

COMMERCIAL LEASE

THIS COMMERCIAL LEASE (the "Lease") is made by and between Steve Skannes of CPH Rentals (hereinafter called the "Lessor" or "Landlord") of 224 Smith Street, Sitka, AK 99835, and vanGreen's, LLC (hereinafter called the "Lessee" or "Tenant") of 107 Somer Drive, Sitka, AK 99835, for the property known as 224 Smith Street, Units D & E, 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. This lease includes parking in front of Lease Space, directly in back, or to the side of the building. However, Lessee may not impact Gary's Outboard business. The Lessee has inspected and shall accept the Premises in its current condition, for the purpose of a marijuana cultivation business. **Landlord acknowledges that the premises will be used for a marijuana establishment.**

2. Term. The Lessee is to have and hold the Premises for a term of Thirty Six (36) months. The term shall commence on February 1, 2018 (the "commencement date") and shall expire on January 31, 2021 (the "expiration date").

In the event the City of Sitka or the State of Alaska does not approve Lessee for a marijuana license(s), the lease term shall be for one (1) year.

It is the intention of the parties that Lessee have the option to purchase the Premises.

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 Three Thousand Six Hundred (\$3,600.00) per calendar month, and begin on February 1, 2018 and each month of this lease thereafter. All monthly base rent shall be paid to the Lessor at the address to which notices to the Lessor are given.

(b) Sales Tax. The Lessee shall pay to the Lessor any applicable sales tax on the monthly base rent.

(c) 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 a late charge of One Hundred Dollars (\$100.00); 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 considered paid, Lessor must have received the rent or other sum required under this Lease.

d) First and last month's rent and a security deposit (of equal amount) in the amount of \$10,800 shall be due on signing.

4. Utilities. The Lessee, at its costs, shall pay all costs for quantities of water, sewer, garbage, electricity, and other utilities used or consumed on the Premises, or which become due and payable. 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 Sitka 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 neat; and, remove from the Premises all debris and garbage, and provide all landscaping, gardening, and ice and snow removal. The Lessee, at its cost, shall furnish all janitorial and cleaning services and supplies for the Premises. 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.

Any modifications or remodels must be pre-approved by Landlord before the start of any project. This includes exterior, interior, and groundwork on the Premises, or any property common areas. Any impact on utilities or sprinkler design will be paid by Lessee, and Lessee will only use licensed, bonded, and insured contractors for any major remodel. Landlord determines what is a major remodel and what is not. When Premises is vacated, all remodels are to be removed and premises is to be restored to its original condition by Lessee, and if Lessee fails to do so, all costs will be done by Landlord and billed to Lessee.

6. Landlords Right of Entry. Due to state laws regulating cannabis, Landlord and tenant agree that Landlord may only enter the Premises when accompanied by authorized Lessee personnel.

7. Insurance Requirements. The Lessee, at its cost, shall maintain a comprehensive general liability policy 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. 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.

8. Destruction.

(a) Option to Terminate. In the event the Premises is damaged or destroyed so as to render the Premises totally or partially untenable, 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 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 ratio 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.

9. Alterations and Improvements. Lessee is responsible for all costs of alteration, additions and improvements. Lessee is permitted to make reasonable alterations inside the Premises, but only with the written consent of Landlord.

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

a) Nonpayment. The failure to make payment of any installment 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 Lessor for marijuana activities on the premises including prosecution, investigation, or forfeiture; the non-compliance by Lessee with other Federal law (other than marijuana related), 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, any civil action faced by Lessee or Lessor as a result of the marijuana cultivation business; 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 default shall not be cured within thirty (30) days after notice of default has been given to the Lessee.

In the event of default by Lessee, Landlord will immediately notify AMCO. Landlord will not remove or take possession of marijuana without prior written permission from AMCO on its disposal.

11. Remedies and Vacation/Surrender of the Premises. In the event of default, after AMCO has been notified and has authorized disposal of marijuana, 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 it to Landlord.

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

13. 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.

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

LANDLORD:

Steve Skannes
(Signature)

Steve Skannes
(Print Name)

landlord
Title (if applicable)

TENANT:

Eric Van Veen 9-25-18
(Signature), vanGreen's, LLC

By its Manager Eric Van Veen
Designated licensee
Title (if applicable)

LANDLORD:

Steve Skannes
(Signature)
Steve Skannes
(Print Name)
landlord
Title (if applicable)

TENANT:

Eric VanVeen 9-25-18
(Signature), vanGreen's, LLC
By its Manager Eric VanVeen
Designated licensee
Title (if applicable)