State of Alaska

Rev. 133 ED 63

# GROUND LEASE AGREEMENT

This Ground Lease Agreement (this "Agreement") is entered into as of the 21st day of November, 2021, (the "Effective Date") by and between Dave and Diane Tweden, individuals located at 11973 N Jonesville Mine Rd, Sutton, AK 99674 ("Landlord") and TOK LLC, an LLC located at 12001 N Jonesville Mine Rd Sutton, AK 99674 ("Tenant"). Each Landlord and Tenant may be referred to in this Agreement individually as a "Party" and collectively as the "Parties."

**WHEREAS** Landlord owns and desires to lease to Tenant, and Tenant desires to lease, the Site (as defined herein); and

**WHEREAS** Landlord and Tenant wish to enter into this Agreement for the lease of the Site for use by Tenant as per the terms of this Agreement.

**NOW, THEREFORE** for good and valuable consideration stated herein, the sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. **Agreement to Lease.** Landlord agrees to lease to Tenant and Tenant agrees to lease from Landlord, according to the terms and conditions set forth herein, the following real estate (the "Site"): 12001 Jonesville Mine Rd Sutton Alaska 99674.
2. **Purpose.** The Site may be used and occupied only for the following purpose (the "Permitted Use"): The lands intended use is only for indoor medical or legal cannabis growing. Nothing herein shall give Tenant the right to use the Site for any other purpose without the prior written consent of Landlord. Landlord makes no representation or warranty regarding the legality of the Permitted Use, and Tenant will bear all risk of any adverse change in applicable laws.
3. **License Denial.** Under this agreement, both parties agree that if the site is denied licensing and is no longer attainable then Tenant reserves the right to cancel lease with no penalty. In such event the parties will agree to follow the process below in paragraph 27 and 28.
4. **Term.** This Agreement will be for a term beginning on November 21st, 2021 and ending on November 21st, 2031 (the "Term"). The Parties hereto may elect to extend this Agreement upon such terms and conditions as may be agreed upon in writing and signed by the Parties at the time of any such extension.
5. **Rent.** Tenant will pay Landlord rent of $1000.00 due on the 21st day of each month during the Term.
6. **Late Fee.** Rent paid after the 21st day of each month will be deemed as late; and if rent is not paid within seven (7) days after such due date. Tenant agrees to pay a late charge of $50.00
7. **Holiday Rent.** Tenant will receive a 100% reduction of Rent until the first crop is monetized.

8. **Security Deposit.** Upon signing this Agreement, Tenant will pay a security deposit in the amount of $1000.00 to Landlord. The deposit will be paid in full by May 1, 2022 or sooner. The security deposit will be retained by Landlord as security for Tenant's performance of its obligations under this Agreement. If Tenant does not comply with any of the terms of this Agreement, Landlord may apply any or all of the security deposit to remedy the breach, including to cover any amount owed by Tenant and/or any damages or costs incurred by Landlord due to Tenant's failure to comply. Within fourteen (14) days after the termination of this Agreement, Landlord will return the security deposit to Tenant (minus any amount applied by Landlord in accordance with this section). Any reason for retaining a portion of the security deposit will be explained in writing. The security deposit will not bear interest while held by Landlord in accordance with applicable state laws and/or local ordinances.

9. **Taxes.** Landlord shall pay all taxes or assessments which are levied or charged on the Site during the Term.

10. **Utilities.** Tenant shall pay the cost of all utility services during the Term, including but not limited to gas, water, and electricity used on the Site. All utilities will be put into Tenants name with in the initial 60 days.

11. **Delivery of Possession.** Landlord will deliver exclusive and lawful possession of the Site to Tenant on the start date of the Term. In the event Landlord is unable to give possession of the Site to Tenant on such date, Landlord will not be subject to any liability for such failure, the validity of this Agreement will not be affected, and the Term will not be extended. Tenant will not be liable for rent until Landlord gives possession of the Site to Tenant; provided however, that if Landlord does not give possession of the Site to Tenant within 14 days from the start of the Term, Tenant may cancel this Agreement by notice in writing to Landlord.

12. **Holdover Tenancy.** Unless this Agreement has been extended by mutual written agreement of the Parties, there will be no holding over past the Term under the terms of this Agreement under any circumstances. If Tenant does retain possession past the Term, Tenant shall pay 100% of the then applicable rent computed on a monthly basis for each month or portion thereof during such holdover. In addition, Tenant shall be liable for any damages incurred by Landlord as a result of the holdover.

