LEASE

THIS LEASE made this 1st day of December 2024 by and between Alaska 1st Realty, Inc., hereafter referred to as "Lessor", and Red Run Cannabis Cultivators LLC, hereinafter referred to as "Lessee"

WITNESSTH

In consideration of the payment of the rents and performance of covenants and conditions hereinafter set forth, Lessor hereby leases to Lessee, and Lessee hereby leases, takes, and hires from Lessor, the following described real property:

PROPERTY DESCRIPTION

Suite A consisting of approximately 2000 sq-ft at 36160 Spur Hwy, Soldotna, AK 99669

TERMS

The following terms are agreed upon by Lessee and Lessor:

The term of this lease shall be for 3 Years, Commencing on January 1st, 2025 and terminating on December 31st, 2027.

a) Lessor and Lessee agree that on or about September 30th, 2027 they will notify each other of their intent and desire to renew the lease beyond December 31st, 2027.. If lease is not renewed, then after September 30th, 2027, either party may cancel this Lease by giving 90 days written notice to the other party. Unless this Lease is terminated by another provision of this Lease, Lessor and Lessee shall both remain bound by all provisions of this Lease until proper notice has both been given by one party and enjoyed by the other as described in this section.

b) In the event Lessee remains in possession of the Lease Premises after expiration of this lease without a written Lease Agreement, Lessee shall be deemed to be occupying the Leased premises as a tenant from month-to-month, subject to all the conditions, provisions and obligations of the Lease Agreement insofar as they may be applicable to such month-to-month tenancy.

c) Upon termination of this Lease, the Lessee shall peaceable and quietly leave, surrender and yield up to the Lessor all and singular the leased premises, cleaned, in good order and repair, ordinary wear and tear excepted, together with all alterations, additions, and improvements which may have been made upon the premises. Should the premises not be surrendered after termination, the Lessee shall immediately indemnify the Lessor against loss or liability resulting from delay by the Lessee in so surrendering the premises, including, without limitation, any claims made by any succeeding Lessee founded on such delay.

2) The Lessee shall pay the Lessor the sum of one thousand six hundred dollars (**$1,600.00**) per month, in advance, on the 1st day of each and every month, **plus Borough sales tax**, currently $15.00 per month, unless exempt. If rent is not received by 5pm on the 5th of each and every month, a $25.00 late fee will apply and increase by $5.00 each day until rent is paid in full.
3) Lessor shall provide for the following maintenance and utilities: Water, Sewer, Refuse, parking lot snow removal.
4) Lessee shall provide the following utilities: Gas, Electric, and any other utilities not mentioned herein. Lessee is responsible for the sidewalk directly in front of its own leased space free of snow and in a safe condition for pedestrian traffic. Lessor is not responsible for sidewalk snow and ice removal services.
5) Lessee is responsible for any hazardous waste cleanup which may be caused solely by Lessee's negligence on and around the area the Lessee is responsible for.
6) Lessee shall not at any time allow occupants, visitors, or any other person to smoke in, or in front of the Leased Space. Smoking is permitted ONLY behind the building or on the south side.

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7) Lessor acknowledges that Lessee intents to operate a "marijuana wholesale production business" from the leases premises.
8) Lessor acknowledges that no subletting to any other party unless authorized in writing by Lessor will be permitted.
9) Lessor and Lessee agree that in the event of default, Lessor agrees that Lessor will not remove or take possession of marijuana, nor marijuana products, and that AMCO will be contacted.

COVENANTS

Lessor shall pay all taxes, levied or assessed, during the term of this lease on the real property.

Maintenance, Repair, and Improvements:

1. Lessor shall, at its expense, maintain and keep in good repair the foundations, exterior walls, roof and other structural portions of the Building, including providing seasonal snow removal, refuse removal, and basic parking lot sanding. Lessee shall, at Lessee's expense, maintain the interior of the leased premises at all times in good condition and repair, all in accordance with the laws of the State of Alaska and all directions and regulations of governmental agencies having jurisdiction thereof. Lessee shall commit no waste of any kind in or about the leased premises, and Lessee shall pay for all damage to the Building, as well as damage to Lessees or occupants thereof, caused by Lessee's misuse or neglect of the leased premises, its apparatus or appurtenances. At the expiration of the term hereof, or on the termination of this Lease, Lessee shall surrender the leased premises in good and clean condition, normal wear and tear accepted.
2. Lessor shall maintain and repair all plumbing, lines, and equipment installed for the general supply of hot and cold water, heat, ventilation, and electricity, except that Lessee shall be responsible for any and all maintenance and repairs attributable to obstructions or objects deliberately or negligently introduced or placed in the fixtures, lines, or equipment by Lessee, Lessee's employees, agents, licensees or invitees. Maintenance and repair of extensions within the leased premises from the point of general supply shall be the responsibility of Lessee. Lessee shall be responsible for repair or replacement of doors and windows located on the Leased Premises for any cause except for causes attributed to Lessor.
3. Lessee may, at its own cost and expense, make interior remodels and desired improvements from time to time during the term of this Lease. Lessee may, at its own cost and expense, make alterations, additions, and improvements in and to the Premises as it finds necessary and convenient for its purposes. Notwithstanding the foregoing, Lessee may not remove and replace the Improvements or make any alterations whose cost exceeds $2,000 without the prior written consent of Lessor, which consent shall not be unreasonably withheld. Alterations, addition, and improvements made by Lessee must not diminish the value of the Premises and must use materials of the same or better quality as the materials used on the Premises as of the date of this Lease.
4. Lessee is permitted to alter any lock or install new additional locks or bolts and provide a key to Lessor.
5. The leased space is to be used as wholesale marijuana edibles business only and Lessee agrees that the space is not to be open to the public or used as a retail store.
6. Lessee is not permitted to install or hang any signage, except as may be required by law.

