. The Lessee shall also deliver to the Lessor satisfactory evidence of the renewal of such policy and the payment of all renewal premiums not less than thirty (30) days before the expiration of any policy.

9. Release and Indemnity. The Lessor shall not be liable to the Lessee for any damage to the Lessee or the Lessee's property from any cause, and the Lessee further waives all claims against the Lessor for damage to any person or property arising for any reason.

The Lessee shall defend, indemnify, and hold the Lessor harmless from all claims, demands, causes of action, damages, and any expenses incident thereto, arising out of any damage to any person or property incurring in, on, or about the Premises, or arising out of the Lessee's use of the Premises or the Lessee's breach of any term of this lease. Lessee shall further indemnify Lessor for any and all costs or damages due to civil forfeiture under the federal Controlled Substances Act.

10. Destruction.

(a) Option to Terminate. In the event the Premises is damaged or destroyed so as to render the Premises totally or partially untenantable, the Lessor may elect to terminate this Lease by giving a notice of termination to the Lessee within ninety (90) days from the date of such damage or destruction. In the event the Lessor does not elect to terminate this Lease, the Lessor shall restore the Premises. In the event the Lessor elects to terminate this Lease, this Lease shall terminate on the date the Lessee received the Lessor's notice of termination.

(b) Restoration. In the event the Premises is to be restored, the Lessor with all due diligence shall restore the Premises to substantially the same condition as immediately prior to the date of such damage or destruction, and the Lessee, at its cost, shall restore or repair its improvements, fixtures, and equipment as may be necessary and appropriate to reopen and operate the Premises. All restoration shall be in accordance

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with the Lessor's plans and specifications at that time and in full compliance with all applicable laws and ordinances.

(c) Abatement of Rent. During the period of untenantability, the monthly base rent shall abate in the same ration as the portion of the Premises rendered untenantable bears to the whole of the Premises, but all terms and conditions of the Lease shall remain in full force and effect.

11. Alterations and Improvements. Lessee is responsible for all costs of alteration, additions and improvements. Lessee is hereby permitted to make reasonable alterations inside the Premises.

12. Default. The occurrence of any of the following shall constitute a default by the Lessee:

a) Nonpayment. The failure to make payment of any installation of the monthly base rent, or of any other sum required under this Lease to be paid by Lessee if not paid by the due date;

b). Abandonment. The abandonment of the Premises (failure to operate the Sublet Premises) for a period of thirty (30) consecutive days shall be deemed an abandonment;

c) Receiver. The appointment of a receiver or a debtor-in-possession to take possession of the Premises or improvements or of the Lessee's interest in the leasehold estate or of the Lessee's operations on the Premises by reason of the Lessee's insolvency;

d) Bankruptcy. An assignment by the Lessee for the benefit of creditors or the filing of a voluntary or involuntary petition by or against the Lessee under any law for the purpose of adjudicating the Lessee a bankrupt; or for extending time for payment, adjustment, or satisfaction of the Lessee's liabilities; or for reorganization, dissolution, or arrangement on account of or to prevent bankruptcy or insolvency; unless the assignment or proceeding, and all consequent orders, adjudications, custodies and supervision are dismissed, vacated, or otherwise permanently stayed or terminated within thirty (30) days after the assignment, filing, or other initial event;

e) Enforcement Action or Noncompliance with State or Local Laws. Federal law enforcement action against Lessee or activities on the premises, non-compliance with Federal laws that do not directly pertain to the growth, storage, and sale of marijuana, noncompliance with any state or local statute, law, or ordinance, including but not limited to the state marijuana licensing and program rules and local zoning ordinances; and

f) Violation of Agreement. The failure to observe or perform any of the Lease Agreement's other covenants, agreements, or obligations hereunder, if any such

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default shall not be cured within thirty (30) days after notice of default has been given to the Lessee.

13. Remedies and Vacation/Surrender of the Premises. In the event of default the Lessor shall have the following remedies in addition to all other rights and remedies allowable at law or equity, to which the Lessor may resort cumulatively or in the alternative:

a) Relet. The Lessor shall have the right, at its election, during the period that the Lessee is in default, to enter the Premises and relet it, or any part of it, to any third party for the Lessee's account, and the Lessee shall remain liable under this Lease for all costs the Lessor incurs in reletting the Premises, including, but not limited to, brokers' commissions, demolition, remodeling, and similar costs. In the event the Lessor reenters and relets the Premises, the Lessee shall pay to the Lessor all rent due under this Lease, less the rent the Lessor receives from any such reletting.

b) Terminate. The Lessor shall have the right, at its election, during the period that Lessee is in default, to give the Lessee notice of the Lessor's intention to terminate this Lease and all of the Lessee's rights hereunder, and on the date specified in such notice, including early and/or immediate termination of the term of this Lease, and all rights granted the Lessee hereunder shall come to an end as fully as if the lease then expired by its own terms.

c) Retake. In the event of termination of this Lease, the Lessor shall have the right to repossess the Sublet Premises either with process of law or through any form of suit or proceeding, as well as the right to sue for and recover all rents and other sums accrued up to the time of such termination, and damages arising out of any breach on the part of the Lessee, including damages for rent not then accrued. The Lessor shall also have the right, without resuming possession of the Premises or terminating this Lease, to sue for and recover all rents and other sums, including damages at any time and from time to time.

Upon termination of this Lease, for default or otherwise (such as expiration of this Lease), Lessee shall vacate the Premises and surrender them to Landlord.