13. **Condition of the Site.** Tenant has examined the Site and accepts the Site in its current condition "AS IS" and "WITH ALL FAULTS." except as expressly set forth herein, landlord makes no representation OR warranty, express or implied, or arising by operation of law, including but not limited to, any warranty of fitness for a particular purpose, merchantability, habitability, SUITABILITY, or condition. tenant acknowledges that Tenant has not relied on any representations or warranties by Landlord in entering this Agreement.

14. **Use of the Site.** Tenant agrees to use the Site only for the Permitted Use and will not commit waste upon the Site. Tenant will, at its sole expense, maintain the Site in good repair and make all necessary repairs thereto. Tenant will not use the Site for any unlawful purpose or in any manner that will materially harm Landlord's interest in the Site.

15. **Improvements and Alterations.** Tenant may not make improvements, alterations, additions, or other changes to the Site without the written approval of the Landlord. Tenant agrees that any construction will be performed in a good and workmanlike manner and will comply with all applicable laws. All improvements, alterations, additions, or other changes to the Site shall become the property of Landlord upon the termination of this Agreement. Tenant shall have the right to erect any sign related to its business, on the condition that such signs comply with the law. Both parties acknowledge the Site/Building will require extensive work prior to meeting the Fire Marshal Code and State of Alaska AMCO regulations. The tenant agrees to pay for the upgrades to meet the Codes and Regulations.

16. **Leasehold Mortgage.** Tenant does not have the right to grant a mortgage, deed of trust, or other security instrument in Tenant's interest to the Site created by this Agreement (the "Leasehold Mortgage") to secure repayment of a loan made to Tenant to finance construction of any improvements made to the Site during the Term. In no event will any interest of Landlord in the Site be pledged as collateral for or be subordinate to any Leasehold Mortgage.

17. **No Mechanics Lien.** Tenant will not permit any mechanics or other liens to be filed against Landlord's interest to the Site as a result of any work performed for or obligations incurred by Tenant. Tenant will indemnify Landlord for any liability, cost, or expense, including attorney's fees, in the event any such lien is filed.

18. **Permits and Approvals.** Tenant will be responsible for obtaining all licenses, permits, and approvals required by any federal, state or local authority in connection with its use of the Site. Landlord will cooperate with Tenant and provide the necessary documents to obtain such licenses, permits, and approvals.

19. **Compliance with Laws.** Tenant covenants and agrees to comply with all federal, state and local laws, regulations and ordinances affecting the Site and use of the Site, including applicable environmental laws. In addition, Tenant will comply with all requirements necessary to keep in force fire and liability insurance covering the Site.

20. **Hazardous Substances.** Tenant will not keep or store on the Site any item of a dangerous, flammable, or explosive character that might unreasonably increase the danger of fire or explosion on the Site or that might be considered hazardous or extra hazardous by any responsible insurance company.

21. **Insurance.** At the time Tenant receives state licensing, Tenant will maintain insurance for the entirety of lease

    I. **Property Insurance.** Property insurance covering all of Tenant's equipment, and other personal property located on the Site.

    II. **General Liability.** Commercial liability insurance covering bodily injury, death, or property damage

in an amount not less than $1,000,000.00 per occurrence.

All insurance policies shall name Landlord as an additional insured or interested party. Tenant will provide Landlord certificates evidencing the required insurance policies.

22. **Waiver of Subrogation**. Landlord and Tenant each waive any and all claims or rights to recovery against the other Party for any loss or damage to the extent such loss or damage is covered by insurance or would be covered by insurance as required under this Agreement. Landlord and Tenant will cause each insurance policy carried by Landlord or Tenant relating to the Site to include or allow a full waiver of any subrogation claims.

23. **Indemnification.** To the extent permitted by law, Tenant agrees to indemnify, defend, and hold harmless Landlord from any and all claims, actions, liabilities, suits, demands, damages, losses, or expenses, including attorneys' fees, arising out of or relating to (i) Tenant's use and occupancy of the Site, (ii) any work done by or on behalf of Tenant on the Site, (iii) Tenant's negligence or willful misconduct, and/or (iv) Tenant's breach or default of any of the terms of this Agreement, provided however, Tenant's obligations under this section shall not extend to any claims actions, liabilities, suits, demands, damages, losses, or expenses arising from the sole negligence or willful misconduct of Landlord.

24. **Access to Site.** Landlord or its agents may have access to the Site at reasonable times to inspect the Site, to make any necessary repairs, and as otherwise needed to perform its obligations under this Agreement.

25. **Default.** The following shall each constitute an "Event of Default" by

Tenant: A.Tenant fails to make any required payment due under this

Agreement.

B.Tenant fails to perform any obligation or condition or to comply with any term or provision of this Agreement.

C.Tenant files a petition for bankruptcy, reorganization or similar relief, or makes an assignment for the benefit of creditors.