Lessee shall not assign this lease without prior written consent of the Lessor. Any unauthorized assignment or transfer of the Lease or the Leased Premises shall be voidable by the Lessor at their option. Any assignment or transfer by Lessee with the consent of the Lessor shall not relieve the Lessee of any of their duties and obligations under this Lease. Lessee may sublet any space within the leased premises, provided Lessee obtain prior written approval and adheres to all terms of the lease.

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Lessee at any time during the term of this Lease shall permit inspection of the leased premises during reasonable hours by the Lessor, its agents, or its representatives.

Lessee, at its own expense, shall obtain all licenses and permits required by Governmental Agencies having jurisdiction over the operation of the business and shall keep all said licenses and permits valid during the operation of the business.

Lessee, at its own expense, shall maintain the leased premises and appurtenances thereto in good repair, and in at least as good condition as that in which they were delivered, allowing for ordinary wear and tear. This includes: painting, carpeting, lighting fixtures and bulbs.

INDEMNIFICATION

Lessee agrees to indemnify, defend, and hold Lessor harmless against any claim, loss, liability or expense, including reasonable attorneys' and consultant and experts fees, for injury or damages to person or property directly arising out of or connected with Lessee's use, occupancy, maintenance, or repair of the Premises or any portion thereof, in the performance of the covenants of this Lease or in connection with the actions or omissions of Lessee, its employees, agents, contractors, subcontractors, business invitees, or licensees on or about the Premises.

Lessors agree to indemnify, defend and hold Lessee harmless against any claim, loss, liability or expense, including reasonable attorneys' fees, for injury or damages to person or property occurring on the Premises during the term of this Lease and any extension thereof resulting from the negligent construction or the misconduct of Lessors, its agents, employees, contractors, subcontractors, business invitees or licenses. The provisions of this section shall survive the termination or expiration of this Lease.

INSURANCE

Lessee will maintain general liability insurance in the amount of One Million Dollars ($1,000,000.00) for each occurrence and Two Million Dollars ($2,000,000.00) annual aggregate.

Lessee will maintain Worker's Compensation insurance that complies with state law.

On or before the Rent Commencement Date, Lessee shall deliver to Lessors certificates of such insurance set forth herein. Such certificate shall recite that said policy may not be canceled without thirty (30) days' prior written notice to Lessor. If Lessee fails to maintain said insurance, Lessor may, but shall not be required to, procure and maintain the same at the expense of the Lessee.

NOTICES

All notices hereunder may be delivered or mailed; if mailed, they will be sent certified or registered. The following addresses applies to either hand delivery or mailing:

Lessee: Red Run Cannabis Cultivators LLC, 5455 Kenai Spur Hwy, Kenai, AK 99611.
Lessor: Alaska 1st Realty, Inc., 44539 Sterling Hwy, Suite 104, Soldotna AK 99669

NON WAIVER OF BREACH

The failure of the Lessor or the Lessee to insist upon strict performance of any of the covenants and agreements of this Lease, in part or whole, shall not be construed to be a waiver, but the same shall be and remain in force and effect.

HEIRS, SUCCESSORS, AND ASSIGNS

Subject to the provisions hereof pertaining to assignment and subletting, the covenants and agreements of this lease shall be binding upon the heirs, legal representatives, successors and assigns of any and/or all parties

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Erick Watkins 348-8858

hereto. The Lessor shall have the absolute right to assign this lease at any time.

COST AND ATTORNEY'S FEES

If by reason of any default on the part of either the Lessor or Lessee in the performance of any of the provisions of this lease, it becomes necessary for either party to employ an attorney, the losing party agrees to pay all reasonable costs, expense and attorney's fees expended or incurred by the prevailing party in connection therewith.

IN WITNESS THEREOF, the parties hereto have executed this lease the day and year first above written.

For Alaska 1st Realty, Inc.: Erick Watkins, Broker

For Red Run Cannabis Cultivators LLC, Marc Theiler President

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