14. Assignment. The Lessee shall not voluntarily assign or encumber its interest in this lease or in the Premises, or sublease all or any part of the Premises, or allow any other person or entity (except the Lessee's authorized representatives) to occupy or use all or any part of the Premises, without first obtaining the Lessor's written consent. Any dissolution, merger, consolidation, or other reorganization of the Lessee, or the sale or other transfer of a controlling percentage of the capital stock of the Lessee, or the sale of at least fifty-one percent (51%) of the value of the assets of the Lessee, shall be deemed a voluntary assignment. "Controlling percentage" shall mean the ownership of and tie right to vote stock possession at least fifty-one percent (51%) of the total combined voting power of all classes of the Lessee's capital stock issued, outstanding, and entitled to vote for the election of directors. Any assignment, encumbrance, or sublease without the Lessor's written consent shall be voidable and, at the Lessor's election, shall

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constitute a default. No consent to any assignment, encumbrance, or sublease shall constitute a further waiver of the provisions of this Section 15.

15. Miscellaneous.

A. Severability. If any part or parts of this Lease shall be held unenforceable for any reason, the remainder of this Lease shall continue in full force and effect. If any provision of this Lease is deemed invalid or unenforceable by any court of competent jurisdiction, and if limiting such provision would make the provision valid, then such provision shall be deemed to be construed as so limited.

B. Binding Effect. The covenants and conditions contained in the Lease shall apply to and bind the parties and the heirs, legal representatives, successors and permitted assigns of the parties.

C. Governing Law. This Lease shall be governed by and construed in accordance with the laws of the State of Alaska.

D. Entire Agreement. This Lease constitutes the entire agreement between the Parties and supersedes any prior understanding or representation of any kind preceding the date of this Lease. 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 in writing and must be signed by both Landlord and Tenant.

E. Notice. Any notice required or otherwise given pursuant to this Lease shall be in writing and mailed certified return receipt requested, postage prepaid, or delivered by overnight delivery service, if to Lessee, at the Premises and if to Landlord, at the address for payment of Rent. Either party may change such addresses from time to time by providing notice as set forth above.

F. Waiver. The failure of either party to enforce any provisions of this Lease shall not be deemed a waiver or limitation of that party's right to subsequently enforce and compel strict compliance with every provision of this Lease. The acceptance of Rent by Landlord does not waive Landlord's right to enforce any provisions of this Lease.

G. Federal law. The parties mutually agree that federal illegality of cannabis operations on the premises is not a valid defense to any claim arising from this Lease Agreement. Thus, the parties waive the right to present any such defense related to the status of cannabis under federal law.

H. Personal Guarantee. For any Leasee that signs as a business entity, an individual personal guarantee shall be provided as additional security for the payment obligations under this Lease, unless expressly waived in writing by the Lessor.

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I. Attorney Signature Required. This Lease shall only be effective with initials on EACH Page of the document, when signed by both Lessor and Lessee, personally guaranteed by each Lessee, and further accepted by the Attorney for Lessor.

IN WITNESS WHEREOF, the parties have caused this Lease to be executed the day and year first above written.

LESSOR:

(Signature)

Burgess Bauder

Member, Don't Frighten the Horses, LLC

LESSEE:

(Signature)

Elizabeth MARTIN
(Print Name)

Owner
Title

AKO Farms, Inc.

REQUIRED
Personal Guarantee:

I, _____ hereby personally guarantee all payment obligations under the terms of this lease agreement.
DATE: 4-29-25

I, _____, member of AKO Farms, Inc. hereby personally guarantee all payment obligations under the terms of this lease agreement.
DATE: _____

I, _____, member of AKO Farms, Inc. hereby personally guarantee all payment obligations under the terms of this lease agreement.
DATE: 4-29-25

REQUIRED:

Reviewed and Approved by Brita Speck, Attorney for Lessor:

Signature – Brita Speck
DATE: 5/1/25

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FIRST AMENDMENT TO
COMMERCIAL LEASE

THIS first amendment dated on this 12th day of AUGUST, 2025 to the COMMERCIAL LEASE dated 4/29/2025 (the "Lease") is by and between Don't Frighten the Horses, LLC (hereinafter called the "Lessor" or "Landlord") of 1300 Halibut Pt. Road, Sitka, AK 99835, and AKO Farms LLC (hereinafter called the "Lessee" or "Tenant") of PO BOX 2426 / 1210 BEARDSLEE WAY SITKA AK, 99835, for the property known as: 4509 Halibut Pt. Road, Sitka, AK 99835.

WHEREAS, the original lease lists the Lessee as AKO Farms or AKO Farms, Inc., and it should be properly listed as AKO Farms LLC. Further, an additional term is required by the State of Alaska for AMCO licensing purposes.

THEREFORE, the following Amendments shall be made to the commercial lease dated 4/25/2025:

1) The Lessee shall be AKO Farms, LLC.

2) In the event of default by Lessee, the Lessor/Landlord will not remove from the premises or take possession of marijuana, and AMCO enforcement will be notified immediately by Lessor/Landlord.

IN WITNESS WHEREOF, the parties have caused the Lease dated 4/29/25 to be amended as of the day and year first above written.

LESSOR:

(Signature)

Burgess Bauder

Member, Don't Frighten the Horses, LLC

LESSEE:

(Signature)

(Print Name)
ELIZABETH MARTIN

Member
AKO Farms, LLC

NOTARY PUBLIC
Jessica Taylor
Commission #240816017
Expires 8/16/2028
STATE OF ALASKA

Jessica Taylor 8/13/25