26. **Termination by Landlord.** Upon the occurrence of an Event of Default by Tenant which continues for a period of seven (14) days after receiving written notice of the default from Landlord, Landlord has the right to terminate this Agreement and take possession of the Site. Landlord's rights hereunder shall be in addition to any other right or remedy now or hereafter existing at law or equity.

27. **Termination by Tenant.** In the event of a breach by Landlord of any of its obligations, covenants, or agreements under this Agreement which continues for a period of (14) days after receiving written notice of the breach from Tenant, Tenant has the right to terminate this Agreement, upon written notice to Landlord, without penalty. Landlord shall return to Tenant any prepaid or prorated rent if Tenant terminates this Agreement pursuant to this section.

28. **Surrender of the Site.** Tenant shall return the Site to Landlord upon termination of this Agreement in good condition and repair, ordinary wear and tear excepted. Within (30) days following the termination of this Agreement, Tenant will remove all equipment, materials, fixtures and other personal property belonging to Tenant from the Site. Any property left on the Site after (30) days following the termination of this Agreement will be deemed to have been abandoned by Tenant and may be retained by Landlord Rev(5/29/25) In the event of a default by Tenant, landlord shall not take into its possession anv marijuana product and shall contact the State o/Alaska AMCO prior to any access to the licensed premises if Tenant cannot be reached. abandons the property, or similar event.

29. **Registration of the Lease.** At the time legal licenses are granted to Tenants the parties shall, to the extent required by law and practice, properly register this Lease Agreement with the relevant Land Registry Office, and any other relevant government office that may serve as a place for registering or recording leases, within 45 days from the date that this Lease Agreement is executed.

30. **Subordination.** This Agreement and Tenant's right hereunder shall be subject and subordinate in all respects to any mortgage, deed of trust, or other lien now or hereinafter incurred by Landlord. Upon request of Landlord, Tenant will enter into a subordination agreement or other customary form as required by the lien holder.

31. **No Partnership.** Nothing contained in this Agreement shall be deemed or construed to create a partnership, joint venture or any other fiduciary relationship between the Parties other than that of Landlord and Tenant. Neither Party is authorized to act as an agent or on behalf of the other Party.

32. **Condemnation.** In the event that all or a material portion of the Site necessary for Tenant's Permitted Use of the Site is taken for any public or quasi-public use under any governmental law, ordinance or regulation or by the right of eminent domain, this Agreement shall terminate on the date of such taking, and all rent under this Agreement shall be prorated and paid to such date. In the event such taking is less than a material portion of the Site, this Agreement shall remain in full force and effect; provided however, the rent due under this Agreement shall be reduced to such extent as may be fair and reasonable under the circumstances. Landlord and Tenant shall each be entitled to receive and retain such separate awards and portions of lump sum awards as may be allocated to their respective interests in any condemnation proceedings.

33. **Limitation of Liability.** Landlord is not responsible or liable for any loss, claim, damage or expense as a result of any accident, injury or damage to any person or property occurring anywhere on the Premises, unless resulting from the negligence or willful misconduct of Landlord.

34. **Assignment and Subletting.** Tenant will not assign this Agreement as to all of or any portion or the Site or make or permit any total or partial sublease or other transfer of all of or any portion of the Site without Landlord's consent.

35. **Quiet Enjoyment.** If Tenant pays the rent and performs all other obligations under this Agreement, Tenant may peaceably and quietly hold and enjoy the Site during the Term.

36. **Force Majeure.** In the event that Landlord or Tenant shall be delayed or hindered in or prevented from the performance of any act other than Tenant's obligation to make payments of rent, additional rent, and other charges required hereunder, by reason of strikes, lockouts, unavailability of materials, failure of power, restrictive governmental laws or regulations, riots, insurrections, the act, failure to act, or default of the other Party, war or other reason beyond its control, then performance of such act shall be excused for the period of the delay and the period for the performance of such act shall be extended for a period equivalent to the period of such delay.

37. **Notices.** All notices given under this Agreement must be in writing. A notice is effective upon receipt and shall be delivered in person, sent by overnight courier service or sent via certified or registered mail, addressed to Landlord or Tenant at the address stated above, or to another address that either Party may designate upon reasonable notice to the other Party.

38. **Further Assurances.** Each Party hereto agrees to execute and deliver any additional documents and to do all such other acts as may be necessary to carry out this Agreement and each Party's rights and interests in this Agreement.

39. **No Waiver.** No Party shall be deemed to have waiver any provision of this Agreement or the exercise of any rights held under this Agreement unless such waiver is made expressly in writing.

40. **Severability.** If any provision of the Agreement is held to be invalid, illegal, or unenforceable in whole or in part, the remaining provisions shall not be affected and shall continue to be valid, legal, and enforceable as though the invalid or unenforceable parts had not been included in this Agreement.

41. **Successors and Assignees.** This Agreement will inure to the benefit of and be binding upon the Parties and their respective permitted successor and assigns.

42. **Governing Law.** The terms of this Agreement shall be governed exclusively by the laws of the State of Alaska, without regard to its conflicts of laws rules.

43. **Disputes.** Any dispute arising from this Agreement shall be resolved through mediation. If the dispute cannot be resolved through mediation, then the dispute will be resolved through binding arbitration conducted in accordance with the rules of the American Arbitration Association.

44. **Amendments.** This Agreement may not be modified except in writing signed and acknowledged by both Parties.

45. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, and all of which together, shall constitute one and the same document.

46. **Headings.** The section heading herein are for reference purposes only and shall not otherwise affect the meaning, construction, or interpretation of any provision in this Agreement.

**47. Entire Agreement.** This Agreement constitutes the entire understanding of the lease between the Parties and supersedes and cancels all prior agreements of the Parties, whether oral or written, with respect to the lease.

**48. Miscellaneous.** Parking must be with in leased land section. No over night staying. All work on leased land must be performed between the hours of 7 am - midnight.

IN WITNESS WHEREOF, the Parties hereto, individually or by their duly authorized representatives have executed this Agreement as of the Effective Date.

**Landlord** Signature

Diane Tweden
**Landlord** Full Name

Date: 11/21/2021

**Landlord** Signature

Dave Tweden
**Landlord** Full Name

Date: 11/21/2021

TOK LLC
Zeke Hilsinger
**Tenant** Signature

**Tenant** Full Name

Date: 11/21/2021

This page intentionally left blank.

# GENERAL INSTRUCTIONS

## What is a Ground Lease Agreement?

A Ground Lease is an agreement between the owner of vacant land or property (the “landlord” or “lessor”) and an individual or entity who wants to develop or improve the property (the “tenant” or “lessee”). The lease is for the right to occupy real estate comprised of only dirt and soil, so the land could be used by the tenant for multiple uses ranging from agricultural to residential or commercial purposes. Agricultural land leases can include use of the land as a farm for crops and orchard trees, as a ranch for hunting wild game and forest animals on the premises, or as a pasture for grazing animals like cattle, goats, and sheep. Commercial land leases can vary from the right to install a billboard, build a telecommunications tower (i.e. used for wireless cell phone reception), open a fast food chain restaurant, or develop a large multi story hotel complex. Residential land leases can include a spot in a trailer park or the right to construct a small cabin in the woods.

As a reference, a Ground Lease is known by various names depending on the intended use of the land or real estate: - Billboard Land Lease Agreement - Cash Farm Lease Agreement - Crop Share Cash Farm Lease - Farm Land Lease Agreement - Hunting Lease Contract - Land Contract - Land Lease Agreement - Pasture Lease Form - Pasture Rental Arrangement

## When Do I Need One?

Individuals who purchase or inherit vacant land in either an urban or rural setting may benefit from a Ground Lease if they want to generate some passive income without the hassle of personally investing the capital, labor, or time needed to build structures and start an independent business.
In rural communities, tenant farming is common for agricultural or hunting purposes. In these situations, a tenant may have tools or livestock and enough funds to pay for the right to use land, but lack the capital to purchase his or her own parcel of land.

In addition to raising crops or livestock, landowners with large properties in the countryside may profit from leasing their property to a hunter or association during hunting season. In addition to earning a seasonal income, a Ground Lease to hunt on uninhabited land may help prevent crop damage and disease in livestock by managing wildlife in the area according to The National Agricultural Law Center. In urban settings, a Ground Lease is often used by large chain stores who want to take advantage of a prime location without having to pay large sums for the underlying real estate. Corporate expansion plans may leverage land leases as a way of strategically using equity or available cash to improve the land to generate income instead of purchasing property. And land owners can generate steady income every year, and possibly inherit any structures or improvements built on the land when the lease ends.

## The Consequences of Not Using One

Documenting the agreement prevents outsiders from mistaking the land arrangement as a joint business venture instead of an independent landlord-tenant relationship. A tenant often incurs debt when they take out a loan to make improvements on the loan. A Ground Lease can explicitly include a “No Partnership” clause that protects the landlord from creditors who may try to come after the property owner for debts or financial obligations owed by the tenant. An agreement in writing also protects future disputes between two parties who file a lawsuit to quiet title in a claim for adverse possession when there is confusion as to who owns the land.